

2007080106

CONDOMINIUM DECLARATION FOR EL CORTEZ VILLAS CONDOMINIUM

This Declaration is made and established on <u>Accember 14</u>, 2007 by Declarant

RECITALS

A Declarant is the fee simple owner of the property

B Declarant desires to create a condominium pursuant to the provisions of the Act.

C Declarant intends hereby to establish a plan for the individual ownership of estates in real property consisting of units and appurtenant undivided ownership percentage interests in the common elements

Now THEREFORE, Declarant does hereby submit the Property to the provisions of the Act and the Condominium established hereby, and does hereby publish and declare that the following terms provisions, covenants, conditions, easements, restrictions, reservations, uses, limitations, and obligations are hereby established and are deemed to be covenants running with the Land and are a burden and benefit to Declarant, the Association, the Owners and their respective heirs, legal representatives, successors, and assigns

ARTICLE I

DEFINED TERMS

Section 1.1 Defined Terms. Each capitalized term not otherwise defined in this Declaration or in the Map have the meanings specified or used in the Act As used in the Declaration, the following terms have the meanings set forth below

"Access Easements" means a perpetual, irrevocable, and non-exclusive easement and right of access and entry to each Unit and the Limited Common Elements, from time to time as may be reasonably necessary for (1) maintenance, repair, or replacement of any of the Common Elements thereon or accessible therefrom, (11) making of emergency repairs necessary to prevent harm or damage to the Common Elements, any Unit, or any occupant, (11) taking such measures as the Association deems necessary for the conservation of utilities, and (1v) such other reasonable purposes as are deemed by the Association to be necessary for the performance of the obligations of the Association as described herein. in the Act, or in the Bylaws

"<u>Act</u>" means the Uniform Condominium Act, Texas Property Code Chapter 82, as amended from time to time

"<u>Assessment</u>" means Monthly Assessments and Special Assessments established under this Declaration, together with dues, fees, charges, interest, late fees. fines, collection costs, attorney's fees, and any other amount due to the Association by the Owner of a Unit or levied against a Unit by the Association.

ļ

"<u>Association</u>" means Galveston El Cortez Villas Owners' Association, a Texas nonprofit corporation

"<u>Board</u>" means the board of directors of the Association, and their successors duly elected or appointed and qualified from time to time

"Building" means each building located on the Land in which the Units are located

"Bylaws" means the bylaws of the Association initially adopted by the Board, as amended from time to time

"<u>Capital Reserve Contribution</u>" means an amount equal to the Monthly Assessments multiplied by 3 to be contributed to the Association by each Owner other than Declarant, the Residential Unit Developer, and certain First Mortgagees, as provided in Section 8.3 of this Declaration.

"<u>Certificate</u>" means the certificate of formation of the Association filed with the Texas Secretary of State, as amended from time to time.

"<u>Common Elements</u>" means all portions of the Condominium other than the Units, and includes both the General Common Elements and the Limited Common Elements

"<u>Common Elements Easement</u>" means a perpetual, irrevocable, and non-exclusive easement over the General Common Elements for ingress and egress from each Unit, together with the non-exclusive right to use and enjoy the General Common Elements, and the exclusive right to use and enjoy the Limited Common Elements appurtenant to each Owner's Unit (subject to the rights of Owners to use and enjoy such Limited Common Elements if appurtenant to more than one Unit)

"<u>Common Expenses</u>" means all costs, expenses, and financial obligations of the Association, together with any allocation to reserves, made pursuant to the provisions of the Act, this Declaration, the Bylaws, or a resolution duly adopted by the Board

"<u>Condominium</u>" means the form of real property established by this Declaration with respect to the Property, in which portions of the Property are designated for separate ownership or occupancy and the remainder of the Property is designated for common ownership or occupancy solely by the Owners of such remainder, and containing a maximum of 11 Units, subject to the provisions of Section 8 of this Declaration.

"Declarant" means Galveston El Cortez Villas, LLC, a Texas limited liability company, whose address for notice is 74478 Highway 111. No. 322, Palm Desert, California 92203, and any successor party to whom Declarant shall expressly assign, in a writing filed for record in the Real Property Records of Galveston County, Texas, the rights, powers, privileges, duties, obligations, and/or prerogatives of Declarant Any such successor party will be required to assume in writing all obligations and duties of Declarant under this Declaration.

conveyance of a Unit to an Owner will not constitute a conveyance of any rights, powers, privileges, duties, obligations, and/or prerogatives of Declarant under this Declaration.

"<u>Declarant Control Period</u>" means the period commencing on the date of this Declaration and continuing not later than the 120^{th} day after conveyance of 75% of the Units to Owners other than the Declarant

"Declaration" mean this Condominium Declaration for El Cortez Villas Condominium and all recorded amendments thereto

"Development Rights" means a right or combination of rights to (1) add real property to the Condominium, (11) create Units, Common Elements, or Limited Common Elements within the Condominium, (111) subdivide Units, combine Units, or convert Units into Common Elements, (1v) withdraw any real property from the Condominium, and (v) exercise any other development rights permitted to be exercised by Declarant to the extent and only if permitted by this Declaration, and by the Act and at all times while Declarant owns any Unit or other real property interest in the Condominium, or for such lesser time as may be permitted by the Act

"<u>Easements</u>" mean the Access Easement, the Common Elements Easement, the Roof Easement, the Support Easement, the Utility Easement, and the Vertical Access Easement.

"First Lien Loan" means any indebtedness secured by a first and prior lien or encumbrance upon a Unit

"<u>First Mortgagee</u>" means any Person that is the holder, insurer, or guarantor of a First Lien Loan and that has provided the Association with written notice of its name, address, and description of the Owner's Unit upon which it holds the First Lien Loan

"<u>Garage Unit</u>" means a Garage Unit identified as such on <u>Exhibit B</u>, which must be used or occupied exclusively for the purpose of storing vehicles or other personal property A Garage Unit is inseparable from the Residential Unit to which it is appurtenant

"<u>General Common Elements</u>" mean all portions of the Common Elements that are not Limited Common Elements

"<u>Improvements</u>" mean the Building and all pavement, fencing, landscaping, recreational facilities, plumbing, electrical, telephone and telecommunication lines, computer cables and any other fixtures affixed to the Building and/or the Land

"Insurance Proceeds" means any and all proceeds received by an Owner from an insurance company as a result of a casualty loss in connection with a Unit

"Land" means that certain lot or parcel of real property located in Galveston County, Texas and more particularly described on <u>Exhibit A</u>, together with any and all rights and appurtenances pertaining thereto

"Map" means the plat and/or plans attached to this Declaration as Exhibit B

"<u>Owner</u>" means Declarant or any other Person who owns a Unit, but does not include a Person having an interest in a Unit solely as security for an obligation.

"<u>Past Due Rate</u>" means an interest rate to be determined from time to time by the Board, not to exceed the maximum permitted by law If the Board fails or refuses from time to time to determine a specific rate of interest, the Past Due Rate will be the greater of 18% per annum or the maximum interest rate permitted by law

"<u>Person</u>" means any individual, corporation, partnership, limited liability company, joint venture, estate, trust, unincorporated association, and any fiduciary acting in such capacity on behalf of any of the foregoing.

"Property" means the Land and the Improvements

"<u>Regulations</u>" mean the rules and regulations of the Association, and all amendments thereto, as from time to time adopted by the Board.

"<u>Rents</u>" mean any and all rental or other income received by an Owner of a Unit in connection with the leasing of an Owner's Unit

"<u>Residential Unit</u>" means a Residential Unit identified as such on <u>Exhibit B</u>, which must be used or occupied exclusively for single family residential purposes A Residential Unit is inseparable from the Garage Unit to which it is appurtenant

"<u>Residential Unit Developer</u>" means Declarant and any successor party to whom Residential Unit Developer expressly assigns, in a writing filed for record in the Real Property Records of Galveston County, Texas, the rights, powers, privileges, duties, obligations, and/or prerogatives of the Residential Unit Developer The conveyance of a Unit by the Residential Unit Developer to an Owner will not constitute a conveyance of any rights, powers, privileges, duties, obligations, and/or prerogatives of the Residential Unit Developer under this Declaration.

"<u>Roof Easement</u>" means a perpetual, nonexclusive easement over and above the entire surface of the roof of the Building for electric, telecommunications, transmitting, and similar equipment as specified in Section 3 5 2 of this Declaration.

"<u>Special Assessments</u>" means Assessments established by the Board under the provisions of Section 6.2 of this Declaration

"Special Declarant Rights" means rights reserved for the benefit of Declarant to (1) complete Improvements, if any, shown on the Map, (11) exercise any Development Right, (111) make the Condominium part of a larger condominium or a planned community, (1v) maintain the sales, management, and leasing offices, signs advertising the Condominium, and models described in Section 3 1 5 of this Declaration, (v) use easements through any Common Elements for the purpose of making improvements within the Condominium, the Property or any real

property that may be added to the Condominium, (vi) appoint or remove any officer or member of the Board of the Association during the Declarant Control Period, or (vii) exercise the rights and powers enumerated in Section 3.4 of his Declaration or any other similar rights permitted to be reserved to Declarant under the Act.

