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**DECLARATION OF CONDOMINIUM
FOR
THE STRAND LOFTS, A CONDOMINIUM**

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STATE OF TEXAS
COUNTY OF GALVESTON

**DECLARATION OF CONDOMINIUM
FOR
THE STRAND LOFTS, A CONDOMINIUM**

THIS DECLARATION is made on the date set forth below by SHF Strand, LP, a Texas limited partnership (hereinafter referred to as "Declarant");

WITNESSETH

WHEREAS, Declarant is the owner of that certain real property located in Galveston County, Texas and is described in Exhibit "A" attached hereto and incorporated herein by this reference;

WHEREAS, Declarant desires to subject the real property described in Exhibit "A" hereto, including the improvements thereof, to the provisions of this Declaration and to the Texas Condominium Act; and

NOW, THEREFORE, Declarant hereby declares that the real property described in Exhibit "A" of this Declaration, including the improvements located and to be located thereon, is hereby submitted and made subject to the form of ownership set forth in the Texas Condominium Act, and is hereby subjected to the provisions of this Declaration. By virtue of the recording of this Declaration, said property shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the provisions of the Texas Uniform Condominium Act and the covenants, conditions, restrictions, easements, assessments, and liens set forth and/or described in this Declaration, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the real property subject to this Declaration, and shall be binding on all Persons having any right, title or interest in all or any portion of the real property subject to this Declaration, their respective heirs, legal representatives, successors, successors in title and assigns, and shall be for the benefit of all owners of the property subject to this Declaration.



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ARTICLE 1. NAME

The name of the condominium is The Strand Lofts, A Condominium (hereinafter sometimes called the "Condominium," as further defined herein), which Condominium is hereby submitted by Declarant to the Texas Uniform Condominium Act, Chapter 82 of the Texas Property Code, as amended.

ARTICLE 2. DEFINITIONS

Generally, terms used in this Declaration, the Bylaws, and the Articles of Incorporation shall have their normal, generally accepted meanings or the meanings given in the Act or the Texas Nonprofit Corporation Code. Unless the context otherwise requires, certain terms used in this Declaration, the Bylaws and the Articles of Incorporation shall be defined as follows:

Section 2.1. "Act" shall mean the Texas Uniform Condominium Act, Chapter 82 of the Texas Property Code, as such act may be amended from time to time.

Section 2.2. "Annual Assessment" shall mean the assessment to be uniformly levied by the Board against each Unit as more particularly described in Section 10.3(b) below.

Section 2.3. "Architectural Control Committee" or "ACC" shall mean the committee established to exercise the architectural review powers set forth in Article 13 hereof, which shall be the Board of Directors of the Association unless by resolution the Board appoints a separate Architectural Control Committee.

Section 2.4. "Areas of Insurance Responsibility" shall mean all of the items that the Association is required to insure by Section 82.111 of the Act, the Common Elements (including the Limited Common Elements), all personal property owned by the Association (including but not limited to any common furniture and equipment and fixed asset supplies and contents) and as it is applied to each Unit: (a) Sheetrock and plaster board comprising the walls and ceilings of the Unit, and (b) all improvements and betterments installed in the Unit as of the date the Declarant initially conveys the Unit to an Owner other than Declarant (and replacements thereof up to the value of those improvements and betterments installed as of the Effective Date) (including all floors and subfloors; wall, ceiling, and floor coverings; plumbing and electrical lines and fixtures; built-in cabinetry and fixtures; and appliances for refrigeration, cooking, dishwashing, and laundry). The "Areas of Insurance Responsibility" shall exclude: all improvements and betterments made to a Unit subsequent to the date the Declarant initially conveys the Unit to an Owner other than Declarant (except for replacements as described above up to the value of those improvements and betterments installed as of the Effective Date); and furnishings and other personal property within a Unit.

Section 2.5. "Area of Common Responsibility" shall mean and refer to the Common Elements, together with those areas, if any, which by the terms of this Declaration or by contract or agreement with any other Person, become the responsibility of the Association.

Section 2.6. "Articles" or "Articles of Incorporation" shall mean the Articles of Incorporation of The Strand Lofts Condominium Association, Inc., which have been filed with the Secretary of State of the State of Texas.

Section 2.7. "Assessment Exemption Period" shall mean the period commencing on the date the Association levies the initial assessment and terminating on the earlier of: (a) the date the Declarant Control Period terminates; or (b) three (3) years from the date of Declarant's first conveyance of a Unit.



Section 2.8. “**Association**” shall mean The Stand Lofts Condominium Association, Inc., a Texas nonprofit corporation, and its successors or assigns.

Section 2.9. “**Board**” or “**Board of Directors**” shall mean the board of directors of the Association, which shall be the body responsible for the management and operation of the Association.

Section 2.10. “**Bylaws**” shall mean the Bylaws of The Stand Lofts Condominium Association, Inc., attached to this Declaration as Exhibit “G” and incorporated herein by this reference.

Section 2.11. “**Common Elements**” shall mean those portions of the property subject to this Declaration, which are not included within the boundaries of a Unit, as more particularly described in this Declaration.

Section 2.12. “**Common Expenses**” shall mean the expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

Section 2.13. “**Condominium**” shall mean all the real property described in Exhibit “A” attached hereto and incorporated herein by this reference, submitted to the provisions of the Act by this Declaration.

Section 2.14. “**Condominium Instruments**” shall mean this Declaration and all exhibits to this Declaration, including the Bylaws of the Association, and the Plat, as such documents may be supplemented or amended from time to time.

Section 2.15. “**Declarant**” shall mean SHF Strand, LP, a Texas limited partnership, its respective successors-in-title and assigns and any other Person as further set forth in Section 82.0039(a)(10) of the Act, provided that such successors and/or assignee are designated in writing by Declarant as its successor-in-title and/or assign of the rights of Declarant set forth herein. The expiration of the Declarant Control Period shall not terminate or alter the status of the above-referenced entity and its successor-in-title and/or assign, as Declarant hereunder, or divest it of other rights specifically reserved to Declarant herein.

Section 2.16. “**Declarant Control Period**” shall mean the period of time during which Declarant is authorized to appoint and remove the members of the Board of Directors as provided in Section 3.2 of the Bylaws.

Section 2.17. “**Domestic Partner**” shall mean any adult who cohabits with an Owner and who has been designated as the Owner’s Domestic Partner in a written statement, signed by the Owner and filed with the Association’s Secretary. A Person shall no longer be a Domestic Partner upon the Secretary’s receipt of a written termination notice, signed by either the Owner or the Domestic Partner.

Section 2.18. “**Effective Date**” shall mean the date on which this Declaration is recorded in the Official Records.

Section 2.19. “**Electronic Document**” shall mean information created, transmitted, received or stored by electronic means and retrievable in humanly perceivable form including, without limitation, e-mail, web pages, electronic documents, and facsimile transmissions.

Section 2.20. “**Electronic Signature**” shall mean a signature created, transmitted, received or stored by electronic means and includes, but is not limited to, a Secure Electronic Signature.

Section 2.21. “**Eligible Mortgage Holder**” shall mean those holders of first Mortgages secured by a lien on a Unit in the Condominium who have requested notice of certain items as set forth in this Declaration.



Section 2.22. “**Limited Common Elements**” shall mean those portions of the Common Elements reserved for the exclusive use of those Persons entitled to occupy one (1) or more, but less than all of the Units, as more particularly set forth in this Declaration.

Section 2.23. “**Maintenance Manual**” shall mean those certain maintenance criteria, maintenance manuals, and warranty requirements for the building provided by Declarant to the Association in accordance with Article 17 hereof.

Section 2.24. “**Majority**” shall mean more than fifty percent (50%) of the total eligible number.

Section 2.25. “**Mortgage**” shall refer to any mortgage, deed to secure debt, deed of trust, or other transfer or conveyance for the purpose of securing the performance of an obligation including, but not limited to, a transfer or conveyance of fee title for such purpose.

Section 2.26. “**Mortgagee**” or “**Mortgage Holder**” shall mean the holder of any Mortgage.

Section 2.27. “**Occupant**” shall mean any Person staying overnight in a Unit for a total of more than thirty (30) days, either consecutive or nonconsecutive, in any one year period, regardless of whether such Person is a tenant or the Owner of such Unit.

Section 2.28. “**Official Records**” shall mean the official land records of the Galveston County Clerk.

Section 2.29. “**Owner**” shall mean the record titleholder of a Unit within the Condominium, but shall not include a Person who is only a Mortgage Holder.

Section 2.30. “**Percentage Interests**” shall mean the undivided ownership percentage interest in the Common Elements appurtenant to each Unit as set forth in Exhibit “B” to this Declaration.

Section 2.31. “**Person**” shall mean any individual, corporation, firm, association, partnership, trust, or other legal entity.

Section 2.32. “**Plat**” shall mean the plat and plans of Plat for The Strand Lofts, A Condominium attached hereto as Exhibit “C” and incorporated herein.

Section 2.33. “**Sales Period**” shall mean the period of time commencing on the Effective Date and terminating at the time Declarant does not own any Unit primarily for the purpose of sale or lease.

Section 2.34. “**Secure Electronic Signature**” shall mean an electronic or digital method executed or adopted by a Person with the intent to be bound by or to authenticate a record, which is unique to the Person using it, is capable of verification, is under the sole control of the Person using it, and is linked to data in such a manner that if the data is changed, the electronic signature is invalidated.

Section 2.35. “**Special Assessment**” shall mean an assessment uniformly levied by the Board against all Units in accordance with their respective Percentage Interests to fund an expense of the Association not included in the annual budget or to otherwise fund a shortfall in the operating account of the Association.

Section 2.36. “**Specific Assessment**” shall mean an assessment levied by the Board against a Unit as provided below:



(a) Any Common Expenses benefiting less than all of the Units (including, but not limited to, Common Expenses associated with the maintenance, repair, renovation, restoration, or replacement of any Limited Common Element) may be specifically assessed equitably, in the Board of Director's reasonable discretion, among all of the benefited Units according to the respective benefit received.

(b) Any Common Expenses occasioned by the conduct of less than all of those entitled to occupy all of the Units or by the licensees or invitees of any such Unit or Units may be specifically assessed by the Board of Directors against such Unit or Units based upon the conduct committed which occasioned any such Common Expenses.

(c) Any Common Expenses significantly disproportionately benefiting all the Units may be specifically assessed equitably, in the Board of Director's reasonable discretion, among the benefited Units according to the respective benefit received.

(d) Fines or other charges for property damage imposed on a Unit by the Association as permitted by Section 82.102(d) of the Act shall be deemed Specific Assessments.

Section 2.37. "Special Declarant Rights" shall have the same meaning as set forth in 82.003(a)(22) of the Act.

Section 2.38. "Total Association Vote" shall mean all of the eligible votes attributed to members of the Association (including votes attributable to Declarant), and the consent of Declarant during the Sales Period.

Section 2.39. "Unit" shall mean that portion of the Condominium intended for individual ownership and use as more particularly described in this Declaration and shall include the undivided ownership in the Common Elements allocated to such Unit by this Declaration.

ARTICLE 3. LOCATION AND PROPERTY DESCRIPTION

The Condominium subject to this Declaration and the Act is located in City of Galveston, Galveston County, Texas, all as more particularly described in Exhibit "A" attached to this Declaration, which exhibit is specifically incorporated herein by this reference.

ARTICLE 4. UNITS AND BOUNDARIES

Section 4.1. General. The Condominium will be divided into thirty-seven (37) separate Units and Common Elements, some of which will be allocated as Limited Common Elements. Each Unit consists of a dwelling and its appurtenant Percentage Interest ownership in the Common Elements. Each Unit shall be conveyed as a separately designated and legally described freehold estate subject to the Act and the Condominium Instruments. The Units are depicted on the Plat, and a list of the Units is attached hereto as Exhibit "B" and incorporated herein by this reference.

Section 4.2. Vertical Boundaries. The perimetrical or vertical boundaries of each Unit shall be the vertical planes formed by the innermost surface of the exterior masonry walls separating the Unit from the exterior of the building and the walls separating the Unit from the hallway of the floor on which the Unit is located in the building. With respect to common walls between the Units, the perimetrical or vertical boundary of the Units served thereby shall be the centerline of such wall.



Section 4.3. Horizontal Boundaries.

(a) If the Unit is on the top floor of the building, the upper horizontal boundary of such Unit is the exterior, unfinished, unexposed surface of the wallboard or other material comprising the ceiling of the Unit, with such material constituting part of the Unit. The lower horizontal boundary of such Unit is the lowermost surface of the wood floor truss structure of the Unit, with the flooring and subflooring constituting part of the Unit.

(b) If the Unit is on the bottom floor of the building, the upper horizontal boundary of such Unit is the lowermost surface of the wood floor truss system, with the subflooring of the Unit above not constituting part of the Unit below. The lower horizontal boundary of such Unit is the uppermost surface of the concrete slab on which the Unit is constructed, with the flooring, if any, constituting part of the Unit and the concrete subflooring and building foundation not constituting part of the Unit.

(c) If the Unit is not on the top or bottom floors of the building, the upper horizontal boundary of such Unit is the lowermost surface of the wood floor truss system with the subflooring of the Unit above not constituting part of the Unit below. The lower horizontal boundary of such Unit is the lowermost surface of the wood floor truss system with the flooring and subflooring constituting part of the Unit.

Section 4.4. Additional Information to Interpret Unit Boundaries.

(a) Entry doors and exterior glass surfaces, including, but not limited to, windows and glass doors, serving the Unit shall be part of the Unit.

(b) Heating and air conditioning systems serving a single Unit (including any part of any such system located outside the boundaries of the Unit), all duct work for heating and air conditioning systems and appliances and plumbing fixtures within a Unit shall be part of the Unit.

(c) If any chutes, flues, ducts, conduits, wires, pipes or other apparatus lies partially within and partially outside of the designated boundaries of the Unit, any portion thereof that serves only that Unit shall be deemed to be a part of that Unit, while any portions thereof which serve more than one (1) Unit or any portion of the Common Elements shall be deemed a part of the Common Elements.

(d) In interpreting deeds and Plat, the existing physical boundaries of a Unit as originally constructed or of a Unit reconstructed in substantial accordance with the original Plat thereof shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed in any deed or Plat, regardless of settling or lateral movement of the building in which the Unit was located, and regardless of minor variances between the boundaries shown on the Plat or in a deed and those of the Unit.

(e) The ownership of each Unit shall include, and there shall pass with each Unit, whether or not separately described in the conveyance thereof, that percentage of the right, title and interest in the Common Elements attributable to such Unit, together with membership in the Association and an undivided interest in the funds and assets held by the Association.

ARTICLE 5. COMMON ELEMENTS

The Common Elements consist of all portions of the Condominium not part of a Unit. The Common Elements include, without limitation, certain utility infrastructures, the foundation, roof, exterior walls of the building, parking facility and lighting for same, mail area, stairs, hallways, lobby, elevator, elevator shaft, elevator lobbies, mechanical rooms, maintenance room, limited access entry system, and all other lighting in any Common Element of the building.



Ownership of the Common Elements shall be by the Owners as tenants-in-common. The undivided ownership interest in and to the Common Elements attributable to each Unit is based on each Unit's Percentage Interest. The Percentage Interests may be altered only by the consent of all Owners and Mortgagees (or such lesser number of Owners and Mortgagees as may hereafter be prescribed by the Act) expressed in a duly recorded amendment to this Declaration.

The Common Elements shall remain undivided, and no Owner or any other Person shall bring any action for partition or division of the whole or any part thereof except as provided in the Act. Except as provided for Limited Common Elements or as otherwise provided herein, each Owner and the Association may use the Common Elements for the purposes for which they are intended, but no such use shall enter or encroach upon the lawful rights of the other Owners.

ARTICLE 6. LIMITED COMMON ELEMENTS

Section 6.1. Limited Common Elements Identified. The Limited Common Elements located on the Condominium and the Unit(s) to which they are allocated are:

- (a) the portion of the Common Elements on which there is located any portion of the air conditioning or heating system exclusively serving a particular Unit or Units is allocated as a Limited Common Element to the Unit or Units so served;
- (b) any utility meter that serves only one (1) Unit is allocated as a Limited Common Element to the Unit so served;
- (c) a Unit may be allocated one (1) or more storage spaces, which are allocated in Exhibit "D" attached hereto and incorporated herein by this reference and shown on the Plat as a Limited Common Element, allocated to the Unit. Storage spaces may be initially allocated or reallocated by amendment to this Declaration as provided in Section 6.2 and 6.3 below;
- (d) a Unit may be allocated one (1) or more parking spaces, which are allocated in Exhibit "E" attached hereto and incorporated herein by this reference and shown on the Plat as a Limited Common Element, allocated to the Unit. Parking spaces may be initially allocated or reallocated by amendment to this Declaration as provided in Section 6.2 and 6.3 below; and
- (e) each Unit is allocated one (1) mailbox or mail slot, to be initially allocated in the sole discretion of Declarant.

Section 6.2. Board's Power to Assign and Reassign. The Board of Directors, without need for a membership vote, is hereby authorized to allocate and to reallocate Limited Common Elements and Common Elements not previously allocated, provided that any such allocation or reallocation shall be made in accordance with the provisions of Section 82.058(b) and 82.058(c) of the Act. A Common Element not previously allocated as a Limited Common Element may be so allocated and a Limited Common Element may be re allocated by the Board, without the need for a vote of the Association, upon written application to the Association by the Owner or Owners for whose exclusive use such Common Element is requested or whose use of the Limited Common Element previously allocated is directly affected. Upon such application, the Association shall prepare and execute an amendment to this Declaration allocating the Common Element as a Limited Common Element or re allocating the Limited Common Element, which amendment shall be executed by the Owner or Owners making such application. Such amendment shall be delivered and become effective as provided in Section 82.058 of the Act. During the Sale Period, an amendment to allocate a Common Element, not previously allocated as a Limited Common Element shall be executed by the officers of the Association, if the request is made by Declarant. The Board has the right to approve or disapprove any such request made by any Person other than Declarant.



Section 6.3. Declarant's Sale of Storage Spaces. During the Sales Period, Declarant shall have the right to sell to Owners one (1) or more parking spaces or storage spaces to be allocated as Limited Common Elements pursuant to Section 6.1 (c) and (d) above. The proceeds of the sale of parking spaces or storage spaces as Limited Common Elements shall belong to Declarant.

ARTICLE 7. ASSOCIATION MEMBERSHIP AND ALLOCATION OF VOTES

All Owners, by virtue of their ownership of a fee or undivided fee interest in any Unit in the Condominium, excluding Persons holding such interest under a Mortgage, are members of the Association, and, except as otherwise provided herein or in the Bylaws, shall be entitled to vote on all matters upon which members of the Association are entitled to vote pursuant to this Declaration and in accordance with the Bylaws. Subject to the provisions of the Condominium Instruments, the Owner or collective Owners of each Unit shall be entitled to one (1) equally weighted vote for such Unit owned.

ARTICLE 8. ASSOCIATION RIGHTS AND RESTRICTIONS

In addition to and not in limitation of all other rights it may have, the Association, acting through its Board of Directors, shall have the right and authority:

- (a) to enter into Units for maintenance, emergency, or life-safety purposes, which right may be exercised by the Board of Directors, and/or its officers, agents, employees, managers, and all police officers, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall be only during reasonable hours and after reasonable notice to the Owner or Occupant of the Unit. For the purposes of this Article, an emergency justifying immediate entry into a Unit shall include, but not be limited to, the following situations: a water or other utility leak, fire, strong foul odor, obvious insect infestation or sounds indicating that a Person or animal might be injured or sick and require immediate medical attention. No one exercising the rights granted in this subparagraph shall be liable for trespass, damages, or in any other manner by virtue of exercising such rights, except as provided in the Act. The failure to exercise the rights herein granted or to exercise said rights in a timely manner shall not create liability to any of the above-referenced parties, it being agreed that no duty to enter a Unit shall exist;
- (b) to make and to enforce reasonable rules and regulations governing the use of the Condominium, including the Units, Limited Common Elements, and Common Elements;
- (c) to enforce use restrictions, other Declaration and Bylaws provisions, and rules and regulations by the imposition of reasonable monetary fines and suspension of use and voting privileges as provided in Section 82.102 of the Act;
- (d) to grant and accept permits, licenses, utility easements, leases, and other easements;
- (e) to control, manage, operate, maintain, improve and replace all portions of the Area of Common Responsibility;
- (f) to represent and act on behalf of the Owners in the event of damage or destruction as a result of casualty loss in accordance with the provisions of the Act and Article 12 of this Declaration;
- (g) to represent and act on behalf of the Owners in the event of any loss resulting from condemnation or eminent domain in accordance with the provisions of the Act and Article 18 of this Declaration;



(h) to acquire, hold, and dispose of tangible and intangible personal property and real property;

(i) to collect security deposits in reasonable amounts, as determined by the Board of Directors in its sole discretion, to protect against any damage to the Condominium, including, without limitation, damage resulting from: moving in or out of a Unit; the transportation and use of construction materials in the Condominium; and the alteration, modification, or addition to a Unit and any Limited Common Element appurtenant thereto. Costs for repair of such damage may be deductible from the security deposit and any additional expenses may be specifically assessed against the Unit under this Article;

(j) to approve contractors or subcontractors who have access to the Condominium for the purpose of making repairs or improvements to Units based on rules and regulations promulgated and adopted by the Board that may include, without limitation: financial stability of the contractors and/or subcontractors; history of compliance with the Condominium Instruments and rules and regulations of the Association; and other factors that may be reflective of quality and ability. The Board may also impose insurance requirements and collect other non-refundable fees for use of the elevator and the trash receptacle;

(k) at the sole expense of the Association, without need for a membership vote, and without the consent of any affected Owner, to relocate any portion of the air conditioning, heating, plumbing, ventilating, exhaust or electrical system serving a particular Unit, provided that after such relocation, the system serving the Unit functions at least as well and at no greater cost to the Owner as existed prior to the relocation; and

(l) to close permanently or temporarily any portion of the Common Elements (excluding the Limited Common Elements, and any Common Elements the use of which is reasonably necessary for access to or from a Unit and any portion of the Common Elements over, on, upon or which Declarant or has an easement) with thirty (30) days prior notice to all Owners, except that, in emergency situations requiring a temporary closing, prior notice shall not be required so long as notice is given within three (3) days after the closing explaining the reason for the closing. Notwithstanding the above, the Owners may re-open closed Common Elements by a Majority vote of the Total Association Vote, cast at a duly called special or annual meeting; and

(m) to enter into joint agreements and contracts with other Persons for the provision of services, including, without limitation, management, landscaping, porter, concierge, property monitoring services, and trash removal services.

NOTWITHSTANDING ANYTHING TO THE CONTRARY STATED HEREIN, THE ASSOCIATION SHALL NOT BE OBLIGATED TO TAKE ANY ACTION TO ENFORCE ANY COVENANT, USE RESTRICTION, OR RULE THAT THE BOARD, IN EXERCISE OF ITS BUSINESS JUDGMENT, DETERMINES IS OR IS LIKELY TO BE CONSTRUED AS INCONSISTENT WITH APPLICABLE LAW OR IN ANY CASE IN WHICH THE BOARD REASONABLY DETERMINES THAT THE ASSOCIATION'S POSITION IS NOT STRONG ENOUGH TO JUSTIFY TAKING SUCH ACTION. SUCH A DECISION SHALL NOT BE CONSTRUED A WAIVER OF THE RIGHT OF THE ASSOCIATION TO ENFORCE SUCH PROVISION AT A LATER TIME UNDER OTHER CIRCUMSTANCES OR ESTOP THE ASSOCIATION FROM ENFORCING ANY OTHER COVENANT, USE RESTRICTION OR RULE.



ARTICLE 9. ALLOCATION OF LIABILITY FOR COMMON EXPENSES

Section 9.1. Percentage of Undivided Interest. Except for Specific Assessments or as provided elsewhere in the Act or Condominium Instruments, the amount of all Common Expenses shall be assessed against all the Units in accordance with the Percentage Interests.

Section 9.2. Utility Metering and Sub-metering. In the event the Condominium is served by a common utility meter, the Board shall have the authority (but not obligation) to install submeters and assess individual Unit utilities usage charges as Specific Assessments. This shall include the right to add a charge for the cost of overhead for such submetering, against the individual Units and/or to install separate utility meters for the Units. In the event there is a common meter but no submeters, the utility charges shall be assessed against all the Units in accordance with the Percentage Interests.

ARTICLE 10. ASSESSMENTS

Section 10.1. Purpose of Assessment. The Association shall have the power to levy assessments as provided herein and in the Act. The assessments for Common Expenses provided for herein shall be used for the general purposes of promoting the common benefit and enjoyment of the Owners and Occupants of the Units as may be more specifically authorized from time to time by the Board.

Section 10.2. Types of Assessments. Each Owner of a Unit, by acceptance of a deed to a Unit whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the following types of assessments with such assessments to be established and collected as hereinafter provided:

- (a) Annual Assessments;
- (b) Special Assessments; and
- (c) Specific Assessments.

Section 10.3. Annual Budget and Annual Assessments.

(a) Preparation of Budget. For each fiscal year, the Board shall prepare a budget listing by category the estimated Common Expenses for such year (including the establishment and maintenance of such reserves as the Board may consider appropriate). The Board shall cause the proposed annual budget and Annual Assessments roster based thereon to be delivered to each Owner at least twenty-one (21) days prior to the Association's annual meeting.

The budget and the assessment shall become effective unless disapproved at a duly called and constituted annual meeting of the Association by a vote of a Majority of the Total Association Vote; provided, however, if a quorum is not obtained at the annual meeting, the budget shall become effective even though a vote to disapprove the budget could not be called for at such meeting.

(b) Annual Assessments. Each Owner shall pay an Annual Assessment based on the Percentage Interest allocated to the Owner's Unit. The amount of the Common Expenses paid as an Annual Assessment shall be based on the total Common Expenses as estimated in the annual budget, less the following:

- (i) Any amounts in the budget to be funded by the payment of Specific Assessments; and
- (ii) Undistributed and unreserved Common Profits.



(c) Failure to Establish Annual Budget. In the event that the Owners disapprove the proposed budget or the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the current year shall continue for the succeeding year. In such case, the Board may propose a new budget at any time during the year at a special meeting of the Association. The proposed budget and Annual Assessment shall be delivered to the Owners at least twenty-one (21) days prior to the proposed effective date thereof and at least seven (7) days prior to the special meeting. The approval procedure set forth above for budgets considered at annual meetings shall also apply to budgets considered at special meetings.

(d) Budget Adjustments. The Board of Directors shall have the right to:

- (i) not spend the full amount budgeted for any particular line item in the budget;
- (ii) spend more than what has been budgeted;
- (iii) shift revenues within the budget from one line to another; and

(iv) adopt a revised budget during the fiscal year, provided, however, (A) such proposed revised budget and Annual Assessment shall be delivered to the Owners at least twenty-one (21) days prior to the proposed effective date thereof and at least seven (7) days prior to a special meeting of the Association, and (B) the revised budget and the Annual assessments shall become effective unless disapproved at a duly called and constituted special meeting of the Association by a vote of a Majority of the Total Association Vote, provided, if a quorum is not obtained at such special meeting, the revised budget shall become effective even though a vote to disapprove the budget could not be called for at such meeting.

(e) Capital Reserve Budget and Contribution. The Board of Directors shall annually prepare a capital reserve budget, which may take into account the number and nature of replaceable assets, the expected life of each asset and the expected repair or replacement cost. The Board may set the required capital reserve contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital reserve budget, with respect both to amount and timing by equal Annual Assessments over the period of the budget. The annual capital reserve contribution required, if any, shall be fixed by the Board and included within the annual budget and Annual Assessment as provided above. A copy of the capital reserve budget shall be distributed to each Owner in the same manner as the operating budget. To the extent prohibited in Section 82.112(b) of the Act, the Association's reserve funds shall not be used to pay operational expenses during the Declarant Control Period.

Section 10.4. Special Assessments. The Board shall have authority at any time to levy a Special Assessment against all Owners based on the Percentage Interests. The Board shall send notice of any Special Assessment to all Owners.

Section 10.5. Specific Assessments.

(a) The Board may, at any time and in addition to any other rights it may have, levy a Specific Assessment against such Units as, in its discretion, it shall deem appropriate. The Board shall send notice of which shall be sent to the applicable Owner(s).

(b) The Board may not levy Specific Assessments for periodic maintenance, repair, or replacement of any portion of the Common Elements (excluding Limited Common Elements) which the Association has the obligation to maintain, repair, or replace.

(c) Failure of the Board of Directors to exercise its authority under this Section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future with respect to any expenses,



including an expense for which the Board has not previously exercised its authority to assess as a Specific Assessment under this Section.

Section 10.6. Payment of Assessments.

(a) Annual Assessments. Unless otherwise provided by the Board of Directors, the Annual Assessments shall be paid in equal monthly installments due on the first day of each month.

(b) Special Assessment and Specific Assessments. The Board of Directors shall establish the date payment of any Special Assessment or Specific Assessment is due. In the Board's discretion, Special Assessments or Specific Assessment may be paid in installments.

(c) Exemptions.

(i) Until the Association levies the initial assessment, Declarant shall pay all expenses of the Condominium as the expenses accrue.

(ii) After the Association levies the initial assessment, except for Declarant during the Assessment Exemption Period as described below, no Owner may exempt itself from liability for or otherwise withhold payment of assessments for any reason whatsoever, including, but not limited to, nonuse of the Common Elements, the Association's failure to perform its obligations required hereunder or an inconvenience or discomfort arising from the Association's performance of its duties.

Section 10.7. Assessment Exemption Period. Notwithstanding anything to the contrary stated herein, from the date during the Assessment Exemption Period, Declarant shall be excused from the payment of assessments to the extent permitted by the Act except Declarant shall pay to the Association:

(a) An amount equal to all operational expenses of the Association, less the operational expenses portion of the assessments paid by Owners other than Declarant; or

(b) The Common Expense liability allocated to each Unit owned by Declarant.

During the Assessment Exemption Period, Declarant shall pay either the amounts specified in clause (a) or (b) above and may change its election at anytime by notifying the Association of such change.

Notwithstanding anything to the contrary stated herein, except to the extent provided otherwise in this Section, Declarant shall have no obligation to fund budgetary deficits of the Association.

Section 10.8. Creation of the Lien and Personal Obligation For Assessments. All assessments, together with charges, interest, costs and reasonable attorneys' fees actually incurred, in the maximum amount permitted by this Declaration or the Act, whichever is less, shall be a charge on the Unit and shall be a continuing lien upon the Unit against which each assessment is made. Such amounts shall also be the personal obligation of the Person who was the Owner of such Unit at the time when the assessment fell due. Each such Owner of a Unit and its grantee shall be jointly and severally liable for all assessments and charges due and payable at the time of any conveyance. The lien provided for herein shall have priority as provided in the Act and otherwise under Texas law.

The equitable charge and lien provided for in this Section shall be in favor of the Association for the use and benefit of all Owners. Each Owner, by its acceptance of a deed to a Unit, vests in the Association or its agents the right and power to sue or otherwise proceed against such Owner for the collection of such charges and/or to foreclose such liens. The Association has the power of sale in connection with the Association's lien and the right to foreclose its lien judicially or by nonjudicial



foreclosure as permitted under Texas law. The Association shall have the power to bid on the Unit at any foreclosure sale and to acquire, hold, lease, mortgage and convey the same.

Section 10.9. Non-Payment of Assessments.

(a) Any assessment and related charges that are due to the Association pursuant to this Declaration, or any portion thereof, that is not paid when due shall be delinquent and the Owner shall be in default. Without limitation, the Board may impose the following:

(i) If any assessment, any related charges or any portion thereof is not paid in full by the tenth (10th) day of the due date, a late charge equal to ten percent (10%) of the amount not paid (or such higher amount as determined by the Board but not exceed the maximum permissible legal amount) may be imposed without further notice or warning to the delinquent Owner and interest at the rate of ten percent (10%) per annum (or such higher rate as determined by the Board but not exceed the maximum permissible legal rate) shall accrue from the due date.

(ii) If part payment of the assessment and/or related charges is made, the amount received may be applied first to costs and reasonable attorneys' fees actually incurred, then to late charges, then to interest, then to delinquent assessments and then to current assessments.

(iii) If any assessment, any related charges or any portion thereof remains delinquent and unpaid for a period greater than fifteen (15) days from the date due, a notice of delinquency may be given to that Owner stating that if the assessment, fine or charge remains delinquent for more than ten (10) days from the date of the notice of delinquency, the Board of Directors may accelerate and declare immediately due all of that Owner's unpaid installments of the Annual Assessment for the then-current fiscal year and of any Special Assessment without any further notice being given to the delinquent Owner. Upon acceleration, that Owner shall be obligated to pay the entire amount so accelerated.

(iv) If any assessment or other charge is delinquent for thirty (30) days or more, then, in addition to all other rights provided under Texas law and herein, the Association shall have the right, to suspend water, electricity, gas, heat, air conditioning, internet, telecommunications, television, or any other utility or similar services to the Unit paid for as a Common Expense by the Association. Any costs incurred by the Association in discontinuing and/or reconnecting any utility or service, including reasonable attorneys' fees actually incurred, shall be an assessment against the Unit. The utility or service shall not be required to be restored until the judgment(s) is (are) paid in full, at which time the Association shall make arrangements for restoration of the utility or service. An Owner whose utility or service has been suspended hereunder shall not be entitled to use any such utility or service from any source, and any such unauthorized use shall be considered a theft of services.

(v) If assessments and other charges or any portion thereof remain unpaid for more than thirty (30) days after the assessment payments first become delinquent, the Association, acting through the Board of Directors, may institute suit to collect all amounts due pursuant to the provisions of this Declaration, the Bylaws, the Act and Texas law, including reasonable attorneys' fees actually incurred.

(vi) If assessments and other charges or any portion thereof remain unpaid for more than thirty (30) days after the assessment payments first become delinquent, the Association, acting through the Board of Directors, may suspend the Owner's vote or right to use the Common Elements (but not prohibit ingress or egress to the Owner's Unit).

(b) Enforcement under this Section is not dependent upon or related to other restrictions and/or other actions.



Section 10.10. Surplus Funds and Common Profits.

(a) Common Profits from whatever source shall be applied to the payment of Common Expenses. Any surplus funds remaining after the application of such Common Profits to the payment of Common Expenses shall, at the option of the Board of Directors, either be distributed to the Owners or credited to the next assessment chargeable to the Owners in proportion to the liability for Common Expenses attributable to each Unit or added to the Association's capital reserve account.

(b) If the Board of Directors reasonably determines that during a fiscal year there will likely be a surplus of assessments paid by an Owner at the end of such fiscal year (excluding amounts designated for reserves), the Board may, but shall not be required to, reduce the amount of the assessments to be collected from such Owner for the remainder of that fiscal year. Any Owner who has already paid such Owner's entire assessment obligation for the fiscal year at the time of such reduction shall, in the discretion of the Owner, either receive a refund of the overpayment or a credit of the amount of the overpayment towards the Owner's assessment obligation to the Association for the following fiscal year. Notwithstanding the above, the Association may first apply the amount of any overpayment toward any other amount the Owner may owe to the Association.

Section 10.11. Statement of Account. Any Owner, Mortgagee or a Person having executed a contract for the purchase of a Unit or a lender considering a loan to be secured by a Unit, shall be entitled, upon written request, to a statement from the Association setting forth the amount of assessments due and unpaid, including any late charges, interest, or other charges against a Unit. The Association shall respond in writing within five (5) business days of receipt of the request for a statement; provided, however, the Association may require the payment of a reasonable fee, as a prerequisite to the issuance of such a statement. Such written statement shall be binding on the Association as to the amount of assessments due on the Unit as of the date specified therein

Section 10.12. Working Capital Fund. Declarant, on behalf of the Association, shall establish a working capital fund to meet unforeseen Association expenditures, to purchase any additional equipment or services for the Association, or to pay for capital improvements. A non-refundable contribution to the working capital fund of the Association shall be paid by the purchaser of a Unit at the closing of each sale or resale of a Unit in the amount of two (2) months of the Annual Assessment to be charged to such Unit. Notwithstanding anything to the contrary herein, the contribution to the working capital fund shall not be due from: (i) any grantee who is the Domestic Partner, spouse or former spouse of the grantor; (ii) any grantee that is a wholly-owned entity of the grantor; (iii) any grantee to whom a Unit is conveyed by a will or through the law of intestacy; or (iv) any grantee of a Unit who obtains title pursuant to judicial or nonjudicial foreclosure of any first Mortgage of record or secondary purchase money Mortgage of record (provided that neither the grantee nor any successor grantee on the Mortgage is the seller of the Unit). To the extent prohibited in Section 82.112(b) of the Act, working capital contributions shall not be used to pay operational expenses during the Declarant Control Period.

ARTICLE 11. INSURANCE

Section 11.1. General. The Association, acting through its Board of Directors, shall obtain and maintain at all times, as a Common Expense, insurance as required by Section 82.11 of the Act and as required herein, and as determined by the Board of Directors with regards to both limits of insurance and coverage. It shall be the duty of the Board of Directors at least every two (2) years to conduct an insurance review to determine if the policy in force is adequate to meet the needs of the Association and to satisfy the requirements of the Act and this Article 11. Such responsibility may be performed, and shall be deemed reasonably performed, by the Board of Directors requesting the Association's insurance agent or other qualified Persons to verify that insurance policies in existence meet the needs of the Association and satisfy the requirements of the Act and this Article 11.

Section 11.2. Property Insurance.



