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CAPTAIN'S COVE RESORT

DECLARATION ESTABLISHING A CONDOMINIUM REGIME,  
COVENANTS, CONDITIONS AND RESTRICTIONS

THE STATE OF TEXAS \*  
\* KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF GALVESTON \*

That this DECLARATION is made this 15th day of April, 1983, by Sunward Developers, Inc., a Texas corporation, acting herein by and through its duly authorized officers, with its principal office in Galveston County, Texas, and Dwelling Development, Inc., a Texas corporation, acting herein by and through its duly authorized officers, with its principal office in Galveston County, Texas, hereinafter jointly referred to as "Developer," pursuant to the provisions of Article 1301a of the Revised Civil Statutes of the State of Texas ("the Condominium Act".)

RECITALS

A. Developer Dwelling Development, Inc. is the owner of that certain parcel of real property described in Exhibit "A" attached hereto and made a part hereof for all purposes, hereinafter sometime referred to as "the Land"; and

B. Developer has executed a plot plan showing the location of the Building(s) and other improvements constructed or to be constructed on the Land, a true and correct copy of which is attached hereto as Exhibit "B", which is a part hereof for all purposes; and

C. Developer has executed plans for Building(s) existing or to be constructed on the Land that contain Units located, designated and described in Exhibit "C" attached hereto and a part hereof for all purposes; and

D. Developer intends to submit the Land, the Building(s), all improvements and structures constructed or to be constructed thereon, subject to uses, covenants, conditions, restrictions, easements, charges, liens and limitations to a Condominium Regime in the manner provided by the Condominium Act, and as covenants running with the land;

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NOW, THEREFORE, Developer does hereby declare that the Land, the Building(s) all improvements and structures constructed or to be constructed thereon, to be subject to the uses, covenants, conditions, restrictions, easements, charges, liens and limitations set forth herein, as covenants running with the land, are hereby submitted to a Condominium Regime pursuant to the Condominium Act, for the declared purposes of enhancing the desirability, attractiveness and value of the Condominium Project, for the use and benefit of and to be binding upon all parties having or acquiring any right, title or interest therein or any part thereof, their successors and assigns:

WITNESSETH:

ARTICLE I

DEFINITIONS AND DESCRIPTIONS

As used in this Declaration, the Articles of Incorporation of the Association, the Bylaws, and the Exhibits attached hereto, and all amendments thereof, unless the context requires otherwise, the following definitions shall prevail:

1.01 "Association," means the Texas non-profit corporation (existing or to be created), the member of which shall be all Unit Owners; and, it shall be and perform as the 'Council of co-owners' under the Condominium Act. The name of the Association is: Captain's Cove Resort Association. A copy of the Articles of Incorporation of the Association is attached hereto as Exhibit "G".

1.02 "Association Properties," means that real and personal property owned by the Association.

1.03 "Board of Directors," means the board of directors of the Association.

1.04 "Building(s)," means the principal structure(s) erected or to be erected upon the Land in the location(s) shown on Exhibit "B", and as further described in Exhibit "C", each Building being denoted by Letter, viz: A, B, and C.

1.05 "Bylaws," means the bylaws of the Association, as amended from time to time, and shall be understood to be the 'bylaws' referred to in the Condominium Act. A copy of the Bylaws are attached hereto as Exhibit "H".

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1.06 "Common Elements," mean all portions of the Condominium Project, except the Units, and consists of the General Common Elements and the Limited Common Elements. Common Elements shall include the Association Properties.

1.07 "Condominium," means the separate ownership of Units in the Building(s) together with an undivided share of the Common Elements as an appurtenant thereto.

1.08 "Condominium Project," means this real estate project whereby 51 Units in existing or proposed Building(s) are offered or proposed to be offered for sale; the name of which is: Captain's Cove Resort.

1.09 "Declaration," means this document establishing the Property as a condominium regime, as it may be amended from time to time.

1.10 "Developer," means the person named hereinabove who undertakes to develop the Condominium Project referred to herein.

1.11 "General Common Elements," means and includes:

- (1) The Land on which the Building(s) stand(s);
- (2) The foundations, bearing walls and columns, the floor between each floor located within a Unit, roofs, halls, lobbies, stairways, and entrances and exits or communication ways;
- (3) The yards and gardens, if any;
- (4) The premises for the lodging of persons in charge of management or care of the Condominium Project;
- (5) The compartments or installation of central services such as electricity, natural gas, hot and cold water, sanitary sewers, central television systems, telephone systems, reservoirs, tanks, pumps, and swimming pool.
- (6) The devices or installations existing or acquired for common use;
- (7) All other elements of the Building(s) desirable or rationally of common use or necessary to the existence, maintenance and safety of the condominium regime.

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1.12 "Interval Ownership," is a concept whereby a Unit and its interest of the Common Elements are conveyed for periods of time, i.e., Unit Week(s), the purchaser of the Unit Week(s) receiving title to the Unit for the stated time period in perpetuity. However, if the interest created by this "Interval Ownership" is found by a court of law, after all appeals are exhausted, to violate any rule against perpetuities, said interest shall be converted to a fee simple as tenant in common with all other purchasers of Unit Weeks in each such Unit in the Percentage Interest in such Unit, determined and established by Exhibit "E" attached hereto and which is hereby made a part hereof for all purposes.

1.13 "Limited Common Elements," means and includes those Common Elements reserved for the use of a certain Unit or number of Units to the exclusion of the other Units some of which elements are so designated in Exhibits "B", and "C".

(1) Where any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portions thereof serving only that Unit is a Limited Common Element allocated solely to that Unit, and any portion thereof serving more than one Unit or any portion of the Common Elements is a part of the General Common Elements.

(2) Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, and all exterior doors and windows or other fixtures designed to serve a single Unit, but located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit.

1.14 "Majority of Unit Owners," means the same as 'majority of co-owners' in the Condominium Act and is the Unit Owners with 51% or more of the votes weighed so as to coincide with percentages assigned in Exhibit "D" attached and a part hereof.

1.15 "Management Agreement," means and refers to that agreement between the Association and the Management Firm, a copy of which agreement is attached hereto as Exhibit "F".

1.16 "Management Firm," means and refers to the entity identified as the Manager in the Management Agreement.

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1.17 "Member," means the Unit Owner as a member of the Association.

1.18 "Mortgagee," means the holder of promissory note, the payment of which is secured by a first lien deed of trust (mortgage) of a Unit.

1.19 "Occupant," means a person, or persons, other than a Unit Owner, in possession of a Condominium Unit.

1.20 "Percentage Interest," means the percentage interest which a Unit bears to the total percentage interest of all Units, the sum of all such percentage interest being 100%. The Percentage Interest of each Unit is designated in Exhibit "D" attached and a part hereof. The Percentage Interest in a Unit of each owner of Unit Weeks in that Unit is as set forth in Exhibit "E" attached hereto.

1.21 "Person," means an individual, firm, corporation, partnership, association, trust or other legal entity or any combination thereof.

1.22 "Property," means and includes the Land and the Building(s), all improvements and structures thereon and all easements, rights and appurtenances belonging thereto.

1.23 "To Record," or "Record," means to record in the office of the County Clerk of the county in which the Property is situated, in accordance with the provisions of Title 115, Revised Civil Statutes of Texas, 1925, as amended.

1.24 "Unit," is the same as 'apartment' under the Condominium Act, and means an enclosed space consisting of one (1) or more floors or stories, and having a direct exit to a thoroughfare or to a given common space leading to a thoroughfare.

(1) The boundaries of a Unit shall be and are the unfinished/undecorated interior surfaces of its perimeter walls, floors and ceilings; and the Unit includes the airspace so encompassed, excepting Common Elements.

(2) All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof are a part of the Unit, and all other portions of the walls, floors, or ceilings are a part of the Common Elements.

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(3) All spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

(4) In interpreting deeds, mortgages, deeds of trust and other instruments, the existing physical boundaries of a Unit or of a Unit reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries regardless of settling, rising, or lateral movement of the Building and regardless of variances between boundaries shown on the plat and those of the Building.

(5) The Units are shown and designated by Numbers in Exhibits "B" and/or "C".

1.25 "Unit Committed to Interval Ownership," means any Unit sold under a plan of Interval Ownership.

1.26 "Unit Owner," or "Owner," means the same as 'co-owner' in the Condominium Act, and is the person who owns a Unit and a Percentage Interest of the Common Elements within this Condominium Project, but does not include a person having an interest in a Unit solely as security for an obligation. The term shall also include all owners of Unit Weeks within any Unit committed to Interval Ownership as one Unit Owner.

1.27 "Unit Week," means a period of ownership in a Unit committed to Interval Ownership which shall consist of not less than seven (7) days. Unit Weeks are computed as follows:

(1) Unit Week No. 1 is the seven (7) days commencing on the first Saturday following the first Friday in each calendar year;

(2) Unit Week No. 2 is the seven (7) days succeeding;

(3) Additional weeks up to and including Unit Week No. 51 are computed in a like manner;

(4) Unit Week No. 52 contains the seven (7) days succeeding the end of Unit Week No. 51 without regard to the month or year, plus any excess days not otherwise assigned until the beginning of the next Unit Week No. 1.

(5) Unit Weeks run from noon on the first Saturday of the period to noon on the last Saturday of the period.

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ARTICLE II

USE AND OCCUPANCY RESTRICTIONS

The restrictions on the use and occupancy of the Property shall be as follows:

2.01 RESIDENTIAL AND RESORT USE. The Owner of a Unit shall occupy and use his Unit as a residential and resort dwelling for himself and members of his family, his social guests, lessees, and for no other purposes.

Notwithstanding the foregoing, nothing in this Declaration shall be construed to restrict the Developer, or any successor in interest to the Developer, from selling and/or conveying any Unit under a plan of Interval Ownership, or any person, from selling, reconveying, or in any other way, transferring same, at any time under the plan of Interval Ownership.

2.02 PROHIBITED ACTS. A Unit Owner shall not permit or suffer anything to be done or kept in his Unit, the Limited Common Elements, or the General Elements which:

- (1) Will increase the rate of insurance in the Property;
- (2) Will result in the cancellation of insurance on any Unit or any part of the Property;
- (3) Will obstruct or interfere with the rights of other Unit Owners;
- (4) Will be in violation of any law, the Declaration, Bylaws, or Rules and Regulations;
- (5) Will commit any waste in any part of the Property;
- (6) Would be noxious or offensive to a reasonable person;
- (7) May be or become an annoyance or nuisance to other Unit Owners.

2.03 COMMON ELEMENTS. The Limited Common Elements and the General Common Elements shall not be used in any manner contrary to or not in accordance with such Rules and Regulations pertaining thereto.

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2.04 MINERAL OPERATIONS. No gas or oil drilling, development, or refining nor quarrying or mining operations of any kind shall be permitted upon any part of the Property.

2.05 CONSTRUCTION IN COMMON ELEMENTS. Nothing shall be altered or constructed in or removed from the Common Elements, except upon prior written consent of the Association and its Rules and Regulations, as amended from time to time, a Unit Owner shall not cause or permit on the exterior of his Unit, Limited Common Elements or the General Common Elements outside his Unit any of the following:

- (1) An observable immaterial thing (including signs and displays);
- (2) Ground cover, plant, shrubbery, flower, or vine;
- (3) Awnings, storm-shutters, screens, or window coverings; and
- (4) Furniture, appliance, or equipment.

(See also Article VI).

2.07 USE FOR SALES PURPOSES. Developer may maintain models, sales and administrative offices in any of the Units owned by Developer; may maintain signs, displays and sales office on the Common Elements to aid in the sale of the Units; may use portions of the Property and Association Properties for parking for prospective purchasers and other invitees of Developer.

2.08 RENTAL OF UNIT WEEKS. In Units committed to Interval Ownership the Owner of Unit Weeks therein may not rent, lease or permit any occupancy for a period less than the Unit Week period.

### ARTICLE III

#### PROPERTY RIGHTS AND INTERESTS

3.01 CONVEYANCE AND ENCUMBRANCE OF UNITS. A Unit may be individually conveyed and encumbered and may be the subject of ownership, possession or sale and of all types of judicial acts, as if it were entirely independent of the other Units in the Condominium Project.



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3.02 JOINT OR COMMON OWNERSHIP OF UNIT. Any Unit may be jointly or commonly owned by more than one person.

3.03 OWNERSHIP OF UNIT AND SHARE IN COMMON ELEMENTS. An Owner shall have an exclusive ownership to his Unit and shall have a common right to share, with other Owners, in the Common Elements of the Property. Each unit Owner's share in the Common Elements shall be according to the Percentage Interest shown in Exhibits "D" and "E". Each Owner may use the Common Elements in accordance with the purpose for which they are intended, as shown on Exhibit "B" and Exhibit "C" or expressed in this Declaration, the Bylaws, or the Rules and Regulations, without hindering or encroaching upon the lawful rights of the other Owners.

Owners of Unit Weeks are entitled to use of the Common Elements only during the time period of the Unit Week owned.

3.04 COMMON ELEMENTS; PARTITION; MORTGAGES. The Common Elements, both General and Limited, shall remain undivided and shall not be the object of any action for partition or division of the co-ownership by the Unit Owners so long as suitable for a Condominium Regime; and, in any event, all mortgages must be paid prior to the bringing of an action for partition or the consent of all mortgagees must be obtained. Any covenant or action to the contrary shall be void.

3.05 DEED OF UNIT. The deed to each Unit shall describe the Unit in accordance with a reference to the Exhibits included in this Declaration and the Percentage Interest therein conveyed. An individual Unit shall not be conveyed separate from the undivided interest in the Common Elements and vice versa, and any conveyance of a Unit shall be deemed to convey also the undivided interest of the Owner in the Common Elements, both General and Limited, appertaining to the Unit without specifically or particularly referring to the same.

3.06 REGROUPING AND MERGER OF ESTATES. All of the Owners or the sole owner of the Building(s) constituted into this Condominium Regime may waive this regime and request the County Clerk to regroup or merge the records of the filial estates with the principal property, provided, that the filial estates are unencumbered, or, if encumbered, that the creditors in whose behalf the encumbrances are recorded agree to accept as security the undivided portions of the Property owned by the debtors. The undivided interest in

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the Property owned in common which shall appertain to each Owner shall be the Percentage Interest previously owned by such Owner in the Common Elements. However, the merger provided for in this Section shall in no way bar the subsequent constitution of the Property provisions of the Condominium Act.

3.07 OWNER'S MAINTENANCE AND REPAIR EASEMENT. Each Owner shall have easements to, through and over the General and Limited Common Elements reasonably necessary to carry out his maintenance, repair and replacement responsibilities hereunder; provided, however, he shall not impair the structural integrity of the Building(s), adversely affect any other Unit, nor alter the external appearance of the Building(s) without prior written consent of the Association.

3.08 ASSOCIATION'S EASEMENT. The Association, or its agent, shall have easements to, through and over each Unit (upon notice to Owner and during reasonably working times) as may be reasonably necessary to carry out its maintenance, repair and replacement responsibilities hereunder.

3.09 PUBLIC UTILITY ACCESS. Public or private utility companies furnishing services to the Condominium Project for common use (e.g., water, sanitary sewer, natural gas, electricity, telephones, and television, if any) shall have access to the General and Limited Common Elements and each Unit as may be reasonably necessary for the installation, maintenance, or replacement of such services.

3.10 COMMITTING A UNIT TO INTERVAL OWNERSHIP. A Unit shall become a Unit Committed to Interval Ownership upon the Recording of the first deed to such Unit, conveying Unit Weeks. A Unit will no longer be committed to Interval Ownership any time all Unit Weeks are owned by the same person.

3.11 PERCENTAGE INTEREST IN UNIT COMMITTED TO INTERVAL OWNERSHIP. The respective interest of each owner of Unit Weeks within a Unit Committed to Interval Ownership with respect to each other owner of Unit Weeks in the Unit Committed to Interval Ownership, shall be as set forth in Exhibit "E" which is attached hereto and is a part hereof for all purposes.

3.12 MAINTENANCE WEEKS IN UNITS COMMITTED TO INTERVAL OWNERSHIP. Upon conveying thirty (30) Unit Weeks in any Unit Committed to Interval Ownership, or nine (9) months from the date of the first conveyance under Interval Ownership in any Unit Committed to Interval Ownership, whichever date comes first, the Developer agrees to convey and the Association agrees to accept one (1) Unit Week to be used for maintenance purposes. The Developer shall have the right to choose the Unit Week to be so conveyed. However, in the event any one person becomes holder of record title to all other Unit Weeks in any one Unit, that person may cause the Association to convey said Association Unit Week to that person by notifying the Association, in writing, of its desire that said Unit cease being a Unit Committed to Interval Ownership. The Association shall execute the necessary documents to so convey the Unit Week within sixty (60) days after notice. All expenses of said conveyance shall be borne by the person desiring such conveyance.

3.13 HOLDOVER INTERVAL OWNERS. In the event any Owner of a Unit Week in a Unit Committed to Interval Ownership fails to vacate his Unit at the expiration of his period of Ownership each year, or at such earlier time as may be fixed by the Rules and Regulations adopted by the Association from time to time, he shall be deemed a "holdover owner". It shall be the responsibility of the Association to take such steps as may be necessary to remove such holdover owner from the Unit, and to assist the Owner of any subsequent Unit Week, who may be affected by the holdover owner's failure to vacate, to find alternate accommodations during such holdover period.

(1) In addition to such other remedies as may be available to it, the Association shall secure, at its expense, alternate accommodations for any Owner who may not occupy his Unit due to the failure to vacate of any holdover owner. Such accommodations shall be as near in value to the Owner's own Unit as possible. The holdover owner shall be charged for the cost of such alternate accommodations, any other costs incurred due to his failure to vacate, and an administrative fee, as may be determined by the Association (but not less than \$50.00 per day) during his period of holding over. In the event it is necessary that the Association contract for a period greater than the actual period of holding over, in order to secure alternate accommodations as set forth hereinabove, the entire period shall be charged to and shall be the liability of the holdover owner, although the administrative fee shall cease upon actual vacating by the holdover owner.

(2) The Association shall submit its statement to the holdover owner as provided for hereinabove. In the event the holdover owner fails to pay the same within ten (10) days of the date thereof, a lien shall be and is hereby fixed against the holdover owner's interest in the Unit in accordance with other provisions of this Declaration.

(3) The foregoing provisions shall not abridge the Association's right to take such other action as is provided by this Declaration, or law, including, but not limited to, forcible detainer or other eviction proceedings.

3.14 ASSOCIATION PROPERTIES. As planned, the Association will acquire the Association properties for the common use and benefit of all Unit Owners in the project. The Developer may retain the legal title to said Association Properties until such time as it has completed improvements thereon and until such time as, in the opinion of the Developer, the Association is able to maintain the same but, notwithstanding any provision herein, the Developer hereby covenants, for itself, its heirs and assigns that it shall convey said Association properties to the Association, free and clear of all liens and encumbrances on or before five (5) years after the date Developer conveys any interest in a Unit, or upon completion and sale of all Units in the Project, whichever shall occur first. Relative to said Association properties:

(1) The Association agrees that it will accept title to the Properties to be conveyed from the Developer, and will hold same for the use and benefit of all Condominium Unit Owners in the Project.

(2) The Association shall operate and administer such properties, including the collection of any income therefrom and the payment of all costs and expenses incurred therewith. All income shall inure to the benefit of the Association and all such expenses are and shall be common expenses of all the Condominiums in the Project, assessable and collectible by the Association, against all the Unit Owners in the said Project in the manner provided by this Declaration and Bylaws.

(3) The Owners of Units within the Project, as to the Association properties, shall have in addition to all other rights granted hereunder:

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(a) A perpetual non-exclusive easement in and to the entire road system for ingress and egress to their respective Unit and recreational facilities and other improvements located on the Association properties;

(b) A perpetual non-exclusive easement in and to portions thereof as may be necessary to provide utility service to their respective Unit; and

(c) The right to construct and maintain on and to make such changes in the property covered by the above easements as may reasonably be necessary to utilize the easements hereinabove provided.

(4) The Developer herein, its successors and assigns, shall have such easements in and to the Association properties as may be necessary to provide utility services for other lands in the Project and shall have also the right to use the interior private road system as they may deem necessary from time to time in connection with sales or further development of the said project.

(5) All expenses incurred in connection with the maintenance of Association properties, including but not limited to real estate taxes, repair expenses and upkeep, shall be deemed a common expense of the Association and shall be paid as herein provided.

3.15 DEVELOPER'S RESERVATIONS. The Developer reserves the right to change the interior design and arrangement of all Units and to alter the boundaries between Units, as long as the Developer owns the Units so altered; however, no such alterations shall increase the number of Units nor alter the boundaries of the Common Elements, except the party wall between any Units, without amendment of this Declaration set forth hereinafter. In the event the Developer shall make any such changes in Units, such changes shall be reflected by an Amendment of this Declaration, including such plats and building plans to reflect such alterations.

#### ARTICLE IV

##### ADMINISTRATION OF THE CONDOMINIUM REGIME

4.01 IN GENERAL. The administration of this Condominium Regime shall be governed by the Association in accordance with the Condominium Act, this Declaration, the Articles of Incorporation of the Association, and the Bylaws of the Association.

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4.02 ORGANIZATION OF ASSOCIATION. The Association shall be organized no later than the date of the Recording of this Declaration (which will be Recorded prior to the recording of the first deed conveying any interest in any Unit from the Developer). The Membership of the Association at all times shall consist exclusively of all the Unit Owners or, following termination of the Condominium Regime, of all former Unit Owners entitled to distributions of proceeds under this Declaration, or their heirs, successors, or assigns. The Association shall be organized as a nonprofit corporation.

4.03 POWERS OF ASSOCIATION. Subject to the provisions of this Declaration, the Association may:

- (1) Adopt and amend Bylaws, Rules, and Regulations;
- (2) Adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for Common Expenses from Unit Owners;
- (3) Hire and terminate managing agents and other agents, employees, and independent contractors;
- (4) Make contracts and incur liabilities;
- (5) Regulate the use, maintenance, repair, replacement, and modification of Common Elements;
- (6) Cause additional improvements to be made as a part of the Common Elements;
- (7) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property;
- (8) Grant easements, leases, licenses, and concessions through or over the Common Elements;
- (9) Impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements other than Limited Common Elements;
- (10) Impose charges for late payment of Assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and Rules and Regulations of the Association;

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(11) Impose reasonable charges for the preparation and recordation of amendments to the Declaration, resale certificates, or statements of unpaid assessments;

(12) Provide for the indemnification of its officers and Board of Directors and maintain directors' and officers' liability insurance;

(13) Exercise any other powers conferred by the Declaration or Bylaws;

(14) Exercise all other powers that may be exercised in Texas by non-profit corporations; and

(15) Exercise any other powers necessary and proper for the governance and operation of the Association.

Notwithstanding the foregoing portion of this Section, this Declaration does not impose limitations on the power of the Association to deal with the Developer that are more restrictive than the limitations imposed on the power of the Association to deal with other persons.

4.04 BOARD OF DIRECTORS AND OFFICERS.

(1) Except as provided in this Declaration, the Bylaws, or in Paragraph (2) hereinafter, or the Condominium Act, the Board of Directors may act in all instances on behalf of the Association.

(2) The Board of Directors may not act on behalf of the Association to amend this Declaration, to terminate the Condominium Regime, or to elect directors of the Board of Directors or determine the qualifications, powers and duties, or terms of office of the Board of Director members, but the Board of Directors may fill vacancies in its membership for the unexpired portion of any term.

(3) Subject to the provisions in this Paragraph (3) Developer shall control the Association, during which period Developer, or persons designated by Developer, may appoint and remove the officers and members of the Board of Directors. Such period of Developer control extends from the date of the first conveyance of any interest in a Unit to a person other than Developer for a period of five (5) years. Regardless of such five (5) year period the period of Developer control terminates

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no later than sixty (60) days after conveyance of 95% of the Units to the Unit Owners other than Developer. Developer may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of that period.

(4) Not later than the termination of any period of Developer control, the Unit Owners shall elect a Board of Directors of at least three members, all of whom must be Unit Owners or owners of Unit Weeks. The Board of Directors shall elect the officers. The persons elected shall take office upon election.

4.05 ACTIONS ON BEHALF OF OWNERS. Without limiting the rights of any Owner, action may be brought by the Association, and in the discretion of the Association, on behalf of itself or two (2) or more of the Owners, as their respective interests may appear, with respect to any cause of action relating to the Common Elements of more than one (1) Unit.

4.06 BYLAWS. The Bylaws of the Association must provide for:

(1) The number of directors of the Board of Directors and the titles of the officers of the Association;

(2) Election by the Board of Directors of a president, treasurer, secretary, and any other officers of the Association the Bylaws specify;

(3) The qualifications, powers and duties, terms of office, and manner of electing and removing Directors and officers and filling vacancies;

(4) Which, if any, of its powers the Board of Directors or officers may delegate to other persons or to a managing agent; and

(5) Which of its officers may prepare, execute, certify, and record amendments to this Declaration on behalf of the Association.

Subject to the provisions of this Declaration, the Bylaws may provide for any other matters the Association deems necessary and appropriate.



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4.07 MEETINGS OF MEMBERS. The Bylaws must require that meetings of the Members of the Association be held at least once each year and provide for special meetings. The Bylaws must specify which of the Association's officers, not less than ten (10) nor more than fifty (50) days in advance of any meeting, shall cause notice to be hand-delivered or sent prepaid by United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Unit Owner. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to this Declaration or Bylaws.

4.08 QUORUMS. Quorums for meetings of the Members of the Association and the Board of Directors shall be as follows:

(1) A quorum is deemed present throughout any meeting of the Members of the Association if persons entitled to cast 10% of the votes which may be cast for election of the Board of Directors are present in person or by proxy at the beginning of the meeting.

(2) A quorum is deemed present throughout any meeting of the Board of Directors if Directors entitled to cast a majority of the votes on that Board of Directors are present at the beginning of the meeting.

4.09 VOTING: PROXIES. The Owner of each Unit Week shall be entitled to one (1) vote. If some individual, corporation or other entity owns all of a Unit, he shall be entitled to fifty-two (52) votes.

(1) The vote allocated to a Unit Week may be cast pursuant to a proxy duly executed by a Unit Week Owner. A Unit Week Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation of the person presiding over the meeting of the members of the Association. A proxy is void if its not dated or purports to be revocable without notice. A proxy terminates eleven (11) months after its date, unless it specifies a shorter term.

(2) No votes allocated to a Unit, or Unit Week, owned by the Association may be cast.

(3) The Bylaws may provide for administrative voting procedures.

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4.10 ASSOCIATION AS TRUSTEE. With respect to a third person dealing with the Association in the Association's capacity as a trustee, the existence of trust powers and their proper exercise by the Association may be assumed without inquiry. A third person is not bound to inquire whether the Association has power to act as trustee or is properly exercising trust powers and a third person, without actual knowledge that the Association is exceeding or improperly exercising its powers, is fully protected in dealing with the Association as if it possessed and properly exercised the powers it purports to exercise. A third person is not bound to assure the proper application of trust assets paid or delivered to the Association in its capacity as trustee.

4.11 MANAGEMENT AGREEMENT. The Association has entered into a Management Agreement, a copy of which is annexed hereto as Exhibit "F" and made a part hereof.

The Association has delegated to the Management Firm the power of the Association, through its Board of Directors, to determine the budget, make assessments for common expenses and collect assessments. Each Unit Owner, his heirs, successors and assigns, shall be bound by said Management Agreement for the purposes therein expressed, including but not limited to:

- (1) Adopting, ratifying, confirming and consenting to the execution of said Management Agreement by the Association.
- (2) Covenanting and promising to perform each and every of the covenants, promises and undertakings to be performed by Unit Owners in the cases provided therefor in said Management Agreement.
- (3) Ratifying, confirming and approving each and every provision of said Management Agreement, and acknowledging that all of the terms and provisions thereof are reasonable.
- (4) Agreeing that the persons acting as Directors and Officers of the Association entering into such an Agreement have not breached any of their duties or obligations to the Association.
- (5) It is specifically recognized that some or all of the persons comprising the original Board of Directors of the Association, are or may be stockholders, Officers and Directors of the Management Firm, and that

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such circumstances shall not and cannot be construed or considered as a breach of their duties and obligations to the Association, nor as possible grounds to invalidate such Management Agreement, in whole or in part.

(5) The acts of the Board of Directors and Officers of the Association in entering into the Management Agreement be and the same are hereby ratified, approved, confirmed and adopted.

4.12 TERMINATION; VOLUNTARY, MAJOR DAMAGE. If 75% of Unit Owners and holders of all liens and mortgages affecting any of the Condominium Parcels executed and duly record an instrument terminating the Condominium Regime, or if "major damage" occurs as defined in the insurance provisions hereunder, said property shall be deemed to be subject to termination and thereafter owned in common by the Unit Owners. The undivided interest in the property owned in common by the Unit Owners shall then become the percentage of the undivided interest previously owned by such Owner in the Common Elements upon termination of the Condominium Regime.

4.13 UNIT WEEK TERMINATION. If a court of competent jurisdiction in Galveston County, Texas, after all appeals have been exhausted, finds that the form of Interval Ownership contemplated by this Declaration violates any rule against perpetuities, each purchaser of Units Committed to Interval Ownership shall thereupon become tenants in common. The Board of Directors of the Association shall, not less than thirty (30) days, nor more than fifty (50) days after the actual date of such conversion to tenancy in common, call a meeting of all Owners of Unit Weeks in Units committed to Interval Ownership. At such meeting, a vote shall be taken to decide the disposition of the Units committed to Interval Ownership. A quorum at such meeting shall be a majority of the total outstanding votes of all Owners of Unit Weeks in Units committed to Interval Ownership. At such meeting the Owners, by a majority vote of those present, may vote to continue their intervals, in which case the restrictive covenants set forth below will be adopted as covenants running with the land for a period of ten (10) years. The Board of Directors of the Association shall, not less than thirty (30) days nor more than fifty (50) days prior to the actual expiration of said ten (10) year period, call a meeting of all Owners of Unit Weeks in Units committed to Interval Ownership. A quorum at such meeting shall be a majority of the total outstanding votes of all Owners of the Unit Weeks in Units committed to Interval Ownership. The

Owners may then vote to continue the intervals for an additional ten (10) year period. This process shall be repeated as the end of each successive ten (10) year period approaches. Should less than a majority of the Owners present vote to continue the intervals at any such meeting, then the Board of Directors of the Association shall file suit in a Court of competent jurisdiction in Galveston County, Texas, for partition of the Units.

(1) In the event the Owners vote to continue their Unit Weeks as provided above, then each Owner shall have the exclusive right to occupy his Unit, and as between Owners to use and enjoy the Common Elements and Association Properties of the Condominium and the rights and easements appurtenant to his Unit during his Unit Week (and, in the case of Developer, during all Unit Weeks not theretofore conveyed, and to authorize others so to do together with the non-exclusive right in common with all other Owners, but only when acting through the Association), to maintain and repair the Units during maintenance weeks. No Owner shall occupy his Unit, or exercise any other rights of Ownership in respect of his Unit other than the rights herein provided to him, during any other Unit Weeks unless expressly so authorized by the Owner entitled to occupy the Unit during such Unit Weeks or during any maintenance week except when acting through the Association. Each Owner shall keep his Unit and all furnishings in good condition and repair during his Unit Weeks, vacate the Unit at the expiration of his Unit Weeks, remove all persons and property therefrom excluding only furnishings, leave the Unit in good and sanitary condition and repair, and otherwise comply with such reasonable checkout and other procedures as may from time to time be contained in rules promulgated by the Association.

(2) No Owner or other person or entity acquiring any right, title or interest in a Unit shall seek or obtain through any legal procedures, judicial partition of the Unit or sale of the Unit in lieu of partition at any date prior to the expiration of each successive ten (10) year period voted by a majority of Owners. If, however, any Unit Weeks shall be owned by two or more persons as tenants-in-common or as joint tenants, nothing herein contained shall prohibit a judicial sale of the Unit Weeks in lieu of partition as between such co-tenants or joint tenants.

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ARTICLE V

EXPENSES AND ASSESSMENTS

5.01 CONTRIBUTIONS TOWARD EXPENSES. All Owners are bound to contribute pro-rata toward the expense of administration and of maintenance and repair of the Common Elements and toward any other expenses lawfully authorized by the Association. No Owner shall be exempt from contributing toward such expenses for any reason, including, but not by way of limitation, waiver of the use of enjoyment of the Common Elements, either General or Limited, or by abandonment of his Unit or Unit Week.

Such expenses, referred to hereinafter as "assessments" and "maintenance fees", are:

(1) Personal obligations of the Owner of the Unit or Unit Week;

(2) Subject to interest at the rate of 10% per annum from due date until paid if not fully paid ten (10) days after due date; and

(3) Subject to a late charge of not less than \$25.00, nor more than \$50.00, as may be determined by the Association, if payment is not fully paid ten (10) days after due date.

5.02 DEVELOPER EXPENSES. During the period of the sale of the Units and/or Unit Weeks, the Developer shall contribute its share of expenses for the Common Elements allocated to unsold Units and/or Unit Weeks. After any assessment has been made by the Association, assessments shall be made at least annually and shall be based on a budget adopted at least annually by the Association.

5.03 ALLOCATION OF ASSESSMENTS. Common Expenses shall be assessed against all the Units in accordance with the Percentage Interest allocated to each Unit.

5.04 TYPE OF ASSESSMENTS. The expenses approved by the Association shall be charged to each Owner according to the Percentage Interest of each such Unit, and shall be paid at the place designated by the Association. Such charges are referred to herein as "assessments." There may be two types of assessments:

(1) Annual assessments shall be for the normal and routine expenses anticipated by the Association, including, but not by way of limitation, the following: Insurance obligated or permitted herein; common utility, repair, maintenance, and replacement expenses; wages, taxes; accounting, legal and management fees; reserve funds for repair and replacements.

(2) Special assessments shall be for out of the ordinary expenditures approved by the Association and would include capital expenditures, normally, but other extraordinary costs may also be assessed if approved by the Association.

5.05 SPECIAL ASSESSMENTS. The Board of Directors of the Association shall approve proposed special assessments from time to time, in order to meet the obligations of the Condominium Regime. Notice of such approved proposals shall be submitted to the Owners by mail. The Unit Owners, by two-thirds (2/3) vote, may reject any special assessment approved by the Board of Directors, within thirty (30) days after the date the approved proposals are submitted to the Owners.

5.06 MAINTENANCE FEE FOR UNITS COMMITTED TO INTERVAL OWNERSHIP. All Owners of Unit Weeks in Units committed to Interval Ownership shall pay a "maintenance fee." The maintenance fee shall include, but shall not be limited to, the following:

- (1) The particular Unit Week Owner's share of Assessments (See 5.04 and 5.05);
- (2) Cleaning, repair and maintenance of Units for normal wear and tear (e.g., repainting interior walls);
- (3) Cleaning, repair and replacement of furniture, fixtures, appliances, carpeting, linens and utensils, etc.;
- (4) Casualty and/or liability insurance on the Unit and its contents;
- (5) Utilities for the Unit;
- (6) Personal property, real estate, and any other applicable taxes;

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(7) Any other expenses incurred in the normal operations and maintenance of the Unit committed to Interval Ownership which cannot be attributed to a particular Unit Week Owner.

The maintenance fee shall be prorated among all Owners of Unit Weeks in a specific Unit by applying a fraction, the numerator of which is the number of Unit Weeks owned by a specific Owner, the denominator of which is fifty-one, to the total of all such expenses. The foregoing shall not apply to any Unit Week conveyed to the Association.

5.07 ASSESSMENT DATES. Annual assessments and maintenance fees shall be made for each calendar year. On or before December 31st of each year, the Association shall determine the amount of the assessment on each Owner's Unit or Unit Week for the next calendar year. As soon as is practicable, the Association shall notify each Owner of the amount of said assessment for the next calendar year. Such assessments or fees shall be due and payable as of the date determined, from time to time, by the Association.

5.08 LIMITATIONS. Each year the Association may not increase the Annual Assessments or the Maintenance Fee above the previous year by more than the amount of the direct increases in the costs of insurance, taxes, utilities plus 10% of all other expenses. In the event the Board of Directors recommends such assessments or maintenance fees in excess of the foregoing limitation then such budget shall be submitted by mail to the Members for approval more than thirty (30) days prior to the effective date for such assessment or maintenance fee. To be effective such increased assessment and maintenance fee must be approved by a majority of the votes cast by the Members (See 4.09).

5.09 PAYMENT OF ASSESSMENTS UPON SALE. Upon the sale or conveyance of a Unit, all unpaid assessments against an Owner for his pro-rata share of the expenses approved by the Association, as provided for herein, shall first be paid out of the sales price or by the purchaser in preference over any other assessments or charges of whatever nature except the following:

(1) Assessments, liens and charges in favor of the State and any political subdivision thereof for taxes past due and unpaid on the Unit; and

(2) Amounts due under duly recorded first mortgages.

5.10 LIEN FOR ASSESSMENTS. The Association shall have and does have a lien on each Unit, together with a lien or security interest on all tangible personal property located within the Unit, against the Unit owner for unpaid assessments, maintenance fees, interest thereon, late payment charges, administrative fees, reasonable attorneys' fees incurred by the Association incident to the collection of such charges or the enforcement of such lien(s), all sums advanced and paid by the Association for taxes and payments on account of mortgages, liens or encumbrances which may be required to be advanced by the Association, in order to preserve and protect its lien(s). When an assessment is payable in installments, the full amount of the assessment is a lien from the date the first installment becomes due. The lien of the Association may be enforced and foreclosed by power of sale pursuant to Article 3810, Revised Civil Statutes of Texas, as amended from time to time. To this end, Developer, for itself, its successors and assigns, for the purpose of securing the payment of the foregoing charges subject to this lien ("the indebtedness"), and in consideration of the uses, purposes and trusts hereinafter set forth, have granted and by these presents do grant to Willis M. Lucas, Trustee, of Galveston County, Texas, and his substitutes or successors, all Units and/or Unit Week described in this Declaration; to have and to hold the same together with the rights, privileges and appurtenances thereto belonging to the Trustee, and to his substitutes or successors forever. Developer hereby binds itself, its successors and assigns to warrant and forever defend the said premises to the Trustee, his substitutes, or successors and assigns forever, against the claim, or claims, of all persons claiming or to claim the same or any part thereof. This conveyance is made in TRUST to secure the payment of indebtedness provided for in this Declaration payable to the Association ("the Beneficiary" herein) in the amounts and at the times provided for in this Declaration, the Bylaws, bearing interest and for costs and attorneys' fees. Should Developer, its successors and assigns do and perform all of the covenants and agreements contained in this Declaration, and make prompt payment of the indebtedness as the same shall become due and payable, then this conveyance shall become null and void and of no further force and effect. Developer, its successors and assigns agree as follows:

(a) That in the event of default in the payment of any installment, principal or interest, of the indebtedness hereby secured, in accordance with the terms thereof, then Beneficiary may elect, to declare the entire principal indebtedness hereby secured with



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all interest accrued thereon and all other sums secured immediately due and payable, and in the event of default in payment of said indebtedness when due and declared due, it shall thereupon, or at any time thereafter, be the duty of the Trustee, or his successor or substitute as hereinafter provided, at the request of Beneficiary (which request is hereby conclusively presumed), to enforce this trust; and after advertising the time, place and terms of the sale of the above described and conveyed property, then subject to the lien hereof, for at least twenty-one (21) days preceding the date of sale by posting written or printed notice thereof at the Courthouse door of the county where said real property is situated, which notice may be posted by the Trustee acting, or by any person acting for him, and the Beneficiary (the holder of the indebtedness secured hereby) has, at least twenty-one (21) days preceding the date of sale, served written or printed notice of the proposed sale by certified mail on each debtor obligated to pay the indebtedness according to the records of the Beneficiary, by the deposit of such notice, enclosed in a postpaid wrapper, properly addressed to such debtor at debtor's most recent address as shown by the records of Beneficiary, in a post office or official depository under the care and custody of the United States Postal Service, the Trustee shall sell the above described property, then subject to the lien hereof at public auction in accordance with such notice at the Courthouse door of said county where such real property is situated, on the first Tuesday in any month between the hours of ten o'clock A.M. and four o'clock P.M., to the highest bidder for cash, selling all of the property as an entirety or in such parcels as the Trustee acting may elect, and make due conveyance to the Purchaser or Purchasers, with general warranty binding Grantors, their heirs and assigns; and out of the money arising from such sale, the Trustee acting shall pay first, all the expenses of advertising the sale and making the conveyance, including a commission of 5% to himself, which commission shall be due and owing in addition to the attorneys' fees provided for in this Declaration and then to Beneficiary the full amount of principal, interest, attorney's fees and other charges due and unpaid on the indebtedness secured hereby, rendering the balance of the sale price, if any, to Developer, its successors and assigns; and the recitals in the conveyance to the Purchaser or Purchasers shall be full and conclusive evidence of the truth of

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the matters therein stated, and all prerequisites to said sale shall be presumed to have been performed, and such sale and conveyance shall be conclusive against Developer, its successors and assigns.

(b) It is agreed that in the event a foreclosure hereunder should be commenced by the Trustee, or his substitute or successor, Beneficiary may at any time before the sale of said property direct the said Trustee to abandon the sale, and may then institute suit for the collection of said indebtedness, and for the foreclosure of this lien; it is further agreed that if Beneficiary should institute a suit for the collection thereof, and for a foreclosure of this lien, that he may at any time before the entry of a final judgment in said suit dismiss the same, and require the Trustee, his substitute or successor to sell the property in accordance with the provisions of this Deed of Trust.

(c) Beneficiary shall have the right to purchase at any sale of the property, being the highest bidder and to have the amount for which such property is sold credited on the debt then owing.

(d) Beneficiary in any event is hereby authorized to appoint a substitute trustee, or a successor trustee, to act instead of the Trustee named herein without other formality than the designation in writing of substitute or successor trustee; and the authority hereby conferred shall extend to the appointment of other successor trustees successively until the indebtedness hereby secured has been paid in full, or until said property is sold hereunder, and each substitute and successor trustee shall succeed to all of the rights and powers of the original trustee named herein.

