

RULES
OF
GEC LOFTS CONDOMINIUM OWNER'S ASSOCIATION, INC.

These Rules have been adopted by the Board of Directors of GEC Lofts Condominium Owner's Association, Inc., a Texas nonprofit corporation and condominium association (the "Association"), in accordance with the provisions of Section 1.1(v) of the Declaration of Condominium for Galveston Electric Company Lofts (the "Declaration"), to be recorded in the Condominium Records of Galveston County, Texas.

These Rules apply to the Units and Common Elements of Galveston Electric Company Lofts ("GEC Lofts" or the "Condominium"). By owning or occupying a Unit in GEC Lofts, each Owner and Resident agrees to abide by these Rules, as well as the obligations of Owners and Residents provided in the Declaration and Bylaws.

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

A. COMPLIANCE

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

A-2. *Additional Rules.* Each Resident shall comply with all rules and signs posted from time to time on the Condominium by the Association, including those regulating the use of a Commercial Unit and the Common Elements. Such posted rules are incorporated in these Rules by reference. Each Resident shall comply with notices communicated by the Association, from time to time, in the nature of seasonal or temporary rules, or notice of a

change affecting use of the Condominium. Such temporary rules are incorporated in these Rules by reference.

- A-3. *Waiver.* Certain circumstances may warrant waiver or variance of these Rules. An Owner must make written application to the Board of Directors for such waiver or variance. If the Board of Directors deems the waiver or variance warranted, the Board of Directors may condition its approval, which must be in writing to be effective. Any consent or approval given under these Rules by the Board of Directors shall be revocable at any time.
- A-4. *Fines.* The Association may levy a fine, not to exceed One Hundred and No/100 Dollars (\$100.00) per occurrence or per day (as the case may be), for violations of these Rules.

B. OBLIGATIONS OF OWNERS AND RESIDENTS

- B-1. *Safety.* Each Resident is solely responsible for his or her own safety and for the safety, well-being and supervision of his or her guests and any person on the Condominium to whom the Resident has a duty of care, control, or custody.
- B-2. *Damage.* Each Owner is responsible for any loss or damage to his or her Unit, other Units, the personal property of other Residents or their guests, or to the Common Elements and improvements, if such loss or damage is caused by the Owner or by any person for whom the Owner is responsible. Each Owner shall close all exterior windows and doors when necessary to avoid possible damage from storms or the elements. All damage to the Condominium caused by construction or repair activities within an Owner's Unit, or by the moving of any article therefrom or by the carrying of any article thereto, shall be paid for by the Owner responsible for such construction or repair activities or the presence of such article.
- B-3. *Association Does Not Insure.* Each Resident is solely responsible for insuring his or her personal property in the Unit and on the Condominium and/or property not covered by the Association's insurance, including his or her furnishings and automobile. Personal property placed in or on the Condominium shall be solely at the risk of the owner of such personal property. Each Resident is also solely responsible for such Resident's liability to third parties for occurrences within the Resident's Unit. The Association urges Owners and Residents to purchase property insurance on their personal belongings and liability insurance for occurrences within their Units and incidental damage resulting therefrom.
- B-4. *Risk Management.* No Resident shall permit anything to be done or kept in his or her Unit or the Common Elements which will result in the cancellation of insurance on any Unit, or any part of the Common Elements, or which may be in violation of any law.
- B-5. *Reimbursement for Enforcement.* An Owner shall promptly reimburse the Association for any expenses incurred by the Association in enforcing the Condominium Documents against the Owner, his or her Unit, or persons for whom the Owner is responsible.

B-6. *Reimbursement for Damage.* An Owner shall promptly reimburse the Association for the cost or damage to the Condominium caused by the negligent or willful conduct of the Owner or the persons for whom the Owner is responsible. Such Owner shall indemnify and hold the Association harmless for any such cost or damage.

C. OCCUPANCY STANDARDS

C-1. *Numbers.* A Unit (other than a Commercial Unit) may be occupied by no more than two (2) persons per bedroom, unless higher occupancy is mandated by public agencies that enforce compliance with the familial status protection of the Fair Housing Act. Notwithstanding the foregoing, if a couple who owns a Unit should adopt a child or give birth to a child or children and such birth or adoption would otherwise violate the two (2) persons per bedroom requirement, the couple and child or children may occupy the Unit until the child or children reach the age of two years.

