

004-04-1967

RECORDER'S MEMORANDUM:

At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All blockouts, additions and changes were present at the time the instrument was filed and recorded.

CONDOMINIUM DECLARATION

FOR

HARBOR EAST CONDOMINIUMS, INC.

8533345

KNOW ALL MEN BY THESE PRESENTS:

That WHEREAS, DWELLING DEVELOPMENT, INC., a Texas corporation, hereinafter called "Declarant," is the owner of a certain tract of land and the improvements thereon, situated in Galveston County, Texas, which property is more particularly described on the attached Exhibit "A" which, by this reference, is made a part hereof; and

WHEREAS, Declarant desires to establish a condominium project under the Condominium Act of the State of Texas; and

WHEREAS, Declarant does hereby establish a plan for the ownership in fee simple of the real property estates consisting of the area or space contained in each of the units in the building improvements and the co-ownership by the individual and separate owners of all of the remaining property, which remaining property is hereinafter defined and referred to as the Limited and General Common Elements;

NOW, THEREFORE, Declarant does hereby publish and declare that the following terms, covenants, conditions, easements, restrictions, uses, limitations and obligations shall be deemed to run with the land, shall be a burden and a benefit to Declarant and any person or entity acquiring or owning an interest in the real property and improvements, their heirs, personal representatives, devisees, successors and assigns.

1. Definitions. Unless the context shall expressly provide otherwise:

(a) "Unit" means an individual air space unit which is contained within the perimeter walls, floors, ceilings, windows and doors of such unit (and the individual patio or balcony appurtenant to such unit, if applicable), all as shown on the Condominium Map filed herewith together with all fixtures and improvements therein contained but not including any of the structural components of the building in which such units are located.

(b) "Condominium Unit" means the fee simple interest and title in and to a unit together with the undivided interest in the General and Limited Common Elements thereto.

(c) "Owner" means a person, firm, corporation, partnership, association or other legal entity, or any combination thereof, who owns one or more Condominium Units.

(d) "General Common Elements" means and includes the land described in Exhibit "A"; all utility lines, including sewerage, water, gas and electricity; any swimming pool equipment; club room, utility rooms (which includes laundry rooms and mechanical rooms) and storage rooms as shown on Exhibit "B"; roads; yards; shrubs; trees; walks; parking spaces; pavement; foundation; roof; exterior walls; chimneys; and all other areas of such land and the improvements thereon necessary or convenient to its existence, maintenance and

safety which are normal and reasonably in common use, including the air above such land, all of which shall be owned by the owners of the separate units except where specifically designated "Limited Common Elements," as that term is defined in Paragraph 1(e), hereof, each such owner of a unit having an undivided percentage interest in such General Common Elements as set forth in Exhibit "C" attached hereto.

(e) "Limited Common Elements" means those common elements which are either limited to and reserved for the exclusive use of an owner of a condominium unit or are limited to and reserved for the common use of more than one but fewer than all of the condominium owners. The Limited Common Elements shall be:

(i) the structural and other commonly used components of each building and the utilities, sewers, power, water and other common lines running through the walls, ceiling or floor of each unit; and

(ii) where applicable, any parking spaces reserved for the exclusive use of each unit and any stairways, balconies and patios reserved for the exclusive use of one or more units; such parking spaces, stairways, patios, and balconies being shown on the attached Exhibit "B" wherein unit numbers shown on such parking spaces, stairways, patios and balconies and followed by the letter "L" correspond to the unit number or unit numbers for which such parking space, stairway, patio or balcony is exclusively reserved.

(f) "Condominium Project" means all of the land and improvements submitted by this Declaration.

(g) "Common Expenses" means and includes expenses for maintenance, repair, operation, management and administration; expenses declared common expenses by the provisions of this Declaration and the Bylaws of HARBOR EAST CONDOMINIUMS, INC.; and all sums lawfully assessed against the General Common Elements by the Board of Managers of the Association.

(h) "Association of Unit Owners" or "Association" means HARBOR EAST CONDOMINIUMS, INC., an incorporated non-profit association, its successors and assigns, the Bylaws of which shall govern the administration of this condominium property, the members of which shall be all of the owners of the condominium units.

(i) "Building" means one or more of the building improvements containing units as shown on the map.

(j) "Map" means and includes the engineering survey of the land locating thereon all of the improvements, and any other drawing or diagrammatic plan depicting a part of or all of the improvements and land.

(k) "Phase" means the portion of development that this Condominium Declaration shall apply to.

2. Condominium Map. Attached hereto and incorporated herein for all purposes as Exhibit "B" is the Map. The Map sets forth, among other things, the legal description of the land and a survey thereof showing the location of each building designated by letter, a general description and plat of each unit showing its square footage, building location, floor and unit number and a general description and plat of each carport, if any, appropriately numbered, all as set forth and depicted on Exhibit "B" hereto.

Declarant reserves the right to amend the Map, from time to time, to conform the same according to the actual location of any of the improvements and to establish, vacate and relocate easements, access roads easements and on-site parking areas.

3. Division of Property into Condominium Units. The tract of land described in Exhibit "A" hereto and the improvements thereon are hereby divided into the following fee simple estates:

The separately designated units and the undivided interest in and to the General Common Elements and the Limited Common Elements appurtenant to each unit.