(e) In the event any sale is made of the above described property, or any portion thereof, under the terms hereof, Developer, its successors and assigns, shall forthwith upon the making of such sale surrender and deliver possession of the property so sold to the Purchaser at such sale, and in the event of their failure to do so they shall thereupon from and after the making of such sale be and continue as tenants at will of such Purchaser, and in the event of their failure to surrender possession of said property upon demand, the Purchaser, his heirs or assigns, shall be entitled to institute and maintain an action for forcible detainer of said property in the Justice of the Peace Court in the Justice Precinct in which such property, or any part thereof, is situated.

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(1) In the case of a Unit committed to Interval Ownership the lien against such Owner shall be limited to the Unit Week(s) owned by that Owner, and shall not encumber the interests of any other Unit Week Owners.

(2) A lien under this Section is prior to all other liens and encumbrances on a Unit EXCEPT:

(a) Mortgages and deeds of trust on the Unit or Unit Weeks securing first mortgage holders and recorded before the due date of the assessment or the due date of the first installment payable on the assessment; and

(b) Liens for real estate taxes and other governmental assessments or charges against the Unit.

(3) Recording of this Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessment under this Section is required.

(4) Nothing in this Section shall be construed to prohibit actions or suits to recover sums for which this Section creates a lien, or to prohibit the Association from taking a deed in lieu of foreclosure.

(5) A judgment or decree in any action or suit, brought under this Section shall include costs and reasonable attorneys' fees for the prevailing party.

(6) The Association shall have the right to assign its claim and lien rights for the recovery of any unpaid assessments to the Developer, to any Unit Owner or group of Owners, or to any third party.

(7) The Association shall furnish to a Unit Owner upon written request a recordable statement setting forth the amount of unpaid assessments currently levied against his Unit. The statement shall be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Board of Directors, and every Unit Owner.

5.11 **ENFORCEMENT.** In addition to the foregoing rights and remedies available to the Association (but in no way limiting such other remedies as may be available to the Association in law or in equity) may pursue any or all of the following as well:

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- (1) Institute a personal action against the Owner for such charges;
- (2) Restrict the right of such Owner as to the use of the Common Elements, General or Limited, in such manner as the Association shall deem appropriate.
- (3) Suspend the voting rights of such Owner during the delinquency;
- (4) Discontinue services included in the Common Elements.

5.12 ASSESSMENTS PRIOR TO SUBSEQUENT OCCUPANCY. Except in the case of a Mortgagee's acquisition of a Unit through foreclosure of Mortgagee's lien or deed-in-lieu of foreclosure, any person who acquires any interest in a Unit, including, without limitation, acquisition by operation of law and purchaser at judicial sales, shall not be entitled to occupancy of the Unit or use of the Common Elements until all unpaid assessments due and owing by the former Unit Owners have been paid.

5.13 SURPLUS FUNDS. Any surplus funds of the Association remaining after payment of or provision for Common Expenses and any prepayment of reserves must be credited to the Unit Owners to reduce their future Common Expense assessments.

5.14 ACCOUNTS. The person appointed by the Bylaws of the Association shall keep or cause to be kept books and records with detailed accounts of the receipts and expenditures affecting the Condominium Regime and its administration and specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred by or in behalf of the Condominium Regime. Both the book and vouchers accrediting the entries made thereon shall be available for examination by all the Owners at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good accounting procedures and be audited at least once a year by an auditor outside of the Association.

5.15 AD VALOREM TAXES. The Owners of each and every Unit shall render and declare the same for the purpose of ad valorem taxes with the Tax Assessor of the County wherein the Condominium is situated, or for such other future legally authorized governmental office or authority having jurisdiction over same. Nothing herein shall be

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construed, however, as giving to any Unit Owner the right of contribution or any right or adjustment against any other Unit Owner on account of any deviation by the taxing authorities. Each Unit Owner is to pay ad valorem taxes and special assessments as are separately assessed against his Unit. Ad valorem taxes on a Unit committed to Interval Ownership shall be paid by the Association and said taxes shall be collected as part of the maintenance fee.

For this purpose of ad valorem taxation, the interest of the Owner of a "Condominium Unit" and his interest in the "Common Elements," shall be considered a Unit. The value of said Unit shall be equal to the percentage of the value of the entire Condominium, including land and improvements as has been assigned to said Unit in this Condominium Declaration. The total of all of said percentages equals 100% of the value of all of the land and improvements thereon.

#### ARTICLE VI

##### MAINTENANCE AND ALTERATIONS

6.01 CONTRACT AUTHORITY. The Board of Directors of the Association may enter into contracts with any person in contracting for the maintenance and repair of the Condominium Project, Association Properties, and other type properties and may contract for the management of the Condominium Regime, Association Properties, and any other type properties, and may delegate to the contractor or manager all the powers and duties of the Association, except such as are specifically required by this Declaration, or by the Bylaws, to have the approval of the Board of Directors or the membership of the Association. The contractor or manager may be authorized to determine the budget, make assessments for common expenses and collect assessments, as provided by this Declaration and the Bylaws. The Association, through its Board of Directors, has entered into a Management Agreement, attached hereto as Exhibit "F" which encompasses the provisions of this Section.

6.02 AGREEMENTS OF OWNERS OF A UNIT. Each Owner of a Unit not committed to Interval Ownership agrees as follows:

(1) To maintain in good condition and repair his Unit and all interior surfaces within or surrounding his Unit (such as the surfaces of the walls, ceilings, floors) whether or not a part of the Unit or Common Elements, and maintain and repair the fixtures therein and pay for any utilities which are separately metered to his Unit.

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(2) Not to make or cause to be made any structural addition, alteration, decoration, repair, replacement or change the Common Elements or to any outside or exterior portion of the building whether within a Unit or part of the Limited Common Elements without the prior written consent of the Board of Directors of the Association.

6.03 AGREEMENTS OF OWNERS OF UNIT WEEKS. Each Owner of Unit Weeks in a Unit Committed to Interval Ownership agrees:

(1) To pay his proportionate share of the cost of the maintenance and repair of all interior and exterior components of said Unit, the cost of maintenance, repair and replacement of all appliances, furniture, carpeting, fixtures, equipment utensils, and other personal property within said Unit, and such other costs of repair, maintenance, upkeep and operation of the Unit as is necessary to the continued enjoyment of said Unit by all said Owners of Unit Weeks therein.

(2) Not to make cause, or allow to be made, any repairs, modifications, alterations, or replacements to the Common Elements, Limited Common Elements, outside or exterior portion of the buildings whether within a Unit or part of the Limited Common Elements or Common Elements exterior or interior of his Unit, or of the furnishings, appliances, personal property, or decor thereof, without the prior written consent of the Board of Directors of the Association, and all other Owners of Unit Weeks therein.

(3) Expenses of repairs or replacements to the Unit or its components, furnishings, carpeting, appliances, or other property, real, personal, or mixed, occasioned by the specific use or abuse of any Owner of Unit Weeks in any Unit, or any licensee or tenant of said Owner, shall be borne in their entirety by said Owner.

(4) The Association, shall determine the interior color scheme, decor and furnishings, of each such Unit, as well as the proper time for redecorating and replacements thereof.

6.04 AGREEMENTS OF ALL OWNERS. All Owners of Units, including Owners of Unit Weeks in Units committed to Interval Ownership agree as follows:

(1) To allow the Board of Directors, or the agents or employees of any Management Firm or the Association, to enter into any Unit for the purpose of maintenance, inspection, repair, replacement of the improvements within the Units, Limited Common Elements or the Common Elements, to determine in case of emergency, circumstances threatening Units, Limited Common Elements or the Common Elements, or to determine compliance with the provisions of this Declaration and the Bylaws.

(2) To show no signs, advertisements or notices of any type on the Common Elements, Limited Common Elements, or his Unit, and to erect no exterior antenna or aerials, except as consented to by the Board of Directors of the Association.

6.05 BREACH OF AGREEMENTS. In the event the Owner of a Unit fails to maintain the said Unit and Limited Common Elements, as required herein, or makes any alterations or additions without the required written consent, or otherwise violates or threatens to violate the provisions hereof, the Association, shall have the right to proceed in a court of equity for an injunction to seek compliance with the provisions hereof. In lieu thereof and in addition thereto, the Association shall have the right to levy an assessment against the Owner of a Unit, and the Unit, for such necessary sums to remove any unauthorized addition or alteration and to restore the property to good condition and repair. Where said failure, alteration, addition, or other violation is attributable to an Owner of Unit Weeks in a Unit Committed to Interval Ownership, any such levy of an assessment shall be limited to the Unit Weeks owned by said Owner of Unit Weeks and shall be of no force and effect as to any other Owner of Unit Weeks in said Unit.

Said assessment shall have the same force and effect as all other special assessments. The Association, shall have the further right to have its employees or agents, or any contractors appointed by it, enter a Unit at all reasonable times to do such work as it deemed necessary by the Board of Directors of the Association, to enforce compliance with the provisions hereof.

6.06 ASSOCIATION AUTHORITY. The Association, shall determine the exterior color scheme of the buildings and all exteriors, and interior color scheme of the Common Elements, and shall be responsible for the maintenance thereof, and no Owner shall paint an exterior wall, door, window, or any exterior surface, or replace anything thereon or affixed thereto, without the written consent of the Board of Directors of the Association.

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6.07 ASSOCIATION RESPONSIBILITY. The Association shall be responsible for the maintenance, repair, and replacement of the Common Elements, including but not limited to all recreation facilities, and all property not required to be maintained, repaired and/or replaced by the Unit Owners. Notwithstanding the other responsibilities as to his Unit, as is provided in this Declaration and Exhibits attached hereto, the Association, may enter into an Agreement with such firms or companies as it may determine to provide certain services and/or maintenance for and on behalf of the Unit Owners whereby maintenance and service are provided on a regularly scheduled basis for air conditioning maintenance and services as the Association deems advisable and for such period of time and on such basis as it determines. Said Agreements shall be on behalf of all Unit Owners and the assessment due from each Unit Owner for common expenses shall be increased by such sum as the Association deems fair and equitable under the circumstances in relation to the charge for said maintenance or service, subject to the limitations set forth in Paragraph 5.08. Each Unit Owner shall be deemed a party to said Agreement with the same force and effect as though said Unit Owner had executed said Agreements as the Agent for the Unit Owner. The aforesaid assessments shall be deemed to be an assessment under the provisions of Article V of this Declaration.

#### ARTICLE VII

##### INSURANCE AND CONDEMNATION

7.01 IN GENERAL. Commencing not later than the time of the first conveyance of a Unit to a person other than Developer, the Association shall maintain, to the extent reasonably available:

(1) Property insurance on the Common Elements and Units, exclusive of improvements and betterments installed in Units by Unit Owners, insuring against all risks of direct physical loss commonly insured against. The total amount of insurance after application of any deductibles shall not be less than 80% of the actual cash value of the insured property, exclusive of land, excavations, foundations, and other items normally excluded from property policies; and

(2) Comprehensive 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



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injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements.

7.02 NOTICE OF NO INSURANCE. If the insurance described in Section 7.01 is not maintained, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Unit Owners. The Association, in any event, may carry any other insurance it deems appropriate to protect the Association or the Unit Owners.

7.03 INSURANCE ADJUSTMENT AND DISBURSEMENT. Any loss covered by the property policy under Section 7.01 shall be adjusted with the Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated by the Association for that purpose, or otherwise to the Association, and not to any mortgagee or beneficiary under a deed of trust. The insurance trustee or the Association shall hold any insurance proceeds in trust for Unit Owners and lien holders as their interests may appear. Subject to the provisions of this Section, the proceeds shall be disbursed first for the repair or restoration of the damaged Common Elements and Units, and Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds after the Common Elements and Units have been completely repaired or restored, or the Condominium Regime is terminated.

7.04 UNIT OWNER'S INSURANCE. An insurance policy issued to the Association does not prevent a Unit Owner from obtaining insurance for his own benefit.

7.05 CERTIFICATES AND CANCELLATION NOTICE. An insurer that has issued an insurance policy under this Article VII shall issue certificates or memoranda of insurance to the Association and, upon request, to any Unit Owner, Mortgagee, or beneficiary under a first lien deed of trust. The insurance may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Unit Owner and each Mortgagee or beneficiary under a first lien deed of trust to whom certificates of insurance have been issued.

7.06 EXCEPTIONS TO REBUILDING. Any portion of the Condominium Project damaged or destroyed shall be repaired or replaced promptly by the Association unless:

- (1) The Condominium Regime is terminated;

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(2) Repair or replacement would be illegal under any state or local health or safety statute or ordinance;

(3) 80% of the Unit Owners, including every Owner of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to rebuild; or

(4) The disaster comprises all or more than two-thirds (2/3) of all the Buildings as determined by the Association.

In the event it is determined by the Association that reconstruction shall not take place as provided for in this Section 7.06, and unless otherwise unanimously agreed upon by the Owners, or their mortgagees, as their interest may appear, entitled to it in accordance with Unit's Percentage Interest set forth in this Declaration.

Should it be proper to proceed with the reconstruction, the provisions for such eventuality made in the Bylaws shall be observed, or if there be no such provision the decision of the Association shall govern.

**7.07 COSTS IN EXCESS OF INSURANCE PROCEEDS.**

Where the insurance indemnity is insufficient to cover the cost of reconstruction and reconstruction is required under the proceeding Section hereof, the building costs in excess of the insurance proceeds shall be paid by all the Owners directly affected by the damage as provided in the Bylaws; however, if there is no valid Bylaw provision, then, in proportion to the Percentage Interest assigned to the respective Unit or Unit Weeks so affected. If any one or more of those composing the minority shall refuse to make such payments, the majority may proceed with the reconstruction at the expense of all the Owners benefited thereby, upon proper resolution setting forth the circumstances of the case and the cost of the work.

The provisions of this Section may be changed by unanimous resolution of the Owners concerned, adopted subsequent to the date on which the fire or other disaster occurs.

**7.08 CONDEMNATION.** If at any time or times during this Condominium Regime all or any part of the Condominium Project shall be taken or condemned by any public authority under power of eminent domain, these provisions shall apply. A voluntary sale or conveyance of all or any part of the Condominium Project in lieu of condemnation, but under threat of condemnation, shall be deemed to be a taking by power of eminent domain.

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(1) All compensation, damages, and other proceeds from any such taking by power of eminent domain (hereinafter the "condemnation award") shall be made payable to the Association and shall be distributed by the Association as herein provided.

(2) In the event the entire Condominium Project is taken by power of eminent domain, condominium ownership pursuant hereto shall terminate and the condemnation award shall be allocated among and distributed to the Owners in proportion to their respective undivided interests in the Common Elements. Such distribution shall be made by check payable jointly to each Owner and his respective Mortgagee, as appropriate.

(3) In the event less than the entire Project is taken by power of eminent domain, the following shall occur:

(a) Allocation of Award. If apportionment or allocation is established by applicable negotiations, judicial decree, or statute, the Association shall employ such apportionment and allocation to the extent appropriate. Otherwise, as soon as practicable, the Association shall, reasonably and in good faith, apportion the condemnation award between compensation, severance damages, or other proceeds, and shall allocate such apportioned amounts and pay the same to the Owners as follows:

(i) The total amount apportioned to taking of or injury to the Common Elements shall be allocated among and distributed to all Owners (including Owners whose entire Units or Units committed to Interval Ownership have been taken) in proportion to their respective undivided interests in the Common Elements;

(ii) The total amount apportioned to severance damages shall be allocated among and distributed to the Owners of those Units that have not been taken, in proportion to their respective undivided interests in the Common Elements;

(iii) The respective amounts apportioned to the taking of or injury to a particular Unit shall be allocated and distributed to the Unit Owners;

002-22-0450

(iv) The total amount apportioned to consequential damages and any other takings or injuries shall be allocated and distributed as the Association determines to be equitable under the circumstances;

(v) Distribution of allocated proceeds shall be made by check payable jointly to each Owner and his respective Mortgagees, as appropriate.

(b) Continuation and Reorganization. If less than the entire Project is taken by power of eminent domain, the Condominium Regime shall not terminate, but shall continue. If any partial taking results in the taking of an entire Unit or Units committed to Interval Ownership or Time Period Unit, the Owner thereof shall cease to be a Member of the Association. The Association shall reallocate the voting rights and the undivided interest in the Common Elements appertaining to such Unit or Units committed to Interval Ownership in accordance with the provisions of the Condominium Act.

(c) Reconstruction or Repair. Any reconstruction or repair necessitated by condemnation shall be governed by the procedures specified in Sections 4.12, 7.03 through 7.06 hereof.

#### ARTICLE VIII

##### MORTGAGEE'S PROTECTION

8.01 NOTICES. A Mortgagee, upon request, will be entitled to written notification from the Association of any default in the performance by an Owner-Mortgagor, of any obligation under this Declaration and other documents governing this Condominium Regime, which is not cured within sixty (60) days.

8.02 FORECLOSURE EXEMPTION. Any Mortgagee which obtains title to a Unit pursuant to the remedies provided in the mortgage instruments, or foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure will be exempt from any "right of first refusal" contained in this Declaration or other documents governing this Condominium Regime, if any.

002-22-0451

8.03 ASSESSMENTS. Any Mortgagee which obtains title to a Unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such Unit's unpaid assessments which accrue prior to the acquisition of title to such Unit by the Mortgagee.

8.04 PROHIBITIONS. Unless at least 75% of the first mortgagees (based upon votes equal to the Percentage Interest of the Unit or Unit Week subject to the Mortgage), or Owners (other than Developer) have given their prior written approval in recordable form, the Association shall not be entitled to:

(1) By act or omission, seek to abandon or terminate the Condominium Regime;

(2) Change the Percentage Interest or obligations of any Unit for the purpose of:

(a) Levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or

(b) Determining the pro-rata share of ownership of each Unit in the Common Elements;

(3) Partition or subdivide any Unit;

(4) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Condominium Project shall not be deemed a transfer within the meaning of this clause);

(5) Use hazard insurance proceeds for losses to the Condominium Project (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction of such property, except as provided by statute in the case of substantial loss to the Units or Common Elements of the Condominium Project (See Article VI).

8.05 RECORDS. Mortgagees shall have the right to examine the books and records of the Association.

002-22-0452

8.06 RESERVE FUNDS. The Association assessments and charges shall include an adequate reserve fund for maintenance, repairs and replacements.

8.07 LIENS. All taxes, assessments and charges which may become liens prior to the first mortgage under local law shall relate only to individual Units and not to the Condominium Project.

8.08 INSURANCE, ETC. PROCEEDS. No provision of the Declaration or other documents governing this Condominium Regime shall give any Owner, or any other party, priority over any rights of Mortgagees of the Units pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Units and Common Elements.

#### ARTICLE IX

##### AMENDMENT OF DECLARATION

9.01 IN GENERAL. Except in cases of amendments that may be executed by Developer under other Sections of this Article IX, and subject to Article IX hereof, this Declaration, including the plats and plans, may be amended only by vote or agreement of Unit Owners to which at least two-thirds (2/3) of the votes of the Association are allocated. No amendment shall change the rights and privileges of the Developer without Developer's approval.

9.02 RECORDING. Every amendment to this Declaration must be Recorded.

9.03 UNANIMOUS CONSENT. Except to the extent expressly permitted or required by other provisions of this Declaration or the Condominium Act, no amendment to this Declaration may increase the number of Units, or change the boundaries of any Unit, the Percentage Interest, or the uses to which any Unit is restricted, in the absence of unanimous consent of the Owners.

9.04 PREPARATION AND CERTIFICATION. Amendments to this Declaration to be Recorded by the Association shall be prepared, executed, recorded, and certified by the president and/or secretary of the Association.

9.05 AMENDMENTS BY DEVELOPER. Notwithstanding anything in this Declaration to the contrary, Developer may amend this Declaration in order to:

002-22-0453

(1) Correct Exhibits or other errors which may have been made in this Declaration during the period of Developer control of the Association;

(2) Change the Percentage Interest assigned to and dimensions of Units owned by Developer so long as such changes do not decrease the Percentage Interest assigned to Units of other Owners; and

(3) Conform with the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, or similar financial institutions with respect to Condominium documentation.

each by written instrument to such effect, executed and acknowledged by Developer only, and duly Recorded.

#### ARTICLE X

##### MISCELLANEOUS PROVISIONS

10.01 VENUE. The obligations and undertakings of each of the parties subject to this Declaration shall be performable in the County in which the Property is located.

10.02 LEGAL CONSTRUCTION. If any term provision, covenant, or condition of this Declaration, the Articles of Incorporation, the Bylaws, or the Management Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

10.03 CONFLICTS. In the event any conflict between the Condominium Act, this Declaration, the Bylaws, the Management Agreement, or the Rules and Regulations, then the provisions of those documents shall prevail in the order in which those documents are listed in this Section.

10.04 TEXAS LAW. This Declaration shall be governed by and construed in accordance with the laws of the State of Texas.

10.05 PARTIES BOUND. This Declaration shall be binding upon and inure to the benefit of the successors and assigns of Developer, and all future Owners by their acceptance of their deeds.

002-22-0454

10.06 ATTORNEY'S FEES. If any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret the provisions hereof, the prevailing party shall be entitled to recover reasonable attorney's fees from the other party, which fees may be set by the court in the trial of such action or may be enforced in a separate action brought for that purpose, and which fees shall be in addition to any other relief which may be awarded.

10.07 ENFORCEMENT. The terms and provisions of this Declaration, the Bylaws, and the Condominium Act may be enforced in law or equity by the Association, or any Owner. Failure to comply therewith shall entitle the Association or any Unit Owner to recover damages or injunctive relief, or both. Any failure to so enforce this Declaration, from time to time, shall not be deemed a waiver of such breach or failure to adhere to the provisions hereof.

10.08 NOTICES. Whenever notices are required to be sent hereunder, the same may be delivered to Unit Owners either personally or by mail, addressed to such Unit Owners at their address on file with the Association from time to time. Proof of such mailing or personal delivery by the Association or any Management Firm shall be given by the Affidavit of the person mailing or personally delivering said notices. Notices to the Association shall be delivered by mail to the Secretary of the Association, or the President of the Association. The change of the mailing address of any party as specified herein shall not require an Amendment to this Declaration.

Notices to the Developer shall be delivered by mail at: Sunward Developers, Inc., 7600 Seawall Boulevard, Galveston, Texas 77551.

Notices to the Management Firm shall be delivered by mail at: Sun Resort Management, Inc., 7600 Seawall Boulevard, Galveston, Texas 77551.

All notices shall be deemed and considered sent when mailed. Any party may change his or its mailing address by written Notice, duly receipted for. Notices required to be given to the personal representatives of a deceased Owner or devisee, when there is no personal representative, may be delivered either personally or by mail to such party at his or its address appearing in the records of the Court wherein the Estate of such deceased Owner is being administered. The change of the mailing address of any party, as specified herein, shall not require an Amendment to the Declaration.



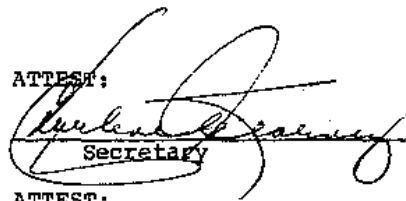
002-22-0455

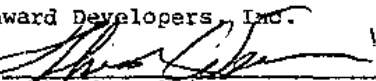
10.09 GENDER AND NUMBER. Wherever the context shall so require, all words herein in any gender shall be deemed to include the masculine, feminine, or neuter gender. All singular words shall include the plural, all plural words shall include the singular.

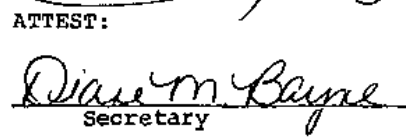
10.10 HEADINGS. The headings used in this Declaration are used for administrative purposes only and do not constitute substantive matter to be considered in construing the terms hereof.

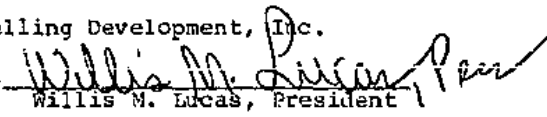
10.11 THE CONDOMINIUM ACT. The Property rights and obligations provided for in the Condominium Act are included herein, however, the provisions of the Condominium Act shall take precedent over any provision herein that may be in conflict therewith.

EXECUTED by Developer on the day and year first above written.

ATTEST:   
Secretary

Sunward Developers, Inc.  
By:   
Theodore Weiswasser, President

ATTEST:   
Secretary

Dwelling Development, Inc.  
By:   
Willis M. Lucas, President

ACKNOWLEDGEMENT

THE STATE OF TEXAS \*  
\*  
COUNTY OF GALVESTON \*

BEFORE ME, the undersigned authority, on this day personally appeared Theodore Weiswasser, President of Sunward Developers, Inc., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

002-22-0456

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 15th  
day of April, 19 83.

*Cathy Reid*

Notary Public in Galveston County  
For the State of Texas  
(CATHY REID)  
My Commission Expires: 4/9/85

THE STATE OF TEXAS \*  
\*  
COUNTY OF GALVESTON \*

BEFORE ME, the undersigned authority, on this day  
personally appeared Willis M. Lucas, President of Dwelling  
Development, Inc., known to me to be the person whose name  
is subscribed to the foregoing instrument and acknowledged  
to me that he executed same for the purposes and consideration  
therein expressed, in the capacity therein stated, and as  
the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 15th  
day of April, 19 83.

*Cathy Reid*

Notary Public in Galveston County,  
For the State of Texas  
(CATHY REID)  
My Commission Expires: 4/9/85

ACCEPTANCE

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of:  
which is hereby acknowledged, Captain's Cove Resort Association,  
a Texas non-profit corporation, hereby agrees to accept all  
of the benefits and all of the duties, responsibilities,  
obligations and burdens imposed upon it by the provisions of  
the Declaration of Condominium and Exhibits attached hereto.

IN WITNESS WHEREOF, the above described Corporation, a  
Texas non-profit corporation, has caused these presents to  
be signed in its name by its President, and its Corporate  
Seal affixed, attested by its Secretary, this 15th day of  
april, 19 83.

Captain's Cove Resort Association  
By: *Carlton*  
President

ATTEST:

*Cathy Reid*  
Secretary

VAN A. BARNETT

REGISTERED PROFESSIONAL SURVEYOR  
STATE OF TEXAS  
OFFICE: 3818 AVENUE N7  
GALVESTON, TEXAS  
PHONE: 262-3944

002-21-0437

ESTIMATES  
LAND SURVEYING  
PUBLIC IMPROVEMENTS  
CONCRETE DESIGN  
TIMBER STRUCTURES  
LAND PLANNING  
SUBDIVISIONS

EXHIBIT "A"

LAND DESCRIPTION

Part of 13, 14

3818 AVENUE N7  
GALVESTON, TEXAS  
PHONE 262-3944

DEED OF CONVEYANCE TO THE CITY OF GALVESTON

Survey of part of Lot 140 and east 1/2 of Lot 131, Section 1, Tract 10, Galveston Subdivision, City of Galveston, Harris County, Texas, described as follows: - Beginning at the south line of Stewart Road which is 135 feet east of the east line of said Lot 131; thence S25°E, parallel with east line of said Lot 131, 121 feet to corner; thence S5°E, parallel with said South line, 70 feet to corner in east line of east 1/2 of said Lot 131; thence S25°E, along said east line, 163.33 feet to corner in Northerly line of seawall Boulevard; thence N55° 55'E, along said Northerly line across lots 131 and 140, 501.28 feet to corner in east line of said Lot 140; thence N25°E, along said east line, 107.9 feet to corner; thence S55° 55'W 160 feet to corner; thence S25°E, parallel with said East line, 152.80 feet to corner in said South line of Stewart Road; thence Southwesterly, along said South line which is a curve to the right with a 1482.72 foot radius, 219.39 feet to Point of Tangency; thence S65°W, along said South line, 48.03 feet to place of Beginning.

*Van A. Barnett*  
Van A. Barnett, Reg. P.S.

EXHIBIT "A"-1

W. A. BARNETT

002-71-0458

ESTIMATES  
LAND SURVEYING  
PUBLIC IMPROVEMENTS  
CONCRETE DESIGN  
TOWER STRUCTURES  
LAND PLANNING  
SEWER DIVISIONS

3618 AVENUE N<sup>o</sup>,  
GALVESTON TEXAS  
PHONE 762-1844

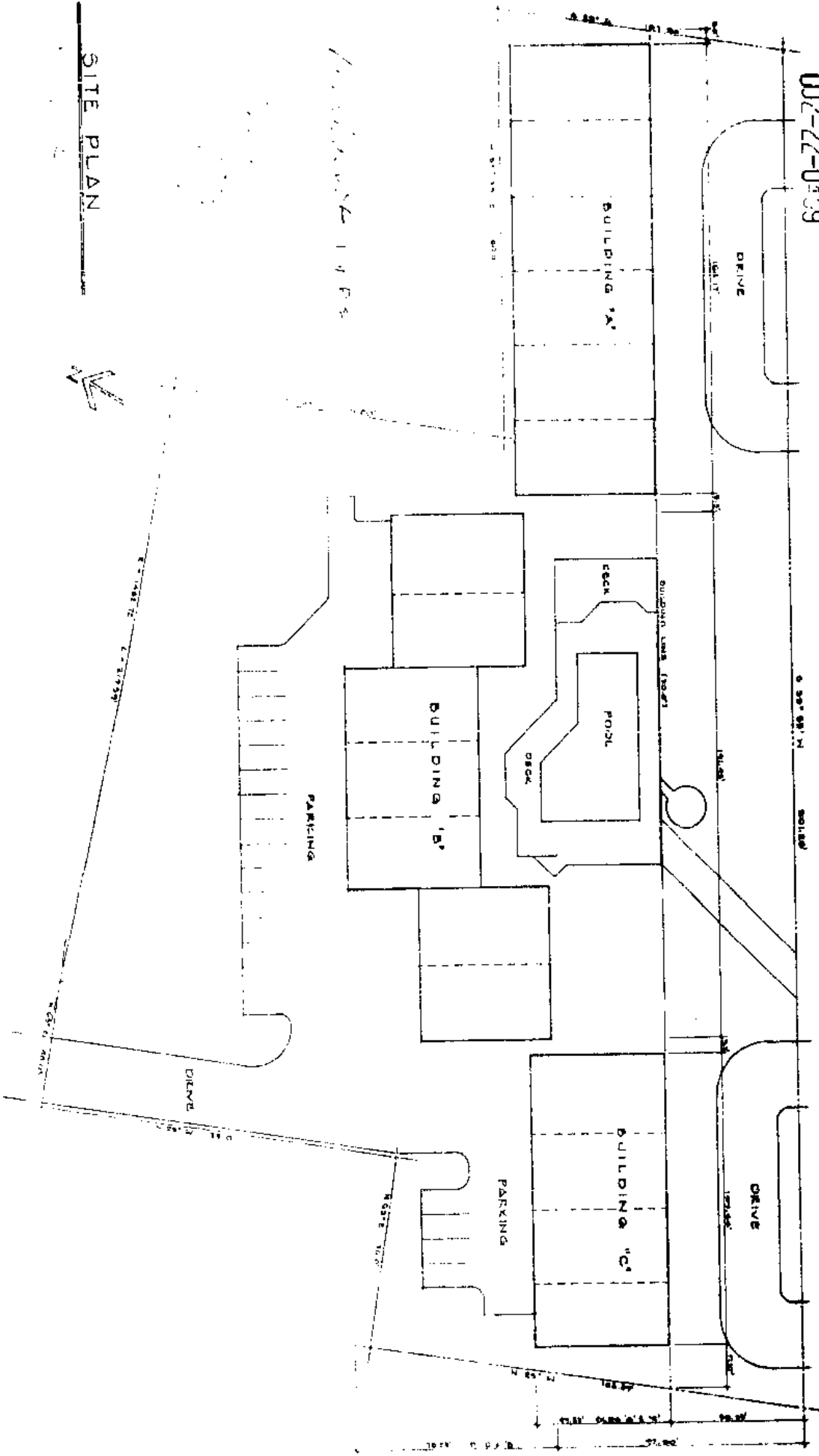
March 17, 1957

REVIEW OF SURVEY FOR LOT 140, 141 & 142

Corner a part of Lot 140 and east 1/2 of Lot 151, Section 1, Township 21 North, Range 10 West, City of Galveston, Texas, described as follows: - To find the south line of Stewart Road which is 235 feet east of east line of said Lot 151; thence S 75° 00' E, parallel with east line of said Lot 151, 145 feet to corner; thence S 75° 00' E, parallel with said South Line, 70 feet to corner; thence East line of east 1/2 of said Lot 151; thence S 25° 00' E, along said East Line, 107.9 feet to corner in Northernly Line of General Boulevard; thence S 55° 55' 18" E, along said Northernly Line across Lots 141 and 140, 591.28 feet to corner in East Line of said Lot 140; thence S 25° 00' E, along said East Line, 107.9 feet to corner; thence S 55° 55' 18" W 160 feet to corner; thence S 25° 00' E, parallel with said East Line, 152.80 feet to corner in said South Line of Stewart Road; thence Southwesterly, along said South Line which is a curve to the right with a 1482.72 foot radius, 219.28 feet to Point of Tangency; thence S 65° 00' E, along said South Line, 48.07 feet to face of flagging.

W. A. Barnett  
W. A. Barnett, Reg. P.S.

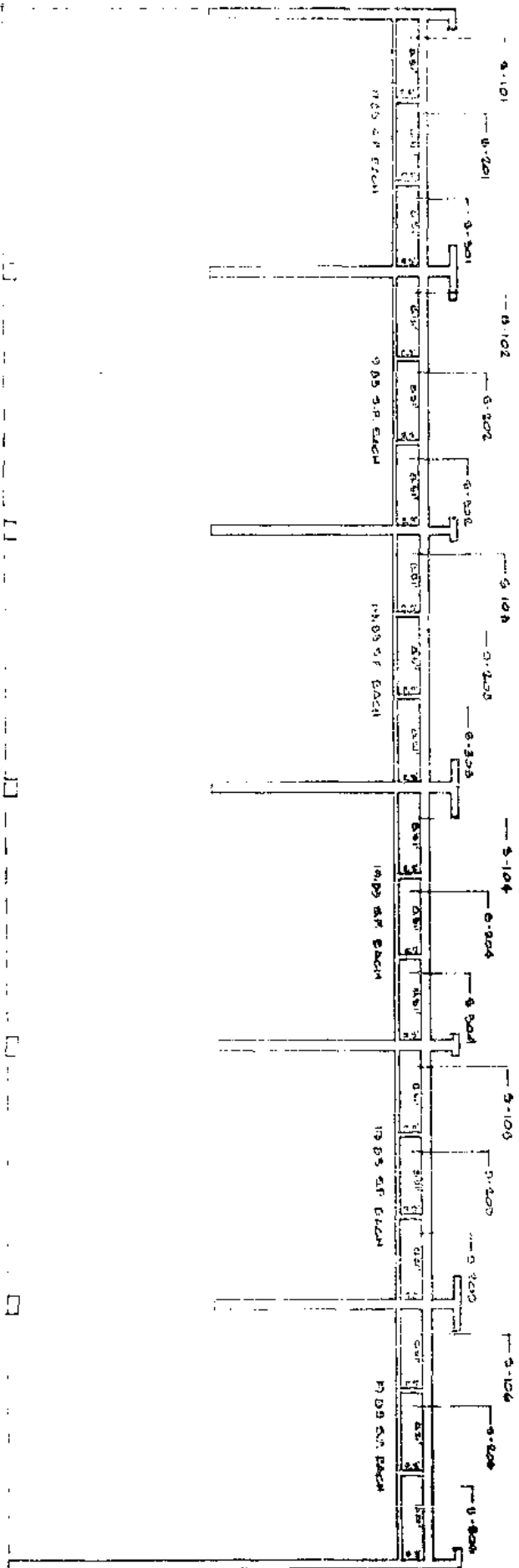
002-22-0439



SITE PLAN



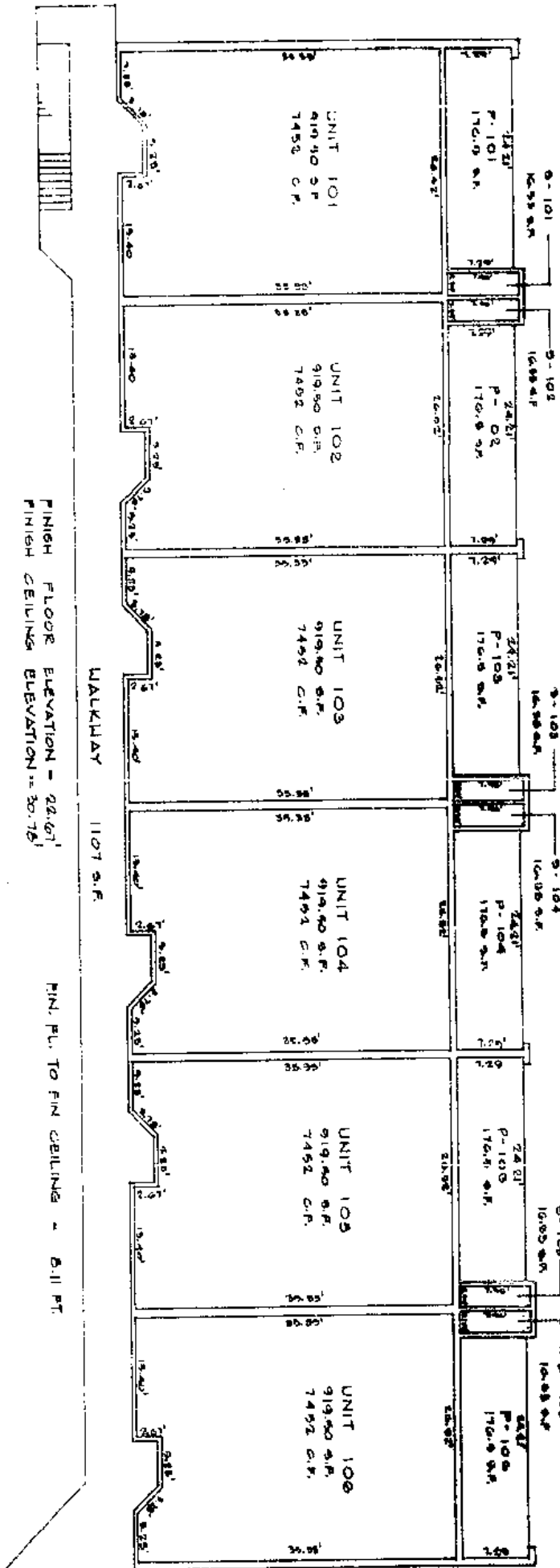
002-22-0140



BUILDING "A" ----- GROUND FLOOR

*Will Bennett, R.O.P.E*

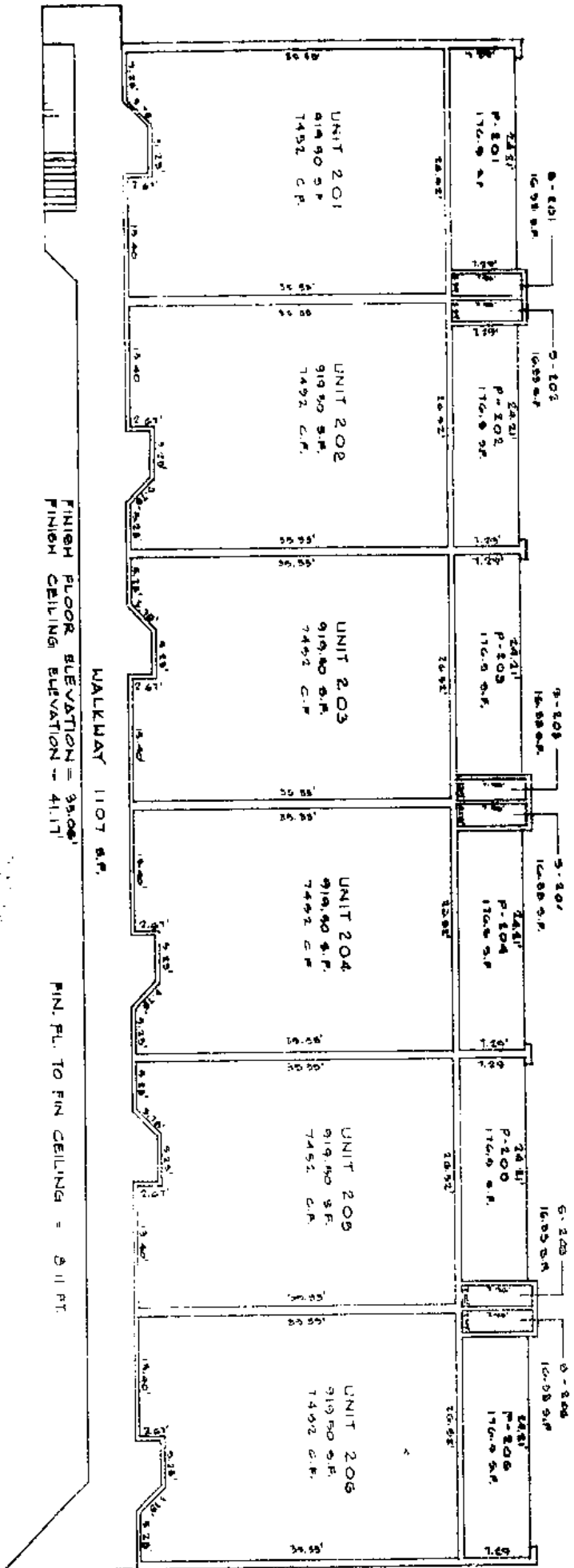
002-22-0461



BUILDING "A" ——— FIRST FLOOR

*Handwritten signature:* David Stewart, Reg. P.E.