C-2. *Danger.* The Association may prohibit occupancy by a person who constitutes a direct threat to the health or safety of other persons, or whose occupancy would result in substantial physical damage to the property of others, pursuant to the Fair Housing Act.

C-3. *Occupancy Defined.* Occupancy of a Unit (other than a Commercial Unit) for purposes of these Rules, shall mean occupancy of at least 30 continuous days or 60 non-continuous days in any 12 month period.

C-4. *Term of Lease.* A Unit may not be leased for hotel or transient purposes or for a term of less than twelve (12) months. Less than the entire Unit may not be leased.

C-5. *Written Leases.* Each lease must be in writing for a minimum of a six (6) month term, and shall be subject in all respects to the provisions of the Condominium Documents, as amended from time to time, and all instruments affecting title to the condominium property. Any failure by a tenant to comply with the terms of any such documents shall constitute a default under such lease enforceable by the Association as the intended third-party beneficiary of the same. An Owner shall provide the Board of Directors with a copy of each lease of that Owner's Unit.

D. GENERAL USE AND MAINTENANCE OF UNIT

D-1. *Residential Use.* Each Unit (other than a Commercial Unit) must be used solely for residential use, and may not be used for commercial or business purposes. This restriction shall not prohibit a Resident from using his or her Unit for a limited business purpose, provided that: (i) such use is incidental to the Unit's residential use; (ii) such use conforms to all applicable laws and ordinances; and (iii) there is no external evidence of such use and such use otherwise complies with the Declaration. In no event shall such limited business use unreasonably interfere with the quiet enjoyment of the other Owners of their Unit or involve the sale of goods or merchandise to the public. In addition, consultation with clients or customers at a Unit shall not be permitted. Notwithstanding

the foregoing, the use of a Unit for the maintenance of a personal or professional library; for the keeping of personal, business or professional records of accounts; or for the handling of personal business or professional telephone calls or correspondence shall not be deemed to be a violation of these provisions.

- D-2. *Commercial Use.* A Commercial Unit (i) may be open to the public daily from the hours of 10:00 a.m. to 6:00 p.m., at which time all business activities must cease and no new customers admitted; (ii) may be partitioned so that a Commercial Unit can be used for any number of Commercial Unit Purposes at any time; (iii) may install signage in the window or on the exterior of a Commercial Unit, but only after obtaining the prior written consent of the Board, and in accordance with all applicable laws and ordinances; and (iv) must otherwise comply with the restrictions on use applicable to a Commercial Unit set forth in the Declaration.
- D-3. *Annoyance.* No Unit (including a Commercial Unit) may be used in any way that: (i) may reasonably constitute a nuisance to other Unit Owners; (ii) may be calculated to reduce the desirability of the Condominium as a residential community; (iii) may endanger the health or safety of other Residents; or (iv) may violate any law or any provision of the Condominium Documents. Provided, however, it shall be taken into account in determining the occurrence of any violations of these rules, that due to its location in an urban setting in downtown Galveston, overall noise levels will be higher at GEC Lofts than if it were located in a suburban setting. Owners of residential units located in close proximity to a Commercial Unit may experience increased noise levels associated with the regular operation of a Commercial Unit during the permitted hours of operation.
- D-4. *Maintenance.* Each Owner, at his or her sole cost and expense, shall maintain his or her Unit and any Limited Common Elements appurtenant thereto in a clean, safe and sanitary condition. Each Owner shall also use due care to avoid damaging any of the Common Elements, including, but not limited to, telephone, water, gas, cable, television, plumbing, power or other utility systems throughout the Condominium, and each Owner shall be responsible for his or her negligence or misuse of any of the Common Elements or his or her own facilities resulting in damage to the Common Elements.
- D-5. *Water Closets.* Water closets and other water apparatus in the Units shall not be used for any purposes other than those for which they were constructed nor shall any sweepings, rubbish, rags, paper, ashes, or any other article be thrown into the same. Any damage resulting from misuse or clogging of any water closet or other apparatus shall be paid for by the Owner in whose Unit it shall have been caused.
- D-6. *Glass.* Each Owner, at his or her sole cost and expense, shall promptly repair and replace any broken or cracked glass in his or her Unit's windows and doors.
- D-7. *Air Conditioning Equipment.* Each Owner, at his or her sole cost and expense, shall maintain, repair, and replace the heating and cooling equipment/system serving solely his Unit. It is recommended that HVAC filters be changed monthly.