(a) Scope of Property Coverage. Notwithstanding the minimum insurance requirements of the Act, the Board of Directors shall utilize commercially reasonable efforts to secure property insurance coverage on a special form causes of loss basis (which shall not exclude flood or earthquake) in an amount equal to the full insurable replacement cost, before application of deductibles, of the Areas of Insurance Responsibility located on the Condominium. If coverage on a special form causes of loss basis is not available at reasonable cost, the Board of Directors shall obtain, at a minimum, fire and extended coverage insurance for and in an amount consonant with the full replacement value of the buildings and other structures on the Condominium, except as otherwise provided he coverage required by Section 82.111 of the Act. Subject to the provisions of this Declaration, the Association may additionally obtain such other property insurance as the Association may determine to be necessary or desirable, including improvements and betterments made to a Unit subsequent to the Effective Date.

(b) Beneficiaries of Property Insurance. All property insurance obtained by the Association pursuant to this Declaration shall designate the Association as the named insured, individually, and as agent for the Owners and for their respective Mortgagees collectively, without naming them individually.

Section 11.3. Liability Insurance.

(a) Scope of Liability Coverage. The Association, acting through the Board of Directors, shall secure commercial general liability insurance, including medical payments insurance, of not less than One Million Dollars (\$1,000,000) for a single occurrence and Two Million Dollars (\$2,000,000) in the aggregate with single limit coverage for bodily injury, including death, to a single person and property damage, unless such coverage is not commercially feasible in which case the Board of Directors shall secure coverage in amounts not less than the minimum required by the Act. The commercial general liability policy or policies shall cover occurrences commonly insured against arising out of or in connection with the use, ownership, or maintenance of the Common Elements and other portions of the Condominium which the Association has the responsibility to maintain.

(b) Beneficiaries of Liability Insurance. All liability insurance obtained by the Association pursuant to this Declaration shall cover the Association and the officers, agents and employees of the Association, the Owners, and their respective Mortgagees, and other Persons entitled to occupy a Unit, as their interests may appear.

Section 11.4. Coverage Requirements.

(a) The Board of Directors shall use commercially reasonable efforts to obtain policies that will provide the following:

(i) ordinance or law coverage, demolition cost coverage and increased cost of construction coverage;

(ii) the insurer waives its rights of subrogation of any claims against directors, officers, the managing agent, the individual Owners, Occupants, and their respective officers and directors;

(iii) any "other insurance" clause contained in the master policy shall expressly exclude individual Owners' policies from its operation;

(iv) until the expiration of thirty (30) days after the insurer gives notice in writing to the Mortgagee of any Unit, the Mortgagee's insurance coverage will not be affected or jeopardized by any act or conduct of the Owner of such Unit, the other Owners, the Board of Directors, or any of their agents or employees, nor be canceled for nonpayment of premiums;



(v) the master policy may not be canceled, substantially modified, or subjected to nonrenewal without at least thirty (30) days prior notice in writing to the Board of Directors and all Mortgagees of Units; and

(vi) an agreed amount endorsement waiving co-insurance limitations in the Association's property insurance policy.

(b) All policies of insurance shall be written with a company licensed or authorized to do business in the State of Texas. The company shall agree to provide insurance certificates to each Owner and each Mortgagee upon written request.

(c) Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(d) In no event shall the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with insurance purchased by the Owners or their respective Mortgagees. Any Owner who obtains an individual insurance policy covering any portion of the Condominium, other than improvements and betterments made by such Owner at his, her or its expense and personal property belonging to such Owner, shall file a copy of such individual policy or policies with the Board of Directors within thirty (30) days after the purchase of such insurance. Such Owner shall also promptly notify, in writing, the Board of Directors in the event such policy is cancelled.

(e) Nothing contained herein gives any Owner or other party a priority over any rights of first Mortgagees as to distribution of insurance proceeds. Any insurance proceeds payable to the Owner of a Unit on which there is a Mortgagee endorsement shall be disbursed jointly to such Owner and the Mortgagee. This is a covenant for the benefit of any such Mortgagee and may be enforced by any such Mortgagee.

Section 11.5. Other Required Insurance.

(a) In addition to the insurance required hereinabove, the Association shall obtain as a Common Expense the insurance set forth below:

(i) worker's compensation insurance if and to the extent necessary to meet the statutory limits;

(ii) officers' and directors' liability insurance in such amounts as the Association may determine;

(iii) fidelity bonds or employee dishonesty insurance coverage, if reasonably available, covering officers, directors, employees, and other Persons who handle or are responsible for handling Association funds. Such bonds, if reasonably available, shall be in an amount consistent with the business judgment of the Board of Directors, but in no event less than three (3) months' assessments plus a reasonable amount to cover all or a reasonable portion of reserve funds in the custody of the Association at any time during the term of the bond; provided, however, fidelity coverage herein required may be reduced based on the implementation of financial controls which take one or more of the following forms: (A) the Association or management company, if any, maintains a separate bank account for the working account and the reserve account, each with appropriate access controls and the bank in which funds are deposited sends copies of the monthly bank statements directly to the Association; (B) the management company, if any, maintains separate records and bank accounts for each association that uses its services and the management company does not have the authority to



draw checks on, or to transfer funds from, the Association's reserve account; or (C) two (2) members of the Board of Directors must sign any checks written on the reserve account; and

(iv) such other insurance as the Board of Directors may determine to be necessary or desirable.

Section 11.6. Insurance Deductibles. In the event of an insured loss, any required deductible shall be considered a maintenance expense to be paid by the Person or Persons who would be responsible for such loss in the absence of insurance. If the loss affects more than one (1) Unit or a Unit and the Common Elements, the cost of the deductible may be apportioned equitably by the Board of Directors among the parties suffering loss in proportion to each affected owner's portion of the total cost of repair. Notwithstanding the foregoing, if the insurance policy provides that the deductible will apply to each Unit separately or to each occurrence, each Owner shall be responsible for paying the deductible pertaining to his, her or its Unit, if any. If any Owner or Owners fail to pay the deductible when required under this Section, then the Association may pay the deductible and assess the cost to the Owner or Owners as a Specific Assessment.

Section 11.7. Coverage by Unit Owner. The insurance purchased by the Association shall not cover claims against an Owner due to accidents occurring within his, her or its Unit, nor casualty or theft losses to the contents of an Owner's Unit. Subject to the requirements of Section 11.6 above, each individual Owner shall be obligated to purchase and pay for insurance as to all such other risks not covered by the insurance carried by the Association.

Section 11.8. No Priority Over First Mortgagees. Nothing contained herein gives any Owner or other party a priority over any rights of first Mortgagees as to distribution of insurance proceeds. Any insurance proceeds payable to the Owner of a Unit on which there is a Mortgagee endorsement shall be disbursed jointly to such Owner and the Mortgagee. This is a covenant for the benefit of any such Mortgagee and may be enforced by any such Mortgagee

ARTICLE 12. REPAIR AND RECONSTRUCTION

Section 12.1. General. In the event of damage to or destruction of all or any part of the Condominium as a result of fire or other casualty, unless the Condominium is terminated, repair or replacement would be illegal under any state or local health or safety statute or ordinance, at least eighty percent (80%) of the Unit Owners, including the Owner or Owners of any damaged Unit or Units or allocated Limited Common Elements that will not be rebuilt or repaired, vote not to proceed with the rebuild or repair, the Board of Directors or its duly authorized agent shall arrange for and supervise the prompt rebuild or repair. In the event of substantial damage or destruction, each holder of a first Mortgage shall be entitled to written notice of the damage, and nothing in the Condominium Instruments shall be construed to afford a priority to any Unit Owner with respect to the distribution of proceeds to any such Unit.

Section 12.2. Cost Estimates. As soon as is reasonably possible after a fire or other casualty causing damage to the Condominium, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring the improvements (including any damaged Unit) to substantially the condition that existed before such casualty, allowing for any changes or improvements necessitated by changes in applicable building codes. Such costs may also include professional fees and premiums for such bonds or insurance as the Board of Directors determines to be necessary.

Section 12.3. Source and Allocation of Proceeds. If the proceeds of insurance are not sufficient to defray the costs of reconstruction and repair as determined by the Board of Directors, the additional costs shall be assessed against all Owners in accordance with the Percentage Interests; provided, however if such the Association has obtained insurance as provided in Article 11 and the



proceeds are not sufficient to defray the costs of reconstruction and repair of a Unit such cost shall be assessed as Specific Assessments against the Owner(s) of the Unit(s) damaged in proportion to the damage to the Units. If there are surplus funds after repair and reconstruction is completed, such funds shall be common funds of the Association to be used as directed by the Board of Directors.

Section 12.4. Plat and Specifications. Any reconstruction or repair shall be substantially in accordance with the Plat and specifications existing as of the Effective Date and any subsequent improvements made by Declarant, but not any improvements or additions (including wall coverings and fixtures) made by or on behalf of any Owner, except where changes are necessary to comply with current applicable building codes or where improvements not in accordance with the original Plat and specifications were approved by the Board of Directors. To the extent insurance proceeds are available, the Association may reconstruct or repair Owner improvements damaged as a result of fire or other casualty.

Section 12.5. Encroachments. Encroachments upon or in favor of Units that may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the Owner upon whose property such encroachment exists, provided that such reconstruction was substantially in accordance with the architectural plans under which the Condominium was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the reconstructed building shall stand.

Section 12.6. Construction Fund. The net proceeds of the insurance collected on account of a casualty and the funds collected by the Association from assessments against Owners on account of such casualty shall constitute a construction fund that shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this Article to be disbursed by the Association in appropriate progress payments to such contractor(s), supplier(s), and personnel performing the work or supplying materials or services for the repair and reconstruction of the structures as are designated by the Board of Directors.

Section 12.7. No Rebuild. If the entire Condominium is not repaired or replaced, any insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium, the insurance proceeds attributable to Units and Limited Common Elements that are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated, or to their Mortgagees, as their interests may appear, and the remainder of the proceeds shall be distributed to all the Unit Owners as their interests may appear. If the Unit Owners vote to not rebuild any Unit, that Unit's allocated Percentage Interests shall be automatically reallocated on the vote as if the Unit had been condemned, and the Association shall prepare, execute, and record an amendment to this Declaration reflecting the reallocation. Section 82.068 of the Act governs the distribution of insurance proceeds if the Condominium is terminated.

ARTICLE 13. ARCHITECTURAL CONTROLS

Section 13.1. Architectural Review. The following must receive the prior written approval of the Architectural Control Committee:

- (a) All encroachments onto the Common Elements or Limited Common Elements;
- (b) Exterior change, alteration or construction (including painting);
- (c) Any erection, placement or posting of any object, sign, clothesline, speaker, light, fountain, flag, or thing on the exterior or roof of the Condominium, in any windows (except window treatments as provided herein), or on any Limited Common Elements or any Common Elements;



- (d) Any work that involves connecting to or relocating pipes, lines, conduits and/or other apparatus for access to common utilities;
- (e) Any work that places an excessive load on any structural or load bearing portions of a Unit;
- (f) The placement or installation of any sign, advertising poster, political placard, banner, flag, sticker, or billboard, of any kind visible from the exterior of the Unit; or
- (g) Any work that requires penetration of any existing floor or ceiling.

Notwithstanding anything to the contrary herein, the following items are permitted and shall not require prior approval from the ACC: (y) a mezuzah or comparable religious symbol not larger than three inches (3") in width and nine inches (9") in height may be posted on the doorframe of the Unit; and (z) reasonable seasonal decorative lights may be displayed on the exterior door of a Unit between Thanksgiving Day and January 15.

Section 13.2. Declarant Exempt. Notwithstanding anything to the contrary stated herein, during the Sales Period, any improvements or modifications made by Declarant or approved by Declarant shall not be subject to approval pursuant to this Article.

Section 13.3. Replacing Carpet with Tile or Hardwood Floors. Other than Declarant, no Owner, Occupant, or other Person may replace an existing floor surface with a tile, marble, vinyl, hardwood floor, or other hard surfaced flooring material, without first obtaining written approval of the ACC. Among other factors, the ACC may consider whether the change will cause noise to any Unit below that will exceed the average noise level in Units below Units with carpeted floors and that the weight of such proposed flooring is appropriate and will not cause problems to the structure or subflooring. The Owner applying for such approval shall provide the ACC with information regarding these factors, as well as other information requested by the ACC regarding the proposed flooring and its effect; provided, however, the noise level requirements shall be considered to be met if the Owner provides a sound transmission test that the proposed flooring will create a noise level less than a standard level set by reasonable regulation of the ACC.

Section 13.4. Relocation of Boundaries.

(a) Boundaries between adjoining Units may be relocated only in accordance with the provisions of Section 82.062 of the Act and this Declaration.

(b) During the Sales Period, the Owners seeking to relocate the boundaries of their Units must submit an application to and obtain the prior written consent of Declarant and the Board of Directors in order to relocate the boundaries of such Units. After the Sales Period, the Owners must submit an application to and obtain the prior written consent only of the Board of Directors in order to relocate the boundaries of their Units. Notwithstanding anything to the contrary herein, Declarant shall have the right to relocate boundaries between Units owned by Declarant without the approval of the Board of Directors, and the Board of Directors shall execute the required amendment to the Declaration.

(c) An amendment to this Declaration shall identify the Units involved and shall state that the boundaries between those Units are being relocated by agreement of the Owners thereof. The Owners of the Units involved shall specify in their written application to the Board of Directors either: (i) the reallocations between the Units involved of the aggregate Percentage Interests attributable to the relocated Units (which shall equal the combined total previously allocated to the Units), or (ii) state that there shall be no such reallocation of the aggregate Percentage Interests attributable to the relocated Units. The amendment to the Declaration shall reflect such reallocations or the absence thereof if deemed reasonable by the Board of Directors. If the reallocations specified by the Owners of the Units



involved or the absence thereof is deemed unreasonable by the Board of Directors, it shall so notify such Owners and permit them to amend their written application so as to specify reallocations acceptable to the Board of Directors.

Section 13.5. Subdivision of Units. No Unit may be subdivided into a smaller Unit or Units.

Section 13.6. Applications. Applications for approval from the ACC shall be in writing and shall provide such information as the ACC may reasonably require. Once an application and all required information is received by the ACC, the ACC shall stamp the application as being complete, and shall then forward to the applicant a written notice of application completion (the "Notice of Application Completion"). The ACC shall be authorized to retain an engineer, architect or other consultant to review such application and related documentation and plans, and all costs and expenses related thereto shall be borne solely by the applicant. Approval of an application may be withheld by the ACC until such time as all costs and expenses related to the review of an application have been paid by the applicant. The ACC shall be the sole arbiter of such application and may withhold approval for any reason (but not arbitrarily), including purely aesthetic considerations, materials to be used, harmony with the external design of the building and other structures that may be located on the Condominium, and it shall be entitled to stop any construction that is not in conformance with approved plans. The ACC may publish written architectural standards for exterior and Common Element alterations or additions, and any request in substantial compliance therewith shall be approved; provided, however, each such requested change shall be in harmony with the external design of the building and Units, and the location in relation to surrounding structures and topography of the vicinity.

If the ACC or its designated representative fails to approve or to disapprove a complete application within thirty (30) days after the date of the Notice of Application Completion, its approval will not be required and this Section will be deemed complied with; provided, however, even if the requirements of this Section are satisfied, nothing herein shall authorize anyone to construct or maintain any structure or improvement that is in violation of the Condominium Instruments, or rules and regulations promulgated and adopted by the Association or of any applicable zoning or other laws, and under no circumstances shall a Unit Owner commence any work without the written approval of the ACC if the work (A) involves connecting to or relocating pipes, lines, conduits and/or other apparatus for access to common utilities; (B) places an excessive load on any structural or load bearing portions of a Unit; or (C) requires penetration of any floor or ceiling.

Section 13.7. Work Rules. Any work performed by or on behalf of a Unit Owner (except Declarant) related to the installation, construction, replacement, or repair of improvements to a Unit shall only be conducted between 8:30 a.m. and 6:30 pm on weekdays (excluding public holidays) except in the event of an emergency or upon written approval from the ACC.

Section 13.8. Encroachments onto Common Elements. The ACC may permit Unit Owners to make encroachments onto the Common Elements as it deems acceptable.

Section 13.9. Condition of Approval. As a condition of approval for a requested architectural change, modification, addition, or alteration, a Unit Owner, on behalf of him or herself and his or her successors-in-interest, shall assume all responsibilities for maintenance, repair, replacement and insurance of such change, modification, addition, or alteration, unless otherwise agreed to in writing by the ACC. It is the responsibility of every Unit Owner to determine for him or herself what architectural modifications have been made to his or her Unit by any predecessor-in-interest. In the discretion of the Board or ACC, a Unit Owner may be made to verify such condition of approval by written instrument in recordable form acknowledged by such Unit Owner on behalf of him or herself and all successors-in-interest.

Section 13.10. Limitation of Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only, and neither Declarant, the Board of



Directors, the Association, or the ACC shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, or for ensuring compliance with building codes and other governmental requirements. Neither Declarant, the Association, the Board of Directors, or the ACC or any member of any of the foregoing shall be held liable for any injury, damages or loss arising out of the manner or quality of approved construction or modifications to any Unit.

Section 13.11. No Waiver of Future Approvals. Each Unit Owner acknowledges that the members of the ACC and Board will change from time to time and that interpretation, application and enforcement of the architectural standards may vary accordingly. Each Unit Owner further acknowledges that the ACC or Board may adopt different architectural standards for different parts of the Condominium, based on street visibility and location of the proposed modification in the Condominium. The approval of the ACC or Board of any proposals, plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the ACC shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

Section 13.12. Enforcement. Any construction, alteration, or other work done in violation of this Article shall be deemed to be nonconforming. Upon written request from the ACC, Unit Owners shall, at their own cost and expense, promptly remove or cause the removal of such construction, alteration, or other work and shall restore the property to substantially the same condition as existed prior to the construction, alteration, or other work. Should a Unit Owner fail to remove and restore as required hereunder, the ACC or its designees shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as existed prior to the construction, alteration or other work. All costs thereof, including reasonable attorneys' fees, may be assessed as Specific Assessments against the benefited Unit.

In addition to the foregoing, the Board of Directors at the request of the ACC shall have the authority and standing, on behalf of the Association, to impose reasonable fines and to pursue all legal and equitable remedies available to enforce the provisions of this Article and its decisions. Furthermore, the ACC and Board of Directors shall have the authority to record in the Official Records notices of violation of the provisions of this Article.

If any Unit Owner or Occupant makes any change, alteration, or construction (including landscaping) upon the Common Elements or Limited Common Elements in violation of this Article, he or she does so at his or her sole risk and expense. The Board of Directors or ACC may require that the change, alteration or construction be removed or that it remain on the Common Elements or Limited Common Elements without reimbursement to the Unit Owner or Occupant for any expense he or she may have incurred in making the change, alteration or construction.

Section 13.13. Commencement of Construction. All changes, modifications and improvements approved by the ACC and Board, as applicable, hereunder must be commenced within six (6) months from the date of approval. If not commenced within six (6) months from the date of such approval, then such approval shall be deemed revoked by the ACC, unless the ACC gives a written extension for commencing the work. All work approved by the ACC and Board, as applicable, hereunder shall be completed in its entirety within ninety (90) days from the date of commencement, unless otherwise agreed in writing by the ACC. All approved changes, modifications, and improvements must be completed in their entirety. A Unit Owner may not construct only a portion or part of an approved change, modification, or improvement.



ARTICLE 14. USE RESTRICTIONS

Each Owner of a Unit shall be responsible for ensuring that the Owner's family, guests, tenants and Occupants comply with all provisions of the Condominium Instruments and the rules and regulations of the Association. Furthermore, each Owner and Occupant shall always endeavor to observe and promote the cooperative purposes for which the Association was established. In addition to any rights the Association may have against the Owner's family, guests, tenants or Occupants, as a result of such Person's violation of the Condominium Instruments, the Association may take action under this Declaration against the Owner as if the Owner committed the violation in conjunction with the Owner's family, guests, tenants or Occupants.

In addition to the following use restrictions, the Board of Directors may adopt rules and regulations in accordance with the terms hereof and as specified in the Bylaws.

Section 14.1. Use of Units. Each Unit shall be used for residential purposes only, and no trade or business of any kind may be conducted in or from a Unit or any part of the Condominium, except that the Owner or Occupant residing in a Unit may conduct ancillary business activities within the Unit so long as, in the opinion of the Board of Directors:

- (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside of the Unit;
- (b) the business activity does not involve visitation of the Unit by non-domestic employees, clients, customers, suppliers or other business invitees;
- (c) the business activity is legal and conforms to all zoning requirements for the Condominium;
- (d) the business activity does not increase traffic in the Condominium in excess of what would normally be expected for residential Units in the Condominium without business activity (other than by a reasonable number of deliveries by couriers, express mail carriers, parcel delivery services and other such similar delivery services);
- (e) the business activity does not increase the insurance premium paid by the Association or otherwise negatively affect the Association's ability to obtain insurance coverage;
- (f) the business activity is consistent with the residential character of the Condominium and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of other residents of the Condominium, as determined in the Board's sole and absolute discretion; and
- (g) the business activity does not result in a materially greater use of the Common Elements or Association services.

The terms "business" and "trade," as used herein, shall have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis that involves the provision of goods or services to Persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefor. Notwithstanding the above, the use of a Unit by an onsite management agent operating on behalf of the Association shall not be considered a trade or business within the meaning of this Article.



Section 14.2. Number of Occupants. The maximum number of Occupants in a Unit shall be limited to two (2) people per bedroom (as such bedrooms are depicted on the original Plat). For the purposes of this Section, efficiency and studio-type Units shall constitute a one (1) bedroom Unit. This occupancy restriction shall not apply to require the removal of any Person lawfully occupying a Unit as of the Effective Date. Upon written application, the Board shall grant variances to this restriction to comply with provisions of the Fair Housing Amendments Act of 1988 or any amendments thereto.

If an Owner of a Unit is a corporation, partnership, limited liability company, trust or other legal entity not being a natural person, the entity shall designate in writing to the Board the name(s) of the person(s) who will occupy the Unit. The designated Person(s) to occupy the Unit may not be changed more frequently than once every six (6) months without the express written consent of the Board as determined in the Board's discretion. The designated natural person occupying the Unit shall not be deemed to be "leasing" and subject to Article 15 if such person is not paying any consideration to the Owner to reside in the lease and such person is: a bona fide employee, officer, director, or owner of the legal entity that is the Owner; or, in the event the Owner is a trust, a beneficiary or grantor or immediate family member of a beneficiary or grantor.

Section 14.3. Use of Common Elements Including Amenities. There shall be no obstruction of the Common Elements, nor shall anything be kept on, parked on, stored on or removed from any part of the Common Elements without the prior written consent of the Board, except as specifically provided herein. There shall be no use of the roofs of the building by the Owners, any Occupant, and their respective family members, guests, tenants, invitees, agents or contractors. The Association and its agents and contractors shall have access to the roofs for performing its maintenance and repair responsibility. This Section shall not apply to Declarant during the Sales Period.

Section 14.4. Use of Limited Common Elements. Except as otherwise provided herein, the use of the Limited Common Elements allocated to the Units is restricted exclusively to the Owner of the Unit to which such Limited Common Elements are allocated, and said Owner's family members, guests, tenants and invitees. The Limited Common Elements are reserved for exclusive use, but shall not be construed or interpreted to be separate and apart from the Common Elements in general, and the restrictions applicable to the Common Elements shall also apply to the Limited Common Elements.

Section 14.5. Storage Spaces. Storage spaces shall be used solely for the purpose of storing any personal property belonging to the Owner or Occupant of the Unit to which such storage space is allocated as a Limited Common Element or the Owner or Occupant that has entered into a lease, license, or other temporary use agreement with the Association. No Owner or Occupant shall store any explosives, or any flammable, odorous, noxious, corrosive, hazardous or pollutant materials or any other goods in the space that would cause danger or nuisance to the storage space or the Condominium. The storage space shall not be used for any purposes unlawful or contrary to any ordinance, regulation, fire code, or health code. If hazardous substances are stored, used, generated or disposed of on or in the storage space, or if the storage space becomes contaminated in any manner for which the Owner or Occupant thereof is legally liable, Owner or Occupant shall indemnify and hold harmless Declarant, Association and the Board of Directors from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses and any and all sums paid in settlement of claims, reasonable attorneys' fees actually incurred, consultant and expert fees, arising as a result of that contamination by Owner or Occupant. The maintenance of any storage space allocated to a Unit as a Limited Common Element, as well as the insurance of the contents of such storage space, shall be the sole responsibility of the Owner of the Unit to which such storage space is allocated as a Limited Common Element. By accepting the assignment of a storage space, each Owner hereby expressly assumes any responsibility for loss, damage, or liability therefrom.

Section 14.6. Prohibition of Damage, Nuisance and Noise. Without the prior written consent of the Board of Directors, nothing shall be done or kept on the Condominium, or any part thereof, which would increase the rate of insurance on the Condominium or any Unit or part thereof, which would



be in violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirements of any governmental body, or which would increase the Common Expenses.

The Units in the Condominium are built in close proximity to one another, resulting in the sharing of common walls, floors and ceilings. As a result, noise and vibration may be detectable between Units or between Units and the Common Elements. Therefore, an Owner or Occupant shall not conduct activities within a Unit or use a Unit in a manner that interferes with or causes disruption to the use and quiet enjoyment of another Unit by its respective Owner and/or Occupant.

Furthermore, noxious, destructive or offensive activity shall not be carried on within any portion of the Condominium. No Owner or Occupant of a Unit may use or allow the use of the Unit or any portion of the Condominium at any time, in any way or for any purpose that may endanger the health, unreasonably annoy or disturb or cause embarrassment, or discomfort to other Owners or Occupants, or in such a way as to constitute, in the sole opinion of the Board of Directors, a nuisance. In addition, no Owner or Occupant of a Unit may use or allow the use of a Unit or the Common Elements in any manner that creates disturbing noises, including, without limitation, use of stereo speakers or equipment that will, in the sole discretion of the Board of Directors, interfere with the rights, comfort or convenience of the other Owners or Occupants. Nothing herein, however, shall be construed to affect the rights of an aggrieved Owner to proceed individually for relief from interference with his, her or its property or personal rights.

No Owner, Occupant or agent of such Owner or Occupant shall do any work which, in the reasonable opinion of the Board of Directors or its designee, would jeopardize the soundness or safety of the Condominium or any structure thereon, would reduce the value thereof, or would impair any easement or other interest in the real property thereto, without, in every such case, the prior unanimous written consent of all members of the Association and their Mortgagees.

No damage to or waste of the Common Elements, or any part thereof, shall be permitted by any Owner or member of his, her or its family or any invitee of any Owner. Each Owner shall indemnify and hold the Association and the other Owners harmless against all loss to the Association or other Owners resulting from any such damage or waste caused by such Owner, members of his, her or its family, guests, invitees, or Occupants of his, her or its Unit.

Section 14.7. Firearms and Fireworks. The display or discharge of firearms or fireworks on the Common Elements or Limited Common Elements is prohibited; provided, however, the display of lawful firearms on the Common Elements or Limited Common Elements is permitted by law enforcement officers and also is permitted for the limited purpose of transporting the firearms across the Common Elements or Limited Common Elements to or from an Owner's Unit. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size. The term "fireworks" shall include those items defined as "fireworks" in Chapter 2154 of the Texas Occupations Code, as amended.

Section 14.8. Animals. No Owner or Occupant may keep any animal on any portion of the Condominium except as expressly permitted in this Section. Each Owner or Occupant (regardless of the number of joint Owners and/or Occupants) shall keep no more than two (2) dogs and/or cats (for a combined total of two (2)) per Unit. In addition, a reasonable number of other generally recognized household pets, as determined in the Board's sole discretion, weighing less than two (2) pounds each (including by way of illustration, but not limitation, fish and small birds) may be kept in a Unit. The keeping of pets on the Condominium shall be subject to the rules and regulations adopted by the Board. Notwithstanding anything to the contrary herein, no fish tank more than thirty (30) gallons in size shall be installed, kept, or used in a Unit without the prior approval of the ACC.

No Owner or Occupant may keep, breed or maintain any pet for any commercial purpose, and no structure for the care, housing, or confinement of any pet shall be constructed or maintained on any part of the Common Elements, including Limited Common Elements, without the prior written approval of the ACC. No pets are allowed on any portion of the Common Elements, provided, however, an Owner or



Occupant may walk a pet across the Common Elements to enter or exit the Condominium property. Notwithstanding the foregoing, pets must be kept on a leash and be under the physical control of a responsible Person at all times while on the Common Elements. Feces left upon the Common Elements by pets must be immediately removed by the owner of the pet or the Person responsible for the pet and such Person shall be responsible for the costs and expenses of all damages caused thereby.

No potbellied pigs, reptiles (except for turtles, lizards, and other reptiles approved by the Board and kept in fish tanks permitted or otherwise approved pursuant to this Section), rodents, Pit Bulls (including, but not limited to, American Pit Bull Terriers, American Staffordshire Terriers, Staffordshire Bull Terriers and Bull Terriers) Rottweilers, Doberman Pinschers, Chows, Presa Canarios, Shar-peis or any mixed breed of any of the foregoing animals, may be brought onto or kept on the Condominium at any time. In addition, other animals determined in the Board's sole discretion to be dangerous or potentially dangerous shall not be brought onto or kept on the Condominium at any time. The Board may require that any animal that, in the Board's opinion, endangers or potentially endangers the health of any Owner or Occupant or creates or potentially may create a nuisance or unreasonable disturbance, be permanently removed from the Condominium upon seven (7) days written notice. If the Owner or Occupant fails to do so, the Board may (but shall not be required to) remove the animal. Any animal that in the Board of Director's sole discretion presents an immediate danger to the health, safety or property of any community member may be removed by the Board of Directors without prior notice to the animal's owner, provided, however, the Association, and its directors, officers, and agents shall have no liability for any decision not to remove such an animal.

Any Owner or Occupant who keeps or maintains any animal upon the Condominium shall be deemed to have agreed to defend, indemnify and hold Declarant and the Association, and their directors, officers, and agents free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such animal within the Condominium

Section 14.9. Parking. Certain Units are allocated parking spaces as Limited Common Elements as set forth on Exhibit "E" attached hereto and incorporated herein. Such allocated parking spaces may only be used by the Owner or Occupants to whom the parking spaces are allocated, and their guests and families.

Except for the Units allocated parking spaces at Limited Common Elements, parking within the Condominium shall be by permit only. Except for the Units allocated parking spaces at Limited Common Elements, each Unit shall initially be assigned one (1) parking permit by Declarant. Each parking permit shall authorize the Owner to park one (1) vehicle within the Condominium except for in the spaces allocated as Limited Common Elements. During the Sales Period, Declarant may sell additional parking permits to a Unit Owner and may adopt rules regulating the use of parking permits. The proceeds of the sale of parking permits shall belong to Declarant. Once a parking permit has been issued to a specific Unit, said parking permit shall be irrevocable and shall run with the title to the Unit. Furthermore, an Owner may transfer a parking permit to another Unit upon written notice to the Association signed by the Owners of the affected Units. Parking by permit shall be on a first-come-first-serve basis and does not guarantee that a parking space will always be available to a permit holder. Parking permits may only be used by the Owner of the Unit to which the parking permit is allocated or such Owner's authorized Occupant, guest, or invitee. Once issued to a Unit, such parking permits shall be irrevocable, provided, however, the Association reserves the right to suspend the use of a permit if the Owner or Occupant of the Unit to whom the permit is granted is more than thirty (30) days delinquent in any amount owed to the Association. After the Sales Period, the Association may sell additional parking permits to a Unit Owner and may adopt rules regulating the use of parking permits.

Prior to utilizing a parking permit, the Owner shall register with the Association information regarding the vehicle which will be utilized in connection with the parking permit. No more than one (1) vehicle per permit may be registered at any time unless the Board consents in its sole discretion otherwise.



Vehicles permitted under this Section may be parked only in designated, lined parking spaces or other areas authorized in writing by the Board.

Disabled and stored vehicles are prohibited from being parked on the Condominium, without prior Board authorization. For purposes hereof, a vehicle shall be considered "disabled" if it does not have a current license tag or is obviously inoperable. A vehicle shall be considered "stored" if it remains on the Condominium without being driven for fourteen (14) consecutive days or longer without prior written Board permission.

Boats, trailers, jet-skis and trailers for same, panel trucks, buses, trucks with a load capacity of one (1) ton or more, vans (excluding vans used by handicapped persons, mini vans or sport utility vehicles used as passenger vehicles and receiving a "car" or "passenger vehicle" classification by the Texas Department of Motor Vehicles), recreational vehicles (RVs and motor homes), vehicles used primarily for commercial purposes, and vehicles with commercial writings on their exteriors other than Sheriffs, Marshals, or police officers' vehicles marked as such, are also prohibited from being parked on the Condominium, except in areas, if any, that may be designated by the Board as parking areas for particular types of vehicles.

If any vehicle is parked on any portion of the Condominium in violation of this Article or in violation of the Association's rules and regulations, the Board or agent of the Association may place a notice on the vehicle specifying the nature of the violation and stating that after twenty four (24) hours the vehicle may be towed or booted. The notice shall include the name and telephone number of the Person or entity that will do the towing or booting and the name and telephone number of a Person to contact regarding the alleged violation. If twenty four (24) hours after such notice is placed on the vehicle the violation continues or thereafter occurs again within six (6) months of such notice, the Board or agent of the Association may have the vehicle towed or booted in accordance with the notice, without further notice to the Owner or user of the vehicle.

If a vehicle is parked in a fire lane, is blocking another vehicle or parking space, is obstructing the flow of traffic, or otherwise creates a hazardous condition, no notice shall be required and the Board or agent of the Association may have the vehicle towed or booted immediately. If a vehicle is towed or booted in accordance with this Section, neither the Association nor any officer or agent of the Association shall be liable to any Person for any claim of damage as a result of the towing or booting activity. Notwithstanding anything to the contrary herein, the Board may elect to impose fines or use other available sanctions, rather than exercise its authority to tow or boot.

Section 14.10. Heating of Units in Colder Months; Cooling of Units in Warmer Months.

In order to prevent breakage of water pipes during the colder months of the year and the growth of mold and mildew during warmer months of the year resulting in damage to any portion of the Condominium, increased Common Expenses, and increased insurance premiums or cancellation of insurance policies due to numerous damage claims, the thermostats within the Units shall be maintained at a setting of **no** less than fifty-five degrees (55°) Fahrenheit and no more than eighty-two degrees (82°) Fahrenheit (except during power failures or periods when heating equipment is broken). Owners and Occupants of Units shall take all steps possible on a timely basis to keep heating and cooling equipment, including, but not limited to, the thermostats, in good working order and repair. The Board of Directors may fine any Owner or Occupant and/or may cause the water service to the violator's Unit to be discontinued, for violation of this Section, in addition to any other remedies of the Association.

Section 14.11. Rubbish, Trash, and Garbage. All rubbish, trash, and garbage shall be regularly removed from the Unit and shall not be allowed to accumulate therein. No garbage or trash shall be placed on the Common Elements or Limited Common Elements outside the Unit, temporarily or otherwise, except in trash dumpsters. Rubbish, trash, and garbage shall be disposed of in sealed bags and either placed in the trash dumpsters or proper receptacles designated by the Board for collection or removed from the Condominium. In addition, all rubbish, trash and garbage resulting from the moving



in/moving out of a Unit, and all rubbish, trash and garbage (including construction debris) resulting from alterations to a Unit or Limited Common Element, shall be placed in the area specifically designated by the Association.

Section 14.12. Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including, but not limited to the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Condominium. Clothing, bedding, rugs, mops, appliances, indoor furniture, and other household items shall not be placed or stored outside the Unit.

Section 14.13. Garage Sales. Garage sales, yard sales, flea markets, or similar activities are prohibited unless approved in writing by the Board of Directors.

Section 14.14. Window Treatments. The color of all window treatments visible from outside the Unit must be white or off-white or as approved by the ACC in accordance with this Declaration. Bed sheets, blankets, towels and other similar type coverings shall not be used as window treatments.

Section 14.15. Antennas and Satellite Dishes. Except as provided below, no satellite dish, antenna or other device for the transmission or reception of television signals, radio signals or any form of electromagnetic wave or radiation shall be erected, used or maintained on any portion of the Condominium, including the Unit or Limited Common Elements; provided, however, the Association shall have the right to erect, construct and maintain such devices. The following shall apply to all Owners:

(a) No transmission antenna, of any kind, may be erected anywhere on the Condominium, including the Units, without written approval of the Board of Directors or the Architectural Control Committee.

(b) No direct broadcast satellite (DBS) antenna or multi-channel multi-point distribution service (MMDS) antenna larger than one (1) meter in diameter shall be placed, allowed or maintained upon the Condominium, including the Units and the Limited Common Elements.

(c) DBS and MMDS satellite dishes or antennas one (1) meter or less in diameter and television broadcast service antennas may only be installed in accordance with Federal Communication Commission (FCC) rules and the rules and regulations of the Association, both as may be amended from time to time.

(d) In the event of a transfer of the Unit which includes a satellite dish or antenna, the grantee shall assume all responsibility for the satellite dish or antenna and shall comply with this Declaration, the Bylaws and the rules and regulations regarding satellite dishes and antennas, including, but not limited to, those requirements relating to maintenance and removal of satellite dish or antenna.

Section 14.16. Grilling. The use of outdoor grills on any portion of the building is prohibited.