002-0-0142



FINISH FLOOR ELEVATION = 35.00'  
FINISH CEILING ELEVATION = 41.11'

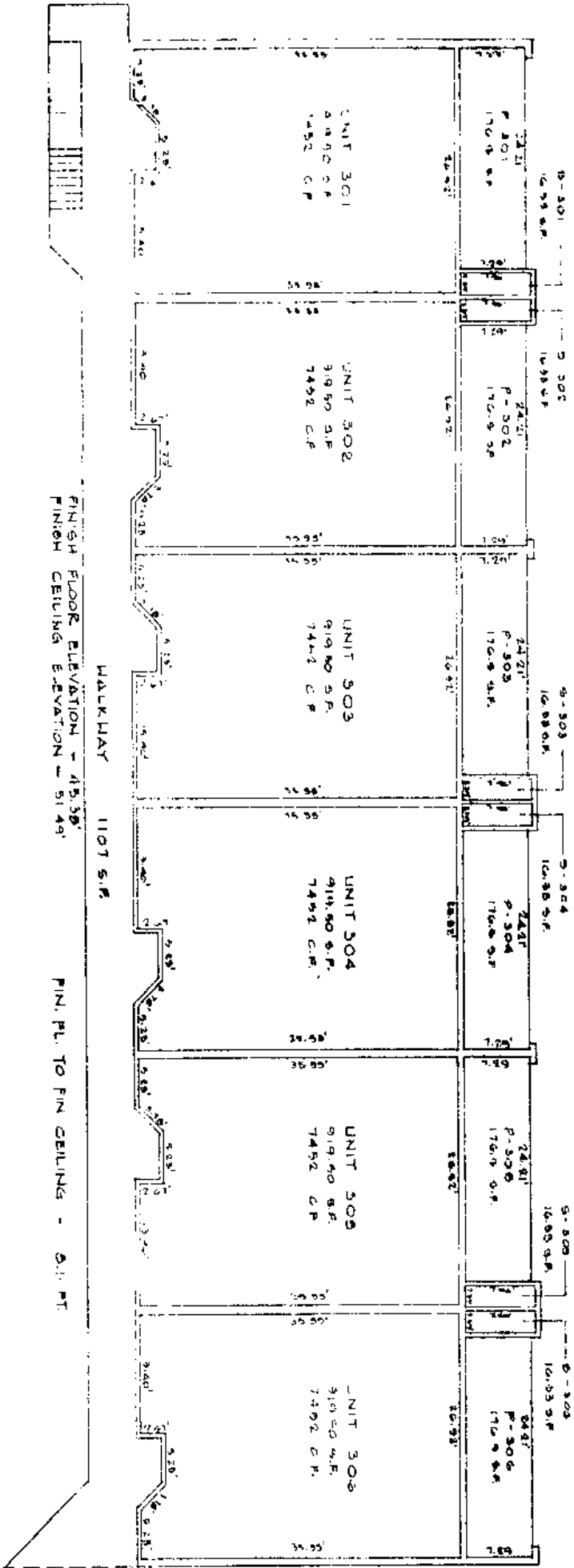
FIN. FL. TO FIN. CEILING = 5' 11" PT.

BUILDING "A" SECOND FLOOR

*Walter C. Adamson, Reg. P.E.*



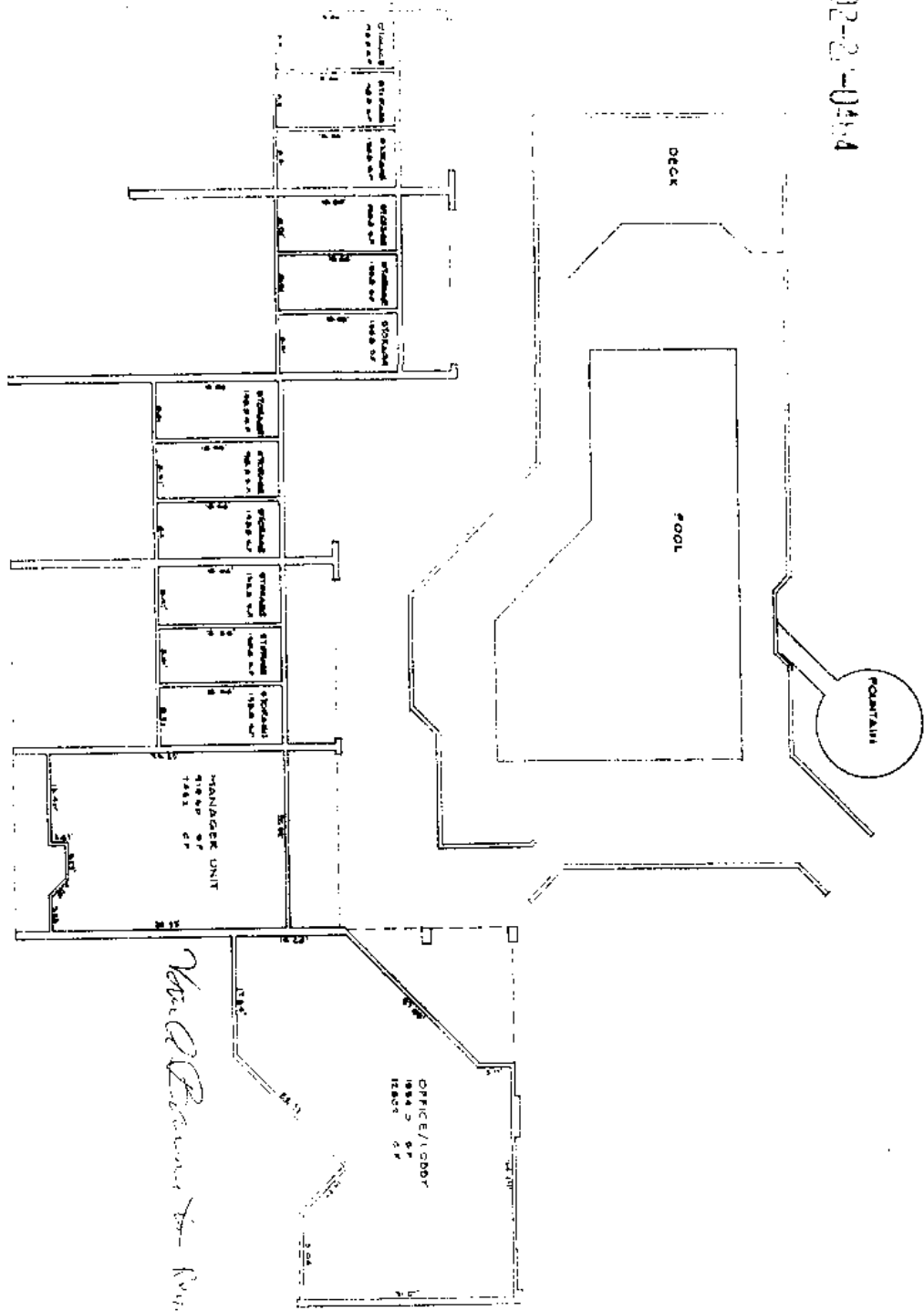
002-22-0463



BUILDING "A" THIRD FLOOR

*Wm. C. Stevens, Jr., Reg. P.E.*

002-2-0454



FINISH FLOOR ELEVATION = 1.35' FINISH CEILING ELEVATION = 10.00' FIN PL TO FIN CCL

BUILDING 'A' - GROUND FLOOR

002-22-0465

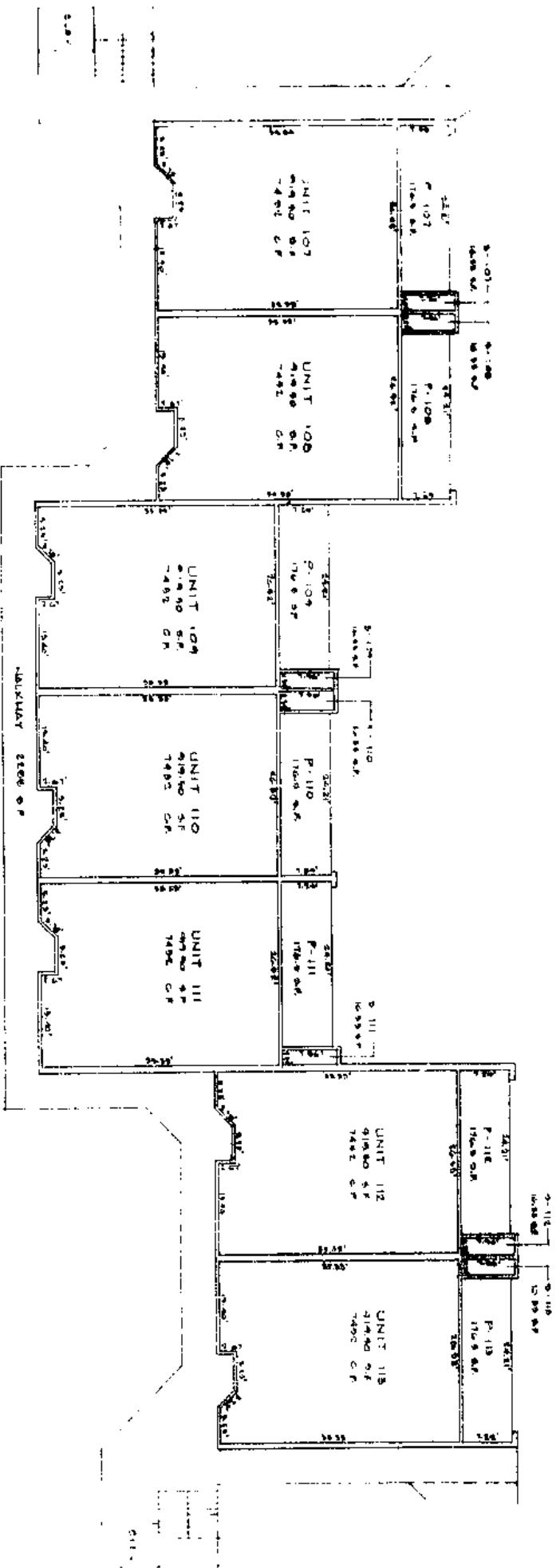
BUILDING BY FIRST FLOOR

Van & Baumbach, Reg. P.E.

FINISH FLOOR ELEVATION - 22.01'

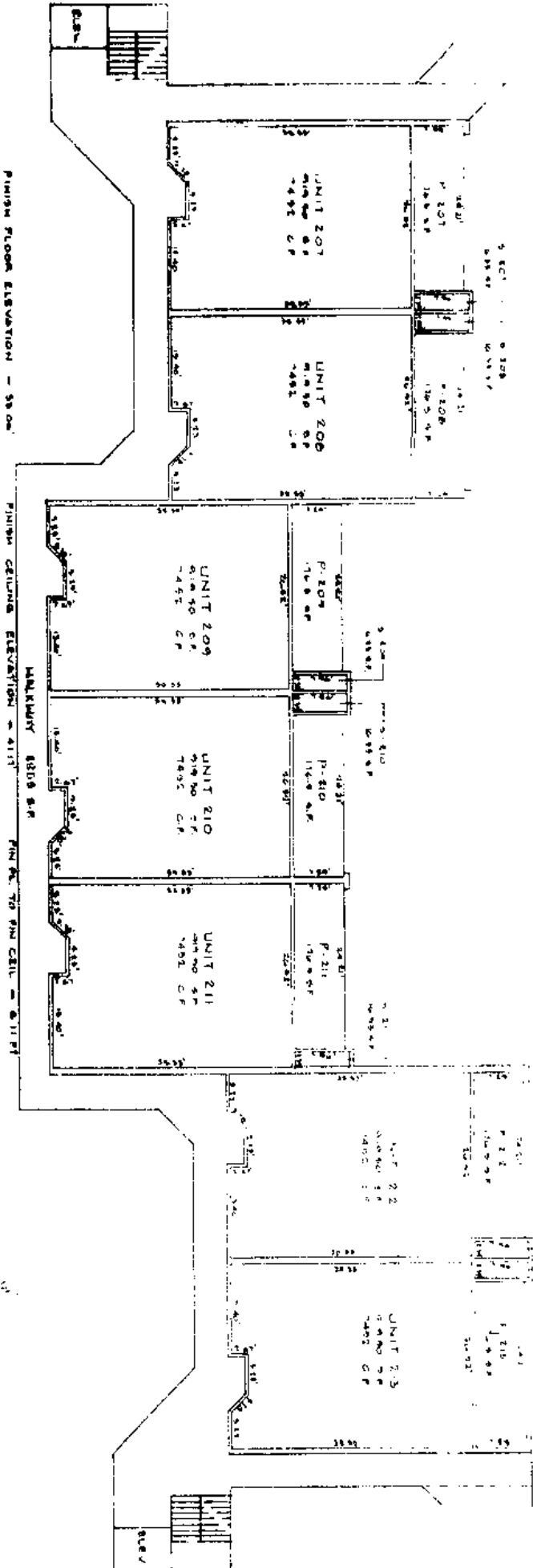
FINISH CEILING ELEVATION - 20.76'

FIN. FL. TO FIN. CEIL. - 8.11 FT



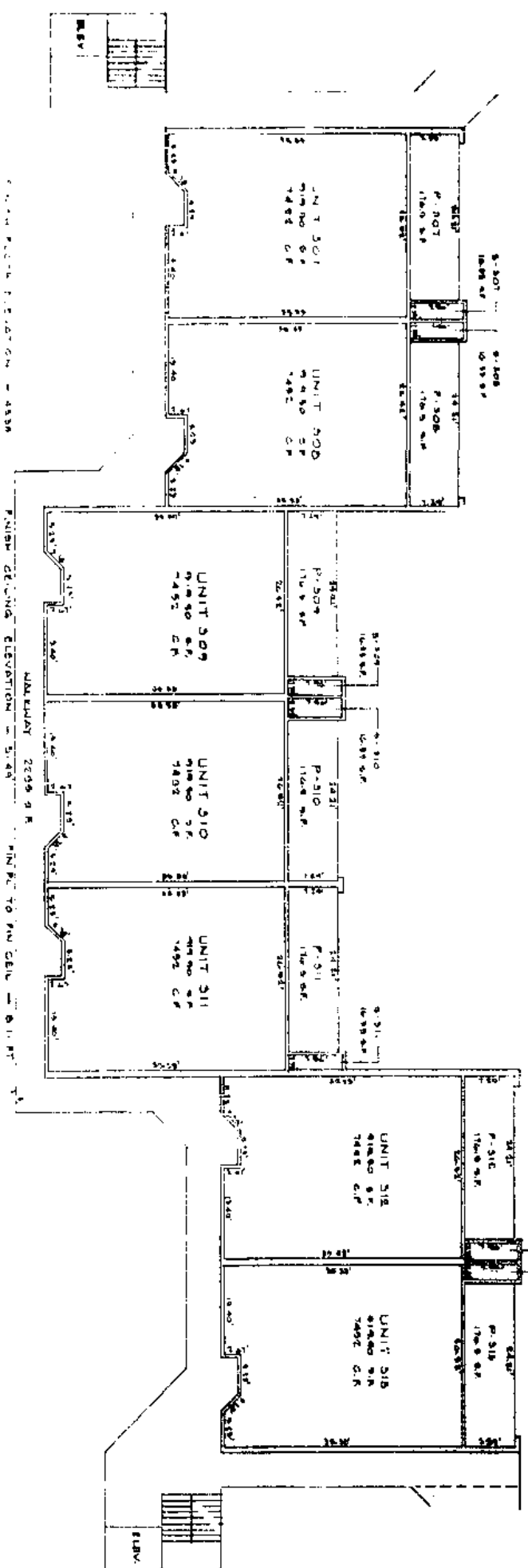
002-21-0435

**BUILDING 'B' SECOND FLOOR**



*W.C. Bennett, Reg. P.E.*

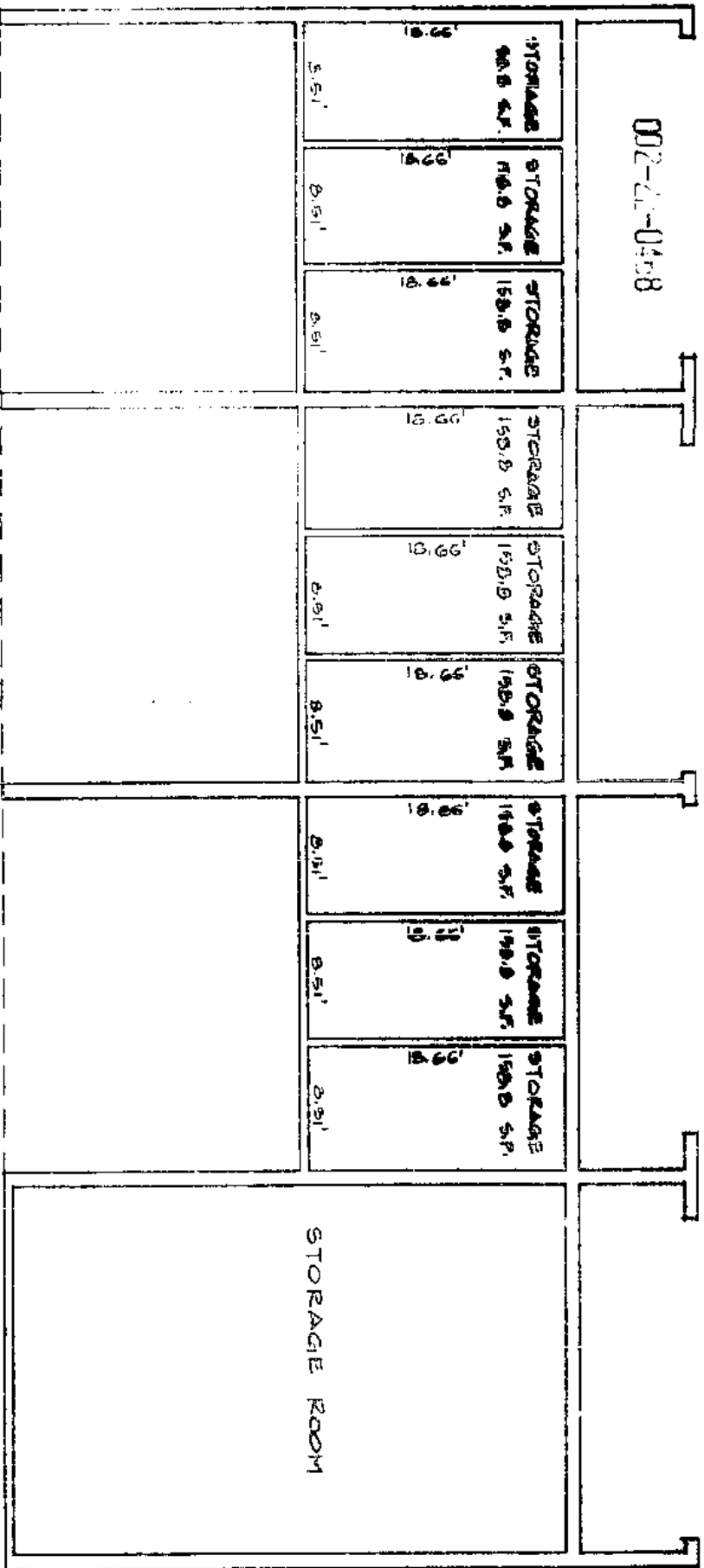
002-66-0137



BUILDING 'B' THIRD FLOOR

W. D. Dammert, Reg. P. E.

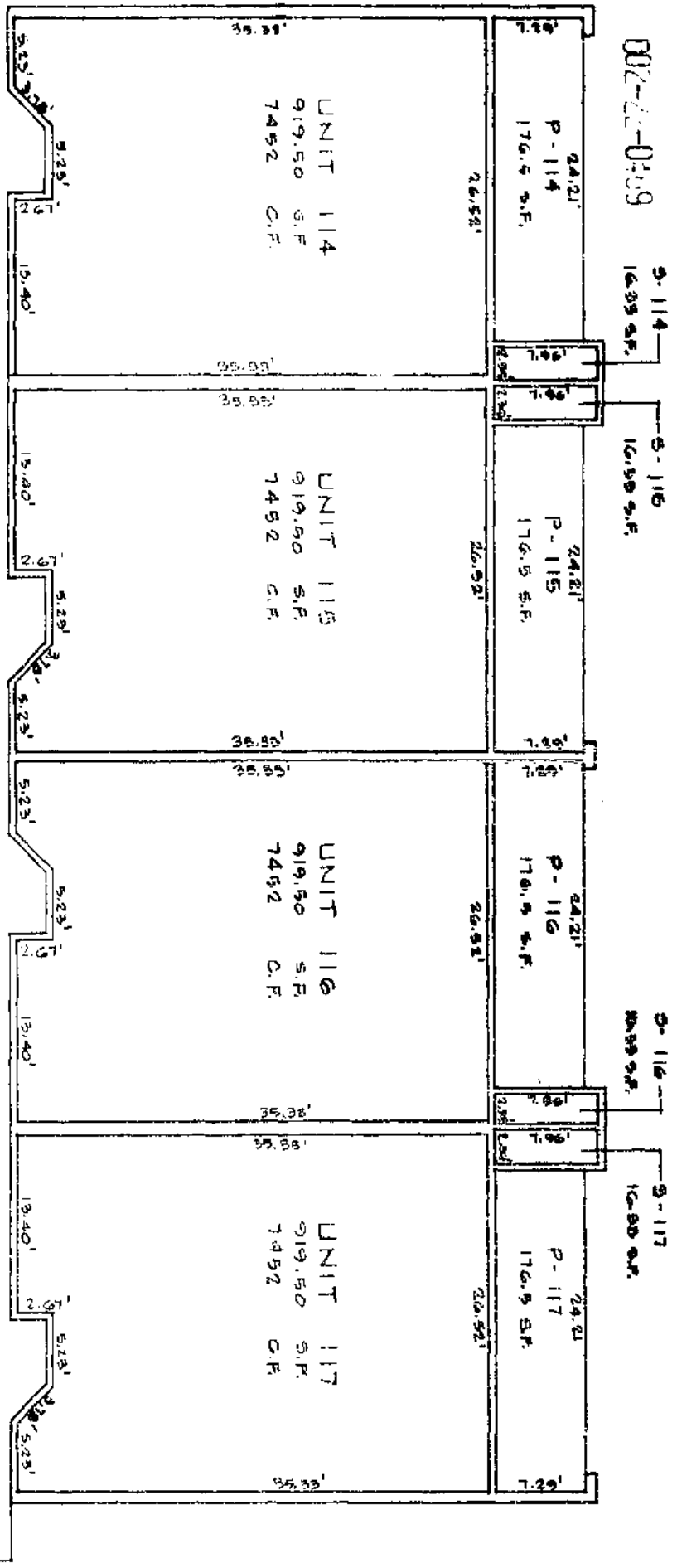
002-21-0488



*Veronica Brune* Reg. PE

BUILDING "C" ————— GROUND FLOOR

002-22-0409



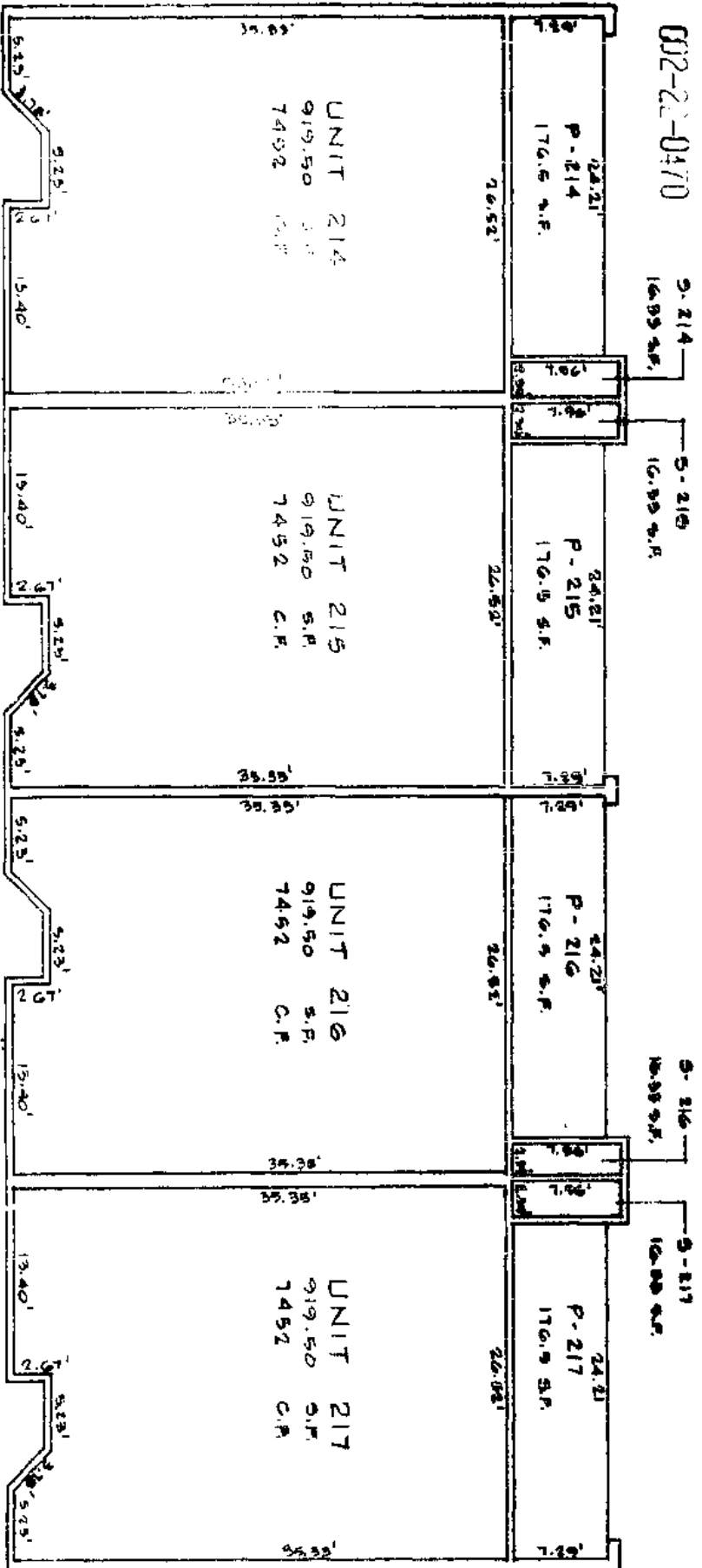
WALKWAY 782 S.F.

FINISH FLOOR ELEVATION = 22.67'  
 FINISH CEILING ELEVATION = 30.70'  
 FIN. FL. TO FIN. CEIL. = 8.11 FT

*W. J. Bennett*  
 Rod. P.E.

BUILDING "C" FIRST FLOOR

002-21-0470



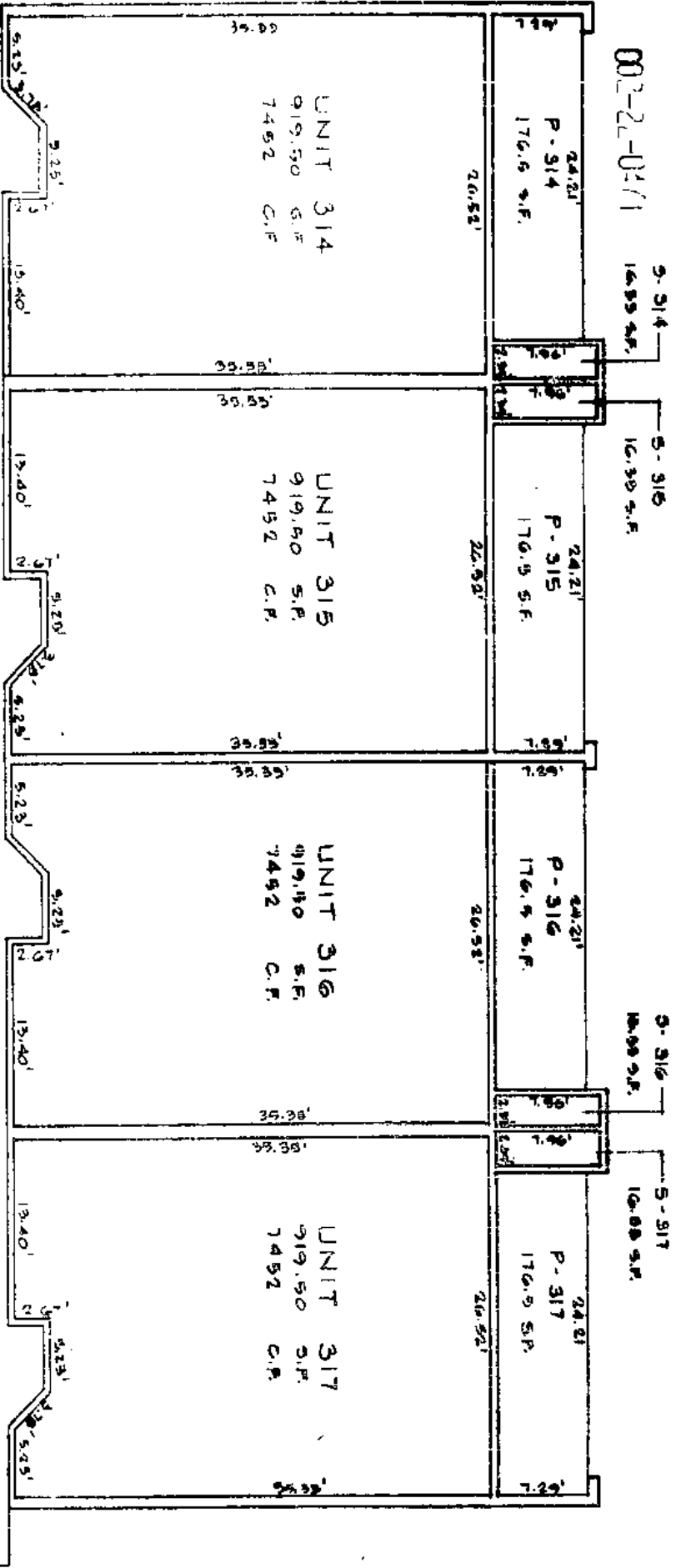
FINISH FLOOR ELEVATION = 59.06'  
 FINISH CEILING ELEVATION = 41.17'  
 FIN. FL. TO FIN. CEIL. = 8.11 FT

*Yanick Beaumont Reg. P.E.*

BUILDING "C" SECOND FLOOR



002-2-04/1



FINISH FLOOR ELEVATION = 49.58'  
 FINISH CEILING ELEVATION = 51.49'  
 FIN. FL. TO FIN. CEIL. = 211 FT

*Walter Brune Jr., Reg P.E.*

BUILDING "C" ————— THIRD FLOOR

002-22-0472

EXHIBIT "B"

PLAT OF LAND, BUILDING LETTERS, LOCATION OF  
BUILDING(S), COMMON ELEMENTS, AND  
LIMITED COMMON ELEMENTS

(See the drawing(s) hereof, submitted with this Declaration to the County Clerk of Galveston County, Texas, which drawing(s) are incorporated herein by reference).

EXHIBIT "B"-1

002-22-0473

EXHIBIT "C"

PLAT OF EACH FLOOR OF EACH BUILDING  
SHOWING THE LETTER OF THE BUILDING,  
THE NUMBER OF THE FLOOR; THE GENERAL DESCRIPTION  
AND NUMBER OF EACH UNIT, ITS AREA, LOCATION AND  
OTHER IDENTIFICATION DATA; THE GENERAL DESCRIPTION,  
LOCATION AND IDENTIFICATION OF LIMITED COMMON ELEMENTS

(See the drawing(s) hereof, submitted with this Declaration to the County Clerk of Galveston County, Texas, which drawing(s) are incorporate herein by reference).

EXHIBIT "C"-1

002-22-0474

EXHIBIT "D"

UNIT PERCENTAGE INTEREST

Each Unit Owner within the Condominium Project shall have a 1.9608% interest in and to the Common Elements and Common Surplus, and shall be responsible for said 1.9608% of the Common Expense Assessments by the Association.

EXHIBIT "D"-1

002-22-0475

EXHIBIT "E"

PERCENTAGE INTEREST IN EACH UNIT

In the case of each Unit Committed to Interval Ownership, each Owner of Unit Weeks in such Unit will own a percentage share of the Unit and the Percentage Interest assigned to the Unit by Exhibit "D" hereof according to the following schedule:

<u>Owned Weeks Numbered</u>	<u>Percentage Share of Unit Week Owned of Percentage Interest of Unit</u>
Each of 51 weeks within weeks numbered 1 through 51 (excluding that week owned by the Association)	1.9165%
52	2.2585%

EXHIBIT "E"-1

002-22-0476

MANAGEMENT AGREEMENT

THIS AGREEMENT, Made this 15th day of April, 1981,  
by and between CAPTAIN'S COVE RESORT ASSOCIATION,  
a Texas non-profit corporation, acting herein by and through its duly authorized  
officer, hereinafter referred to as "the Association," and SUN RESORT MANAGEMENT,  
INC., a Texas corporation, acting herein by and through its duly authorized  
officer, hereinafter referred to as "the Manager."

RECITALS

A. The Association is the entity charged with the administration of a Condominium Regime in which there are, or there will be, dwelling units committed to fee Interval Ownership, in accordance with the Declaration Establishing A Condominium Regime, Covenants, Conditions and Restrictions ("the Declaration"), recorded or to be recorded in the Condominium Records, the Association's Articles of Incorporation ("the Articles"), the Association's Bylaws ("the Bylaws"), and the Condominium Act (Revised Civil Statutes of the State of Texas, Article 1301a), all of which documents are hereby incorporated herein by reference for all purposes.

B. The Association is authorized to retain a professional management organization and to delegate to such organization all of the Association's obligations and authority for the administration of said Condominium Regime subject to such limitations as may be contained in the documents referred to hereinabove.

C. The Association desires to retain and to delegate its permissible obligations and authority to the Manager, and the Manager, which is affiliated with the Developer, desires to be retained for and to provide such services for the Association.

NOW THEREFORE, in consideration of the foregoing premises, the services to be rendered hereunder by the Manager, and the compensation herein agreed to be paid by the Association to the Manager for such services, the parties hereto agree as follows:

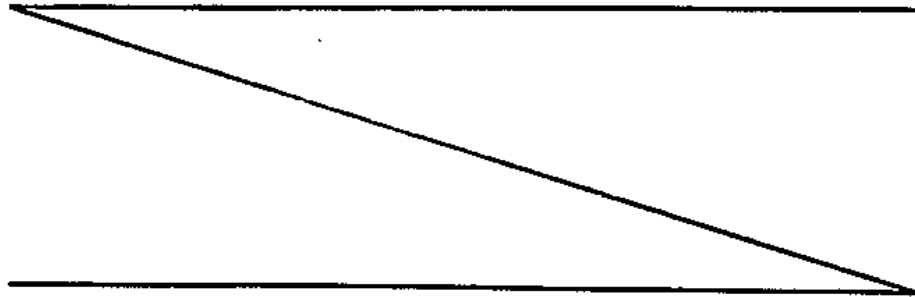


EXHIBIT "P"

W I T N E S S E T H :

002-22-0477

ARTICLE I

APPOINTMENT, ACCEPTANCE AND BASIC PROVISIONS

1.01 APPOINTMENT AND ACCEPTANCE. The Association does hereby appoint the Manager as exclusive agent with all of the duties, responsibilities, and with all of the authority of the Association to administer the Condominium Regime of CAPTAIN'S COVE RESORT that may be delegated by the Association, and the Manager does hereby accept such appointment, subject to the terms and conditions set forth in this Agreement.

1.02 RELATIONSHIP OF PARTIES. The Manager is retained as an independent contractor, and is not a partner, joint venturer, or employee of the Association. No person, or any other party, providing services that are to be performed or provided by the Manager under this Agreement shall be deemed as an employee, agent or contractor of the Association, but rather shall be deemed as an employee, agent, or contractor of the Manager.

1.03 MANAGEMENT STANDARDS. The manager agrees to furnish the services of its organization, to exert its best efforts, and to exercise the highest degree of professional skill and competence necessary to operate and manage the Condominium Regime according to the highest achievable standards consistent with the overall policies of the Association and the interests of the Unit Owners. In particular, the Manager shall perform its services in accordance with the terms of this Agreement, the Declaration, the Articles, the Bylaws, the Rules and Regulations adopted by the Association, and the Condominium Act.

1.04 TERMINATION OF CONDOMINIUM REGIME. In the event the Condominium Regime shall be terminated, each of the Owners thereby become a tenant-in-common, as is provided for in the Declaration. Then as to each Owner's separate interest, they shall continue to be a party to this Agreement and shall be bound by the provisions hereof, and the Manager shall continue its management duties, responsibilities and its authority hereunder as to each Owner's interest pursuant to the provisions of this Agreement and as to the Nature of each Owner's interest as the context of this Agreement shall permit.

002-22-0478

ARTICLE II

TERM OF AND TERMINATION OF AGREEMENT

2.01 TERM OF AGREEMENT. The term of this Agreement shall commence on the 1st day of April, 1983, and shall continue until the 31st day of December, 1986, unless renewed or sooner terminated as provided for hereinafter.

2.02 AUTOMATIC RENEWAL OF TERM. The term of this Agreement shall automatically be renewed for successive three (3) year periods unless the Agreement has been previously terminated as provided in this Agreement.

2.03 TERMINATION OF THE ASSOCIATION. This Agreement may be terminated by or on behalf of the Association:

(1) As of the end of the initial term, or as of the end of any succeeding three (3) year term, by giving the Manager written notice of termination at least sixty (60) days prior to the expiration of such term.

(2) As of the last date permissible for the Manager to correct its event of default as provided for in this Agreement.

2.04 TERMINATION BY THE MANAGER. This Agreement may be terminated by the Manager:

(1) As of the end of the initial term, or as of the end of any succeeding three (3) year term, by giving the Association written notice of termination at least sixty (60) days prior to the expiration of such term.

(2) As of the last date permissible for the Association to correct its event of default as provided hereinafter.

2.05 EFFECT OF TERMINATION. On termination of this Agreement:

(1) All records in the possession of the Manager pertaining to the operation of the Condominium Regime, together with all supplies or other items of property owned by the Association and in the possession of the Manager, shall be forthwith delivered to the Association or its designee.

(2) The Manager's right to compensation, other than for any termination fee allowable under this Agreement, shall immediately cease, but the Manager shall be entitled to be compensated for services rendered hereunder prior to the date of termination.

(3) The agency hereby created shall immediately cease, and the Manager shall have no further right and authority to act for the Association.



ARTICLE IIIDUTIES OF THE ASSOCIATION

3.01 DOCUMENTS. The Association shall provide the Manager with true and correct copies of any and all documents or may assist the Manager in performing its obligations hereunder, including without limitation, the Declaration, the Articles, the Bylaws, and Rules and Regulations adopted by the Association, and any other written instruments executed by or on behalf of the Association affecting management of the Condominium Regime. The Association shall timely provide the Manager with any information not known to the Manager which may be relevant to the Manager's performance of its obligations under this Agreement.

3.02 COOPERATION. The Association shall fully cooperate with the Manager in connection with Manager's performance of its obligations hereunder. In particular the Association shall aid and assist the Manager in any reasonable manner requested by the Manager as to the collection of Assessments and other charges, and so as to simplify the method of collecting the Assessments and other charges due from Unit Owners.

3.03 INTERFERENCE. The Association will not interfere nor permit or cause any of its officers, directors, or its Members to interfere with the Manager in the performance of its obligations or the exercise of its authority hereunder.

3.04 ON-SITE FACILITIES. The Association will provide adequate management facilities on the site of the Project and will not make any charge to the Manager for the use thereof.

3.05 OBLIGATION FOR EXPENSES. All obligations or expenses incurred by the Manager in carrying out its duties and responsibilities under this Agreement shall be for the account and expense of the Association. No part of the Manager's funds or compensation, as provided for in this Agreement, shall be subject to any such obligations or expenses incurred by the Manager hereunder. In the event it shall appear to the Manager that the Assessments and other charges, if any, of the Association and its Members are insufficient, the Manager shall forthwith determine such additional or Special Assessments or other charges as is required and advise the Association accordingly.

3.06 INDEMNIFICATION. The Association agrees to indemnify, defend, and hold harmless the Manager from and against any and all obligations, debts, damages, claims, causes of action, loss, demands, suits, controversies, costs, fees (including reasonable attorneys' fees), and liabilities which result from or which would not have been sustained or incurred but for the Manager's involvement with the Condominium Regime under this Agreement, except to the extent that any of the foregoing result from the gross negligence or intentional misconduct of the Manager. The foregoing right of indemnification shall survive any termination of this Agreement. The obligations of the Manager shall not be liable for any error or judgment, or for any mistake of law or fact, or for anything which it may do or refrain from doing, except in cases of willful misconduct or gross negligence.

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ARTICLE IV

DUTIES OF THE MANAGER IN RELATION TO THE OWNERS

The Manager hereby accepts the following duties, responsibilities and authority in relation to the Unit Owners.

4.01 OWNERSHIP RECORDS. The Manager shall maintain and make available to the Association a current record setting forth the name of each Unit Owner and the registered address of such Unit Owner.

4.02 RULES AND REGULATIONS. The Manager shall make available to all Owners and occupants of Units copies of any Rules and Regulations which currently affect the Common Elements, the Owners, or the Units within the Condominium Project.

4.03 COLLECTION OF ASSESSMENTS AND CHARGES. The Manager shall notify each Unit Owner of the Assessments and other charges which are due from such Unit Owner, and it shall collect the same. Such receipts will be deposited in the Operating Account, separate from all other accounts and funds, with a bank selected by the Association and maintained in accordance with this Agreement, which account will be carried in the name of the Manager and designated as Operating Account.