"<u>Support Easement</u>" means a perpetual and irrevocable easement for maintenance, repair, replacement, and improvement of all foundations, footings, columns, girders, support beams, and any and all other structural members that support, uphold, or are a part of the Building

"<u>Systems</u>" include without limitation all fixtures, equipment, pipes, lines, wires, computer cables, conduits, and other systems used in the production, heating, cooling, and/or transmission of air, water, gas, electricity, communications, wastewater, sewage, and audio, video, and other electronic medium signals

"Tenant" means any Person having the right to occupy a Unit pursuant to a lease granted by an Owner in accordance with this Declaration and the Regulations.

"Unit" means a physical portion of the Condominium that is designated for separate ownership or occupancy (the boundaries of which are depicted on the Map) and includes (i) all Systems which exclusively serve such Unit, whether within such Unit or not, and (ii) the finish materials, fixtures, and appliances contained within the Unit, but excludes (x) any of the structural components of the Building located in such Unit and (y) Systems which serve more than one Unit, all as subject to and further described in Section 82.052 of the Act. Unit also means collectively a Residential Unit and the Garage Unit to which it is appurtenant, together with an undivided ownership percentage interest appurtenant to such Residential Unit and corresponding Garage Unit in and to the Common Elements.

"<u>Utility Easement</u>" means all existing recorded easements for utilities and any additional utility easements which Declarant may grant

"<u>Vertical Access Easement</u>" means a perpetual and irrevocable easement for access through the stairways, the elevators, the elevator shafts, fire rooms, fire systems, and lobbies located within the Building

ARTICLE II

GENERAL PROVISIONS

Section 2.1 Creation of Units; Map.

2.1 1 The Property is hereby divided into fee simple estates comprised of 11 Units, each consisting of a separately designated Residential Unit and its corresponding separately designated Garage Unit, and each Unit's undivided interest in and to the Common Elements Each Unit, together with each Unit's undivided interest in the Common Elements, is for all purposes a separate parcel of and estate in real property. Accordingly, each such separate parcel of and estate in real property. Accordingly, each such separate parcel of and estate in real property shall be deemed to include the Common Elements Easement that is hereby granted and conveyed to each Owner by Declarant The separate parcels of and estates in real property designated hereby shall be created on the date of filing of this Declaration

in the Real Property Records of Galveston County, Texas, and shall continue until this Declaration is revoked or terminated in the manner herein provided

21.2 The Map includes the following: (1) a general description and diagrammatic plan of the Condominium, (11) the location and dimension of all real property subject to Declarant's Development Rights, (111) all Improvements, including each Unit showing its Building location, floor, and number and, by identifying Unit number as applicable, the Limited Common Elements appurtenant thereto, and (iv) such other information as is desirable or required pursuant to Section 82 054 of the Act, including a certification as to compliance with Section 82 059 of the Act It is expressly agreed, and each and every purchaser of a Unit, his heirs, executors, administrators, assigns, successors, and grantees hereby agree, that the square footage, size, and dimensions of each Unit and any Limited Common Elements appurtenant thereto, as set out and shown in this Declaration or on the Map, are approximate and are shown for descriptive purposes only, and that the Declarant does not warrant, represent, or guarantee that any Unit or any Limited Common Element actually contains or will contain the area, square footage, or dimensions shown on the Map Each purchaser and owner of a Unit or interest therein has had full opportunity (or will have had prior to closing on the purchase thereof) and is under a duty to inspect and examine the Unit and any appurtenant Limited Common Element purchased as actually and physically existing Each purchaser of a Unit, including any purchaser of a Unit from the Residential Unit Developer, hereby expressly waives any claim or demand which he may have against the Declarant, the Residential Unit Developer, or any other person whomsoever, on account of any difference, shortage, or discrepancy between the Unit and any appurtenant Limited Common Element as actually and physically construed or existing and as they are shown on the Map It is specifically agreed that in interpreting any deed, mortgage, deed of trust, or other instrument for any purpose whatsoever or in connection with any matter, the existing physical boundaries of the Unit or any Unit reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be boundaries, regardless of settling, rising, or lateral movement of the Building and regardless of variances between the boundaries shown on the Map and those of the Building. Further, the Declarant reserves the right to amend this Declaration and the Map to correct any such discrepancies, and such right may be exercised by (x) Declarant or the Residential Unit Developer at any time before the date 180 days after the sale and conveyance of the last Unit to a third party purchaser and (y) the Association at any time thereafter

Section 2.2 Allocation of Undivided Ownership Percentage Interests in Common Elements; Creation of Limited Common Elements.

2 2 1 The Common Elements must remain undivided. The undivided ownership percentage interest of each Owner in and to the Common Elements is set forth opposite the Unit numbers in Exhibit B attached hereto and made a part hereof under the heading "Percentage of Ownership." If at any time the undivided ownership percentage interest in and to the Common Elements is required to be reallocated by the Act or this Declaration, the formula to be used in establishing the allocations will be that set forth on Exhibit B

2.2 2 As part of the Declarant's Development Rights, the Declarant reserves the right to designate and assign portions of the General Common Elements as Limited Common

Elements for the exclusive use of an Owner of a Unit to which the portions so designated and assigned will become appurtenant The Declarant may make such designation and assignment in any one or more of the following ways (i) in a recorded instrument signed by the Declarant; (ii) in a deed to the Unit or Units to which such Limited Common Elements will be appurtenant; or (iii) in an amendment to this Declaration signed by the Declarant.

Section 2.3 Inseparability of Units; No Partition. Each Unit is inseparable, and must be acquired, owned, conveyed, transferred, leased, and encumbered only in its entirety A Residential Unit may not be acquired, owned, conveyed, transferred, leased, or encumbered separately from the Garage Unit to which it is appurtenant. In no event may a Unit held by more than one Owner be subject to physical partition and no Ownei or Owners may bring or be entitled to maintain an action for the partition or division of a Unit or the Common Elements; provided, that the Units are subject to combination and subdivision subject to compliance with the terms of this Declaration. Any purported conveyance, judicial sale, or other voluntary or involuntary transfer of an undivided ownership percentage interest in the Common Elements without the Unit to which such Common Elements are allocated or appurtenant, as the case may be, is void

Section 2.4 Permissible Relationships; Description.

2 4 1 A Unit may be acquired and held by more than one Person in any form of ownership recognized by the laws of the State of Texas

2 4.2 Any contract or other instrument related to the acquisition, ownership, conveyance, transfer, lease, or encumbrance of a Unit must be in writing and legally describe such Unit by its identifying Unit number, followed by the words "El Cortez Villas Condominium," with further reference to the recording data for this Declaration. Every such description will be good and sufficient for all purposes to acquire, own, convey, transfer, lease, encumber, or otherwise deal with such Unit. Any such description will be construed to include all incidents of ownership relating to a Unit.

Section 2.5 Mortgage of Unit. An Owner is entitled from time to time to mortgage or encumber such Owner's Unit, to the extent allowed by applicable law, but any lien created thereby is subject to the terms and provisions of this Declaration Any mortgagee or other lien holder who acquires a Unit through judicial or nonjudicial foreclosure, public sale, or other means shall be subject to the terms and provisions of this Declaration. An Owner who mortgages a Unit must notify the Association, giving the name and address of the Owner's mortgagee The Association will maintain such information in a book entitled "Mortgagees of Units" or similar title, and will notify an Owner's First Mortgagee, in writing, of any default by such Owner in the performance of such Owner's obligations as set forth in this Declaration if such Owner's First Mortgagee has requested from the Association such notice in writing. The Board may authorize the Association to enter into such agreements with any First Mortgagee as the Board may approve, subject to the provisions of the Act and other applicable law