- D-8. *Combustibles.* No Owner shall use or permit to be brought into or stored in the Condominium (including within a Unit) any flammable oils or fluids such as gasoline, kerosene, naphtha, benzine, or other explosives or articles deemed extra hazardous to life, limb, or property without in each case obtaining the prior written consent of the Board of Directors.
- D-9. *Barbecue Grills.* Outdoor cooking grills shall be used only in such areas of the parking lot and adjacent landscaped area as may be designated by the Board of Directors from time to time. The Board of Directors reserves the right to prohibit or restrict the use of all or certain outdoor cooking grills if, in the Board of Directors' discretion, such grills constitute a fire hazard. The use of the fire escape for outdoor cooking grills is strictly prohibited. If the use of outside grills is permitted, (i) open fires must be supervised at all times; (ii) gas tanks must be properly used and maintained; (iii) no flames may be higher than the cooking surface; (iv) a grill may not be used near combustible materials; and (v) any such usage must be in full compliance and accord with the City of Galveston fire code.
- D-10. *Report Malfunctions.* A Resident shall immediately report to the Board of Directors his or her discovery of any leak, break, or malfunction in any portion of his or her Unit or the adjacent Common Elements for which the Association has a maintenance responsibility. The failure to report promptly a problem may be deemed negligence by the Resident, who may be liable for any additional damage caused by the delay.
- D-12. *Utilities.* Each Resident shall endeavor to conserve the use of utilities furnished through the Association, including water consumption within his or her Unit.
- D-13. *Frozen Water Pipes.* It is the duty of every Owner and Resident to protect water lines from freezing during winter months. Between November 1 and March 25 of any year, no Unit may be left unheated. During periods of anticipated below-freezing temperatures, water lines in exterior walls should be allowed to drip continuously, and cabinets enclosing plumbing lines should be left ajar. Dishwashers on exterior walls should not be used during and immediately after periods of extreme cold. Failure by an Owner or Resident to monitor the local weather and take appropriate precautions shall be deemed negligence.
- D-14. *Moving.* Trunks, furniture, appliances and heavy baggage shall be taken in or out of the Condominium by the designated route to and at the time designated by the Board of Directors for that purpose, and through the designated entrance only. All moving shall require prior reservation of the elevator with the Association.

E. GENERAL USE AND MAINTENANCE OF COMMON ELEMENTS

- E-1. *Intended Use.* Every area and facility in the Condominium may be used only for its intended and obvious use. For example, walkways, stairways, sidewalks, elevators, and driveways are to be used exclusively for purposes of access, not for social congregation

or recreation. The Common Elements shall not be used for storage of supplies, personal property, garbage or refuse of any kind (except common garbage receptacles or other similar structures which may from time to time be placed upon the Common Elements at the discretion of the Developer or the Board), nor shall the Common Elements be used in any way for the drying, shaking or airing of clothing or other items. No Owner shall do any act or place any object in his or her Unit which would create a structural hazard or endanger the structure of the Condominium or adjacent Units, nor shall any Owner construct or maintain any object in his or her Unit which exceeds the maximum weight-bearing capacity of the Condominium, which amount may be obtained from the Association upon request.

- E-2. *Grounds.* Unless the Board of Directors designates otherwise, Residents may not use or abuse any landscaped areas, lawns, beds, and plant materials on the Common Elements. The following are expressly prohibited: digging, planting, pruning, and climbing.
- E-3. *Abandoned Items.* No item or object of any type shall be stored, placed, or maintained anywhere on the General Common Elements, including without limitation the fire escape, window sills, passageways, and driveways, except with the prior written consent of the Board of Directors. Items of personal property found on General Common Elements are deemed abandoned and may be disposed of by the Association.
- E-4. *Fire Escape.* Use of the fire escape situated on the exterior of the Condominium (the “fire escape”) by the Owners is prohibited for any purpose whatsoever, other than in connection with an emergency that would necessitate the use of the fire escape to prevent loss of life or serious bodily injury. THE ASSOCIATION MAKES NO REPRESENTATION OR WARRANTY REGARDING THE CONDITION OF THE FIRE ESCAPE.