Declarant reserves the right to:

(a) physically combine the space within one unit with the space within one or more adjoining units;

(b) combine a part of or combination of parts of the space within one unit with part or parts of space within one or more adjoining units; and

(c) divide into separate units, the space of one unit.

In the event Declarant performs any such acts, Declarant shall amend this Declaration to reflect such changes and to indicate the ownership of each such combined or divided unit.

4. Common Elements. Common elements are composed of General Common Elements and Limited Common Elements as defined in Paragraph 1 hereof. No reference thereto, whether such Common Elements are limited or general, need be made in any deed or other instrument, and reference is made to the provisions of Paragraph 8 of this Declaration.

5. Interest in and to the General Common Elements and Limited Common Elements. Declarant is initially constructing 26 Units on the project site. The interests in the Common Elements as listed on Exhibit "C" attached hereto are based upon the initial 26 units on the project site. It is the intention of Declarant, however, to complete the project and to build 64 additional condominium units for a total of 90 units. The interests in the Common Elements as listed on Exhibit "E" attached hereto are based upon the completed project. In the event that Declarant builds the additional 64 units presently contemplated, (although Declarant specifically reserves the right not to do so), upon notice in writing by Declarant to the Homeowner's Association upon completion of such additional units, the percentage interests in and to the General Common Elements and Limited Common Elements shall automatically change to the percentages as set forth on Exhibit "E" without the necessity of any vote by the unit owners, lienholders or mortgagees approving such change.

6. Utilities. All expenses incurred for the service of electricity, gas and water for all units shall be regarded as Common Expenses and assessed in accordance with Paragraph 25 hereof, to the extent not separately metered and/or charged to the individual units.

7. Inseparability of a Condominium Unit. Except as provided in Paragraph 3 hereof, each unit, the appurtenant undivided interest in the General Common Elements and the appurtenant Limited Common Elements shall together comprise one condominium unit, shall be inseparable and may be sold, assigned, leased, devised or encumbered only as a condominium unit.

8. Description of Condominium Unit. Every contract for the sale or lease of a condominium unit prior to the filing for record of the Map may legally describe a condominium unit by its identifying number and/or address as set forth for each unit on Exhibit "B" attached hereto, followed by the words "HARBOR EAST, a Condominium," with further reference to the Map thereof and the Declaration to be filed for record. Subsequent to the filing of the Map and the recording of the Declaration, every deed, lease, mortgage, deed of trust, will or other instrument may legally describe a condominium unit by its identifying number and/or address as shown on Exhibit "B", followed by the words, "HARBOR EAST CONDOMINIUMS, INC." with further reference to the Map attached hereto as Exhibit "B". Every such description shall be good and sufficient for all purposes to sell, convey, transfer, encumber or otherwise affect not only the unit but also the General Common Elements and the Limited Common Elements appurtenant thereto. Each such description shall be construed to include a non-exclusive easement for ingress and egress to an owner's unit and use of all the General Common Elements, together with the right to the exclusive use of the Limited Common Elements appurtenant to the unit described. The initial deeds conveying each condominium unit may contain reservations, exceptions and exclusions which the Declarant deems to be consistent with and in the best interests of all condominium unit owners and the Association.

9. Separate Assessment and Taxation - Notice to Assessor. Declarant shall give written notice to the Assessor of the County of Galveston, State of Texas, of the creation of Condominium ownership in this property so that each unit and the undivided interest in the Common Elements appurtenant thereto shall be deemed a parcel and subject to separate assessment and taxation.

10. Ownership - Title. A condominium unit may be held and owned by more than one person in any real property relationship recognized under the laws of the State of Texas.

11. Membership, Voting, Quorum, Proxies.

(a) Membership. Any person on becoming an Owner of a Condominium Unit shall automatically become a Member of the Association. Such membership shall terminate without any formal Association action whenever such person ceases to own a condominium unit, but such termination shall not relieve or release any such former owner from any liability or obligation incurred under or in any way connected with HARBOR EAST CONDOMINIUMS, INC. during the period of such ownership and membership of the Association, or impair any rights or remedies which the Board of Directors of the Association or others may have against such former Owner or Member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto. No certificates of stock shall be issued by the Association, but the Board of Directors may, if it so elects, issue one (1) membership card to the Owner(s) of a condominium unit. Such membership card shall be surrendered to the Secretary whenever ownership of the condominium unit designated thereon shall terminate.

(b) Voting. Unit ownership shall entitle the Owner(s) to cast one (1) vote per unit in the affairs of the Association, which vote will be weighted to equal the proportionate share of ownership of the Unit Owner in the Common Elements. Voting shall not be split among more than one (1) Unit Owner. The present number of votes that can be cast by the Unit Owners is 26. In the event that Declarant builds the additional 64 units presently contemplated, the number of votes that can be cast by the Unit Owners is 90. The combined weighted votes calculated in accordance with Exhibit "C" or "E" shall equal 100%.

004-04-1971

(c) Quorum. The majority of the Unit Owners as defined in Paragraph 11.b. shall constitute a quorum.