Section 2.6 Alteration of Boundaries of Units. If an Owner owns, or if 2 or more Owners own, Units which adjoin horizontally (on the same floor), such Owner or Owners have

the right to relocate the boundaries between such adjoining Units by removing and relocating all or any part of any intervening partition, notwithstanding the fact that such partition may in whole or in part be a Common Element, so long as those acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Unit or the Building, provided, however, that the Owner or Owners have the right to relocate certain Common Elements located within such partition (such as pipes, flues, conduits, shafts, vents, ducts, wiring, and the like) so long as such relocation is performed in a good and workmanlike manner by capable and experienced workmen and such Common Elements are fully operational upon completion of such relocation. Notwithstanding the above, prior to the commencement of any such alterations, such Owner or Owners must submit to the Board of the Association for its approval the plans and specifications relating to such alterations The Board may approve, with or without conditions, or disapprove such plans and specifications in its discretion. The Board is deemed to have disapproved such plans and specifications if it fails to approve such plans and specifications in writing within 30 days after its receipt thereof In the event of approval, the Association will cause an appropriate instrument of amendment to this Declaration to be prepared, executed and recorded in accordance with the provisions of Section 93 hereof The instrument of amendment shall (1) contain such plats and plans as are necessary to show the relocation of the boundaries between the Units involved, which shall be certified as to their accuracy by a registered architect or engineer, (11) recite the occurrence of any conveyance between the Owners of the Units affected, (11) specify any reasonable reallocation of the aggregate percentage ownership interest in the Common Elements and percentage liability for expenses of the Association pertaining to the Units affected (provided, that the aggregate of the percentage ownership interests and percentage liabilities for expenses of the Units after such reallocation must be the same as the aggregate of such interests and liabilities prior to such reallocation), and (iv) specify any reallocation of any parking or other rights and Limited Common Elements designated to either of the Units affected The Association will cooperate reasonably with such Owner or Owners in effectuating such amendments to this Declaration, provided that all costs and expenses incurred by the Association in connection therewith, including attorney, architect, engineer, and management fees, must be paid exclusively by such Owner or Owners If any damage is caused to any load-bearing wall, Common Element, or other Owner's Unit as a result of an Owner's exercise of the rights granted hereunder, all such damage must be reimbursed by the Owner or Owners exercising such rights, the Association is entitled to assess the applicable Owner for such amount, and such assessed amount shall thereafter be considered an Assessment for purposes of this Declaration

Section 2.7 Changes in the Plans Initially Assigned to Each Unit. The Map includes a horizontal description of the floor plan of each Unit as it is currently constructed within the Building So long as Declarant or the Residential Unit Developer, or any assignee of their respective rights, is the Owner of the Unit, Declarant, on its own behalf and on behalf of the Residential Unit Developer and any other assignee of their respective rights, reserves the right to change, modify, or amend a floor plan assigned to a Unit, which change, modification or amendment may affect the size, appearance, Systems, and/or other components of the Unit to which such horizontal description relates If Declarant, the Residential Unit Developer, or such other assignee elects to change the floor plan assigned to a Unit, Declarant, the Residential Unit Developer, or such other assignee, as the case may be, must comply with Sections 82.059(f) and 82.060 of the Act by preparing, executing, and recording in the Real Property Records of

Galveston County, Texas an appropriate instrument of amendment to this Declaration The instrument of amendment must contain such plats and plans as are necessary to show the new boundaries of the affected Unit, which must be certified as to their accuracy by a registered architect or engineer

Section 2.8 Subdivision or Combination of Units. Subject to the provisions of Sections 2.6 and/or 2.7 above, a Unit may be subdivided into two or more Units, or two or more Units may be combined to form a single Unit, only upon the written approval of any such subdivision or combination by the Board of the Association, subject to any conditions which the Board may impose with respect thereto Notwithstanding the foregoing, each of Declarant and the Residential Unit Developer and their respective assignees may, at any time and from time to time during the Declarant Control Period, cause any Unit owned by any of them to be subdivided into two or more Units, or cause two or more Units owned by any of them to be combined to form a single Unit, as Declarant or the Residential Unit Developer or the assignee, as the case may be, in its sole and absolute discretion, may determine without the necessity of obtaining the approval of the Board If, in accordance with the preceding sentence, Declarant, the Residential Unit Developer, or an assignee causes a subdivision or combination of any Unit or Units to occur, Declarant, the Residential Unit Developer, or the assignee, as the case may be, must cause an appropriate amendment to this Declaration to be prepared and filed of record in the Real Property Records of Galveston County, Texas, in order to accurately describe and define the subdivided or combined Unit or Units and to specify any reasonable reallocation of the aggregate percentage ownership interest in the Common Elements and percentage liability for expenses of the Association pertaining to the affected Unit or Units (provided, that the aggregate of the percentage ownership interests and percentage liabilities for expenses of the Unit or Units after such subdivision or combination shall be the same as the aggregate of such interests and liabilities for the Unit or Units prior to such subdivision or combination)

ARTICLE III RESERVATIONS AND RESTRICTIONS

Section 3.1 Permitted Uses.

3.1.1 [Intentionally Omitted]

3 1 2 Except as hereinafter provided with respect to the Units owned by the Declarant, (1) no Residential Unit may be used or occupied for other than single family residential purposes; provided, however, that this prohibition will not be construed to prohibit an Owner from having a home office within his Residential Unit as part of the overall residential use of such Residential Unit, and (1) no Garage Unit may be used or occupied for other than the storage of vehicles or other personal property Each Unit will also be subject to limitations on use, occupancy, traffic, architectural standards, and such other matters as may set forth in the Regulations

3.1.3 For further clarity, any reference in this Declaration, the Bylaws, or the Regulations to the ability of an Owner to rent a Unit refers solely to rentals to the public for single family residential purposes conducted by the Owner, directly or through rental agencies or

real estate brokers, strictly in accordance with the Declaration, the Bylaws. and the Regulations, and specifically excludes the use or occupancy of Units under timeshare, fractional ownership, interval exchange (whether the exchange is based on direct exchange of occupancy rights, cash payments, reward programs or other point or accrual systems) or other membership plans or arrangements (collectively, "<u>Occupancy Plans</u>") through which a participant in an Occupancy Plan acquires an ownership interest in the Unit with attendant rights of periodic use and occupancy or acquires contract rights to such periodic use and occupancy of the Unit or a portfolio of accommodations including the Unit. Use of any Unit foi or under an Occupancy Plan is strictly prohibited.

Units may be leased, however, no Unit may be leased for transient or 314 hotel purposes or for any term of less than 12 consecutive months (except by the Declarant or Residential Unit Developer), and the lease of such Residential Unit must include the lease of the Garage Unit to which it is appurtenant No Owner of a Unit may lease less than an entire Unit. Any lease of a Unit must be in writing, must state that it is subject in all respects to the provisions of this Declaration, the Bylaws, and the Regulations, and must provide that any failure by the Tenant thereunder to comply with the terms and provisions of this Declaration, the Bylaws, or the Regulations will be a default under such lease A copy of each lease of a Unit must be delivered to the Association by the Owner promptly following execution Each Owner is responsible for such Owner's Tenant complying with this Declaration, the Bylaws, and the Regulations and must indemnify and hold the Association harmless from any loss, cost, expense, damage, or liability incurred by the Association as a result of such Tenant's actions or omissions In addition, the Board may (1) bring any action to evict a Tenant for the Tenant's violation of this Declaration, the Bylaws, or the Regulations, (11) bring an action to evict a Tenant who fails to pay the Association for the cost of repairs to Common Elements damaged by the Tenant; or (111) collect rents from a Tenant who is at least 60 days delinquent in the payment of any amount due to the Association Notwithstanding the Association's attempt to collect the cost of repairs to Common Elements damaged by the Tenant from the Tenant, the Owner is jointly and severally liable both in personam and in rem and may be assessed for such costs if not promptly paid by his Tenant

3.1.5 At all times while the Residential Unit Developer is the Owner of any Unit, the Residential Unit Developer may maintain sales, management, and leasing offices, signs advertising the Condominium, and models and other sales facilities in the Units The Residential Unit Developer may, upon prior written notice to all Owners, change the location of any Units used as offices or models, but may not increase the size or number of such Units except as otherwise provided herein or by amendment of this Declaration.

Section 3.2 Further Requirements of Use. Each Owner must maintain his Unit in a safe, clean, and sanitary condition (including without limitation the repair of the sources of any unintended water intrusion into the Unit and the repair of any water damage to the Unit, including any related mold growth), and must not maintain at such Unit, nor permit such Unit or the Limited Common Elements appurtenant thereto to become, a public or private nuisance Each Owner will as soon as is practicable notify the Association in writing of any unintended water intrusion into the Owner's Unit and any water damage to the Owner's Unit (including related mold growth, if any) No odors are permitted by an Owner to arise from his Unit, the

appurtenant Limited Common Elements of any portion thereof, that are offensive or detrimental to any other Owner or occupant No commercial use of a Unit by an Owner is permitted, provided, however, that this prohibition will not be construed to prohibit an Owner from having a home office within his Residential Unit as part of the overall residential use of such Residential Unit and in accordance the other terms of this Declaration

Section 3.3 Compliance with Declaration, Bylaws and Regulations. Each Owner and any occupant of any Unit automatically is deemed to have agreed to comply strictly with the provisions of this Declaration, the Bylaws, and the Regulations and all other agreements entered into by the Association in accordance with this Declaration. A failure or refusal to so comply with the provisions of any such instrument after written notice is grounds for an action to recover damages or sums due, with interest thereon at the Past Due Rate, or for injunctive relief, or both, and for reimbursement of all attorneys' fees and expenses incurred in connection therewith, which action may be maintained by the Board in the name of the Association on behalf of the Owners or by an aggrieved Owner. In addition, an Owner's voting rights in the Association and the Owner's or Owner's Tenant's right to use and enjoy the General Common Elements may be suspended by the Board by written notice during the period of such noncompliance.