Section 14.17. Abandoned Personal Property. Personal property, other than vehicles as provided for in this Article, shall not be kept, or allowed to remain for more than twenty-four (24) hours upon any portion of the Common Elements, other than on a Limited Common Element, without prior written permission of the Board of Directors. If the Board determines that a violation exists, then, not less than two (2) days after written notice is placed on the personal property and/or on the front door of the property owner's Unit, if known, the Board may remove and either discard or store the personal property in a location which the Board may determine and shall have no obligation to return, replace or reimburse the owner of the property. The notice shall include the name and telephone number of the Person or entity that will remove the property and the name and telephone number of a Person to contact regarding the alleged violation.



The Board, in its discretion, may determine that an emergency situation exists and may exercise its removal rights hereunder without prior notice to the property owner; provided, however, in such case, the Board shall give the property owner, if known, notice of the removal of the property and the location of the property within three (3) days after the property is removed.

Neither the Association nor any officer or agent thereof shall be liable to any Person for any claim of damage resulting from the removal activity in accordance herewith. The Board may elect to impose fines or use other available remedies, rather than exercise its authority to remove property hereunder.

Section 14.18. Sale Period. Notwithstanding any provisions contained in this Declaration to the contrary, during the Sales Period, it shall be expressly permissible for Declarant, its contractors, agents, employees, assigns and representatives, to maintain and carry on, upon such portion of the Condominium as Declarant may deem necessary, such facilities and activities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the completion and sale of the Units, including, but without limitation, business offices, signs, model Units and sales offices. The right to maintain and carry on such facilities and activities shall include specifically the right to use the parking facilities on the Condominium for such purposes and to use the Units owned by Declarant as model Units and as offices for the sale of the Units and related activities.

Section 14.19. Move In/Move Out. An Owner or Occupant shall not move furniture, personal property, construction materials, and other over-sized items in or out of the Condominium except during such hours and according to requirements to be determined by the Board of Directors. Furthermore, an Owner or Occupant shall reserve a date and time with the Board of Directors to use the elevators for moving furniture, personal property, construction materials, and other over-sized items in or out of the Condominium, and during such use of the elevators, the walls of the elevators being used for such purpose shall be covered with padded blankets. The Board of Directors, in its sole discretion, may require a non-refundable security deposit prior to using an elevator for moving furniture, construction materials or other over-sized items. The Board of Directors shall also be authorized to approve movers and/or moving companies that require access to the Condominium for the purpose of moving furniture, construction materials, and other over-sized items, on behalf of an Owner or Occupant, in or out of the Condominium, and such consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding anything to the contrary stated herein, an Owner or Occupant shall not leave unattended any furniture, personal property, construction materials, and other over-sized items on any portion of the Common Elements for any period of time.

Section 14.20. Water Beds. No Person may keep a waterbed in a Unit.

ARTICLE 15. LEASING

Section 15.1. General. In order to preserve the character of the Condominium as predominantly owner occupied and to comply with the eligibility requirements for financing in the secondary mortgage market, the leasing of Units is only permitted to the extent and on such terms and conditions as are provided herein. "Leasing" is defined as regular, exclusive occupancy of a Unit by any Person other than the Owner, including, but not limited to: (a) any Person who is occupying a Unit pursuant to a lease-purchase agreement prior to the closing of the acquisition of the Unit; and (b) any family member of an Owner who is exclusively occupying a Unit which is not also the residence of and occupied by the Owner thereof. Notwithstanding the foregoing, "Leasing" shall not include occupancy by a roommate or family member of an Owner who along with the Owner occupies a Unit as his or her residence. Except as provided for below, Owners desiring to lease their Units may do so only if they have applied for and received from the Board of Directors a "Leasing Permit." Such a permit, upon its issuance, shall allow an Owner to lease his, her or its Unit provided that such Leasing is in accordance with the terms of the Leasing Permit and this Article 15. The Board of Directors shall have the authority to establish conditions as to the duration and use of Leasing Permits consistent with this Article 15. Except



as provided for below, all Leasing Permits shall be valid only as to a specific Owner and Unit and shall not be transferable between either Units or Owners; provided, however, if a Unit is sold subject to an existing lease, the Leasing Permit on said Unit shall be transferred to the new Owner of the Unit in accordance with this Article 15.

Section 15.2. Leasing Permits. In addition to an Owner having the right to request a Leasing Permit, a Person who has a written contract to purchase a Unit ("Buyer") shall have a right to apply for and receive a Leasing Permit. The request of an Owner or Buyer for a Leasing Permit for a Unit shall be approved if current, outstanding Leasing Permits (excluding Units that are owned and leased by the Declarant) have not been issued for more than twenty-five percent (25%) of the total number of Units in the Condominium ("Leasing Cap"). An Owner who owes the Association any delinquent assessments, fines, or other charges shall not be eligible to receive a Leasing Permit nor shall any Buyer of a Unit be eligible to receive a Leasing Permit if the Owner of such Unit owes the Association any delinquent assessments, fines, or other charges. The Board shall also have the right, but not the obligation, in its discretion to deny a Leasing Permit to an Owner or the Buyer of an Owner's Unit if the Owner or the Owner's Occupants, tenants, guests, or invitees is in violation of the Condominium Instruments or any rules and regulations of the Association. A Leasing Permit shall be automatically revoked upon the happening of any of the following events:

- (a) the failure of a Buyer to close on the acquisition of the Unit as contemplated in the purchase and sale agreement or in any amendment thereto, for any reason whatsoever;
- (b) the failure of an Owner to lease his, her or its Unit within one hundred and twenty (120) days of the Leasing Permit having been issued or the failure of a buyer to lease his, her or its Unit within one hundred and twenty days (120) days after the date of the closing of the Unit;
- (c) the failure of an Owner to have his, her or its Unit leased for any consecutive one hundred and eighty (180) day period thereafter;
- (d) the transfer or conveyance of the Unit to a third party unless there is an existing binding lease agreement for the Unit at the time of the transfer or conveyance that is assigned to the new Owner and remains in effect after the transfer or conveyance;
- (e) when an Owner fails to pay all delinquent assessments, fines, or other charges owed to the Association on or before the date being ten (10) days after the Association sends a written notice to the Owner stating that the Owner is more than thirty (30) days delinquent and that the Leasing Permit shall be revoked unless payment is received on or before such date being ten (10) days after the Association sends the written notice; and
- (f) the occurrence of the date referenced in a written notification by the Owner to the Association that the Owner will, as of said date, no longer need the Leasing Permit.

The Board shall also have the right, but not the obligation, in its discretion, to revoke an Owner's Leasing Permit if the Owner or the Owner's Occupants, tenants, guests, or invitees violate the Condominium Instruments or any rules and regulations of the Association in a non-monetary manner, provided, however, the Board shall first provide written notice to the Owner and provide the Owner with a right to hearing in the same manner as for fines as set forth in the Bylaws. The Leasing Permit shall be revoked for such non-monetary violation if the Board so determines after a hearing, or upon the last day of the Owner's right to request a hearing if the Owner fails to request a hearing.

An Owner who has been placed on the waiting list for a Leasing Permit may not transfer or assign his, her or its position on the waiting list. The Board may remove an Owner from the waiting list of the Owner is more than thirty (30) days delinquent in the payment of any assessments, fines, or other charges owed to the Association or if the Owner or the Owner's Occupants, tenants, guests, or invitees



violate the Condominium Instruments or any rules and regulations of the Association in a non-monetary manner.

Section 15.3. Hardship Leasing Permit. If the failure to lease will result in a hardship, the Owner may seek to lease on a hardship basis by applying to the Board of Directors for a Hardship Leasing Permit. The Board of Directors shall have the authority to issue or deny requests for Hardship Leasing Permits in its discretion after considering the following factors: (a) the nature, degree, and likely duration of the hardship, (b) the harm, if any, which will result to the Condominium if the Hardship Leasing Permit is approved, (c) the number of Hardship Leasing Permits which have been issued to other Owners, (d) the Owner's ability to cure the hardship, and (e) whether previous Hardship Leasing Permits have been issued to the Owner. A "hardship" as described herein shall include, but not be limited to the following situations: (i) an Owner must relocate his or her residence outside the greater Houston-Galveston metropolitan area and cannot, within six (6) months from the date that the Unit was placed on the market, sell the Unit after having made reasonable efforts to do so except at a price below the current appraised market value; (ii) where the Owner dies and the Unit is being administered by his or her estate; and (iii) the Owner takes a leave of absence or temporarily relocates and intends to return to reside in the Unit. Hardship Leasing Permits shall be valid for a term not to exceed one (1) year. Owners may apply for additional Hardship Leasing Permits. Hardship Leasing Permits shall be automatically revoked if during the term of the permit, the Owner is approved for and receives a Leasing Permit. The Board of Directors may revoke a Hardship Leasing Permit if an Owner fails to pay all delinquent assessments, fines, or other charges owed to the Association on or before the date being ten (10) days after the Association sends a written notice to the Owner stating that the Owner is more than thirty (30) days delinquent. The Board shall also have the right, but not the obligation, in its discretion, to revoke an Owner's Hardship Leasing Permit if the Owner or the Owner's Occupants, tenants, guests, or invitees violate in a non-monetary manner the Condominium Instruments or any rules and regulations of the Association, provided that the Board shall first provide written notice to the Owner and provide the Owner with a right to hearing in the same manner as for fines as set forth in the Bylaws. The Hardship Leasing Permit shall be revoked for such non-monetary violation if the Board so determines after a hearing, or upon the last day of the Owner's right to request a hearing if the Owner fails to request a hearing.

Section 15.4. Leasing Provisions. Leasing which is authorized by Leasing Permit, shall be governed by the following provisions:

(a) Notice. At least seven (7) days prior to entering into the lease of a Unit, the Owner shall provide the Board with a copy of the proposed lease agreement. All leases shall be in writing and in a form approved by the Board prior to the effective date of the lease. The Board may maintain and, upon request, provide a form that is deemed acceptable. In the event a lease is disapproved, the Board shall notify the Owner of the requisite action to be taken in order to bring the lease in compliance with the Declaration and any rules and regulations adopted pursuant thereto. Nothing herein shall be construed as giving the Association the right to approve or disapprove a proposed lessee; the Board's approval or disapproval shall be limited to the form of the proposed lease.

(b) General.

(i) Units may be leased (or subleased or assigned) only in their entirety; no fraction or portion may be leased (or subleased or assigned) without prior written Board approval.

(ii) All leases must be for an initial term of not less than one (1) year, except with written Board approval, which shall not be unreasonably withheld in cases of undue hardship (but in no event less than thirty (30) days).

(iii) A leased Unit may be subleased or assigned, provided, however, such sublease or assignment shall be for the remainder of the term of the initial lease (or any remaining extension thereof) and in no event shall be for less than thirty (30) days.



(iv) Within ten (10) days after executing a lease agreement for the lease of a Unit, the Owner shall provide the Board with a copy of the lease and the name of the lessee and all other people occupying the Unit. The Owner must provide the lessee copies of the Declaration, Bylaws, and the rules and regulations.

(v) Within ten (10) days after the execution a sublease or assignment agreement for a Unit, the Owner shall provide the Board with a copy of the sublease or assignment agreement and the name of the sub-lessee or assignee and all other people occupying the Unit. The Owner must provide the sub-lessee or assignee copies of the Declaration, Bylaws, and the rules and regulations.

(c) Compliance with Declaration, Bylaws, and Rules and Regulations. The tenant shall comply with all provisions of the Declaration, Bylaws, and rules and regulations and shall control the conduct of all other occupants and guests of the leased Unit in order to ensure such compliance. The Owner shall cause all occupants of his, her or its Unit to comply with this Declaration, Bylaws, and the rules and regulations adopted pursuant thereto, and shall be responsible for all violations by such occupants, notwithstanding the fact that such occupants of the Unit are fully liable and may be sanctioned for any such violation. If the tenant, or a Person living with the tenant, violates the Declaration, Bylaws, or a rule or regulation for which a fine is imposed, notice of the violation shall be given to the Owner and the tenant, and such fine may be assessed against the tenant in accordance with Article V of the Bylaws. If the fine is not paid by the tenant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association of the tenant's failure to pay the fine. Unpaid fines shall constitute a lien against the Unit.

Any violation of the Declaration, Bylaws, or rules and regulations by the tenant, any occupant, or any guest of tenant, is deemed to be a default under the terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with Texas law. The Owner hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the tenant for breaches resulting from the violation of the Declaration, Bylaws, and the rules and regulations, including the power and authority to evict the tenant as attorney in fact on behalf and for the benefit of the Owner, in accordance with the terms hereof. If the Association proceeds to evict the tenant, any costs, including reasonable attorneys' fees actually incurred and court costs associated with the eviction shall be an assessment and lien against the Unit.

Section 15.5. Liability for Assessments. When an Owner who is leasing his, her or its Unit fails to pay any annual or special assessment or any other charge for a period of more than thirty (30) days after it is due and payable, then the delinquent Owner hereby consents to the assignment of any rent received from the tenant during the period of delinquency. Upon request by the Board, tenant shall pay to the Association all unpaid annual and special assessments and other charges payable during and prior to the term of the lease and any other period of occupancy by lessee. However, tenant shall not be required to make such payments to the Association in excess of or prior to the due dates for monthly rental payments unpaid at the time of the Board's request. All such payments made by lessee shall reduce, by the same amount, lessee's obligation to make monthly rental payments to lessor. If lessee fails to comply with the Board's request to pay assessments or other charges, lessee shall pay to the Association all amounts authorized under the Declaration as if lessee were an Owner. The above provision shall not be construed to release the Owner from any obligation, including the obligation for assessments, for which the Owner would otherwise be responsible.

Section 15.6. Use of Common Elements. The Owner transfers and assigns to the tenant, for the term of the lease of a Unit, any and all rights and privileges that the Owner has to use the Common Elements as a result of owning that Unit, including but not limited to, the use of any and all recreational facilities and other amenities.



Section 15.7. Required Lease Provisions. Any lease of a Unit shall be required to contain or incorporate by reference the terms set forth in Sections 15.4, and 15.5 above. If such language is not expressly contained or incorporated by reference therein, then such language shall be incorporated into the lease by the existence of this covenant, and the tenant, by occupancy of the Unit, agrees to the applicability of this covenant and incorporation of the above-referenced language into the lease.

Section 15.8. Adjustments to Leasing Cap. In order to comply with the eligibility requirements for financing in the secondary mortgage market and sustain the value of the Units by facilitating the ability of purchasers to obtain financing, the Board in its discretion, without the vote of the Owners, may (but shall not be obligated to) adjust the Leasing Cap to comply with the applicable requirements for condominium project approval ("Project Approval Requirements") established from time to time by the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the U.S. Department of Housing and Urban Development ("HUD"), and any other government sponsored or owned entity that purchases, guarantees, and/or insures loans for condominium units. In the event the Board elects to adjust the Leasing Cap, the Board shall record a resolution in the Official Records specifying the Leasing Cap. In the event the Board decreases the Leasing Cap, no Owner who currently holds a Leasing Permit shall be required to relinquish such Leasing Permit unless otherwise required hereunder.

Section 15.9. Applicability of this Section. Notwithstanding the above, this Article shall not apply to any leasing transaction entered into by Declarant (regardless of whether said lease is entered into prior to or after the expiration of the Declarant Control Period), the Association, or the holder of any first recorded Mortgage on a Unit who becomes the Owner of a Unit through foreclosure or any other means pursuant to the satisfaction of the indebtedness secured by such Mortgage (collectively the "Exempt Owners"). Such Exempt Owners shall be permitted to lease a Unit without first obtaining a permit in accordance with this Article and such Units shall not be considered as being leased in determining the maximum number of Units that may be leased in accordance with this Article. Notwithstanding the foregoing, Sections 15.4 and 15.5 above (except Section 15.4(b)(ii) above) shall apply to all such leasing transactions, provided, however, any such leases shall be required to have an initial term of at least thirty (30) days. For the purposes of clarification, this Article 15 shall apply to any Person that acquires a Unit from an Exempt Owner (unless such Person is itself an Exempt Owner), including the obligations to obtain a Leasing Permit to lease the acquired Unit as required in this Article 15.

ARTICLE 16. TRANSFER OR SALE OF UNITS

An Owner intending to make a transfer or sale of a Unit or any interest in a Unit shall give written notice to the Board of Directors of such intention within seven (7) days after execution of the purchase agreement (in the case of the purchase of a Unit) or transfer or sales documents (in the case of the conveyance of a Unit without a purchase of said Unit). The Owner shall furnish to the Board of Directors as part of the notice (i) the name and address of the intended grantee; and (ii) such other information as the Board of Directors may reasonably require. This Article shall not be construed to create a right of first refusal in the Association or in any third party.

Not later than the tenth (10th) day after the date of receiving a written request from an Owner desiring to sell his or her Unit, the Association shall provide the Owner or the Owner's agent with a resale certificate in accordance with Section 82.157 of the Act. The Association may charge the requesting Owner a fee for its preparation and production of the resale certificate and such fee shall be payable upon delivery of the resale certificate

In addition, a non-refundable contribution to the working capital fund of the Association shall be paid to the Association by the purchaser of a Unit at the closing of each sale or resale of a Unit in the amount of two (2) months of the Annual Assessment charges to such Unit in accordance with Article 10 hereof.



Within seven (7) days after receiving title to a Unit, the new Owner of the Unit shall give written notice to the Board of Directors of his, her or its ownership of the Unit. Upon failure of an Owner to give the required notice within the seven (7) day time period provided herein, the Board may levy fines against the Unit and the Owner thereof, and assess the Owner for all costs incurred by the Association in determining his, her or its identity.

The Association may make reasonable rules and regulations regarding access to the building while a Unit is being marketed, including, but not limited to, designating a central location for the installation of lock boxes.

ARTICLE 17. MAINTENANCE RESPONSIBILITY

Section 17.1. By the Owner. Each Owner shall have the obligation to maintain and keep in good repair all portions of his, her or its Unit and all improvements made by the Owner to the Limited Common Elements allocated to the Unit except any portion of a Unit that is expressly made the maintenance obligation of the Association as set forth in this Article. This maintenance responsibility shall include, but not be limited to the following: all glass surfaces (excluding exterior cleaning), windows, window frames (except for periodic painting, staining and/or cleaning of the exterior window frames), casings and locks (including caulking of windows); all doors, doorways, door frames, and hardware that are part of the entry system of the Unit (except for periodic painting, staining and/or cleaning of the exterior surface of entry doors and door frames facing the hallway of the Condominium); all portions of the heating and air conditioning system, including the air conditioning compressor and the fan coil serving the Unit; and all pipes, lines, ducts, conduits, or other apparatus that serve only the Unit, whether located within or without a Unit's boundaries (including all electricity, water, sewer, or air conditioning pipes, lines, ducts, conduits, or other apparatus serving only the Unit).

In addition, each Owner shall have the responsibility:

- (a) To keep in a neat, clean and sanitary condition any Limited Common Elements serving his, her or its Unit;
- (b) To perform his, her or its responsibility in such manner so as not to unreasonably disturb other Persons in other Units;
- (c) To promptly report to the Association or its agent any defect or need for repairs, for which the Association is responsible; and
- (d) To pay for the cost of repairing, replacing or cleaning up any item which is the responsibility of the Owner but which responsibility such Owner fails or refuses to discharge (which the Association shall have the right, but not the obligation, to do), or to pay for the cost of repairing, replacing, or cleaning up any item which, although the responsibility of the Association, is necessitated by reason of the willful or negligent act of the Owner, his, her or its family, tenants, guests or Occupants, with the cost thereof to be added to and become part of the Owner's next chargeable assessment.

Section 17.2. By the Association. The Association shall maintain and keep in good repair as a Common Expense the "Area of Common Responsibility," which includes the following:

- (a) all Common Elements, including any Limited Common Elements, but excluding all improvements made to such Limited Common Elements; provided, however, the cost of maintenance and repair of Limited Common Elements may be assessed against the Owner to whom the Limited Common Element is allocated as Specific Assessments;



(b) all portions of the roof(s) and the roof(s) support systems, including the roof(s) joists and cross braces, even if such roof(s) joists and cross braces are located within a Unit;

(c) periodic painting, staining and/or cleaning of exterior surfaces of the building(s), exterior window frames, and entry doors and door frames facing the hallway of the Condominium, on a schedule to be determined by the Board of Directors;

(d) periodic cleaning of exterior window surfaces on a schedule to be determined by the Board of Directors.

Subject to the maintenance responsibilities herein provided, any maintenance or repair performed on or to the Common Elements by an Owner or Occupant that is the responsibility of the Association hereunder (including, but not limited to landscaping of Common Elements) shall be performed at the sole expense of such Owner or Occupant, and the Owner or Occupant shall not be entitled to reimbursement from the Association even if the Association accepts such maintenance or repair.

The Association shall repair incidental damage to any Unit resulting from performance of work that is the responsibility of the Association. As finish levels can have varying degrees, such repairs will be complete only to the extent of being "paint-ready." Such repair and subsequent cleaning shall be performed based on a reasonableness standard. In performing its responsibilities hereunder, the Board of Directors shall have the authority to delegate to such Persons, firms or corporations of its choice, such duties as are approved by the Board of Directors.

The Association shall not be liable for injury or damage to Person or property caused by the elements or by the Owner of any Unit, or any other Person, or resulting from any utility, rain, snow or ice that may leak or flow from any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment that the Association is responsible to maintain hereunder, except for injuries or damages arising after the Owner of a Unit has put the Association on notice of a specific leak or flow from any portion of the Common Elements and the Association has failed to exercise due care to correct the leak or flow within a reasonable time thereafter. The Association shall not be liable to the Owner of any Unit or such Owner's Occupant, guest, or family, for loss or damage, by theft or otherwise, of any property that may be stored in or upon any of the Common Elements. The Association shall not be liable to any Owner, or any Owner's Occupant, guest or family for any damage or injury caused in whole or in part by the Association's failure to discharge its responsibilities under this Article where such damage or injury is not a foreseeable, natural result of the Association's failure to discharge its responsibilities. No diminution or abatement of assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of repairs or improvements that are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority.

Section 17.3. Failure to Maintain. If the Board of Directors determines that any Owner has failed or refused to discharge properly his, her or its obligation with regard to the maintenance, repair, or replacement of items of which he or she is responsible hereunder, then, the Association shall give the Owner written notice of the Owner's failure or refusal and of the Association's right to provide necessary maintenance, repair, or replacement at the Owner's cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair, or replacement deemed necessary by the Board of Directors.

Unless the Board of Directors determines that an emergency exists, the Owner shall have ten (10) days within which to complete such maintenance or repair, or if the maintenance or repair is not capable of completion within such time period, to commence replacement or repair within ten (10) days. If the Board determines that: (i) an emergency exists or (ii) that an Owner has not complied with the



demand given by the Association as herein provided; then the Association may provide any such maintenance, repair, or replacement at the Owner's sole cost and expense, and such costs shall be added to and become a part of the assessment to which such Owner is subject, shall become and be a lien against the Unit, and shall be collected as provided herein for the collection of assessments.

If the Board determines that the need for maintenance or repair is in the Area of Common Responsibility and is caused through the willful or negligent act of any Owner, or Occupant or their family, guests, lessees, or invitees, then the Association may assess the cost of any such maintenance, repair, or replacement against the Owner's Unit, shall become a lien against the Unit, and shall be collected as provided herein for the collection of assessments.

Section 17.4. Measures Related to Insurance Coverage.

(a) The Board of Directors, upon resolution, shall have the authority to require all or any Owner(s) to do any act or perform any work involving portions of the Condominium that are the maintenance responsibility of the Owner, which will, in the Board's sole discretion, decrease the possibility of fire in, or other damage to, the Condominium, reduce the insurance premium paid by the Association for any insurance coverage or otherwise assist the Board in procuring or maintaining such insurance coverage. This authority shall include, but need not be limited to, requiring Owners to install and maintain smoke detectors, requiring Owners to certify that they have checked the batteries for their smoke detectors, requiring Owners to allow the Association to inspect the smoke detectors and replace batteries if needed on a schedule to be determined by the Board of Directors, requiring Owners to make improvements to the Owner's Unit, and such other measures as the Board may reasonably require so long as the cost of such work does not exceed Three Hundred Dollars (\$300) per Unit in any twelve (12) month period.

(b) In addition to, and not in limitation of, any other rights the Association may have, if any Owner does not comply with any requirement made by the Board of Directors pursuant to this Article, the Association, upon fifteen (15) days' written notice (during which period the Owner may perform the required act or work without further liability), may perform such required act or work at the Owner's sole cost. Such cost shall be an assessment and a lien against the Unit as provided herein. The Association shall have all rights necessary to implement the requirements mandated by the Board pursuant to this Article, including, but not limited to, a right of entry during reasonable hours and after reasonable notice to the Owner or Occupant of the Unit, except that access may be had at any time without notice in an emergency situation.

Section 17.5. Mold Disclosure and Waiver. Mold, mildew, fungi and microbiological organisms (collectively, "Mold"), are present in soil, air and elsewhere in the environment. Mold can proliferate in various environments, including, among others, damp areas such as bathrooms and within walls and partitions. Concerns have been expressed about the possible adverse effects on human health from exposure to Mold. According to the Consumer Product Safety Commission and the American Lung Association, some diseases or illnesses have been linked with biological pollutants in the indoor environment, including some forms of Mold. However, it is believed that many of these conditions may also have causes unrelated to the indoor environment. Therefore, as of the date of this Declaration, it is unknown how many potential health problems relate primarily or exclusively to indoor air quality or Mold. Declarant and the Association are not qualified and have not undertaken to evaluate all aspects of this very complex issue. Declarant and the Association have not performed any testing or evaluation of, and make no representations or warranties, express or implied, concerning the past, current or future presence or absence of Mold in the Unit, any Limited Common Elements allocated to the Unit, any unfinished perimeter walls located within the Unit, or any other Common Elements or within the vicinity of the Condominium. Declarant and the Association recommend that each Owner, at the Owner's expense conduct its own investigation and consult with such experts as the Owner deems appropriate regarding the occurrence and effects of Mold, the potential sensitivity or special risk the Owner, his, her or its family members, and others individuals, who will occupy or use the Unit.



When excessive moisture or water accumulates indoors, Mold growth can and will occur, particularly if the moisture problem remains unaddressed. There is no practical way to eliminate all Mold in an indoor environment. The key to controlling indoor Mold growth is to control moisture. Each Owner shall maintain the Unit in such a manner as to reduce the potential for increased Mold formation or growth, including, without limitation, keeping dryer and other vents and/or fans clear and functioning and preventing and repairing plumbing, window and other leaks and sources of moisture. Each Owner shall conduct periodic inspections of the Unit, Limited Common Elements allocated to the Unit, and any other portion of the Condominium for which the Owner is responsible to maintain, for the presence of Mold or conditions that may increase the ability of Mold to propagate within the Unit or other portions of the Condominium. Furthermore, each Owner shall monitor the Unit, and any other portion of the Condominium for which the Owner is responsible to maintain, on a continual basis for excessive moisture, water or Mold accumulation. If water or moisture is discovered in or around the Unit, the Owner shall immediately seek to eliminate the source of the water or moisture. Failure to eliminate the source of moisture can result in additional damage and the growth of Mold. Declarant will not be responsible for damages, and each Owner, by taking title to a Unit, hereby waives all rights to damages and subrogation of damages. Each Owner shall defend and indemnify Declarant and the Association and hold Declarant and the Association harmless from damages, including all cases of personal injury or property damage, caused by the presence of Mold and/or water or moisture in the Unit or other portions of the Condominium to the extent that the damages are caused by: (i) the Owner's negligence or failure to properly maintain and monitor the Unit or other portions of the Condominium for which the Owner is responsible for maintaining, or (ii) the Owner's failure to promptly take appropriate corrective measures and minimize any damage caused by water or moisture (including, without limitation, failure to promptly notify and engage the help of appropriate professionals or experts).

Section 17.6. Inspection, Maintenance, Repair and Replacement of a High-Risk Component. The Board may, from time to time, after notice to all Owners and an opportunity for members comment, determine that certain portions of a Unit required to be maintained by the Owners, or certain objects or appliances within a Unit, pose a particular risk of damage to other Units and/or the Common Elements if they are not properly inspected, maintained, repaired or replaced. By way of example, but not limitation, these portions, objects or appliances may include washing machine hoses, smoke detectors and water heaters. Those items determined by the Board to pose such a particular risk are referred to herein as a "High-Risk Component." The Board may require one or more of the following with regard to a High-Risk Component:

- (a) that it be inspected at specified intervals by a representative of the Association or by an inspector(s) designated by the Board;
- (b) that it be replaced or repaired at specified intervals, or with reference to manufacturers' warranties, whether or not the individual component is deteriorated or defective;
- (c) that it be replaced or repaired with items or components meeting particular standards or specifications established by the Board;
- (d) that when it is repaired or replaced, the installation include additional components or installments specified by the Board;
- (e) that it be replaced or repaired by contractors having particular licenses, training or professional certification or by contractors approved by the Board; and
- (f) if the replacement or repair is completed by an Owner, that it be inspected by a Person designated by the Board.

The imposition of requirements by the Board in this provision shall not relieve an Owner of his, her or its obligations regarding a High-Risk Component, including, but not limited to, the obligation to



perform and pay for all maintenance, repairs and replacement thereof. If any Owner fails or refuses to maintain, repair or replace a High-Risk Component in accordance with the requirements established by the Board hereunder, the Association may, in addition to all other rights and powers granted to it pursuant to the Condominium Instruments, enter the Unit for the purpose of inspecting, repairing, maintaining, or replacing a High-Risk Component, as the case may be, and charge all costs of doing so back to the Owner as a specific assessment.

Section 17.7. Inspection Obligations.

(a) Contract for Services. In addition to the Association's general maintenance obligations set forth in this Declaration, the Association shall, at all times, contract with (subject to the limitations otherwise set forth in this Declaration) or otherwise retain the services of independent, qualified, licensed individuals or entities to provide the Association with inspection services relative to the maintenance, repair and physical condition of the Condominium.

(b) Inspection Responsibilities. Declarant shall provide the Association with maintenance criteria, maintenance manuals, and warranty requirements for the building (collectively the "Maintenance Manual"). The inspectors shall inspect component parts of the Building in accordance with the Maintenance Manual. The Association shall update the Maintenance Manual on a regular basis. The Association shall be responsible for meeting all requirements under such Maintenance Manual.

(c) Schedule of Inspections. Such inspections shall take place at least annually or as recommended in the Maintenance Manual. The inspectors shall provide written reports of their inspections to the Association promptly following completion thereof. The written reports shall identify any items of maintenance or repair that either require current action by the Association or will need further review and analysis. The Board of Directors shall report the contents of such written reports to the members of the Association at the next meeting of the members following receipt of such written reports or as soon thereafter as is reasonably practicable and shall include such written reports in the minutes of the Association. Subject to the provisions of this Declaration below, the Board of Directors shall promptly cause all matters identified as requiring attention to be maintained, repaired, or otherwise pursued in accordance with prudent business practices and the recommendations of the inspectors.

(d) Notice to Declarant. For a period of ten (10) years after the conveyance of the last Unit in the Condominium to an Owner other than Declarant, the Association shall, if requested by Declarant, deliver to Declarant ten (10) days advance written notice of all such inspections (and an opportunity to be present during such inspection, personally or through an agent) and shall provide Declarant (or its designee) with a copy of all written reports prepared by the inspectors.

(e) The provisions of this Section shall not apply during the Declarant Control Period.

ARTICLE 18. EMINENT DOMAIN

In the event of a taking by condemnation or by eminent domain, the provisions of the Act shall prevail and govern. Each Eligible Mortgage Holder shall be entitled to written notice of any such condemnation proceeding, and nothing in the Condominium Instruments shall be construed to give a priority to any Owner in the distribution of proceeds with respect to such Unit.

ARTICLE 19. EASEMENTS

Section 19.1. Use and Enjoyment. Each Owner and Occupant shall have a right and a non-exclusive easement of use and enjoyment in and to the Common Elements (including the right of access, ingress and egress to and from his, her or its Unit over those portions of the Condominium designated for such purpose), and such non-exclusive easement shall be appurtenant to and shall pass



with the title to such Unit, subject to (i) the rights of the Owners to the exclusive use of the Limited Common Elements allocated to their respective Units; (ii) to the right of the Association to control the use and enjoyment of the Common Elements as provided by the terms of this Declaration including, but not limited to, the right of the Association to suspend voting and use privileges as provided herein; and (iii) the right of the Association to have access to the Units and Limited Common Elements allocated to a Unit to discharge its rights and obligations, under the Condominium Instruments, including without limitation, the repair and maintenance responsibilities of the Association.

Section 19.2. Support. Every portion of a Unit and all Limited Common Elements contributing to the support of an abutting Unit shall be burdened with a non-exclusive easement of support for the benefit of such abutting Unit.

Section 19.3. Encroachments. The Units and Common Elements shall be subject to non-exclusive easements of encroachment as set forth in the Act.

Section 19.4. Utilities. To the extent that the any utility line, pipe, wire, or conduit serving any Unit, Units or the Common Elements shall lie wholly or partially within the boundaries of another Unit or the Common Elements, such other Unit, Units, or the Common Elements shall be burdened with a non-exclusive easement for the use, maintenance, repair and replacement of such utility line, pipe, wire or conduit, such non-exclusive easement to be in favor of the Unit, Units, or Common Elements served by the same and the Association. It shall be the obligation of the benefited Owner to maintain, replace and repair any pipe, line, conduit, duct or wire owned by such Owner, even if such pipe, line conduit, duct or wire is located within the boundaries of a Unit of another Owner. In such circumstance, the benefited Owner shall repair all incidental damage to any Unit resulting from performance of any such work. All Owners hereby covenant and agree that as finish levels can have varying degrees, such repairs will be complete only to the extent of being "paint-ready." Components that may require repair or replacement, such as tile and trim, will be reinstalled only to the extent of readily available materials or similar materials (trim and such will also be finished to "paint-ready"). Due to the uncontrollability of quality of repair, items such as faux paint treatment, wallpaper, ceiling/wall appliqué, and any other similar types of finishes, will not be the responsibility of the benefited Owner.

Section 19.5. Pest Control. The Association may but shall not be obligated to dispense chemicals for the extermination of insects and pests within the Units and Common Elements. In the event the Association chooses to provide such pest control, the Association and its duly authorized contractors, representatives, and agents shall have an easement to enter Units for the purpose of dispensing chemicals for the exterminating of insects and pests within the Units and Common Elements. Owners shall either provide a key to the Unit for purpose of such entry or have someone available at such times as are designated by the Board of Directors to allow entry into the Unit for this purpose. The Association shall not be liable for any illness, damage, or injury caused by the dispensing of these chemicals for this purpose.

Section 19.6. Community Bulletin Board. As part of the Common Elements maintained by the Association, Declarant and/or the Board shall have the right, but not the obligation, to erect on the Condominium a bulletin board primarily for the use of Owners in advertising their Units for sale. For so long as the Association desires to maintain this bulletin board, each Owner and his licensed real estate broker and agent may use the Condominium for access, ingress and egress to and from this bulletin board; provided, however, the use of the bulletin board shall be subject to such reasonable nondiscriminatory rules and regulations as may be adopted or promulgated by the Board regulating the size and duration of such advertisements. Declarant or Board may terminate use of this bulletin board entirely at any time, and no property rights of any kind are created hereby.

Section 19.7. Declarant Easements. During the Sale Period, Declarant and its duly authorized contractors, subcontractors, representatives, agents, associates, employees, tenants and successors and assigns shall have: (i) a non-exclusive easement for access and ingress to, egress from



and use of the Common Elements for the placement and maintenance of signs, banners, balloons, decorations marketing materials and tables, a sales office, a leasing office, a business office, promotional facilities and model Units on any portion of the Condominium, together with such other facilities as in the opinion of Declarant may be reasonably required, convenient or incidental to the completion, renovation, improvement, development, sale or lease of any Unit; (ii) a non-exclusive easement to use the Common Elements for special events and promotional activities; and (iii) a transferable, non-exclusive easement on, over, through, under and across the Common Elements and Limited Common Elements for the purpose of making improvements on the Condominium or any portion thereof, for the purpose of constructing, installing, replacing, repairing, restoring and maintaining all utilities, buildings, driveways, landscaping and any other improvements on the Condominium property or serving the Condominium, and for the purpose of doing all things reasonably necessary and proper in connection therewith. Declarant reserves the right, but shall have no obligation, to make improvements and changes to all or part of the Common Elements and the Units owned by Declarant (other than changes to the location of Unit boundaries unless expressly permitted herein), including, without limitation: the addition and realignment of parking spaces; the addition and reconfiguration of storage spaces; the renovation and installation of changes to utility systems and facilities; the rearrangement and installation of access and refuse facilities; work relating to building exteriors; and extension of the drives and utility lines and pipes constituting a part of the Condominium.

ARTICLE 20. MORTGAGEE'S RIGHTS

Section 20.1. Powers Denied to the Association. Unless at least two-thirds (2/3) of the first Mortgagees and Owners give their consent, the Association or the membership shall not:

- (a) by act or omission seek to abandon or terminate the Condominium;
- (b) change the pro rata interest or obligations of any individual 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;
- (c) partition or subdivide any Unit in any manner inconsistent with the provisions of this Declaration;
- (d) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements (the granting of easements or licenses, as authorized herein, shall not be deemed a transfer within the meaning of this clause); or
- (e) use hazard insurance proceeds for losses to any portion of the Condominium (whether to Units or to Common Elements) for other than the repair, replacement, or reconstruction of such portion of the Condominium.