(d) Proxies. Votes may be cast in person or by proxy. Proxies may be filed with the Secretary before the appointed time of each meeting.

12. Non-Partitionability of General Common Elements. The General Common Elements shall be owned in common by all of the owners of the units and shall remain undivided, and no owner shall bring any action for partition or division of the General Common Elements. Nothing contained herein shall be construed as a limitation of the right of partition of a condominium unit between owners thereof, but such partition shall not affect any other condominium unit.

13. Use and Occupancy. After the initial sale or transfer by Declarant, all units shall be used and occupied for single family residence purposes by the owner, by the owner's family or the owner's guests; provided, however, that subject to the terms of Paragraph 30, an owner shall have the right to rent his unit upon such terms as he deems advisable, including rental for daily, weekly, and monthly terms; and provided further, if any mortgagee forecloses on any unit, said mortgagee shall have the right to rent said unit upon such terms as it deems advisable until the unit is sold. In the event of such sale, the buyer shall be subject to the terms of this Declaration of Condominium and the Bylaws of the Homeowner's Association. Notwithstanding any of the foregoing, the right of Declarant to rent or lease units until their initial transfer to a third party is hereby specifically reserved.

Declarant and its employees, representatives, and agents may maintain a business and sales office, model units and other sales facilities necessary or required during the sales periods and may post any signs to further such sales as it deems necessary. Declarant may display signs on the Condominium Project for the purposes of selling or renting unsold units at any time. The Managing Agent, if any, may maintain an office in one of the units in the Condominium Project for the purposes of managing the condominium units within this Condominium Project.

In addition to the spaces sold along with each unit, there will be 8 spaces reserved for guest parking. The remaining spaces may be purchased by unit owners for \$2,500.00 each and will then become part of the Limited Common Elements appurtenant to the purchaser's unit.

No Unit Owner shall park, store or keep any vehicle, except wholly within the parking space designated therefor, and any inoperable vehicle shall not be stored in a parking space or within the Common Elements in general. No Unit Owner shall park, store or keep within or adjoining the property any large commercial-type vehicle (dump truck, cement-mixer truck, oil or gas truck, delivery truck and any other vehicle equipment, mobile or otherwise, deemed to be a nuisance by the Board). No Unit Owner shall park, store or keep within or adjoining the property (except that Unit Owner's designated parking space), any recreational vehicle (camper unit, motor home, truck, trailer, boat, mobile home or other similar vehicle deemed to be a nuisance by the Board). No Unit Owner shall conduct major repairs or major restorations of any motor vehicle, boat, trailer, aircraft or other vehicle upon any portion of the Common Elements. Parking spaces shall be used for parking purposes only.

14. Easements for Encroachments. If any portion of the General Common Elements encroaches upon a unit or units, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. If any portion of a unit encroaches upon the General Common Elements, or upon adjoining unit or units, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. Such encroachments and easements shall not be considered or determined to be encumbrances either on the General Common Elements or on the units.

15. Termination of Mechanic's Lien Rights and Indemnification. No labor performed or materials furnished and incorporated in a unit with the consent or at the request of a unit owner or his agent or his contractor or subcontractor shall be the basis for filing of a lien against the unit of any other unit owner not expressly consenting to or requesting the same, or against the Common Elements. Each owner shall indemnify and hold harmless each of the other owners from and against all liability arising from the claim of any lien against the unit of any owner or against the Common Elements for construction performed or for labor, materials, services or other products incorporated in the owner's unit at such owner's request. The provisions herein contained are subject to the rights of the Managing Agent or Board of Managers of the Association as is set forth in Paragraph 13.

16. Administration and Management; Managing Agent. The administration and management of this condominium property shall be governed by the Bylaws of HARBOR EAST CONDOMINIUMS, INC., a copy of which is attached hereto as Exhibit "D" and incorporated herein by reference. An owner of a condominium unit, upon becoming an owner, shall be a member of the Association and shall remain a member for the period of his ownership. The Association shall be governed by a Board of Managers as is provided in the Bylaws of the Association. The Association may delegate by written agreement any of its duties, powers and functions to any person or firm to act as Managing Agent at any agreed compensation.

17. Records. The Board of Managers or the Managing Agent shall keep or cause to be kept records with detailed accounts of the receipts and expenditures affecting the condominium and its administration and specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the regime. The records so kept shall be available for inspection by all owners at convenient hours on working days that shall be set and announced for general knowledge. All records shall be kept in accordance with good accounting procedures and shall be audited at least once a year by an auditor outside the Association.

18. Reservation for Access - Maintenance, Repair and Emergencies. The owners shall have the irrevocable right, to be exercised by the Managing Agent or Board of Managers of the Association, to have access to each unit from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the General Common Elements thereon or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the General Common Elements or to another unit or units. Damage to the interior or any part of a unit or units resulting from the maintenance, repair, emergency repair or replacement of any of the General Common Elements or as a result of emergency repairs within another unit at the instance of the Association, shall be a Common Expense of all of the owners; provided, however, that if such damage is the result of the

misuse or negligence of a unit owner, then such unit owner shall be responsible and liable for all such damage. All damaged improvements shall be restored to substantially the same condition of such improvements prior to damage. All maintenance, repairs and replacements as to the General Common Elements, whether located inside or outside of units unless necessitated by the negligence or misuse of a unit owner, in which case such expenses shall be charged to such unit owner), shall be the Common Expense of all the owners.