Reservations by the Declarant. At all times while Declarant owns any Section 3.4 Unit or any other real property interest in the Condominium or for such lesser time as may be permitted by the Act, Declarant reserves, as a part of the Special Declarant Rights, the following rights (1) to establish, vacate, relocate, and use the Easements as set forth in this Declaration; provided, however, that no modification of any Easement shall have the effect of injuring or destroying a Unit or a Limited Common Element unless (A) the location of such Easement is shown on the Map, or (B) it is otherwise consented to by the Owner of such Unit or by the Owner to whose Unit such Limited Common Element is appurtenant, as well as by the First Mortgagee of any such Unit; (11) to include, in any instrument initially conveying a Unit, such additional reservations, exceptions, and exclusions as it may deem consistent with and in the best interests of the Owners and the Association; (iii) to have and use an easement over, under, and across any and all of the Common Elements to the extent that same may be necessary or useful in constructing, repairing, or completing the Units or as may be reasonably necessary for the exercise of any Special Declarant Rights or the performance of any obligations of the Declarant; and (1v) to exercise any Development Right

Section 3.5 Easements.

3.5 1 The Declarant and the Association have by virtue of this Declaration when recorded, and there is hereby granted and conveyed by the Owner of each Unit at the time each Owner accepts the deed to a Unit, the Access Easement, the Support Easement, the Utility Easement, and the Vertical Access Easement. The Owner of each Unit, by acceptance of the deed to a Unit, hereby grants the Declarant an irrevocable power of attorney, coupled with an interest, with full power and authority to locate, grant, create, and convey any additional utility easement. In addition, the Declarant has an easement through the Common Elements as may be reasonably necessary for discharging the Declarant's obligations or exercising the Special Declarant Rights under the Act or this Declaration

3 5.2 The Declarant hereby reserves for the benefit of Declarant and its successors and assigns the Roof Easement as an unmanned site for electronic, telecommunications, transmitting, and similar equipment The Declarant has the unrestricted right to lease or license the Roof Easement area or any part thereof for the purposes specified above. If required by the Association, Declarant will move or remove fixtures and/or improvements, as necessary, to permit the Association to maintain, repair, or ieplace the roof The Declarant is responsible for the cost of repairing Common Elements if such repairs are necessitated by the use or misuse of the Roof Easement The Association will not insure any fixtures or improvements installed pursuant to the Roof Easement and is not liable to Declarant or any other person for any loss or damage from any cause to the fixtures or improvements in the Roof Easement Declarant must indemnify the Association, its officers, directors, employees, agents and members, individually and collectively, against losses due to any and all claims for damages or lawsuits, by anyone, arising from any use or misuse of the Roof Easement The Declarant also reserves for itself and its licensees and assignees an access easement over and through the Property for ingress to and egress from the Roof Easement area. The Roof Easement is assignable by the Declarant and binds and inures to the benefit of the Declarant and its successors and assigns This subsection may not be amended without the written consent of the Declarant or its assignee

Section 3.6 Encroachments. To the extent that a Unit or Common Element encroaches on another Unit or Common Element, a valid easement for the encroachment exists by virtue of this Declaration.

Section 3.7 Mechanic's Liens; Indemnification. No labor performed or materials furnished and incorporated in a Unit with the consent or at the request of an Owner, his agents or representatives, shall be the basis for the filing of a lien against the Unit of any other Owner not expressly consenting to or requesting the same, or against the Common Elements Each Owner will indemnify and hold harmless each of the other Owners, the First Mortgagees of such other Owners, the Declarant, and the Association, and their respective agents, from and against all liabilities and obligations arising from the claim of any lien against the Unit of such other Owners or the Common Elements

ARTICLE IV

MATTERS REGARDING THE ASSOCIATION

Section 4.1 General. The Association has been incorporated as a nonprofit corporation under the Texas Nonprofit Corporation Law In addition to the powers conferred on the Association under the Certificate, the Bylaws and hereunder, the Association may take all actions authorized by Section 82 102 of the Act. Any and all actions taken by the Association pursuant to this Declaration, the Act, the Certificate, the Bylaws, and/or the Regulations are binding on all Owners This Declaration does not provide for any limitations or restrictions on the power of the Association or the Board

Section 4.2 Allocation of Votes in the Association. Each Owner is automatically a member of the Association, and possesses one vote with respect to each Unit owned by such

Owner All voting rights of an Owner may be suspended during any period that such Owner is delinquent for more than 30 days in the payment of any Assessment duly established pursuant to Article 6 Any matter described herein as requiring approval by a stated percentage or a majority of the Owners means a stated percentage or a majority of the allocated votes held by those Owners who are then eligible to vote

Section 4.3 Right of Action by Owners. Owners, acting collectively or individually, have the right to maintain actions against the Association or any other Owner for its or their failure to comply with the provisions hereof or to perform its duties and responsibilities hereunder

ARTICLE V

MAINTENANCE, ALTERATIONS, INSURANCE, TAXES AND UTILITIES

Section 5.1 Maintenance.

51.1 Each Owner, at the Owners sole cost and expense, must maintain the Owner's Unit (including, without limitation, all Systems that serve only or are a part of the Owner's Unit) in good condition and repair, in accordance with the requirements of Section 3 2, and must repair and, where appropriate replace, the fixtures and appliances therein contained and all interior doors and interior windows within the Unit and doors and windows servicing only such Owner's Unit No Owner is required to directly pay the cost and expense of structural repairs to such Owner's Unit or to the Common Elements unless caused by the willful or negligent misuse thereof by such Owner or the occupants or the invitees of such Owner, in which event such costs and expenses constitute the sole obligation of such Owner. Any maintenance and repair work done by or at the instance of an Owner must be done in a good and workmanlike manner using materials of equal or better quality than the original quality of the materials removed and/or replaced, and must be done in such a manner as not to impair the structural soundness or integrity or to alter the exterior appearance of any Common Element, the Building, or any Unit If an Owner fails to discharge the Owner's maintenance and repair obligations hereunder, the Association is entitled but not obligated to cause such work to be done, and the cost and expense thereof (together with interest thereon at the Past Due Rate from the date paid by the Association until the date such sum is repaid to the Association by such Owner) will be assessed against such Owner and secured by a lien upon such Owner's Unit Such lien may be enforced in the same method as is provided for the enforcement of Assessment liens pursuant to the provisions of Section 64 of this Declaration Damage to the interior of any Unit resulting from such maintenance, repair, or replacement activities by the Association, whether by reason of an emergency or otherwise, will constitute a Common Expense and be payable by the Association, provided, however, that if such maintenance, repairs, or replacements are the result of the misuse or negligence of an Owner or its guests or invitees, then such Owner is responsible and hable for all such damage and the Association is entitled to assess the applicable Owner for such amount, and such assessed amount will thereafter be considered an Assessment for purposes of this Declaration

5.12 Except as provided in the first sentence of Section 5.11 with respect to Systems that serve only or are part of one Unit, all Common Elements must be maintained by the

Association The Association will allocate the Owners' share of the cost and expense of such maintenance among the Owners in the same manner as their Monthly Assessments are allocated The Association must repair and, where applicable, replace the Common Elements (excepting only those portions of the Systems that serve only or arc part of an individual Unit), and the Association will establish and maintain an adequate reserve fund for such repair and replacement costs, to be funded by Monthly Assessments Nothing herein will be deemed or construed as relieving any Owner from liability or responsibility for damage to the Common Elements caused by the negligence or misconduct of such Owner or such Owner's Tenants, occupants or invitees

5 1.3 [Intentionally Omitted]

 $5\,1\,4$ In the event a dispute arises among Owners or between an Owner and the Association as to the proper party to bear a maintenance, repair, or replacement cost or expense, the Board shall be entitled to resolve such dispute, provided, however, that nothing herein will be deemed or construed as limiting an Owner's right to have the provisions of Section $5\,1\,1$ interpreted by a court of competent jurisdiction, provided further, however, that any such cost or expense so disputed must be paid in accordance with the determination of the Board pending final judgment in any such legal proceedings

Section 5.2 Prohibited Alterations. No Owner shall be entitled to alter, add to, or improve his Unit, or the Limited Common Elements appurtenant thereto, in a manner that will or might reasonably be expected to affect the structural soundness, integrity, or the exterior appearance of any of the Improvements (including without limitation the appearance from the exterior of the interior window treatment of a Unit or the exterior door of a Unit), any System that services more than one Unit, or any warranty in favor of the Association, without the prior written consent of the Board and in compliance with all Regulations established by the Association. In addition, no Owner is entitled to make any alteration, addition, or improvement to a Limited Common Element appurtenant to more than his Unit unless the prior written approval of the Association and all Owners having an interest therein is obtained. Any alterations, additions, and improvements made pursuant to this Section 5.2 will be made at the individual cost and expense of the Owner desiring to alter, add to, or improve the Unit or Limited Common Element

Section 5.3 Insurance.