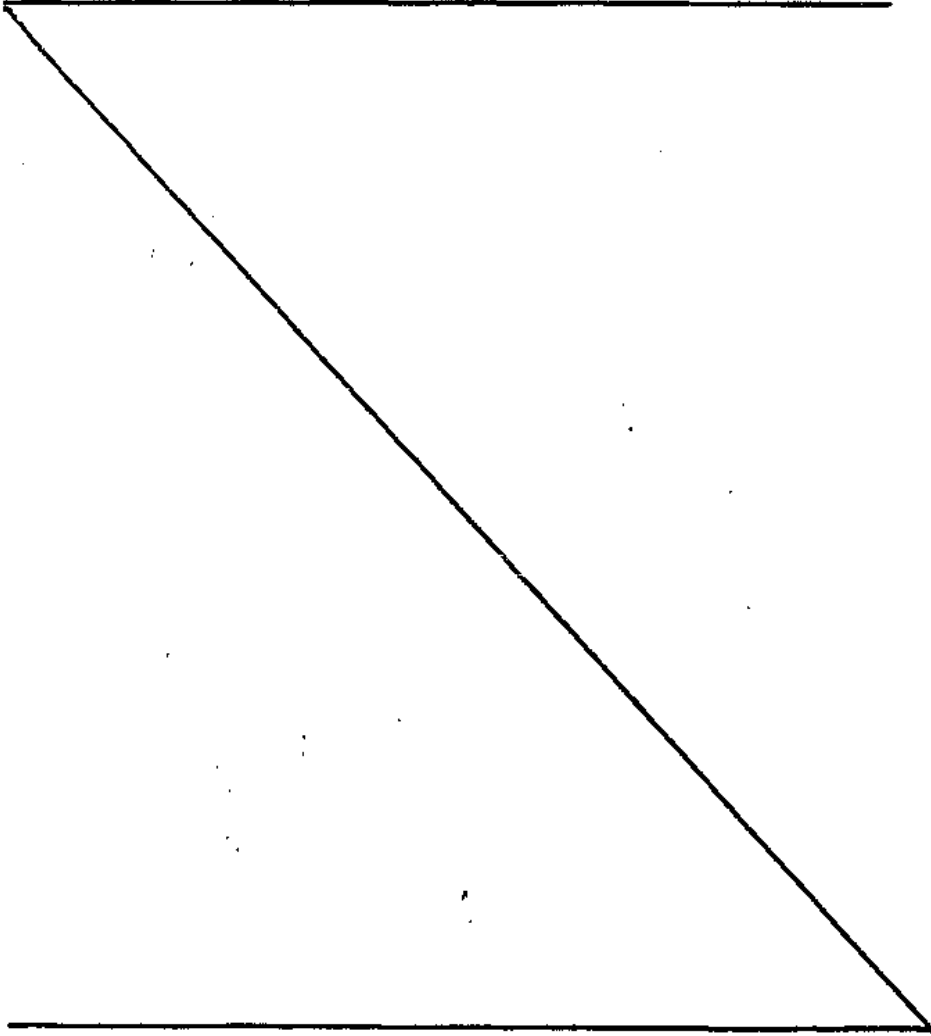
4.04 LIENS. The Manager, during the term of this Agreement, may file a lien against an Owner's Unit should the Owner fail to pay his Assessment or other charges as required and provided in the Declaration, and take such other action as provided in the Declaration, either in its name or in the name of or as agent of the Association. The Manager may compromise liens in such amount as it deems advisable in its sole discretion, and it may satisfy liens of record.

4.05 REQUESTS AND COMPLAINTS. The Manager shall maintain businesslike relations with all Owners and occupants of Units; receive and investigate all service requests from Owners, take such action thereon as may seem to be reasonably justified, and will keep records of the same; and, shall, after thorough investigation, report in writing to the Association the manager's recommendations regarding requests or complaints of a serious nature made by Owners and occupants of Units. Emergency requests will be received and serviced on a twenty-four (24) hour basis.

4.06 ENFORCEMENT. The Manager shall take such action, by legal process or otherwise, as may be reasonably necessary to ensure that all Units and the Common Elements are used and occupied in a manner consistent with law, the Declaration, the Articles, the Bylaws, and the Rules and Regulations adopted by the Association. In connection herewith the Manager may incur collection fees, costs, expenses, legal fees, and to charge such to the Association as expenses of the Association.

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4.07 INDIVIDUAL OWNERS. This Agreement shall not preclude the Manager from contracting with individual Owners or occupants of Units for payment by such to the Manager for any services it may render to such Owners or occupants in addition to the services required of the Manager under this Agreement. Any sums received by the Manager pursuant to any such contracts shall belong to the Manager, and the Association shall have no claim thereto.



ARTICLE VDUTIES OF THE MANAGER IN RELATION TO OPERATIONS

5.01 ASSIST ASSOCIATION. Upon request of the Association, an appropriate officer or agent of the Manager shall be in attendance at all meetings of the Members of the Association and all meetings of the Board of Directors of the Association. The Manager shall freely confer with the Association in connection with performance under this Agreement and shall furnish the Association with any assistance or suggestions which might aid in the proper management and operation of the Condominium Regime.

5.02 EMPLOYMENT. The Manager shall employ, discharge, and pay all employees, or contractors necessary to be employed in the management and operation of the Condominium Regime. All employees shall be employees of the Manager and not the Association. The Manager shall discharge any employee, or contractor whose discharge is demanded in writing by the Association, except that the Manager shall not be required to respect such demand if it is in violation of any written agreement existing with respect to any such employee or contractor.

5.03 EMPLOYEE TAX REPORTS. The Manager shall prepare and file all tax forms, reports, and returns required by law to be filed in connection with any unemployment insurance, workmen's compensation insurance, disability benefits, social security, and similar taxes and benefits applicable to the personnel involved in performing the obligations of the Manager under this Agreement.

5.04 MAINTENANCE. The Manager will cause the Common Elements and property of the Association to be maintained and repaired and perform all maintenance of Units Committed to Interval Ownership to the same extent that the Association is required to repair and maintain as provided in the Declaration, and in a condition at all times reasonably acceptable to the Association. Such maintenance and repair shall include but not be limited to cleaning, painting, decorating, plumbing, carpentry, grounds care, swimming pool, tennis court, and such other maintenance and repair work as may be reasonably necessary, subject, however, to the limitations imposed by the Association in addition to those contained herein. Incident thereto, the following provisions will apply:

- (1) Special attention will be given to preventive maintenance, and to the greatest extent feasible, the services of regular maintenance personnel or contractors will be used.
- (2) The Manager may contract with qualified independent contractors for the maintenance and repair of systems and services beyond the capability of regular maintenance employees.
- (3) The Manager will systematically and promptly receive and investigate all service requests from Owners, take such action thereon as may be justified, and will keep records of the same. Emergency requests will be received and serviced on a twenty-four (24) hour basis. Complaints of a serious nature will be reported to the

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Association, after investigation, together with the Manager's recommendation regarding the same.

(4) The Manager is authorized to purchase all materials, equipment, tools, appliances, supplies, and services necessary for proper maintenance and repair.

(5) Notwithstanding any of the foregoing provisions, the prior approval of the Association will be required for an expenditure which exceeds \$10,000.00 in any one instance for labor, materials, or otherwise; except, however, for (1) recurring expenses within the limits of the Operating Budget or (2) emergency repairs involving manifest danger to persons or property, or (3) required to avoid suspension of any necessary services to the Condominium Project. In the latter event, the Manager will inform the Association of the facts as promptly as possible.

5.05 UTILITIES AND SERVICES. The Manager will contract on behalf of the Association for water, sanitary sewer, natural gas, electricity, garbage and trash removal, telephone, extermination, laundry facilities, televisions cable, and other services and commodities necessary in the operation and maintenance of the Common Elements and for Units Committed to Interval Ownership to the extent not separately metered or charged.

5.06 INSURANCE. The Manager shall purchase on behalf of the Association such insurance as is required under the Declaration for the Association to acquire and such other insurance as the Association may direct from time to time in writing. All parties required to be named in insurance policies required under the Declaration shall be named in those policies of insurance.

(1) The Manager shall promptly investigate and shall make a full written report to the Association concerning any damage in excess of \$1,000.00 per occurrence to the Common Elements, Units Committed to Interval Ownership (including furniture and furnishings), or any portion of the Condominium Project; and, all accidents or claims for damages in excess of \$1,000.00 per occurrence relating to the administration of the Condominium Regime.

(2) The Manager shall cooperate with and make all reports required by the insurer concerned.

(3) The Manager shall act as Agent for the Association, each Unit Owner, and for each owner of any other insured interest; to adjust all claims arising under insurance policies; to bring suit thereon and deliver releases upon payment of claims, to otherwise exercise all of the rights, powers and privileges of the insured parties; to receive on behalf of the insured parties all insurance proceeds, subject to the provisions of the Declaration.

**5.07 LESS THAN MAJOR DAMAGE.** If maintenance of the Condominium Project referred to in the Declaration, or any portion thereof, including any Unit, and/or the Common Elements, is required due to loss by Act of God or other cause, which is other than normal wear and tear, and which loss is less than "major damage," as defined in the Declaration, then in such event, the Manager shall be authorized and empowered to determine, assess, charge and levy the costs of repairing and restoring such loss among the Unit Owners in such proportions as it deems advisable, pursuant to the Declaration, notwithstanding the fact that said loss or damage was, or was not covered by insurance, and said total assessment shall be equal to the cost of said repair which shall include the costs of the Manager's personnel and overhead, materials and equipment, and any and all other contractors, subcontractors, or materialmen as are required. Should the loss be covered by insurance the proceeds thereof shall be applied as a credit against the total costs of said repair and restoration, shall be from insurance proceeds, where such are received, and then from assessments collected; and, should there be a surplus of such funds, the said surplus shall be distributed to or on behalf of the Unit Owners, as provided in the Declaration.

**5.08 GOVERNMENTAL REGULATIONS.** The Manager will comply with all building codes, zoning, and licensing requirements, and other requirements of federal, state, county, or municipal authorities having jurisdiction over the Condominium Project with the exception that the Manager must notify the Association promptly of all written orders and notices received by the Manager from the above authorities regarding such requirements; and, if the Association instructs the Manager not to comply on the grounds that the requirements are invalid or on any other grounds then the Manager is not required to comply with this provision. The Manager may, with the prior written consent of the Association, appeal from any requirement imposed by the above authorities where the Manager considers such requirement unwarranted or unreasonable and may, with or without an appeal, compromise or settle any dispute regarding any requirements imposed by the above authorities.

**5.09 LEGAL AND ACCOUNTING SERVICES.** The Manager shall refer matters requiring legal or accounting services to qualified professionals approved by the Association, and shall charge the fees for such services to the Association's account as an operating expense of the Association.

**5.10 UNITS COMMITTED TO INTERVAL OWNERSHIP.** As to all Units Committed to Interval Ownership, the Manager shall enter into such contracts and place such orders as may be reasonably necessary to provide maid service (on a weekly basis, or on such other basis as the Manager may from time to time be directed by the Association), all cleaning, maintenance, painting, and repair of such Units, and all repair and replacement of furniture and furnishings in such Units as the Manager may reasonably determine so as to maintain such Units as originally contained in such Unit at the time it is committed to Interval Ownership.

**5.11 RESORT SERVICES.** The Manager shall provide activities and services to individual owners during their occupancy at the resort, which activities and services shall be designed, in the Manager's sole discretion, to enhance the resort and recreation environment of the premises.

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ARTICLE VI

DUTIES OF THE MANAGER IN RELATION TO BUDGET,  
COLLECTION, AND DISBURSEMENT AND  
ACCOUNTING OF FUNDS

6.01 OPERATING BUDGET. The Manager shall prepare a proposed annual Operating Budget for the Association and submit the same to the Association as the Association directs from time to time. The proposed Operating Budget shall set forth an itemization of the receipts and expenses of the Association anticipated for year commencing the next January, and it shall specify therein each Unit Owner's share thereof (it being understood that a portion of the maintenance fee will be set aside as a reserve for future replacements and repairs), together with a written report substantiating or explaining the basis of the estimates in the proposed Operating Budget. The Association may modify or accept the proposed Operating Budget; however, the Association shall deliver its approved Operating Budget to the Manager on or before thirty (30) days after the Manager delivers its proposed Operating Budget to the Association. In the event the Association should fail to deliver its approved Operating Budget within the thirty (30) day period, then the Manager's proposed Operating Budget shall be deemed to have been approved by the Association as submitted. The Manager will prepare a recommended Operating Budget for each subsequent fiscal year beginning during the term of this Agreement, and will submit the same to the Association for approval. The Manager will keep the Association informed of any anticipated deviation from the receipts or disbursements stated in the approved budget.

6.02 OPERATING ACCOUNT. The Manager shall establish and maintain, in banks or savings associations acceptable to the Association, a trust account for the Association for the deposit of all moneys collected from the Owners or others on behalf of the Association. Such account shall be known as the Operating Account in which moneys are to be deposited on or before the first banking day following the day of receipt, and to withdraw from this account any and all payments that the Manager must make to discharge the Manager's duties and responsibilities incurred under this Agreement.

6.03 DISBURSEMENT CONTROLS. The Manager shall organize and maintain a system of controls designed to assure the authenticity of bills, invoices, and statements charged and paid, and, in carrying out this responsibility, the Manager shall authorize all purchases and the hiring of services as to the Project only by supervisory personnel at the Manager's office, with the exception that the Manager's employees on the premises of the Project may make purchases or hire services to be paid from petty cash fund in an amount not to exceed \$100.00, and the Manager shall further order goods and services from a list of supplies and servicemen if such a list is submitted by the Association to the Manager.

6.04 DISBURSEMENTS FROM OPERATING ACCOUNTS. From the funds collected and deposited by the Manager in the Operating Account pursuant to the provision hereinabove, the Manager will make the disbursements promptly when payable by the Association as expenses of the Association authorized to be incurred by the Manager under the terms of this Agreement, including compensation payable to the Manager.

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(1) Except for the disbursements referred to hereinabove, funds will be disbursed or transferred from the Operating Account only as the Association may from time to time direct in writing.

(2) In the event that the balance in the Operating Account is at any time insufficient to pay disbursements due and payable, the Manager will inform the Association of that fact and the Association will then remit to the Manager sufficient funds to cover the deficiency. In no event will the Manager be required to use its own funds to pay such disbursements.

6.05 BOOKS OF ACCOUNTS. The Manager shall maintain accurate, complete, and separate records in accordance with generally accepted accounting standards and procedures, showing receipts and expenditures relating to the operation of the Common Elements, of the Condominium Project, the Units, the Units Committed to Interval Ownership (including furniture and furnishings), and from which accounts payable and accounts receivable, available cash, and other assets and liabilities pertaining to the Association's responsibility for the Condominium Regime can be readily identified and the amounts thereof determined at any time. The Association shall have the right at any reasonable time through its attorney or accountant or other representative to inspect the records kept by the Manager pertaining to the Project, including, but not limited to, all checks, bills, invoices, statements, vouchers, cash receipts, correspondence, and all other records dealing with the management duties, responsibilities and authority of the Manager under this Agreement; and the Association shall have the further right to have an audit made of all account books and records pertaining to the management obligations hereunder.

In addition to the other requirements specified in this Agreement, the Manager will have the following responsibilities with respect to records and reports:

(1) With respect to each fiscal year ending during the term of this Agreement, the Manager, if economically feasible, will cause an annual financial report to be prepared by a Certified Public Accountant or other person acceptable to the Association, based on the preparer's examination of the books and records of the Association and the Manager. The report will be certified by the preparer and the Manager, and will be submitted to the Association within ninety (90) days after the end of the fiscal year. Compensation for the preparer's services will be paid out of the Operating Account as an expense of the Association.

(2) The Manager will furnish such information as may be reasonably requested by the Association from time to time with respect to the financial, physical, or operational condition of the Common Elements of the Project.

6.06 QUARTERLY STATEMENTS. The Manager will furnish quarterly to the Association a detailed statement of all receipts and disbursements for



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each calendar quarter, such statements to be furnished on or before the 20th day of each month succeeding each quarter. Such statement shall show the status of collections and shall be supported by cancelled checks, vouchers, duplicate invoices, and similar documentation covering all items of income and expense, which shall be kept in the Manager's office and be available for inspection of the Association's representatives at all reasonable times. The Manager shall also furnish a quarterly operating statement showing the same portion of the preceding year. If this report is prepared by a computer, the Association shall pay the fee charged the Manager for the use of the computer. The Manager shall be under no obligation to advance funds on behalf of the Association, but in the event disbursements are in excess of the funds collected, the Association agrees to pay such excess promptly upon demand.

6.07 CERTIFICATES. The Manager shall issue certificates of accounts to Members of the Association, or their mortgagees without liability for errors unless as a result of gross negligence. Where the Declaration provides, or the Association so directs, the Manager shall charge and collect, for the account of the Association, all fees for issuance of such certificates.

6.08 INCOME TAX RETURN. The preparation of the Association's income tax return, if any, is the responsibility of the Association; however, the Manager agrees that its records and reports furnished the Association shall set forth all data required and shall be otherwise sufficient for the preparation of the Association's income tax return as to the Manager's services.

ARTICLE VIITHE MANAGER'S COMPENSATION

The Association agrees to compensate the Manager for its services under this Agreement as follows.

7.01 MANAGEMENT YEAR. The management year shall commence on the first day of January and shall end on the last day of December of each calendar year.

7.02 ANNUAL COMPENSATION. Each management year the Manager shall be paid a sum equal to Twelve and one-half (12.50%) Percent of the total amount of all Annual assessments, Special assessments, and Maintenance fees for Units, all of which are referred to herein as "the Assessments" (except any portions of the Assessments pertaining to the Manager's compensation hereunder, which portions shall not be included in computing the Manager's compensation hereunder) levied on each Unit for each management year. The Manager's annual compensation shall be payable in four (4) consecutive equal quarter-annual installments due on the 25th day of April, July, October, and January, respectively, of each management year. All unpaid portions of the Manager's annual compensation hereunder shall bear interest at the rate of ten (10%) percent per annum from the due date of such portions until paid.

7.03 ADJUSTMENTS. In the event the Manager renders services hereunder or is entitled to receive compensation for only a portion of a management year, the Manager's annual compensation shall be prorated (except where the Assessments pertain only to the same portion of a management year for which the Manager is entitled to receive compensation) and the Manager shall receive only that portion of such annual sums as is attributable to the number of days during which the Manager rendered services or was entitled to compensation in the management year concerned.

7.04 NET COMPENSATION. The annual compensation to be paid the Manager hereunder is net above all costs, expenses, and charges incurred by the Manager on behalf of the Association in performing its services under this Agreement.

7.05 PROHIBITED COMPENSATION. All rebates, discounts, or commissions collected by the Manager, or credited to the Manager's use, which relate to the purchasing of supplies or the rendering of services for the Association under this Agreement, shall be disclosed fully to the Association, and that part of any rebate, discount, or commission that is allocable to the purchasing of supplies or the rendering of services for the Association hereunder shall be credited to the Association's account.

002-22-0489

ARTICLE VIII  
EVENTS OF DEFAULT

8.01 DEFAULTS BY THE MANAGER. Any failure of the Manager to substantially perform its duties, responsibilities and to exercise its authority under this Agreement shall be an event of default by the Manager under this Agreement.

8.02 DEFAULT BY THE ASSOCIATION. The Association shall be in default under this Agreement upon the occasion of any of the following events of default:

- (1) Any failure of the Association to substantially perform any of its obligations under this Agreement.
- (2) The interference by the Association or the Owners with the Manager in the performance of its duties, responsibilities or the exercise of its authority under this Agreement.

8.03 NOTICE OF DEFAULT. In the event either party hereto commits an event of default as provided hereinabove, the non-defaulting party shall give written notice to the defaulting party setting forth therein the alleged default. The defaulting party shall be granted thirty (30) days after such notice within which to correct the alleged default. In the event the defaulting party does not correct the alleged default within the thirty (30) day period, then the non-defaulting party may seek any remedy provided for in this Agreement.

8.04 REMEDIES. In the event of default by a party to this Agreement, in addition to the right to terminate this Agreement as provided for elsewhere in this Agreement, the non-defaulting party shall have the right but not the obligation and in addition to any other remedy given by this Agreement, or in law, or in equity, to bring an action against the defaulting party (and in the case of the Association's default, against its Members) for damages, specific performance, injunction, or such other redress as it may have.

ARTICLE IX  
GENERAL PROVISIONS

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**9.01 APPLICABLE LAW.** This Agreement shall be construed under and in accordance with the laws of the State of Texas.

**9.02 ASSIGNABILITY.** The Manager may assign its right, title and interest in this Agreement to another management firm operating and existing under the laws of the State of Texas, upon conditions (a) that the assignee shall expressly assume and agree, in writing to perform each and every obligation of the Manager under this Agreement; (b) that the assignment shall be duly recorded in the Condominium Records; and (3) that an executed duplicate original of such assignment shall be delivered to the Association in the manner provided in this Agreement for the delivery of notices not less than ten (10) days prior to the effective date of the assignment.

**9.03 ATTORNEYS' FEES.** If any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees from the other party, which fees may be set by the court in the trial of such action or may be enforced in a separate action brought for that purpose, and which fees shall be in addition to any other relief which may be awarded.

**9.04 COUNTERPARTS.** This Agreement and all other executed copies thereof, shall be deemed to be one agreement, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**9.05 DEFINITION OF TERMS.** The terms used in this Agreement, unless specifically defined herein, shall be defined as in the Declaration.

**9.06 HEADINGS.** The headings, captions, and arrangements used in this Management Agreement are for convenience only and do not in any way affect, limit, amplify, or modify the terms and provisions hereof.

**9.07 LEGAL CONSTRUCTION.** In case any one or more of the provisions in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

**9.08 MAILING AND NOTICE.** All notices and periodic statements required under this Agreement shall be in writing, and shall be either (a) delivered by registered or certified mail, postage prepaid, and return receipt requested; or (b) delivered in person. A telegraphic communication shall be deemed communicated as of deposit in the United States Postal Service, delivery to the telegraph company, or on personal delivery. Notices and periodic statements shall be addressed to the parties hereto at the address set forth opposite the signatures of the parties to this Agreement.

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9.09 NOTICES. When either party hereto, and the Association's Members, desire to or are required to give notice to the other, or others, in connection with and according to the provisions of this Agreement, such notices shall be in writing and may be delivered or mailed to the address of each party hereto at the address set forth in this Agreement, and in the case of notice to the Members of the Association, to the last address of the Member on the records of the Association. Any notice given by mail shall be deemed to have been delivered when deposited with the United States Postal Service, postage prepaid. In the case of mailed notice to either party hereto it shall be sufficient if the notice is given either by Certified or Registered mail.

9.10 NUMBER AND GENDER. Whenever used herein, the singular number shall include the plural and the singular, and the use of any gender shall be applicable to all genders.

9.11 PARTIES BOUND. This Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns (and in the case of the Association, its Members also) except as otherwise expressly provided herein.

9.12 SOLE AGREEMENT. This Agreement together with the Declaration, the Articles, the Bylaws, and the Rules and Regulations, constitutes the sole and only agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting subject matter hereof. No provision of this Agreement may be waived, altered, or modified except by a written instrument signed by the parties hereto.

9.13 TIME OF ESSENCE. Time is of the essence in every particular in this Agreement, and especially where the obligation is to pay money.

9.14 WAIVER. No waiver of a breach of any of the provisions of this Agreement shall be construed to be a waiver of any succeeding breach of the same provision or any other provision.

002-22-0492

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

THE ASSOCIATION:

ADDRESS:

7600 Seawall Boulevard  
Galveston, Texas 77550

CAPTAIN'S COVE RESORT ASSOCIATION

By

  
CHARLENE A. KEARNEY

Its President

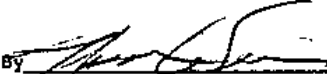
THE MANAGER:

ADDRESS:

7600 Seawall Boulevard  
Galveston, Texas 77550

SUN RESORT MANAGEMENT, INC.

By

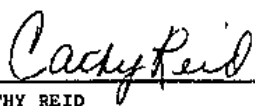
  
THEODORE WEISWASSER

Its President

STATE OF TEXAS        )  
                          )    SS:  
COUNTY OF GALVESTON )

Before me, the undersigned authority, on this day personally appeared CHARLENE A. KEARNEY, President of CAPTAIN'S COVE RESORT ASSOCIATION, a Texas non-profit corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

Given under my hand and seal of office on this 15th day of April, 19 83.


  
CATHY REID  
Notary Public in and for the County and State aforesaid  
My Commission Expires: 4/9/85

002-22-0493

STATE OF TEXAS            )  
                                  ) SS:  
COUNTY OF GALVESTON    )

Before me, the undersigned authority, on this day personally appeared THEODORE WEISWASSER, President of SUN RESORT MANAGEMENT, INC., a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

Given under my hand and seal of office on this 15th day of April, 1981.

  
\_\_\_\_\_  
CATHY REID  
Notary Public in and for the County and  
State aforesaid

By Commission Expires: 4/9/85

002-22-0494

EXHIBIT "G"

ARTICLES OF INCORPORATION OF  
CAPTAIN'S COVE RESORT ASSOCIATION

We, the undersigned natural persons of the age of eighteen (18) years or more, at least two of whom are citizens of the State of Texas, acting as incorporators of a corporation under the Texas Non-Profit Corporation Act, do hereby adopt the following Articles of Incorporation for such Corporation:

ARTICLE I.

The name of the Corporation is Captain's Cove Resort Association.

ARTICLE II.

The Corporation is a non-profit corporation.

ARTICLE III.

The period of its duration is perpetual.

ARTICLE IV.

The purposes for which this Corporation is formed are:

(1) The primary purpose is to operate and provide for the acquisition, construction, management, maintenance and care of the corporate property, referred to in the Condominium Declaration for Captain's Cove Resort as both general and limited common elements;

(2) The general purposes and powers are to have and exercise all rights and powers conferred on non-profit corporations under the laws of Texas, or which may hereafter be conferred, including the power to contract, rent, buy or sell personal or real property;

(3) Notwithstanding any of the above statements of purposes and powers, this Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purpose of this Corporation.

EXHIBIT "G"-1



002-22-0495

This Corporation is organized pursuant to the Texas Non-Profit Corporation Act and does not contemplate pecuniary gain or profit to the members thereof and is organized for non-profit purposes.

ARTICLE V.

The street address of the initial registered office of the Corporation is 7600 Seawall Boulevard, Galveston, Texas 77551, and the name of its initial registered agent at such address is Charlene Kearney.

ARTICLE VI.

The number of directors constituting the initial board of directors of the Corporation is three (3), and the names and addresses of the persons who are to serve as the initial directors are:

Willis M. Lucas  
7600 Seawall Boulevard  
Galveston, Texas 77551

Theodore Weiswasser  
7600 Seawall Boulevard  
Galveston, Texas 77551

Charlene Kearney  
7600 Seawall Boulevard  
Galveston, Texas 77551

ARTICLE VII.

The name and street address of each incorporator are:

W. Daniel Vaughn  
802 Rosenberg  
Galveston, Texas 77550

John J. White  
802 Rosenberg  
Galveston, Texas 77550

Nancy R. Kline  
802 Rosenberg  
Galveston, Texas 77550

EXHIBIT "G"-2

002-22-0496

IN WITNESS WHEREOF, we have hereunto set our hands,  
this \_\_\_\_ day of \_\_\_\_\_, 1983.

12/  
\_\_\_\_\_  
W. Daniel Vaughn

13/  
\_\_\_\_\_  
John J. White

13/  
\_\_\_\_\_  
Nancy R. Kline

THE STATE OF TEXAS \*  
\*  
COUNTY OF GALVESTON \*

I, a Notary Public, do hereby certify that on this  
\_\_\_\_ day of \_\_\_\_\_, 1983, personally appeared W.  
Daniel Vaughn, John J. White and Nancy R. Kline, who being  
by me first duly sworn, declared that they are the persons  
who signed the foregoing document as incorporators, and that  
the statements therein contained are true.

13/  
\_\_\_\_\_  
Notary Public in Galveston County,  
For the State of Texas

My Commission Expires: \_\_\_\_\_

EXHIBIT "G"-3

002-22-0497

EXHIBIT "H"

BYLAWS OF

CAPTAIN'S COVE RESORT ASSOCIATION

A TEXAS NON-PROFIT CORPORATION

Captain's Cove Resort Association is a Texas non-profit corporation having as its primary function the administration of the Condominium Regime of Captain's Cove Resort, a Condominium, in accordance with the "Declaration Establishing A Condominium Regime, Covenants, Conditions and Restrictions," ("the Declaration") recorded or to be recorded in the Condominium Records of Galveston County, Texas, which is located at 7600 Seawall Boulevard, Galveston, Texas; and in particular to serve all of the functions of the "Council of Co-Owners" provided for in the Texas Condominium Act (Article 1301a, Revised Civil Statutes of the State of Texas).

ARTICLE I

NAME AND OFFICES

1.01 Until the Board of Directors otherwise determine, the registered office of Captain's Cove Resort Association required by the Texas Non-Profit Corporation Act to be maintained in the State of Texas, shall be 7600 Seawall Boulevard, Galveston, Texas 77551, but such registered office may be changed from time to time by the Board of Directors in the manner provided by law and need not be identical to the principal office of the corporation. Meetings of members and directors may be held at such places within the State of Texas, County of Galveston, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

2.01 "Association" shall mean and refer to Captain's Cove Resort Association, a Texas non-profit corporation, its successors and assigns.

2.02 The "Property" shall mean and refer to that certain real property situated in Galveston, Galveston County, Texas, for Captain's Cove Resort, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

002-22-0498

2.03 "Common Elements" means all portions of the Condominium Project, except the Units, and consists of the General Common Elements and the Limited Common Elements. Common Elements shall include the Association Properties.

2.04 "Developer" means the person named hereinabove who undertakes to develop the Condominium Project referred to herein.

2.05 "Interval Ownership" is a concept whereby a Unit and its interest of the Common Elements are conveyed for periods of time, i.e., Unit Week(s), the purchaser of the Unit Week(s) receiving title to the Unit for the stated time period in perpetuity. However, if the interest created by this "Interval Ownership" is found by a court of law, after all appeals are exhausted, to violate any rule against perpetuities, said interest shall be converted to a fee simple as tenant in common with all other purchasers of Unit Weeks in each such Unit in the Percentage Interest in such Unit, determined and established by the attached (to the Declaration) as Exhibit "E".

2.06 "Management Agreement" means and refers to that agreement between the Association and the Management Firm, a copy of which agreement is attached hereto (to the Declaration) as Exhibit "F".

2.07 "Management Firm" means and refers to the entity identified as the Manager in the Management Agreement.

2.08 "Member" means the Unit Owner as a member of the Association.

2.09 "Unit Committed to Interval Ownership" means any Unit sold under a plan of Interval Ownership.

2.10 "Unit Owner" or "Owner" means the same as 'co-owner' in the Condominium Act, and is the person who owns a Unit and a Percentage Interest of the Common Elements within this Condominium Project, but does not include a person having an interest in a Unit solely as security for an obligation. The term shall also include all owners of Unit Weeks within any Unit committed to Interval Ownership as one Unit Owner.

2.11 "Declaration" shall mean and refer to the Master Declaration for Captain's Cove Resort, as recorded in the Official Public Records of Real Property of Galveston County, Texas. The terms and provisions of the Declaration

EXHIBIT "H"-2

002-22-0499

are deemed incorporated herein in their entirety, as if fully set forth herein, and made a part hereof for all purposes. If any provision of these Bylaws shall conflict or be inconsistent with the terms of the Declaration, the terms of the Declaration shall control.

ARTICLE III

MEMBERS

3.01 Members. The Members of this Association are the Unit Owners within this Condominium Project. The term "Member" includes all owners of Unit Weeks within a Unit committed to Interval Ownership as one Unit Owner.

3.02 Membership. Membership shall be automatic with the acceptance of title of a Unit or Unit Week. If a Unit or Unit Week is owned by more than one person, then all such owners shall be Members eligible to hold office, and attend meetings, etc.

3.03 Transfer of Membership. Membership in this Association may be transferred only upon the transfer of ownership of a Unit or Unit Week.

3.04 Termination of Membership. Membership in this Association is automatically terminated upon transfer of ownership of a Unit or Unit Week. There is no other type of termination.

3.05 Resignation. No Member may resign his membership in this Association, the same being coupled with his ownership of a Unit or Unit Week.

3.06 Voting Rights. Each Member shall be entitled to cast one vote for each Unit Week he owns. If an entire Unit is owned by one Member, that Member shall be entitled to cast fifty-two votes.

If a Unit or Unit Week is owned by more than one person, the votes of that Unit or Unit Week shall be cast by the "voting member" designated by the owners of the Unit or Unit Week.

If the ownership of a Unit or Unit Week is vested in a corporation, the corporation may designate an individual officer or employee of the corporation as its "voting member."

EXHIBIT "H"-3

002-22-0500

The Association shall have no vote for any Unit or Unit Week conveyed to it.

3.07 Voting Members. If a Unit or Unit Week is owned by one person, his right to vote shall be established by the recorded deed to the Unit or Unit Week.

If a Unit or Unit Week is owned by more than one person, all record owners of the Unit or Unit Week shall sign and file with the Secretary of the Association a certificate designating the voting member entitled to cast the votes for the Unit or Unit Week.

If a Unit or Unit Week is owned by a corporation, the corporation shall file a certificate with the Secretary of the Association, signed by the corporation president, designating an officer or employee of the corporation as the voting member entitled to cast the votes for the Unit or Unit Week.

If a certificate of multiple owners or a corporate owner is not filed with the Secretary of the Association, the votes of those Units or Unit Weeks shall not be considered in determining quorum requirements. Such certificates shall be void until revoked or replaced by such owner(s).

If a Unit or Unit Week is owned by husband and wife, then (a) they may designate a voting member; (b) if no voting member is designated and if both are present at a meeting of the Members and are unable to agree on an issue under consideration, the votes allocated to their Unit or Unit Week shall not be counted on that issue; and (c) where no voting member is designated, and one of them is absent from the meeting of the Members, then the one present shall be entitled to cast the votes of their Unit or Unit Week.

#### ARTICLE IV

##### MEETINGS OF MEMBERS

4.01 Annual Meeting. An annual meeting of the Members shall be held in the month of April in each year, beginning with the year 1984 at a date, time and place to be determined by the Board of Directors, for the purpose of electing officers and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Texas, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated for any annual meeting, or at any

EXHIBIT "H"-4

002-22-0501

adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as conveniently may be.

4.02 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days but not more than fifty (50) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association, for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting including the general nature of any proposed amendment to the Declaration or Bylaws. The business of the annual meeting shall include receiving annual reports of officers, directors and committees, electing directors for those terms expiring, and any other business properly before the meeting.

4.03 Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, 1/3 of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

4.04 Special Meetings. Special meetings may be called by the president or upon written request of a majority of the Board of Directors, or upon written request of the Members who are entitled to vote one-third (1/3) of all the votes of the Members, to transact and consider specific items of business. Notice for any special meeting shall be given in the same manner as for the annual meeting. No business other than specified in the notice shall be transacted at any special meeting of the Members.

4.05 Proxies. At all meetings of Members, each Member may vote in person or by proxy. A proxy shall be in writing and revocable at the pleasure of the Member executing it. The duration of any proxy shall be eleven (11) months from its execution, unless the proxy shall contain specific instructions to the contrary.

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4.06 Decisions of Members. A majority of the votes cast at a meeting of the members shall be the decision of the Members, unless the Condominium Act, the Declaration, the Articles of Incorporation, or these Bylaws provide otherwise.

4.07 Management Firm. During the term of any Management Agreement, the Management Firm shall be entitled to notice of all meetings of the Members and be entitled to have representatives attend such meetings.

4.08 Nomination and Election of Directors. The nomination for election to the Board of Directors shall be made from the floor at the annual meeting. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. Election shall be by plurality vote.

#### ARTICLE V

##### BOARD OF DIRECTORS

5.01 General Powers. The affairs of the Association shall be managed by its Board of Directors in accordance with the duties and responsibilities imposed upon the Council of Co-Owners under Article 1301a of the Revised Civil Statutes of Texas (the Condominium Act), the Declaration, the Articles of Incorporation of this Association, all of which are incorporated herein by reference for all purposes, and these Bylaws.

5.02 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not by law or by the Condominium Act, the Declaration, the Articles of Incorporation, or these Bylaws, directed to be exercised and done by Unit Owners. Specifically, but not by way of limitation, the Board of Directors may:

- (1) Exercise all powers of the Association set forth in the Declaration, the Articles of Incorporation, these Bylaws, and the Condominium Act, and all powers incidental thereto.



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(2) Make, determine and collect assessments and maintenance fees; use and expend the assessments and maintenance fees to carry out the purposes and powers of the Association.

(3) Employ, direct and control the personnel necessary for the maintenance and operation of the Condominium Regime, and the Common Elements and facilities, including the right and power to employ attorneys, accountants, contractors, and other professionals.

(4) Make and amend regulations respecting the use and operation of the Common Elements and Association Property, and the Units.

(5) Contract for the management of the Condominium Regime, and the Common Elements.

(6) Make improvements of the Association Property, both real and personal; purchase items of furniture, furnishings, fixtures and equipment.

(7) Enter into and terminate agreements with organizations providing Owners of Unit Weeks an opportunity to trade their time periods with Owners of time periods at other projects.

5.03 Number, Tenure and Qualifications. The Board of Directors shall consist of three (3) persons, but the number of directors may be increased from time to time by amendment to the Bylaws of the corporation; provided, however, that the number of directors shall never be less than three. Until the election of directors at the first annual meeting of the Members, the initial Board of Directors shall so serve. Each director shall hold office until the next annual meeting of the Members and his successor shall have been elected and qualified. All directors, except those designated by the Developer, shall be Members. All officers of a corporate owner shall be deemed to be Members of the Association for the limited purpose of being qualified to serve as a director herein. No Member shall continue to serve as a director should the Member be more than thirty (30) days delinquent of the payment of any assessment or maintenance fee. Such a delinquency shall automatically constitute a resignation, effective upon acceptance by the Board of Directors.

5.04 Election and Term. The directors shall be elected by the Members at the annual meeting of the Members, or at a special meeting of the Members held in lieu of the annual meeting, if the same is not held when provided for by these Bylaws, and each such director shall hold office, unless removed in accordance with the provisions of these Bylaws or he resigns, for a term of one (1) year and until his successor shall have been elected and qualified. Each director shall qualify by accepting his election to office either expressly or by acting as a director.

5.05 Resignation. Any director or officer of the Association may resign at any time by providing the secretary of the Association with written notice of his resignation.

5.06 Vacancy and Increase. Any vacancy or vacancies occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office and until his successor shall have been elected and qualified. In case of any increase in the number of directors, the additional director or directors shall be elected at either an annual meeting or a special meeting of the Members called for that purpose.

5.07 Regular Meetings. A regular annual meeting of the Board of Directors shall be held without notice other than this Bylaw, immediately after, and at the same place, as the annual meeting of Members. The Board of Directors may provide by resolution the time and place within Galveston County, Texas, for the holding of additional regular meetings of the Board of Directors.

5.08 Notice and Waiver. Notice of all regular (other than regular annual meetings) and special meetings of the Board of Directors shall be given at least three (3) days previously thereto by written notice delivered personally or sent by mail or telegram to each director at his address as shown by the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the

express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at the meeting need not be specified in the notice of such meeting, unless specifically required by law or by these Bylaws.

5.09 Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors; but if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. The joinder of a director in the action of a meeting by signing a consent concurring in the minutes thereof shall constitute the presence of such director at such meeting.

5.10 Manner of Acting. The act of a majority of the directors present at a Board of Directors meeting, at which a quorum is present, shall be the act of the Board of Directors, unless the act of a greater number is required by law or these Bylaws.

5.11 Removal. At any time after the directors are elected by the Members, as distinguished from the appointment of directors by the Developer, any director may be removed from office, with or without cause, by the affirmative vote of two-thirds (2/3) of the Members at a duly called meeting of the Members, and a successor may then be elected by the Members to fill that vacancy. If the Members do not elect a successor director, then the Board of Directors may fill the vacancy as provided for in these Bylaws.

5.12 Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

5.13 Management Firm. In the event the Association enters into a contract with a Management Firm, then for as long as such contract is in effect, the Management Firm shall be provided notice of all meetings of the Board of Directors, shall be entitled to attend such meetings, and it may designate its representative(s) to attend such meetings on its behalf.

5.14 Special Meetings. Special meetings may be called by the president or upon written request of a majority of the Board of Directors to transact and consider specific items of business. No business other than specified in the notice shall be transacted at any special meeting of directors unless all directors shall be present.

002-22-0506

5.15 Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could have taken at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI

OFFICERS

6.01 Officers. The officers of the Association shall be a president, vice president, secretary, assistant secretary, and treasurer, and such other officers as the Board of Directors may from time to time by resolution create.

6.02 Election and Term of Office. At its annual meeting, the Board of Directors shall elect persons to fill all offices for a term of one (1) year or until the next meeting. Officers need not be directors or owner-members. The same person may hold two (2) or more offices simultaneously.

6.03 Duties of Officers. The duties and powers of the respective officers shall be as follows:

President. The president shall be the chief executive officer of the Association and shall be empowered to: (a) preside at all meetings of the Board of Directors, but shall not vote unless also elected as a director; (b) execute all documents on behalf of the Association, including amendments to the Declaration; (c) review monthly reports by legal counsel, CPA or trust institution certifying conveyances to the Association by the Developer; (d) review reports of the Association and of any Management Firm engaged by the Board of Directors; (e) call meetings of the Board of Directors at his discretion; and (f) supervise all affairs of the Association.

Vice President. The vice president shall perform the duties of the president in the event of the death, extended absence, or extended inability to act as the president. Extended absence or extended inability shall mean continuation of the condition for more than thirty (30) days.

Secretary. The secretary shall be empowered to: (a) give notice of meetings to the Board of Directors and Members as required by these Bylaws; (b) attend all meetings of Members and record minutes of all transactions;

EXHIBIT "H"-10

002-22-0507

(c) maintain all Association records including a list of Members in good standing and review the performance of this function by management engaged by the Board of Directors; (d) attest to all documents; and (e) retain and apply the Association seal as appropriate.

Assistant Secretary. The assistant secretary shall be empowered to perform the duties of the secretary in the event of the death, extended absence, or extended inability of the secretary to act. The assistant secretary shall attest to documents executed by the president or treasurer at their convenience.

Treasurer. The treasurer shall be empowered to: (a) maintain all monies, accounts and bookkeeping records or supervise the performance of this function by management engaged by the Board of Directors; (b) report on the financial condition of the Association at the annual meeting of Members; (c) review the Association expenses and recommend modifications to the annual use fee as required; (d) conduct the financial affairs of the Association under the direction and control of the Board of Directors; and (e) turn over all monies, property and records to his successor promptly upon expiration of his term.

6.04 Bond of Officers. At the request of the Board of Directors, any officer shall provide at the Association expense a bond in a reasonable amount to insure the faithful discharge of his obligations as an officer.

6.05 Removal. Any officer elected or appointed by the Board of Directors may be removed by the vote of a majority in number of the Board of Directors whenever in its judgment the best interest of the Association would be served thereby.

6.06 Vacancies. A vacancy in any office, because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

## ARTICLE VII

### COMMITTEES

7.01 Committees. Committees not having and exercising the authority of the Board of Directors in the management of the Association may be designated by a resolution adopted by the Board of Directors. Except as otherwise provided in

002-22-0508

such resolution, members of such committee shall be members of the Association, and the president shall appoint the members thereof. Any committee member may be removed by the Board of Directors whenever in its judgment the best interest of the Association shall be served thereby.

7.02 Term of Office. Each committee member shall continue as such until the next annual meeting of the Members of the Association and until his successor is appointed, unless the committee shall be sooner terminated by the Board of Directors, or unless such committee member be removed from such committee, or unless he shall cease to qualify.