19. Easement for Access - Construction of Additional Units. The Declarant shall have the irrevocable right to have access for ingress and egress over the General Common Elements and Limited Common Elements to facilitate the construction of additional units upon Declarant's adjoining property including the right to transport materials, and laborers over the property and to install any utilities which would be necessary to complete construction of such units.

20. Acquisition of Adjacent Property. Declarant specifically reserves the right in the exercise of its sole discretion to purchase any property adjacent, adjoining or abutting to the Condominium Project which may be or may become available.

21. Owner's Maintenance Responsibility of Unit. For purposes of maintenance, repair, alteration and remodeling, an owner shall be deemed to own the interior non-supporting walls, the materials (such as but not limited to, plaster, gypsum dry wall, paneling, wallpaper, paint, wall and floor tile and flooring, but not including the subflooring) making up the finished surfaces of the perimeter walls, ceilings and floors within the unit, including the unit doors and windows. The owner shall not be deemed to own lines, pipes, wires, conduits, or systems (which for brevity are herein and hereafter referred to as utilities) running through his unit which serve one or more other units except in common with other owners. Such utilities shall not be disturbed or relocated by an owner without the written consent and approval of the Board of Managers. Such right to repair, alter and remodel is coupled with the obligation to replace any finishing or other materials removed with similar or other types or kinds of materials of equal quality. An owner shall maintain and keep in repair the interior of his own unit, including fixtures hereof. All fixtures and equipment installed within the unit commencing at a point where the utilities enter the unit shall be maintained and kept in repair by the owner thereof. In addition exterior air conditioning condensing units shall be maintained and kept in repair by the owner thereof. An owner shall do no act nor any work that will impair the structural soundness or integrity of the building or impair any easement or hereditament (nor shall he make any changes to the individual patio or balcony appurtenant to his unit, if any). An owner shall also keep the areas appurtenant to his unit in a clean and sanitary condition and be responsible for maintenance or repairs to any limited common area of which he has beneficial use, in accordance with the terms of this paragraph. However, the Board of Managers shall have the right to do any necessary maintenance work or repairs to the Limited Common Elements if the owner fails to do so and assess the owner for the cost thereof. Further, each owner is prohibited from displaying any signs on or about his unit in such a manner that can be viewed from the exterior of his unit, except that Declarant may display signs on the Condominium Project for purposes of selling or renting unsold units at any time.

22. Compliance with Provisions of Declaration and Bylaws.

Each owner shall comply strictly with the provisions of this Declaration and the Bylaws of the Association, and the decisions and resolution of the Association adopted pursuant thereto as the same may be lawfully amended from time to time. Failure and refusal after written notice to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief or both, and for reimbursement of all attorneys' fees incurred in connection therewith and interest on all of such amounts at the highest lawful rate, which action shall be maintainable by the Managing Agent or Board of Managers in the name of the Association in behalf of the owners or, in a proper case, by an aggrieved owner.

23. Revocation or Amendment to Declaration. This

Declaration shall not be revoked unless all of the owners and holders of any recorded mortgage or deed of trust covering or affecting any or all of the condominiums unanimously consent and agree to such revocation by instrument(s) duly recorded. Except as provided in Paragraph 3 hereof, this Declaration shall not be amended unless the owners representing an aggregate ownership interest of 67%, or more, of the Common Elements consent and agree to such amendment by instrument(s) duly recorded; provided, however, that the percentage of undivided interest in the Common Elements appurtenant to each unit, as expressed in this Declaration, shall have a permanent character and shall not be altered without the consent of all of the unit owners expressed in an amended Declaration duly recorded except as provided in Paragraph 5 above, and provided further that revocation of this Declaration shall always require the consent of all of the owners. No amendment to this Declaration may alter or destroy a unit or Limited Common Elements without the consent of the owners affected and the owner's first lien mortgagee except as provided in Paragraph 5.

24. Additions, Alterations and Improvements of General and Limited Common Elements. There shall be no structural addition, alteration, decoration, repair, replacement, change or improvement of or to the General and Limited Common Elements without the prior written consent of the Board of Managers of the Association, or the prior approval of 51% of the owners. Such limitation shall not be applicable to the repair, replacement, maintenance or restoration of any Common Element.

25. Assessment for Common Expenses. All owners shall be obligated to pay the assessments, either estimated or actual, imposed by the Board of Managers of the Association to meet the Common Expenses.

Assessments for the estimated Common Expenses shall be due monthly in advance on the first day of each month. Failure to pay by the fifteenth (15th) day of each month shall require the imposition and assessment of a late charge of \$5.00 per day after the 15th. The Managing Agent or Board of Managers shall prepare and deliver or mail to each owner a monthly statement of the owner's monthly assessment. In the event the ownership of a condominium commences on a day other than the first day of a month, the assessment for that month shall be prorated.