F. COMMUNITY ETIQUETTE

- F-1. *Courtesy.* Each Resident shall endeavor to use his or her Unit and the Common Elements in a manner calculated to respect the rights and privileges of other Residents.
- F-2. *Annoyance.* No unlawful, noxious or offensive activity shall be conducted or carried on in any Unit, or upon the Common Elements or anywhere else in the Condominium, nor shall anything be done therein or thereon which may be or become an annoyance or a nuisance to other Owners or the neighborhood or cause unreasonable noise or disturbance to others, or which shall interfere in any manner with any Owner’s quiet enjoyment of his or her Unit. Provided, however, it shall be taken into account in determining any violation of this provision, that due to its location in an urban setting in downtown Galveston, overall noise levels will be higher.
- F-3. *Noise and Odors.* Each Resident shall exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises or noxious odors that are likely to disturb Residents of other Units. The use or discharge of firearms, firecrackers or fireworks is expressly prohibited within or from the Condominium.

- F-4. *Reception Interference.* Each Resident shall avoid doing or permitting anything to be done that may unreasonably interfere with the television, radio, telephonic, or electronic reception on the Condominium.
- F-5. *No Personal Service.* The Association's employees and agents are not permitted or authorized to render personal services to Residents. Each Resident agrees that the Association is not responsible for any item or article left with or delivered to the Association's employees or agents on behalf of such Resident.
- F-6. *Compliance with Law.* Residents may not use the Condominium for unlawful activities. Residents shall comply with applicable laws and regulations of the United States and of the State of Texas, and with ordinances, rules, and regulations of Galveston, Texas. A Resident who violates this provision shall hold the Association and other Owners and Residents harmless from all fines, penalties, costs, and prosecutions for the Resident's violation or noncompliance.
- F-7. *Smoking.* Smoking is not allowed within the General Common Elements of the Building.

G. ARCHITECTURAL CONTROL

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

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

G-2. *Prohibited Acts.* No person may:

- a. Post or inscribe signs, notices, or advertisements on the Common Elements or in a Unit if visible from outside his or her Unit, including "For Sale" or "For Lease" signs.
- b. Place or hang an object in, on, from, or above the fire escape, any window, interior window sill, balcony, terrace, or patio that, in the opinion of the Board of Directors, detracts from the appearance of the Condominium.
- c. Hang, shake, or otherwise display linens, clothing, towels, rugs, shoes, mops, bedding or other similar items from the fire escape, windows, doors, balconies, patios, or passageways.
- d. Erect or install exterior horns, lights, speakers, aerials, antennas, or other transmitting or receiving equipment on the fire escape or an exterior wall or the roof, or cause anything to protrude through an exterior wall or roof.

- e. Place decorations on exterior walls, windows, or doors, or on the General Common Elements (including without limitation the fire escape).

G-3. *Window Treatments.* An Owner may install window treatments inside his or her Unit, at his or her sole expense, provided:

- a. Any window treatment, including drapes, blinds, shades, or shutters, must be clear or white when viewed from outside the Unit;
- b. Aluminum foil and reflective window treatments are expressly prohibited; and
- c. Window treatments must be maintained in good condition, and must be removed or replaced if they become stained, torn, damaged, or otherwise unsightly in the opinion of the Board of Directors.

G-4. *Board of Directors Approval.* To obtain the Board of Director's written consent for a modification, an Owner must submit to the Board of Directors complete plans and specifications showing the nature, kind, shape, size, materials, colors, and location for all proposed work, and any other information reasonably requested by the Board of Directors. The Board of Directors' failure to respond to the Owner's written request within 30 days after it receives the Owner's request shall be construed as no objection to the proposed changes.