7.03 Chairman. One member of each committee shall be appointed chairman by the president.

7.04 Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

7.05 Quorum. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the committee members present at the meeting at which a quorum is present shall be the act of the committee.

#### ARTICLE VIII

##### CONTRACTS, CHECKS, DEPOSITS AND FUNDS

8.01 Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, 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. However, the provisions of any Management Agreement may delegate contracting functions to the Management Firm.

8.02 Checks, Drafts, or Orders for Payment. All checks, drafts, or 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 officers, agent or agents of the Association, and in such manner as shall from time to time be determined by resolution of the Board of Directors. Such instruments shall be signed by the treasurer or an assistant treasurer and countersigned by the president or a vice-president of the Association.

EXHIBIT "H"-12

002-22-0509

8.03 Deposits. 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 of Directors may select.

8.04 Gifts. The Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes, or for any special purpose, of the Association.

ARTICLE IX

ASSESSMENTS

9.01 Annual Assessments and Maintenance Fees. As provided for in and subject to the limitations set forth in the Declaration, the Board of Directors shall determine the annual assessments and maintenance fees and give timely notice thereof to the Members.

9.02 Special Assessments. As provided in the Declaration the Board of Directors shall approve proposed special assessments, from time to time; submit notices thereof to the Members; and provided the Members do not reject the proposed special assessments, shall establish and collect such special assessments.

9.03 Payment of Assessments and Maintenance Fees. The Board of Directors is specifically charged with the responsibility and authority to collect all assessments and maintenance fees on behalf of the Association. From time to time, the Board of Directors shall determine whether or not the assessments and/or maintenance fees shall be paid in installments as distinguished from a lump-sum amount.

9.04 Default in Payments. The Board of Directors may utilize all of the authority reserved to the Association in the Declaration and available to it under law or equity upon any default in payments.

9.05 Management Firm. Notwithstanding any provision herein to the contrary, the Board of Directors is authorized to delegate to a Management Firm such duties and authority of the Board of Directors in regard to determining and collecting assessments and/or maintenance fees as the Board of Directors may determine from time to time.

002-22-0510

ARTICLE X

GENERAL PROVISIONS

10.01 Books and Records. The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Members and its Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of the Members entitled to vote. All books and records of the Association may be inspected by any member, his agent, or attorney, for any proper purpose at any reasonable time.

10.02 Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the last day of December in each year. However, the Board of Directors may change the fiscal year from time to time.

10.03 Corporate Seal. The Board of Directors shall provide a corporate seal, which shall be in the form of a circle with the name of the Association contained therein.

10.04 Waiver of Notice. Whenever any notice is required to be given under the provisions of the Texas Non-Profit Corporation Act, the Condominium Act, the Declaration, the Articles of Incorporation, or the Bylaws of the Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

10.05 Laws and Statutes. Whenever used or appearing in these Bylaws, the word "law" or "laws" or "statute" or "statutes", respectively, shall mean and refer to laws and statutes, or a law or a statute, of the State of Texas, to the extent only that such is or are expressly applicable, except where otherwise expressly stated or the context requires that such words not be so limited.

10.06 Headings. The headings of the articles and sections of these Bylaws are inserted for convenience of reference only and shall not be deemed to be a part thereof or used in the construction or interpretation thereof.

ARTICLE XI

AMENDMENTS

11.01 Amendments. These Bylaws may be amended, repealed, or added to, or new Bylaws may be adopted, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

EXHIBIT "H"-14



002-22-0511

IN WITNESS WHEREOF, we, the Board of Directors of  
Captain's Cove Resort Association, have adopted these Bylaws  
this 15th day of April, 19 83;

Willis M. Lucas  
[Signature]  
[Signature]

CERTIFICATE OF SECRETARY

The undersigned, Secretary of the Texas Non-Profit  
Corporation known as Captain's Cove Resort Association, does  
hereby certify that the above and foregoing Bylaws were duly  
adopted by the Board of Directors of said Association on the  
15th day of April, 19 83, and that they now constitute  
said Bylaws.

Signed this 15th day of April, 19 83.

Cathy Reed  
Secretary

EXHIBIT "H"-15

## CAPTAIN'S COVE RESORT

002-22-0512

ESTIMATED OPERATING & MAINTENANCE BUDGET

<u>ITEM</u>	<u>TOTAL MONTHLY</u>	<u>TOTAL ANNUAL</u>	<u>TOTAL PER UNIT WEEK</u>
Accounting & Legal Fees	\$ 250.00	\$ 3,000.00	\$ 1.15
Postage	200.00	2,400.00	.92
Office Supplies	500.00	6,000.00	2.31
Newspapers & Magazines	300.00	3,600.00	1.38
Owners' Magazine	500.00	6,000.00	2.31
Pest Control	200.00	2,400.00	.92
Office Telephone	1,000.00	12,000.00	4.62
Unit Telephones	500.00	6,000.00	2.31
Insurance	1,500.00	18,000.00	6.92
Electricity, Common Area, Pool, Office, Tennis	400.00	4,800.00	1.85
Electricity, Units	5,000.00	60,000.00	23.07
Water	500.00	6,000.00	2.31
Sewer	250.00	3,000.00	1.15
Garbage Pick-Up	300.00	3,600.00	1.38
Pool Supplies	50.00	600.00	.23
Laundry	2,167.50	26,010.00	10.00
Maid Service	8,840.00	106,080.00	40.78
* Manager	2,167.50	26,010.00	10.00
* Asst. Manager (part-time)	833.33	10,000.00	3.84
* Maint. Manager (part-time)	1,300.00	15,600.00	6.00
* Groundskeeper	1,000.00	12,000.00	4.61
* Social Director	1,300.00	15,600.00	6.00
Maintenance Reserve	1,083.75	13,005.00	5.00
Depreciation Reserve	1,083.75	13,005.00	5.00
Real Estate Taxes	5,000.00	60,000.00	23.07
Management Fee (12½%)	5,283.34	63,400.00	24.38
Cleaning Supplies	457.08	5,485.00	2.11
Maintenance Supplies	300.00	3,600.00	1.38
<b>TOTALS</b>	<b>\$ 42,266.25</b>	<b>\$ 507,195.00</b>	<b>\$ 195.00</b>

Each budget item is based on present estimates. The Developers guarantees the operating budget shall not exceed \$195.00 through December 31, 1983.

\* Compensation budget items include FICA and benefit expenses.

002-22-0513

INITIAL RULES AND REGULATIONS

The Rules and Regulations hereinafter enumerated as to the Condominium Property, the Common Elements, the Limited Common Elements and the Condominium Units shall be deemed in effect until amended by the Board of Directors of the Association, and shall apply to and be binding upon all Unit Owners. The Unit Owners shall, at all times, obey said Rules and Regulations and shall use their best efforts to see that they are faithfully observed by their families, guests, invitees, servants, lessees and persons over whom they exercise control and supervision. Said initial Rules and Regulations are as follows:

1. The sidewalks, if any, walkways, entrances, and all of the Limited Common Elements and Common Elements must not be obstructed or encumbered or used for any purpose (excluding patios, decks and balconies) other than ingress and egress to and from the premises; nor shall any carriages, bicycles, wagons, shopping carts, chairs, benches, tables, or any other object of a similar type and nature be left therein or thereon.

2. The personal property of all Unit Owners shall be stored within their Condominium Units or the exterior storage space of their Unit.

3. No garbage cans, supplies, milk bottles, or other articles shall be placed on the patios, decks, balconies, and entry ways, nor shall any linens, cloths, clothing, curtains, rugs, mops, or laundry of any kind, or other articles be shaken or hung from any of the windows, doors, patios, decks, balconies, or entry ways, or exposed on any part of the Limited Common Elements or Common Elements; and the Limited Common Elements and Common Elements shall be kept free and clear of all refuse, debris and other unsightly material.

4. No Unit Owner shall allow anything whatsoever to fall from the windows, patios, decks, balconies, entry ways or doors of the premises, nor shall he sweep or throw from his Unit any dirt or other substances outside of his Unit or on the Limited Common Elements or Common Elements of the Condominium.

5. Refuse and bagged garbage shall be deposited only in the area provided therefor.

002-22-0514

6. No Unit Owner shall store or leave boats, trailers, mobile homes, recreation vehicles and the like on the Condominium Property except in areas designated for same.

7. Employees of the Association or Management Firm shall not be sent off the Condominium premises by any Unit Owner at any time for any purpose. No Unit Owner or resident shall direct, supervise or in any manner attempt to assert any control over the employees of the Management Firm or the Association.

8. No Unit Owner shall make or permit any disturbing noises by himself, his family, servants, employees, agents, visitors, and licensees, nor do or permit anything by such persons that will interfere with the rights, comforts or convenience of the Unit Owners. No Unit Owner shall play upon or suffer to be played upon any musical instrument, or operate or suffer to be operated, a phonograph, television, radio or sound amplifier in his Unit, in such a manner as to disturb or annoy other occupants of the Condominium. All party(s) shall lower the volume as to the foregoing from 11:00 P.M. to 8:00 A.M. each day.

9. No Unit Owner will allow more than eight (8) people to occupy their unit overnight at any time.

10. No radio or television installation, or other wiring, shall be made without the written consent of the Board of Directors.

11. No sign, advertisement, notice or other lettering shall be exhibited, displayed, inscribed, painted or affixed, in, on or upon any part of the Condominium Units, Limited Common Elements or Condominium Property by any Unit Owner or occupant without permission of the Association.

12. Complaints regarding the service of the Condominium shall be made in writing to the Management Firm, as long as the Management Agreement remains in effect, and thereafter, to the Board of Directors.

13. No inflammable, combustible, or explosive fluid, chemical or substance shall be kept in any Unit or Limited Common Element except such as are required for normal household use.

002-22-0315

14. Payment of assessments and maintenance fees shall be made at the office of the Management Firm, as designated in the Management Agreement. Payments made in the form of checks shall be made to the order of such party as the Management Firm shall designate.

15. All Owners of Unit Weeks in Condominium Units committed to Interval Ownership shall vacate their units no later than 10:00 A.M. on the last day of their ownership period. No such Owner shall take possession of his unit earlier than 3:00 P.M. on the day on which his ownership period commences.

16. No pets shall be allowed on the Condominium Property, or in any Condominium Unit.

STATE OF TEXAS                      COUNTY OF GALVESTON  
I hereby certify that this instrument was filed on the  
date and time stamped herein by me and was duly recorded  
in the Official Public Records of Real Property of Galveston  
County, Texas, on

APR 19 1983



*Mary Jane Blanton*  
COUNTY CLERK, GALVESTON COUNTY, TEXAS

FILED FOR RECORD  
APR 19 4 12 PM '83

*Mary Jane Blanton*  
COUNTY CLERK, GALVESTON COUNTY, TEXAS

AMENDMENT TO DECLARATION ESTABLISHING A CONDOMINIUM REGIME,  
COVENANTS, CONDITIONS AND RESTRICTIONS  
CAPTAIN'S COVE RESORT

THE STATE OF TEXAS     &  
                               &  
COUNTY OF GALVESTON   &

THIS AMENDMENT TO DECLARATION is made and executed by CAPTAIN'S COVE RESORT ASSOCIATION, a Texas non-profit corporation, hereinafter referred to as the "Association" in order to amend the By-Laws of the Association pursuant to Section 11.01 thereof, as set forth in Exhibit "H" of that certain Declaration Establishing a Condominium Regime, Covenants, Conditions and Restrictions for Captain's Cove Resort filed under Clerk's File No. 8313536 (Film Code No. 002-22-0415) in the Official Public Records of Real Property of Galveston County, Texas with respect to the real property described therein, as more particularly set forth hereinbelow.

**W I T N E S S E T H:**

WHEREAS, Sunward Developers, Inc., a Texas corporation heretofore executed that certain Declaration Establishing a Condominium Regime, Covenants, Conditions and Restrictions for Captain's Cove Resort dated April 15, 1983 and filed under Clerk's File No. 8313536 (Film Code No. 002-22-0415) in the Official Public Records of Real Property of Galveston County, Texas (the "Declaration"), the Declaration covering the real property described therein; and

WHEREAS, Section 11.01 of the By-Laws of the Association attached as Exhibit "H" to the Declaration provide that said By-Laws may be amended at a regular meeting of the Members (as that term is defined in the Declaration), by a vote of a majority of a quorum of Members present in person or by proxy; and

WHEREAS, the Members have elected to so amend the By-Laws and the Association desires to give public notice thereof,

007-44-1871

NOW, THEREFORE, in consideration of the premises, KNOW ALL MEN BY THESE PRESENTS that:

Section 5.03 of the By-Laws is hereby amended by deleting the phrase "three (3)" on the second line thereof and substituting therefor the phrase "five (5)", and from and after the date hereof the Board of Directors shall consist of five (5) members instead of three (3)

IN WITNESS WHEREOF, the Association has executed this instrument on the 14th day of February, 1991.

CAPTAIN'S COVE RESORT ASSOCIATION,  
a Texas non-profit corporation

By: Karen Thompson  
Karen Thompson, President

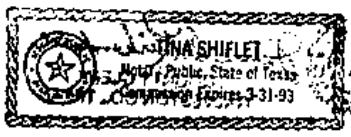
THE STATE OF TEXAS &  
&  
COUNTY OF HARRIS &

This instrument was acknowledged before me on the 14th day of February, 1991 by Karen Thompson, President of the CAPTAIN'S COVE RESORT ASSOCIATION, a Texas non-profit corporation, on behalf of said corporation.

Notary Public, State of Texas  
My Commission Expires 3-31-93

1991 FEB 21 AM

Tina Shiflet  
Notary Public, State of Texas



TINA SHIFLET  
(Notary's Printed Name)

3.31.93  
(Commission Expiration Date)

*AFTER RECORDING RETURN TO:*

The Law Office of  
**Kenneth G. Lupo, Esq.**  
288 N. Gess Mountain Parkway E.  
Suite 110  
Houston, Texas 77060

**PAID**

007-44-1872

FILED FOR RECORD  
91 MAR 15 AM 10:43

*Jessie L. Kirkendall*  
COUNTY CLERK  
GALVESTON COUNTY, TEXAS

STATE OF TEXAS COUNTY OF GALVESTON  
I hereby certify that this instrument was filed  
on the date and time stamped hereon by me and  
was duly recorded in the Official Public Records  
of Real Property of Galveston County Texas, on

MAR 15 1991



*Jessie L. Kirkendall*  
COUNTY CLERK  
GALVESTON CO., TEXAS

The Law Office of  
Kenneth C. Lippert  
200 N. West Street  
Galveston, Texas 77550  
Office  
(409) 762-1111



**FIRST AMENDMENT TO  
CAPTAINS COVE RESORT DECLARATION ESTABLISHING A CONDOMINIUM  
REGIME, COVENANTS, CONDITIONS AND RESTRICTIONS**

**THE STATE OF TEXAS                   §  
  §       **KNOW ALL MEN BY THESE PRESENTS:**  
COUNTY OF GALVESTON           §**

THIS FIRST AMENDMENT TO CAPTAINS COVE RESORT DECLARATION ESTABLISHING A CONDOMINIUM REGIME, COVENANTS, CONDITIONS AND RESTRICTIONS (the "Amendment") is made effective on the 13<sup>th</sup> day of January, 2021.

**RECITALS**

WHEREAS, Pursuant to Section 3.10 of the Declaration, all individual Unit Weeks for each Unit have been transferred to TOWB, LLC and are now wholly owned units, no longer committed to Interval Ownership.

WHEREAS, TOWB, LLC, is a Florida limited liability company registered to transact business in the State of Texas with an office and principal place of business at 1500 Town Plaza Court, Winter Springs, Florida 32708.

WHEREAS, TOWB, LLC, is the Unit Owner of all Units and has all ownership interest, liens, and any rights due or to become due thereon as follows:

The Property Interest and Rights:

Being all ownership interest, as those are defined in the Condominium Covenants, Conditions and Restrictions which was filed of record and executed by Sunward Developer and recorded under Galveston Clerk's File No. 8313536 in the office of the County Clerk of Galveston County, State of Texas, on April 15, 1983, in the Deed Records, as amended, modified supplemented, and restated including the by-laws, and all other exhibits and documents attached thereto (collectively "Declarations"), together with and subject to any and all appurtenances, covenants, conditions, oil, gas and mineral leases and interests, easements and restrictions record or record and still existing, inclusive of interests in and to the Common Elements (both General and Limited) of the Condominium Project/Property.

**AMENDMENTS**

On Dec. 10, 2020, the Unit Owners of Captains Cove Resort Association Inc. met and voted to amend the Declaration with the required two-thirds (2/3) of votes of the Association, pursuant to Section 9.01 of the Declaration, and hereby amends the declaration as follows:

Section 1.12 is hereby omitted from the Declaration.

Section 1.20 is amended to say:

“Percentage Interest,” means the percentage interest which a Unit bears to the total percentage interest of all Units, the sum of all such percentage interest being 100%. The Percentage Interest of each Unit is designated in Exhibit “D” attached and a part hereof.

Section 1.25 is hereby omitted from the Declaration.

Section 1.26 is amended to say:

“Unit Owner,” or “Owner,” means the same as ‘co-owner’ in the Condominium Act, and is the person who owns a Unit and a Percentage Interest of the Common Elements within this Condominium project, but does not include a person having an interest in a Unit solely as security for an obligation.

Section 1.27 is hereby omitted from the Declaration.

Section 2.01 is amended to say:

The Owner of a Unit shall occupy and use his Unit as a residential and resort dwelling for himself and members of his family, his social guests, lessees, and for no other purpose.

Section 2.08 is hereby omitted from the Declaration.

Section 3.03 is amended to say:

An Owner shall have an exclusive ownership to his Unit and shall have a common right to share, with other Owners, in the Common Elements of the Property. Each unit Owner’s share in the Common Elements shall be according to the Percentage Interest shown in Exhibits “D”. Each Owner may use the Common Elements in accordance with the purpose for which they are intended, as shown on Exhibit “B” and Exhibit “C”, or expressed in this Declaration, the Bylaws, or the Rules and Regulations without hindering or encroaching upon the lawful rights of the other owners.

Section 3.10 is hereby omitted from the Declaration.

Section 3.11 is hereby omitted from the Declaration.

Section 3.12 is hereby omitted from the Declaration.

Section 3.13 is hereby omitted from the Declaration.

Section 4.13 is hereby omitted from the Declaration.

Section 5.01 is amended to say:

All Unit Owners are bound to contribute pro-rata toward the expense of administration and of maintenance and repair of the Common Elements and towards any other expenses lawfully authorized by the Association. No Owner shall

be exempt from contributing toward such expenses for any reason, including, but not by way of limitation, waiver of the use or enjoyment of the Common Elements, either General or Limited, or by abandonment of his Unit.

Such Expenses, referred to hereinafter as “assessments” and “maintenance fees”, are:

- (1) Personal obligations of the Owner of the Unit;
- (2) Subject to interest at the rate of 10% per annum from due date until paid if not fully paid ten (10) days after due date; and
- (3) Subject to a late charge of not less than \$25.00, nor more than \$50.00, as may be determined by the Association, if payment is not fully paid ten (10) days after due date.

Section 5.02 is amended to say:

During the period of the sale of the Units, the Association shall contribute its share of expenses for the Common Elements allocated to unsold Units. After any assessment has been made by the Association, assessments shall be made at least annually and shall be based on a budget adopted at least annually by the Association.

Section 5.06 is hereby omitted from the Declaration.

Section 5.07 is amended to say:

Assessments and maintenance fees shall be made for each calendar year and shall be billed monthly to the owners of the units. On or before December 31<sup>st</sup> of each year, the Association shall determine the amount of the assessment on each Owner's Unit for the next calendar year. As soon as is practicable, the Association shall notify each Owner of the amount of said assessment for the next Calendar year. Such assessments or fees shall be due and payable as of the date determined, from time to time, by the Association.

Section 5.10 (1) is hereby omitted from the Declaration.

Section 5.15 is amended to remove language specific to Interval Ownership.

Section 6.03 is hereby omitted from the Declaration.

Section 6.04 is amended to say:

All Owners of Units agree as follows:

- (1) To allow the Board of Directors, or the agents or employees of any Management Firm or the Association, to enter into any Unit for the purpose of the maintenance, inspection, repair, replacement of the improvements within the Units, Limited Common Elements, or the Common Elements, to determine in case of emergency, circumstances threatening Units,

Limited Common Elements, or the Common Elements, or to determine compliance with the provisions of this Declaration and the Bylaws.

- (2) To show signs, advertisements, or notices of any type on the Common Elements, Limited Common Elements, or his Unit, and to erect no exterior antenna or aerials, except as consented to by the Board of Directors of the Association.

Section 6.05 is amended to say:

In the event the Owner of a Unit fails to maintain the said Unit and Limited Common Elements, as required herein, or makes any alterations or additions without the required written consent, or otherwise violates or threatens to violate the provisions hereof, the Association, shall have the right to proceed in a court of equity for an injunction to seek compliance with the provisions hereof. In lieu thereof and in addition thereto, the Association shall have the right to levy an assessment against the Owner of a Unit, and the Unit, for such necessary sums to remove any unauthorized addition or alteration and to restore the property to good condition and repair.

Said assessment shall have the same force and affect as all other special assessments. The Association shall have the further right to have its employees or agents, or any contractors appointed by it, enter a Unit at all reasonable times to do such work as it deemed necessary by the Board of Directors of the Association, to enforce compliance with the provisions hereof.

Section 7.01 is amended to say:

The Association shall purchase and maintain policies of property, liability, flood, Directors/Officers and other insurance and fidelity bond coverage in accordance with the recommendations of the Association. Property coverage shall cover from the studs out and each owner shall be responsible for coverage walls in as well as personal property and fixtures inside the unit.

Section 7.08 (3) (b) is amended to say:

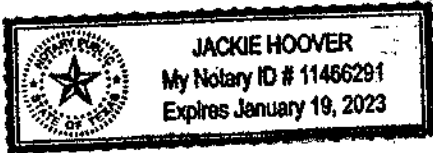
If less than the entire Project is taken by power of eminent domain, the Condominium Regime shall not terminate, but shall continue. If Any partial taking results in the taking of an entire Unit, the Owner thereof shall cease to be a Member of the Association. The Association shall reallocate the voting rights and the undivided interest in the common Elements appertaining to such Unit or Units in accordance with the provisions of the Condominium Act.

[THE REMAINDER OF THIS IS PAGE INTENTIONALLY BLANK]

Executed by:

*Joseph Takacs*  
Captains Cove Resort Assoc. Inc.  
Joseph Takacs, President

TO CERTIFY WHICH WITNESS MY HAND AND SEAL OF OFFICE this the 13<sup>th</sup> day of  
January, 2021.

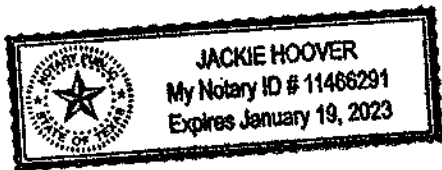


*Jackie Hoover*  
Notary Public in and for the State of Texas

My Commission Expires: January 19, 2023

*Joseph Takacs*  
TOWB, LLC  
Joseph Takacs, President

TO CERTIFY WHICH WITNESS MY HAND AND SEAL OF OFFICE this the 13  
day of January, 2021.



*Jackie Hoover*  
Notary Public in and for the State of Texas

My Commission Expires: January 19, 2023

**First Amendment to  
Bylaws of Captains Cove Resort Association  
A Texas Non-Profit Corporation**

On December 10, 2020, the Members of Captains Cove Resort Association met and voted to amend the Bylaws by a majority of a quorum of Members, Pursuant to Section 11.01 of the Bylaws, and hereby amends the Bylaws as follows:

Section 2.10 shall be amended as follows:

“Unit Owner” or “Owner” means the same as ‘co-owner’ in the Condominium Act, and is the person who owns a Unit and a Percentage Interest of the common Elements within this Condominium Project, but does not include a person having an interest in a Unit solely as security for an obligation.

Section 3.01 shall be amended as follows:

The Members of this Association are the Unit Owners within this Condominium Project.

Section 3.02 shall be amended as follows:

Membership shall be automatic with the acceptance of title of a Unit. If a Unit is owned by more than one person, then all such owners shall be Members eligible to hold office, and attend meetings, etc.

Section 3.03 shall be amended as follows:

Membership in this Association may be transferred only upon the transfer of ownership of a Unit.

Section 3.04 shall be amended as follows:

Membership in this Association is automatically terminated upon transfer of ownership of a Unit. There is no other type of termination.

Section 3.05 shall be amended as follows:

No Member may resign his membership in this Association, the same being coupled with his ownership of a Unit.

Section 3.06 shall be amended as follows:

Each Unit shall be entitled to cast one vote.

If a Unit is owned by more than one person, the votes of that Unit shall be cast by the “voting member” designated by the owners of the Unit.

If the ownership of a Unit is vested in a corporation, the corporation may designate an individual officer or employee of the corporation as its “voting

member.”

The Association shall have no vote for any Unit conveyed to it.

Section 3.07 shall be amended as follows:

If a Unit is owned by one person, his right to vote shall be established by the recorded deed to the Unit.

If a Unit is owned by more than one person, all record owners of the Unit shall sign and file with the Secretary of the Association a certificate designating the voter member entitled to cast the votes for the Unit.

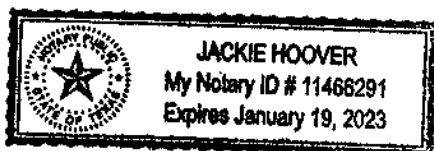
If a certificate of multiple owners or a corporate owner is not filed with the Secretary of the Association, the votes of those Units shall not be considered in determining quorum requirements. Such certificates shall be void until revoked or replaced by such owner(s).

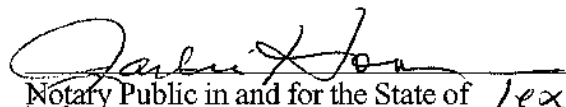
If a Unit is owned by husband and wife, then (a) they may designate a voting member; (b) if no voting member is designated and if both are present at a meeting of the Members and are unable to agree on an issue under consideration, the votes allocated to their Unit shall not be counted on that issue; and (c) where no voting member is designated, and one of them is absent from the meeting of the Members, then the one present shall be entitled to cast the votes of their Unit or Unit Week.

Executed by:

  
\_\_\_\_\_  
Captains Cove Resort Assoc. Inc.  
Joseph Takacs, President

TO CERTIFY WHICH WITNESS MY HAND AND SEAL OF OFFICE this the 13<sup>th</sup> day of  
January, 2021.



  
Notary Public in and for the State of Texas

My Commission Expires: January 19, 2023

## FILED AND RECORDED

Instrument Number: 2021002804

Recording Fee: 50.00

Number Of Pages:8

Filing and Recording Date: 01/13/2021 2:16PM

I hereby certify that this instrument was FILED on the date and time stamped hereon and RECORDED in the OFFICIAL PUBLIC RECORDS of Galveston County, Texas.



A handwritten signature in black ink that reads "Dwight D. Sullivan". The signature is written in a cursive style and is positioned above a horizontal line.

Dwight D. Sullivan, County Clerk  
Galveston County, Texas

**DO NOT DESTROY** - *Warning, this document is part of the Official Public Record.*



**BYLAWS OF**  
**CAPTAIN'S COVE RESORT ASSOCIATION**  
**A TEXAS NON-PROFIT CORPORATION**

Captain's Cove Resort Association is a Texas non—profit corporation having as its primary function the administration of the Condominium Regime of Captain's Cove Resort, a Condominium, in accordance with the "Declaration Establishing a Condominium Regime, Covenants, Conditions and Restrictions," ("the Declaration") recorded or to be recorded in the Condominium Records of Galveston County, Texas, which is located at 7600 Seawall Boulevard, Galveston, Texas; and in particular to serve all of the functions of the "Council of Co—Owners" provided for in the Texas Condominium Act (Article 1301a, Revised Civil Statutes of the State of Texas).

**ARTICLE I**  
**NAME AND OFFICES**

- 1.01 Until the Board of Directors otherwise determine, the registered office of Captain's Cove Resort Association required by the Texas Non—Profit Corporation Act to be maintained in the State of Texas, shall be 7600 Seawall Boulevard, Galveston, Texas 77551, but such registered office may be changed from time to time by the Board of Directors in the manner provided by law and need not be identical to the principal office of the corporation. Meetings of members and directors may be held at such places within the State of Texas, County of Galveston, as may be designated by the Board of Directors.

**ARTICLE II**  
**DEFINITIONS**

- 2.01 "Association" shall mean and refer to Captain's Cove Resort Association, a Texas non—profit corporation, its successors, and assigns.
- 2.02 The "property" shall mean and refer to that certain real property situated in Galveston, Galveston County, Texas, for Captain's Cove Resort, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.
- 2.03 "Common Elements," mean the portions of the condominium Project, except the Units and the areas owned by the Developer and consists of the General Common Elements and the Limited Common Elements.

- 2.04 “Developer” means the person named hereinabove who undertakes to develop the Condominium Project referred to herein.
- 2.05 “Management Agreement” means and refers to that agreement between the Association and the Management Firm, a copy of which agreement is attached hereto (to the Declaration) as Exhibit “F”.
- 2.06 “Management Firm” means and refers to the entity identified as the Manager in the Management Agreement.
- 2.07 “Member” means the Unit Owner as a member of the Association.
- 2.08 “Unit Owner” or “Owner” means the same as ‘co-owner’ in the Condominium Act and is the person who owns a Unit and a Percentage Interest of the Common Elements within this Condominium Project but does not include a person having an interest in a Unit solely as security for an obligation.
- 2.09 “Declaration” shall mean and refer to the Master Declaration for Captain's Cove Resort, as recorded in the Official Public Records of Real Property of Galveston County, Texas. The terms and provisions of the Declaration are deemed incorporated herein in their entirety, as if fully set forth herein, and made a part hereof for all purposes. If any provision of these Bylaws shall conflict or be inconsistent with the terms of the Declaration, the terms of the Declaration shall control.

### ARTICLE III MEMBERS

- 3.01 Members. The Members of this Association are the Unit Owners within this Condominium Project.
- 3.02 Membership. Membership shall be automatic with the acceptance of title of a Unit. If a Unit is owned by more than one person, then all such owners shall be Members eligible to hold office, and attend meetings, etc.
- 3.03 Transfer of Membership. Membership in this Association may be transferred only upon the transfer of ownership of a Unit.
- 3.04 Termination of Membership. Membership in this Association is automatically terminated upon transfer of ownership of a Unit. There is no other type of termination.
- 3.05 Resignation. No Member may resign his membership in this Association, the same being coupled with his ownership of a Unit.

3.06 Voting Rights. Each Unit shall be entitled to cast one vote.

If a Unit is owned by more than one person, the votes of that Unit shall be cast by the "voting member" designated by the owners of the Unit.

If the ownership of a Unit is vested in a corporation, the corporation may designate an individual officer or employee of the corporation as its "voting member."

The Association shall have no vote for any Unit conveyed to it.

3.07 Voting Members. If a Unit is owned by one person, his right to vote shall be established by the recorded deed to the Unit.

If a Unit is owned by more than one person, all record owners of the Unit shall sign and file with the Secretary of the Association a certificate designating the voting member entitled to cast the votes for the Unit.

If a certificate of multiple owners or a corporate owner is not filed with the Secretary of the Association, the votes of those Units shall not be considered in determining quorum requirements. Such certificates shall be void until revoked or replaced by such owner(s).

If a Unit is owned by husband and wife then (a) they may designate a voting member; (b) if no voting member is designated and if both are present at a meeting of the Members and are unable to agree on an issue under consideration, the votes allocated to their Unit shall not be counted on that Issue; and (c) where no voting member is designated, and one of them is absent from the meeting of the Members, then the one present shall be entitled to cast votes of their Unit.

#### ARTICLE IV MEETINGS OF MEMBERS

4.01 Annual Meeting. An annual meeting of the Members shall be held in the month of April in each year, at a date, time, and place to be determined by the Board of Directors, for the purpose of electing officers and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Texas, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as conveniently may be.

4.02 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days but not more than

fifty (50) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association, for the purpose of notice. Such notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting including the general nature of any proposed amendment to the Declaration or Bylaws. The business of the annual meeting shall include receiving annual reports of officers, directors, and committees, electing directors for those terms expiring, and any other business properly before the meeting.

4.03 Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, fifty percent (50%) of the total votes (51) of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

4.04 Special Meetings. Special meetings may be called by the president or upon written request of a majority of the Board of Directors, or upon written request of the Members who are entitled to vote one third (1/3) of all the votes of the Members, to transact and consider specific items of business. Notice for any special meeting shall be given in the same manner as for the annual meeting. No business other than specified in the notice shall be transacted at any special meeting of the Members.

4.05 Proxies. At all meetings of Members, each Member may vote in person or by proxy. A proxy shall be in writing and revocable at the pleasure of the Member executing it. The duration of any proxy shall be eleven (11) months from its execution unless the proxy shall contain specific instructions to the contrary.

4.06 Decisions of Members. A majority of the votes cast at a meeting of the members shall be the decision of the Members, unless the Condominium Act, the Declaration, the Articles of Incorporation, or these Bylaws provide otherwise.

4.07 Management Firm. During the term of any Management Agreement, the Management Firm shall be entitled to notice of all meetings of the Members and be entitled to have representatives attend such meetings.

4.08 Nomination and Election of Directors. The nomination for election to the Board of Directors shall be made from the floor at the annual meeting. Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. Election shall be by plurality vote.

ARTICLE V  
BOARD OF DIRECTORS

5.01 General Powers. The affairs of the Association shall be managed by its Board of Directors in accordance with the duties and responsibilities imposed upon the Council of Co—owners under Article 1301a of the Revised Civil Statutes of Texas (the Condominium Act), the Declaration, the Articles of Incorporation of this Association, all of which are incorporated herein by reference for all purposes, and these Bylaws.

5.02 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not by law or by the Condominium Act, the Declaration, the Articles of Incorporation, or these Bylaws, directed to be exercised and done by Unit Owners. Specifically, but not by way of limitation, the Board of Directors may:

- 1) Exercise all powers of the Association set forth in the Declaration, the Articles of Incorporation, these Bylaws, and the Condominium Act, and all powers incidental thereto.
- 2) Make, determine, and collect assessments and maintenance fees; use and expend the assessments and maintenance fees to carry out the purposes and powers of the Association.
- 3) Employ, direct, and control the personnel necessary for the maintenance and operation of the Condominium Regime, and the Common Elements and facilities, including the right and power to employ attorneys, accountants, contractors, and other professionals.
- 4) Make and amend regulations respecting the use and operation of the Common Elements and Association Property, and the Units.
- 5) Contract for the management of the Condominium Regime and the Common Elements.
- 6) Make improvements of the Association property, both real and personal; purchase items of furniture, furnishings, fixtures, and equipment.

5.03 Number, Tenure, and Qualifications. The Board of Directors shall consist of three (3) persons, but the number of directors may be increased from time to time by amendment to the Bylaws of the corporation; provided, however, that the number of directors shall never be less than three. Until the election of directors at the first annual meeting of the Members, the initial Board of Directors shall so serve. Each director shall hold office until the next annual meeting of the Members and his successor shall have been elected and qualified. All directors, except those designated by the Developer, shall be Members. All officers of a corporate owner shall be deemed to be Members of the Association for the limited purpose of being qualified to serve as a director herein. No Member shall continue to serve as a director should the Member be more than thirty (30) days delinquent of the payment of any assessment or maintenance fee. Such a

delinquency shall automatically constitute a resignation, effective upon acceptance by the Board of Directors.

5.04 Election and Term. The directors shall be elected by the Members at the annual meeting of the Members, or at a special meeting of the Members held in lieu of the annual meeting, if the same is not held when provided for by these Bylaws, and each such director shall hold office, unless removed in accordance with the provisions of these Bylaws or he resigns, for a term of three (3) years and until his successor shall have been elected and qualified. Each director shall qualify by accepting his election to office either expressly or by acting as a director.

At the election where the Developer will not control the Board, there will be an election for three (3) directors and staggered terms will be instituted. The Director with the greatest number of votes shall be elected to a three (3) year term. The Director with the second greatest number of votes will be elected to a two (2) year term and the third director shall be elected to a one (1) year term. Each year thereafter there shall be an election for one (1) director which term shall be for three (3) years.

5.05 Resignation. Any director or officer of the association may resign at any time by providing the secretary of the Association with written notice of his resignation.

5.06 Vacancy and Increase. Any vacancy or vacancies occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office and until his successor shall have been elected and qualified. In case of any increase in the number of directors, the additional director or directors shall be elected at either an annual meeting or a special meeting of the Members called for that purpose.

5.07 Regular Meetings. A regular annual meeting of Board of Directors shall be held without notice other than this Bylaw, immediately after, and at the same place, as the annual meeting of Members. The Board of Directors may provide by resolution the time and place within Galveston County, Texas, for the holding of additional regular meetings of the Board of Directors.

5.08 Notice and Waiver. Notice of all regular (other than regular annual meetings) and special meetings of the Board of Directors shall be given at least three (3) days previously thereto by written notice delivered personally or sent by mail or telegram to each director at his address as shown by the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to telegraph company. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to

be transacted at the meeting need not be specified in the notice of such meeting, unless specifically required by law or by these Bylaws.

5.09 Quorum. A majority of the Board of Directors shall constitute quorum for the transaction of business at any meeting of the Board of Directors; but if less than a majority of the directors are present at said meeting, a majority of the directors' present may adjourn the meeting from time to time without further notice. The joinder of a director in the action of a meeting by signing a consent concurring in the minutes thereof shall constitute the presence of such director at such meeting.

5.10 Manner of Acting. The act of a majority of the directors' present at a Board of Directors meeting, at which a quorum is present, shall be the act of the Board of Directors, unless the act of a greater number is required by law or these Bylaws.

5.11 Removal. At any time after the directors are elected by the Members, as distinguished from the appointment of directors by the Developer, any director may be removed from office, with or without cause, by the affirmative vote of two-thirds (2/3) of the Members at a duly called meeting of the Members, and a successor may then be elected by the Members to fill that vacancy. If the Members do not elect a successor director, then the Board of Directors may fill the vacancy as provided for in these Bylaws.

5.12 Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

5.13 Management Firm. In the event the Association enters into a contract with a Management Firm, then for as long as such contract is in effect, the Management Firm shall be provided notice of all meetings of the Board of Directors, shall be entitled to attend such meetings, and it may designate its representative(s) to attend such meetings on its behalf.

5.14 Special meetings. Special meetings may be called by the president or upon written request of a majority of the Board of Directors to transact and consider specific items of business. No business other than specified in the notice shall be transacted at any special meeting of directors unless all directors shall be present.

5.15 Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could have taken at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

## ARTICLE VI OFFICERS

6.01 Officers. The officers of the Association shall be a president, vice president, secretary, assistant secretary, and treasurer, and such other officers as the Board of Directors may from time to time by resolution create.

6.02 Election and Term of Office. At its annual meeting, the Board of Directors shall elect persons to fill all offices for a term of one (1) year or until the next meeting. Officers (other than the Developer) shall be members of the Association. The same person may hold two (2) or more offices simultaneously.

6.03 Duties of Officers. The duties and powers of the respective officers shall be as follows:

President. The president shall be the chief executive officer of the Association and shall be empowered to: (a) preside at all meetings of the Board of Directors, but shall not vote unless also elected as a director; (b) execute all documents on behalf of the Association, including amendments to the Declaration; (c) review monthly reports by legal counsel, CPA or trust institution certifying conveyances to the Association by the Developer; (d) review reports of the Association and of any Management Firm engaged by the Board of Directors; (e) call meetings of Board of Directors at his discretion; and (f) supervise all affairs of the Association.

Vice President. The vice president shall perform the duties of the president in the event of the death, extended absence, or extended inability to act as the president. Extended absence or extended inability shall mean continuation of the condition for more than thirty (30) days.

Secretary. The secretary shall be empowered to: (a) give notice of meetings to the Board of Directors and Members as required by these Bylaws; (b) attend all meetings of Members and record minutes of all transactions; (c) maintain all Association records including a list of Members in good standing and review the performance of this function by management engaged by the Board of Directors; (d) attest to all documents; and (e) retain and apply the Association seal as appropriate.

Assistant Secretary. The assistant secretary shall be empowered to perform the duties of the secretary in the event of the death, extended absence, or extended inability of the secretary to act. The assistant secretary shall attest to documents executed by the president or treasurer at their convenience.

Treasurer. The treasurer shall be empowered to: (a) maintain all monies, accounts, and bookkeeping records or supervise the performance of this function by management engaged by the Board of Directors; (b) report on the financial condition of the Association at the annual meeting of Members; (c) review the Association expenses and recommend modifications to the annual use fee as required; (d) conduct the



financial affairs of the Association under the direction and control of the Board of Directors; and (e) turn over all monies, property, and records to his successor promptly upon expiration of his term.

6.04 Bond of Officers. At the request of the Board of Directors, any officer shall provide at the Association expense a bond in a reasonable amount to insure the faithful discharge of his obligations as an officer.

6.05 Removal. Any officer elected or appointed by the Board of Directors may be removed by the vote of a majority in number of the Board of Directors whenever in its judgment the best interest of the Association would be served thereby.

6.06 Vacancies. A vacancy in any office, because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

## ARTICLE VII COMMITTEES

7.01 Committees. Committees not having and exercising authority of the Board of Directors in the management of the Association may be designated by a resolution adopted by the Board of Directors. Except as otherwise provided in such resolution, members of such committee shall be members of the Association, and the president shall appoint the members thereof. Any committee member may be removed by the Board of Directors whenever in its judgment the best interest of the Association shall be served thereby.

7.02 Term of Office. Each committee member shall continue as such until the next annual meeting of the Members of the Association and until his successor is appointed, unless the committee shall be sooner terminated by the Board of Directors, or unless such committee member be removed from such committee, or unless he shall cease to qualify.

7.03 Chairman. One member of each committee shall be appointed chairman by the president.

7.04 Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

7.05 Quorum. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the committee members present at the meeting at which a quorum is present shall be the act of the committee.

ARTICLE VIII  
CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

8.01 Contracts. The Board of Directors may authorize any officer or officers, agent, or agents of the Association, in addition to the officers so authorized by these Bylaws, 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. However, the provisions of any Management Agreement may delegate contracting functions to the Management Firm.