The assessments made for Common Expenses shall be based upon the cash requirements deemed to be such aggregate sum as the Managing Agent, or if there is no Managing Agent, then the Board of Managers of the Association, determines is to be paid by all of the condominium owners, including as

004-04-1975

limited herein, the Declarant, expenses growing out of or connected with the maintenance, repair, operation, additions, alterations and improvements of and to the General Common Elements, which sum may include, but shall not be limited to expenses of management; taxes and special assessments until separately assessed; premiums for fire insurance with extended coverage and vandalism and malicious mischief with endorsements attached issued in the amount of the maximum replacement value of all of the condominium units (including all fixtures; interior walls and partitions; decorated and finished surfaces or perimeter walls, floors and ceilings, doors, windows and other elements or materials comprising a part of the units); casualty and public liability and other insurance premiums; landscaping and care of grounds; common lighting; repairs and renovations; removal of pollutants and trash collections; wages; utility charges; beautification and decoration; professional including legal and accounting fees, management fees, expenses and liabilities incurred by the Managing Agent or Board of Managers on behalf of the owners under or by reason of this Declaration and the Bylaws of the Association; for any deficit arising or any deficit remaining from a previous period; the creation of a reasonable contingency fund, reserves, working capital, and sinking funds as well as other costs and expenses relating to the Common Elements. Costs incurred in the construction of additional units by Declarant and other costs in connection therewith shall not be included in such aggregate sum.

The monthly assessments shall be made according to each Owner's proportionate or percentage interest in and to the Common Elements provided in Exhibit "E" attached hereto.

As of January 1st of the year immediately following the conveyance of the first condominium unit to an Owner other than the Declarant, the Association may set the monthly assessment for the next succeeding twelve (12) month period at an amount which shall not exceed 120% of the monthly assessment allowed for January of the preceding year. If the Managing Agent, or if there is none the Board of Managers, determines at any time during the calendar year that a greater increase of the monthly assessment is required to adequately perform the duties and responsibilities of the Association and pay all expenses thereof, then the Board may call a special meeting of the Owners. By the assent of a two-third (2/3) vote of the quorum of Owners, present at such meeting, the monthly assessment may be set at whatever level such Owners approve. The new assessment shall become the basis for future annual increases, using the 120% formula, as above outlined. As used herein the term "quorum" shall be defined as the presence in person or by proxy of the Owners with 51% of the ownership interest.

The Board of Directors shall have authority to lower the monthly assessment, if it deems feasible.

The omission or failure of the Board of Managers to fix the assessment for any period shall not be deemed a waiver, modification or a release of the owners from their obligation to pay the same.

26. Owner's Personal Obligation for Payment of Assessments.
The amount of Common Expenses assessed against each condominium shall be the personal and individual debt of the owner thereof. No owner may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his unit. The Board of Managers or Managing Agent shall have the responsibility to take prompt action to collect any

unpaid assessment which remains unpaid more than fifteen (15) days from the due date for payment thereof. In the event of a default by an owner in the payment of the assessment, such owner shall be obligated to pay interest at the rate of \$5.00 per day on the amount of the assessment from the 16th day after the due date thereof, together with all expenses, including attorney's fees incurred to collect such assessment together with late charges as provided by the Bylaws of the Association. Suit to recover a money judgment for unpaid Common Expenses shall be had in Galveston County, Texas, and maintainable without foreclosing or waiving the lien securing same. Additionally, in the event that the mortgage on a unit should so provide a default in the payment of an assessment shall be a default in such mortgage and if required by the mortgagee by written notice to the Association, the Board of Managers or Managing Agent shall give prompt notice of any default in payment of an assessment to the mortgagee.

During the development and sale period (which shall be defined as the period up to the time of the first annual meeting of the Association to be held within thirty (30) days after the expiration of ninety (90) days from the date upon which there has occurred the conveyance by the Declarant of 75% , in number of the units in the Condominium Project, or sooner if so elected by the Declarant) the Declarant shall be responsible for payment of the monthly Association assessment for the unsold units at the time the expense is incurred. In no event, however, shall the Declarant be responsible for the payment of any assessments for deferred maintenance, reserves for replacements, capital improvements, or other special assessments until after the first annual meeting of the Association.

So long as Declarant owns one or more of the units, he shall be subject to the provisions of this Declaration and he hereby convenents to take no action which will adversely affect the rights of the Association with respect to assurance against latent defects in the Condominium Project or other rights assigned to HARBOR EAST CONDOMINIUMS, INC. by reason of the establishment of the Condominium Project.