5 3 1 The Association must obtain and maintain insurance coverage required pursuant to Section 82 111 of the Act and such additional coverage as the Association deems necessary or appropriate The premiums for all insurance coverage maintained by the Association constitute a Common Expense and are payable by the Association An Owner is responsible for obtaining and maintaining, at his sole cost and expense, property insurance covering all alterations, additions, betterments, and improvements made by an Owner to his Unit and all personal property located therein, and general liability insurance with respect to the use or occupancy of his Unit and the Limited Common Elements assigned to the Unit Nothing herein will be deemed or construed as prohibiting an Owner or Tenant, at his sole cost and expense, from obtaining and maintaining such further and supplementary insurance coverage as he may deem necessary or appropriate

532 The Board has the express authority, on behalf of the Association, to designate an authorized representative, including any trustee (or successor thereto), with whom the Association has entered into any insurance trust agreement, for the purpose of purchasing and maintaining the insurance required or permitted hereunder as well as for submission of and adjustment of any claim for loss, the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents and the performance of all other acts necessary to accomplish such purpose

533 By acceptance of a deed to a Unit, each Owner is deemed to have irrevocably appointed the Association (which appointment shall be deemed a power coupled with an interest), together with any insurance trustee, successor trustee, or authorized representative designated by the Association, as such Owner's attorney-in-fact for the purpose of purchasing and maintaining the insurance required or permitted to be maintained by the Association hereunder as well as foi submission of and adjustment of any claim for loss, the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purpose. The provisions of this Section do not apply to the insurance obtained by an Owner covering all alterations, additions, betterments, and improvements made by an Owner to his Unit, and all personal property located therein, to any general liability insurance obtained by an Owner with respect to the use or occupancy of his Unit and the Limited Common Elements assigned to the Unit, or to any other insurance obtained by an Owner

534 The Association or such insurance trustee, successor trustee, or authorized representative must receive and hold any proceeds of insurance in trust for the Owners and the First Mortgagees as their interests may appear Any proceeds paid under such policy must be disbursed in strict accordance with Sections 82.111(e), (f), and (i) of the Act.

535 The Association, and each Owner by his possession or acceptance of title to a Unit, hereby waives any and every claim that arises or may arise in its or his favor against any other Owner, the Association, or the Declarant for any and all loss of, or damage to, its or his property located within or upon, or constituting a part of, the Condominium, which loss or damage is covered by valid and collectible insurance policies, to the extent such loss or damage Inasmuch as the foregoing mutual waivers will preclude the 1s recoverable thereunder assignment of any of such claim by way of subrogation (or otherwise) to an insurance company (or any other party), the Association and each Owner immediately shall give, to each insurance company that has issued policies of insurance to such Owner, written notice of the terms of this mutual waiver, and cause such policies to be endorsed, if necessary, to prevent the invalidation of such coverage by reason hereof The Association may adopt reasonable rules and regulations relating to responsibility for payment of the deductible on any insurance obtained by the Association, which amounts will be payable by Owners in accordance with their Percentage of Ownership interest Each Owner by his possession or acceptance of title to a Unit, hereby waives any and every claim that arises or may arise in its or his favor against the Association or the Declarant for any and all loss of, or damage to, its or his property located within or upon, or constituting a part of, the Condominium, which loss or damage is caused by the Association's or

the Declarant's exercise of its rights under the Access Easement, except to the extent such loss or damage is caused by gross negligence or willful misconduct of any such Person.

Section 5.4 Taxes. Each Owner is responsible for and must pay when due all taxes, assessments, and other governmental impositions lawfully levied or assessed with respect to such Owner's Unit Any taxes, assessments, or other governmental impositions lawfully levied or assessed with respect to the Property not separately billed to the Owner's constitute a Common Expense and will be payable by the Association

Section 5.5 Utilities. Each Owner is responsible for and must pay all gas, electric, water, and wastewater charges relating to such services used in or serving only the Owner's Unit, to the extent such charges are separately metered. Any utility charges not so separately metered, including without limitation chilled water, water, and wastewater, and charges relating to such services used in connection with the use and maintenance of the Common Elements, constitute a Common Expense and will be payable by the Association

ARTICLE VI

ASSESSMENTS

Section 6.1 Monthly Assessments, Budget.

61.1 The Association possesses the right, power, authority, and obligation to establish a regular Monthly Assessment sufficient in the judgment of the Board to pay all Common Expenses when due Such Monthly Assessments so established will be assessed to the Owners in accordance with Section 6.3 and be payable by the Owners on the first day of each calendar month, and will be applied to the payment of charges for which the Association is responsible, including, without limitation, (1) charges relating to maintenance and repair of the Property not the responsibility of one or more, but less than all, of the Owners, (1) the costs and expenses incurred by the Association in maintaining the Common Elements, (iii) casualty, general liability, and other insurance coverage required or permitted to be maintained by the Association, (iv) governmental impositions not separately levied and assessed, (v) utilities relating to the Common Elements or not separately metered, (vi) professional services, such as management, accounting, and legal, and (vii) such other costs and expenses as may reasonably relate to the proper maintenance, care, operation, and management of the Property, and the administration of the Association and the Condominium, including an adequate reserve fund for the periodic maintenance, repair, replacement, and improvement of the Common Elements, which reserve fund shall be in addition to the Capital Reserve Contribution No consent or approval of the Owners is required for the establishment of the Monthly Assessments Collection of Monthly Assessments, as to each Owner, commences upon the acquisition by such Owner of title to his Unit Such Monthly Assessments are in addition to any funds designated as Capital Reserve Contributions pursuant to Section 8.3

612 Prior to the commencement of each fiscal year of the Association, the Board will prepare and deliver to each of the Owners a budget setting forth the anticipated Common Expenses for the ensuing year Such budget will be in sufficient detail so as to inform each Owner of the nature and extent of the Common Expenses anticipated to be incurred, and

will be accompanied by a statement setting forth each Owner's monthly share thereof, and the date as of which such Monthly Assessment commences No further communication is necessary to establish the amount of each Owner's obligation regarding the Monthly Assessment payable hereunder, and the failure of the Board to timely deliver the budget provided for herein in no event excuses or relieves an Owner from the payment of the Monthly Assessments contemplated hereby Any budget prepared and delivered to the Owners as hereby contemplated may be amended as and to the extent reasonably necessary, and the amount of an Owner's Monthly Assessment changed to correspond therewith, subject to the provisions of Section 6.9.

Section 6.2 Special Assessments. In addition to the Monthly Assessments contemplated by Section 6 1 above, the Association possesses the right, power, authority, and obligation to establish Special Assessments from time to time as may be necessary or appropriate in the judgment of the Board to pay nonrecurring Common Expenses relating to the proper maintenance, care, alteration, improvement, operation, and management of the Property, and the administration of the Association and the Condominium No consent or approval of the Owners is required for the establishment of a Special Assessment Nothing contained in this Section will be construed to limit the right of an Owner to alter, add to, or improve its Unit at such Owner's costs and expense in accordance with Section 5.2

Section 6.3 Obligation to Pay Assessments.

6 3 1 Each Owner shall be personally obligated to pay when due his share of all Assessments duly established. Unpaid Assessments due as of the date of the conveyance or transfer of a Unit shall not constitute a personal obligation of the new Owner (other than such new Owner's pro rata share thereof which is allocable to any periods of time after such new Owner acquired title to the Unit), however, the old Owner will continue to be personally liable for such unpaid Assessment No Owner is entitled to exempt himself from liability for his obligation to pay such Assessments by waiver of the use or enjoyment of the Common Elements, by an abandonment of his Unit, or by any action whatsoever. Any Assessment not paid within 10 days after the date due shall bear interest at the Past Due Rate from the date due until paid, and shall be recoverable by the Association, together with interest, reasonable late fees as determined and set by the Board from time to time, and all costs and expenses of collection, including reasonable attorneys' fees and expenses, by suit in a court of competent jurisdiction sitting in the county where the Land is located

6.3.2 Each Owner's share of the expenses of the Association and liability for Assessments is set forth on <u>Exhibit B</u> attached hereto under the heading "Percentage of Ownership" If at any time the "Percentage of Ownership" is required to be reallocated by the Act or this Declaration, the formula to be used in establishing the allocations shall be that set forth on <u>Exhibit B</u>

633 [Intentionally Omitted]