The provisions of this Section shall not be construed to reduce the percentage vote that must be obtained from Mortgagees or Owners where a larger percentage vote is otherwise required by the Act or the Condominium Instruments for any of the actions contained in this Article.

Section 20.2. Exemption from Liens Where the Mortgagee holding a first Mortgage of record (provided that neither the grantee nor any successor grantee on the secondary purchase money Mortgage is the seller of the Unit) or other purchaser of a Unit obtains title pursuant to judicial or nonjudicial foreclosure of the Mortgage, it shall not be liable, nor shall the Unit be subject to a lien, for the share of the Common Expenses or assessments by the Association chargeable to such Unit that became due prior to such acquisition of title. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from Owners of all the Units, including such acquirer, and its successors and assigns. Additionally, such acquirer shall be responsible for all charges accruing



subsequent to the passage of title of the Unit, including, but not limited to, the Base Assessments levied against the Unit, as provided in this Declaration, for the applicable portion of the month in which the passage of title of the Unit occurred.

Section 20.3. Mortgage Holder Entitled to Notice.

Upon written request to the Association, identifying the name and address of the holder and the Unit number or address, any Eligible Mortgage Holder, or insurer or guarantor of a first mortgage on a Unit, will be entitled to timely written notice of:

(a) any proposed amendment of the Condominium Instruments effecting a change in (i) the boundaries of any Unit or the exclusive easement rights appertaining thereto; (ii) the interests in the Common Elements or Limited Common Elements appertaining to any Unit or the liability for Common Expenses appertaining thereto; (iii) the number of votes in the Association appertaining to any Unit; or (iv) the purposes to which any Unit or the Common Elements are restricted;

(b) any proposed termination of the Condominium;

(c) any condemnation loss or any casualty loss that affects a material portion of the Condominium or any Unit on which there is a first Mortgage held by such Eligible Mortgage Holder;

(d) any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to a first Mortgage held by such Eligible Mortgage Holder that remains unsatisfied for a period of sixty (60) days after notice, and any default in the performance by an individual Owner of any other obligation under the Condominium Instruments that is not cured within sixty (60) days after notice;

(e) any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; or

(f) any proposed action that would require the consent of a specified percentage of Eligible Mortgage Holders, as specified herein.

Section 20.4. Copy of Financial Statement. Any holder of a first Mortgage shall be entitled, upon written request, to receive within a reasonable time after request, a copy of the financial statement of the Association for the immediately preceding fiscal year, free of charge to the Mortgagee so requesting.

Section 20.5. No Impairment of Rights. Notwithstanding anything to the contrary herein contained, the provisions of Article 15 and Article 16 hereof governing the leasing and sales of units, respectively, shall not apply to impair the right of any first Mortgagee to:

(a) foreclose or take title to a Unit pursuant to remedies contained in its Mortgage; or

(b) take a deed or assignment in lieu of foreclosure; or

(c) sell, lease, or otherwise dispose of a Unit acquired by the Mortgagee.

Section 20.6. No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Elements.



Section 20.7. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of any mortgagee encumbering such Owner's Unit.

Section 20.8. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request to approve an amendment to this Declaration or within sixty (60) days of the date of the Association's request for any other action, provided that such request is delivered to the Mortgagee by certified or registered mail, return receipt requested, or by statutory overnight mail.

Section 20.9. Construction of this Article. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Condominium Instruments or Texas law for any of the actions set forth in this Article.

ARTICLE 21. GENERAL PROVISIONS

Section 21.1. SECURITY. THE ASSOCIATION OR DECLARANT MAY, BUT SHALL NOT BE REQUIRED TO, FROM TIME TO TIME, PROVIDE MEASURES OR TAKE ACTIONS THAT DIRECTLY OR INDIRECTLY IMPROVE THE SECURITY OF THE CONDOMINIUM; HOWEVER, EACH OWNER, FOR HIMSELF, HERSELF OR ITSELF, AND HIS, HER OR ITS TENANTS, OCCUPANTS, GUESTS, LICENSEES, AND INVITEES, ACKNOWLEDGES AND AGREES THAT NEITHER THE ASSOCIATION NOR DECLARANT IS A PROVIDER OF SECURITY AND NEITHER ENTITY SHALL HAVE A DUTY TO PROVIDE SECURITY ON OR AT THE CONDOMINIUM. FURTHERMORE, THE ASSOCIATION DOES NOT GUARANTEE THAT NON-OWNERS AND NON-OCCUPANTS WILL NOT GAIN ACCESS TO THE CONDOMINIUM AND COMMIT CRIMINAL ACTS ON THE CONDOMINIUM NOR DOES THE ASSOCIATION GUARANTEE THAT CRIMINAL ACTS ON THE CONDOMINIUM WILL NOT BE COMMITTED BY OTHER OWNERS OR OCCUPANTS. IT SHALL BE THE RESPONSIBILITY OF EACH OWNER TO PROTECT HIS, HER OR ITS PERSON AND PROPERTY AND ALL RESPONSIBILITY TO PROVIDE SUCH SECURITY SHALL LIE SOLELY WITH EACH OWNER. NEITHER DECLARANT NOR THE ASSOCIATION SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF ITS FAILURE TO PROVIDE ADEQUATE SECURITY OR THE INEFFECTIVENESS OF MEASURES UNDERTAKEN.

Section 21.2. Parking Spaces, Vehicles and Storage Spaces. Neither Declarant nor the Association shall be held liable for any loss or damage arising from theft, vandalism, malicious mischief, or any loss or damage to any property placed or kept in any parking space or storage space in the Condominium or in any area designated by the Board for other parking. Each Owner or Occupant with use of a parking space or storage space who places or keeps a vehicle and/or any personal property in the vehicle, parking space, or storage space or in any area designated by the Board for other parking does so at his, her or its own risk.

Section 21.3. Unit Keys. At the request of the Association, each Owner, by acceptance of a deed to a Unit, agrees to provide the Association with a key to the Unit (and the security alarm code, if any) to be used by the Association for maintenance, emergency, or life-safety purposes as provided in this Declaration (and for pest control, if necessary, as provided in Section 19.5 of this Declaration). Neither Declarant nor the Association shall be liable for any loss or damage due to its holding such key, or use of such key for the purposes described above and each Owner shall indemnify and hold harmless Declarant, the Association and its officers and directors against any and all expenses, including reasonable attorneys' fees actually incurred by or imposed upon Declarant, the Association or its officers or directors in connection with any action, suit, or other proceeding (including settlement of any such action, suit or proceeding) brought by the Owner or the Owner's family, tenants, guests, employees, invitees, Occupants, or licensees against Declarant, the Association, its officers or directors arising out of or relating to its holding or use of such key for the purposes described above.



Section 21.4. Dispute Resolution. Prior to filing a lawsuit against the Association, the Board, or any officer, director, or property manager of the Association, an Owner or Occupant must request and attend a hearing with the Board of Directors. Any such request shall be in writing and shall be personally delivered to any member of the Board of Directors or the property manager, if any, of the Association. The Owner or Occupant shall, in such request and at the hearing, make a good faith effort to explain the grievance to the Board and resolve the dispute in an amicable fashion, and shall give the Board a reasonable opportunity to address the Owner or Occupant's grievance before filing suit. Upon receiving a request for a hearing, the Board shall give notice of the date, time and place of the hearing to the Person requesting the hearing. The Board shall schedule this hearing for a date not less than seven (7) or more than twenty one (21) days from the date of receipt of the request.

Section 21.5. Litigation.

(a) All Owners hereby acknowledge and agree that the Association shall not be entitled to institute, fund, finance, or join in any legal action, suit, or claim against anyone on behalf of any or all of the Owners that is based on any alleged defect in any Unit or any damage allegedly sustained by any Owner by reason thereof, but rather, that all such actions shall be instituted by the Person(s) owning such Units or allegedly sustaining such damage. For the purposes hereof, the "Unit" shall not be deemed to include the undivided interest in the Common Elements attributable to each Unit.

(b) All Owners hereby acknowledge and agree that no Owner shall be entitled to institute or join in any legal action against anyone that is based on any alleged defect in the Common Elements, but rather, that all such actions shall be instituted by the Association on behalf of the Owners.

(c) No legal action, suit, or claim (including administrative claims) (hereinafter the "Claim") shall be commenced or prosecuted by the Association unless approved by a vote of the Owners as hereinafter provided. The Board shall prepare a budget of the total estimated cost of the Claim that shall be submitted to the Owners for a vote along with the estimate of the total cost of the Claim made by the attorney being retained by the Association for the Claim. No capital contribution made by an Owner in accordance with Article 10 hereof or reserve account funds shall be used for funding the costs of the Claim. The proposed Claim, the budget, and any special assessment therefore, must all be approved by a vote of the Owners representing at least two-thirds (2/3) of the Total Association Vote. This Section shall not apply, however, to (a) actions involving imposition and collection of assessments as provided herein, (b) actions brought by the Association to enforce the covenants in this Declaration (including, without limitation, the foreclosure of liens); (c) proceedings involving challenges to ad valorem taxation, (d) counterclaims brought by the Association in proceedings instituted against it, (e) any land-use or zoning proceedings, or (f) actions brought by the Association for damages in magistrate court. This Section shall not be amended unless such amendment is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Notwithstanding the above, after the expiration of the Declarant Control Period, the Board of Directors may negotiate the resolution of any alleged defect(s) in the Common Elements or Limited Common Elements on behalf of the Owners and shall have the right and authority to settle and release on behalf of any and all of the Owners claims, causes of action, damages and suits involving the same. Any such settlement and release shall bind all Owners and their successors and assigns. No amendment to this Declaration shall (i) modify, alter, or delete any provision of this Declaration that benefits the Declarant or any rights, privileges, easements, protections, or defenses of the Declarant; or (ii) alter the rights of the Owners or the Association in relationship to the Declarant, without the written consent of the Declarant attached to and recorded with such amendment.

Section 21.6. Successor Declarants. Any successor to Declarant shall not be responsible or subject to liability by operation of law or through the purchase of Declarant's interest in the Condominium or any portion thereof at foreclosure or otherwise for any act, omission, or matter occurring



or arising from any act, omission, or matter occurring prior to the time the successor succeeded to the interest of Declarant.

Section 21.7. Disclosures. Each Owner and Occupant acknowledge the disclosures set forth on Exhibit "F" attached hereto and incorporated herein.

Section 21.8. Services During Declarant Control. Each Owner acknowledges that Declarant and its affiliates may provide services utilized by communities such as the Condominium including, but not limited to, management services. Each Owner consents and agrees that the Association may enter into service contracts with Declarant and its affiliates.

Section 21.9. Amendments. Except where a different vote is required by any other provisions of this Declaration or by the Act, in which case such different vote shall be necessary to amend such provision, the Condominium Instruments may be amended by the affirmative vote, written consent, or any combination of affirmative vote and written consent of the members of the Association holding sixty-seven percent (67%) of the total eligible Association vote and such amendment shall otherwise comply with the provisions of Section 82.067 of the Act. During the Sales Period, any amendment to the Condominium Instruments shall require the written consent of Declarant. In addition, no amendment to this Declaration shall alter the easement rights contained in this Declaration without the consent of the Person holding such easement rights. Notwithstanding the above, no amendment shall modify, alter, or delete any provision of the Condominium Instruments that benefits Declarant or any easement rights of Declarant without the written consent of Declarant attached to and recorded with such amendment. Notice of any meeting at which a proposed amendment will be considered shall state the fact of consideration and the subject matter of the proposed amendment. No amendment required to be recorded by the Association shall be effective until certified by President of the Association, or another officer designated for that purpose, and recorded in the Official Records. The amendment procedures in this paragraph do not apply to those amendments specified by Section 82.067(b) of the Act.

In addition to the above, material amendments to this Declaration must be approved by Eligible Mortgage Holders who represent at least fifty-one percent (51%) of the votes of Units that are subject to Mortgages held by Eligible Mortgage Holders. Notwithstanding the above, the approval of any proposed amendment by an Eligible Mortgage Holder shall be deemed implied and consented to if the Eligible Mortgage Holder fails to submit a response to any written proposal for an amendment within sixty (60) days after the Eligible Mortgage Holder receives notice of the proposed amendment sent by certified or registered mail, return receipt requested:

- (a) Voting;
- (b) Assessments, assessment liens or subordination of such liens;
- (c) Reserves for maintenance, repair and replacement of the Common Elements;
- (d) Insurance or fidelity bonds;
- (e) Rights to use of the Common Elements;
- (f) Responsibility for maintenance and repair of the Condominium;
- (g) Expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium;
- (h) Boundaries of any Unit;
- (i) The interests in the Common Elements or Limited Common Elements;



- (j) Convertibility of Units into Common Elements or of Common Elements into Units;
- (k) Leasing of Units;
- (l) Imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his or her Unit in the Condominium;
- (m) Establishment of self-management by the Condominium Association where professional management has been required by any of the agencies or corporations set forth below; and
- (n) Amendment of any provisions that are for the express benefit of Eligible Mortgage holders or insurers or guarantors of first mortgages on Units in the Condominium.

Notwithstanding the foregoing, Declarant or the Board of Directors, without the necessity of a vote from the Owners, may amend this Declaration to correct any scrivener's errors, comply with any applicable state, city or federal law, and/or to bring the Condominium into compliance with applicable rules and regulations of the Federal National Mortgage Association ("Fannie Mae"), the Federal Housing Administration, the Federal Home Loan Mortgage Corporation, and the Department of Veterans Affairs.

Any action to challenge the validity of an amendment adopted under this Section must be brought within one (1) year of the effective date of such amendment. No action to challenge such amendment may be brought after such time.

Section 21.10. Severability. Invalidation of any one of these covenants, conditions, or restrictions contained in this Declaration by judgment or court order or otherwise shall in no way affect the application of such provision to other circumstances or affect any other provision(s), which shall remain in full force and effect.

Section 21.11. Declarant Rights. Notwithstanding anything to the contrary herein, and in addition to Declarant's right to appoint and remove officers and directors under Article 3, Section 2 of the Bylaws and other rights set forth herein, Declarant shall have the right, as long as Declarant owns at least one (1) Unit, to conduct such sales, marketing, leasing, administrative and other activities at the Condominium as Declarant deems appropriate for the sale, marketing or leasing of any Unit and Declarant shall have a non-exclusive easement right across the Common Elements to erect signs, and to conduct such other sales, marketing and leasing activities as provided herein. Declarant may also maintain any Unit it owns as a model Unit or as a sales office.

ARTICLE 22. SPECIAL DECLARANT RIGHTS

Declarant has the right to exercise the following Special Declarant Rights:

- (a) Notwithstanding any provisions in this Declaration to the contrary, in accordance with Section 82.065 of the Act, Declarant hereby reserves the right to maintain sales, leasing, or management offices, signs advertising the Condominium (including banners, balloons and other decorations), and models in all Units owned by Declarant and in any Common Elements. Declarant reserves the right to determine in its sole discretion the appropriate number, size, location and relocation of sales, leasing, or management offices, signs, and models maintained by Declarant. Declarant, and its duly authorized agents, representatives, associates, and employees, shall have a non-exclusive easement over the Common Elements in order to exercise the rights granted herein, including, without limitation, the right to park vehicles in unallocated parking spaces.



(b) Declarant reserves an easement through the Common Elements as provided in Section 19.7 above for the purpose of making improvements within the Condominium.

(c) Declarant shall have the right to appoint or remove any officers or board member of the Association as provided in Section 3.2 of the Bylaws.

Unless expressly provided otherwise in the Condominium Instruments or in the Act, the Special Declarant Rights granted to Declarant herein shall continue until the end of the Sales Period or five (5) years from the Effective Date, whichever occurs first.

[SIGNATURES ON FOLLOWING PAGE]



IN WITNESS WHEREOF, Declarant has executed this Declaration under seal this _____ day of _____, 201____.

DECLARANT: SHF STRAND, LP,
a Texas limited partnership

By: _____ (SEAL)
Name: _____
Title: _____

THE STATE OF _____ §

§

COUNTY OF _____ §

This instrument was acknowledged before me on this _____ day of _____, 201____,
by _____, as _____ of _____.

Notary Public in and for the State of _____

Name of Notary Public

My Commission Expires: _____



EXHIBIT "A"

Description of Submitted Property

Lots 8, 9, 10, and 11, in Block 624, in the City of Galveston, County of Galveston, Texas.



EXHIBIT "B"

PERCENTAGE INTERESTS

Unit Number	Approximate Square Feet	Percentage Interests
100	1275	2.79%
101	1134.5	2.48%
102	1153	2.52%
103	931	2.03%
104	1205.25	2.64%
105	2046	4.48%
200	1105.4	2.42%
201	1254	2.75%
202	892.5	1.95%
203	1025.4	2.25%
204	1250.6	2.74%
205	1428	3.13%
206	1200.4	2.63%
207	1325.5	2.90%
300	1105.4	2.42%
301	1254	2.75%
302	892.5	1.95%
303	1025.4	2.25%
304	1250.6	2.74%
305	1428	3.13%
306	1200.4	2.63%
307	1325.5	2.90%
400	1105.4	2.42%
401	1254	2.75%
402	892.5	1.95%
403	1025.4	2.25%
404	1250.6	2.74%
405	1428	3.13%
406	1200.4	2.63%
407	1325.5	2.90%
500	1105.4	2.42%
501	1684.5	3.69%
502	892.5	1.95%
503	1653.7	3.62%
504	1250.6	2.74%
505	1690	3.70%
506	1200.4	2.63%
TOTAL	45667.25	100.00%



EXHIBIT "C"

Plat

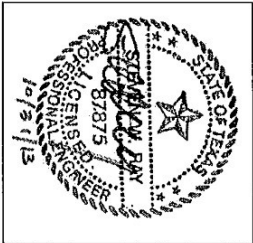
The Strand Lofts, A Condominium

2400 Mechanic Street
GALVESTON, TX 77550

CERTIFICATION OF FLOOR PLANS

The undersigned licensed engineer hereby certifies that the attached plat and plans show all perimeter land boundaries of the condominium and all the information required by Section 82.059 of the Texas Uniform Condominium Act.

Steven W. Ray, P.E.
TX Registration No. 87875



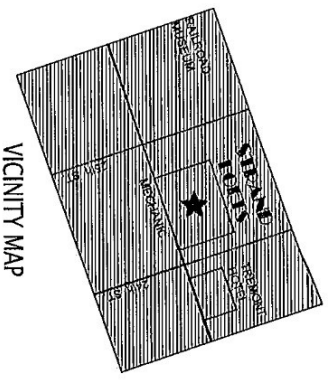
THE CONDOMINIUM DECLARATION FOR The Strand Lofts, A Condominium, IS RECORDED IN RECORDS OF THE CLERK OF GALVESTON COUNTY, TEXAS RECORDS.

INDEX OF DRAWINGS:

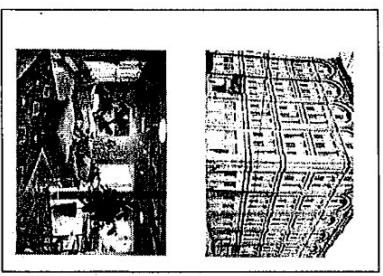
NO.	DESCRIPTION
A-01	COVER SHEET
A-02	SITE PLAN
A-01	LOWER LEVEL PARKING PLAN
A-02	1ST FLOOR BUILDING PLAN
A-03	TYPICAL FLOOR PLAN
A-04	FIFTH FLOOR BUILDING PLAN
A-05	UNIT 100
A-06	UNIT 101
A-07	UNIT 102
A-08	UNIT 103
A-09	UNIT 104
A-10	UNIT 105
A-11	UNITS 200, 300 & 500
A-12	UNITS 201 & 301
A-13	UNITS 202, 302, 402 & 502
A-14	UNITS 203, 303 & 403
A-15	UNITS 204, 304, 404 & 504
A-16	UNITS 205, 305 & 405
A-17	UNITS 206, 306, 406 & 506
A-18	UNITS 207, 307 & 407
A-19	UNIT 400
A-20	UNIT 401
A-21	UNIT 501
A-22	UNIT 503
A-23	UNIT 505
A-24	TYPICAL SECTION

THIS FLOOR PLAN AND THE DIMENSIONS AND SQUARE FOOTAGE CALCULATIONS SHOWN HEREON ARE ONLY APPROXIMATIONS. ANY ONE OWNER WHO IS CONSIDERING PURCHASING OR LEASING ANY UNIT IN THIS CONDOMINIUM SHOULD OBTAIN AN INDEPENDENT SURVEY AND INVESTIGATION AS TO THE DIMENSIONS, METERSHMENTS AND SQUARE FOOTAGE OF THE UNIT.

KEY:
 CE = Common Element
 W.I.C. = Walk In Closet
 CLO. = Closet
 PAN. = Pantry
 LN. = Linen



VICINITY MAP



The Strand Lofts, A Condominium
2400 Mechanic Street, Galveston, TX 77550

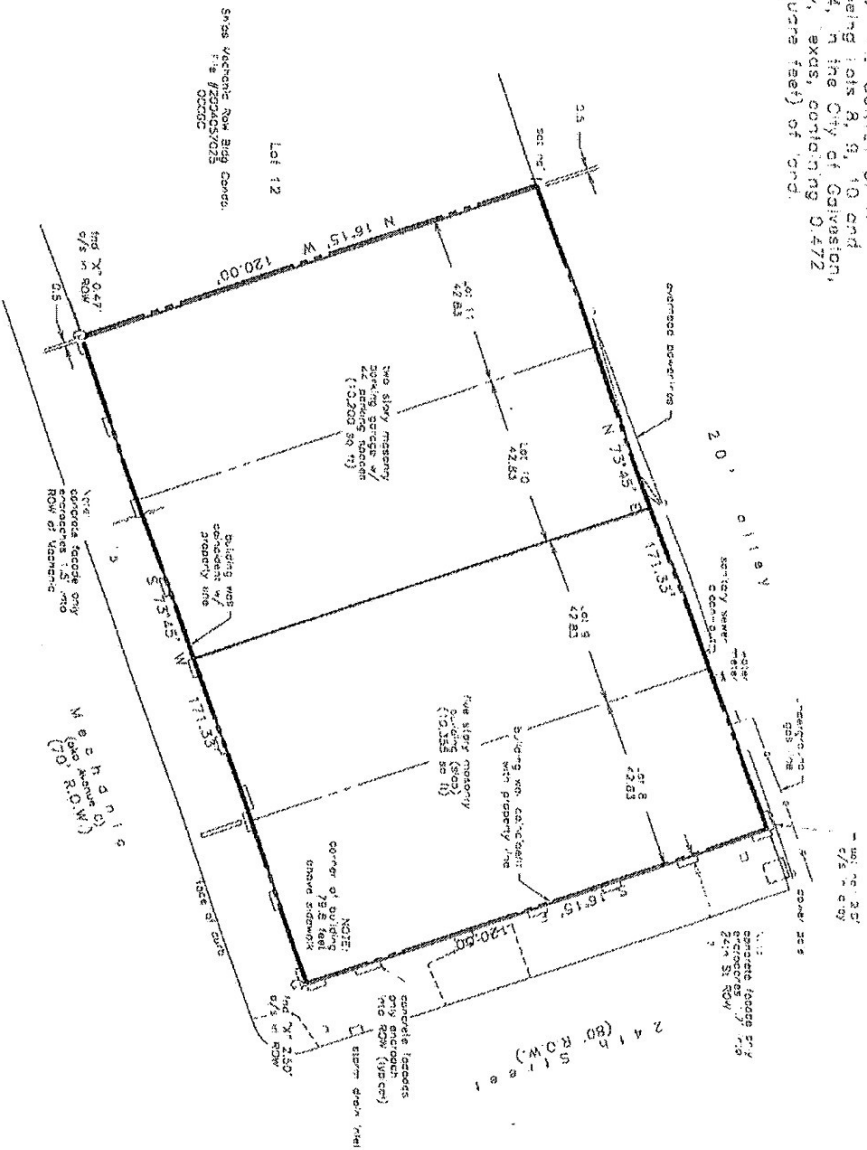
COVER SHEET

APPROVED BY:
Steven W. Ray, P.E.
Team Leader 87875

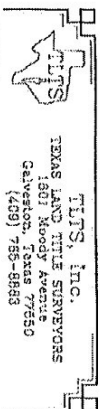
SCALE: AS SHOWN
 DATE: 01/22/2014
 DRAWN BY: DK

A-01

ALTA/ACSV LAND TITLE SURVEY OF A
 TRACT OF ANDBUILDING LOTS 8, 9, 10 and
 11, Block 524, in the City of Galveston,
 Galveston County, Texas, containing 0.4722
 acres (20,560 square feet) of land.



Scale: 1" = 30'
 0 15 30 45



The Strand Lofts, A Condominium
 2400 Mechanic Street, Galveston, TX 77550

SITE PLAN

NOTES:
 - True ground distances shown
 - Plot and bearings reference P.E. of CCG, Sundry, 1843
 - Building eaves are approximately extending to right-of-ways, not shown as not restricted at time of construction
 - Survey monuments reconciled w/ numerous previous surveys
 - No zoning classification and building setback requirements, height and floor space area restrictions provided by the insurer, File #8208058, OCCGC relates to restoration, management, preservation and development. Building improvements predicated agreement.
 - Location of walls determined by exterior measurements only. No access to interior of adjacent building provided

Subject property: 2402 Mechanic Galveston County, Texas
 To S F Copple, LLC and Chicago Fire Co., GE #3711000346, and each of their respective successors and assigns.

This is to certify that this map or plot and the survey on which it was based were made in accordance with the "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys" jointly established and adopted by ALTA and NSPS in 2011, and contains items 1, 3, 4, 5(b), 7(c), 7(d)(1), 7(d), 8, 9, 10(c), 11(a) (as to utilities surface matters only) and 13 of Table A thereof.

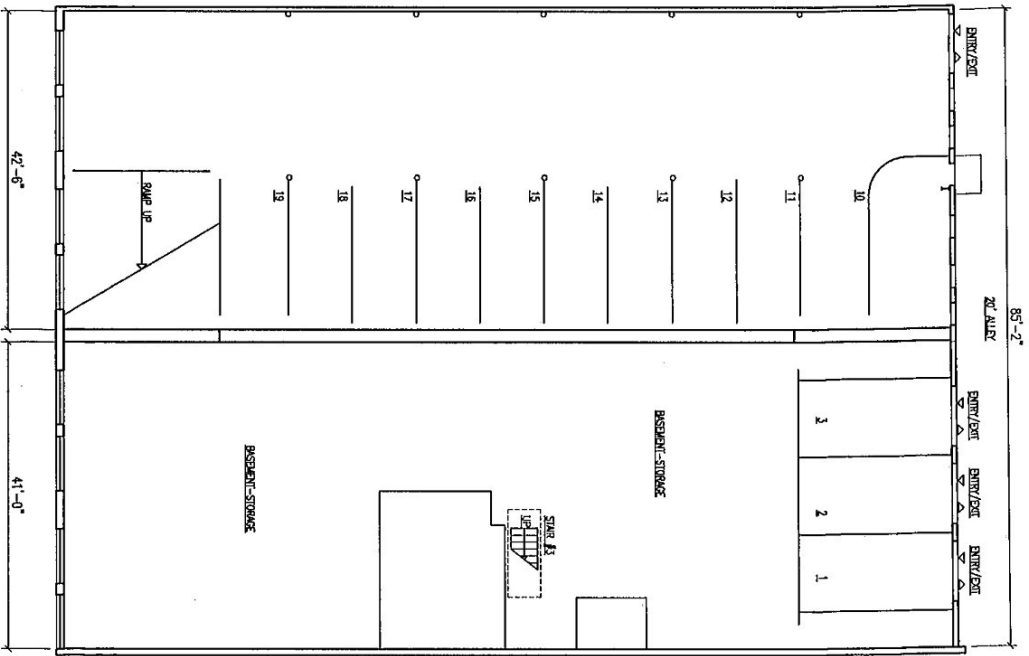
Lawrence C. Wolf

Lawrence C. Wolf
 RP-S #4814
 August 16, 2013



SCALE: 1"=30'
 DATE: 07/27/2013
 DRAWN BY: KW

A-02



LOWER LEVEL PARKING
SCALE 1/8"=1'-0"



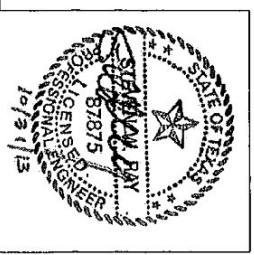
The Strand Lofts , A Condominium
2400 Mechanic Street, Galveston, TX 77550

LOWER PARKING FLOOR PLAN

RAY ENGINEERING, INC. 5985 STEVE RENOLDSON, BUILDING 4A, NORCROSS, GA 30093, 770.923.1122

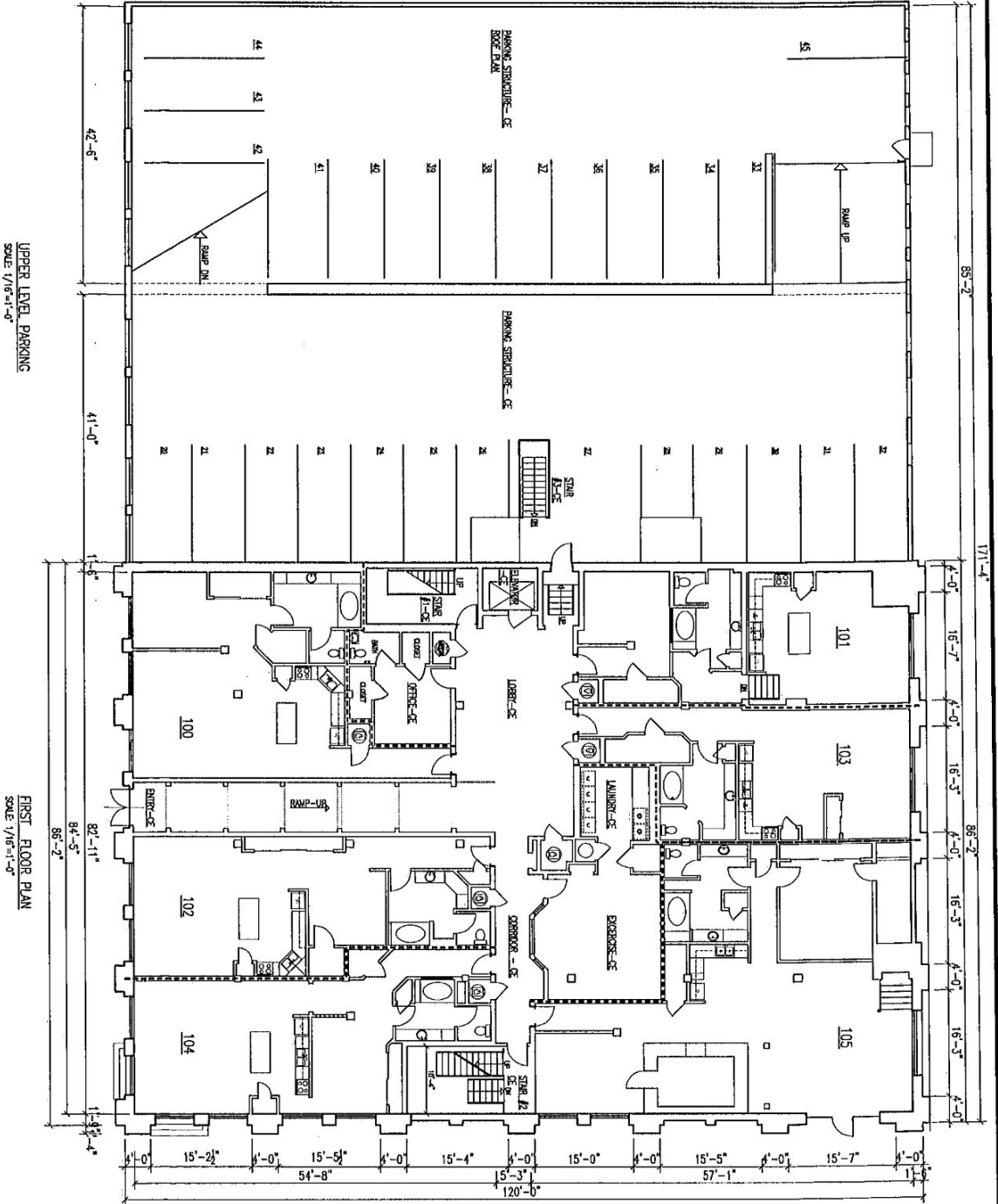
APPROVED BY:
Shawn M. Ray, PE
Tanner Loomis 87875

SCALE: 1/8"=1'-0"
DATE: 01/27/2014
DRAWN BY: DK



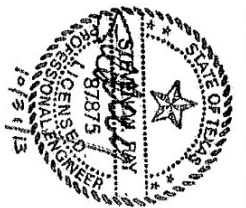
A-1





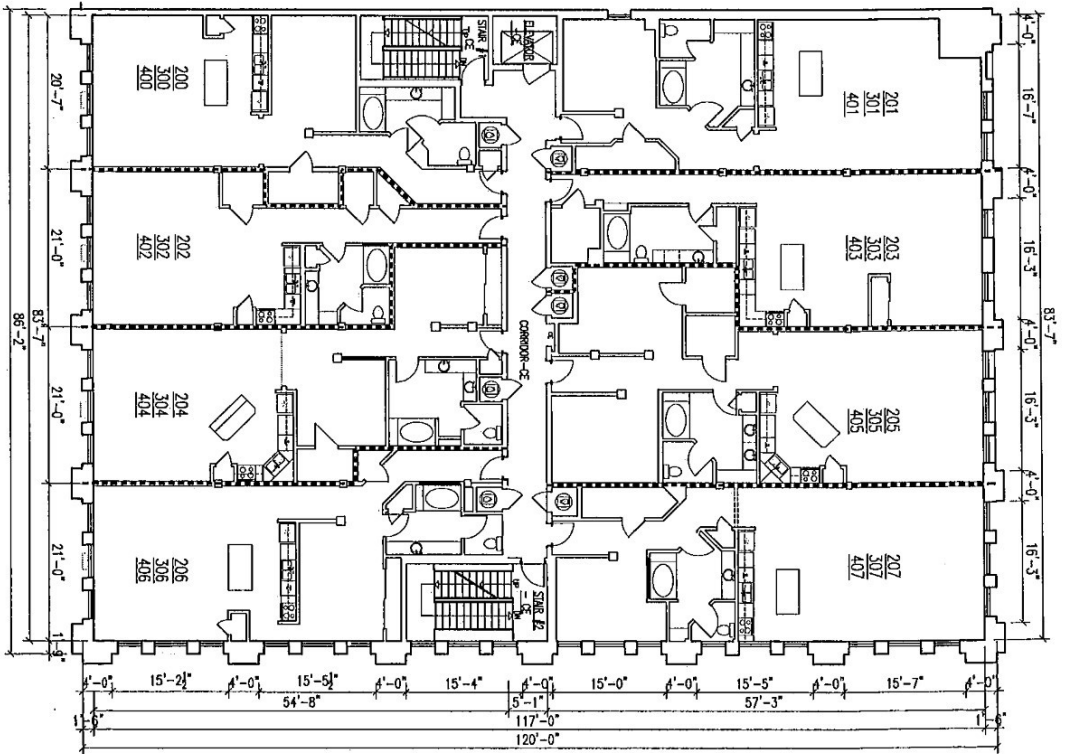
UPPER LEVEL PARKING
SCALE: 1/16"=1'-0"

FIRST FLOOR PLAN
SCALE: 1/16"=1'-0"



TYPICAL FLOOR PLAN

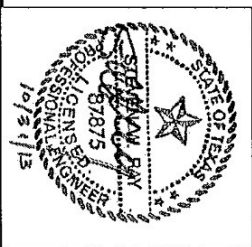
2ND, 3RD & 4TH FLOOR PLAN
SCALE 1/16"=1'-0"



APPROVED BY:
Shawn K. Roy, P.E.
Texas License 0875

SCALE: 1/16"=1'-0"
DATE: 01/27/2014
DRAWN BY: DK

A-3

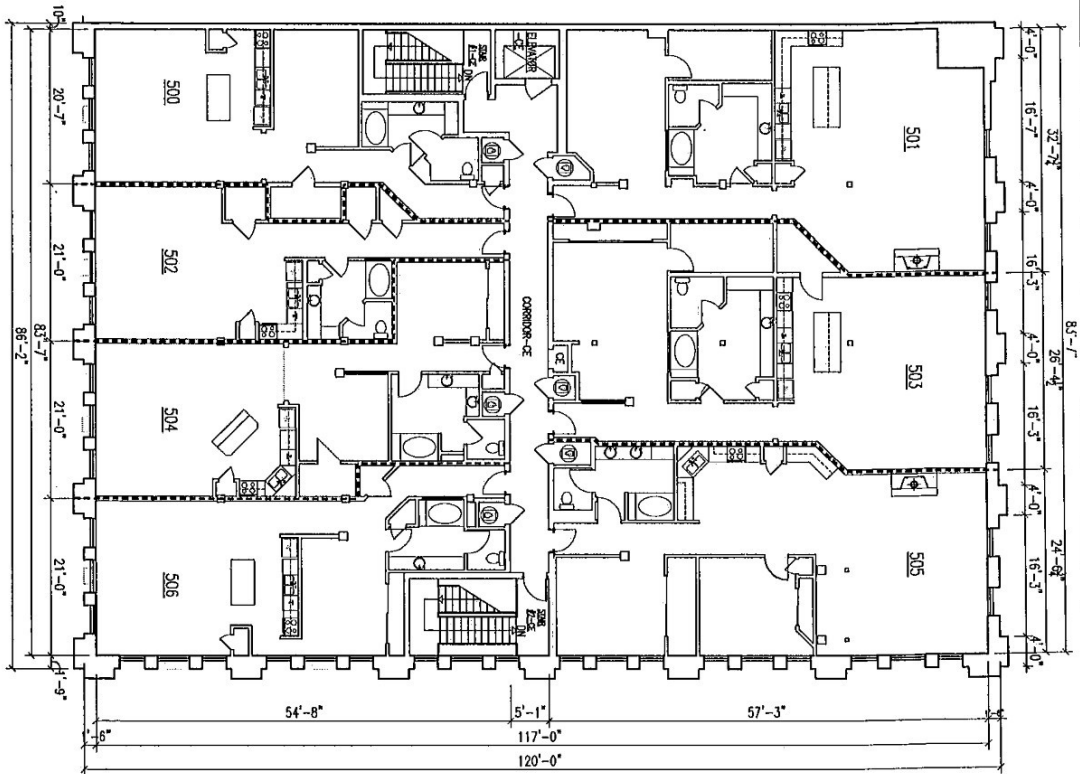


FIFTH FLOOR BUILDING PLAN

FIFTH FLOOR PLAN
SCALE: 1/8"=1'-0"

APPROVED BY:
Shawn M. Boy, P.E.
Texas License #87875

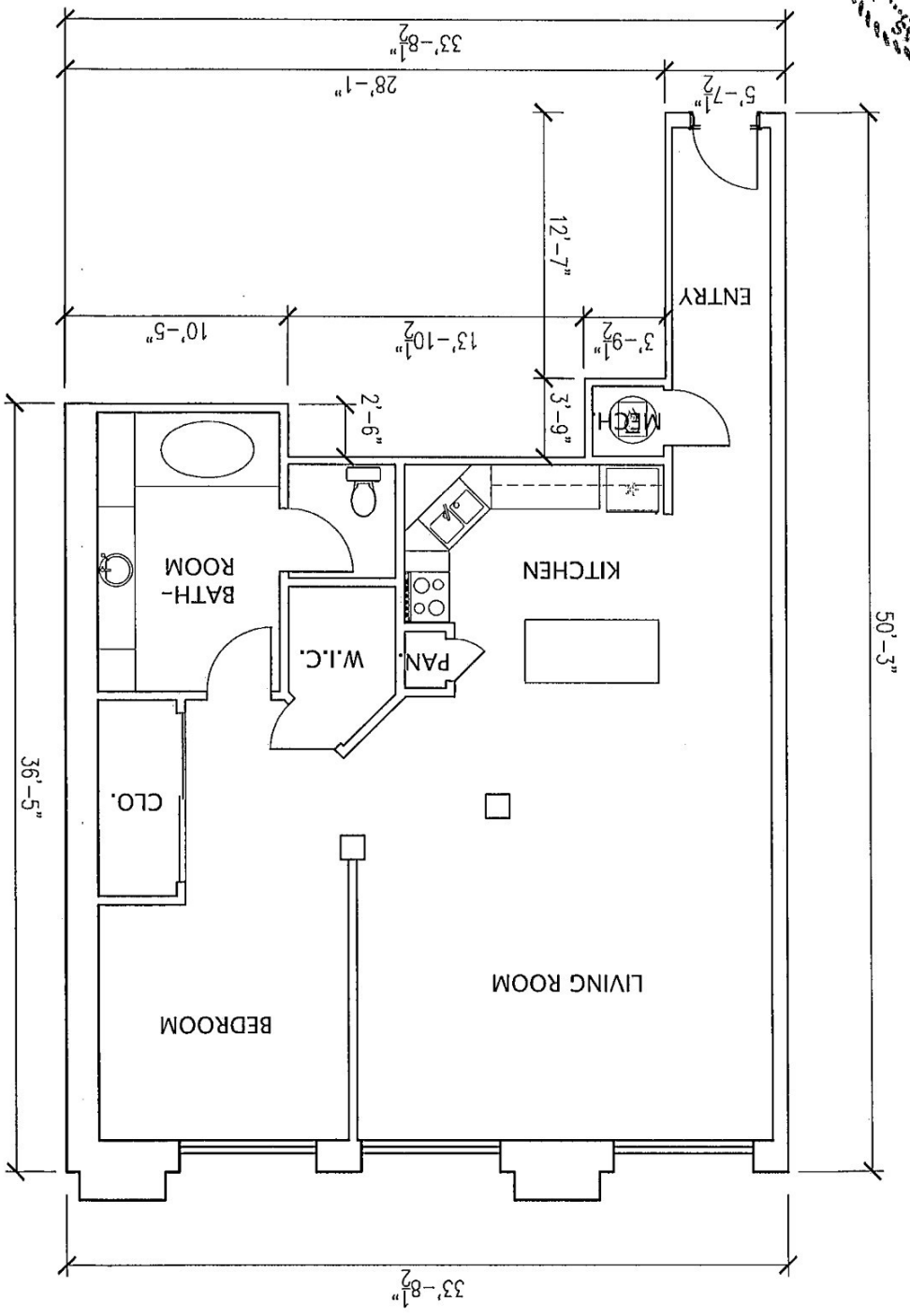
SCALE: 1/8"=1'-0"
DATE: 01/27/2014
DRAWN BY: DK



A-4



UNIT 100
APPROX. 1,275.0 SQ. FT.