8.02 Checks, Drafts, or Orders for Payment. All checks, drafts, or orders for the payment of money, notes, or other evidence of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent, or agents of the Association, and in such manner as shall from time to time be determined by resolution of the Board of Directors. Such instruments shall be signed by the treasurer or an assistant treasurer and countersigned by the president or a vice—president of the Association.

8.03 Deposits. 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 of Directors may select.

8.04 Gifts. The Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes, or for any special purpose, of the Association.

ARTICLE IX  
ASSESSMENTS

9.01 Assessments and Maintenance Fees. As provided for in and subject to the limitations set forth in the Declaration, the Board of Directors shall determine the annual assessments and maintenance fees and give timely notice thereof to the Members.

9.02 Special Assessments. As provided in the Declaration the Board of Directors shall approve proposed special assessments, from time to time; submit notices thereof to the Members; and provided the Members do not reject the proposed special assessments, shall establish, and collect such special assessments.

9.03 Payment of Assessments and Maintenance Fees. The Board of Directors is specifically charged with the responsibility and authority to collect all assessments and maintenance fees on behalf of the Association. From time to time, the Board of Directors shall determine whether or not the assessments and/or maintenance fees shall be paid in installments as distinguished from a lump—sum amount.

9.04 Default in Payments. The Board of Directors may utilize all of the authority reserved to the Association in the Declaration and available to it under law or equity upon any default in payments.

9.05 Management Firm. Notwithstanding any provision herein to the contrary, the Board of Directors is authorized to delegate to a Management Firm such duties and authority of the Board of Directors in regard to determining and collecting assessments and/or maintenance fees as the Board of Directors may determine from time to time.

## ARTICLE X GENERAL PROVISIONS

10.01 Books and Records. The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Members and its Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of the Members entitled to vote. All books and records of the Association may be inspected by any member, his agent, or attorney for any proper purpose at any reasonable time.

10.02 Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the last day of December in each year. However, the Board of Directors may change the fiscal year from time to time.

10.03 Corporate Seal. The Board of Directors shall provide a corporate seal, which shall be in the form of a circle with the name of the Association contained therein.

10.04 Waiver of Notice. Whenever any notice is required to be given under the provisions of the Texas Non—profit Corporation Act, the Condominium Act, the Declaration, the Articles of Incorporation, or the Bylaws of the Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein shall be deemed equivalent to the giving of such notice.

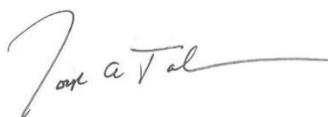
10.05 Laws and Statutes. Whenever used or appearing in these Bylaws, the word "law" or "laws" or "statute" or "statutes" respectively, shall mean and refer to laws and statutes, or a law or a statute, of the State of Texas, to the extent only such is or are expressly applicable, except where otherwise expressly stated or the context requires that such words not be so limited.

10.06 Headings. The headings of the articles and sections of these Bylaws are inserted for convenience of reference only and shall not be deemed to be a part thereof or used in the construction or interpretation thereof.

ARTICLE XI  
AMENDMENTS

10.01 Amendments. These Bylaws may be amended, repealed, or added to, or new Bylaws may be adopted, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

IN WITNESS WHEREOF, we, the Board of Directors of Captain's Cove Resort Association, have confirmed these bylaws 1<sup>st</sup> day of February 2021.



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President Captains Cove Association  
February 1, 2021

CERTIFICATE OF SECRETARY

The undersigned, Secretary of the Texas Non—profit Corporation known as Captain's Cove Resort Association, does hereby certify that the above and foregoing Bylaws were duly confirmed and reapproved by the Board of Directors of said Association on the 1<sup>st</sup> day of May 2021 and that they now constitute said Bylaws.

Signed this 1<sup>st</sup> day of February 2021.



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Secretary

END OF BYLAWS  
CAPTAINS COVE  
February 2021



ASPEN

ASPEN SPECIALTY INSURANCE COMPANY

# COMMERCIAL LIABILITY UMBRELLA DECLARATIONS

**Policy Number:** CIUUMC007736-00

<b>Aspen Specialty Insurance Company</b>	GIA Insurance Agency, LLC D/B/A: Galveston Insurance Associates PO Box 16767 Galveston, TX 77552
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NAMED INSURED: CAPTAIN'S COVE RESORT ASSOCIATION

MAILING ADDRESS: THE MVP SERVICE LLC; TOWB, LLC 7600 SEAWALL BLVD  
GALVESTON, TX 77551

POLICY PERIOD: FROM 6/24/2020 TO 6/24/2021 AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

**IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.**

LIMITS OF INSURANCE		
EACH OCCURRENCE LIMIT (LIABILITY COVERAGE)	\$ <u>\$5,000,000</u>	
PERSONAL & ADVERTISING INJURY LIMIT	\$ <u>\$5,000,000</u>	Any one person or organization
AGGREGATE LIMIT (LIABILITY COVERAGE) (except with respect to "covered autos")	\$ <u>\$5,000,000</u>	
OTHER: _____	\$ _____	
_____	\$ _____	

DESCRIPTION OF BUSINESS		
FORM OF BUSINESS:		
<input type="checkbox"/> INDIVIDUAL	<input type="checkbox"/> PARTNERSHIP	<input type="checkbox"/> JOINT VENTURE
<input type="checkbox"/> LIMITED LIABILITY COMPANY	<input checked="" type="checkbox"/> ORGANIZATION, INCLUDING A CORPORATION (BUT NOT INCLUDING A PARTNERSHIP, JOINT VENTURE OR LIMITED LIABILITY COMPANY)	
BUSINESS DESCRIPTION: <u>Condominium Association</u>		



<b>PREMIUM</b>			
Subject Premium of Employers Liability Coverage	\$ <u>Excluded</u>	x Umbrella Factor <u>      </u>	\$ <u>Excluded</u>
Subject Premium of Comm. Gen. Liab. Coverage	\$ <u>Included</u>	x Umbrella Factor <u>      </u>	\$ <u>Included</u>
Subject Premium of Commercial Auto Coverage	\$ <u>Excluded</u>	x Umbrella Factor <u>      </u>	\$ <u>Excluded</u>
Subject Premium of Other Coverages	\$ <u>      </u>	x Umbrella Factor <u>      </u>	\$ <u>      </u>
Other Premium	\$ <u>      </u>	x Umbrella Factor <u>      </u>	\$ <u>      </u>
Policy Premium			\$1,507.00
Policy Fee			\$100.00
Surplus Lines Tax			\$77.94
SLSO Service Fee			\$2.41
Total Premium and Fees:			\$1,687.35
PREMIUM SHOWN IS PAYABLE:	AT INCEPTION		\$ <u>\$1,687.35</u>
	AT EACH ANNIVERSARY		\$ <u>      </u>
(IF POLICY PERIOD IS MORE THAN ONE YEAR AND PREMIUM IS PAID IN ANNUAL INSTALLMENTS)			
AUDIT PERIOD (IF APPLICABLE) Non-Auditale	<input type="checkbox"/> ANNUALLY	<input type="checkbox"/> SEMI-ANNUALLY	<input type="checkbox"/> QUARTERLY
	<input type="checkbox"/> MONTHLY		

<b>ENDORSEMENTS</b>
<b>ENDORSEMENTS ATTACHED TO THIS POLICY:</b>
<p>CIU0100TX (10/12) Surplus Lines Statement; ASIC CIU CP 019 (07/13) Special Activity Exclusion; ASIC CIU UM 001 (10/12) Commercial Liability Umbrella Coverage Form; CU0109 (09/00) Condominiums; IL0017 (11/98) Common Policy Conditions; CU2608 (05/03) Texas Changes - Condomiums; CU0155 (06/06) Texas Changes; CU2104 (03/05) Exclusion - New Entities; TRIA Disclosure (09/12) Policyholder Disclosure Notice of Terrorism Insurance Coverage And Cap On Losses; ASIC CIU IL 005 (10/12) Service of Suit Clause; CU2105 (09/00) Exclusion - Employees as Insureds; CU0003 (03/05) Exclusion - Violation of Statutes that Govern E-mails, Fax, Phone Calls or Other Methods of Sending Material or Information; CU0004 (05/09) Recording and Distribution of Material or Information in Violation of Law Exclusion; ASIC CIU UM 004 (10/12) Revised Coverage Provisions Endorsement; ASIC CIU UM 003 (10/12) Exclusion - Communicable Disease; ASIC CIU IL 007 (10/12) Texas Important Notice; ASIC CIU IL 006 (10/12) Texas Guaranty Fund Nonparticipation Notice; CU2430 (03/05) Amendment of Insured Contract Definition; CU2403 (09/00) Waiver of Transfer of Rights of Recovery Against Others to US; CU2150 (03/05) Silica or Silica-Related Dust Exclusion; CU2142 (12/04) Exclusion - Exterior Insulation and Finish Systems; CU2123 (02/02) Nuclear Energy Liability Exclusion Endorsement; CU2118 (09/00) Exclusion - Year 2000 Computer-Related and Other Electronic Problems; ASIC CIU UM 005 (03/13) Condominium / Homeowners Association Directors and Officers / Employment Practices Liability Limitation Endorsement; ASIC CIU IL 018 (11/13) Nuclear, Biological or Chemical Terrorism Exclusion; ASIC CIU IL 019 (01/15) Terrorism Exclusion;</p>

<b>RETAINED LIMIT</b>	
<b>1. SELF-INSURED RETENTION</b>	\$ <u>0.00</u>
<b>2. SCHEDULE OF UNDERLYING INSURANCE</b>	
<b>Employers' Liability</b>	
Company: <u>Not covered</u>	
Policy Number: _____	
Policy Period: _____	
Minimum Applicable Limits	
Bodily injury by accident	\$ _____ Each Accident
Bodily injury by disease	\$ _____ Each Employee
Bodily injury by disease	\$ _____ Policy Limit
	or
	\$ _____ Each Accident/Occurrence
<b>Commercial General Liability</b>	
	<input checked="" type="checkbox"/> Occurrence
	<input type="checkbox"/> Claims-Made
Company: <u>Aspen Specialty Insurance Company</u>	
Policy Number: <u>CIUCAP007736-00</u>	
Policy Period: <u>6/24/2020 - 6/24/2021</u>	
Minimum Applicable Limits	
General Aggregate	\$ <u>2,000,000</u>
Products-Completed Operations Aggregate	\$ <u>2,000,000</u>
Personal And Advertising Injury	\$ <u>1,000,000</u>
Each Occurrence	\$ <u>1,000,000</u>
Hired Auto & Non Owned Auto Liability	\$ <u>1,000,000</u>
<b>Commercial Auto Liability</b>	
Company: <u>Not covered</u>	
Policy Number: _____	
Policy Period: _____	
Minimum Applicable Limits	
Garage Aggregate Limit For Other Than Autos (if applicable)	\$ _____
Each Accident	\$ _____
<b>Directors &amp; Officers / EPLI Liability</b>	
	<input type="checkbox"/> Occurrence
	<input type="checkbox"/> Claims-Made
Company: <u>Not covered</u>	
Policy Number: _____	
Policy Period: _____	
Minimum Applicable Limits	
_____	\$ _____
_____	\$ _____
_____	_____



**Liquor Liability**Company: Not covered

Policy Number: \_\_\_\_\_

Policy Period: \_\_\_\_\_

## Minimum Applicable Limits

Each Common Cause \$ \_\_\_\_\_

Aggregate \$ \_\_\_\_\_

**Employee Benefits Liability**Company: Aspen Specialty Insurance CompanyPolicy Number: CIUCAP007736-00Policy Period: 6/24/2020 - 6/24/2021

## Minimum Applicable Limits

Each Employee \$ 1,000,000Aggregate \$ 1,000,000



THESE DECLARATIONS, TOGETHER WITH THE COMMON P  
FORM(S) AND ANY ENDORSEMENT(S), COMPLETE THE ABOVE I

VERAGE

Countersigned: 3/22/2021	By:
(Date)	




**NOTE**

OFFICERS' FACSIMILE SIGNATURES MAY BE INSERTED HERE, ON THE POLICY COVER OR ELSEWHERE AT THE COMPANY'S OPTION.

**POLICY LOCATION SCHEDULE**

**Policy Number:** CIUUMC007736-00

**Policy Period:** 6/24/2020

**To:** 6/24/2021

**Named Insured:** CAPTAIN'S COVE RESORT ASSOCIATION

LOCATIONS OF ALL PREMISES YOU OWN, RENT, OR OCCUPY

<b>Bldg #</b>	<b>Address</b>	<b>Building Name</b>	<b>Building Desc.</b>	<b>City</b>	<b>State</b>	<b>Zip</b>
1	7600 SEAWALL BLVD	BUILDING #1	Residential Building	GALVESTON	TX	77551
2	7600 SEAWALL BLVD	BUILDING #1 SIGN	Outdoor Sign	GALVESTON	TX	77551
3	7600 SEAWALL BLVD	SWIMMING POOL	Pool	GALVESTON	TX	77551
4	7600 SEAWALL BLVD	BUILDING #3 WEST RIGHT	Residential Building	GALVESTON	TX	77551
5	7600 SEAWALL BLVD	POOL HOUSE	Clubhouse	GALVESTON	TX	77551
6	7600 SEAWALL BLVD	BUILDING #2	Residential Building	GALVESTON	TX	77551





# COMMUNITY ASSOCIATION EXECUTIVE ADVANTAGE POLICY

## DECLARATIONS

**NOTICE: THIS IS A CLAIMS-MADE POLICY. THIS POLICY COVERS ONLY CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR DISCOVERY PERIOD, IF APPLICABLE, AND REPORTED TO THE INSURER AS SOON AS PRACTICABLE BUT IN NO EVENT LATER THAN 90 DAYS AFTER THE END OF THE POLICY PERIOD. PLEASE READ THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.**

**UNLESS AMENDED BY ENDORSEMENT, AMOUNTS INCURRED AS DEFENSE COSTS SHALL BE IN ADDITION TO THE LIMIT OF LIABILITY AND SHALL NOT BE APPLIED AGAINST THE APPLICABLE RETENTION.**

**THE INSURER HAS THE DUTY TO DEFEND.**

**POLICY NUMBER:** PCAP011697-0318

**PRODUCER:** GIG Insurance Group, Inc.

**RENEWAL OF:** PCAP011697-0218

**ITEM I. NAME AND ADDRESS OF PARENT ORGANIZATION:**

Physical:  
Inverness By The Sea dba Captains Cove Resort  
7600 Seawall Blvd  
Galveston, TX 77551

Mailing: ICS Management Company  
Inverness By The Sea dba Captains Cove Resort  
8866 Gulf Freeway Ste 430  
Houston, TX 77017

**ITEM II. POLICY PERIOD:** Inception Date: 08/25/20 Expiration Date: 08/25/2021  
(12:01 A.M. at the address set forth in Item I)

**ITEM III. LIMIT OF LIABILITY:** \$1,000,000 in the aggregate for the **Policy Year**

**ITEM IV. RETENTION:** \$2,500 in the aggregate each **Claim**

**ITEM V. PRIOR LITIGATION DATE:** 08/25/18

**ITEM VI. PREMIUM:** \$2,722.00 TRIA Premium: \$0.00

**ITEM VII. ENDORSEMENTS FORMING PART OF THIS POLICY AT ISSUANCE:**

TX.PCAP-PIBELL1-BELL. TX.PCAP-PICME1-CRISIS. TX.PCAP-PICAP020-ENHANCEI PCAP-PICYBE001-CYBER.  
PCAP-PICAPETS-OFAC. PCAP-PISLD001-TRIACAPLOSS PCAP-PICAP021-WAGEHOUR. PCAP-PI TERDN1-TRIANOTICE.  
URCAPARDE.

This Declarations page, together with the **Application**, the attached Community Association Policy Form, and all endorsements thereto, shall constitute the contract between the Insurer and the **Insureds**. This Policy is valid only if signed below by a duly authorized representative of the Insurer.

This policy has been signed by the Company's President and Secretary.

President

Secretary

Authorized Representative



A Stock Company  
 P.O. Box 33003  
 St. Petersburg, FL 33733-8003  
 Customer Service: 1-800-820-3242  
 Claims: 1-800-725-9472

FFL99.001 0519  
 7207958  
 3/21/21  
 2000 11523 FLD RCBP

**FLOOD DECLARATIONS PAGE**  
 AMENDED EFFECTIVE: 8/20/20

Policy Number	NFIP Policy Number	Product Type: Standard Policy
42 1150045445 11	1150045445	Residential Condominium Building Association Policy Form

Policy Period	Date of Issue	Agent Code	Prior Policy Number
From: 8/20/20 To: 8/20/21 12:01 am Standard Time	03/21/2021	0084467	42 1150045445 10

Agent (409)740-1251  
 GALVESTON INSURANCE ASSOCIATES  
 PO BOX 16767  
 GALVESTON TX 77552-6767

INVERNESS BY THE SEACAPTS COVE RST  
 7600 SEAWALL BLVD  
 GALVESTON TX 77551-1906

Property Location (if other than above) 7600 SEAWALL BLVD BLDG 1, GALVESTON TX 77551  
 Address may have been changed in accordance with USPS standards.

**Rating Information**

Original New Business Effective Date: 8/20/2001  
 Flood Risk/Rated Zone: C  
 Current Flood Zone: AO Grandfathered: Yes  
 Building Occupancy: Other Residential  
 Primary Residence: N  
 Condo Type: High Rise Number of Units: 17  
 Community #: 485469 Map Panel/Suffix: 0002 D  
 Community Rating: 06 / 10% Program Status: Regular  
 Community Name: GALVESTON, CITY OF  
 Replacement Cost Value: 3,630,000

Coverage	Deductible	Annual Premium
BUILDING	\$3,630,000	\$1,250
CONTENTS	\$100,000	\$1,250
		ANNUAL SUBTOTAL: \$5,700.00
		DEDUCTIBLE DISCOUNT/SURCHARGE: - \$14.00
		ICC PREMIUM: \$8.00
		COMMUNITY RATING DISCOUNT: - \$571.00
		SUB-TOTAL: \$5,123.00
		RESERVE FUND ASSESSMENT: \$922.00
		PROBATION SURCHARGE: \$0.00
		FEDERAL POLICY SERVICE FEE: \$800.00
		HFIAA SURCHARGE: \$250.00
		TOTAL WRITTEN PREMIUM AND FEES: \$7,095.00

**THIS IS NOT A BILL**

**DEAR MORTGAGEE**  
 The Reform Act of 1994 requires you to notify the WYO company for this policy within 60 days of any changes in the servicer of this loan.

The above message applies only when there is a mortgagee on the insured location.

Premium Paid by: Insured

**Special Provisions:**

This policy covers only one building. If you have more than one building on your property, please make sure they are all covered. See III. Property Covered within your Flood policy for the NFIP definition of "building" or contact your agent, broker, or insurance company. Please refer to the policy for complete terms, conditions, and exclusions. A full, digital copy of your flood policy form is available at [www.wrightflood.com/policyforms.html](http://www.wrightflood.com/policyforms.html). The form which applies to your policy coverage is: Residential Condominium Building Association Policy Form  
 No Additions and Extensions

**Forms and Endorsements:**

FFL 99.310 0120 0120 WFL 99.416 1117 1117 WFL 99.116 0614 0614

This policy is issued by NAIC company 11523  
 Wright National Flood Insurance Company A stock company  
 Copy Sent To: As indicated on back or additional pages, if any.

*Patricia Templeton-Jones*  
 Patricia Templeton-Jones, President

00844674211500454452108001

0000B

05192



Insured



A Stock Company  
 P.O. Box 33003  
 St. Petersburg, FL 33733-8003  
 Customer Service: 1-800-820-3242  
 Claims: 1-800-725-9472

FFL99.001 0519  
 7207952  
 3/21/21  
 2000 11523 FLD RCBP

**FLOOD DECLARATIONS PAGE**  
 AMENDED EFFECTIVE: 8/20/20

Policy Number	NFIP Policy Number	Product Type: Standard Policy
42 1150045443 11	1150045443	Residential Condominium Building Association Policy Form

Policy Period	Date of Issue	Agent Code	Prior Policy Number
From: 8/20/20 To: 8/20/21 12:01 am Standard Time	03/21/2021	0084467	42 1150045443 10

Agent (409)740-1251  
 GALVESTON INSURANCE ASSOCIATES  
 PO BOX 16767  
 GALVESTON TX 77552-6767

INVERNESS BY THE SEACAPTS COVE RST  
 7600 SEAWALL BLVD  
 GALVESTON TX 77551-1906

Property Location (if other than above) Address may have been changed in accordance with USPS standards.  
 7600 SEAWALL BLVD BLDG 3, GALVESTON TX 77551

**Rating Information**

Original New Business Effective Date: 8/20/2003  
 Flood Risk/Rated Zone: C  
 Current Flood Zone: AO Grandfathered: Yes  
 Building Occupancy: Other Residential  
 Primary Residence: N  
 Condo Type: High Rise Number of Units: 17  
 Community #: 485469 Map Panel/Suffix: 0002 D  
 Community Rating: 06 / 10% Program Status: Regular  
 Community Name: GALVESTON, CITY OF  
 Replacement Cost Value: 2,420,000

**Coverage Deductible Annual Premium**

BUILDING	\$2,420,000	\$1,250	\$3,971.00
CONTENTS	\$100,000	\$1,250	\$833.00
ANNUAL SUBTOTAL:			\$4,804.00
DEDUCTIBLE DISCOUNT/SURCHARGE:			- \$14.00
ICC PREMIUM:			\$8.00
COMMUNITY RATING DISCOUNT:			- \$481.00
SUB-TOTAL:			\$4,317.00
RESERVE FUND ASSESSMENT:			\$777.00
PROBATION SURCHARGE:			\$0.00
FEDERAL POLICY SERVICE FEE:			\$800.00
HFIAA SURCHARGE:			\$250.00
Premium Paid by: Insured	TOTAL WRITTEN PREMIUM AND FEES:		\$6,144.00

**Special Provisions:**

This policy covers only one building. If you have more than one building on your property, please make sure they are all covered. See III. Property Covered within your Flood policy for the NFIP definition of "building" or contact your agent, broker, or insurance company. Please refer to the policy for complete terms, conditions, and exclusions. A full, digital copy of your flood policy form is available at [www.wrightflood.com/policyforms.html](http://www.wrightflood.com/policyforms.html). The form which applies to your policy coverage is: Residential Condominium Building Association Policy Form  
 No Additions and Extensions

**Forms and Endorsements:**

FFL 99.310 0120 0120 WFL 99.416 1117 1117 WFL 99.116 0614 0614

This policy is issued by NAIC company 11523  
 Wright National Flood Insurance Company A stock company  
 Copy Sent To: As indicated on back or additional pages, if any.

*Patricia Templeton-Jones*  
 Patricia Templeton-Jones, President

00844674211500454432108001

00009

05190



Insured



A Stock Company  
 P.O. Box 33003  
 St. Petersburg, FL 33733-8003  
 Customer Service: 1-800-820-3242  
 Claims: 1-800-725-9472

FFL99.001 0519  
 7207953  
 3/21/21  
 2000 11523 FLD RCBP

**FLOOD DECLARATIONS PAGE**  
 AMENDED EFFECTIVE: 8/20/20

Policy Number	NFIP Policy Number	Product Type: Standard Policy
42 1150045444 11	1150045444	Residential Condominium Building Association Policy Form

Policy Period	Date of Issue	Agent Code	Prior Policy Number
From: 8/20/20 To: 8/20/21 12:01 am Standard Time	03/21/2021	0084467	42 1150045444 10

Agent (409)740-1251  
 GALVESTON INSURANCE ASSOCIATES  
 PO BOX 16767  
 GALVESTON TX 77552-6767

INVERNESS BY THE SEACAPTS COVE RST  
 7600 SEAWALL BLVD  
 GALVESTON TX 77551-1906

Property Location (if other than above) Address may have been changed in accordance with USPS standards.  
 7600 SEAWALL BLVD BLDG 2, GALVESTON TX 77551

**Rating Information**

Original New Business Effective Date: 8/20/2003  
 Flood Risk/Rated Zone: C  
 Current Flood Zone: AO Grandfathered: Yes  
 Building Occupancy: Other Residential  
 Primary Residence: N  
 Condo Type: High Rise Number of Units: 17  
 Community #: 485469 Map Panel/Suffix: 0002 D  
 Community Rating: 06 / 10% Program Status: Regular  
 Community Name: GALVESTON, CITY OF  
 Replacement Cost Value: 4,549,940

**Coverage**

Coverage	Deductible	Annual Premium	
BUILDING	\$4,250,000	\$1,250	\$5,326.00
CONTENTS	\$100,000	\$1,250	\$833.00

**THIS IS NOT A BILL**

**DEAR MORTGAGEE**  
 The Reform Act of 1994 requires you to notify the WYO company for this policy within 60 days of any changes in the servicer of this loan.

The above message applies only when there is a mortgagee on the insured location.

ANNUAL SUBTOTAL:	\$6,159.00
DEDUCTIBLE DISCOUNT/SURCHARGE:	- \$14.00
ICC PREMIUM:	\$8.00
COMMUNITY RATING DISCOUNT:	- \$617.00
SUB-TOTAL:	\$5,536.00
RESERVE FUND ASSESSMENT:	\$996.00
PROBATION SURCHARGE:	\$0.00
FEDERAL POLICY SERVICE FEE:	\$800.00
HFIAA SURCHARGE:	\$250.00
<b>TOTAL WRITTEN PREMIUM AND FEES:</b>	<b>\$7,582.00</b>

Premium Paid by: Insured

**Special Provisions:**

This policy covers only one building. If you have more than one building on your property, please make sure they are all covered. See III. Property Covered within your Flood policy for the NFIP definition of "building" or contact your agent, broker, or insurance company. Please refer to the policy for complete terms, conditions, and exclusions. A full, digital copy of your flood policy form is available at [www.wrightflood.com/policyforms.html](http://www.wrightflood.com/policyforms.html). The form which applies to your policy coverage is: Residential Condominium Building Association Policy Form  
 No Additions and Extensions

**Forms and Endorsements:**

FFL 99.310 0120 0120 WFL 99.416 1117 1117 WFL 99.116 0614 0614

This policy is issued by NAIC company 11523  
 Wright National Flood Insurance Company A stock company  
 Copy Sent To: As indicated on back or additional pages, if any.

*Patricia Templeton-Jones*  
 Patricia Templeton-Jones, President

00844674211500454442108001

0000A

05191



Insured

42 1150045444 11

Agent (409)740-1251  
GALVESTON INSURANCE ASSOCIATES  
PO BOX 16767  
GALVESTON TX 77552-6767

The Residential Condominium Building Association Policy will not list a mortgagee for any individual unit owner on the declaration page due to National Flood Insurance Program guidelines. The *Mandatory Purchase of Flood Insurance Guidelines*, pages 45-51 provides additional information on this subject.

A mortgagee may be listed on the declaration page if the condominium association is required to obtain flood insurance as part of the security for a loan under the name of the condominium association. Please contact the agent for additional information.

Refer to [www.fema.gov/cost-of-flood](http://www.fema.gov/cost-of-flood) for more information about flood risk and policy rating.

Claims Information:

Please contact your agent or go to [www.wrightflood.com](http://www.wrightflood.com) to enter your claim as well as receive important information to mitigate the damage to your property. If you need to reach the insurance company the number is 1-800-725-9472.





ASPEN SPECIALTY INSURANCE COMPANY

COMMERCIAL PACKAGE POLICY DECLARATIONS PAGE

Policy Number: CIUCAP007736-00

Inception Date: 6/24/2020 Expiration Date: 6/24/2021 12:01 AM Standard Time at the address of the insured as stated herein.

Table with 2 columns: Named Insured and Address, Producing Agency Name and Address. Includes details for Captain's Cove Resort Association and GIA Insurance Agency, LLC.

This policy consists of the following coverage parts for which a premium is indicated. The premium may be subject to audit by the company.

Table with 2 columns: Coverage(s) Included in Policy, Premium. Lists coverages like Commercial Property, Commercial General Liability, and various fees.

In Return For The Payment Of The Premium, And Subject To All The Terms Of This Policy, We Agree With You To Provide The Insurance As Stated In This Policy. This Policy Supercedes Any Previous Policy Bearing The Same Number And Policy Period.

“SURPLUS LINES INSURERS’ POLICY RATES AND FORMS ARE NOT APPROVED BY ANY STATE REGULATORY AGENCY.”

Payment Method: This is an agency bill policy.

Premium payable at inception:

Countersigned this 24th day of June, 2020





ASPEN SPECIALTY INSURANCE COMPANY

POLICY LOCATION SCHEDULE

Policy Number: CIUCAP007736-00

Policy Period: 6/24/2020

To: 6/24/2021

Named Insured: CAPTAIN'S COVE RESORT ASSOCIATION

LOCATIONS OF ALL PREMISES YOU OWN, RENT, OR OCCUPY

Table with 7 columns: Bldg #, Address, Building Name, Building Desc., City, State, Zip. Contains 6 rows of data for buildings in Galveston, TX.



ASPEN

ASPEN SPECIALTY INSURANCE COMPANY

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS PAGE

Policy Number: CIUCAP007736-00

Policy Period: 6/24/2020

To: 6/24/2021

Named Insured: CAPTAIN'S COVE RESORT ASSOCIATION

COVERAGES PROVIDED AND DESCRIPTION OF PREMISES: INSURANCE AT THE DESCRIBED PREMISIS APPLIES ONLY FOR THE COVERAGES SHOWN BELOW.

<u>Description</u>	<u>Amount</u>
Covered Cause	Special
Valuation	Replacement Cost
Agreed Amount	Included
Guaranteed Replacement Cost (GRC)	Included
Deductible	\$5,000
Inflation Guard	0%
Terrorism	Excluded
<u>Optional Coverage:</u>	<u>Amount</u>
Earthquake and Volcanic Eruption Endorsement	Excluded
Underground Pipes, Flues, and Drains	Included
Discharge from Sewer, Drain or Sump (Not Flood Related)	\$250,000 Limit Per Association
Association Loss Assessment	\$250,000 Blanket Limit for the Association

### DESCRIBED PREMISES SCHEDULE

<b>Bldg #</b>	<b>Building Desc.</b>	<b>Coverage</b>	<b>Wind/Hail</b>	<b>Limit of Insurance</b>
1	BUILDING #1	Building	Excluded	\$3,402,596 *GRC
1	BUILDING #1	Personal Property	Excluded	\$360,000
2	BUILDING #1 SIGN	Building	Excluded	\$30,000 *GRC
3	SWIMMING POOL	Building	Excluded	\$30,000 *GRC
4	BUILDING #3 WEST RIGHT	Building	Excluded	\$2,307,772 *GRC
4	BUILDING #3 WEST RIGHT	Personal Property	Excluded	\$265,000
5	POOL HOUSE	Building	Excluded	\$36,517 *GRC
5	POOL HOUSE	Personal Property	Excluded	\$30,000
6	BUILDING #2	Building	Excluded	\$4,880,315 *GRC
6	BUILDING #2	Personal Property	Excluded	\$520,000

\* See Guaranteed Replacement Cost Endorsement ASIC CIU IL 026



**ASPEN SPECIALTY INSURANCE COMPANY**

**COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS PAGE**

<b>Policy Number:</b> CIUCAP007736-00	<b>Policy Period:</b> 6/24/2020	<b>To:</b> 6/24/2021
<b>Named Insured:</b> CAPTAIN'S COVE RESORT ASSOCIATION		

**LIMITS OF INSURANCE**

General Aggregate Limit (Other Than Products - Completed Operations)	\$2,000,000
Products - Completed Operations Aggregate Limit	\$2,000,000
Each Occurrence	\$1,000,000
Personal and Advertising Injury Limit	\$1,000,000
Hired / Non-Owned Auto Limit	\$1,000,000
Damages To Premises Rented to You Limit (Any One Premises)	\$50,000
Medical Payments Expense Limit (Any One Person)	\$5,000
Employee Benefits Liability (Any One Employee)	\$1,000,000
Employee Benefits Liability (Aggregate Limit)	\$1,000,000
Terrorism	Excluded

**BUSINESS DESCRIPTION AND LOCATION OF PREMISES**

Business Description: Condominium Association	
Location - See Location Schedule	
ENDORSEMENTS INCLUDED	
General Liability Extension Endorsement	Included

**PREMIUM**

<u>Code No.</u>	<u>Classification Description</u>	<u>Premium Basis</u>	<u>Exposure</u>
62003	Residential Condominium	Units	51
48925	Swimming Pool	Each	1
62000	Commercial Condo	Sq. Ft.	N/A
10105	Boat/Dock Facility	Flat	0
46671	Playground	Flat	1
44311	Fitness Center	Flat	1



**ASPEN SPECIALTY INSURANCE COMPANY**

**COMMERCIAL CRIME COVERAGE PART DECLARATIONS PAGE**

**Policy Number:** CIUCAP007736-00

**Policy Period:** 6/24/2020

**To:** 6/24/2021

**Named Insured:** CAPTAIN'S COVE RESORT ASSOCIATION

**COVERAGES, LIMITS OF INSURANCE AND DEDUCTIBLES**

Insuring Agreements, Limit of Insurance and Deductible Amounts shown below are subject to all of the terms of this policy that apply.

Blanket Limit Coverage		\$25,000
Employee Theft		Included in Blanket Limit
Deductible	\$1,000.00	
Forgery or Alteration		Included in Blanket Limit
Deductible	\$1,000.00	
Inside and Outside The Premises- Theft of Money & Securities		Included in Blanket Limit
Deductible	\$1,000.00	
Money Orders and Counterfeit Money		Included in Blanket Limit
Deductible	\$1,000.00	
Funds Transfer Fraud		Included in Blanket Limit
Deductible	\$1,000.00	
Computer Fraud		Included in Blanket Limit
Deductible	\$1,000.00	
Employee Benefit Plan Included as Insured under Employee Theft		No Coverage
Deductible	N/A	
Include Designated Agents as Employees-Accountant or Bookkeeper-Employee Theft		No Coverage
Deductible	N/A	

## POLICY FORMS DECLARATIONS

Form Number	Form Date	Form Description
ASPCO098	02/13	Signature Page
ASIC CIU CPP 001D	10/12	Commercial Package Policy Declarations Page
ASIC CIU IL 003	10/12	Policy Location Schedule
ASIC CIU CP 012D	10/12	Commercial Property Coverage Part Declarations Page
ASIC CIU GL 007D	10/12	Commercial General Liability Coverage Part Declarations Page
ASIC CIU CR 001D	01/16	Commercial Crime Coverage Part Declarations Page
CIU0100TX	10/12	Surplus Lines Statement
ASIC CIU IL 001	10/12	Minimum Earned Premium Endorsement
IL0003	09/08	Calculation of Premium
IL0017	11/98	Common Policy Conditions
ASIC CIU IL 005	10/12	Service of Suit Clause
ASIC CIU IL 007	10/12	Texas Important Notice
ASIC CIU IL 008	11/12	Texas Cancellation and NonRenewal
ASIC CIU IL 006	10/12	Texas Guaranty Fund Nonparticipation Notice
ASIC CIU IL 015	11/13	Nuclear, Biological Or Chemical Exclusion
TRIA Disclosure	09/12	Policyholder Disclosure Notice of Terrorism Insurance Coverage And Cap On Losses
ASIC CIU IL 016	11/13	Terrorism Exclusion
ASIC CIU CP 013	11/12	Condominium Association Coverage Form
CP1030	10/12	Causes of Loss - Special Form
CP0090	07/88	Commercial Property Conditions
CP0142	01/11	Texas Changes
ASIC CIU CP 015	11/12	Texas Changes Condominium Association Coverage Condominum Law Provisions
CP0163	10/05	Texas - Modified Limitations on Fungus, Wet Rot, Dry Rot, and Bacteria
CP1054	06/07	Windstorm or Hail Exclusion
CP0405	10/12	Ordinance or Law Coverage
CP0030	10/12	Business Income (and Extra Expense) Coverage Form
CP1440	06/07	Outdoor Signs
CP1410	06/95	Additional Covered Property
ASIC CIU CP 029	09/14	Additional Covered Property
IL0935	07/02	Exclusion of Certain Computer-Related Losses
IL0952	03/08	Cap on Losses From Certified Acts of Terrorism
ASIC CIU CP 007	10/12	Additional Property Coverage Endorsement
ASIC CIU CP 026	08/14	Original Specifications Endorsement
ASIC CIU CP 043	08/14	Discharge From Sewer, Drain Or Sump (Not Flood Related)
ASIC CIU IL 026	08/14	Guaranteed Replacement Cost Endorsement
ASIC CIU CP 002	10/12	Existing Damage Exclusion Endorsement
ASIC CIU CP 019	07/13	Special Activity Exclusion
CG0001	12/07	Commercial General Liability Coverage Form
CG0300	01/96	Deductible Liability Insurance
CG0103	06/06	Texas Changes
IL0168	09/08	Texas Changes - Duties

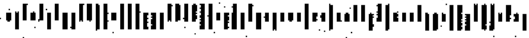
CG0435	12/07	Employee Benefits Liability
CG2639	12/07	Texas Changes - Employment-Related Practices Exclusion
CG2264	04/13	Pesticide or Herbicide Applicator Coverage
CG2004	11/85	Additional Insured - Condominium Unit Owners
CG0067	03/05	Exclusion - Violation of Statutes that Govern E-mails, Fax, Phone Calls or Other Methods of Sending Material or Information
CG2165	12/04	Exclusion – Total Pollution Exclusion With A Building Heating, Cooling, And Dehumidifying Equipment Exception And A Hostile Fire Exception
ASIC CIU GL 004	08/18	General Liability Coverage Extension Endorsement - Community Association
CG2160	09/98	Exclusion - Year 2000 Computer-Related And Other Electronic Problems
CG2167	12/04	Fungi or Bacteria Exclusion
CG2196	03/05	Silica or Silica Related Dust Exclusion
ASIC CIU IL 018	11/13	Nuclear, Biological or Chemical Terrorism Exclusion
CG2186	12/04	Exclusion - Exterior Insulation and Finish Systems
ASIC CIU IL 019	01/15	Terrorism Exclusion
CG2426	07/04	Amendment of Insured Contract Definition
ASIC CIU GL 002	10/12	Exclusion - Lead Paint
ASIC CIU GL 003	10/12	Exclusion - Asbestos
IL0021	09/08	Nuclear Energy Liability Exclusion Endorsement (Broad Form)
ASIC CIU GL 006	10/12	Hired and Non-Owned Auto Liability
CR0023	11/15	Commercial Crime Policy (Loss Sustained Form)
CR0247	10/10	Texas Changes
CR0199	10/10	Texas Changes - Legal Action Against Us
IL0171	09/07	Texas Changes - Loss Payment
IL0288	09/07	Texas Changes - Cancellation and Nonrenewal
CR2508	10/10	Include Specified Non-Compensated Officers
CR2506	10/10	Include Chairman and Member of Specified Committees
CR2502	10/10	Include Designated Agents as Employees



**TEXAS WINDSTORM  
INSURANCE ASSOCIATION**

P.O. Box 99090  
Austin, Texas 78709-9090

MDG2021 00000362 02



Inverness By The Sea-Captains Cove Resort  
7600 Seawall Blvd  
Galveston, TX 77551-1906





# Amended Commercial Declarations Page

Texas Windstorm Insurance Association

P.O. Box 99090 Austin, Texas 78709-9090

Policy Number: TWIA-000825317-03

Policy Period: Jun 24, 2020, to Jun 24, 2021

12:01 A.M. Standard Time at the property location

Amended Declarations Page Effective: March 19, 2021

**Name and Mailing Address of Insured:**

Inverness By The Sea-Captains Cove Resort  
7600 Seawall Blvd  
Galveston, TX 77551-1906

**Name and Mailing Address of Agent:**

Galveston Insurance Associates  
P.O. Box 16767  
Galveston, TX 77552-6767

**Early cancellation may result in approximately 25% of your premium being retained by Texas Windstorm Insurance Association.**

**This policy will be subject to an immediate surcharge if determined necessary by the Texas Insurance Commissioner. Failure to pay the surcharge will result in cancellation of the policy.**

**Insured :** Inverness By The Sea-Captains Cove Resort

**COVERAGES - Windstorm and Hail Only**

In consideration of the stipulations and conditions herein or added hereto which are made a part of this policy, and of the premiums provided, TWIA does insure the insured named above and legal representatives FROM the inception date shown above TO the expiration date shown above at 12:01 A.M. Standard Time at the location of property against direct loss resulting from the perils of Windstorm and Hail only which have a premium inserted opposite thereto and only on the property described and located as provided hereon.

Item No.	Coverage A/B	Property and Form Description	Coins %	Per Item / Per Occurrence %	Deductible Amt	Form Number	Limit of Liability	Premium
1	A	<p><b>Property Description: Condominium Association - Habitational</b></p> <p>7600 Seawall, Galveston, Galveston County, TX, 77551 Complex: Captain's Cove, Building: 1</p> <p><i>Underwriting Details:</i></p> <p>Stories: 4; Construction: Brick; Roof: Shingles, Asphalt</p> <p><i>Adjustment amounts included in the premium for each item:</i></p> <p>Increased Cost of Construction Coverage (Form #432) (25%) \$3,643.00</p> <p>Indirect Loss \$34,128.00</p> <p>Deductible 1% (\$1000 min.) \$10,921.00</p> <p><i>Item #1-A forms: 432 164 280 282</i></p>	80%	1%	\$34,026		\$3,402,596.00	\$26,850.00
1	B	<p><b>Description: Personal Property located at:</b></p> <p>7600 Seawall, Galveston, Galveston County, TX, 77551 Complex: Captain's Cove, Building: 1</p> <p><i>Underwriting Details:</i></p> <p>Stories: 4; Construction: Brick; Roof: Shingles, Asphalt</p> <p><i>Adjustment amounts included in the premium for each item:</i></p> <p>Deductible 1% (\$1000 min.) -\$542.00</p>	80%	1%	\$3,600		\$360,000.00	\$2,471.00

**Total Limit / Total Premium: \$10,789,368.00 \$79,532.00**

Pro rata Additional Surcharges: \$0.00

**Total Surcharges: \$0.00**

**Total Premium + Total Surcharges: \$79,532.00**

Original  
Part 1, Page 1 of 3

(This policy contains two parts. To be valid, both parts must be combined and the policy countersigned by the Texas Windstorm Insurance Association.)