G-5. *Construction and Contractor Rules.* Outside contractors are at the GEC Lofts Condominium at the invitation of the respective Unit Owner. In addition to applicable governmental laws, rules, regulations and ordinances, contractors are required to abide by the following rules and regulations so that Owners and other residents are not unduly disturbed by work-related activities:

HOURS. Working hours are Monday - Friday, 8:30 am - 4:30 pm. Contractors may arrive on the property no earlier than 8:00 am to prepare for work and must have cleaned up and have departed the premises no later than 5:00 pm. Any work involving impacting or drilling of the concrete slab is prohibited prior to 10:00 am. This includes the operation of impact hammers, rotary hammer drills, core drills, nail guns and the installation or removal of carpet tack strips.

PARKING. Parking spaces for contractors are located offsite, no provisions for contractor parking being made in the Condominium.

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

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

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

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

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

I. Insurance Provided by Contractor

A. Coverage	Minimum Limits of Liability
1. Worker's Compensation and Occupational Diseases Employer's Liability	Statutory Limits
2. Contractors' Comprehensive General Liability Insurance (including Contractors' Protective Liability, Completed Operations Liability and Broad Form Contractual Liability)	\$500,000
a. Comprehensive General Liability	
(1) Bodily Injury	\$500,000 each occurrence; \$500,000 aggregate
(2) Broad Form Property Damage	\$100,000 each occurrence; \$100,000 aggregate
(3) Personal Injury	\$500,000 aggregate
b. Comprehensive Automobile Liability insurance to include non-owner, hired or rented vehicles as well as owned vehicles:	
(1) Bodily Injury	\$250,000 each person; \$500,000 each occurrence
(2) Property Damage	\$100,000 each

3.	Completed operations and products liability coverage for a period of two years after date of final completion	occurrence Same limits set forth in (1) and (2), section 2a.
4.	Umbrella liability coverage in excess of the limits in subparagraphs 1, 2 & 3 above	Combined single limit of not less than \$1,000,000

B. Before commencing work, Contractor shall furnish Owner and GEC Lofts Condominium with certificates evidencing insurance as required above.

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

II. Notices

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

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

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

H. VEHICLE RESTRICTIONS

H-1. *Vehicle Operation.* Each Owner shall operate his or her vehicle in a safe and cautious manner while entering, exiting, or maneuvering within the parking area so as to minimize the risk of property damage and personal injury. To facilitate ease of access in the parking areas, all vehicles must be parked as far forward in each parking space as possible.

H-2. *Permitted Vehicles.* For purposes of these Rules, vehicles include automobiles, motorcycles, motorized bikes, passenger trucks, small vans, and similar passenger

vehicles. Vehicles not in operating condition shall not be parked, repaired or stored (on blocks or otherwise) upon the Condominium. Without limitation, a vehicle shall be deemed not to be in operating condition if same has expired or missing license tags or inspection stickers, or is incapable of being driven due to a mechanical condition of any kind. Boats, trailers, campers, motor homes, recreational vehicles, commercial vehicles, trucks (other than standard size pick-up trucks), and the like shall not be parked on the Condominium. No noisy or smoky vehicles may be operated on the Condominium. No motorcycles without mufflers shall be permitted on the Condominium.

- H-3. *Repairs.* Washing, repairs, restoration, or maintenance of vehicles is prohibited, except for emergency repairs, and then only to the extent necessary to enable movement of the vehicle to a repair facility.
- H-4. *Space Use.* Because of limited off-street parking, all parking spaces on the Condominium shall be used for parking purposes only, and may not be used for storage. No parking space shall be converted for living, recreational or business purposes, nor shall anything be stored in any parking space.
- H-5. *Guest/Service Vehicle Parking.* Parking for guests of any Owner or Resident shall not be within the Condominium unless said Owner or Resident notifies the Association of such temporary use within any parking space(s) designated for such Unit.
- H-6. *No Obstruction.* No vehicle may be parked in a manner that interferes with ready access to any entrance to or exit from the Condominium. No vehicle may obstruct the flow of traffic, constitute a nuisance, or otherwise create a safety hazard on the Condominium. No vehicle may be parked, even temporarily, in spaces reserved for other Owners, guests or service vehicles, in fire lanes, or in any area designated as “No Parking.”
- H-7. *Nuisances.* Each vehicle shall be muffled and shall be maintained and operated to minimize noise, odor, and oil or other fluids emissions. No Resident shall cause or permit the blowing of a horn of any vehicle in which such Resident or his or her guest or family shall be occupants while approaching or in the parking areas serving the Condominium. No vehicle may be kept on the Condominium if the Board of Directors deems it to be unsightly, inoperable, inappropriate, or otherwise in violation of these Rules.
- H-8. *Violations.* Any vehicle in violation of these Rules may be stickered, wheel-locked, and towed or otherwise removed from the Condominium by the Board of Directors, at the expense of the vehicle’s Owner. The Association expressly disclaims any liability for damage to vehicles on which the Association exercises these remedies for Rules violations.