The Strand Lofts, A Condominium
2400 Mechanic St, Galveston, TX

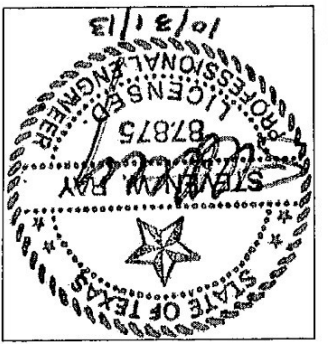
1 BEDROOM, 1 BATH

RAY ENGINEERING, INC. 3995 STEVE REYNOLDS, BUILDING A, NORCROSS, GA 30093. 770.923.1122

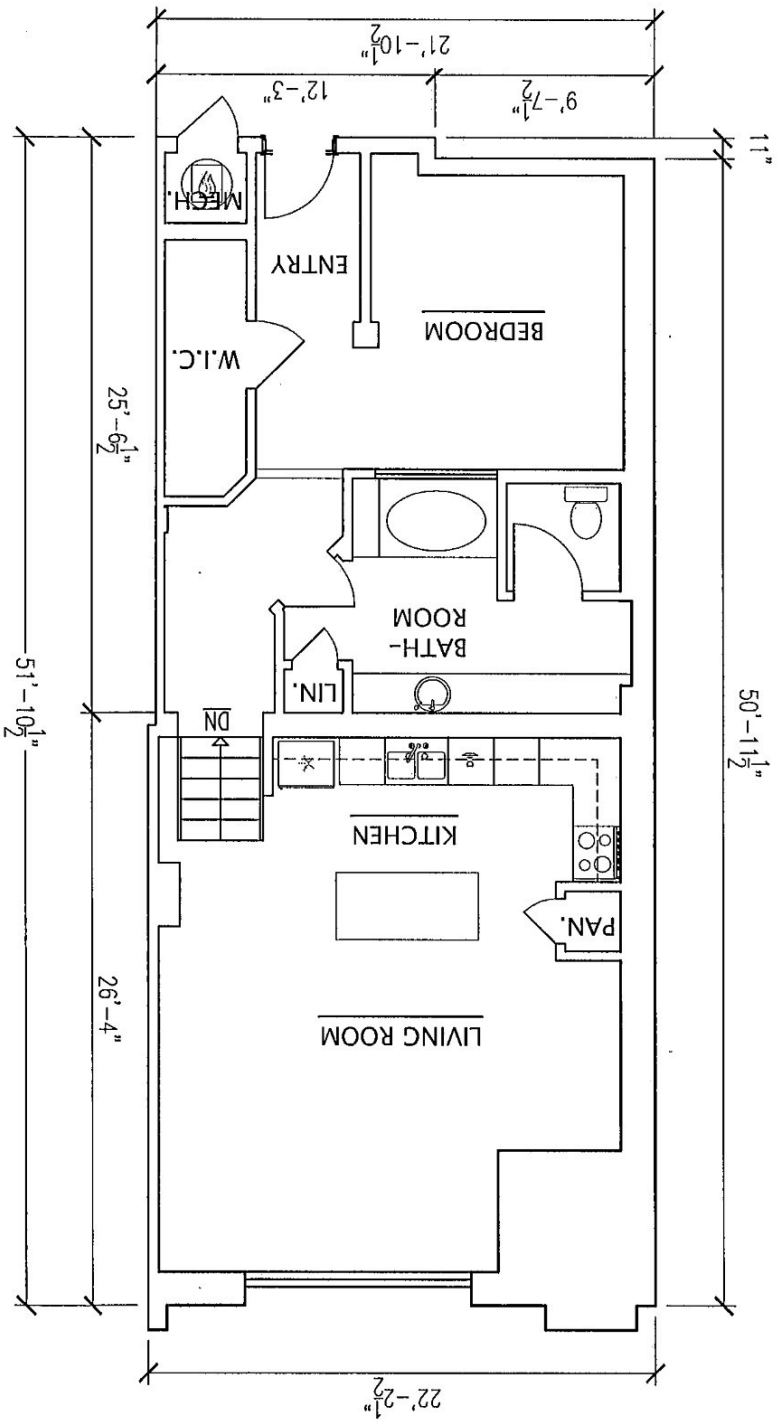
APPROVED BY:
Steven W. Roy, PE
Texas License 87875

SCALE: 1/8"=1'-0"
DATE: 01/27/2014
DRAWN BY: BK

A-5



UNIT 101
APPROX. 1,134.50 SQ. FT.



The Strand Lofts , A Condominium
2400 Mehanic St, Galveston, TX

1 BEDROOM, 1 BATH

RAY ENGINEERING, INC. 3985 STEVE REYNOLDS, BUILDING -A-, NOKROSS, GA 30093, 770.923.1122

APPROVED BY:

Steven W. Roy, PE
Texas License 87875

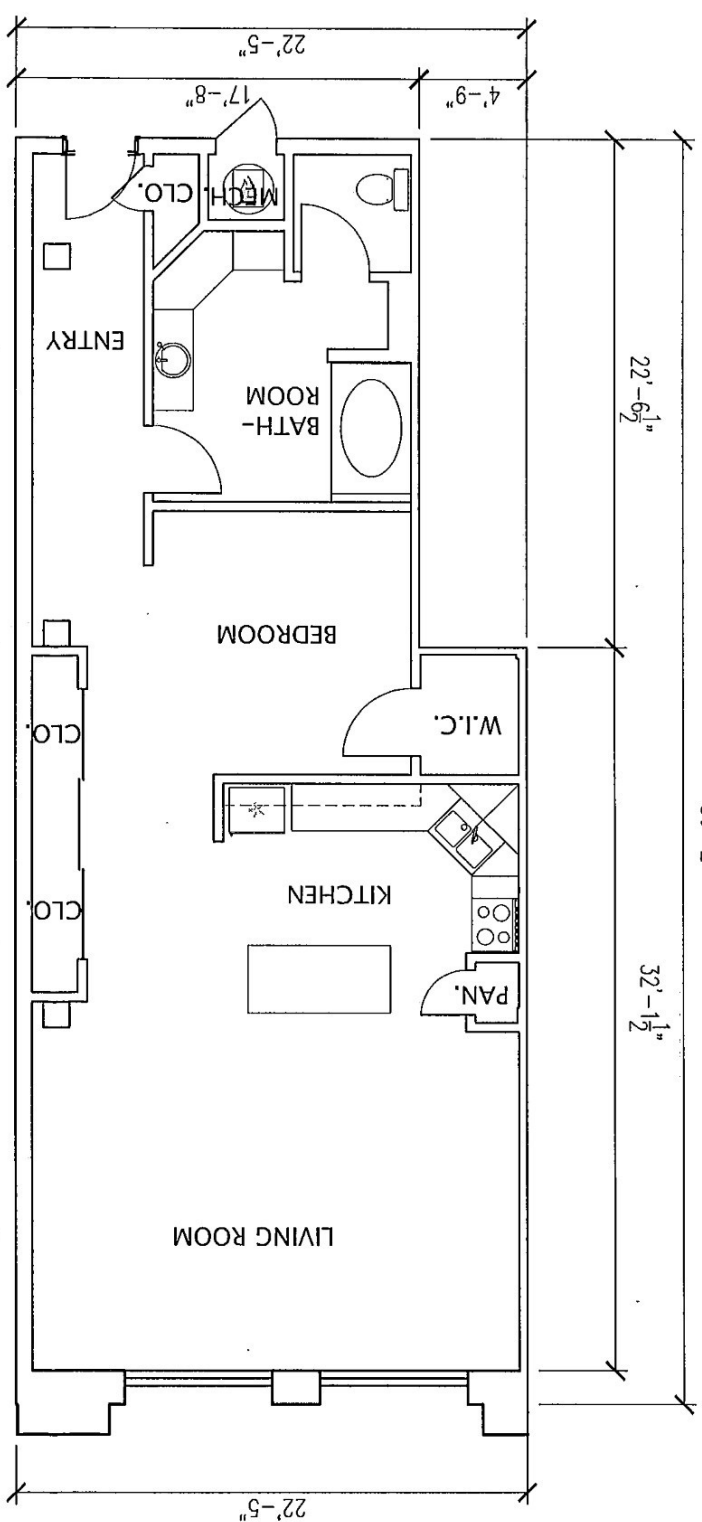
SCALE:	1/8"=1'-0"
DATE:	01/27/2014
DRAWN BY:	DK

A-6



1/27/14

UNIT 102
APPROX. 1,153.0 SQ. FT.



The Strand Lofts, A Condominium
2400 Mechanic St, Galveston, TX

1 BEDROOM, 1 BATH

RAY ENGINEERING, INC. 3985 STEVE REYNOLDS, BUILDING "A", NORCROSS, GA 30093. 770.923.1122

APPROVED BY:

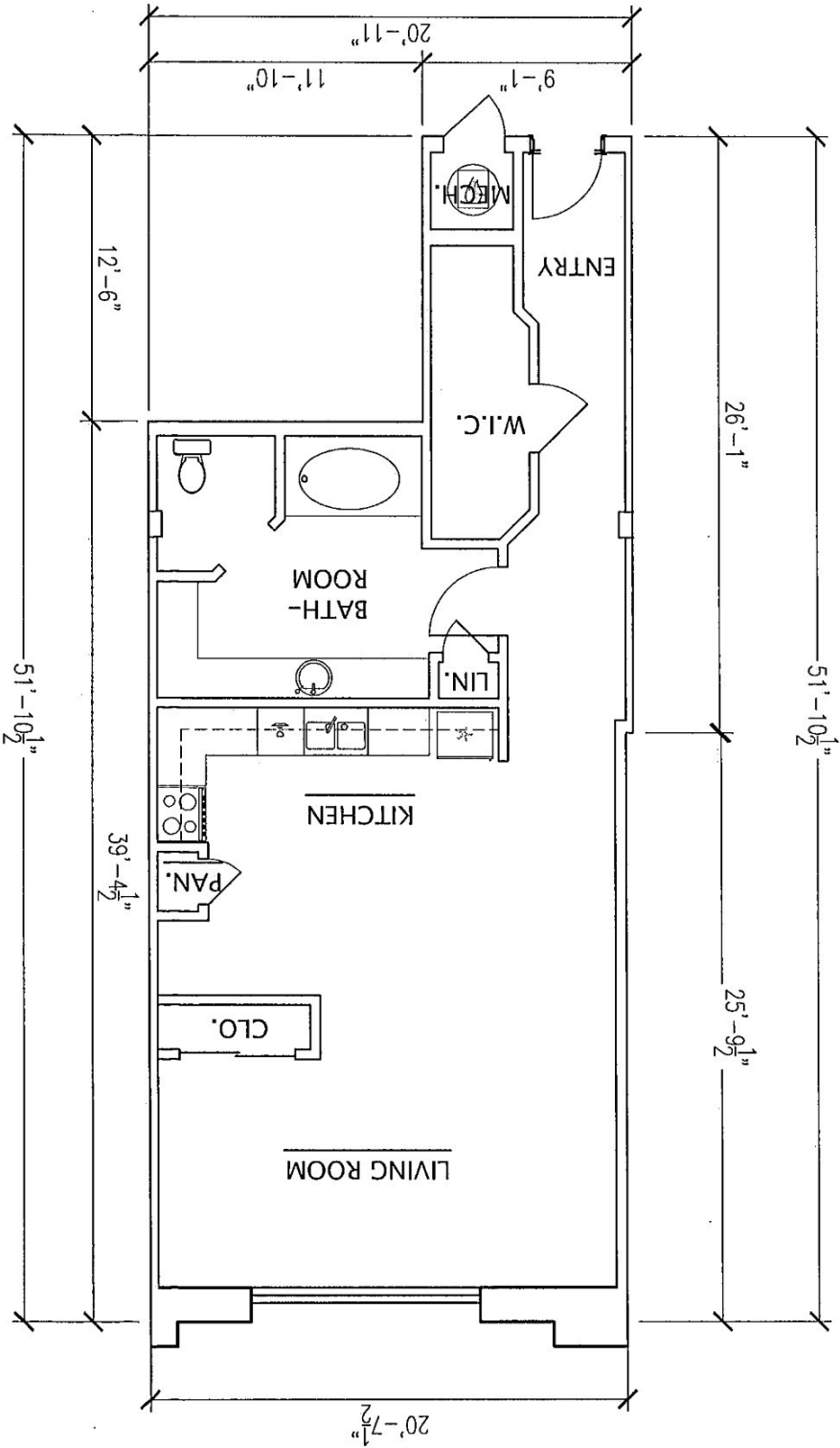
Steven W. Roy, PE
Texas License 87875

SCALE: 1/8"=1'-0"
DATE: 01/27/2014
DRAWN BY: DK

A-7



UNIT 103
APPROX. 931.0 SQ. FT.



The Strand Lofts, A Condominium
2400 Mechanic St, Galveston, TX

1 BEDROOM, 1 BATH

Approved by:
Steven W. Roy, PE
Texas License 87875

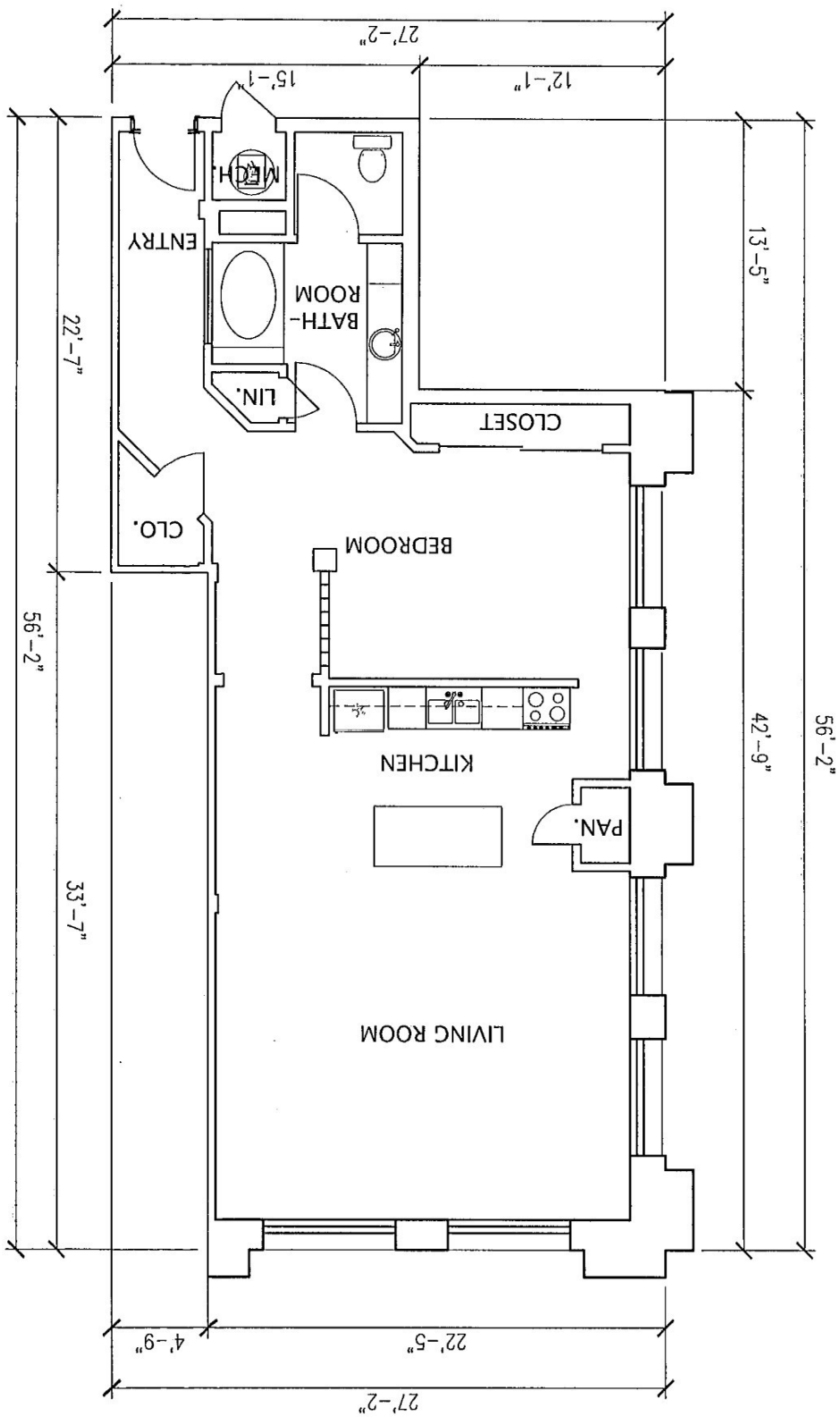
SCALE:	1/8"=1'-0"
DATE:	01/27/2014
DRAWN BY:	DK

A-8



1/27/14

UNIT 104
APPROX. 1,205.25 SQ.FT.



The Strand Lofts , A Condominium
2400 Mechanic St, Galveston, TX

1 BEDROOM, 1 BATH

RAY ENGINEERING, INC. 3985 STEVE REYNOLDS, BUILDING -A-, NDROROSS, GA 30093, 770.923.1122

APPROVED BY:

Steven W. Roy, PE
Texas License 87875

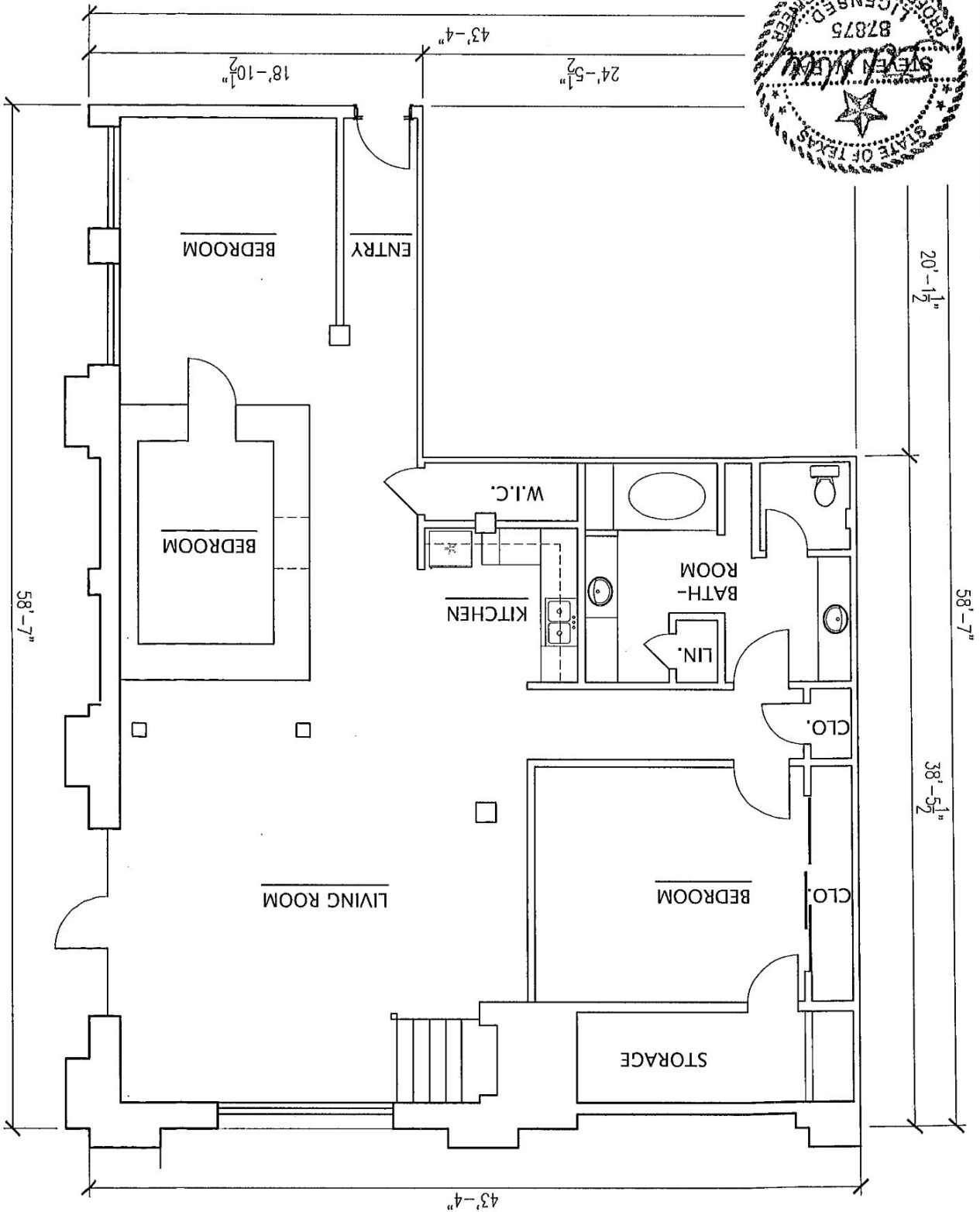
SCALE: 1/8"=1'-0"
DATE: 01/27/2014
DRAWN BY: IK

A-9



1/27/14

UNIT 105
APPROX. 2,046.0 SQ. FT.



The Strand Lofts, A Condominium
2400 Mechanic St, Galveston, TX

3 BEDROOM, 1 BATH

RAY ENGINEERING, INC. 3955 STEVE REYNOLDS, BUILDING 400, NORCROSS, GA 30093, 770.923.1122

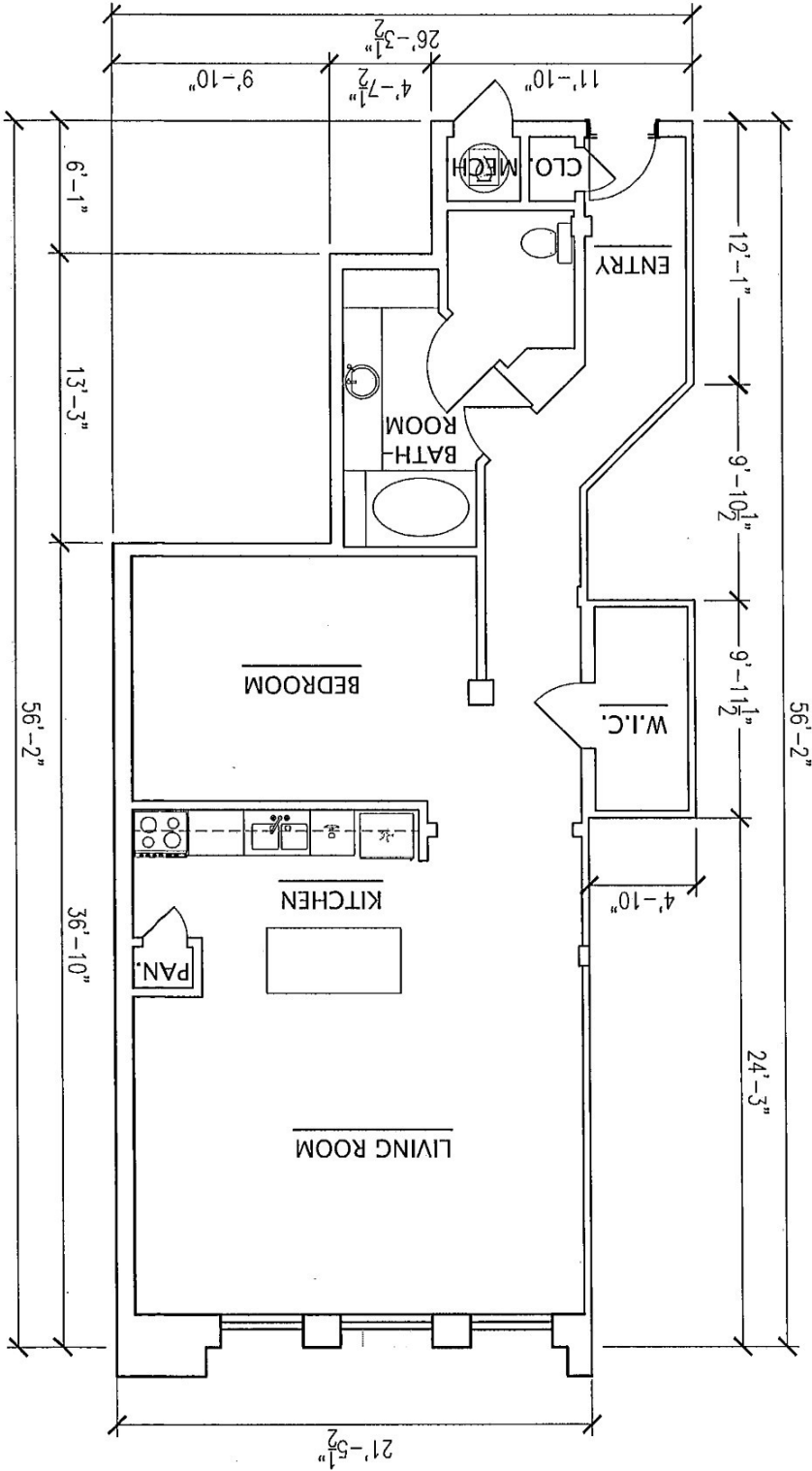
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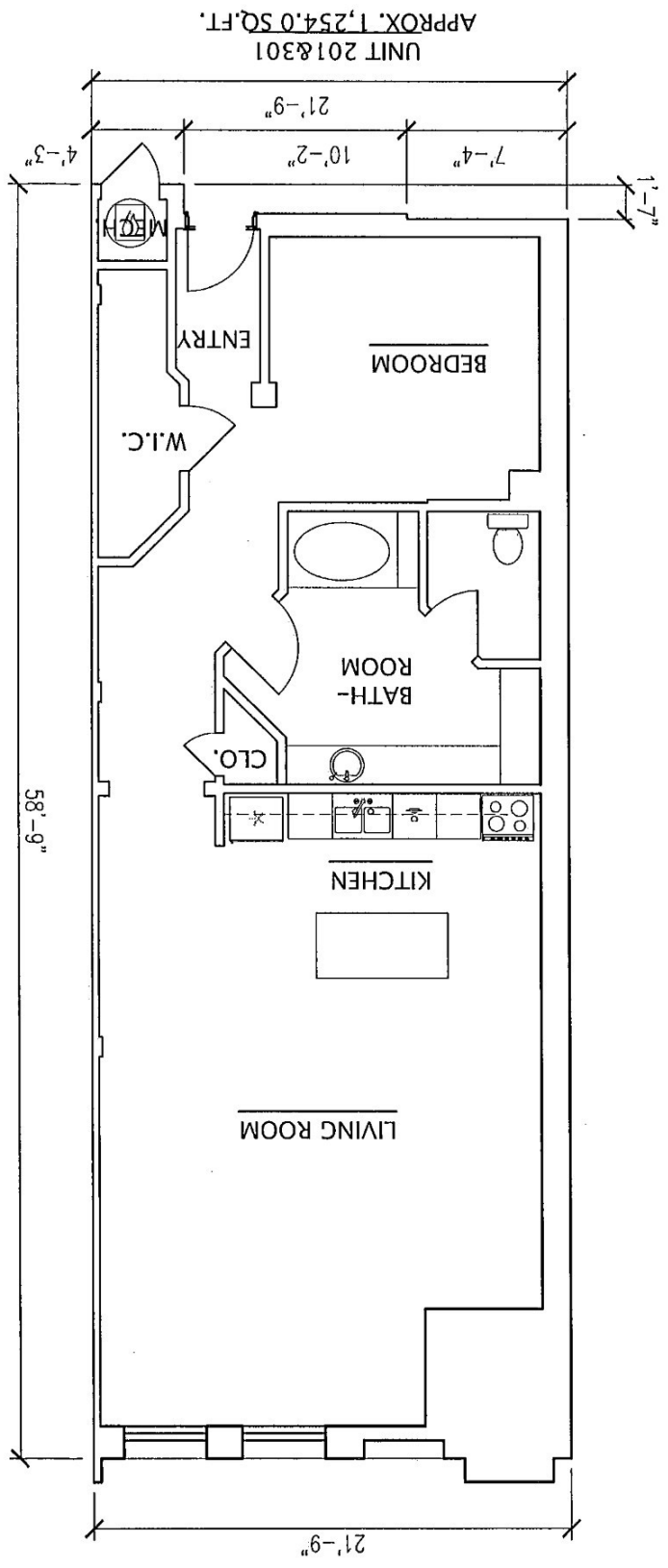
Steven W. Roy, PE
Texas License 87875

SCALE:	1/8"=1'-0"
DATE:	01/27/2014
DRAWN BY:	IK

A-10

UNIT 200, 300 & 500
APPROX. 1,105.40 SQ.FT.





The Strand Lofts , A Condominium
 2400 Mechanic St, Galveston, TX

1 BEDROOM, 1 BATH

RAY ENGINEERING, INC. 3985 STEVE REYNOLDS, BUILDING "A", NORCROSS, GA 30093. 770.923.1122

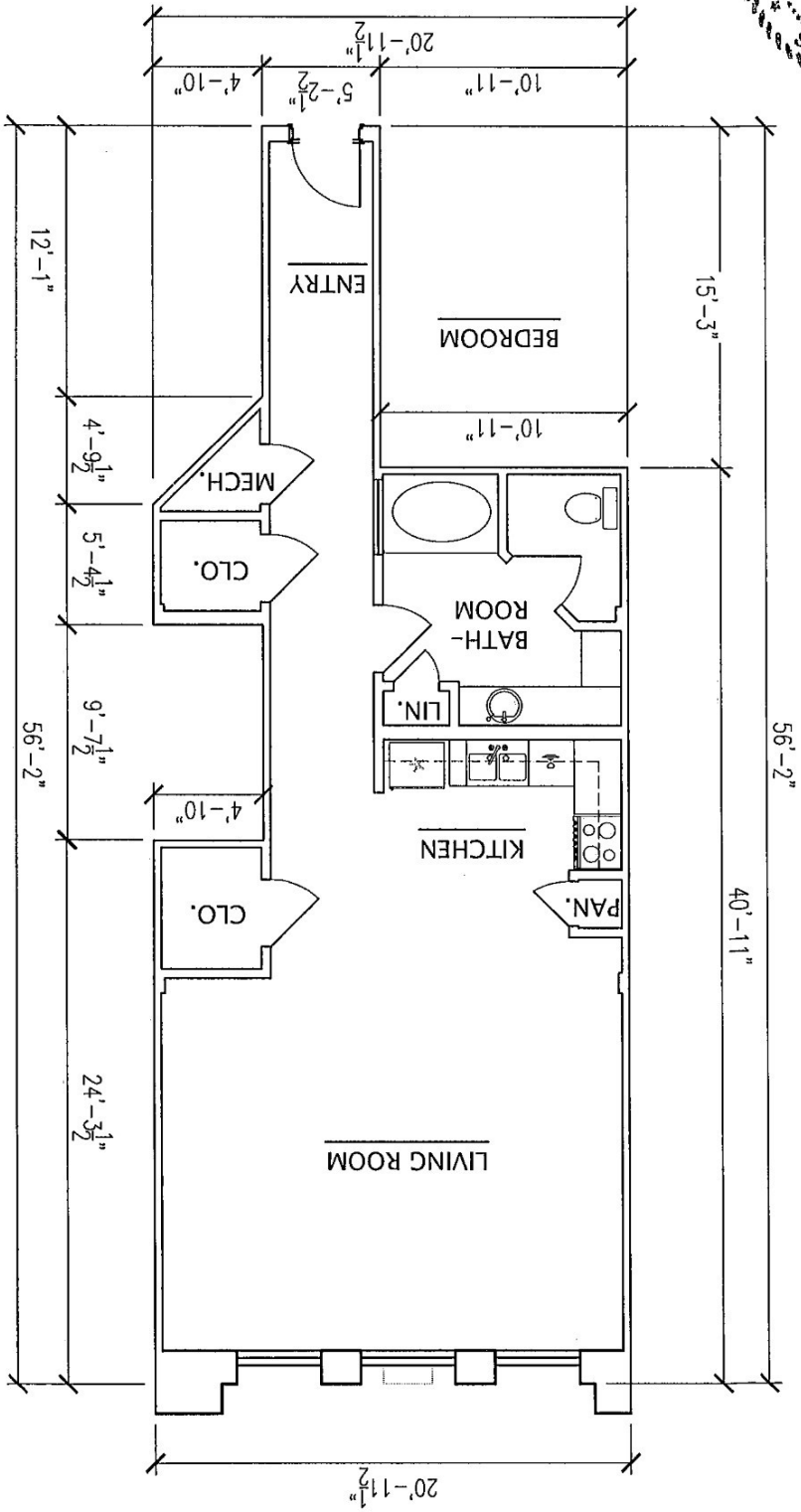
APPROVED BY:
 Steven W. Roy, PE
 Texas License 87875

SCALE: 1/8"=1'-0"
 DATE: 01/27/2014
 DRAWN BY: BK

A-12



UNIT 202,302,402 & 502
APPROX. 892.50 SQ.FT.