**COVERAGES - Windstorm and Hail Only**

Attached to and forming part of Policy Number: TWIA-000825317-03

In consideration of the stipulations and conditions herein or added hereto which are made a part of this policy, and of the premiums provided, TWIA does insure the insured named above and legal representatives FROM the inception date shown above TO the expiration date shown above at 12:01 A.M. Standard Time at the location of property against direct loss resulting from the perils of Windstorm and Hail only which have a premium inserted opposite thereto and only on the property described and located as provided hereon.

Item No.	Coverage A/B	Property and Form Description	Coins %	Per Item / Per Occurrence Deductible %   Amt	Form Number	Limit of Liability	Premium
Item #1-B forms: 164							
2	A	<b>Property Description: Condominium Association - Habitational</b> 7600 Seawall, Galveston, Galveston County, TX, 77551 Complex: Captain's Cove, Building: 2 Underwriting Details: Stories: 4; Construction: Brick; Roof: Shingles, Wood Adjustment amounts included in the premium for each item: Increased Cost of Construction Coverage (Form #432) (25%) \$3,545.00 Indirect Loss \$37,188.00 Deductible 1% (\$1000 min.) \$12,644.00 Item #2-A forms: 432 164 280 282	Waived 1%	\$39,040		\$3,904,000.00	\$26,125.00
2	B	<b>Description: Personal Property located at:</b> 7600 Seawall, Galveston, Galveston County, TX, 77551 Complex: Captain's Cove, Building: 2 Underwriting Details: Stories: 4; Construction: Brick; Roof: Shingles, Wood Adjustment amounts included in the premium for each item: Deductible 1% (\$1000 min.) -\$1,001.00 Item #2-B forms: 164	80% 1%	\$5,200		\$520,000.00	\$3,351.00
3	A	<b>Property Description: Condominium Association - Habitational</b> 7600 Seawall, Galveston, Galveston County, TX, 77551 Complex: Captain's Cove, Building: 3 Underwriting Details: Stories: 4; Construction: Brick; Roof: Shingles, Asphalt Adjustment amounts included in the premium for each item: Increased Cost of Construction Coverage (Form #432) (25%) \$2,544.00 Indirect Loss \$23,147.00 Deductible 1% (\$1000 min.) -\$6,944.00 Item #3-A forms: 432 164 280 282	80% 1%	\$23,078		\$2,307,772.00	\$18,747.00
3	B	<b>Description: Personal Property located at:</b> 7600 Seawall, Galveston, Galveston County, TX, 77551 Complex: Captain's Cove, Building: 3 Underwriting Details: Stories: 4; Construction: Brick; Roof: Shingles, Asphalt Adjustment amounts included in the premium for each item: Deductible 1% (\$1000 min.) -\$377.00 Item #3-B forms: 164	80% 1%	\$2,650		\$265,000.00	\$1,841.00
4	A	<b>Property Description: Swimming Pool (In-ground)</b>	80% 1%	\$1,000		\$30,000.00	\$147.00



## Clarifying Language Regarding Mold, Fungi, and Other Microorganisms

Please read the following:

All Texas Windstorm Insurance Association (TWIA) policies issued after March 1, 2003 have a clarification added to the exclusion section of the policy. Please read the exclusion below, titled Mold Fungi, or Other Microorganisms. If you have questions relating to this clarification, please call your agent or TWIA at 1-800-788-8247.

This endorsement modifies insurance provided under each policy form listed below:

- TWIA Dwelling Policy
- TWIA Commercial Policy
- TWIA Texas Special Mobile Home Windstorm and Hail Insurance Policy

The following exclusion is added to each policy form as follows:

- Exclusion 9. to the TWIA Dwelling Policy,
- Exclusion 10. to the TWIA Commercial Policy,
- After the second paragraph of SECTION III - SPECIFIC COVERAGE CONDITIONS to the TWIA Texas Special Mobile Home Windstorm and Hail Insurance Policy.

### **Mold, Fungi, or Other Microorganisms:**

- a. Fungi or mold and other microorganisms when used in the policy or in this exclusion means the presence, growth, proliferation, spread or any activity of fungi or mold and other microorganisms.

This exclusion also applies to the cost:

- (1) To remove fungi or mold and other microorganisms from covered property covered under this Texas Windstorm Insurance Association policy.
  - (2) To tear out and replace any part of the building or other covered property as needed to gain access to the fungi or mold and other microorganisms; and
  - (3) Of testing of air or property to confirm the absence, presence or level of fungi or mold and other microorganisms;
- b. This exclusion applies unless the fungi or mold and other microorganisms are located upon the portion of covered property which must be repaired or replaced because of direct physical damage resulting from sudden and accidental wind or hail which would otherwise be covered under this policy. For purposes of this exclusion, sudden and accidental shall include a loss event that is hidden or concealed for a period of time until it is detectable. A hidden loss must be reported to us no later than 30 days after the date it was detected or should have been detected.
- c. However, the exception to the exclusion described in b. above does not include:
- (1) the cost to treat, contain, remove or dispose of the fungi or mold and other microorganisms beyond that which is required to repair or replace the covered property physically damaged by water;
  - (2) the cost of any testing of air or property to confirm the absence, presence or level of fungi, mold and other microorganisms whether performed prior to, during or after the removal, repair, restoration or replacement;
  - (3) the cost of any decontamination of the covered property covered under this Texas Windstorm Insurance Association policy;
  - (4) any increase in loss under this Texas Windstorm Insurance Association policy related to loss of use, debris removal, additional living expense, or diminution in value resulting from c. (1), (2), and (3).

**COVERAGES - Windstorm and Hail Only**

Attached to and forming part of Policy Number: TWIA-000825317-03

In consideration of the stipulations and conditions herein or added hereto which are made a part of this policy, and of the premiums provided, TWIA does insure the insured named above and legal representatives FROM the inception date shown above TO the expiration date shown above at 12:01 A.M. Standard Time at the location of property against direct loss resulting from the perils of Windstorm and Hail only which have a premium inserted opposite thereto and only on the property described and located as provided hereon.

Item No.	Coverage A/B	Property and Form Description	Coins %	Per Item / Per Occurrence Deductible %   Amt	Form Number	Limit of Liability	Premium
<p>7600 Seawall, Galveston, Galveston County, TX, 77551                      Complex: Captain's Cove</p> <p><i>Adjustment amounts included in the premium for each item:</i></p> <p>Increased Cost of Construction Coverage (Form #432) (25%)      \$20.00                      Deductible 1% (\$1000 min.)      -\$22.00</p> <p><i>Item #4-A forms: 432 164</i></p> <p style="text-align: center;">----- End of Items Schedule -----</p>							

(This policy contains two parts. To be valid, both parts must be combined and the policy countersigned by the Texas Windstorm Insurance Association.)

**TEXAS WINDSTORM INSURANCE ASSOCIATION**  
**Windstorm and Hail**

**Endorsement No. (TWIA) 164 – Replacement Cost Coverage –  
Coverage A (Building) and Coverage B (Business Personal Property)**

This endorsement applies only to those Items of Coverage for which this Endorsement No. (TWIA) 164 is scheduled on the Declarations page.

**Your Duties After Loss Condition 4.a.(5) is replaced by the following:**

4. Duties After Loss.

a. Your Duties After Loss.

- (5) You must keep an accurate record of repair expenses and proof of payment of any applicable Deductible. Upon completion of repairs or replacement, you may submit reasonable proof of repair expenses and payment of any applicable Deductible, including invoices, bills, statements, receipts, canceled checks, money order receipts, credit card statements, and a copy of an executed installment plan contract or other financing arrangement that requires full payment of the Deductible over time.

**Our Duties After Loss Condition 4.b.(2) is replaced by the following:**

4. Duties After Loss.

b. Our Duties After Loss.

- (2) Not later than the 60th day after the date we receive a claim or the 60th day after the date we receive information requested under Condition 4.b.(1), whichever is later, we shall provide you, in writing, notice of the amount of the loss we will pay, if any, and notice that:
- (i) we have accepted coverage for the claim in full;
  - (ii) we have accepted coverage for the claim in part and have denied coverage for the claim in part; or
  - (iii) we have denied coverage for the claim in full.

If we accept coverage for your claim under Coverage A (Building) or Coverage B (Business Personal Property) in full or part, our notification under this subsection will notify you of the deadlines for completion and documentation of repairs and for demanding appraisal of the "replacement cost" under Condition 6.c.

**The following section c. is added to Loss Settlement Condition 6.:**

6. Loss Settlement.

c. Our liability and payment for covered losses under Coverage A (Building) and Coverage B (Business Personal Property), excluding property described in Condition 6.c.(7), is modified as follows:

- (1) We will pay the smallest of the following:
- (a) The "replacement cost", meaning the amount actually and necessarily spent to repair or replace the damaged building(s) or business personal property; or
  - (b) The specified limit of liability of the policy.
- (2) We will pay no more than the "actual cash value" until repair or replacement is completed and documentation of "replacement cost" and payment of any applicable Deductible is submitted to us under Condition 4.a.(5).
- (3) You may request payment of "replacement cost" by submitting documentation to us of the completion of repairs or replacement, "replacement cost", and payment of the Deductible not later than the 545th day after the date we notify you of the amount we will pay under Condition 4.b.(2).

**TEXAS WINDSTORM INSURANCE ASSOCIATION**  
**Windstorm and Hail**

- (4) Not later than the 30th day after the date that we receive documentation from you under Condition 6.c.(3), we will provide you, in writing, notice of:
- (a) the amount we will pay under Condition 6.c.(1); and
  - (b) the deadline to request appraisal of the "replacement cost" under Condition 6.c.(6).
- (5) If we notify you under Condition 6.c.(4) that we will pay your claim, or part of your claim, we must make payment not later than the 10th day after we notify you.
- (6) If you have not completed appraisal under Condition 11. of the amount we will pay under Condition 4.b.(2) and you dispute the amount we will pay for "replacement cost", you may demand appraisal of the "replacement cost" not later than the 30th day after the date you receive notice from us under Condition 6.c.(4). You may demand appraisal of "replacement cost" under this subsection without regard to whether all repairs related to the claim are complete. If you demand appraisal of "replacement cost" under this subsection, the appraisal will be conducted as follows:
- (a) You and we will each select a competent and independent appraiser. You shall notify us of your appraiser's identity. We shall notify you of our appraiser's identity within 10 days after we receive notice of your appraiser's identity. The two appraisers will choose a competent and independent umpire. If they cannot agree upon an umpire within 15 days, the commissioner of insurance shall select an umpire from a roster of qualified umpires maintained by the Texas Department of Insurance.
  - (b) The two appraisers will then determine the "replacement cost." If the appraisers fail to agree, they will submit their differences to the umpire. An itemized decision agreed to by any two of these three and filed with us will determine the "replacement cost".
  - (c) You and we are responsible in equal shares for paying the costs incurred or charged in connection with the appraisal, including expenses of the appraisers and umpire. If we pay more than our share of the costs of appraisal, our liability and payment for covered losses shall be reduced by the amount we pay in excess of our share.
  - (d) The appraisal decision is binding upon you and us and is not otherwise reviewable or appealable except as provided by Condition 11.g. and 11.h.
- (7) Condition 6.c. does not apply to the following property:
- (a) Stock (raw, in process, or finished) or merchandise, including materials and supplies in connection therewith;
  - (b) Property of others;
  - (c) Personal property usual to a residence;
  - (d) Books of account, abstracts, manuscripts, drawings, card index systems and other records or storage media (including film, tape, disc, drum, cell and other magnetic recording or storage media);
  - (e) Paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelains, rare glassware, bric-a-brac or other articles of art, rarity or antiquity;
  - (f) Outdoor equipment, except equipment used in the service of the building; or
  - (g) Window or wall air conditioning units.
- However, Condition 6.c. applies to property described subsections (7)(a) through (7)(f) if you are a church, school, or hospital.

**The following is added to the DEDUCTIBLE clause:**

We may refuse to pay Replacement Cost Coverage under this endorsement until we receive reasonable proof of payment by you of any Deductible applicable to the claim. Reasonable proof of payment includes a canceled check, money order receipt, credit card statement, and a copy of an executed installment plan contract or other financing arrangement that requires full payment of the deductible over time.

All other terms and conditions of the policy apply.

Endorsement No. (TWIA) 164 - Replacement Cost Coverage - Coverage A (Building) and Coverage B (Business Personal Property)  
Edition Date: November 8, 2019

**Texas Windstorm Insurance Association**  
Windstorm and Hail

**Condominium Property Form**  
**Additional Policy Provisions**

Attached to and forming part of Policy No. TWIA-000825317-03 of the Texas Windstorm Insurance Association, issued at its Austin, Texas agency.

Dated: March 23, 2021

John Polak, Agent

Items: See Policy Declarations

This policy is amended as follows:

1. Covered Property

Covered Property, as defined in this policy, is limited to property in which each of the condominium unit owners has an undivided interest.

2. Conditions:

a. The insurance will not be prejudiced:

- (1) by any act or neglect of any occupants or owners of the buildings, when such act or neglect is not within the control of the Insured (or unit owners collectively) or
- (2) by failure of the insured or unit owners collectively to comply with any warranty or condition with regard to any portion of the premises over which the insured (or unit owners collectively) has no control.

No action or omission by a unit owner, unless within the scope of the unit owner's authority on behalf of the association, will void the policy or be a condition to recovery under the policy.

b. Loss Payment

A claim under this policy must be submitted by and adjusted with you. If you designate an insurance trustee, we will pay the insurance trustee designated for that purpose. If you have not designated an insurance trustee, we will pay the association, but not an individual unit owner or lienholder.

c. Other Insurance

If at the time of loss there is other insurance in the name of a Unit Owner covering the same property covered by this policy, the insurance afforded by this policy will be primary, and not contributing with the other insurance.

d. Subrogation (Transfer of Rights of Recovery Against Others to Us)

We waive our rights of subrogation against:

- (1) any Unit Owner, or members of the household;
- (2) members of the association;
- (3) members of the board of directors;
- (4) the developer in his capacity as unit owner or board member, but not as developer.

e. Mortgage Clause

- (1) Subject to the provisions of the Mortgage Clause of this policy, we will adjust any loss with you, but we will make loss payment to the insurance trustee designated by the governing body of the Association.
- (2) Our payment to the insurance trustee will be a complete discharge of our liability for loss under this policy.
- (3) If the Condominium is terminated, we will make payment for loss or damage to building or structures to each mortgage holder shown in the Declarations as their interest may appear.
- (4) If the Condominium is terminated, we will make payment for loss or damage to each mortgage holder shown in the Declarations as their interest may appear. All other loss payment conditions remain the same.

f. Cancellation

If this policy covers a condominium association, and the condominium property contains at least one residence or the condominium declarations conform with the Texas Uniform Condominium Act, then the notice of cancellation, as described in the policy, will be provided to you 30 days before the effective date of cancellation. We will also provide 30 days written notice to any mortgage holder named in the Declarations or each unit-owner to whom we issued a certificate or memorandum of insurance by mailing or delivering the notice to each at the last mailing address known to us.

Prescribed by the Texas Department of Insurance  
Form No. TWIA - 280 - Condominium Property Form - Additional Policy Provisions  
Effective: November 27, 2011

**Texas Windstorm Insurance Association**  
Windstorm and Hail

**Condominium Property Form**  
**Additional Policy Provisions**

Attached to and forming part of Policy No. TWIA-000825317-03 of the Texas Windstorm Insurance Association, issued at its Austin, Texas agency.

Dated: March 23, 2021

John Poiak, Agent

Items: See Policy Declarations

This policy is amended as follows:

Covered Property

BUILDING(S), when designated by an "X" in the box(es) of this endorsement, will also include:

- |   |   |
|---|---|
| X | 1. Fixtures, installations or additions comprising a part of the building within the unfinished interior surfaces of the perimeter walls, floors and ceilings of individual condominium units initially installed, or replacements thereof, in accordance with the original condominium plans and specifications.   |
|   | 2. Fixtures, installations or additions comprising a part of the building within the unfinished interior surfaces of the perimeter walls, floors and ceilings of individual condominium units initially installed, or replacements thereof, in accordance with the original condominium plans and specifications, or installed by or at the expense of the Unit Owners. |



The total limit of liability under this extension for each building item designated is shown by the following percentage as indicated:

ICC Limit:	Building Item Number(s):
25% of the Coverage A (Building) limit of liability	1
25% of the Coverage A (Building) limit of liability	2
25% of the Coverage A (Building) limit of liability	3
25% of the Coverage A (Building) limit of liability	4

This coverage is additional insurance, however in no event will payment of a covered loss under this policy including this endorsement exceed the total maximum limit of liability established by law that can be insured by the Texas Windstorm Insurance Association.

All other Terms of the policy apply.

**Texas Windstorm Insurance Association**  
**Windstorm and Hail**

**Extension of Coverage - Increased Cost of Construction**

Attached to and forming part of Policy No. TWIA-000825317-03 of the Texas Windstorm Insurance Association issued at its Austin, Texas agency.

Dated: March 23, 2021

John Polak, Agent

When this endorsement is attached to the policy, this endorsement determines coverage to the extent that it is in conflict with the policy and/or General Exclusion 8.

In consideration of an additional premium shown on the declarations page, this policy is modified to provide the following coverage:

1. Subject to the maximum limit of liability established by law as described below, if a covered building or other covered structure is damaged by windstorm or hail, we will pay for the increased costs that you incur due to the enforcement of any ordinance or law, which requires or regulates:
  - a. the construction, demolition or repair of that part of a covered building or other covered structure damaged by windstorm or hail;
  - b. the demolition and reconstruction of the undamaged part of a covered building or other covered structure, when that building or other structure must be totally demolished because of damage by windstorm or hail to another part of that covered building or other covered structure; or
  - c. the removal or replacement of the portion of the undamaged part of a covered building or other covered structure necessary to complete the repair or replacement of that part of the covered building or other covered structure damaged by windstorm or hail.

You may use all or part of this coverage to pay for the increased costs you incur to remove debris resulting from the construction, repair or replacement of property as stated in 1 above.

2. When a covered structure is damaged by windstorm or hail, we will also pay the increased cost of construction you incur due to the requirement to rebuild or repair the structure in accordance with the windstorm code applicable to the specific area in which the structure is located in order to maintain insurance through the Texas Windstorm Insurance Association.

This is additional insurance and does not reduce the limit of liability applicable to Coverage A (Building), but the total limit of liability for the coverage A (Building) limit and the limit for Increased Cost of Construction cannot exceed the maximum limit of liability permitted by law.

3. Building Ordinance or Law Coverage Limitations.

We will not pay for the increased cost of construction:

- a. if the building or structure is not rebuilt or repaired;
- b. if the rebuilt or repaired building or structure is not intended for similar occupancy as the current building or structure;
- c. to relocate the insured building or structure(s), either on the same premises or to another location, or to demolish and reconstruct a building or structure that requires relocation;
- d. until the building or structure is actually repaired or rebuilt at the same premises; or
- e. unless the rebuilding or repairs are made as soon as reasonably possible after the loss or damage, not to exceed two years after the loss

4. We do not cover:

- a. the loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
- b. fees charged by a qualified inspector for windstorm and hail insurance inspections pursuant to Chapter 2210, Subchapter F, of the Texas Insurance Code; or
- c. the costs to comply with any ordinance or law which requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, assess the effects of, pollutants on any covered building or other structure.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste, asbestos and asbestos-containing materials. Waste includes material to be recycled, reconditioned or reclaimed.

**Prescribed by the Texas Department of Insurance**  
**Form No. TWIA - 432 - Extension of Coverage - Increased Cost of Construction**  
**Effective: April 1, 2008**



**TEXAS WINDSTORM  
INSURANCE ASSOCIATION**

## How to File a Claim

Please keep this informational sheet in an easily-accessible place or in your emergency contacts file.

Write down your policy number here: \_\_\_\_\_

### Ways to File a Claim

- Call TWIA's 24-hour Claims Center at 800-788-8247
- Visit [www.twia.org/ClaimsCenter](http://www.twia.org/ClaimsCenter) to report a new claim or check the status of an existing claim from your computer or any mobile device
- Contact your agent

### Information You Will Need to File Your Claim

- Your TWIA policy number
- The best contact information to reach you
- Brief details of what was damaged and how it happened

### After You File a Claim

- Make temporary repairs to protect your property (see "Making Repairs in the Event of a Loss"). Save receipts. Do not make any permanent repairs until you discuss your claim with a TWIA representative.
- TWIA will send you a letter acknowledging your claim and provide the name of the TWIA representative assigned to help with your claim.
- The TWIA representative will call you to discuss your claim and may schedule an adjuster or other expert to inspect your damaged property.
- In instances where an adjuster or expert inspects the damaged property, they will report their findings and recommendations to TWIA.
- The final decision on your claim will be made by TWIA. You will receive a detailed letter explaining TWIA's decision on your claim.
- If you are due a payment for your loss, a check will be issued and sent to you.

### Information to Provide Your TWIA Representative

- **Inventory:** If coverage is provided on your personal or business personal property, provide an inventory of these damaged items. Include a description and age of each item, its original cost, and the estimated replacement cost.
- **Documentation:** Any documentation of the damage you claim. This includes reports, estimates, invoices, receipts, photos, and videos.
- **Other Claims:** Information on any other water damage, structural damage, or previous repairs, whether due to plumbing leaks, flood, air-conditioning system leaks, foundation settlement, or other sources.
- **Additional Information Requested by TWIA:** Within 30 days after the date your claim is reported, TWIA may send a written request for additional information necessary to resolve your claim. Please promptly provide TWIA with the requested information.

#### **Texas Windstorm Insurance Association**

5700 South MoPac Expressway, Building A, Austin, Texas 78749  
P.O. Box 99090, Austin, Texas 78709-9090  
800-788-8247 / Fax 512-899-4950



## **Making Repairs in the Event of a Loss**

In the event of a loss, first and foremost, continue to ensure the safety of you and your family. If there is any major structural damage, call authorities before entering the building. After you have filed a claim, make temporary repairs to protect your property.

### **Temporary Repairs**

After a loss, make temporary repairs as quickly as possible to prevent further damage.

- Before tearing out, removing, or covering over damaged property or debris, take pictures or videotape if possible. Keep any damaged property until the adjuster sees it and approves of disposal.
- Board broken windows, cover openings with a tarp or plastic to prevent additional water damage, and stop interior leaks. Dry out water damaged and wet areas immediately.
- Keep invoices and receipts for your temporary repairs. If your loss is covered by the policy, reasonable costs for temporary repairs are covered.
- Do not make permanent repairs, such as roof replacement or asphalt patches, until the adjuster has made an inspection. The adjuster needs to be able to see the damage and determine if it is from windstorm or hail.

### **Permanent Repairs**

Whether or not you ultimately have a covered claim, you may need to make permanent structural repairs to your property. To be eligible for insurance through TWIA, many structural repairs must be certified by a Texas Department of Insurance (TDI) appointed qualified inspector or by a Texas licensed professional engineer.

Certificates of Compliance (WPI-8 or WPI-8-C) are issued to certify compliance with the applicable windstorm building code for the area. Without a Certificate of Compliance, TWIA lacks evidence that the structure conforms to the applicable building code, and the structure may be considered ineligible for coverage with TWIA. The WPI-8 certification inspections are done before and during the repair process, if completed by a TDI inspector.

For more information about eligibility requirements, visit [www.twia.org/windstorm-certification-requirements](http://www.twia.org/windstorm-certification-requirements). The TDI website provides a list of repairs that do not require inspection and certification. For more information or to contact someone with the TDI Windstorm Inspections Program, you can call 800-248-6032 or go to the TDI website at [www.tdi.state.tx.us](http://www.tdi.state.tx.us).

**Texas Windstorm Insurance Association**

5700 South MoPac Expressway, Building A, Austin, Texas 78749

P.O. Box 99090, Austin, Texas 78709-9090

800-788-8247 / Fax 512-899-4950



## TWIA Privacy Policy

Protecting your privacy is important to us. We want you to understand what information we collect and how we use it. This notice sets forth our policy for the collection, use, and security of your nonpublic personal financial information.

### Information Collected

As a part of our business, we may collect "nonpublic personal financial information" about you in order to provide a financial product or service to you. This includes information we receive from you on applications or other forms, information about your transactions with us or others, and information we receive from a consumer reporting agency.

### Information Disclosure

We may disclose the following kinds of nonpublic personal financial information about you:

- Information we receive from you on application or other forms such as your name, address or other information; and
- Information about your transactions with us such as your policy coverage, limits of liability and premiums.

### Disclosure to Third Parties

We may disclose nonpublic personal information about you to the following types of third parties:

- Insurers that are eligible under TWIA's clearinghouse process and procedures and have agreed to abide by TWIA's policies regarding use of the disclosed information and researchers.

We may also disclose nonpublic personal financial information about you to nonaffiliated third parties as permitted by law.

### Option to Limit Disclosure

If you prefer that we not disclose nonpublic personal financial information about you to nonaffiliated third parties, you may direct us not to make those disclosures (other than disclosures permitted by law). Your option to request we not disclose nonpublic personal financial information about you will apply to the windstorm insurance coverage you have obtained from us.

If you wish to limit disclosure, you must complete the enclosed form and return it to TWIA within 30 days of the date this notice was mailed. If you direct us not to disclose nonpublic personal financial information about you (other than as permitted by law), your election will apply to all named insureds on the policy.

If you do not wish to limit disclosure, no action on your part is required.

### Our Security Procedures

We restrict access to nonpublic personal financial information about you to those persons who need to know that information, to provide products or services to you and disclose such information only for legitimate business or legal reasons. We maintain physical, electronic, and procedural safeguards that comply with federal regulations and applicable state law to protect your nonpublic personal financial information.

This notice has been provided to you pursuant to the Gramm-Leach-Bliley Act and the rules of the Texas Department of Insurance, which require a financial institution, such as an insurer, to notify customers of its privacy practices and procedures on an annual basis.

Texas Windstorm Insurance Association  
5700 South MoPac Expressway, Building A, Austin, Texas 78749  
P.O. Box 99090, Austin, Texas 78709-9090  
800-788-8247 / Fax 512-899-4950



## Texas Windstorm Insurance Association Disclosure Limitation Reply Form

If you do not want your nonpublic personal financial information disclosed by the Texas Windstorm Insurance Association, please complete the information below and mail the completed form to:

Texas Windstorm Insurance Association  
Disclosure Opt Out  
P O Box 99090  
Austin TX 78709-9090

\_\_\_\_\_ I want to limit the nonpublic personal financial information the Texas Windstorm Insurance Association discloses about me to third parties.

Insured's name:                    Inverness By The Sea-Captains Cove Resort

Policy number:                    TWIA-000825317

Insured's signature:             \_\_\_\_\_

Date:                                    \_\_\_\_\_

## CAPTAIN'S COVE RESORT

### DECLARATION ESTABLISHING A CONDOMINIUM REGIME, COVENANTS, CONDITIONS AND RESTRICTIONS

THE STATE OF TEXAS \*

\* KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF GALVESTON\*

That this DECLARATION was originally made the 15<sup>th</sup> day of April, 1983, by Sunward Developers, Inc., a Texas corporation, acting herein by and through its duly authorized officers, with its principal office in Galveston County, Texas, and Dwelling Development, Inc., a Texas corporation, acting herein by and through its duly authorized officers, with its principal office in Galveston County, Texas, hereinafter jointly referred to as "Developer", pursuant to the provisions of Article 1301a Of the Revised Civil Statutes of the State Of Texas ("the Condominium Act".) Now, this DECLARATION is amended this 1st day of May 2021 by the Board of Directors of Captains Cove and the developer Captains Cove Holdings LLC.

#### RECITALS

A. Captains Cove Holdings LLC ("Developer") is the owner of that certain parcel of real property described in Exhibit "A" attached hereto and made a part hereof for all purposes, hereinafter sometime referred to as "the Land"; and

B. All construction is done and there exist 52 units of whole ownership at 7600 Seawall Blvd, Galveston, Texas 77551.

NOW, THEREFORE, Developer does hereby declare that the Land, the Building(s) all improvements and structures constructed or to be constructed thereon, shall remain subject to the uses, covenants, conditions, restrictions, easements, charges, liens, and limitations set forth herein, as covenants running with the land, are shall remain submitted to a Condominium Regime pursuant to the Condominium Act, for the declared purposes of enhancing the desirability, attractiveness, and value of the Condominium Project, for the use and benefit of and to be binding upon all parties having or acquiring any right, title, or interest therein or any part thereof, their successors, and assigns:

#### ARTICLE I DEFINITIONS AND DESCRIPTIONS

As used in this Declaration, the Articles of Incorporation of the Association, the Bylaws, and the Exhibits attached hereto, and all amendments thereof, unless the context requires otherwise, the following definitions shall prevail:

1.01 "Association," means the Texas non—profit corporation (existing or to be created), the member of which shall be all Unit Owners; and it shall be and perform as the 'Council of co—owners' under the Condominium Act. The name of the Association is: Captain's Cove Resort Association.

1.02 "Association Properties," means that real and personal property owned by the Association.

1.03 "Board of Directors," means the board of directors of the Association.

1.04 "Building(s)," means the structure(s) erected or to be erected upon the Land in the location(s) shown on Exhibit "B" and as further described in Exhibit "C", each Building being denoted by Letter, viz: A, B, and C.

1.05 "Bylaws," means the bylaws of the Association, as amended from time to time, and shall be understood to be the 'bylaws' referred to in the Condominium Act.

1.06 "Common Elements," mean the portions of the condominium Project, except the Units and the areas owned by the Developer and consists of the General Common Elements and the Limited Common Elements.

1.07 "Condominium," means the separate ownership of Units in the Building(s) together with an undivided share of the Common Elements as an appurtenant thereto.

1.08 "Condominium Project," means this real estate project whereby 51 Units in existing or proposed Building(s) are offered or proposed to be offered for sale; the name of which is: Captain's Cove Resort.

1.09 "Declaration, " means this document establishing the property as a condominium regime, as it may be amended from time to time.

1.10 "Developer," means the person named hereinabove who undertakes to develop the Condominium Project referred to herein.

1.11 "General Common Elements," means and includes:

- 1) The Land on which the Building(s) stand(s);
- 2) The foundations, bearing walls and columns, the floor between each floor located within a Unit, roofs, halls, lobbies, stairways, and entrances and exits or communication ways;
- 3) The yards and gardens, if any;
- 4) The compartments or installation of central services such as electricity, natural gas, hot and cold water, sanitary sewers, central television systems, telephone systems, reservoirs, tanks, pumps, and swimming pool.
- 5) The devices or installations existing or acquired for common use;



- 6) All other elements of the Building(s) desirable or rationally of common use or necessary to the existence, maintenance, and safety of the condominium regime.

“General Common Elements,” does not include:

- 1) The premises for the lodging of persons in charge of management or care of the Condominium Project;
  - 2) The lobby and front desk area;
  - 3) Certain storage units;
  - 4) The commercial laundry room and equipment.
- The Developer owned areas are leased back to the association and such lease access and rights become common to all owners.

1.12 “Limited Common Elements,” means and includes those Common Elements reserved for the use of a certain Unit or number of Units to the exclusion of the other Units some of which elements are so designated in Exhibit’s “B”, and “C”.

- 1) Where any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portions thereof serving only that Unit is a Limited Common Element allocated solely to that Unit, and any portion thereof serving more than one Unit, or any portion of the Common Elements is a part of the General Common Elements.
- 2) Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, and all exterior doors and windows or other fixtures designed to serve a single Unit, but located outside the Unit’s boundaries, are Limited Common Elements allocated exclusively to that Unit.

1.13 “Majority of Unit Owners,” means the same as ‘majority of co-owners’ in the Condominium Act and is the Unit Owners with 51% or more of the votes weighed so as to coincide with percentages assigned in Exhibit “D” attached and a part hereof.

1.14 “Management Agreement,” means and refers to that agreement between the Association and the Management Firm.

1.15 “Management Firm”, means and refers to the entity identified as the Manager in the Management Agreement.

1.16 “Member,” means the Unit Owner as member of the Association.

1.17 “Mortgagee,” means the holder of promissory note, the payment of which is secured by a first lien deed of trust (mortgage) of a Unit.

1.18 “Occupant,” means a person, or persons, other than a Unit Owner, in possession of a Condominium Unit.

1.19 "Percentage Interest," means the percentage interest which a Unit bears to the total percentage interest of all Units, the sum of all such percentage interest being 100%. The Percentage Interest of each Unit is designated in Exhibit "D" attached and a part hereof.

1.20 "Person" means an individual, firm, corporation, partnership, association, trust, or other legal entity or any combination thereof.

1.21 "Property," means and includes the Land and the Building (s), all improvements and structures thereon and all easements, rights and appurtenances belonging thereto.

1.22 "To Record," or "Record," means to record in the office of the County Clerk of the county in which the Property is situated, in accordance with the provisions of Title 115, Revised Civil Statutes of Texas, 1925, as amended.

1.23 "Unit," is the same as 'apartment' under the Condominium Act, and means an enclosed space consisting of one (1) or more floors or stories and having a direct exit to a thoroughfare or to a given common space leading to a thoroughfare.

- 1) The boundaries of a Unit shall be and are the unfinished or undecorated interior surfaces from the studs in of its perimeter walls, floors, and ceilings; and the Unit includes the airspace so encompassed, excepting Common Elements.
- 2) All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof are a part of the Unit, and all other portions of the walls, floors, or ceilings are a part of the Common Elements.
- 3) All spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are part of the Unit.
- 4) In interpreting deeds, mortgages, deeds of trust, and other Instruments, the existing physical boundaries of a Unit or of a Unit reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries regardless of settling, rising, or lateral movement of the Building and regardless of variances between boundaries shown on the plat and those of the Building.
- 5) The Units are shown and designated by Numbers in Exhibits "B" and/or "C".

1.24 "Unit Owner," or "Owner," means the same as 'co-owner' in the Condominium Act and is the person who owns a Unit and a Percentage Interest of the Common Elements within this Condominium Project but does not include a person having an interest in a Unit solely as security for an obligation.

ARTICLE II  
USE AND OCCUPANCY RESTRICTIONS

The restrictions on the use and occupancy of the Property shall be as follows:

2.01 RESIDENTIAL AND RESORT USE. The owner of a Unit shall occupy and use his unit as residential and resort dwelling for himself and members of his family, his social guests, lessees, and for no other purposes.

2.02 PROHIBITED ACTS. A Unit Owner shall not permit or suffer anything to be done or kept in his Unit, the Limited Common Elements, or the General Elements which:

- 1) Will increase the rate of insurance in the property;
- 2) Will result in the cancellation of insurance on any Unit or any part of the Property;
- 3) Will obstruct or interfere with the rights of other Unit Owners;
- 4) Will be in violation of any law, the Declaration, Bylaws, or Rules and Regulations;
- 5) Will commit any waste in any part of the property;
- 6) Would be noxious or offensive to a reasonable person;
- 7) May be or become an annoyance or nuisance to other Unit Owners.

2.03 COMMON ELEMENTS. The Limited Common Elements and the General Common Elements shall not be used in any manner contrary to or not in accordance with such rules and Regulations pertaining thereto.

2.04 MINERAL OPERATIONS. No gas or oil drilling, development, or refining nor quarrying or mining operations of any kind shall be permitted upon any part of the property.

2.05 CONSTRUCTION IN COMMON ELEMENTS. Nothing shall be altered or constructed in or removed from the Common Elements, except upon prior written consent of the Association and its Rules and Regulations, as amended from time to time, a Unit Owner shall not cause or permit on the exterior of his unit, Limited Common Elements, or the General Common Elements outside his Unit any of the following;

- 1) An observable immaterial thing (including signs and displays);
- 2) Ground cover, plant, shrubbery, flower, or vine;
- 3) Awnings, storm-shutters, screens, or window coverings; and
- 4) Furniture, appliance, or equipment.

2.06 USE FOR SALES PURPOSES. Developer may maintain models, sales, and administrative offices in any of the Units owned by Developer; may maintain signs, displays and sales office on the Common Elements to aid in the sale of the Units; may use portions of the property and Association properties for parking for prospective purchasers and other invitees of Developer.

ARTICLE III  
PROPERTY RIGHTS AND INTERESTS

- 3.01 CONVEYANCE AND ENCUMBRANCE OF UNITS. A Unit may be individually conveyed and encumbered and may be the subject of ownership, possession, or sale and of all types of judicial acts, as if it were entirely independent of the other units in the Condominium project.
- 3.02 JOINT OR COMMON OWNERSHIP OF UNIT. Any Unit may be jointly or commonly owned by more than one person.
- 3.03 OWNERSHIP OF UNIT AND SHARE IN COMMON ELEMENTS. An Owner shall have an exclusive ownership to his Unit and shall have a common right to share, with other Owners, in the Common Elements of the Property. Each unit Owner's share in the Common Elements shall be according to the Percentage Interest shown in Exhibit's "D". Each Owner may use the Common Elements in accordance with the purpose for which they are intended, as Shown on Exhibit "B" and Exhibit "C" or expressed in this Declaration, the Bylaws, or the Rules and Regulations, without hindering or encroaching upon the lawful rights of the other Owners.
- 3.04 COMMON ELEMENTS; PARTITION; MORTGAGES. The Common Elements, both General and Limited, shall remain undivided and shall not be the object of any action for partition or division of the co-ownership by the Unit Owners so long as suitable for a Condominium Regime; and, in any event, all mortgages must be paid prior to the bringing of an action for partition or the consent all mortgagees must be obtained. Any covenant or action to the contrary shall be void.
- 3.05 DEED OF UNIT. The deed to each Unit shall describe the Unit in accordance with a reference to the Exhibits included in this Declaration and the Percentage Interest therein conveyed. An individual Unit shall not be conveyed separate from the undivided interest in the Common Elements and vice versa, and any conveyance of a Unit shall be deemed to also convey the undivided interest of the Owner in the Common Elements, both General and Limited, appertaining to the Unit without specifically or particularly referring to the same.
- 3.06 REGROUPING AND MERGER OF ESTATES. All of the Owners or the sole owner of the Building (s) constituted into this Condominium Regime may waive this regime and request the County Clerk to regroup or merge the records of the filial estates with the principal property, provided, that the filial estates are unencumbered, or, if encumbered, that the creditors in whose behalf the encumbrances are recorded agree to accept as security the undivided portions of the property owned by the debtors. The undivided interest in the Property owned in common which shall appertain to each Owner shall be the Percentage Interest previously owned by such Owner in the Common Elements. However, the merger provided for in this Section shall in no way bar the subsequent constitution of the Property provisions of the Condominium Act.

3.07 OWNER'S MAINTENANCE AND REPAIR EASEMENT. Each Owner shall have easements to, through and over the General and Limited Common Elements reasonably necessary to carry his maintenance, repair, and replacement responsibilities hereunder; provided, however, he shall not impair the structural integrity of the Building(s), adversely affect any other Unit, nor alter the external appearance of the Building(s) without prior written consent of the Association.

3.08 ASSOCIATION'S EASEMENT. The Association, or its agent, shall have Easements to, through and over each Unit (upon notice to Owner and during reasonably working times) as may be reasonably necessary to carry out its maintenance, repair, and replacement responsibilities hereunder.

3.09 PUBLIC UTILITY ACCESS. Public or private utility companies furnishing services to the Condominium Project for common use (e.g., water, sanitary sewer, natural gas, electricity, telephones, and television, if any) shall have access to the General and Limited Common Elements and each Unit as may be reasonably necessary for the installation, maintenance, or replacement of such services.

- 1) The Association shall submit its statement to the holdover owner as provided for hereinabove. In the event the holdover owner fails to pay the same within ten (10) days of the date thereof, a lien shall be and is hereby fixed against the holdover owner's interest in the Unit in accordance with other provisions of this Declaration.
- 2) The foregoing provisions shall not abridge the Association's rights to take such other action as is provided by this Declaration, or law, including, but not limited to, forcible detainer or other eviction proceedings.

3.10 DEVELOPER'S RESERVATIONS. The Developer reserves the right to change the interior design and arrangement of all Units and to alter the boundaries between Units, as long as the Developer owns the Units so altered; however, no such alterations shall increase the number of Units nor alter the boundaries of the Common Elements, except the party wall between any Units, without amendment of this Declaration set forth hereinafter. In the event the Developer shall make any such changes in Units, such changes shall be reflected by an Amendment of this Declaration, including such plats, and building plans to reflect such alterations.

#### ARTICLE IV ADMINISTRATION OF THE CONDOMINIUM REGIME

4.01 IN GENERAL. The administration of this Condominium Regime shall be governed by the Association in accordance with the Condominium Act, this Declaration, the Articles of Incorporation of the Association, and the Bylaws of the Association.

4.02 ORGANIZATION OF ASSOCIATION.

has been organized. The Membership of the Association at all times shall consist exclusively of all the Unit Owners.

4.03 POWERS OF ASSOCIATION. Subject to the provisions of this Declaration, the Association may:

- 1) Adopt and amend Bylaws, Rules, and Regulations;
- 2) Adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for Common Expenses from Unit Owners;
- 3) Hire and terminate managing agents and other agents, employees, and independent contractors;
- 4) Make contracts and incur liabilities;
- 5) Regulate the use, maintenance, repair, replacement, and modification of Common Elements;
- 6) Cause additional improvements to be made as a part of the Common Elements;
- 7) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property;
- 8) Grant easements, leases, licenses, and concessions through or over the Common Elements;
- 9) Impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements other than Limited Common Elements;
- 10) Impose charges for late payment of Assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and Rules and Regulations of the Association;
- 11) Impose reasonable charges for the preparation and recordation of amendments to the Declaration, resale certificates, or statements of unpaid assessments;
- 12) Provide for the indemnification of its officers and Board of Directors and maintain directors' and officers' liability insurance;
- 13) Exercise any other powers conferred by the Declaration or Bylaws;
- 14) Exercise all other powers that may be exercised in Texas by non-profit corporations; and
- 15) Exercise any other powers necessary and proper for the governance and operation of the Association.

Notwithstanding the foregoing portion of this Section, this Declaration does not impose limitations on the power of the Association to deal with the Developer that are more restrictive than the limitations imposed on the power of the Association to deal with other persons.