Section 6.4 Lien to Secure Payment of Assessments. The Declarant hereby reserves and assigns to the Association a lien, pursuant to the provisions of Section 82 113 of the Act, against each Unit, the Rents, if any, payable to the Owner of any Unit, and Insurance Proceeds received by the Owner of any Unit, to secure the payment of all Assessments and other amounts payable by an Owner to the Association hereunder, which lien shall be and constitute a lien and encumbrance in favor of the Association upon such Owner's Unit, the Rents, and any Insurance Proceeds The liens established herein are prior and superior to all other liens and encumbrances subsequently created upon such Unit, Rents, and Insurance Proceeds, regardless of how created, evidenced, or perfected, other than the lien securing the payment of a First Lien Loan (provided such hen securing the payment of the First Lien Loan was recorded prior to the date on which the assessment became delinquent) and the liens for unpaid taxes, assessments, and other governmental impositions Without in any way limiting the foregoing, the liens established herein are prior and superior to any lien for construction of improvements to the Unit or an assignment of the right to Insurance Proceeds on the Unit, even if the lien or assignment is recorded or duly perfected before the date on which the Assessment sought to be enforced becomes delinquent under this Declaration, the Bylaws, or the Regulations The liens and encumbrances created herein may be enforced by any means available at law or in equity, including without limitation a non judicial foreclosure sale of the Unit of a defaulting Owner, such sale to be conducted in the same manner as a contract lien set forth in Section 51.002 of the Texas Property Code (as now written or as hereafter amended) The Owner of each Unit, by acquisition of such Unit, grants to the Association a power of sale in connection with the Association's liens By written resolution, the Board may appoint, from time to time, an officer. agent, trustee, or attorney of the Association to exercise the power of sale on behalf of the Association. The Association may bid for and purchase the Unit, as a Common Expense, at any such foreclosure sale The Foreclosure by a First Mortgagee of a Unit in order to satisfy the First Lien Loan will extinguish the lien for any Assessments which became payable prior to the date of such foreclosure sale, but otherwise the conveyance of a Unit by an Owner will not extinguish the Association's lien for past due or future assessments In the event of a foreclosure by a First Mortgagee of a Unit in order to satisfy a First Lien Loan, and the extinguishment of the lien for any Assessments payable prior to the date of such foreclosure, the Owner who owned the Unit immediately prior to such foreclosure shall be and remain personally liable for such outstanding Assessments but the Person acquiring the Unit at such foreclosure, including without limitation the First Mortgagee if applicable, is not liable for the Assessments payable prior to the date of As used in the preceding two sentences, "foreclosure" means a judicial such foreclosure foreclosure of the lien securing a First Lien Loan, a non-judicial foreclosure pursuant to a private right of sale granted in the documents creating the lien securing a First Lien Loan, or a conveyance in lieu of foreclosure of the lien securing a First Lien Loan

Section 6.5 Commencement of Obligation to Pay Assessments. The obligation to pay Assessments begins on the first day of the calendar month following the date that the first Unit is conveyed by the Declarant to a third party purchaser Each Owner, including the Declarant, is obligated to commence payment of all Assessments against his Unit on such date Prior to the date the obligation to pay Assessments commences, the Declarant must pay all Common Expanses (excluding portions thereof allocable to reserves), provided, however, that nothing contained herein prevents Declarant from collecting from the purchaser of a Unit at closing any expenses, such as taxes and insurance, to the extent that Declarant prepaid on behalf of the Unit being purchased

Section 6.6 Redemption by Owner. The Owner of a Unit purchased by the Association, at a foreclosure sale of the Association's lien for Assessments, may redeem the Unit no later than the 90th day after the date of foreclosure To redeem the Unit, the Owner must pay to the Association all amounts due to the Association at the time of foreclosure sale, interest from the date of foreclosure sale to the date of redemption at the Past Due Rate, reasonable attorney's fees and expenses incurred by the Association in foreclosing the lien, any Assessment levied against the Unit by the Association after the foreclosure sale, and any reasonable costs incurred by the Association, as Owner of the Unit, including costs of maintenance and leasing Upon redemption, the Association will execute a special warranty deed to the redeeming Owner of the Unit The exercise of the right of redemption is not effective against a subsequent purchaser or lender for value without notice of the redemption after the redemption period expires unless the redeeming Owner of the Unit records prior to such date the deed from the Association or an affidavit stating that the Owner has exercised the right of redemption A Unit that has been redeemed remains subject to all liens and encumbrances of the Unit before foreclosure. All Rents collected from the Unit by the Association from the date of foreclosure sale to the date of redemption belong to the Association, but the Rents shall be credited against the redemption amount If the Association purchases a Unit at a sale foreclosing the Association's lien, the Association may not transfer ownership of the Unit during the redemption period to a person other than a redeeming Owner

Section 6.7 Notice of Default. If the Owner of a Unit defaults in the Owner's monetary obligations to the Association, the Association may, but is not required to, notify other lien holders of the default and the Association's intent to foreclose its lien. However, the Association must notify any First Mortgagee who has given the Association a written request for notification of a particular Owner's monetary default of the Association's intent to foreclose its lien as a result of such default

Section 6.8 Alternative Actions. Nothing contained in this Declaration prohibits the Association from taking any other legal action, including without limitation, accepting a deed in lieu of foreclosure, filing a suit for judicial foreclosure, or filing a suit to recover a money judgment for sums that may be secured by the lien

Section 6.9 Limitation on Increases of Contract Expenses. [Intentionally Omitted]

ARTICLE VII CASUALTY AND CONDEMNATION

Section 7.1 Loss or Damage. If the Property, or any part thereof, is damaged or destroyed by fire or other casualty, the Association must rebuild or repair the Property and collect and dispose of any proceeds of any casualty insurance policy in strict accordance with Section 82.111(e), (f), and (i) of the Act.

Section 7.2 Condemnation. If all or any part of the Property is taken of threatened to be taken by eminent domain or by action in the nature of eminent domain (whether permanent or temporary), the Association and each Owner are entitled to participate in proceedings incident thereto at their respective expense The Association must give such notice as it

receives of the existence of such proceeding to all Owners and to all First Mortgagees who have registered with the Association The expense of participation in such proceedings by the Association shall be a Common Expense The Association is specifically authorized to obtain and pay for such assistance from attorneys, appraisers, architects, engineers, expert witnesses, and other persons as the Association in its discretion deems necessary or advisable to represent or advise it in matters relating to such proceedings All damages or awards for any such taking will be collected, maintained, and disbursed in accordance with Section 82 007 of the Act Any restoration or repair of the Property following a partial condemnation must be performed in accordance with the provisions of the Act.

ARTICLE VIII

DEVELOPMENT PERIOD

Section 8.1 Initial Directors. The Board will be initially established by the Declarant as set forth in the Bylaws

Section 8.2 Declarant Control Period.

8 2 1 Except as otherwise provided in the Act, the Declarant has the right to appoint and remove members of the Board and officers of the Association during the Declarant Control Period If the Declarant voluntarily surrenders control prior to the end of the Declarant Control Period, the Declarant may require that specified actions of the Association or Board be subject to the Declarant's approval until the end of the Declarant Control Period.

 $8\,2\,2$ Not later than 120 days after Declarant has conveyed to Owners other than Declarant title to 50% of the Units in the Property, by number, an election will be held by the Association, pursuant to the Bylaws, for the election by Owners other than Declarant of one member of the Board (or such other number as represents not less than $\frac{1}{3}$ of the total membership of the Board)

8 2 3 Not later than the expiration of the Declarant Control Period, the Unit Owners will elect a Board of at least three members, who do not need to be Unit Owners

Section 8.3 Capital Reserve Contribution.

8 3 1 Each Owner [other than (1) the Residential Unit Developer, and (1) a First Mortgagee of a Unit or a purchaser succeeding to the rights of the Residential Unit Developer who acquires a Unit through foreclosure or deed-in-lieu of foreclosure of a First Mortgagee's lien against such Unit, but expressly excluding consumer purchasers of individual Units pursuant to any such foreclosure or deed-in-lieu of foreclosure] purchasing a Unit must, at the closing of the purchase of the Unit, contribute an amount to the Association equal to the Capital Reserve Contribution Such amount will be a contribution to the Association's reserve for capital improvements, will not be considered as an advance payment of Monthly Assessments, and will not be used as working capital or to pay operating expenses

832 The Capital Reserve Contribution, while it may be a part of the replacement reserves of the Association, is in addition to any reasonable reserves that may be assessed from time to time in accordance with Section 611

Section 8.4 Exercise of Development Rights. At all times while Declarant owns any Unit or any other real property interest in the Condominium, Declarant may exercise any or all of the Development Rights, unless prohibited by the Act from doing so.