I. TRASH DISPOSAL

- I-1. *General Duty.* Resident shall not litter Common Elements, shall endeavor to keep the Condominium clean, and shall dispose of all refuse in receptacles provided specifically

by the City of Galveston for that purpose. No garbage, trash, rubbish, waste, or waste bins or receptacles therefore shall be permitted to remain on any portion of the Common Elements, except on those days specifically scheduled for collection thereof and in areas specifically designated therefore.

- I-2. *Hazards.* Resident may not store trash inside or outside his or her Unit in a manner that encourages vermin, causes odors, or may permit the spread of fire. Before discarding coals, ashes, logs, or other materials used in barbecue grills or fireplaces, Resident shall ensure that the debris is thoroughly cold.
- I-3. *Excess Trash.* Each Resident shall place trash entirely within a trash container within the Building's trash receptacle and may not place trash outside, next to, or on top of the trash receptacle. If a trash receptacle is full, the Resident should hold his or her trash. Boxes and large objects should be crushed or broken down before placed in a trash receptacle. Trash receptacle doors are to be closed at all times when not in use. Each Resident shall arrange privately for removal of discarded furnishings or any unusually large volume of debris. Owner and Owner's contractors, subcontractors, agents, employees and other parties involved in any construction to or on such Owners' Unit shall confirm that any and all refuse, waste, trash, garbage, rubbish, remains, scraps, and other materials and supplies which are brought onto the Condominium by such parties, or any of them, is removed, at such Owner's expense, at such times, manners and locations as may be required by the Association.

J. PETS

- J-1. *Subject to Rules.* A Resident may not keep or permit on the Condominium a pet or animal of any kind, at any time, except as permitted by these Rules and the Condominium Documents.
- J-2. *Permitted Pets.* A Resident may keep small domestic animals such as birds, fish, dogs and cats within a Unit; provided, however, in no event shall an Owner keep more than two domestic animals such as cats and dogs within a Unit, and the aggregate weight of all such cats and dogs to be kept in a Unit shall not exceed fifty (50) pounds. All animals kept within the Condominium shall be registered with the Association in such manner as it shall require, may not be kept or bred for any commercial purpose and shall have the care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary condition. Notwithstanding the foregoing, permitted house pets also include specially trained animals that serve as physical aids to handicapped Residents, regardless of the animal's size or type.
- J-3. *Prohibited Animals.* No Resident may keep a dangerous or exotic animal, pit bull terrier, trained attack dog, or any other animal deemed by the Board of Directors to be a potential threat to the well-being of people or other animals. No animal or house pet may be kept, bred, or maintained for a commercial purpose.