27. Assessment Lien. All sums assessed but unpaid for the share of Common Expenses chargeable to any condominium unit shall constitute a lien on such unit superior to all other liens and encumbrances, except only for tax and special assessment liens on the unit in favor of any assessing unit, and all sums unpaid on the first mortgage or first deed of trust or record, including all unpaid obligatory sums as may be provided by such encumbrance. To evidence such lien, the Board of Managers or the Managing Agent shall prepare a written notice of lien assessment setting forth the amount of such unpaid indebtedness, the name of the owner of the condominium unit and the description of the condominium unit. Such a notice shall be signed by one of the Board of Managers or by one of the officers of the Association or by the Managing Agent and shall be recorded in the office of the County Clerk of Galveston County, Texas. Such lien for the Common Expenses shall attach from the date of failure of payment of the assessment. Such lien may be enforced by the foreclosure of the defaulting owner's condominium unit by the Association in like manner as a mortgage on real property subsequent to the recording of a notice or claim thereof. In any such proceedings the owner shall be required to pay the costs, expenses and attorney's fees incurred. The owner of the condominium unit being foreclosed shall be required to pay to the Association the monthly assessment for the condominium unit during the period of foreclosure, and the

004-04-1977

Association shall be entitled to a receiver to collect the same. The Association shall have the power to bid in the condominium unit at foreclosure or other legal sale and to acquire and hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same. Any mortgagee holding a lien on a condominium unit may pay, but shall not be required to pay, any unpaid Common Expenses payable with respect to such unit, and such payment shall not be deemed a waiver of default by the unit owner.

28. Liability for Common Expense Upon Transfer of Condominium Unit is Joint. Upon payment to the Managing Agent, or if there is no Managing Agent, then to the Association of a reasonable fee not to exceed \$25.00, and upon written request of any owner or mortgagee or prospective mortgagee of a condominium unit, the Association, by its Managing Agent, or if there is no Managing Agent, then by the financial officer of the Association, shall issue a written statement setting forth the amount of the unpaid Common Expenses, if any, with respect to the subject unit, the amount of the current monthly assessment and the date that such assessment becomes due, credit for any advanced payments of common assessments, for prepaid items, such as insurance premiums, but not including accumulated amounts for reserves or sinking funds, if any, which statement shall be conclusive upon the Association in favor of all persons who rely thereon in good faith. Unless such request for a statement of indebtedness shall be complied with within ten (10) days, all unpaid Common Expenses which become due prior to the date of making such request shall be subordinate to the rights of the person requesting such statement. The grantee of a condominium unit shall be jointly and severally liable with the grantor for all unpaid assessments against the latter for the unpaid common assessments up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor; provided, however, that upon payment of a reasonable fee not to exceed \$25.00, as is hereinabove provided, and upon written request, any such prospective grantee shall be entitled to a statement from the Managing Agent, or if there is no Managing Agent, then from the Association, setting forth the amount of the unpaid assessments, if any, with respect to the subject unit, the amount of the current monthly assessment, the date that such assessment becomes due, and credits for any advanced payments of common assessments, prepaid items, such as insurance premiums, which statement shall be conclusive upon the Association. Unless such request for a statement shall be complied with within ten (10) days of such request, then such requesting grantee shall not be liable for, nor shall the unit conveyed be subject to a lien for any unpaid assessments against the subject unit. The provisions set forth in this paragraph shall not apply to the initial sales and conveyances of the condominium units made by Declarant, and such sales shall be free from all Common Expenses to the date of conveyance made or to a date as agreed upon by Declarant and Declarant's grantee.

29. Mortgaging a Condominium Unit - Priority. An owner shall have the right from time to time to mortgage or encumber his unit and the interests appurtenant thereto by deed of trust, mortgage or other instrument, but the lien created thereby shall be subject to the terms and provisions of this Declaration, and any mortgagee or other lienholder who acquires a unit through judicial foreclosure, public sale or other means shall be subject to the terms and conditions of this Declaration except as specifically excepted herefrom.

004-04-1978

30. Right of First Refusal by Owners. In the event any owner of a condominium unit other than the Declarant shall wish to sell, lease, or rent a condominium unit and shall have received a bona fide offer therefor from a prospective purchaser, lessee or tenant, the remaining unit owners shall be given written notice thereof together with an executed or machine copy of such offer. Such notice and copy of offer shall be delivered to the Board of Managers who shall notify each of the owners of such notice and offer. One or more of the unit owners, acting individually or through another owner or owners, shall have the right to purchase, lease or rent the subject condominium unit upon the same terms and conditions as set forth in the offer; provided, that during the twenty (20) days period immediately following the notice, written notice of such election to purchase, lease or rent is given to the selling, leasing or renting owner and a matching down payment or deposit is paid to an escrow agent. Closing shall take place within ten (10) days thereafter. If more than one election to purchase, lease or rent is made, the election prior in time shall take priority.

The right of first refusal herein provided shall not apply to leases, subleases or tenancies having a term of less than three hundred sixty-five (365) days or twelve (12) month period.

In the event any owner other than the Declarant shall attempt to sell, lease or rent his condominium unit without affording to the other owners the right of first refusal herein provided, such sale, lease or rental shall be wholly null and void and shall confer no title or interest whatsoever upon the intended purchaser, lessee or tenant who shall be subject to eviction and removal, forcibly or otherwise, with or without process of law.

The subleasing or subrenting of said interest shall be subject to the same limitations as are applicable to the leasing or renting thereof. The liability of the owner under and by the provisions contained in this Declaration shall continue, notwithstanding the fact that he may have leased or rented said interests as provided herein.

In no case shall the right of first refusal reserved herein affect the right of an owner to subject his condominium unit to a bona fide deed of trust, mortgage or other security instrument.

The failure of or refusal by the owners to exercise the right to do so purchase, lease or rent shall not constitute or be deemed to be a waiver of such right to purchase, lease or rent when an owner receives any subsequent bona fide offer from a prospective purchaser, lessee or tenant.