ARTICLE IX MISCELLANEOUS

Reconstruction. When it has been determined by the Association or the Section 9.1 vote of Owners holding not less than 85% of the allocated votes that all or substantially all of the Common Elements can and should be renewed, reconstructed, renovated, or replaced (other than as may be called for under Section 7 1 above), the expenses thereof will be borne as a Common Expense and a Special Assessment maybe assessed therefor, provided, however, that any Owner not agreeing to such renewal, reconstruction, renovation, or replacement may give written notice to the Board within 10 days following such decision to renew, reconstruct, renovate, or replace that such Owner will sell his Unit or Units to the Association, for a cash price equal to the fair market value thereof If such Owner and the Board, acting as agent of and on behalf of the Association, can agree on the fair market value therefor, then such sale will be consummated within 30 days after such Owner and the Board agree upon the value. If the Owner and the Board are unable to agree upon the price, the date when either party notifies the other that they are unable to agree with the other as to such price or terms will be the "Commencement Date", from which all periods of time mentioned in this Section will be measured Within 10 days from the Commencement Date, the Owner and the Board will designate in writing (and give notice of such designation to the other party) the appraiser selected by each party, who must be a member of the Galveston Board of Realtors (or successor entity) and have been active in the sale of residential condominium units in the Galveston, Galveston County, Texas, area for a period of at least 5 years prior thereto. If either party fails to make such designation within the 10-day period, then the appraiser already designated by one of the parties will, within 5 days after the expiration of such 10-day period, appoint another appraiser, who must likewise be a member of the Galveston Board of Realtors (or successor entity) and have been active in the sale of residential condominiums units for a period of not less than 5 years prior thereto. If the two appraisers designated by the Owner and the Board (or selected pursuant to the provisions of the preceding sentence) are unable to agree upon the price of the Unit or Units within 10 days from the date of their designation or selection, then they will appoint a third appraiser, being subject to the same qualifications as herein set forth for the first two appraisers lf the two appraisers are unable to agree upon a third appraiser within 15 days from the date that such first two appraisers are appointed (or elected pursuant to the pieceding provisions hereof, if one party fails to designate an appraiser), then either the Owner or the Board, on behalf of both, may request such appointment of the third appraiser by the Senior Judge of the United States District Court for the Southern District of Texas, Galveston Division, acting in his individual capacity In the event of the failure, refusal, or inability of any appraiser so appointed to act, a new appraiser will be appointed in his stead in the same manner as hereinbefore provided for the appointment of such appraiser so failing, refusing, or so unable to act Each party must pay the fees and expenses of

the original appraiser (and any successor) appointed by (or on behalf of, if such party fails to designate an appraiser) such party The fees and expense of the third appraiser, and all other expenses, if any, will be borne equally by the Owner and the Board (which expenses borne by the Board will be paid as a Common Expense) A decision joined in by two of the three appraisers will be the decision of the appraisers. If two of the three appraisers do not agree, then the average of the two closest in mathematical determinations will constitute the decision of the appraisers. After reaching a decision, the appraisers will give written notice thereof to the Owner and the Board, whereupon the sale of such Unit or Units will be consummated at such price within 15 days thereafter.

Section 9.2 Revocation or Termination of Declaration. This Declaration may be revoked or the Condominium may be terminated, only by an instrument in writing, duly approved, executed, and acknowledged by those Owners holding not less than 90% of the votes allocated by this Declaration and not less than 100% vote of First Mortgagees Without in any way limiting the foregoing, until the first Unit 15 sold to a third party by the Declarant, the Declarant, acting alone and in its sole discretion, may revoke this Declaration or terminate the Condominium by an instrument in writing duly executed and acknowledged by the Declarant. Any instrument of revocation or termination shall be duly filed of record in the appropriate records of Galveston County, Texas If the Property is to be sold upon termination, the agreement effecting such termination shall also set forth the terms of such sale and comply with the provisions of Section 82.068(c) of the Act

Section 9.3 Amendment of Declaration. Unless otherwise prohibited by the Act, this Declaration may be amended at a meeting of the Owners at which the amendment is approved by the Owners of not less than 51% of the votes allocated to the Units; provided, however, no such amendment will be effective until subsequently ratified in writing by 51% of First Mortgagees of the Units (provided, that a First Mortgagee of a Unit will only be counted towards the satisfaction of this 51% requirement if the Owner of the Unit subject to the First Lien Loan of such First Mortgagee has also approved the amendment) Such amendment will be evidenced by a written instrument executed and acknowledged by an officer of the Association on behalf of the consenting Owners and filed of record in the county in which the Property is located Any such amendment so effected will be binding upon all of the Owners, provided however that except as permitted or required by the Act, no such amendment will (1) cause the alteration or destruction of a Unit or of a Limited Common Element unless such amendment has been consented to by the Owner and the First Mortgagee of the Unit that is to be altered or destroyed or by the Owner and First Mortgagee of a Unit to which the Limited Common Element that is to be altered or destroyed is appurtenant, (11) create or increase Special Declarant Rights, (111) increase the number of Units, (iv) change the boundaries of a Unit (except as permitted by Section 2.6, 2.7 and 2.8 of this Declaration), (v) change the use restrictions on a Unit, or (vi) change the formula or method for calculation of the "undivided ownership interest" or "percentage interest in liabilities", unless such amendment has been consented to by 100% of the votes of the Association The Association will give each First Mortgagee written notice of any proposed action or amendment requiring the approval of a First Mortgagee Notwithstanding the foregoing, no such amendment will become effective unless approved by the Declarant if the Declarant still owns one or more Units and the amendment would, in the Declarant's reasonable determination (a) increase or otherwise modify the Declarant's obligations, (b) reduce or modify

any Special Declarant Rights, or (c) materially inhibit of delay the Declarant's ability to complete the Improvements or to convey any portion of the Property owned by the Declarant. The Board or the Declarant, if the Declarant owns a Unit that has never been occupied, may without a vote of the Owners or approval of the Association amend this Declaration in any manner necessary to meet the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, or the Veterans Administration. In addition, the Declarant has the continuing right until the end of the Declarant Control Period, without the consent of other Owners or the representatives of any mortgagee, to amend this Declaration for the purpose of clarifying or resolving any ambiguities or conflicts herein, or correcting any misstatements, errors, or omissions herein, provided that no such amendment may change the stated number of Units of the undivided ownership percentage interest in the Common Elements attributable thereto (except as set forth in Section 212) In addition, the Declaration may also be amended in other ways as provided in Section 82 067(b) of the Act.

Section 9.4 Enforcement. The Board or any Owner shall have the right to enforce, by any proceedings at law or in equity, all terms and provisions of this Declaration, the Certificate, Bylaws, or Regulations Failure by the Board or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed to be a waiver of the right to enforce such covenant or restriction thereafter

Section 9.5 Partial Invalidity. In the event any provision of this Declaration, the Bylaws, or the Regulations is determined by a court of competent jurisdiction to be invalid or unenforceable, such determination will in no way impair or affect the validity or enforceability of the remainder of such instruments

Section 9.6 Conflicts. If any of the provisions of this Declaration, the Bylaws, of the Regulations conflict with the provisions of the Act or the Texas Nonprofit Corporation Law, the provisions of such statutes will control. If a conflict exists between the provisions of this Declaration, the Bylaws, or the Regulations, the provisions of this Declaration control over the Bylaws and the Regulations and the provisions of the Bylaws control over the provisions of the Regulations.

Section 9.7 Captions and Exhibits. Captions used in the various articles and sections of this Declaration are for convenience only. and they are not intended to modify or affect the meaning of any of the substantive provisions hereof. All exhibits are incorporated in and made a part of this Declaration

Section 9.8 Usury. It is expressly stipulated that the terms of this Declaration, the Bylaws, and the Regulations will at all times comply with the usury laws of the State of Texas If such laws are ever revised, repealed, or judicially interpreted so as to render usurious any amount called for hereunder or under the Bylaws or the Regulations or contracted for, charged or received in connection with any amounts due hereunder or under the Bylaws or the Regulations, or if the Association's exercise of any provisions hereof or of the Bylaws or the Regulations results in any party having paid any interest in excess of that permitted by applicable law, then it is the Association's and/or the Declarant's express intent that all excess amounts theretofore collected by the Association be credited on the principal balance of any

indebtedness (or. if the indebtedness has been paid in full, refunded to the payor), and the provisions of this Declaration, the Bylaws and the Regulations immediately be deemed reformed and the amounts thereafter collected be reduced, without the necessity of execution of any new document, so as to comply with then applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder

Section 9.9 Use of Number and Gender. Whenever used herein, and unless the context shall otherwise provide, the singular number shall include the plural, the plural number shall include the singular, and the use of any gender shall include all genders

Section 9.10 Non-Liability of Association, Declarant and Residential Unit Developer for Security. Without limitation of any other provision of this Declaration, each Owner and their Tenants, family, guests, and invitees. covenant and agree with respect to any and all security services, systems and facilities provided directly or indirectly by the Association as follows

9 10 1 Security is the sole responsibility of local law enforcement agencies and individual Owners, their Tenants, and their respective guests and invitees. It is acknowledged that the Association has no obligation whatsoever to provide security. Security services, systems, and facilities will be provided at the sole discretion of the Board. The provision of any security services, systems, and facilities at any time will in no way prevent the Board thereafter electing to discontinue or temporarily or permanently remove such security services, systems, and facilities or any part thereof

9 10.2 Any third party providers of security services (including those providing maintenance and repair of security systems and facilities) are independent contractors, the acts or omissions of which will not be imputed to the Association or its officers, directors, committee members, agents, or employees

9 10 3 Providing of any security services, systems, and facilities will never be construed as an undertaking by the Association to provide personal security or as a guarantee or warranty that the presence of any security service, systems, or facilities will in any way increase personal safety or prevent personal injury or property damage due to negligence, criminal conduct, or any other cause