ORAY
ENGINEERING, INC.
CONSULTING ENGINEERS

The Strand Lofts , A Condominium
2400 Mechanic St, Galveston, TX

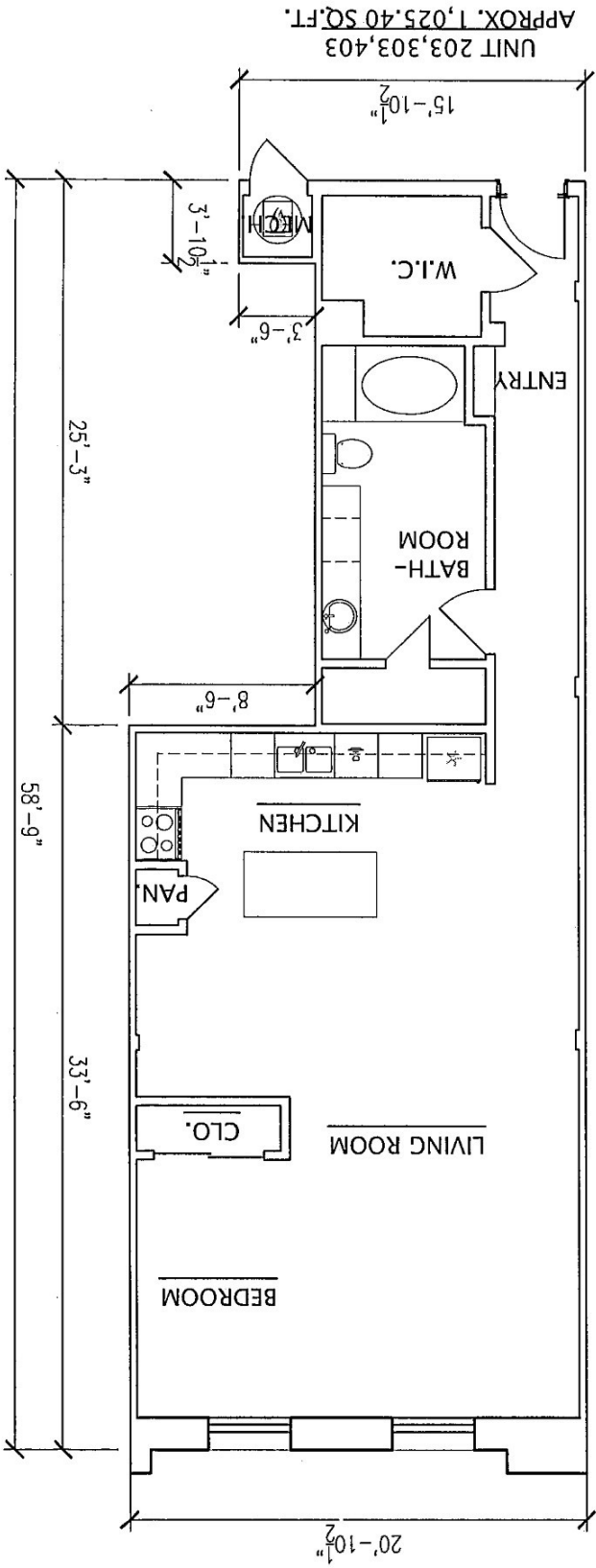
1 BEDROOM, 1 BATH

APPROVED BY:
Steven W. Roy, PE
Texas License 87875

SCALE: 1/8"=1'-0"
DATE: 01/27/2014
DRAWN BY: BK

A-13

RAY ENGINEERING, INC. 3985 STEVE REYNOLDS, BUILDING -A-, NORCROSS, GA 30093, 770.923.1122



UNIT 203, 303, 403
 APPROX. 1,025.40 SQ. FT.



The Strand Lofts, A Condominium
 2400 Mechanic St, Galveston, TX

1 BEDROOM, 1 BATH

RAY ENGINEERING, INC. 3985 STEVE REYNOLDS, BUILDING #A, NORCROSS, GA 30093. 770.923.1122

APPROVED BY:

Steven W. Roy, PE
 Texas License 87875

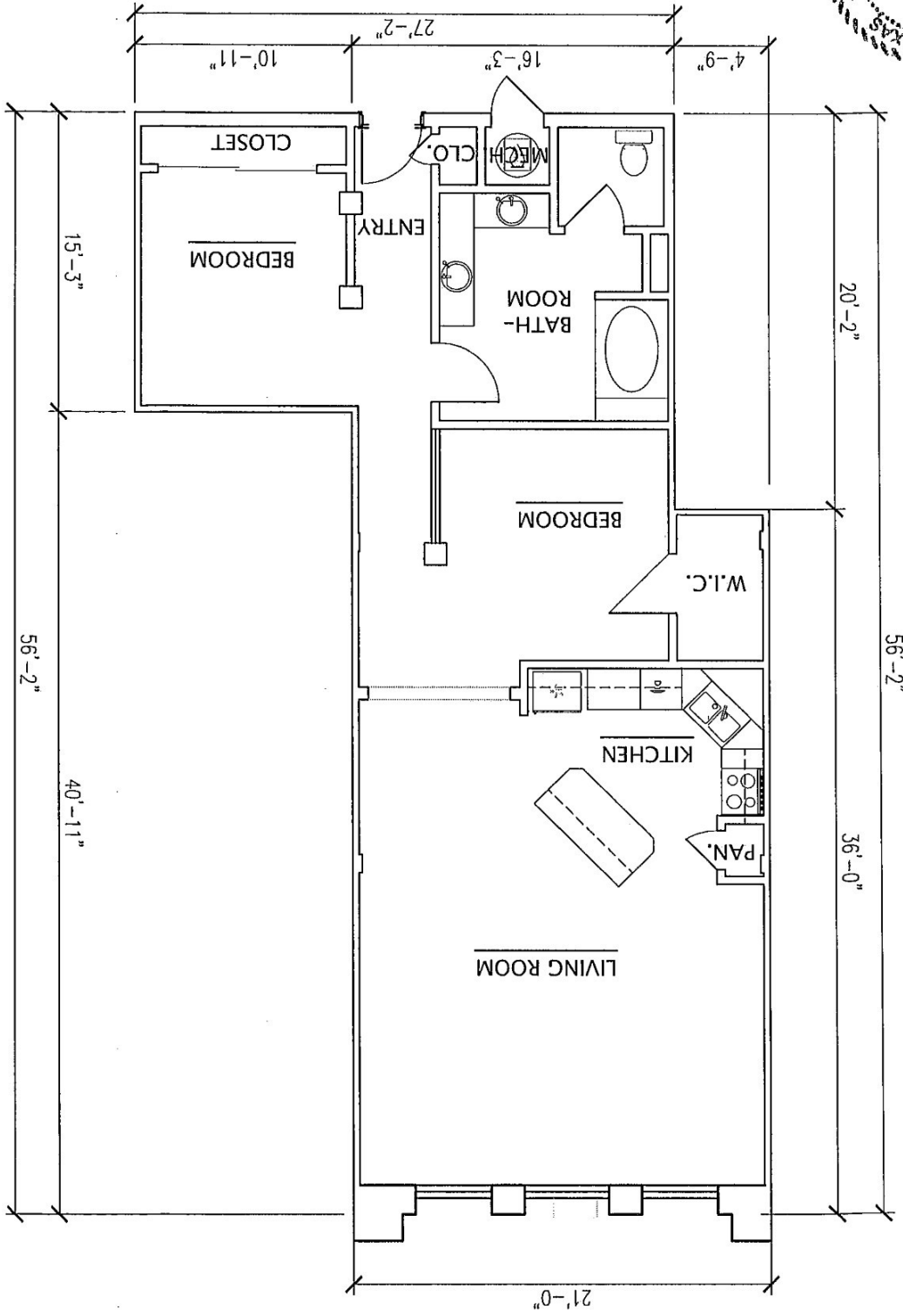
SCALE:	1/8"=1'-0"
DATE:	01/27/2014
DRAWN BY:	DK

A-14



1/27/14

UNIT 204,304,404 & 504
APPROX. 1,250.60 SQ.FT.



The Strand Lofts , A Condominium
2400 Mechanic St, Galveston, TX

2 BEDROOM, 1 BATH

RAY ENGINEERING, INC. 3985 STEVE REYNOLDS, BUILDING 4A, NORCROSS, GA 30093. 770.923.1122

APPROVED BY:

Steven W. Roy, PE
Texas License 87875

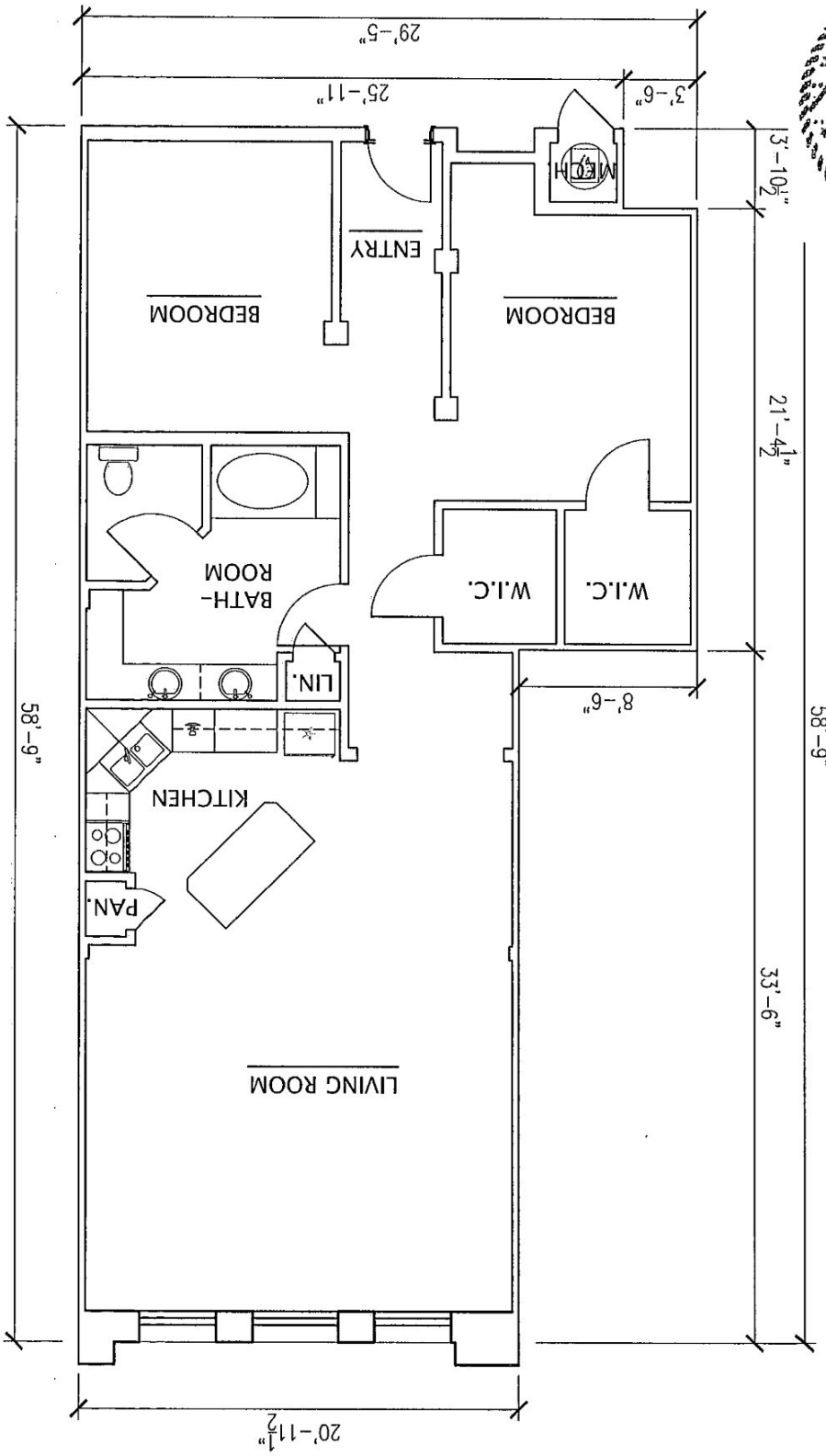
SCALE:	1/8"=1'-0"
DATE:	01/27/2014
DRAWN BY:	JK

A-15



1/27/14

UNIT 205,305,405
APPROX. 1,428.0 SQ. FT.



The Strand Lofts, A Condominium
2400 Mechanic St, Galveston, TX

2 BEDROOM, 1 BATH

RAY ENGINEERING, INC. 9985 STEVE REYNOLDS, BUILDING 4A, NORCROSS, GA 30093. 770.923.1122

APPROVED BY:

Steven W. Roy, PE
Texas License 87875

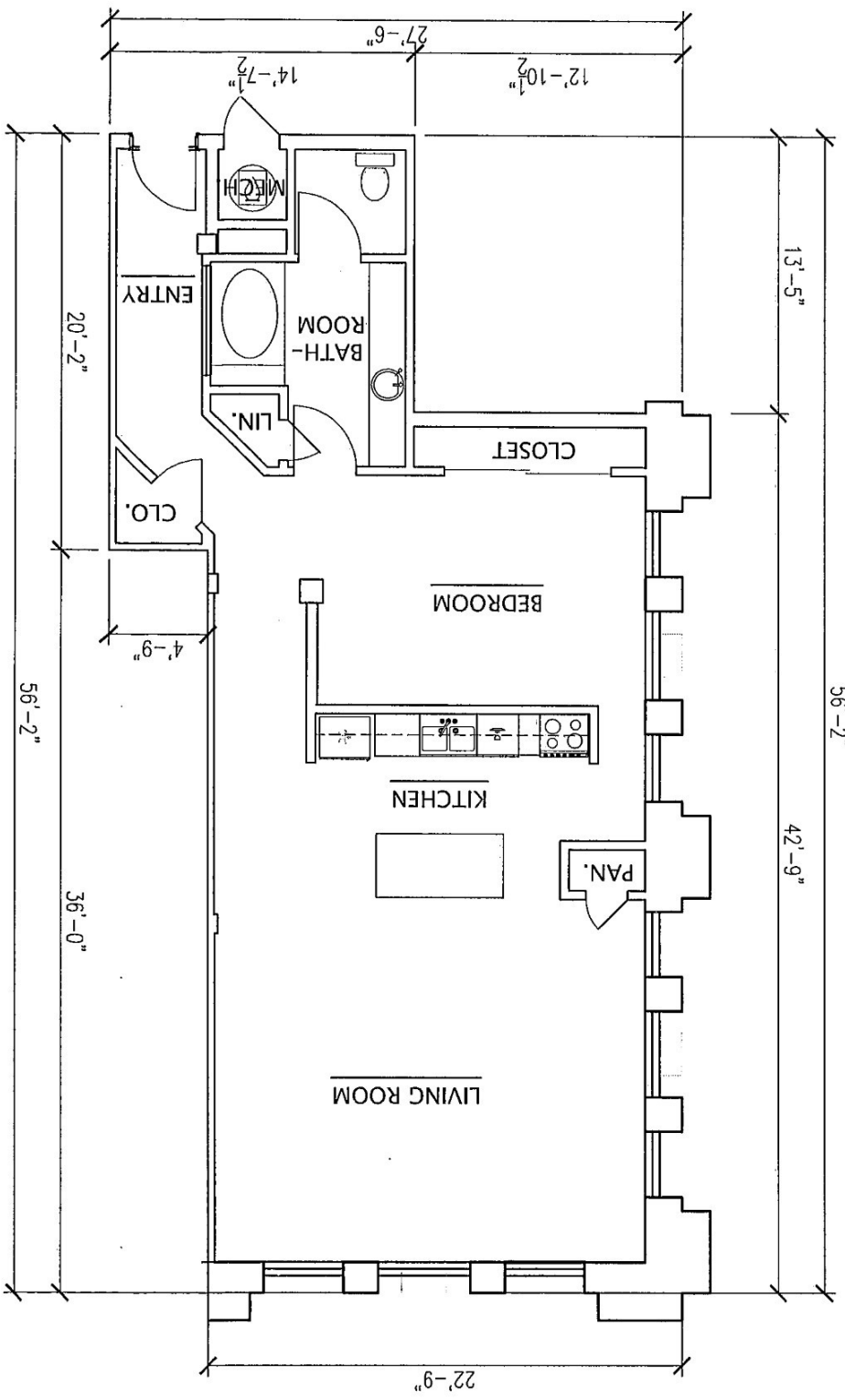
SCALE:	1/8"=1'-0"
DATE:	01/27/2014
DRAWN BY:	JK

A-16



1/27/14

UNIT 206,306,406 & 506
APPROX. 1,200.40 SQ.FT.



The Strand Lofts, A Condominium
2400 Mechanic St, Galveston, TX

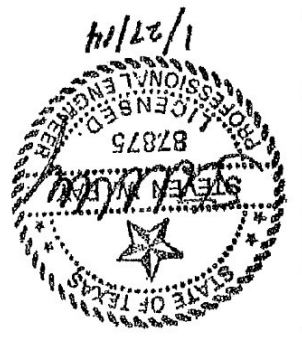
1 BEDROOM, 1 BATH

APPROVED BY:
Steven M. Roy, PE
Texas License 87875

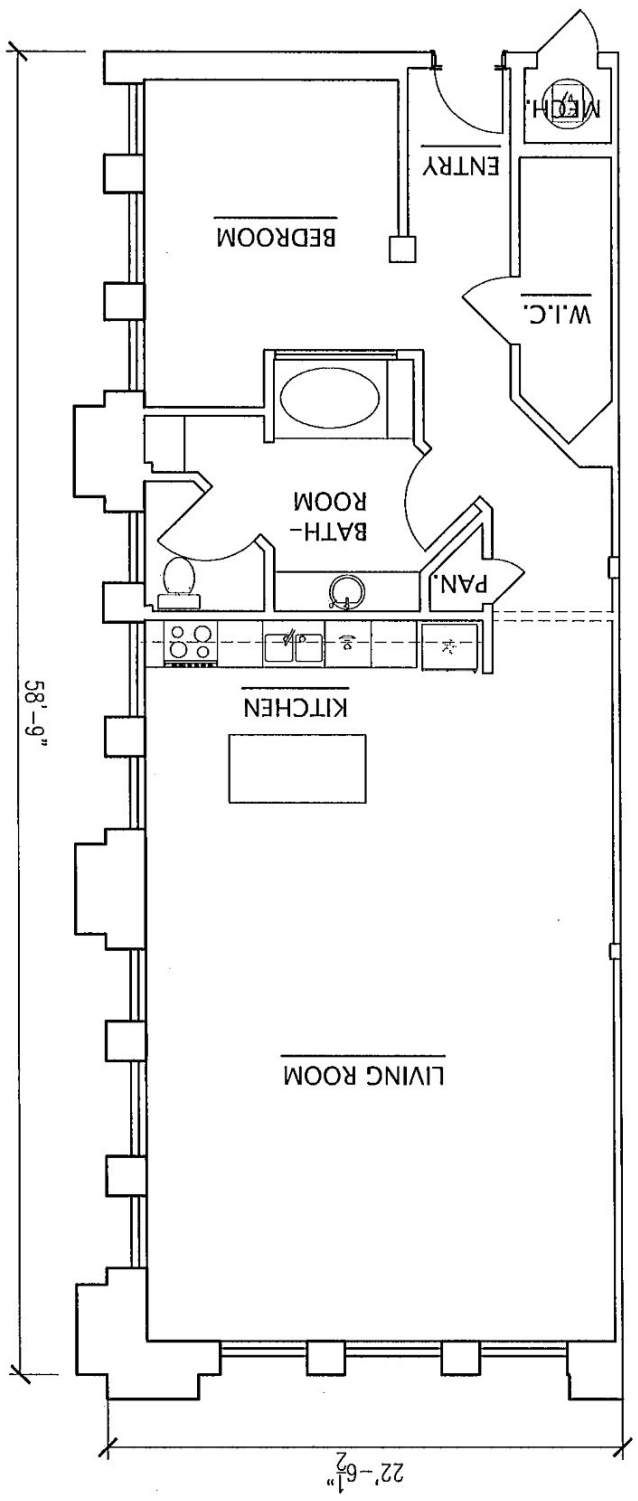
SCALE: 1/8"=1'-0"
DATE: 01/27/2014
DRAWN BY: JK

A-17

RAY ENGINEERING, INC. 3985 STEVE REYNOLDS, BUILDING -A-, NORCROSS, GA 30093. 770.925.1122



UNIT 207,307,407
 APPROX. 1,325.50 SQ. FT.



The Strand Lofts , A Condominium
 2400 Mechanic St, Galveston, TX

1 BEDROOM, 1 BATH

RAY ENGINEERING, INC. 3985 STEVE REYNOLDS, BUILDING #A, NORCROSS, GA 30093. 770.923.1122

APPROVED BY:

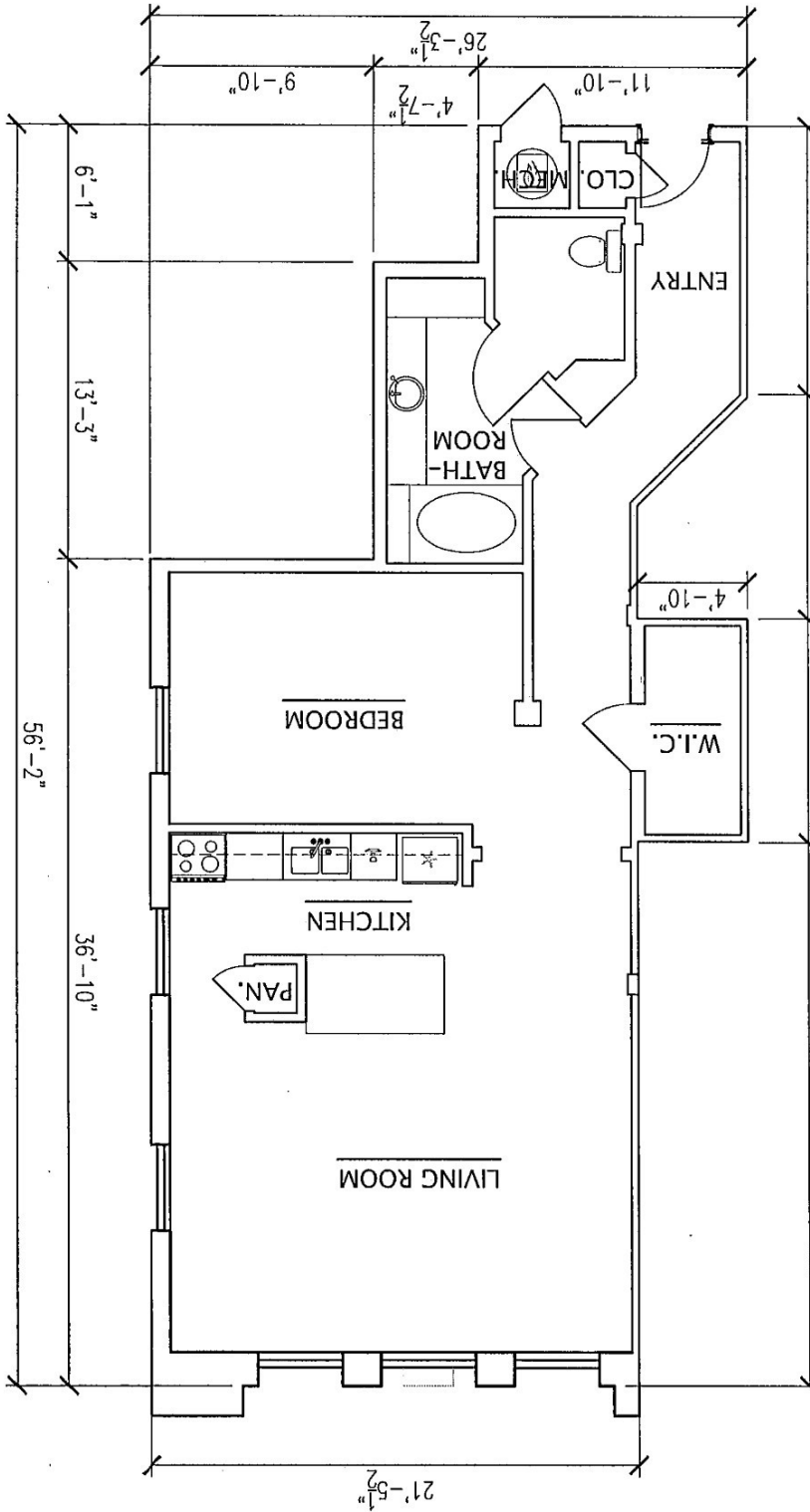
Steven W. Roy, PE
 Texas License 87875

SCALE: 1/8"=1'-0"
 DATE: 07/27/2014
 DRAWN BY: MK

A-18



UNIT 400
APPROX. 1,105.40 SQ. FT.



The Strand Lofts, A Condominium
2400 Mechanic St, Galveston, TX

1 BEDROOM, 1 BATH

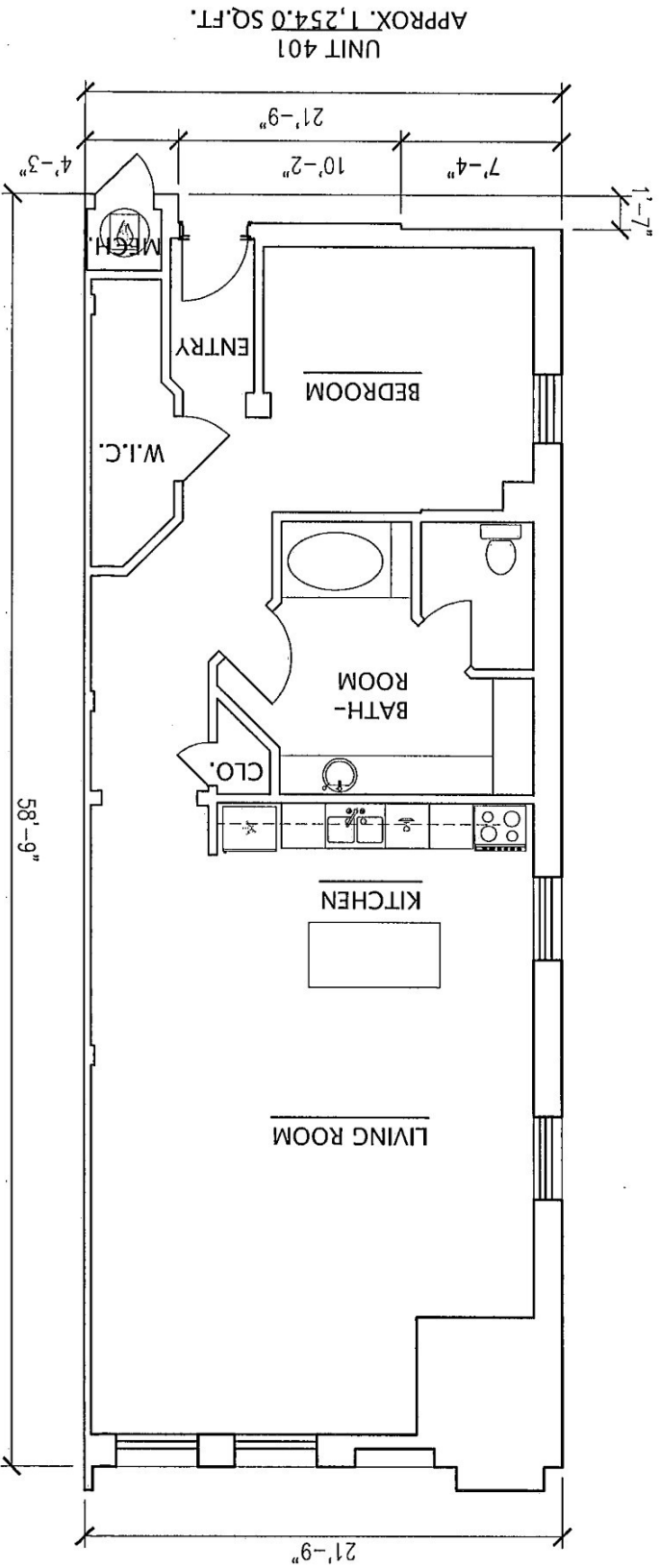
RAY ENGINEERING, INC. 3985 STEVE REYNOLDS, BUILDING -A-, NORCROSS, GA 30093. 770.923.1122

APPROVED BY:

Steven W. Roy, PE
Texas License 87875

SCALE: 1/8"=1'-0"
DATE: 01/27/2014
DRAWN BY: SK

A-19



ORAY
ENGINEERING, INC.
CONSULTING ENGINEERS

The Strand Lofts , A Condominium
2400 Mechanic St, Galveston, TX

1 BEDROOM, 1 BATH

RAY ENGINEERING, INC. 3985 STEVE REYNOLDS, BUILDING -A-, NDRROSS, GA 30093, 770.923.1122

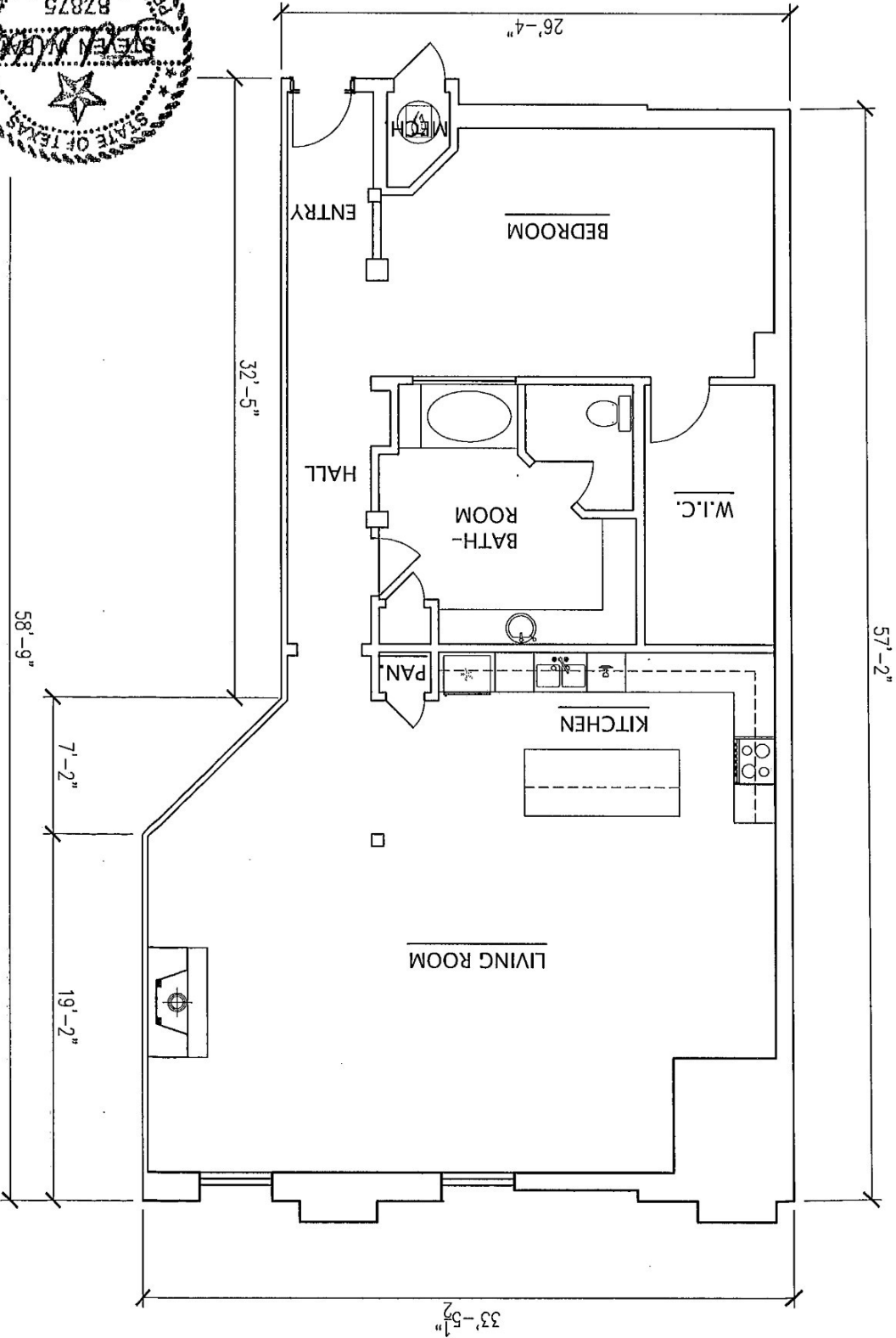
APPROVED BY:

Steven W. Roy, PE
Texas License 87875

SCALE: 1/8"=1'-0"
DATE: 01/27/2014
DRAWN BY: IK

A-20

UNIT 501
APPROX. 1,684.50 SQ. FT.



RAY
ENGINEERING, INC.
CONSULTING ENGINEERS

The Strand Lofts, A Condominium
2400 Mechanic St, Galveston, TX

1 BEDROOM, 1 BATH

RAY ENGINEERING, INC. 3985 STEVE REYNOLDS, BUILDING "A", NORCROSS, GA 30093. 770.923.1122

APPROVED BY:
Steven M. Roy, PE
Texas License 87875

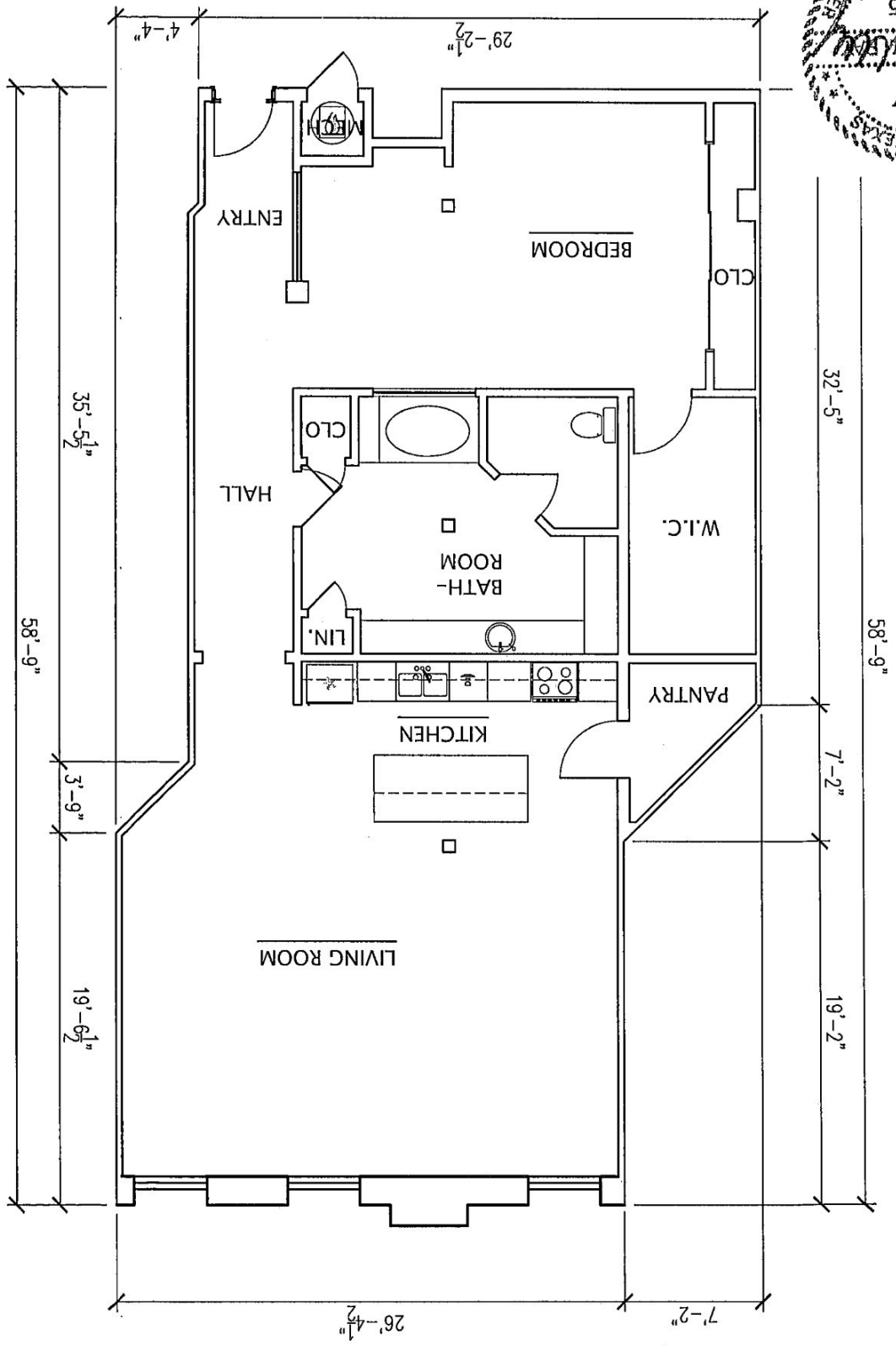
SCALE: 1/8"=1'-0"
DATE: 01/27/14
DRAWN BY: DK

A-21



1/27/14

UNIT 503
APPROX. 1,653.70 SQ. FT.