Except as otherwise provided in Paragraph 31 and 32, each and every conveyance by a grantor(s) of a condominium unit shall be, for all purposes deemed to include and incorporate in such instrument of conveyance an agreement that the grantee carry out the provisions of the "right of first refusal" as provided in this paragraph.

31. Exemption from Right of First Refusal - First Mortgagees. In the event of any default on the part of any owner under any first mortgage which entitles the holder thereof to foreclose same, any sale under such foreclosure, including delivery of a deed to the first mortgagee in lieu of such foreclosure, shall be made free and clear of the provisions of Paragraph 30, and the purchaser (or grantee

under such deed in lieu of foreclosure) of such condominium unit shall be thereupon and thereafter subject to the provisions of the Declaration and the Bylaws of the Association. If the purchaser following such foreclosure sale (or grantee under deed given in lieu of such foreclosure) shall be the then holder of the first mortgage, or its nominee, the said holder or nominee may thereafter sell and convey the condominium unit free and clear of the provisions of Paragraph 30, but its grantee shall thereupon and thereafter be subject to all of the provisions hereof.

32. Exemption from Right of First Refusal - Other.
The following transfers are also exempt from the provisions of Paragraph 30:

(a) The transfer by operation of law of a deceased joint tenant's interest to the surviving joining tenant(s);

(b) The transfer of a decedent's interest to a devisee by will or his heirs at law under intestacy laws;

(c) The transfer of all or any part of a partner's interest as a result of a withdrawal, death or otherwise, to the remaining partners carrying on the partnership business and/or to a person or persons becoming partners. A transfer of all or part of a partner's or partners' interest between one or more partners and/or to persons becoming partners;

(d) The transfer by gift, by Court order or by operation of law;

(e) The transfer of an owner's interest to a trust wherein the owner, or his spouse, or his children or their descendants are the beneficiaries thereunder; and

(f) The initial transfer of a unit by Declarant or the leasing or renting by Declarant of any unit or units for any period of time.

Such persons, owners, grantees, trustees or donees acquiring an interest shall be subject to all of the provisions of Paragraph 30 except as is provided herein.

33. Certificate of Compliance - Right of First Refusal.
Upon written request of any prospective transferor, purchaser, tenant or a prospective mortgagee of a condominium unit, the Managing Agent or the Association by its secretary shall issue a written and acknowledged certificate in recordable form evidencing that:

(a) With respect to a proposed lease or sale under Paragraph 30, that proper notice was given by the selling or the leasing owner and that the remaining owners did not elect to exercise their option to purchase or lease;

(b) With respect to a deed to a first mortgagee or its nominee in lieu of foreclosure, a deed from such mortgagee or its nominee, pursuant to Paragraph 30, that the deeds were, in fact, given in lieu of foreclosure and were not subject to the provisions of Paragraph 30; and

(c) With respect to any contemplated transfer which is not in fact a sale or lease, that the transfer will not be subject to the provisions of Paragraph 30;

and such a certificate shall be conclusive evidence of the facts contained therein. The provisions set forth in this paragraph shall not apply to the initial sales and conveyances of condominium units made by Declarant or the leasing or renting of condominium units by Declarant for any period of time.

34. Insurance. The Managing Agent, or if there is no Managing Agent, then the Board of Managers, shall obtain and maintain at all times, insurance of the type and kind as are or shall hereafter customarily be covered with respect to other condominium buildings, fixtures, equipment and personal property, similar in construction, design and use issued by responsible insurance companies authorized to do business in the State of Texas. The insurance shall be carried in blanket policy form naming the Association as the insured, as attorney-in-fact or trustee (for all of the condominium unit owners), which policy or policies shall provide that they cannot be cancelled or substantially modified until after ten (10) days prior written notice is first given to the Association and each first mortgagee. The Managing Agent, or if there is no Managing Agent, then the Board of Managers, shall also obtain and maintain, to the extent obtainable, public liability insurance in such limits as may from time to time be determined, covering the Association, each member of the Board of Managers, the Managing Agent and the resident Manager.

Each owner may obtain additional insurance at his own expense for his own benefit. Insurance coverage on the furnishings and other items of personal property belonging to an owner and casualty and public liability insurance coverage within each individual unit are specifically made the responsibility of the owner thereof.

35. Association as Attorney-In-Fact. This Declaration does hereby make mandatory the irrevocable appointment of an attorney-in-fact to deal with the Condominium Project, in whole or in part, upon its destruction, repair or obsolescence.

Title to any condominium is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a deed or other instrument of conveyance from the Declarant or from any owner or grantor shall constitute appointment of the attorney-in-fact herein provided. All of the owners irrevocably constitute and appoint HARBOR EAST CONDOMINIUMS, INC. their true and lawful attorney in their name, place and stead for the purpose of dealing with said property upon its destruction or obsolescence as is hereinafter provided. As attorney-in-fact, the Association, by its president and secretary or assistant secretary, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or any other instrument with respect to the interest of a condominium owner which are necessary and appropriate to exercise the powers herein granted. Any repair, reconstruction or replacement made of the improvement(s) shall be to substantially the same condition existing prior to the damage, with each unit and the General and Limited Common Elements having substantially the same vertical and horizontal boundaries as before. The proceeds of any insurance collected shall be available to the Association for the purposes or repair, restoration or replacement unless the owners agree not to rebuild in accordance with the provisions set forth hereinafter. The Association shall have full authority, right and power, as attorney-in-fact, to cause any repair and restoration of the improvement(s) permitted or required hereunder.