9 10 4 EACH OWNER, BY HIS ACCEPTANCE OF A DEED TO A UNIT, SHALL BE DEEMED TO HAVE WAIVED, ON BEHALF OF SUCH OWNER AND SUCH OWNER'S OCCUPANTS, AND THEIR RESPECTIVE FAMILY MEMBERS, GUESTS, TENANTS, AND INVITEES, ANY AND ALL CLAIMS, NOW OR HEREAFTER ARISING AGAINST THE DECLARANT, THE RESIDENTIAL UNIT DEVELOPER, AND THE ASSOCIATION AND THEIR RESPECTIVE OFFICERS, DIRECTORS, COMMITTEE MEMBERS, MANAGER, AGENTS, AND EMPLOYEES ARISING OUT OF OR RELATING TO ANY INJURIES, LOSS, OR DAMAGES WHATSOEVER, INCLUDING WITHOUT LIMITATION ANY INJURY OR DAMAGES CAUSED BY THEFT, BURGLARY, TRESPASS, ASSAULT, VANDALISM, OR ANY OTHER CRIME, TO ANY PERSON OR PROPERTY ARISING, DIRECTLY

OR INDIRECTLY, FROM THE PROVIDING OR FAILURE TO PROVIDE ANY SECURITY SERVICES, SYSTEMS, AND FACILITIES, OR THE DISCONTINUATION, DISRUPTION, DEFECT, MALFUNCTION, OPERATION, REPAIR, REPLACEMENT, OR USE OF ANY SECURITY SERVICES, SYSTEMS, AND FACILITIES, WHETHER CAUSED OR ALLEGEDLY CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OF THE DECLARANT, THE RESIDENTIAL UNIT DEVELOPER, OR THE ASSOCIATION OR THEIR RESPECTIVE OFFICERS, DIRECTORS, COMMITTEE MEMBERS, MANAGER, AGENTS, CONTRACTORS, OR EMPLOYEES.

1 3121

with a serve

9 10 5 To the extent the release in this Section 9 10 is not deemed effective as to any Owner, his Tenant, or any family member, guest, or invitee of an Owner or a Tenant of a Unit, the Owner of each Unit hereby indemnifies and agrees to defend and hold harmless the Declarant, the Residential Unit Developer, and the Association, and their respective officers, directors, committee members, agents, and employees from and against any and all claims, actions, suits, judgments, damages, costs, and expenses (including attorney's fees, expenses, and court costs) arising from bodily injury (including, without limitation, mental anguish, emotional distress and death) and/or loss or damage to property suffered or incurred by any such Owner or Tenant of a Unit, or any family member, guest, or invitee of the Owner or Tenant of a Unit, as a result of criminal activity within or in the vicinity of the condominium, WHETHER CAUSED OR ALLEGEDLY CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OF THE DECLARANT, THE RESIDENTIAL UNIT DEVELOPER, THE ASSOCIATION, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, COMMITTEE MEMBERS, MANAGER, AGENTS, CONTRACTORS, OR EMPLOYEES.

9 10.6 Any obligation or hability of the Association that is borne by the Association because of an Owner not abiding by any such waiver, release, or indemnity obligation under this Section will be assessed by the Association against the Unit of the Owner who failed to perform such obligation giving rise to such hability, as an Assessment against such Unit and its Owner Nothing herein will make any Owner of a Unit hable to the Association or any other Unit Owner for bodily injury (defined above) and/or loss or damage to property of any other Owner or Tenant of a Unit, or their respective family members, guests or invitees.

Section 9.11 Governing Law. THIS DECLARATION AND THE CERTIFICATE, BYLAWS, AND REGULATIONS WILL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS. VENUE FOR ANY ACTION BROUGHT IN CONNECTION WITH THE CONDOMINIUM SHALL BE IN GALVESTON COUNTY, TEXAS

IN WITNESS WHEREOF, the Declarant has duly executed this Declaration on the day and year first set forth above

DECLARANI.

GALVESTON EL CORTEZ VILLAS, LLC

Kenneth Е Stemmer, Managing Member By Mark E LeBlanc, Managing Member

Ť ,

List of Exhibits

Exhibit A – Description of Land [Section 1.1] Exhibit B – Map of Condominium [Sections 1 1 and 2 1 2]

		Junification allowed and a solar fraction of a solar of a
THE STATE OF <u>California</u>	6	5 5 Commercian 4 15, 24 8 5 5 1 Norwy Intic - Curring 2 River Courty
COUNTY OF <u>Piverside</u>	5 §	Mychine

This instrument was acknowledged before me on the <u>14</u> day of <u>December</u>, 2007, by Kenneth E Stemmer, Managing Member of GALVESTON EL CORTEZ VILLAS, LLC, a Texas limited liability company, on behalf of said enuty. Δ

	Panela UCUSS Notary Public in and for the State of California
THE STATE OF <u>California</u> COUNTY OF <u>Pivenside</u>	S Rive for County of Social 2008

This instrument was acknowledged before me on the <u>14</u> day of <u>Dicember</u>, 2007, by Mark E LeBlanc, Managing Member of GALVESTON EL CORTEZ VILLAS, LLC, a Texas limited liability company, on behalf of said entity.

Pomela ULBS Notary Public in and for the State of <u>Californic</u>

RECORDER'S MEMORANDUM At the time of recordation, this instrument was found to be inadequate for the best photograph reproduction boc.sues of illegibility, carbon of photo copy, discolored paper, etc. All blackouts additions and changes were present at the time the instrument was field and recorded.

CONSENT OF MORTGAGEE

The undersigned financial institution, being the owner and holder of an existing mortgage lien upon and against the Land and Impiovements described as the Property in this Condominium Declaration, hereby consents to the Declaration and to the recording of same for submission of the Property to a condominium regime pursuant to the Texas Uniform Condominium Act

This consent shall not be construed or operate as a release of said mortgage or liens owned and held by the undersigned, or any part thereof.

Verember 2007. Signed the 20 day of

HomeTown Bank, National Association

By: Name: GANI Title .

Exhibit A

Description of Land

Lots 1 and 2, and the West 25 feet, 8 inches of Lot 3, in Block 201, in the City and County of Galveston, Texas

[see also the site/land map on the following page]



EXHIBIT "B" PERCENTAGE OF BUILDING OWNERSHIP EL CORTEZ VILLAS CONDIMINUM 902 KEMPNER GALVESTON, TX 77550

LEGAL DESCRIPTION:

LOT 1, LOT 2 AND THE ADJOINING WEST 25.67 FEET OF LOT 3, IN BLOCK 201, OF THE CITY AND COUNTY OF GALVESTON, TEXAS.

OWNER: KENNETH STEMMER MARC E. LEBLANC GALVESTON EL CORTEZ VILLAS, LLC

ON BOL

(SF = SQUARE FEET BUILDING "A": UNIT NO. 1 - 845.0 SI UNIT NO. 2 - 969.5 S UNIT NO. 3 - 612.7 S UNIT NO. 4 - 761.7 S UNIT NO. 5 - 847.7 S UNIT NO. 6 - 952.9 S UNIT NO. 7 - 690.0 S UNIT NO. 8 - 683.5 S	GARAGES: 1 - 232 SF F 2 - 232 SF F 3 - 232 SF F 4 - 232 SF F 5 - 232 SF F 5 - 232 SF F 6 - 232 SF F 7 - 232 SF	PERCEN	<u>FOTAL SF</u> <u>ITAGE OF OWNERSHIP:</u> 1077.0 SF (9.65 %) 1201.5 SF (10.76 %) 844.7 SF (7.57 %) 993.7 SF (8.90 %) 1079.7 SF (9.67 %) 1184.9 SF (10.61 %) 922.0 SF (8.26 %) 915.5 SF (8.20 %)		
(SF = SQUARE FEET <u>BUILDING "B":</u> UNIT NO. 9 - 820.0 UNIT NO. 10 - 683.6 UNIT NO. 11 - 747.2	<u>GARAGES:</u> SF 9 – 232 SF SF 10 – 232 SF	PERCEN	<u>TOTAL SF</u> <u>ITAGE OF OWNERSHIP:</u> 1052.0 SF(9.42 %) 915.6 SF(8.20 %) 977.8 SF(8.76 %)		
<u>TOTAL:</u> 8,613.8	SF 2,550.6 SF	·······	11,164.4 SF (100 %)		
PAGE 1 OF 5					
c \mydocs\jobs\galvestont	vik201 doc	H	J.W. GARTRELL, JR. 1 1448 1000 SUNVETON		
	GULF COAST ENG				
	P.O. BOX 343 LAMARGU	TEL 400-136-2452			
	TE REY:	TEL 281-488-6969 FAX 409-936-9347			











Exhibit B

- - - -

Map of Condomnium

[foilows this page]

FILED AND RECORDED



- F - F

OFFICIAL PUBLIC RECORDS May lan Daigle

2007080105

December 20, 2007 02 05 30 PM FEE \$156 00 Mary Ann Daigle, County Clerk Galveston County, TEXAS

M \Stemmer\El Cortez Villas\Declaration - El Cortez Villas (WHW 120407) doc