The Strand Lofts , A Condominium
2400 Mechanic St, Galveston, TX

1 BEDROOM, 1 BATH

RAY ENGINEERING, INC. 3985 STEVE REYNOLDS, BUILDING -A-, NORCROSS, GA 30093. 770.923.1122

APPROVED BY:

Steven W. Roy, PE
Texas License 87875

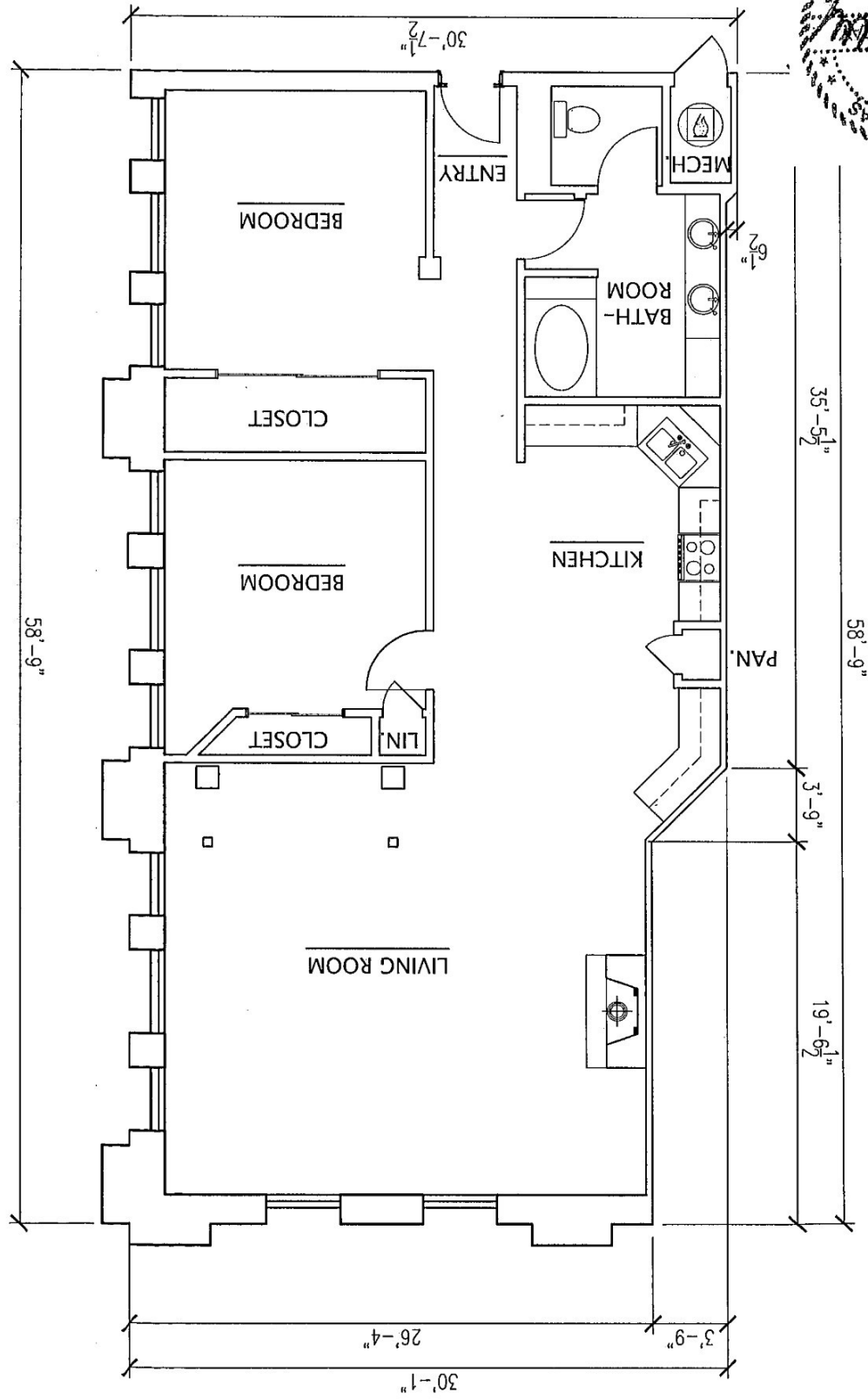
SCALE:	1/8"=1'-0"
DATE:	01/27/2014
DRAWN BY:	MK

A-22



1/27/14

UNIT 505
APPROX. 1,690.0 SQ. FT.



The Strand Lofts , A Condominium
2400 Mechanic St, Galveston, TX

2 BEDROOM, 1 BATH

RAY ENGINEERING, INC. 3985 STEVE REYNOLDS, BUILDING -A-, NORCROSS, GA 30093, 770.923.1122

APPROVED BY:

Steven W. Roy, PE
Texas License 87875

SCALE: 1/8"=1'-0"
DATE: 01/27/2014
DRAWN BY: JN

A-23

TYPICAL SECTION

APPROVED BY:
Shawn W. Ray, PE
Team Leader 8785

SCALE: 1/16"=1'-0"
DATE: 01/27/2014
DRAWN BY: DK

A-24



TYPICAL SECTION
SCALE 1/16"=1'-0"

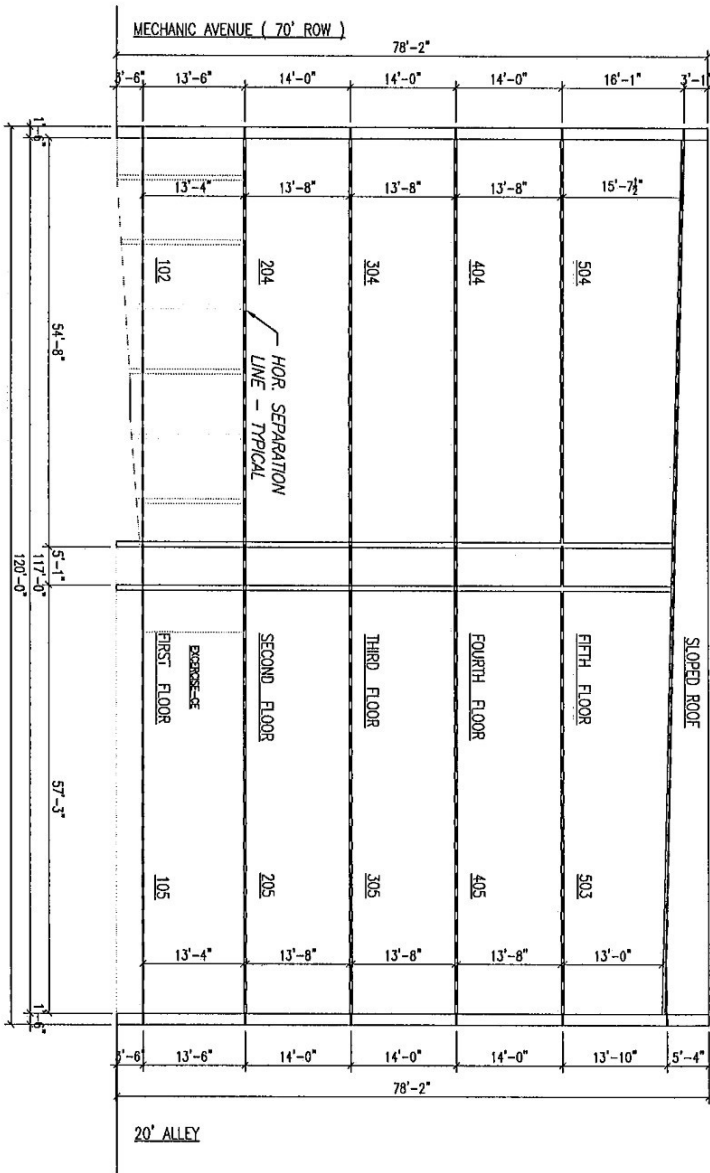




EXHIBIT "E"

Parking Space Assignments

Unit Number	Parking Space Allocated
501	22
503	23
505	24



EXHIBIT "F"

DISCLOSURES

Each Owner and Occupant acknowledge the following:

(a) The Association budget is based on estimated expenses only and such expenses may increase or decrease from time to time.

(b) The Condominium is located adjacent to thoroughfares that may be affected by traffic and noise from time to time and may be improved and/or widened in the future.

(c) The natural light available to and views from an Owner's Unit may change over time due to, among other circumstances, additional development (including, but not limited to, construction by Declarant or its affiliates of adjacent properties) and the removal or addition of landscaping.

(d) The view from each Unit in the building will vary depending upon the Unit's elevation and location within the building

(e) No representations are made regarding the zoning of adjacent property, or that the category to which adjacent property is zoned may not change in the future.

(f) No representations are made regarding the schools that currently or may in the future serve the Condominium.

(g) Since in every community, there are conditions which different people may find objectionable, it is acknowledged that there may be conditions outside of the Condominium that an Owner or Occupant may find objectionable and that it shall be the sole responsibility of the Owners and Occupants to become acquainted with community conditions that could affect the Unit.

(h) Concrete surfaces in portions of the Condominium are subject to cracking due to (i) water penetration, (ii) expansion and contraction of the concrete with temperature changes, (iii) building settlement, and (iv) other factors. Declarant shall not be liable for any such cracking.

(i) No representations are made that the Units are or will be soundproof or that sound and/or vibrations may not be transmitted from one Unit to another or from the Common Elements to a Unit. HVAC systems, plumbing, and concrete, tile and hardwood surfaces within a Unit may transmit noise, and such noise shall not constitute a use of a Unit that interferes with or causes disruption to the use and quiet enjoyment of another Unit by its respective Owner and/or Occupant.

(j) The Condominium is located in an urban environment. Sound and vibrations may be audible and felt from such things as sirens, whistles, horns, the playing of music, people speaking, trash being picked up, deliveries being made, equipment being operated, dogs barking, construction activity, building and grounds maintenance being performed, automobiles, buses, trucks, ambulances, airplanes, trains and other generators of sound and vibrations typically found in an urban area. In addition to sound and vibration, there may be odors (from restaurants, food being prepared and dumpsters) and light (from signs, streetlights, other buildings, car headlights and other similar items) in urban areas and these things are part of the reality and vibrancy of urban living. The Units were not constructed to be totally soundproof or free from vibrations. Sounds and vibrations can also be generated from sources located within a Unit or the Common Elements including elevator motors, heating and air conditioning equipment, pump rooms, other mechanical equipment, dogs barking, and the playing of music.



(k) The Plat and the dimensions and square footage calculations shown thereon are only approximations. Any Owner who is concerned about any representations regarding the Plat should do his/her own investigation as to the dimensions, measurements and square footage of his/her Unit.

(l) Declarant may be engaging in construction activities related to the construction of Common Elements and finishing of Units. Such construction activities may, from time to time, produce certain conditions on the Condominium, including, without limitation: (i) noise or sound that is objectionable because of its volume, duration, frequency or shrillness; (ii) smoke; (iii) noxious, toxic, or corrosive fumes or gases; (iv) obnoxious odors; (v) dust, dirt or flying ash; (vi) unusual fire or explosion hazards; (vii) temporary interruption of utilities; and/or (viii) other conditions that may threaten the life or safety of Persons on the Condominium. Notwithstanding the foregoing, all Owners and Occupants agree that such conditions on the Condominium resulting from renovation and construction activities shall not be deemed a nuisance or discomfort and shall not cause Declarant and its agents to be deemed in violation of any provision of this Declaration.

(m) The Units will trap humidity created by general use and occupation of such space (cooking, bathing, laundering etc.). As a result, condensation may appear on the interior portion of windows and glass surfaces and fogging of windows and glass surfaces may occur due to temperature disparities between the interior and exterior portions of the windows and glass. Condensation is a naturally occurring phenomenon and cannot practically be prevented. However, if left unattended and not properly maintained by the Owner, the condensation may increase resulting in staining, damage to surrounding seals, caulk, paint, wood work and sheetrock, and potentially Mold.

(n) Declarant shall have no liability should the Condominium be forced to change its name. Declarant shall have no duty to contest any claim asserting that the name should be changed. During the Declarant Control Period, Declarant shall have the right in its sole discretion to change the name of the Condominium without notice to any Person.

(o) Improvements may have been constructed on adjoining properties that encroach onto the Condominium property. Declarant gives no representations or warranties as to property rights, if any, created by such any such encroachments.

(p) Declarant shall not be responsible for responding to or taking any affirmative action on behalf of the Association or an individual member of the Association to mitigate, alleviate, remedy or cure any off-site conditions that may directly impact the Condominium or any portion thereof, and such inaction by Declarant shall not constitute a breach of fiduciary duty by the directors and officers of the Association that are appointed by Declarant.

(q) The Condominium may be subject to erosion and/or flooding during unusually intense or prolonged periods of rain.

(r) Trucks, sports utility vehicles, vans, minivans, large sedans, or any other vehicles other than compact passenger vehicles may not fit into parking spaces.

(s) Elevators serving the building may malfunction from time to time and become stuck between levels for temporary periods. Neither Declarant nor the Association shall be liable for any such malfunctions.

(t) The performance and methods and practices of operating heating and cooling systems can be directly affected by the orientation and location of a room or Unit in relation to the sun.

(u) Declarant makes no representations or warranties regarding any electronic media equipment located in the Common Elements (including, but not limited to plasma televisions). Such



equipment may need repairs or replacement in the future and Declarant shall not be responsible for such repairs or replacement under any circumstances (except in its capacity as a Unit Owner with respect to any obligation to pay assessments in the same manner as other Unit Owners).

(v) Any artwork displayed in the Common Elements may not be the property of the Association. Such artwork may be the property of Declarant and Declarant shall retain the right to remove or alter such artwork at any time. Artwork may also belong to other third parties, such as artists and galleries, who have permitted the artwork to be temporarily displayed on the Common Elements.

(w) Water may pond on various portions of the Condominium having impervious surfaces.

(x) Declarant makes no representation as to the location of mailboxes, utility boxes, street lights, fire hydrants or storm drain inlets or basins.

(y) Light may emit from structures located on adjacent properties.

(z) Natural wood has considerable variation due to its organic nature. There may be shades of white, red, black or even green in areas. In addition, mineral streaks may also be visible. Grain pattern or texture will vary from consistent to completely irregular; wood from different areas of the same tree can also have variations in pattern or texture. It is these variations in wood that add to its aesthetic appeal. These variations in grain will in turn accept stain in varying amounts, which will show throughout the wood products from one door to the next, one panel to the next or one piece of wood to the next. Also, cabinet finishes (including gloss and/or matte finishes) will not be entirely consistent and some minor irregularities will be apparent. Additionally, wood and wood products may be subject to warping, splitting, swelling and/or delamination. The foregoing conditions are normal conditions and shall not constitute a construction defect.

(aa) Veins and colors of any marble, slate or other stone in a Unit, if any, may vary drastically from one piece of stone to another. Each piece is different. Marble, granite, slate and other stone can also have chips and shattering veins, which look like scratches. The thickness of the joints between marble, granite, slate and other stone and/or other materials against which they have been laid will vary and there will be irregularities in surface smoothness. Marble, granite, slate, and other stone finishes may be dangerously slippery and Seller assumes no responsibility for injuries sustained as a result of exposure to or use of such materials. Periodic use of professionally approved and applied sealant is needed to ensure proper maintenance of the marble, slate and other stone and it is the Owner's responsibility to properly maintain these materials in his, her, or its Unit. Marble, granite, slate, and other stone surfaces may scratch, chip or stain easily. Such substances may flex or move slightly in order to absorb impacts. Such movement may in turn cause grout to crack or loosen or cause some cracking in the stone flooring which may need to be repaired as part of normal home maintenance.

(bb) All buildings contain products that have water, powders, solids and industrial chemicals, which will be used in construction. The water, powders, solids and industrial chemicals will and do contain mold, mildew, fungus, spores and chemicals that may cause allergic or other bodily reactions in certain individuals. Leaks, wet flooring and moisture will contribute to the growth of Mold. Declarant is not responsible for any illness or allergic reactions that a person may experience as a result of Mold. It is the responsibility of the Owner and/or Occupant to keep the Unit clean, dry, well ventilated and free of contamination.

(cc) Due to the large quantity of paint used in the project, variations in paint shade or sheen may exist from Unit to Unit. Due to the properties within today's paints, paint may yellow somewhat with time. This is a normal occurrence and is therefore not covered as a warranty issue. Avoid washing or scrubbing painted walls. Lightly soiled areas may be cleaned using a sponge with water and lightly wiping over the soiled areas.



(dd) Certain materials used for fixtures in the Units (including, but not limited to, brass/chrome plumbing fixtures, brass/chrome bathroom accessories and brass/chrome light fixtures) are subject to discoloration and/or corrosion over time.

(ee) Carpets, hardwood floors, and other flooring surfaces are subject to fading and wear over time.

(ff) Hardwood flooring in a Unit can be damaged or scratched as a result of normal wear and tear including, but not limited to, moving furniture, wearing footwear in a Unit (particularly high-heeled shoes), and dropping items on the floor. In addition, spaces may appear between boards in hardwood floors due to expansion and contraction of the flooring material. Such damage and scratches are a normal attribute and expected consequence of having hardwood flooring, and such damage and scratches shall not constitute a construction defect.

(gg) Declarant makes no representations or warranties regarding the future development or use of other properties adjacent to or in the vicinity of the Condominium (collectively "Adjacent Properties"). Any floor plans, renderings, models, drawings, and the like, which purport to depict the Adjacent Properties, or any portion thereof, are merely projections, which are subject to change and do not reflect an actual commitment to develop the Adjacent Properties in any particular manner. No Owner and Occupant shall rely on any projected plans for the future development of the Adjacent Properties as an inducement to acquire or occupy a Unit. Adjacent Properties shall not necessarily be restricted exclusively to residential use, but shall be subject only to uses allowed by applicable zoning ordinances, which may include, without limitation, office, retail, and other commercial uses. No assurances are made that the improvements which may be built on all or any portion of the Adjacent Properties will be substantially identical to the improvements on the Condominium property in any way whatsoever, including but not limited to the quality of construction, the principal materials to be used in such construction and architectural style. The development of the Adjacent Properties may alter or block the views available from a Unit.

(hh) Insulation thickness may vary depending upon local conditions and construction factors, including, but not limited to, such items as wall openings and plumbing of other structures or obstructions within the walls that displace the insulation. Declarant makes no representation or warranty regarding the same and Declarant is not responsible for any errors or omissions made thereby.

(ii) The grading of the soil and other elements created by nature, as well as building materials developed by humans, many times create unwanted and undesired gases and other contaminants in homes and residential buildings, both new and used. Also, since energy conservation has become a concern, there is a need to build homes and residential buildings that are more airtight. As a result, these homes and residential buildings trap unwanted gases in different degrees depending on how each person lives within their home or such residential building. To date measurements of such unwanted gases (such as the radon gas described below and carbon dioxide) are reported as parts of the air they occupy. Since the quality of air a person breathes can affect his or her health, Declarant recommends frequent airing of a Unit to introduce fresh air uncontaminated with such gases.

The United States Environmental Protection Agency ("EPA") has indicated that a number of homes and residential buildings in the United States experience elevated levels of radon gas. Radon is a naturally occurring gas that is caused by radioactive decay of the element radium. Since radium is contained in the earth's crust and dissolves readily in water, radon can be found virtually everywhere and can enter the home or residential buildings through a variety of sources. Owners or Occupants seeking information about radon can contact the EPA or a state environmental office. Neither Declarant nor the Association has any expertise in the measurement or reduction of radon in homes or residential buildings or regarding acceptable levels or possible health hazards associated with radon. Neither Declarant nor the Association makes any warranty or representation of any kind, express or implied, regarding the



presence or absence of radon gas, or regarding the effectiveness of any architectural activities for reducing the presence of radon.

(jj) Among other acts of God and uncontrollable events, hurricanes, tropical storms, heavy rains, and other severe weather events have occurred in Galveston and therefore the Condominium is exposed to the potential damage of hurricanes, tropical storms, heavy rains, and other severe weather events, including, but not limited to, damages from storm surges, wind driven rain, and high winds. Water or other damages from this or other extraordinary causes shall not be the responsibility of Declarant.

(kk) Declarant makes no representations or warranties regarding the availability of guest parking.

(ll) The Condominium is located in a Historic District. Any changes to the exterior of the building must be approved by the Landmark Commission.

(mm) The Condominium is a historic building. The structure was built over 100 years ago and should not be expected to include features commonly found in current construction methods, such as energy efficient windows and certain safety features.

(nn) Declarant makes no representations or warranties that young children may be able to open windows located in the building. Accordingly, each Owner and Occupant shall take appropriate precautions when young children are in a Unit.

(oo) The Condominium is subject to the following recorded instruments:

(i) Agreement by and between Galveston Historical Foundation, Inc., and Robert A. Timme/Robert L.K. Lynch filed for record under Galveston County Clerk's File No. 8206058.

(ii) Lease by and between Network Multi-Family Security Corporation and Strand Venture Partners, LP, as evidenced by Memorandum filed for record under Galveston County Clerk's File No. 9508388.

(pp) The building encroaches into a City of Galveston Right-of-Way. The City granted a license to occupy, maintain, and utilize the encroachment area in that certain License to Use Agreement dated June 30, 1993 between the City of Galveston and C & C Real Estate Co. The term of said Agreement is twenty-five (25) years. Declarant makes no representations or warranties as to whether the City will agree to extend the term of said Agreement or the consequences of the City's failure to do so.

(qq) The northwest side of the building is located adjacent to an approximate 20 foot alley, which is not part of the Condominium. Power lines located in the alley pose a risk of electrocution and obstruct access to the exterior façade of the northwest side of the building. Accordingly, the Association and Unit Owners may have to access the exterior of the northwest side of the building from interior portions of the building to perform maintenance and repairs to such portions of the building, including, but not limited to, window cleaning.

EXHIBIT "G"

BYLAWS

OF

THE STRAND LOFTS CONDOMINIUM ASSOCIATION, INC.



**One Alliance Center, 4th Floor
3500 Lenox Road
Atlanta, Georgia 30326
(404) 926-4500**

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BYLAWS

OF

THE STRAND LOFTS CONDOMINIUM ASSOCIATION, INC.

ARTICLE 1. GENERAL

Section 1.1. Applicability. These Bylaws provide for the self-government of The Strand Lofts Condominium Association, Inc., in accordance with the Texas Uniform Condominium Act, Chapter 82 of the Texas Property Code, as may be amended from time to time ("Texas Condominium Act"), the Articles of Incorporation filed with the Texas Secretary of State ("Articles of Incorporation") and the Declaration of Condominium for The Strand Lofts, A Condominium, recorded in the Galveston County Clerk records ("Declaration").

Section 1.2. Name. The name of the corporation is The Strand Lofts Condominium Association, Inc. ("Association").

Section 1.3. Definitions. The terms used herein shall have their generally accepted meanings or such meanings as are specified in Article 2 of the Declaration.

Section 1.4. Membership. An Owner of a Unit shall automatically become a member of the Association upon taking title to the Unit and shall remain a member for the entire period of ownership. As may be more fully provided below, an Owner's spouse or Domestic Partner may exercise the powers and privileges of the Owner. If title to a Unit is held by more than one (1) Person, the membership shall be shared in the same proportion as the title, but there shall be only one (1) membership and one (1) equal vote per Unit. Membership does not include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. Membership shall be appurtenant to the Unit and shall be transferred automatically by conveyance of that Unit and may be transferred only in connection with the transfer of title.

Section 1.5. Entity Members. In the event an Owner is a corporation, limited liability company, partnership, trust, or other legal entity not being a natural person or persons, then any natural person who is an officer, director, or other designated agent or representative of legal entity shall be eligible to represent such entity or entities in the affairs of the Association, including, without limitation, serving on the Board of Directors of the Association. Such person's relationship with the Association shall terminate automatically upon the termination of such person's relationship with the entity or entities which are the Owner, and termination of the person's relationship with the Association will create a vacancy in any elected or appointed position within the Association in which such person may have been serving and such vacancy will be filled in accordance with these Bylaws.

Section 1.6. Voting. Each Unit shall be entitled to one (1) equal vote, which vote may be cast by the Owner, the Owner's spouse or Domestic Partner, or by a lawful proxy as provided below. When more than one (1) Person owns a Unit, the vote for such Unit shall be exercised as they determine between or among themselves, but in no event shall more than one (1) vote be cast with respect to any Unit. If only one (1) co-owner attempts to cast the vote for a Unit, it shall be conclusively presumed that such co-owner is authorized on behalf of all co-owners to cast the vote for such Unit. In the event of disagreement between or among co-owners and an attempt by two (2) or more of them to cast such vote or votes, such Persons shall not be recognized and such vote or votes shall not be counted. No Owner shall be eligible to vote, either in person or by proxy, or to act as a proxy for any other Owner if that Owner is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association or if the Owner has had its voting rights suspended for the infraction of any provision of the Declaration, these Bylaws, or any rule of the Association. If the



voting rights of an Owner have been suspended, that Owner shall not be counted as an eligible vote for purposes of establishing a majority or a quorum.

Section 1.7. Majority. Except as otherwise specifically provided in the Declaration or these Bylaws, all decisions shall be by Majority vote.

Section 1.8. Purpose. The Association shall have the responsibility of administering the Condominium, establishing the means and methods of collecting the contributions to the Common Expenses, arranging for the management of the Condominium and performing all of the other acts that may be required to be performed by the Association pursuant to the Texas Uniform Condominium Act, the Texas Non-Profit Corporation Act and the Declaration. Except as to those matters which the Texas Uniform Condominium Act, the Declaration or the Texas Non-Profit Corporation Act specifically require to be performed by the vote of the Association membership, the administration of the foregoing responsibilities shall be performed by the Board of Directors as more particularly set forth below.

Section 1.9. Electronic Documents and Electronic Signatures.

(a) Electronic Documents. Whenever these Bylaws require that a document, record or instrument be “written” or “in writing,” the requirement is deemed satisfied by an Electronic Document.

(b) Electronic Signatures. Whenever these Bylaws require a signature, an Electronic Signature satisfies that requirement only if: (i) the signature is easily recognizable as a Secure Electronic Signature which is capable of verification, under the sole control of the signatory, and attached to the electronic document in such a way that the document cannot be modified without invalidating the signature; or (ii) the Board reasonably believes that the signatory affixed the signature with the intent to sign the Electronic Document, and that the Electronic Document has not been modified since the signature was affixed.

(c) Verification and Liability for Falsification. The Board may require reasonable verification of any Electronic Signature or Electronic Document. Pending verification, the Board may refuse to accept any Electronic Signature or Electronic Document that, in the Board’s sole discretion, is not clearly authentic. Neither the Board nor the Association shall be liable to any Owner or any other Person for accepting or acting in reliance upon an Electronic Signature or Electronic Document that the Board reasonably believes to be authentic. Any Owner or Person who negligently, recklessly or intentionally submits any falsified Electronic Document or an unauthorized Electronic Signature shall fully indemnify the Association for actual damages, reasonable attorneys’ fees and expenses incurred as a result of such acts.

ARTICLE 2. MEETINGS OF OWNERS

Section 2.1. Annual Meetings. The regular annual meeting of the Owners shall be held during the fourth quarter of each year with the date, hour, and place to be set by the Board of Directors. No annual meeting of the Association shall be set on a legal holiday.

Section 2.2. Special Meetings. Special meetings of the Owners may be called for any purpose at any time by the President, by request of any two (2) members of the Board of Directors, or upon written petition of Owners holding at least twenty percent (20%) of the Total Association Vote. Any such written petition by the members must be submitted to the Association’s Secretary. The Secretary shall then verify that the required number of members have joined in the petition and shall submit all proper petitions to the Association’s President. The President shall then promptly call a special meeting for the purpose stated in the petition setting the date, time and location of the meeting (which is not required to be the date, time or location requested in any petition submitted to the Association), and the



Secretary shall send notice of the meeting in accordance with these Bylaws. Any special meeting called pursuant to written petition shall be set within thirty (30) days of the date of the petition.

Section 2.3. Notice of Meetings. It shall be the duty of the Secretary to mail or deliver to the record Owner of each Unit or to the Units a notice of each annual or special meeting of the Association not less than ten (10) nor more than sixty (60) days prior to each meeting. The notice shall state the purpose of any special meeting, as well as the time and place where it is to be held. The notice of an annual meeting shall state the time and place of the meeting. If any Owner wishes notice to be given at an address other than his or her Unit, the Owner shall have designated by notice in writing to the Secretary such other address. The mailing or delivering of a notice of meeting in the manner provided in Section 6.1 shall be considered proper service of notice.

Section 2.4. Waiver of Notice. Waiver of notice of meeting of the Owners shall be deemed the equivalent of proper notice. Any Owner may, in writing, waive notice of any meeting of the Owners, either before or after such meeting. Attendance at a meeting by an Owner, whether in person or represented by proxy, shall be deemed waiver by such Owner of notice of the time, date, and place thereof unless such Owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at such meeting unless objection to lack of notice is raised before the business, of which proper notice was not given, is put to a vote.

Section 2.5. Quorum. Except as may be provided elsewhere, the presence of Owners, in person or by proxy, entitled to cast one-third (1/3) of the Total Association Vote shall constitute a quorum. Once a quorum is established for a meeting, it shall conclusively be presumed to exist until the meeting is adjourned and shall not need to be reestablished. Owners whose voting rights have been suspended pursuant to the Declaration or these Bylaws shall not be counted as eligible votes toward the quorum requirement.

Section 2.6. Adjournment. Any meeting of the Owners may be adjourned from time to time for periods not exceeding ten (10) days by vote of the Owners holding the Majority of the votes represented at such meeting, regardless of whether a quorum is present. Any business that could be transacted properly at the original session of the meeting may be transacted at a reconvened session, and no additional notice of such reconvened session shall be required.

Section 2.7. Proxy. Any Owner entitled to vote may do so by written proxy duly executed by the Owner setting forth the period of time, not to exceed one (1) year, for which it is valid. To be valid, a proxy must be signed, dated, and filed with the Secretary prior to the opening of the meeting for which it is to be used. Proxies may be delivered to the Board by the delivery methods set forth in Section 6.1 hereof. Proxies may be revoked only by written notice delivered to the Secretary or the person presiding over the meeting, except that: (a) the presence in person by the giver of a proxy at a meeting for which the proxy is given shall automatically invalidate the proxy for that meeting; and (b) a later dated proxy shall automatically be deemed to invalidate any previously given proxy. A proxy holder may not appoint a substitute proxy holder unless expressly authorized to do so in the proxy.

Section 2.8. Action Taken Without a Meeting. In the Board's discretion, any action that may be taken by the Association members at any annual, regular, or special meeting may be taken without a meeting if the Board delivers a written consent form or written ballot to every Owner entitled to vote on the matter.

(a) **Ballot.** A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the



action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

The Board may deliver ballots and consent forms as provide in Section 6.1 below. Owners shall deliver their vote by ballot or consent form by whatever means is specified by the Board.

All solicitations for votes by written ballot shall: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than election of directors; and (iii) specify the time by which a ballot must be received by the Board in order to be counted. A written ballot may not be revoked. The Association shall maintain such ballots in its file for at least three (3) years.

(b) Written Consent. Approval by written consent shall be valid only when the number of written consents setting forth the actions taken is received and equals or exceeds the requisite majority of the voting power required to pass such action at a meeting held on the date that the last consent is executed and such action is consented to by the Declarant, if required. Executed written consents shall be included in the minutes or filed with the Association's records. If an action of the Owners is approved by written consent hereunder, the Board shall issue written notice of such approval to all Owners who did not sign written consents. Membership approval shall be effective after written notice is issued; provided, however, if the consent is to an amendment to the Declaration or Bylaws which must be recorded, the effective date shall be no earlier than the date of recording of such amendment.

Section 2.9. Order of Business. The President shall establish the agenda for, and preside at, and the Secretary shall keep the minutes of, all membership meetings. The Board of Directors may establish rules of conduct and the order of business for all membership meetings. When not in conflict with the Declaration, these Bylaws, the Articles of Incorporation or meeting procedures adopted by the Board of Directors, Robert's Rule of Order (latest editions) shall govern all membership meetings. The Board may order the removal of anyone attending a membership meeting who, in the opinion of the Board disrupts the conduct of business at such meeting.

ARTICLE 3. BOARD OF DIRECTORS

Section 3.1. Composition and Eligibility. The affairs of the Association shall be governed by a Board of Directors. Except for directors appointed by the Declarant hereunder, the directors shall be Owners or spouses or Domestic Partners of such Owners; provided, however, no Owner and his or her spouse or Domestic Partner may serve on the Board at the same time, and no co-owners may serve on the Board at the same time. Notwithstanding anything to the contrary herein, nothing in these Bylaws shall be deemed to prohibit an Owner that is a corporation, limited liability company, partnership, trust, or other legal entity not being a natural person or persons that owns more than one (1) Unit from appointing a different natural person as the designated agent for each of such Owner's Units as contemplated in Section 1.5 hereof and each such designated person shall be eligible to serve on the Board at the same time. No persons shall be eligible to be elected to or continue to serve on the Board of Directors if they are shown on the books and records of the Association to be more than thirty (30) days delinquent in the payment of any assessment or charge by the Association.

Section 3.2. Directors Appointed by the Declarant. Notwithstanding anything to the contrary herein, Declarant shall have exclusive authority to appoint and remove all directors and officers until the earlier of: (a) three (3) years after the Effective Date, (b) one hundred twenty (120) days after the date of which seventy-five percent (75%) of the Units have been conveyed by Declarant to Unit Owners other than a Person constituting Declarant, or (c) the surrender in writing by Declarant of the authority to appoint and remove officers and directors of the Association (the "Declarant Control Period"); provided, however, not later than one hundred and twenty (120) days after conveyance of fifty percent (50%) of the



Units to Owners other than Declarant, one-third (1/3) of the members of the Board shall be elected by Unit Owners other than Declarant in accordance with Section 3.3 below.

Section 3.3. Number of Directors and Term of Office. During the Declarant Control Period, the Board shall consist of such number of directors as determined by Declarant. Not later than one hundred and twenty (120) days after conveyance of fifty percent (50%) of the Units to Owners other than Declarant, the Association shall call a meeting to be held at which one-third (1/3) of the directors shall be elected by Owners, other than Declarant to serve on the Board until the termination of the Declarant Control Period. After termination of the Declarant Control Period, the Association shall call a meeting to be held at which Owners shall elect three (3) directors. If such meeting is not the annual meeting, the directors elected shall serve until the next annual meeting. At the first annual meeting after the Declarant Control Period, the two (2) directors receiving the highest number of votes shall be elected for terms of two (2) years each and the remaining director shall be elected for a term of one (1) year. At each annual meeting thereafter, a successor shall be elected to serve for a term of two (2) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

Section 3.4. Removal of Members of the Board of Directors. At any annual or special meeting of the Association duly called, any one (1) or more Board members, except for directors appointed by Declarant hereunder, may be removed with or without cause by a majority of the Total Association Vote and a successor may then and there be elected to fill the vacancy thus created. Further, any director who is more than thirty (30) days past due in the payment of any assessment or charge shall be automatically removed from the Board of Directors, even if the director subsequently pays the amount owed, and the vacancy shall be filled as provided in Section 5 below. Any director who has had three (3) consecutive unexcused absences from regularly scheduled Board meetings may be removed by the vote of a majority of the other directors. Any director whose removal has been proposed shall be given at least ten (10) days notice of the calling of the meeting to consider his or her removal and the purpose thereof and shall be given an opportunity to be heard at the meeting.

Section 3.5. Vacancies. Vacancies in the Board caused by any reason, except the removal of a director by a majority of the Total Association Vote or by Declarant, shall be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the Board of Directors. The successor so selected shall hold office until the next annual meeting. Notwithstanding anything to the contrary herein, any director who is an officer, director or other designated agent of an entity member and whose position becomes vacant for any reason, may be replaced by the entity who is the Owner unless there has been a transfer of ownership of the Unit, in which case, the vacancy shall be filled by the remaining directors, even if less than a quorum at any meeting of the directors.

Section 3.6. Compensation. Directors shall not be compensated for services as such unless and only to the extent that compensation is authorized by a majority of the Total Association Vote. Directors may be reimbursed for the expenses incurred in carrying out their duties as directors upon approval of such expenses by the Board of Directors. Directors also may be given nominal gifts or tokens of appreciation by the Association for recognition of services performed, not to exceed a value of One Hundred Dollars (\$100) per calendar year. For purposes hereof, reasonable food and beverages purchased for Board meeting shall not be considered compensation.

Section 3.7. Director Conflicts of Interest. Nothing herein shall prohibit a director from entering into a contract and being compensated for services or supplies furnished to the Association in a capacity other than as director, provided that the director's interest is disclosed to the Board and the contract is approved by a majority of the directors who are at a meeting of the Board of Directors at which a quorum is present, excluding the director with whom the contract is made. The interested director shall not count for purposes of establishing a quorum of the Board. The interested director shall be entitled to be present at any meeting at which the proposed contract is discussed but shall not be entitled to discuss



the proposed contract during the discussion. Notwithstanding anything herein, the directors, during the Declarant Control Period, shall be authorized on behalf of the Association to enter into contracts with the Declarant and its affiliates as set forth in Section 21.8 (Service During the Declarant Control Period) of the Declaration.

Section 3.8. Nomination. Nomination for election to the Board shall be made from the floor at the meeting. The Board also may appoint a nominating committee to make nominations prior to the meeting.