4.04 BOARD OF DIRECTORS AND OFFICERS.

- 1) Except as provided in this Declaration, the Bylaws, or in Paragraph (2) hereinafter, or the Condominium Act, the Board of Directors may act in all instances on behalf of the Association.
- 2) The Board of Directors may not act on behalf of the Association to amend this Declaration, to terminate the Condominium Regime, or to elect directors

of the Board of Directors or determine the qualifications, powers and duties, or terms of office of the Board of Director members, but the Board of Directors may fill vacancies in its membership for the unexpired portion of any term.

- 3) Subject to the provisions in this paragraph (3) Developer shall control the Association, during which period Developer, or persons designated by Developer, may appoint, and remove the officers and members of the Board of Directors. Such period of Developer control extends from the date of the first conveyance of any interest in a Unit to a person other than Developer for a period of two (2) years. Regardless of such two (2) year period the period of Developer control terminates no later than sixty (60) days after conveyance of forty-five (45) of the Units to the Unit Owners other than Developer. Developer may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of that period.
- 4) No later than the termination of any period of Developer control, the unit Owners shall elect a Board of Directors of at least three members, all of whom must be Unit Owners. The Board of Directors shall elect the officers. The persons elected shall take office upon election.

4.05 ACTIONS ON BEHALF OF OWNERS. Without limiting the rights of any Owner, action may be brought by the Association, and in the discretion of the Association, on behalf of itself or two (2) or more of the Owners, as their respective interests may appear, with respect to any cause of action relating to the Common Elements of more than one (1) Unit.

4.06 BYLAWS. the Bylaws of the Association provide for:

- 1) The number of directors of the Board of Directors and the titles of the officers of the Association;
- 2) Election by the Board of Directors of a president, treasurer, secretary, and any other officers of the Association the Bylaws specify;
- 3) The qualifications, powers and duties, terms of office, and manner of electing and removing Directors and officers and filling vacancies;
- 4) Which, if any, of its powers the Board of Directors or officers may delegate to other persons or to a managing agent; and
- 5) Which of its officers may prepare, execute, certify, and record amendments to this Declaration on behalf of the Association.

Subject to the provisions of this Declaration, the Bylaws may provide for any other matters the Association deems necessary and appropriate.

4.07 MEETINGS OF MEMBERS. The Bylaws require that meetings of the Members of the Association be held at least once each year and provide for special meetings. The Bylaws specify which of the Association's officers, not less than ten (10) nor more than fifty (50) days in advance of any meeting, shall cause notice to be hand-delivered or sent via electronic or United States

mail to the email address or mailing address of each Unit or to any other mailing address designated in writing by the Unit Owner. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to this Declaration or Bylaws.

4.08 QUORUMS. Quorums for meetings of the Members of the Association and the Board of Directors shall be as follows:

- 1) A quorum is deemed present throughout any meeting of the Members of the Association if persons entitled to cast fifty percent (50%) of the votes which may be cast for election of the Board of Directors are present in person or by proxy at the beginning of the meeting.
- 2) A quorum is deemed present throughout any meeting of the Board of Directors if Directors entitled to cast a majority of the votes on that Board of Directors are present at the beginning of the meeting.

4.09 VOTING: PROXIES. The Owner of each Unit shall be entitled to one (1) vote.

- 1) The vote allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner. A Unit Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation of the person presiding over the meeting of the members of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates eleven (11) months after its date unless it specifies a shorter term.
- 2) The Bylaws may provide for administrative voting procedures.

4.10 MANAGEMENT AGREEMENT. The Association has entered into a Management Agreement.

The Association has delegated to the Management Firm the power of the Association, through its Board of Directors to determine the budget, make assessments for common expenses and collect assessments. Each Unit Owner, his heirs, successors, and assigns, shall be bound by said Management Agreement for the purposes therein expressed, including but not limited to:

- 1) Adopting, ratifying, confirming, and consenting to the execution of said Management Agreement by the Association.
- 2) Covenanting and promising to perform each and every of the covenants, promises, and undertakings to be performed by Unit Owners in the cases provided therefore in said Management Agreement.
- 3) Ratifying, confirming, and approving each and every provision of said Management Agreement, and acknowledging that all of the terms and provisions thereof are reasonable.



- 4) Agreeing that the persons acting as Directors and Officers of the Association entering into such an Agreement have not breached any of their duties or obligations to the Association.
- 5) It is specifically recognized that some or all of the persons comprising the original Board of Directors of the Association, are or may be stockholders, officers, and Directors of the Management Firm, and that such circumstances shall not and cannot be construed or considered as a breach of their duties and obligations to the Association, nor as possible grounds to invalidate such Management Agreement, in whole or in part.
- 6) The acts of the Board of Directors and Officers of the Association in entering into the Management Agreement be and the same are hereby ratified, approved, confirmed, and adopted.

4.11 ADMINISTRATION AND ENFORCEMENT OF DECLARATION, BYLAWS AND RULES. The Association or any Owner may utilize any of the rights and remedies set forth below, for the enforcement of all restrictions, conditions, covenants, reservations, liens, bylaws, rules, charges, and liabilities imposed by the provisions of this Declaration, the Bylaws, or Rules and Regulations. Failure of the Association or any Owner to enforce shall not be deemed a waiver of the right to do so thereafter.

1) RULES AND REGULATIONS. The Board may adopt Rules and Regulations for governing the use and maintenance of the property and obtaining compliance by Owners and their contractors, invitees, and tenants with the Declaration and with Association Bylaws, and Rules and Regulations, provided that same are not prohibited by this Declaration or Texas law. The Rules and Regulations may address any subject relating to uses of Units, Common Areas, construction, repairs, parking, unsightly objects, relationships between Owners, invitees, tenants, and/or Association, enforcement, and other subjects reasonably affecting the Property.

2) LATE CHARGES. The Board may adopt late charges, from time to time, for late payment by the Owners of monies owed to the Association.

3) NONASSESSMENT ITEMS FIRST. All monies received from an Owner may be applied first to non-assessment obligations of the Owner, such as fines, late charges, returned checks charges, user fees, damages, etc., regardless of notations on checks and transmittal letters.

4) FINES. The Board or the Association may assess fines against an Owner for violations by the Owner or its invitees, contractors, or tenants of standard conduct contained in the Declaration and/or the Rules and Regulations. Each day of violation may be considered a separate violation if the violation continues after written notice to the Owner.

5) REMEDIES AGAINST TENANTS. The Board shall have authority to evict tenants of Owners, after reasonable notice, for substantial or repeated violations of Association Rules. The Board shall have authority to enforce all

Rules against the Owner's tenants, including collection of fines for violations of the Declaration, Bylaws, and Rules and Regulations by the tenants.

6) LEASING. The Board may adopt reasonable requirements for leasing a Unit. A Unit Owner may contract with the same management company which manages the Association to lease or manage a Unit owned by the Owner. Additionally, in such case the Unit Owner shall inform the tenant that in leasing or managing the Owner's Unit, the management company is not acting on behalf of the Association.

7) NAME AND ADDRESSES OF NEW OWNERS. An Owner may not sell or convey its Unit without all monies due and owing to the Association being paid in full; and if such Owner does sell, convey, or transfer its Unit without paying such monies, such selling Owner shall remain liable for all monies accruing to the Association thereafter on such Unit until such monies are paid in full. If an Owner sells or transfers Ownership of its Unit and fails to notify the Association of the sale, the selling Owner shall continue to be liable for the assessments accruing on the Unit after the sale or transfer until such time as the selling or transferring Owner notifies the Association in writing of the name and address of the new Owner. The new Owner shall also be liable from the date of such new Owner's acquisition of title. The selling or transferring Owner shall have a right of indemnity against the new Owner for recovery of any such sums paid by the selling or transferring Owner under this Section.

8) NAME AND ADDRESSES OF TENANTS. Owners shall notify the Association of current names and addresses of tenants of their respective Units.

9) ASSOCIATION ENTRY. The Association shall have the right to enter an Owner's Unit for purposes of (1) inspection, (2) prevention of damages to the Common Elements, (3) enforcement of the Declaration, and (4) protection of property rights and quiet enjoyment of other Owners. The Association may require Owners to furnish the Association with entry keys to their Units for such purposes.

## ARTICLE V EXPENSES AND ASSESSMENTS

5.01 CONTRIBUTIONS TOWARD EXPENSES. All Owners are bound to contribute pro-rata toward the expense of administration and of maintenance and repair of the Common Elements and toward any other expenses lawfully authorized by the Association. No Owner shall be exempt from contributing toward such expenses for any reason, including, but not limited by way of limitation, waiver of the use of enjoyment of the Common Elements, either General or Limited, or by abandonment of his Unit.

Such expenses, referred to hereinafter as "assessments" and "maintenance fees", are:

- 1) Personal obligations of the Owner of the Unit;
- 2) Subject to interest at the rate of 10% per annum from due date until paid if not fully paid ten (10) days after due date; and
- 3) Subject to a late charge of not less than \$25.00, nor more than \$50.00, as may be determined by the Association if payment is not fully paid by ten (10) days after due date.

5.02 DEVELOPER EXPENSES. During the period of the sale of the Units, the Developer shall contribute its share of expenses for the Common Elements allocated to unsold Units. After any assessment has been made by the Association, assessments shall be made at least annually, payable monthly, and shall be based on a budget adopted at least annually by the Association.

5.03 ALLOCATION OF ASSESSMENTS. Common Expenses shall be assessed against all the Units in accordance with the Percentage Interest allocated to each Unit.

5.04 TYPE OF ASSESSMENTS. The expenses approved by the Association shall be charged to each Owner according to the Percentage Interest of each such Unit and shall be paid at the place designated by the Association. Such charges are referred to herein as "assessments." There may be two types of assessments:

- 1) The Annual assessments (which are paid monthly) shall be for the normal and routine expenses anticipated by the Association, including, but not by way of limitation, the following: Insurance obligated or permitted herein; common utility, repair, maintenance, and replacement expenses; wages, taxes; accounting, legal and management fees; reserve funds for repair and replacements.
- 2) Special assessments shall be for out of the ordinary expenditures approved by the Association and would include capital expenditures, normally, but other extraordinary costs may also be assessed if approved by the Board and Association.

5.05 SPECIAL ASSESSMENTS. The Board of Directors of the Association shall approve proposed special assessments from time to time, in order to meet the obligations of the Condominium Regime. Notice of such approved proposals shall be submitted to the Owners by mail. The Unit Owners, by two-thirds (2/3) vote, may reject any special assessment approved by the Board of Directors, and all such assessments shall be approved at a Board meeting at which the owners are given notice thereto.

5.06 ASSESSMENT DATES. Annual assessments and maintenance fees shall be made for each calendar year and shall be billed monthly to the owners of the units. On or before December 31<sup>st</sup> of each year, the Association shall determine the amount of the assessment of each Owner's Unit for

the next calendar year. As soon as is practicable, the Association shall notify each Owner of the amount of said assessment for the next calendar year. Such assessments or fees shall be due and payable as of the date determined, from time to time, by the Association.

5.07 PAYMENT OF ASSESSMENTS UPON SALE. No unit may be transferred with any fees payable to the Association not paid in full at or before closing.

5.08 LIEN FOR ASSESSMENTS. The Association shall have and does have a lien on each Unit, together with a lien or security interest on all tangible personal property located within the Unit, against the Unit owner for unpaid assessments, maintenance fees, interest thereon, late payment charges, administrative fees, reasonable attorneys' fees incurred by the Association incident to the collection of such charges or the enforcement of such lien(s), all sums advanced and paid by the Association for taxes and payments on account of mortgages, liens or encumbrances which may be required to be advanced by the Association, in order to preserve and protect its lien(s).

The lien of the Association may be enforced and foreclosed by power of sale pursuant to Article 3810, Revised Civil Statutes of Texas, as amended from time to time.

- 1) A lien under this Section is prior to all other liens and encumbrances on a Unit EXCEPT:
  - a) Mortgages and deeds of trust on the Unit securing first mortgage holders; and
  - b) Liens for real estate taxes and other governmental assessments or charges against the Unit.
- 2) Recording of this Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessment under this Section is required.
- 3) Nothing in this Section shall be construed to prohibit actions or suits to recover sums for which this Section creates a lien, or to prohibit the Association from taking a deed in lieu of foreclosure.
- 4) A judgment or decree in any action or suit, brought under this Section shall include costs and reasonable attorneys' fees for the prevailing party.
- 5) The Association shall have the right to assign its claim and lien rights for the recovery of any unpaid assessments to the Developer, to any Unit Owner or group of Owners, or to any third party.

- 6) The Association shall furnish to a Unit Owner upon written request a recordable statement setting forth the amount of unpaid assessments currently levied against his Unit. The statement shall be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Board of Directors, and every Unit Owner.

5.09 ENFORCEMENT. In addition to the foregoing rights and remedies available to the Association (but in no way limiting such other remedies as may be available to the Association in law or in equity) may pursue any or all of the following as well:

- 1) Institute a personal action against the Owner for such charges;
- 2) Restrict the right of such Owner as to the use of the Common Elements, General or Limited, in such manner as the Association shall deem appropriate.
- 3) Suspend the voting rights of such Owner during the delinquency;
- 4) Discontinue services included in the Common Elements.

5.10 ASSESSMENTS PRIOR TO SUBSEQUENT OCCUPANCY. Except in the case of a Mortgagee's acquisition of a Unit through foreclosure of Mortgagee's lien or deed-in-lieu of foreclosure, any person who acquires any interest in a Unit, including, without limitation, acquisition by operation of law and purchaser at judicial sales, shall not be entitled to occupancy of the Unit or use of the Common Elements until all unpaid assessments due and owing by the former Unit Owners have been paid.

5.11 SURPLUS FUNDS. Any surplus funds of the Association remaining after payment of or provision for Common Expenses and any prepayment of reserves will be placed at the end of each year into the reserves account.

5.12 ACCOUNTS. The person appointed by the Bylaws of the Association shall keep or cause to be kept books and records with detailed accounts of the receipts and expenditures affecting the Condominium Regime and its administration and specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Condominium Regime. Both the book and vouchers accrediting the entries made thereon shall be available for examination by all the Owners at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good accounting procedures and be audited at least once a year by an auditor outside of the Association.

5.13 AD VALOREM TAXES. The Owners of each and every Unit are billed separately for taxes on the unit owned and shall render and declare the same for the purpose of ad valorem taxes with the Tax Assessor or for such other future legally authorized governmental office or authority having jurisdiction over same. Nothing herein shall be construed, however, as giving to any Unit Owner the right of contribution or any right or adjustment against any other Unit Owner on account of any deviation by the taxing

authorities. Each Unit Owner is to pay ad valorem taxes and special assessments as are separately assessed against his Unit.

For this purpose of ad valorem taxation, the interest of the Owner of a "Condominium Unit" and his interest in the "Common Elements," shall be considered a Unit. The value of said Unit shall be equal to the percentage of the value of the entire Condominium, including land and improvements as has been assigned to said Unit in this Condominium Declaration. The total of all of said percentages equals 100% of the value of all of the land and improvements thereon.

## ARTICLE VI MAINTENANCE AND ALTERATIONS

- 6.01 CONTRACT AUTHORITY. The Board of Directors of the Association may enter into contracts with any person in contracting for the maintenance and repair of the Condominium Project, Association Properties, and any other type properties and may contract for the management of the Condominium Regime, Association Properties, and any other type properties and may delegate to the contractor or manager all the powers and duties of the Association, except such as are specifically required by this Declaration, or by the Bylaws, to have the approval of the Board of Directors or the membership of the Association. The contractor or manager may be authorized to determine the budget, make assessments for common expenses, and collect assessments, as provided by this Declaration and the Bylaws. The Association, through its Board of Directors has entered into a Management Agreement, attached hereto as Exhibit "F" which encompasses the provisions of this Section.
- 6.02 AGREEMENTS OF OWNERS OF A UNIT. Each Owner of a Unit agrees as follows:
- 1) To maintain in good condition and repair his Unit and all interior surfaces within or surrounding his Unit (such as the surfaces of the walls, ceilings, floors) whether or not a part of the Unit or Common Elements and maintain and repair the fixtures therein and pay for any utilities which are separately metered to his Unit.
  - 2) Damage due by mother nature or human abuse to duct, wire, conduit, bearing wall, bearing column, pipes, or any other fixture partially within and partially outside the designated boundaries of a unit, then the portion serving only that unit is a limited common element allocated solely to that unit, and therefore the owner's responsibility to maintain and repair.
  - 3) Not to make or cause to be made any structural addition, alteration, decoration, repair, replacement or change the Common Elements or to any outside or exterior portion of the building whether within a Unit or part of the Limited Common Elements without the prior written consent of the Board of Directors of the Association.

6.03 AGREEMENTS OF ALL OWNERS. All Owners of Units, agree as follows:

- 1) To allow the Board of Directors, or the agents or employees of any Management Firm or the Association, to enter into any Unit for the purpose of maintenance, inspection, repair, replacement of the improvements within the Units, Limited Common Elements, or the Common Elements, to determine in case of emergency, circumstances threatening Units, Limited Common Elements, or the Common Elements, or to determine compliance with the provisions of this Declaration and the Bylaws.
- 2) To show no signs, advertisements, or notices of any type on the Common Elements, Limited Common Elements, or his Unit, and to erect no exterior antenna or aerials, except as consented to by the Board of Directors of the Association.

6.04 BREACH OF AGREEMENTS. In the event the Owner of a Unit fails to maintain the said Unit and Limited Common Elements, as required herein, or makes any alterations or additions without the required written consent, or otherwise violates or threatens to violate the provisions hereof, the Association shall have the right to proceed in a court of equity for an injunction to seek compliance with the provisions hereof. In lieu thereof and in addition there to, the Association shall have the right to levy an assessment against the Owner of a Unit, and the Unit, for such necessary sums to remove any unauthorized addition or alteration and to restore the property to good condition and repair.

Said assessment shall have the same force and effect as all other special assessments. The Association shall have the further right to have its employees or agents, or any contractors appointed by it, enter a Unit at all reasonable times to do such work as it deemed necessary by the Board of Directors of the Association, to enforce compliance with the provisions hereof.

6.05 ASSOCIATION AUTHORITY. The Association shall determine the exterior color scheme of the buildings and all exteriors, and interior color scheme of the Common Elements, and shall be responsible for the maintenance thereof, and no Owner shall paint an exterior wall, door, window, or any exterior surface, or replace anything thereon or affixed thereto, without the written consent of the Board of Directors of the Association.

ASSOCIATION RESPONSIBILITY. The Association shall be responsible for the maintenance, repair, and replacement of the Common Elements, including but not limited to all recreation facilities, and all property not required to be maintained, repaired, and/or replaced by the Unit Owners. Owners of the units shall be responsible for all interiors, HVAC equipment even though not 'inside' the unit and all personal property.

ARTICLE VII  
INSURANCE AND CONDEMNATION

7.01 The association shall purchase and maintain policies of property, liability, flood, Directors/Officers, and other insurance and fidelity bond coverage in accordance with the recommendations of the Board. Property coverage shall cover from the studs out and each owner shall be responsible for coverage 'walls in' as well as personal property and fixtures inside the unit. Owners are also responsible for the Air conditioning units specific to their unit, which are located on the roofs.

7.02 NOTICE OF NO INSURANCE. If the insurance described in Section 7.01 is not maintained, the Association promptly shall cause notice of that fact to be hand—delivered or sent prepaid by United States mail to all Unit Owners. The Association, in any event, may carry any other insurance it deems appropriate to protect the Association or the Unit Owners.

7.03 INSURANCE ADJUSTMENT AND DISBURSEMENT. Any loss covered by the property policy under Section 7.01 shall be adjusted with the Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated by the Association for that purpose, or otherwise to the Association, and not to any mortgagee or beneficiary under a deed of trust. The insurance trustee or the Association shall hold any insurance proceeds in trust for Unit Owners and lien holders as their interests may appear. Subject to the provisions of this Section, the proceeds shall be disbursed first for the repair or restoration of the damaged Common Elements and Units, and Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds after the Common Elements and Units have been completely repaired or restored, or the Condominium Regime is terminated.

7.04 UNIT OWNER'S INSURANCE. An insurance policy issued to the Association does not prevent a Unit Owner from obtaining insurance for his own benefit and each unit owner should retain coverage on personal property. Additionally, unit owners are responsible for 'WIND DRIVEN RAIN' coverage for the interior of the units.

7.05 CERTIFICATES AND CANCELLATION NOTICE. An insurer that has issued an insurance policy under this Article VII shall Issue certificates or memoranda of insurance to the Association and, upon request, to any Unit Owner, Mortgagee, or beneficiary under a first lien deed of trust. The insurance may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Unit Owner and each Mortgagee or beneficiary under a first lien deed of trust to whom certificates of insurance have been issued.

7.06 EXCEPTIONS TO REBUILDING. Any portion of the Condominium Project damaged or destroyed shall be repaired or replaced promptly by the Association unless:

- 1) The Condominium Regime is terminated;
- 2) Repair or replacement would be illegal under any state or local health or safety statute or ordinance;



- 3) 80% of the Unit Owners, including every Owner of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to rebuild; or
- 4) The disaster comprises all or more than two-thirds (2/3) of all the Buildings as determined by the Association.

In the event it is determined by the Association that reconstruction shall not take place as provided for herein, and unless otherwise unanimously agreed upon by the Owners, or their mortgagees, as their interest may appear, entitled to it in accordance with Unit's Percentage Interest set forth in this Declaration.

Should it be proper to proceed with the reconstruction, the provisions for such eventuality made in the Bylaws shall be observed, or if there be no such provision the decision of the Association shall govern.

**7.07 COSTS IN EXCESS OF INSURANCE PROCEEDS.** Where the Insurance indemnity is insufficient to cover the cost of reconstruction and reconstruction is required under the proceeding Section hereof, the building costs in excess of the insurance proceeds shall be paid by all the Owners directly affected by the damage as provided in the Bylaws; however, if there is no valid Bylaw provision, then, in proportion to the Percentage Interest assigned to the respective Unit so affected. If any one or more of those composing the minority shall refuse to make such payments, the majority may proceed with the reconstruction at the expense of all the Owners benefited thereby, upon proper resolution setting forth the circumstances of the case and the cost of the work.

The provisions of this Section may be changed by unanimous resolution of the Owners concerned, adopted subsequent to the date on which the fire or other disaster occurs.

**7.08 CONDEMNATION.** If less than the entire project is taken by the power of eminent domain, the Condominium Regime shall not terminate, but shall continue. If any partial taking results in the taking of an entire Unit, the Owner thereof shall cease to be a Member of the Association. The Association shall reallocate the voting rights and the undivided interest in the common Elements appertaining to such Unit or Units in accordance with the provisions of the Condominium Act.

## ARTICLE VIII MORTGAGEE'S PROTECTION

**8.01 NOTICES.** A Mortgagee, upon request, will be entitled to written notification from the Association of any default in the performance by an Owner-Mortgagor, of any obligation under this Declaration and other documents governing this Condominium Regime, which is not cured within sixty (60) days.

**8.02 FORECLOSURE EXEMPTION.** Any Mortgagee which obtains title to a Unit pursuant to the remedies provided in the mortgage instruments, or foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure

will be exempt from any "right of first refusal" contained in this Declaration or other documents governing this Condominium Regime, if any.

8.03 ASSESSMENTS. Any Mortgagee which obtains title to a Unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such Unit's unpaid assessments which accrue prior to the acquisition of title to such Unit by the Mortgagee, except for the prior six (6) months of assessments. However, such Mortgagee will be responsible for future assessments both regular and special from the time of ownership.

8.04 PROHIBITIONS. Unless at least 75% of the first mortgagees (based upon votes equal to the Percentage Interest of the Unit subject to the Mortgage), or Owners (other than Developer) have given their prior written approval in recordable form, the Association shall not be entitled to:

- 1) By act or omission, seek to abandon or terminate the Condominium Regime;
- 2) Change the Percentage Interest or obligations of any Unit for the purpose of:
  - a) Levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or
  - b) Determining the pro-rata share of ownership of each Unit in the Common Elements;
- 3) Partition or subdivide any Unit;
- 4) By act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Condominium Project shall not be deemed a transfer within the meaning of this clause);
- 5) Use hazard insurance proceeds for losses to the Condominium Project (whether to Units or to Common Elements) for other than the repair, replacement, or reconstruction of such property, except as provided by statute in the case of substantial loss to the Units or Common Elements of the Condominium Project (See Article VI).

8.05 RECORDS. Mortgagees shall have the right to examine the books and records of the Association.

8.06 RESERVE FUNDS. The Association assessments and charges shall include an adequate reserve fund for maintenance, repairs, and replacements.

8.07 LIENS. All taxes, assessments, and charges which may become liens prior to the first mortgage under local law shall relate only to individual Units and not to the Condominium Project.

8.08 INSURANCE PROCEEDS. No provision of the Declaration or other documents governing this Condominium Regime shall give any Owner, or any other party, priority over any rights of Mortgagees of the Units pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Units and Common Elements.

## ARTICLE IX AMENDMENT OF DECLARATION

- 9.01 IN GENERAL. Except in cases of amendments that may be executed by Developer (this Declaration, including the plats and plans, may be amended only by vote or agreement of Unit Owners to which at least two-thirds (2/3) (34 votes) of the votes of the Association are allocated. No amendment shall change the rights and privileges of the Developer without Developer's approval.
- 9.02 RECORDING. Every amendment to this Declaration must be Recorded.
- 9.03 UNANIMOUS CONSENT. Except to the extent expressly permitted or required by other provisions of this Declaration or the Condominium Act, no amendment to this Declaration may increase the number of Units, or change the boundaries of any Unit, the Percentage Interest, or the uses to which any Unit is restricted, in the absence of unanimous consent of the Owners. Notwithstanding the foregoing, the developer may count what is currently the 'managers' unit and if permitted may also sell such unit.
- 9.04 PREPARATION AND CERTIFICATION. Amendments to this Declaration to be Recorded by the Association shall be prepared, executed, recorded, and certified by the president and/or secretary of the Association.
- 9.05 AMENDMENTS BY DEVELOPER. Notwithstanding anything in this Declaration to the contrary, Developer may amend this Declaration in order to:
- 1) Correct Exhibits or other errors which may have been made in this Declaration during the period of Developer control of the Association;
  - 2) Change the Percentage Interest assigned to and dimensions of Units owned by Developer so long as such changes do not decrease the Percentage Interest assigned to Units of other Owners; and
  - 3) Conform with the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, or similar financial institutions with respect to Condominium documentation.

Each by written instrument to such effect, executed and acknowledged by Developer only, and duly Recorded.

ARTICLE X  
MISCELLANEOUS PROVISIONS

- 10.01 VENUE. The obligations and undertakings of each of the parties subject to this Declaration shall be performable in the County in which the Property is located.
- 10.02 LEGAL CONSTRUCTION. If any term provision, covenant, or condition of this Declaration, the Articles of Incorporation, the Bylaws, or the Management Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.
- 10.03 CONFLICTS. In the event any conflict between the Condominium Act, this Declaration, the Bylaws, the Management Agreement, or the Rules and Regulations, then the provisions of those documents shall prevail in the order in which those documents are listed in this Section.
- 10.04 TEXAS LAW. This Declaration shall be governed by and construed in accordance with the laws of the State of Texas.
- 10.05 PARTIES BOUND. This Declaration shall be binding upon and inure to the benefit of the successors and assigns of Developer, and all future Owners by their acceptance of their deeds.
- 10.06 ATTORNEY'S FEES. If any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret the provisions hereof, the prevailing party shall be entitled to recover reasonable attorney's fees from the other party, which fees may be set by the court in the trial of such action or may be enforced in a separate action brought for that purpose, and which fees shall be in addition to any other relief which may be awarded.
- 10.07 ENFORCEMENT. The terms and provisions of this Declaration, the Bylaws, and the Condominium Act may be enforced in law or equity by the Association, or any Owner. Failure to comply therewith shall entitle the Association or any Unit Owner to recover damages or injunctive relief, or both. Any failure to so enforce this Declaration, from time to time, shall not be deemed a waiver of such breach or failure to adhere to the provisions hereof.
- 10.08 NOTICES. Whenever notices are required to be sent hereunder, the same may be delivered to Unit Owners either personally or by mail, addressed to such Unit Owners at their address on file with the Association from time to time. Proof of such mailing or personal delivery by the Association or any Management Firm shall be given by the Affidavit of the person mailing or personally delivering said notices. Notices to the Association shall be delivered by mail to the Secretary of the Association,

or the President of the Association. The change of the mailing address of any party as specified herein shall not require an amendment to this Declaration.

Notices to the Developer shall be delivered by mail at: Captains Cove Holdings LLC, 1500 Town Plaza Court, Winter Springs, FL, 32708.

Notices to the Management Firm shall be delivered by mail at: TMVPS, LLC at the same address.

All notices shall be deemed and considered sent when mailed. Any party may change his or its mailing address by written Notice, duly receipted for. Notices required to be given to the personal representatives of a deceased Owner or devisee, when there is no personal representative, may be delivered either personally or by mail to such party at his or its address appearing in the records of the Court wherein the Estate of such deceased Owner is being administered. The change of the mailing address of any party, as specified herein, shall not require an Amendment to the Declaration.

- 10.09 GENDER AND NUMBER. Wherever the context shall so require, all words herein in any gender shall be deemed to include the masculine, feminine, or neuter gender. All singular words shall include the plural, all plural words shall include the singular.
- 10.10 HEADINGS. The headings used in this Declaration are used for administrative purposes only and do not constitute substantive matter to be considered in construing the terms hereof.
- 10.11 THE CONDOMINIUM ACT. The Property rights and obligations provided for in the Condominium Act are included herein, however, the provisions of the Condominium Act shall take precedent over any provision herein that may be in conflict therewith.

EXECUTED by Developer on the day and year first above written.

Captains Cove Holdings, LLC

ATTEST:



Secretary



Joseph Takacs, Jr, President

VAN A. BARNETT

REGISTERED PROFESSIONAL CIVIL ENGINEER  
&  
REGISTERED PUBLIC LAND SURVEYOR

ESTIMATES  
LAND SURVEYING  
PUBLIC IMPROVEMENTS  
CONCRETE DESIGN  
TIMBER STRUCTURES  
LAND PLANNING  
SUBDIVISIONS

EXHIBIT "A"

LAND DESCRIPTION

March 15, 1983

3818 AVENUE N1/2  
Galveston, Texas  
PHONE 762-3944

REVISED DESCRIPTION FOR WILLIS LUCAS

Survey of part of Lot 140 and East ½ of Lot 151, section #1, Trimble & Lindsey Subdivision, City of Galveston, Galveston County, Texas, described as follows:-  
Beginning at point in South Line of Stewart Road which is 235 feet East of West Line of said Lot 151; thence S25°E, parallel with West Line of said Lot 151, 135 feet to corner; thence S65°W, parallel with said South Line, 70 feet to corner in West Line of East ½ of said Lot 151; thence S25°E, along said West Line, 163.39 feet to corner in Northerly Line of Seawall Boulevard; thence N55° 55'E, along said Northerly Line across Lots 151 and 140, 501.28 feet to corner in East Line of said Lot 140; thence N25°W, along said East Line, 107.9 feet to corner; thence S55° 55'W 160 feet to corner; thence N25°W, parallel with said East Line, 152.80 feet to corner in said South Line of Stewart Road; thence South-westerly, alongside South Line which is a curve to the right with a 1482.72 foot radius, 219.39 feet to Point of Tangency; thence S65°W, along said South Line, 48.03 feet to Place of Beginning.

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Van A. Barnett, Reg. P.S.

EXHIBIT "B"

PLAT OF LAND, BUILDING LETTERS, LOCATION OF

BUILDING(S), COMMON ELEMENTS, AND

LIMITED COMMON ELEMENTS

(See the drawing(s) hereof, submitted with this Declaration to the County Clerk of Galveston County, Texas, which drawing(s) are incorporated herein by reference).

EXHIBIT C"

PLAT OF EACH FLOOR OF EACH BUILDING

SHOWING THE LETTER OF THE BUILDING,

THE NUMBER OF THE FLOOR; THE GENERAL DESCRIPTION

AND NUMBER OF EACH UNIT, ITS AREA, LOCATION AND

OTHER IDENTIFICATION DATA; THE GENERAL DESCRIPTION,

LOCATION, AND IDENTIFICATION OF LIMITED COMMON ELEMENTS

(See the drawing(s) hereof, submitted with this Declaration to the County Clerk of Galveston County, Texas, which drawing(s) are incorporate herein by reference).



EXHIBIT "D"

UNIT PERCENTAGE INTEREST

Each Unit Owner within the Condominium Project shall have a 1.9608% interest in and to the Common Elements and Common Surplus and shall be responsible for said 1.9608% of the Common Expense Assessments by the Association.

EXHIBIT "G"  
ARTICLES OF INCORPORATION OF  
CAPTAIN'S COVE RESORT ASSOCIATION

We, the undersigned natural persons of the age of eighteen (18) years or more, at least two of whom are citizens of the State of Texas, acting as incorporators of a corporation under the Texas Non—profit Corporation Act, do hereby adopt the following Articles of Incorporation for such Corporation:

ARTICLE I.

The name of the Corporation is Captain's Cove Resort Association.

ARTICLE II.

The Corporation is a non—profit corporation.

ARTICLE III.

The period of its duration is perpetual.

ARTICLE IV.

The purposes for which this Corporation is formed are:

- 1) The primary purpose is to operate and provide for the acquisition, construction, management, maintenance, and care of the corporate property, referred to in the Condominium Declaration for Captain's Cove Resort as both general and limited common elements;
- 2) The general purposes and powers are to have and exercise all rights and powers conferred on non—profit corporations under the laws of Texas, or which may hereafter be conferred, including the power to contract, rent, buy, or sell personal or real property;
- 3) Notwithstanding any of the above statements of purposes and powers, this Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purpose of this Corporation.

This Corporation is organized pursuant to the Texas Non—profit Corporation Act and does not contemplate pecuniary gain or profit to the members thereof and is organized for non—profit purposes.

#### ARTICLE V.

The street address of the initial registered office of the Corporation is 7600 Seawall Boulevard, Galveston, Texas 77551, and the name of its initial registered agent at such address is Joseph A Takacs Jr.

#### ARTICLE VI.

The number of directors constituting the initial board of directors of the Corporation is two (2), and the names and addresses of the persons who are to serve as the initial directors are:

Joseph A Takacs Jr  
7600 Seawall Blvd  
Galveston, TX 77551

Dana S Takacs  
7600 Seawall Blvd  
Galveston, TX 77551

#### ARTICLE VII.

The name and street address of each incorporator are:

Joseph A Takacs Jr  
1010 East Riviera Blvd  
Oviedo, FL 32765

Dana S Takacs  
1010 East Riviera Blvd  
Oviedo, FL 32765

## **RULES AND REGULATIONS**

### **Captains Cove – confirmed May 2021**

The Rules and Regulations hereinafter enumerated as to the **Captains Cove Condominium Property**, the Common Elements, the Limited Common Elements, and the Condominium Units shall be deemed in effect until amended by the Board of Directors of the Association and shall apply to and be binding upon all Unit Owners. The Unit Owners shall, at all times, obey said Rules and Regulations and shall use their best efforts to see that they are faithfully observed by their families, guests, invitees, servants, lessees, and persons over whom they exercise control and supervision.

Said initial Rules and Regulations are as follows:

1. The sidewalks, if any, walkways, entrances, and all of the Limited Common Elements and Common Elements must not be obstructed or encumbered or used for any purpose (excluding patios, decks, and balconies) other than ingress and egress to and from the premises; nor shall any carriages, bicycles, wagons, shopping carts, chairs, benches, tables, or any other object of a similar type and nature be left therein or thereon.
2. The personal property of all Unit Owners shall be stored within their Condominium Units or the exterior storage space of their Unit.
3. No garbage cans, supplies, milk bottles, or other articles shall be placed on the patios, decks, balconies, and entry ways, nor shall any linens, cloths, clothing, curtains, rugs, mops, or laundry of any kind, or other articles be shaken or hung from any of the windows, doors, patios, decks, balconies, or entry ways, or exposed on any part of the Limited Common Elements or Common Elements; and the Limited Common Elements and Common Elements shall be kept free and clear of all refuse, debris, and other unsightly material.
4. No Unit owner shall allow anything whatsoever to fall from the windows, patios, decks, balconies, entry ways, or doors of the premises, nor shall he sweep or throw from his Unit any dirt or other substances outside of his Unit or on Limited Common Elements or Common Elements of the Condominium.
5. Refuse and bagged garbage shall be deposited only in area provided therefor.
6. No Unit Owner shall store or leave boats, trailers, mobile homes, recreation vehicles, and the like on the Condominium Property except in areas designated for same.

7. Employees of the Association or Management Firm shall not be sent off the Condominium premises by any Unit Owner at any time for any purpose. No Unit Owner or resident shall direct, supervise, or in any manner attempt to assert any control over employees of the Management Firm or the Association.
8. No Unit Owner shall make or permit any disturbing noises by himself, his family, servants, employees, agents, visitors, and licensees, nor do or permit anything by such persons that will interfere with the rights, comforts, or convenience of the Unit Owners. No Unit Owner shall play upon or suffer to be played upon any musical instrument, or operate or suffer to be operated, a phonograph, television, radio, or sound amplifier in his Unit, in such a manner as to disturb or annoy other occupants of the Condominium. All party(s) shall lower the volume as to the foregoing from 10:00 P.M. to 8:00 A.M. each day.
9. No Unit Owner will allow more than eight (8) people to occupy their unit overnight at any time.
10. No radio or television installation, or other wiring, shall be made without the written consent of the Board of Directors.
11. No sign, advertisement, notice, or other lettering shall be exhibited, displayed, inscribed, painted, or affixed, in, on, or upon any part of the Condominium Units, Limited Common Elements, or Condominium Property by any Unit Owner or occupant without permission of the Association.
12. Complaints regarding the service of the Condominium shall be made in writing to the Management Firm, as long as the Management Agreement remains in effect, and thereafter, to the Board of Directors.
13. No inflammable, combustible, or explosive fluid, chemical, or substance shall be kept in any Unit or Limited Common Element except such as are required for normal household use.
14. Payment of assessments and maintenance fees shall be made at the office of the Management Firm, as designated in the Management Agreement. Payments made in the form of checks shall be made to the order of such party as the Management Firm shall designate.
15. No animals, birds, or reptiles of any kind shall be kept in a Unit, except for a maximum of two dogs of gentle disposition, or two cats, caged birds, aquarium fish, or other household pets ("Pets"), as approved and licensed in writing by the Association as compatible with the Condominium. All Pets shall at all times be on a leash or in a carrier when outside of a Unit and shall not be left unattended at any time while outside of a Unit and shall not be left unattended for more than two (2) hours on any balcony or exterior enclosure of a Unit. Owners shall comply at all times with the rules and regulations promulgated by the Association pertaining to ownership and

maintenance of Pets. Pets may not be kept, boarded, or maintained for any commercial purpose. Any pet causing or creating a nuisance or unreasonable disturbance, or noise shall be permanently removed from the Property upon three (3) days' written notice from the Board of Directors. Failure to remove a pet from the property after written notice by the Board will constitute a willful violation of the Rules and shall result in a \$500.00 fine in addition to all other penalties as provided by the Declaration, Bylaws and Rules. Unit Owner shall hold the Association harmless from any claim resulting from any action of their pets. Assistance animals will be permitted for those persons holding certificates of necessity or as otherwise permitted by law. Each owner shall be responsible for the immediate removal of any droppings on common area, walks, hallways, paved streets, or paved streets. All pet waste must be securely bagged and placed inside the dumpster. Unit owner where pet waste is found to be not properly disposed of will be fined as follows: 1<sup>st</sup> offense \$100, 2<sup>nd</sup> offense \$200, 3<sup>rd</sup> offense \$300 etc plus the cost of DNA test and test kit replacement.

16. All clothes dryers will have lint filters which will remain installed and prevent lint from accumulating in the vent duct. All stove hoods will have grease screens which will remain installed and prevent grease from accumulating in the vent duct. All such filters and screens will at all times be used and kept clean in good order and repair by the Unit Owner.
17. No signs, window displays or advertising visible from outside a Unit (except for a name plate or sign not exceeding nine square inches in area, on the main entrance door to each Unit and which is approved by the Board of Directors) shall be maintained or permitted in any part of a Unit.
18. No Owner shall erect antennae, awnings or other exterior attachments including flags (with exception to a United States flag no larger than 3'x5'), banners, laundry, clothing, rugs, canopies, or place any reflective material in the windows of a Unit or on the Balcony thereof, including the placement or installation of any equipment or materials on the roof of the Building.
19. Windssocks or other yard "decoration" is prohibited on all decks or patios.
20. All window coverings visible from any portion of the exterior of the Condominium, including, without limitation, drapes, shades, shutters, and/or backings, shall be of design and materials consistent with the quality, standards and design of the Condominium and shall be white or off-white color. Any quality issues, questions or variances shall be subject to the approval of the Board of Directors.
21. The use of personal outdoor grills within ten (10) feet of the exterior of a unit and within ten feet of any structure including decks, balconies and patios is prohibited. Personal outdoor grills are not to be stored on the patios or decks of the units. All gas, wood, or charcoal grilling on unit patios/balconies is prohibited. Outdoor charcoal grills are available.

22. Planters and flowers pots may be placed on balconies, decks, and patios. Planters and flowerpots will not be placed on the top of any 2<sup>nd</sup> or 3<sup>rd</sup> floor balcony, deck, or patio railing or privacy wall. The hanging of planters and flowerpots from any balcony or deck is prohibited. Plants and flowers must be maintained so they do not litter on Common area or Limited common Area, including balconies, decks, and patios. Any dead or diseased plants or flowers must be removed by the responsible Owner or resident.
23. Yard sales, tag sales, garage sales, and other similar activities are prohibited except as authorized by the Board of Directors.
24. No item can be hung, nailed to, or affixed in any way to the deck/patio or any other part of the building structure. No holes of any kind can be made to any part of the building structure.
25. Smoking is prohibited on balconies/patios for the comfort of the other Owners.
26. No one shall unnecessarily hold or otherwise interfere with the normal operation of the elevators. The elevators are reserved for the exclusive and uninterrupted use of the Unit Owners, Residents, and other persons lawfully on the Property. When moving in or out, pads must be used to protect the elevator floors. Should there be any damage done to the elevator due to the move the Owner will be responsible for the cost of repairs incurred
27. Any sod or other property damaged through neglect or abuse shall be replaced at the expense of the Unit Owner who is responsible.

**END of RULES and REGULATIONS**  
**Captains COVE**  
**May 2021**