- J-4. *Indoors/Outdoors.* A permitted pet must be maintained inside the Unit. No pet is allowed on General Common Elements unless carried or leashed. No pet may be leashed to any stationary object on the Common Elements.
- J-5. *Disturbance.* Pets shall be kept in a manner that does not disturb another Resident's rest or peaceful enjoyment of his or her Unit or the Common Elements. No pet shall be permitted to bark, howl, whine, screech, or make other loud noises for extended or repeated periods of time.
- J-6. *Damage.* Resident is responsible for any property damage, injury, or disturbance his or her pet may cause or inflict. Resident shall compensate any person injured by his or her pet. Any Resident who keeps a pet on the Condominium shall be deemed to have indemnified and agreed to hold harmless the Board of Directors, the Association, and other Owners and Residents, from any loss, claim, or liability of any kind or character whatever resulting from any action of his or her pet or arising by reason of keeping or maintaining such pet on the Condominium.
- J-7. *Pooper Scooper.* No Resident may permit his or her pet to relieve itself on the Condominium. Resident is responsible for the removal of his or her pet's wastes from the Common Elements. The Board of Directors may levy a fine against a Unit and its Owner each time wastes are discovered on the Common Elements and attributed to an animal in the custody of that Unit's Resident.
- J-8. *Removal.* If after (i) three (3) violations of this provision, (ii) ten (10) days' prior written notice to the Owner of such animal, if such Owner can be located, and (iii) an opportunity for such Owner to have a hearing before the Board, such animal is found to be in violation of this Section, the Owner of such animal shall remove the animal from the Condominium, failing which such animal may be taken from such Owner and given to the Society for the Prevention of Cruelty to Animals of Galveston County, Texas. If such Owner cannot be located, such animal may be given to the Society for the Prevention of Cruelty to Animals of Galveston County, Texas.

K. MISCELLANEOUS

- K-1. *Security.* The Association may, but shall not be obligated to, maintain or support certain activities within the Condominium designed to make the Condominium less attractive to intruders than it otherwise might be. The Association, its directors, committees, members, agents, and employees, shall not in any way be considered an insurer or guarantor of security within the Condominium, and shall not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. Each Owner, Resident, guest, and invitee on the Condominium assumes all risk for loss or damage to his or her person, to his or her Unit, to the contents of his or her Unit, and to any other of his or her property on the Condominium. The Association expressly disclaims and disavows any and all representations or warranties, expressed or implied, including any warranty of merchantability or fitness for any

particular purpose, relative to any security systems, equipment or measures recommended, installed or undertaken within the Condominium.

- K-2. *Right to Hearing.* An Owner may request in writing a hearing by the Board of Directors regarding an alleged breach of these Rules by the Owner or a Resident of the Owner's Unit. The Board of Directors will schedule a hearing within 30 days of receiving the Owner's written request. At the hearing, the Board of Directors will consider the facts and circumstances surrounding the alleged violation. The Owner may attend the hearing in person, or may be represented by another person or written communication.
- K-3. *Mailing Address.* An Owner who receives mail at any address other than the address of his or her Unit shall be responsible for maintaining with the Association his or her current mailing address. Notifications of change of name or change of address should be clearly marked as such. All notices required to be sent to Owners by the Condominium Documents shall be sent to an Owner's most recent address as shown on the records of the Association. If an Owner fails to provide a forwarding address, the address of that Owner's Unit shall be deemed effective for purposes of delivery.
- K-4. *Complaints.* Complaints regarding the service of the Condominium and grounds or regarding action of other Owners shall be made in writing to the Board.
- K-5. *Revision.* These Rules are subject to being revised, replaced, or supplemented. Owners and Residents are urged to contact the Association to verify the rules currently in effect on any matter of interest. These Rules shall remain effective until ten (10) days after the Association mails notice of an amendment or revocation of these Rules to an Owner of each Unit.
- K-6. *Other Rights.* These Rules are in addition to and shall in no way whatsoever detract from the rights of the Association under the Declaration, Bylaws, Articles of Incorporation, and the laws of the State of Texas.
- K-7. *Effective Date.* These Rules are the initial Rules of GEC Lofts Condominium Owner's Association, Inc. and shall become effective _____ 2005.

CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true, complete, and correct copy of the initial Rules of GEC Lofts Condominium Owner’s Association, Inc a Texas nonprofit corporation and condominium association, as adopted by the initial Board of Directors at its organization meeting on the _____ day of _____, 2005.

IN WITNESS WHEREOF, I hereunto set my hand this the _____ day of _____ 2005.

GEC LOFTS CONDOMINIUM OWNER’S ASSOCIATION, INC.

By: _____
Name: _____
Title: _____

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

Before me, the undersigned authority, on this _____ day of _____, 2005, personally appeared _____, _____ of GEC Lofts Condominium Owner’s Association, Inc., a Texas non-profit corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same on behalf of said corporation.

Notary Public, The State of Texas

[NOTARY SEAL]