Section 3.9. Elections. All Owners eligible to vote shall be entitled to cast their entire vote for each directorship to be filled. There shall be no cumulative voting. The directorships for which elections are held shall be filled by that number of candidates receiving the most votes. Voting for election of Board members shall be by written ballot (unless dispensed by unanimous consent at such meeting at which such voting is conducted).

Section 3.10. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by the Board, but such meetings shall be held at least once every six (6) months. The newly elected Board shall meet within ten (10) days after each annual meeting of the membership. Notwithstanding the foregoing, during the Declarant Control Period, the Board shall not be required to hold regular meetings.

Section 3.11. Special Meetings. Special meetings of the Board may be called by the President on two (2) days notice to each director given by regular first class or electronic mail, in person, by telephone, or by facsimile transmission, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board shall be called by the President, Vice President, Secretary, or Treasurer in like manner and on like notice on the written request of at least two (2) directors.

Section 3.12. Waiver of Notice. Any director may, at any time, in writing, waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall also constitute a waiver of notice by him or her of the time and place of such meeting. If all directors are present at any Board meeting, no notice shall be required and any business may be transacted at such meeting.

Section 3.13. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. A majority of directors shall constitute a quorum for the transaction of business. One (1) or more directors who participate in a meeting by means of telephone or electronic communication shall be deemed present and in attendance for all purposes at such meeting, provided all persons participating in the meeting can hear each other.

Section 3.14. Open Meetings. All meetings of the Board shall be open to all Owners, but Owners other than directors may not participate in any discussion or deliberation unless expressly so authorized by the Board. Notwithstanding the above, the Board may adjourn a meeting and reconvene in executive session to action involving personnel, pending litigation, contract negotiations, enforcement actions, matters involving the invasion of privacy of individual Unit Owners, matters that are to remain confidential by request of the affected parties and agreement of the Board, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session. The nature of any and all business to be considered in executive session shall first be announced in open session. The Board may order the removal of any meeting guest who, in the Board's opinion, either disrupts the conduct of business at the meeting or fails to leave the meeting upon request after an announcement of reconvening in executive session.



Section 3.15. Action Without a Meeting. Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if a majority of the directors consent to such action in writing, sent via hand delivery, regular first class or electronic mail or facsimile. Such consents must describe the action taken and be signed by no fewer than a majority of the directors and such consents shall be filed with the minutes of the Board of Directors.

Section 3.16. Powers and Duties. The Board of Directors shall manage the affairs of the Association and shall have all of the powers conferred upon nonprofit corporations by common law, the statutes of the State of Texas in effect from time to time, and all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in the Articles of Incorporation, these Bylaws, the Declaration, or the Texas Uniform Condominium Act.

In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and shall be responsible for the following, in the way of explanation, but not limitation:

(a) designating, hiring, and dismissing the personnel necessary for the operation of the Association and the maintenance, repair, and replacement of the Common Elements, Association property, and the Area of Common Responsibility and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(b) making and amending rules and regulations and imposing sanctions for violation thereof, including, without limitation, monetary fines;

(c) opening of bank or other financial accounts on behalf of the Association and designating the signatories required;

(d) making or contracting for the making of repairs, additions, and improvements to, or alterations of the Common Elements in accordance with the other provisions of the Declaration and these Bylaws, after damage or destruction by fire or other casualty; and

(e) paying the costs of all services rendered to the Association or its members and not directly chargeable to specific Owners.

Section 3.17. Management Agent. The Association may, but shall not be required to, hire a professional management agent or agents, at a compensation established by the Board, to perform such duties and services as the Board of Directors shall authorize. The Board shall use reasonable efforts in any management contract to provide for termination of such contract by the Association with or without cause and without penalty, upon no more than thirty (30) days written notice. No management contract shall have a term in excess of one (1) year.

Section 3.18. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of maintenance, repair, restoration, or improvement of the Common Elements and facilities, and for other purposes, with the approval of a majority of the Total Association Vote.

Section 3.19. Liability and Indemnification of Officers, Directors and Committee Members. To the fullest extent permitted by the Texas Non-Profit Corporation Act, the Association shall indemnify every officer, director, and committee member (including directors, officers, and committee members appointed by Declarant during the Declarant Control Period) against any and all expenses, including attorney's fees, reasonably incurred by or imposed upon such officer, director or committee member in connection with any action, suit, or other proceeding (including settlement of any such action, suit, or proceeding, if approved by the then Board of Directors) to which he or she may be made a party by



reason of being or having been an officer, director or committee member, whether or not such person is an officer, director or committee member at the time such expenses are incurred subject to the limitations below. The Association shall maintain, as a Common Expense, adequate general liability and, if obtainable, officers' and directors' liability insurance to fund this obligation, and the insurance shall be written as provided in the Declaration.

Section 3.20. Architectural Control Committee. After termination of the Declarant Control Period, the Board shall establish an Architectural Control Committee for the purpose of establishing and maintaining architectural standards in the Community as provided in the Declaration.

Section 3.21. Other Committees. There shall be such other committees as the Board shall determine with the powers and duties that the Board shall authorize.

Section 3.22. Service on Committees. Unless otherwise provided in these Bylaws or in the resolution authorizing a particular committee, the members of any committee shall be appointed by the President and shall serve at the pleasure of the Board of Directors. Any committee member may be removed with or without cause at any time and with or without a successor being named.

ARTICLE 4. OFFICERS

Section 4.1. Designation. The principal officers of the Association shall be the President, the Secretary and the Treasurer, all or any of which may be the same person. A Vice President may be elected at the discretion of the Board.

Section 4.2. Election of Officers. The Association officers shall be elected annually by the Board at the first Board meeting following each annual meeting of the Owners and shall hold office at the pleasure of the Board and until a successor is elected.

Section 4.3. Removal of Officers. Upon the affirmative vote of a Majority of the members of the Board, any officer may be removed, either with or without cause, and a successor may be elected.

Section 4.4. Vacancies. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

Section 4.5. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the members and of the Board. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the Texas Nonprofit Corporation Code, including, but not limited to, the power to appoint committees from among the members from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 4.6. Vice President. The Vice President, if any, shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 4.7. Secretary. The Secretary shall keep the minutes of all meetings of the Owners and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all duties incident to the office of the secretary of a corporation organized under Texas law.

Section 4.8. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax



returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall be responsible for the preparation of the budget as provided in the Declaration. The Treasurer may delegate all or a part of the preparation and notification duties associated with the above responsibilities to a management agent.

Section 4.9. Other Officers. Other offices may be created by the Board, and the Board members that hold such offices shall have such titles and duties as are defined by the Board.

Section 4.10. Agreements, Contracts, Deeds, Leases, Etc. Except during the Declarant Control Period, all agreements, contracts, deeds, leases, checks, promissory notes, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors. During the Declarant Control Period all agreements, contracts, deeds, leases, checks, promissory notes, and other instruments of the Association shall be executed by at least one (1) officer or by such other person or persons as may be designated by resolution of the Board of Directors.

ARTICLE 5. RULE MAKING AND ENFORCEMENT

Section 5.1. Authority and Enforcement. The Condominium shall be used only for those uses and purposes set out in the Declaration. The Board of Directors shall have the authority to make, modify, repeal and enforce reasonable rules and regulations governing the conduct, use, and enjoyment of Units and the Common Elements, provided that copies of all such rules and regulations shall be furnished to all Owners and Occupants. Any rule or regulation may be repealed by the affirmative vote or written consent of a majority of the Total Association Vote and the consent of the Declarant during the Declarant Control Period, at an annual or special meeting of the membership. Every Owner and Occupant shall comply with the Declaration, Bylaws and rules and regulations of the Association, and any lack of compliance therewith shall entitle the Association and, in an appropriate case, one (1) or more aggrieved Owners, to take action to enforce the terms of the Declaration, Bylaws or rules and regulations.

The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the Owner's Unit, and to suspend an Owner's right to vote or to use the Common Elements for violation of any duty imposed under the Declaration, these Bylaws, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board to limit ingress and egress to or from a Unit. In the event that any Occupant of a Unit violates the Declaration, Bylaws, or a rule or regulation and a fine is imposed, notice of such violation shall be sent to the Owner and Occupant, and the fine shall first be assessed against such Occupant; provided, however, if the fine is not paid by the Occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association, and the fine shall be an assessment and a lien against the Unit until paid. The failure of the Board to enforce any provision of the Declaration, Bylaws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

Section 5.2. Fining and Suspension Procedure. The Board shall not impose a fine, suspend the right to vote or suspend the right to use the Common Elements (provided, however, if an Owner is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association, suspension of the right to vote and the right to use the Common Elements shall be automatic; provided further, however, suspension of common utility services shall require compliance with the provisions of Section 10.9(a)(iv) of the Declaration, where applicable), unless and until the Association has sent or delivered written notice to the violator as provided in subsection (a) below. Any such fine or fines may be effective or commence upon the sending of such notice or such later date as may be set forth in such notice, notwithstanding the violator's right to request a hearing before the Board to challenge such fine under subsection (b) below.



(a) **Notice.** If any provision of the Declaration or Bylaws or any rule or regulation of the Association is violated, the Board shall send the violator written notice identifying the violation and fine(s) being imposed and advising the violator of the right to request a hearing within thirty (30) days of the date of the notice before the Board to contest the violation or fine(s) or to request reconsideration of the fine(s). Fine(s) may be effective or commence upon the sending of such notice or such later date specified in such notice, notwithstanding the violator's right to request a hearing before the Board to challenge the fine. In the event of a continuing violation, each day the violation continues or occurs again constitutes a separate offense, and fines may be imposed on a per diem basis without further notice to the violator.

(b) **Hearing.** If a written request for hearing is received from the violator within thirty (30) days of the date of the violation notice provided above, then the Board shall schedule and hold in executive session a hearing affording the violator a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing. The Board may establish rules of conduct for such hearing, which may include limits on time and on the number of participants who may be present at one time.

Section 5.3. Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Board may elect to enforce any provision of the Declaration, these Bylaws, or the rules and regulations by self-help (specifically including, but not limited to, towing of vehicles that are in violation of the parking rules and regulations or performing maintenance on any Unit upon a failure by the Owner to so do) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity for compliance with the procedure set forth in Section 5.2 above. In any such action, to the maximum extent permissible, the Owner or Occupant responsible for the violation for which abatement is sought shall pay all costs, including reasonable attorneys' fees actually incurred.

The Association or its duly authorized agent shall have the power to enter a Unit or upon any portion of the Common Elements to abate or remove, using such force as may be reasonably necessary, any structure, thing or condition which violates the Declaration, these Bylaws, or the rules and regulations; provided, however, written notice shall be given to the Owner of the Unit at least two (2) days prior to the time that any items of construction are altered or demolished. All costs of self-help, including reasonable attorneys' fees, shall be assessed against the violating Owner and shall be collected as provided herein for the collection of assessments.

ARTICLE 6. MISCELLANEOUS

Section 6.1. Notices.

(a) **Method of Giving Notice.** Unless otherwise prohibited in these Bylaws, all notices, demands, bills, statements, or other communications shall be in writing and shall be given via:

- (i) Personal delivery to the addressee; or
- (ii) United States mail, first class, postage prepaid; or
- (iii) Electronic mail; or
- (iv) Facsimile; or
- (v) A secure web site, provided that notice shall be deemed given via web site only upon proof that the addressee has retrieved the message.



(b) **Addressee.** Notice sent by one of the methods described in subsection (a) above shall be deemed to have been duly given:

(i) If to an Owner, at the address, electronic mail address or facsimile number which the Owner has designated in writing and filed with the Secretary, or if no such address has been designated, at the address of the Unit of such Owner;

(ii) If to an Occupant, at the address, electronic mail address or facsimile number which the Occupant has designated in writing with the Secretary or, if no such address has been designated, at the address of the Unit occupied; or

(iii) If to the Association, the Board or the managing agent, at the postal address, facsimile or electronic mail address of the principal office of the Association or the managing agent, if any, or at such other address as shall be designated in writing and filed with the Secretary. The Secretary shall promptly provide notice to all Owners of any such change in address.

Section 6.2. Severability. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws or the Declaration.

Section 6.3. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision thereof.

Section 6.4. Gender and Grammar. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

Section 6.5. Fiscal Year. The fiscal year of the Association may be set by Board resolution, and, in the absence thereof, shall be the calendar year.

Section 6.6. Financial Review. A financial review of the accounts of the Association shall be performed annually in the manner provided by the Board and a financial statement prepared. However, after having received the Board's financial statement review at the annual meeting, the Owners, by a majority of the Total Association Vote, or the Eligible Mortgage Holders, by a vote of a majority of the Eligible Mortgage Holders, may require that the accounts of the Association be audited as a Common Expense by an independent accountant. Such statement shall be made available to any Mortgage Holder upon submission of a written request and must be available within one hundred twenty (120) days of the Association's fiscal year end or one hundred twenty (120) days after requested by a majority vote of the Eligible Mortgage Holders, whichever occurs later. If an audited financial statement by an independent accountant is not required, any Mortgage Holder may have an audited statement prepared at its own expense.

Section 6.7. Conflicts. The duties and powers of the Association shall be those set forth in the Texas Uniform Condominium Act, the Texas Non-profit Corporation Act, the Declaration, these Bylaws, and the Articles of Incorporation, together with those reasonably implied to affect the purposes of the Association; provided, however, that if there are conflicts or inconsistencies between the Texas Uniform Condominium Act, the Texas Nonprofit Corporation Code, the Declaration, these Bylaws, or the Articles of Incorporation, then the provisions of the Texas Condominium Act, the Texas Non-profit Corporation Act, as may be applicable, the Declaration, the Articles of Incorporation and these Bylaws, in that order, shall prevail, and each Owner of a Unit, by acceptance of a deed or other conveyance therefor, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies.



Section 6.8. Amendment. These bylaws may be amended as provided in Section 21.9 of the Declaration.

Section 6.9. Books and Records.

(a) Right to Inspect. All Owners and any holder of a first Mortgage shall be entitled to inspect the following records at a reasonable time and location specified by the Association, upon written request at least five (5) business days before the date on which the member or Mortgagee wishes to inspect and copy:

(i) its Articles or restated Articles of Incorporation and all amendments to them currently in effect;

(ii) its Bylaws or restated Bylaws and all amendments to them currently in effect;

(iii) resolutions adopted by either its members or Board of Directors increasing or decreasing the number of directors or the classification of directors, or relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members;

(iv) the minutes of all meetings of Owners and records of all actions approved by the Owners for the past three (3) years;

(v) all written communications to Owners generally within the past three (3) years, including the financial statements furnished for the past three (3) years;

(vi) a list of the names and business or home addresses of its current directors and officers; and

(vii) its most recent annual report delivered to the Texas Secretary of State.

(b) Inspection. An Owner may inspect and copy the following records upon written notice at least five (5) business days before the date on which the Owner wishes to inspect and copy only if the Owner's demand is made in good faith and for a proper purpose that is reasonably relevant to the Owner's legitimate interest as a member of the Association; the Owner describes with reasonable particularity the purpose and the records the Owner desires to inspect; the records are directly connected with this purpose; and the records are to be used only for the stated purpose:

(i) excerpts from minutes of any Board meeting, records of any action of a committee of the Board while acting in place of the Board on behalf of the Association, minutes of any meeting of the members, and records of action taken by the Owners or the Board without a meeting, to the extent not subject to inspection under Section 6.9(a) above;

(ii) accounting records of the Association; and

(iii) the membership list only if for a purpose related to the Owner's interest as a member. Without the consent of the Board, a membership list or any part thereof may not be: used to solicit money or property unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the Association; used for any commercial purpose; or sold to or purchased by any person.



The Association may impose a reasonable charge, covering the cost of labor and material, for copies of any documents provided to the Owner.

Notwithstanding anything to the contrary, the Board may limit or preclude Owner inspection of confidential or privileged documents, including attorney/client privileged communications, executive session meeting minutes, and financial records or accounts of other Owners. Minutes for any Board or Association meetings do not become effective and an official Association record until approved by the Board or Association membership, as applicable, at a subsequent meeting.

ARTICLES OF INCORPORATION

OF

THE STAND LOFTS CONDOMINIUM ASSOCIATION, INC.

- 1. Name.** The name of the Association is The Stand Lofts Condominium Association, Inc. ("Association").
- 2. Applicable Statute.** The Association is organized pursuant to the provisions of the Texas Non-Profit Corporation Act.
- 3. Incorporator's Name, Address and Telephone Number.** Darryl R. Moss, Esq., WEISSMAN, NOWACK, CURRY & WILCO, P.C., 3500 Lenox Road, 4th Floor, Atlanta, GA 30326, (404) 926-4500, is the Incorporator.
- 4. Initial Principal Mailing Address of the Corporation.** The principal mailing address of the corporation is 7 South Main Street, Alpharetta, Georgia 30009.
- 5. Registered Agent.** The Registered Agent of the Association, located in Travis County, Texas, is Business Filings Incorporated whose address is 701 Brazos Street, Suite 720, Austin, Texas 78701.
- 6. Definitions.** Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Declaration of Condominium for The Stand Lofts, A Condominium, as may hereinafter be amended, filed of record in the Galveston County records ("Declaration").
- 7. Membership.** The corporation will have members.
- 8. Voting.** All Owners, by virtue of their ownership of Units in the Condominium, are members of the Association. The members shall be entitled to one (1) vote for each Unit in which they hold the interest required for membership, in accordance with the Declaration.
- 9. Purposes and Powers.** The Association does not contemplate pecuniary gain or benefit, direct or indirect, to its members. The Association shall have all of the powers conferred upon nonprofit corporations by common law, the statutes of the State of Texas in effect from time to time, and all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the Bylaws, the Declaration, or the Texas Uniform Condominium Act, Chapter 82 of the Texas Property Code ("Condominium Act").

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of this Article are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provision of this Article.

- 10. Board of Directors.** The affairs of the Association shall be governed by a Board of Directors, the number, qualification, and method of election of which shall be set in the Association's Bylaws. The method of election and term of office, removal and filling of vacancies shall be as set forth in the Bylaws. The board may delegate such operating authority to such companies, individuals, or committees as it, in its discretion, may determine. The initial Board of Directors of the Association shall have three (3) director(s), and the names and addresses of the persons who are to serve as the initial directors are as follows:

Name

Address

Jeff Freeman

7 South Main Street
Alpharetta, Georgia 30009

Amy Heicher

7 South Main Street
Alpharetta, Georgia 30009

Irwin W. Stolz, III

7 South Main Street
Alpharetta, Georgia 30009

11. Liability of Directors. To the fullest extent that the Texas Non-Profit Corporation Act, as it exists on the date hereof or as it may hereafter be amended, permits the limitation or elimination of the liability of directors, no director of the Association shall be personally liable to the Association or its members for monetary damages for breach of duty of care or other duty as a director. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director of the Association for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

12. Dissolution. The Association may be dissolved only pursuant to a resolution duly adopted by the Board of Directors and approved by the vote of not less than two-thirds (2/3) of the Total Association Vote.

13. Amendments. These Articles of Incorporation may be amended as provided by the Texas Non-Profit Corporation Act pursuant to a resolution duly adopted by the Board of Directors and approved by the affirmative vote of the members of the Association entitled to cast at least two-thirds (2/3) of the votes present in person or by proxy at a meeting of the members of the Association or by members casting at least a Majority of the Total Association Vote, whichever is less; provided that, no members shall be entitled to vote on any amendment to these Articles of Incorporation which is for the sole purpose of complying with the requirements of any governmental agency (including, without limitation, the U.S. Department of Housing and Urban Development or the Department of Veterans Affairs) or government-sponsored enterprise authorized to fund, insure or guarantee Mortgages on individual Units in the Condominium, which amendment may be adopted by the Board of Directors acting alone.

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation this ____ day of _____, 201____.

Darryl R. Moss, Esq., Incorporator

Weissman, Nowack, Curry & Wilco, P.C.
One Alliance Center, 4th Floor
3500 Lenox Road
Atlanta, Georgia 30326

The Strand Lofts Condominium Association, Inc.	
Initial Estimated Annual Budget	
Income	
Owner Assessment	
Member Assessment	\$144,300.00
Working Capital Contribution	\$24,050.00
Income Total	\$168,350.00
Expenses	
G & A	
Postage	\$250.00
Printing / Copies	\$500.00
Legal Fees - General	\$500.00
Property & Liability Insurance	\$30,000.00
Extended Liability (Umbrella) Insurance	\$3,030.00
D & O Liability Insurance	\$1,000.00
Flood and Wind Insurance	\$15,000.00
Accounting & Tax Services	\$500.00
Management Fees	\$7,200.00
Misc. General & Admin.	\$240.00
Building Exterior	
Misc. Building Exterior	\$8,000.00
Building Interior	
Fire Protection System/Alarm Monitor	\$800.00
Plumbing Maintenance.	\$2,000.00
Elevator Maintenance Contract	\$3,000.00
Elevator Repairs	\$3,000.00
Building Pest Control	\$2,600.00
Misc. Building Interior	\$11,300.00
General Utilities	
Electricity	\$11,000.00
Telephone	\$6,000.00
Water & Sewer	\$15,000.00
Community Services	
Waste Removal Services	\$6,500.00
Janitorial / Cleaning - Amenities	\$6,000.00
Holiday Decoration	\$500.00
Fitness Center	
Fitness / Gym Maintenance	\$1,500.00
Reserve Fund	
Contribution to Reserve Fund	\$8,880.00
Expense Total	\$144,300.00

NOTES:

- (1) This initial budget was prepared by Amy Heicher on behalf of the Declarant, SHF Strand, LP.
- (2) This budget is based on the assumption that all units will be 100% occupied and the inflation rate will be 4%.

THE STRAND LOFTS, A CONDOMINIUM
DECLARANT'S STATEMENT OF CONDITION OF PROPERTY

The following statement about the physical condition of The Strand Lofts Apartments, which is being converted into The Strand Lofts Condominium (hereinafter "the Property") is made by SHF Strand, LP, a Texas limited partnership (hereinafter "Declarant") and is based upon a report prepared by Steven W. Ray, P.E. of Ray Engineering, Inc. ("Engineer"), dated August, 2013 and sealed November 9, 2013 (hereinafter "the Report"). The following statements are made in reliance on that Report and the Declarant's experience based upon the management and ownership of the Property. A copy of a portion of the Report is attached hereto and the Report, with full exhibits (if any), is incorporated herein by reference and is available for inspection at the sales office at the Property. Purchasers are urged to refer to the Report for additional information concerning the Property and the buildings located thereon, and to conduct such inspections as they deem appropriate to satisfy themselves regarding the condition of the residential units and the buildings.

The Declarant has owned the Property since September, 2013 and is therefore not intimately familiar with each and every component and system, and other matters covered by this Report. It is important for the potential purchaser to understand that the Property is not "new construction," but is in fact approximately 124 years old, having been built around 1890.

Upon close inspection it is apparent that the Property has experienced the normal wear and tear, aging, and deterioration that would be expected and appropriate for a property of its age. Recognizing the age of the Property, the Purchaser should not expect the condition of the Property to be new or even similar to new construction. Rather, since each residential unit varies in the condition of each particular component or system, the Declarant cannot be more specific other than to tell the Purchaser that some type of repairs and replacements should be expected by the Purchaser.

In summary, the Property is generally considered to be in fair condition considering its age. Notwithstanding the foregoing, the Declarant plans to make certain upgrades and repairs so that the Property and the buildings located thereon are in an even better condition. Attached as Exhibit "A" to this Statement is the "Scope of Work", which identifies certain repairs that Declarant intends to make to the Property.

A. PRESENT CONDITION OF ALL STRUCTURAL COMPONENTS, MECHANICAL SYSTEMS AND ELECTRICAL SYSTEMS.

(1) **BUILDING STRUCTURE.** The Report notes that the structural design is in accordance with the jurisdictional code requirements in effect at the time the buildings were renovated and is similar to other construction of this type and era.

(2) **ROOF CONSTRUCTION**

a. **MAIN BUILDING** – The roof at the main building consists of a low sloped roof with a mechanically fastened TPO roof system. The Report indicates that the TPO roof was installed in 2008 after Hurricane Ike. The roof slopes to scuppers at the rear of the building. HVAC compressors for the upper level units are located on the roof. The Report notes the main building roof appears to be in good condition and there is a warranty on the roof.

b. **PARKING GARAGE** – The roof at the parking deck consists of a low sloped roof consisting of an asphalt built-up roof with a gravel ballast. The roof slopes to scuppers at the rear of the building where the scupper is mounted in the perimeter parapet wall to drain the roof. The Engineer estimates that this roof was probably installed in 1994 when the building was converted

to apartments. The Report notes there are two domed sky lights in the center of the roof which appear to have been installed during the original construction. The Report also notes that several areas at the rear of the roof have been replaced. The Engineer noted that the repairs were apparently made to restore roof leaks. The Engineer opined that the roof at the parking deck is reaching the end of its useful life and will need to be replaced within the next two to three years. The Report also noted that the sky lights are old but appear to function and will require regular maintenance and painting.

(3) EXTERIOR FINISHES - The exterior finishes consist of a combination of brick and brick clad with stucco. The left side elevation is brick and the front rear and right side elevations are stucco. There was also metal siding at the chase where the original freight elevator was located at the left side elevation. The Report noted that the exterior finishes generally appeared to be in good condition for their age. The Engineer did observe some loose and open mortar joints in the brick at the left elevation. At the elevations with stucco, the Engineer also observed some spalled sections of stucco, cracks in the stucco, and some areas at the upper elevations where plants were actually growing in the cracks in the stucco. Ceiling stucco crack repairs and general stucco repairs are performed on a regular basis. It is also our understanding that the City Historical Society is very particular about the exterior repairs and requires that all repairs be permitted and monitored. The Engineer recommended that the open cracks and loose mortar joints in the brick and the open cracks and spalled sections of stucco be repaired within the next one to two years. Declarant will not be performing such repairs and such repairs will be the responsibility of the condominium association.

(4) HVAC / MECHANICAL - The HVAC systems for the units consists of split systems units with the condensers located either on the main building roof or at the parking deck roof. The only common area HVAC systems are the split system unit for the fitness center and the split system unit for the lobby and office area. The air handlers for these units are located within closets and the compressors are located at the exterior of the building. The Report noted that these common area HVAC units have probably been replaced within the last five to six years. The common corridors at the upper levels are not heated and cooled.

(5) PLUMBING SYSTEMS - The Report notes that the plumbing system at the property consists of the following:

Domestic water pipe:	Copper
Sanitary sewer pipe:	Cast iron / PVC
Sanitary vent pipe:	PVC & cast iron
Water heaters:	Contained within the units; one small water heater for office bathroom and laundry room water heater.

Domestic cold water is supplied to the building via a water main located at the rear of the building. The Report notes that a back flow preventer was recently added to meet city requirements. The Report further notes that originally two domestic water booster pumps were added to the main supply line but it is the Engineer's understanding that these pumps have since been disconnected and the domestic water pressure in the building is fine without the pumps. The cold water supply lines consist of copper and are located in chases within the walls.

The sanitary sewer lines within the building consist of a combination of cast iron and PVC. The Report notes that all sanitary lines were renovated in 1996. The main sanitary line exits the rear of the building where it connects to the city system.

Hot water is provided by individual water heaters within the units. The only common area water heaters are the water heater for the laundry room and a small water heater for the office bathroom

(6) INSULATED EXTERIOR GLASS - The windows at the building consist of a combination of wood-framed and steel framed single hung, single pane glass windows. The Reports notes that the age of the windows is not known. At the rear and left side elevations, there are shutters at the windows, but it is the Engineer's understanding that the shutters are not rated for hurricanes. In addition to the windows, there are glass block infills at the lower elevation of the front of the building and at the parking deck. The Report notes that the windows appeared to be in generally good condition for their age. The Engineer did observe some broken window panes and some minor wood deterioration. It is the Engineer's understanding that the windows are regulated by the City Historical Society and require on-going maintenance and repairs. The Engineer also observed that some of the shutters are missing at the left elevation and the Engineer was informed that the shutters were not on site. At the glass block, the Engineer noted in the Report that many of the glass blocks are cracked and broken and are in need of replacement. The Report noted the Engineer's understanding that the glass block are no longer manufactured and replacement of the individual blocks is not possible. The Engineer recommends that the glass block should be replaced with another exterior surface since the broken pieces of glass could fail. The Declarant has received permission from the City of Galveston to replace the glass block in the residential building with windows and is seeking further permission to cover the glass block in the Garage with shutters. The Declarant is committed to painting and sealing the windows in the residential building that can safely be accessed and to replace the glass block in the Garage with a material that meets the approval of the City Historical Society.

(7) ELECTRIC SYSTEMS - The power distribution to the building consists of a utility owned pad mounted transformers located at the rear of the building. The Report notes that the electrical service consists of a 277-480 volt, three phase, four wire service. Individual electric meters are located at the first level of the rear of the parking garage. It is the Engineer's understanding that all wiring within the building consists of copper wiring. There is no emergency generator at the building and emergency lighting is provided by battery operated lights in the common areas and exit stairways. Lighting in the common areas and corridors consists of a combination of fluorescent and incandescent ceiling and wall mounted fixtures. The Report notes that the common area electrical appeared to be in good condition and in conformance with local electrical codes at the time of the renovation in 1995.

(8) FOUNDATIONS – The Report notes that no drawings were available for the Engineer's review, which would indicate the type of foundation system utilized for the residential building and the parking garage and due to hidden conditions, the foundation system could not be reviewed by the Engineer. In the Report, the Engineer assumed that the foundation system consists of continuous concrete footings with driven wood piling at the perimeter walls and spread concrete footings with driven piling at the interior columns based on similar construction of this era. At the time of the Engineer's observation, there were no discernable foundation deficiencies observed at the foundation system of either structure. There were no indication of significant settlement, distress or differential movement in the foundation systems, and the foundation systems appeared to be supporting the structures adequately.

(9) FRAMING SYSTEMS – The Report states that there were no framing drawings available for the Engineer's review which would indicate the framing system utilized at the buildings and due to hidden conditions, the framing at the walls clad with gypsum board could not be reviewed. The Engineer states that from his review, the structure of the residential building is framed with heavy timber beams, girders, and interior columns. The perimeter walls are solid brick with window openings. The ground floor is a concrete slab-on-grade. The interior columns vary in size from 14 inch square at the first level to 8 inch square at the fifth story. The girder beams vary in size to match the columns widths and are 16 inches deep at the first and second level, to 12 inches deep at the upper levels. The elevated floors and the roof deck consist of 3 ¾ inch wood flooring built up of four layers of wood planks which are oriented differently at each level.

The parking garage structure consists of a combination of concrete and steel columns with steel beams and elevated slabs at the first level and 2 x 10 inch rafters supported by steel beams at the roof level. The Engineer states that the structure at both buildings appeared to be in good condition with the

exception of some spalling concrete columns and slabs at the main level of the parking garage. It appears that these columns may have been subject to some flooding during hurricane Ike in 2008 and the reinforcing steel is corroded and the concrete is spalled. At some of the spalled columns, new steel columns have been installed to assist in supporting the loads.

B. DECLARANT'S ESTIMATE OF USEFUL LIFE

No estimate of the useful life is made by the Declarant regarding the structural components and the mechanical, electrical and plumbing systems. Furthermore, no express or implied warranties of any kind are included herein, nor are any promises made that any item will actually last.

C. DECLARANT'S LIST OF VIOLATIONS AND COSTS TO CURE

To the best of Declarant's actual knowledge and except as may be noted in the Report, there are no outstanding notices of uncured violations of building code or other violations of building code or other county or municipal regulations.

The above Statement of Condition of Property is made on May 13, 2014.

EXHIBIT "A"

SCOPE OF WORK

BUILDING EXTERIOR:

1. Pressure wash
2. Paint and seal all windows that are safely accessible
3. Replace the building entrance door
4. Remove and replace glass block components with windows
5. Paint first floor veneer

GARAGE EXTERIOR

1. Pressure wash
2. Remove and replace glass block components with a material that meets the approval of the Historic Commission
3. Paint first floor veneer
4. Install new roof

BUILDING INTERIOR – COMMON AREAS

1. Add trim detail at entrance hallway
2. Paint entrance hallway, corridor, residential hallways
3. Apply trim detail to elevator cab walls and floor
4. Replace light fixtures and fans throughout common areas
5. Install ceramic tile or slate in residential hallways
6. Add trim and paint to unit entry doors
7. Install new flooring in fitness room

Return to:

Reference: File No. 2014042225

**FIRST AMENDMENT TO THE DECLARATION OF CONDOMINIUM
FOR THE STRAND LOFTS, A CONDOMINIUM**

This **FIRST AMENDMENT TO THE DECLARATION OF CONDOMINIUM FOR THE STRAND LOFTS, A CONDOMINIUM** is made on the date set forth below by **THE STRAND LOFTS CONDOMINIUM ASSOCIATION, INC.**, a Texas nonprofit corporation ("Association"), with the written consent of **SHF STRAND, LP**, a Texas limited partnership ("Declarant").

WITNESSETH:

WHEREAS, on July 29, 2014, that certain Declaration of Condominium for The Strand Lofts, A Condominium was recorded under Galveston County, Texas Clerk's File No. 2014042225 (the "Declaration");

WHEREAS, Section 21.9 of the Declaration provides that the Declaration may be amended upon written consent of members of the Association holding sixty-seven percent (67%) of the total eligible Association vote;

WHEREAS, Section 21.9 of the Declaration provides that any amendment to the Declaration requires the consent of Declarant during the Sales Period;

WHEREAS, the Association, with the consent of Declarant, desire to amend the pet restrictions in Section 14.8 of the Declaration to remove certain dog breeds from the existing list of pets prohibited from the Condominium;

WHEREAS, capitalized terms used herein that are not otherwise defined shall have the meaning set forth in the Declaration; and

NOW, THEREFORE, subject to the provisions of Texas Prop. Code Ann. § 82.067 and Section 21.9 of the Declaration, and in accordance with those provisions, the Association hereby amend the Declarations as follows:

1.

The third paragraph of Section 14.8 of the Declaration is hereby deleted and replaced with the following:

No potbellied pigs, reptiles (except for turtles, lizards, and other reptiles approved by the Board and kept in fish tanks permitted or otherwise approved pursuant to this Section), rodents, Pit Bulls (including, but not limited to, American Pit Bull Terriers, American Staffordshire Terriers, Staffordshire Bull Terriers and Bull Terriers) Rottweilers, or any mixed breed of any of the foregoing animals, may be brought onto or kept on the Condominium at any time. In addition, other animals

determined in the Board's sole discretion to be dangerous or potentially dangerous shall not be brought onto or kept on the Condominium at any time. The Board may require that any animal that, in the Board's opinion, endangers or potentially endangers the health of any Owner or Occupant or creates or potentially may create a nuisance or unreasonable disturbance, be permanently removed from the Condominium upon seven (7) days written notice. If the Owner or Occupant fails to do so, the Board may (but shall not be required to) remove the animal. Any animal that in the Board of Director's sole discretion presents an immediate danger to the health, safety or property of any community member may be removed by the Board of Directors without prior notice to the animal's owner, provided, however, the Association, and its directors, officers, and agents shall have no liability for any decision not to remove such an animal

2.

Except as expressly modified hereby, the Declaration shall remain in full force and effect.

[SIGNATURES CONTINUED ON NEXT PAGE]

IN WITNESS WHEREOF, the undersigned being the duly appointed officers of the Association hereby affirm and certify that members of the Association holding at least sixty-seven percent (67%) of the total eligible Association vote have approved this First Amendment to the Declaration of Condominium for The Strand Lofts, A Condominium this 15th day of July, 2016.

ASSOCIATION:

THE STRAND LOFTS CONDOMINIUM ASSOCIATION, INC.

a Texas nonprofit corporation

By: [Signature]
Name: Will Stolz
Title: President

Attest: [Signature]
Name: Amy Heicher
Title: Secretary

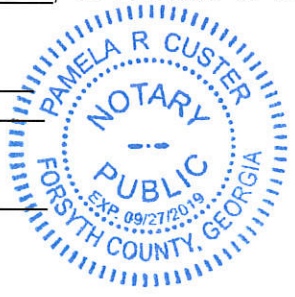
THE STATE OF Georgia
COUNTY OF Fulton

§
§
§

This instrument was acknowledged before me on this 15 day of July, 2016, by Will Stolz, as President of The Strand Lofts Condominium Association, Inc.

Pamela R. Custer
Notary Public in and for the State of Georgia

Pamela R. Custer
Name of Notary Public
My Commission Expires: 9-27-19



DECLARANT:

SHF STRAND, LP,

a Texas limited partnership

By: [Signature] (SEAL)

Name: Will Stoliz

Title: Manager

THE STATE OF Georgia

§

COUNTY OF Fulton

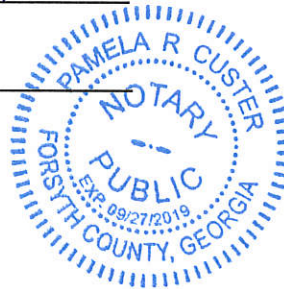
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§

This instrument was acknowledged before me on this 15 day of July, 2016 by Will Stoliz as manager of SHF STRAND, LP, a Texas limited partnership.

Pamela R. Custer
Notary Public in and for the State of Georgia

Pamela R. Custer
Name of Notary Public
My Commission Expires: 9-27-19



FILED AND RECORDED

Instrument Number: 2016043149

Recording Fee: 42.00

Number Of Pages: 6

Filing and Recording Date: 07/18/2016 1:19PM

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

NOTICE: It is a crime to intentionally or knowingly file a fraudulent court record or instrument with the clerk.

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