Each owner, by ownership of a unit in the Condominium Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in his behalf without limitation on the generality of the foregoing, the Association as said attorney shall have the full power and authority to purchase and maintain such insurance, to collect and remit

the premiums therefor, to collect proceeds and to distribute the same to the Association, the owners and their respective mortgagees (subject to the provisions hereof) as their interests may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such owner and the Condominium Project as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Association in regard to such matters. The Association shall not be responsible for procurement or maintenance of any insurance covering the contents or the interior of any unit for the liability of any owner for occurrences therein not caused by or connected with the Association's operation, maintenance or use of the Condominium Project.

36. Reconstruction or Repair. Reconstruction and repair shall occur as follows:

(a) In the event of damage or destruction due to fire or other disaster, or to condemnation by governmental authorities under power of eminent domain, the insurance proceeds or condemnation proceeds, as the cases may be, if sufficient to reconstruct the improvement(s), shall be applied by the Association, as attorney-in-fact, to such reconstruction, and the improvement(s) shall be promptly repaired and reconstructed. The Association shall have full authority, right and power, as attorney-in-fact, to such reconstruction, and the improvement(s) shall be promptly repaired and reconstructed. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair and restoration of the improvements.

(b) If the insurance proceeds or condemnation proceeds, as the case may be, are insufficient to repair and reconstruct the improvement(s), and if such damage is not more than four-sevenths (4/7) of all the condominium units (the whole property), not including land, such damage or destruction shall be promptly repaired and reconstructed by the Association, as attorney-in-fact, using the proceeds of insurance and proceeds of an assessment to be made against all of the owners and their condominium units. Such deficiency assessment shall be a Common Expense and made prorata according to each owner's percentage interest in the General Common Elements and shall be due and payable within thirty (30) days after written notice thereof. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair or restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an owner to pay the assessment. The assessment provided for herein shall be a debt of each owner and a lien on his condominium unit and may be enforced and collected as is provided in Paragraph 27. In addition hereto, the Association, as attorney-in-fact, shall have the absolute right and power to sell the condominium unit of an owner refusing or failing to pay such deficiency assessment within the time provided, and if not so paid, the Association shall cause to be recorded a notice that the condominium unit of the delinquent owner shall be sold by the Association, as attorney-in-fact, pursuant to the provisions of this paragraph. The delinquent owner shall be required to pay the Association the costs and expenses for filing the notices, interest on the amount of the assessment and all reasonable attorney's fees. The proceeds derived from the sale of such condominium shall be used and disbursed by the Association, as attorney-in-fact, in the following order:

004-04-1982

(i) For payment of taxes and special assessment liens in favor of any governmental entity and customary expenses of sale;

(ii) For payment of the balance of the lien of any first mortgage;

(iii) For payment of unpaid Common Expenses and all costs, expenses and fees incurred by the Association;

(iv) For the payment of junior liens and encumbrances in the order of and to the extent of their priority; and

(v) The balance remaining, if any, shall be paid to the condominium unit owner.

(c) If the insurance proceeds or condemnation proceeds, as the case may be, are insufficient to repair and reconstruct the damaged improvement(s), and if such damage is more than four-sevenths (4/7) of all of the condominium units (the whole property), not including land, and if the owners representing an aggregate ownership interest of 51% or more, of the General Common Elements do not voluntarily, within one hundred (100) days thereafter, make provisions for reconstruction, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's president and secretary or assistant secretary, the entire remaining premises shall be sold by the Association, pursuant to the provisions contained in the Declaration, the Map and the Bylaws. The insurance settlement proceeds shall be collected by the Association, according to each owner's percentage interest in the General Common Elements, and such divided proceeds shall be paid into separate accounts, each such account representing one of the condominium units. Each such account shall be in the name of the Association, and shall be further identified by the condominium units designation and the name of the owner. From each separate account, the Association, as attorney-in-fact, shall forthwith use and disburse the total amount (of each) of such accounts, without contribution from one account to another, toward the partial or full payment of the lien of any first mortgage against the condominium unit represented by the apportioned amount of the proceeds derived from the sale of the entire property. Such apportionment shall be based upon each condominium unit owner's percentage interest in the General Common Elements. The total funds of each account shall be used and disbursed without contribution from one account to another, by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided in subparagraph (b)(i) through (v) of this paragraph.

(d) Each owner shall be responsible for the reconstruction repair or replacement of the interior accessories and appliances of his unit, other than those accessories or appliances contained in the original specifications for construction of the Condominium Project. Each owner shall also be responsible for the costs of repair, reconstruction or replacement of any portion of his unit ascertained by the insurance adjusters to be damaged by his own negligence, misuse or the negligence or misuse by his family, guests, agents, servants, employees or contractors, and thus not compensated by insurance.

(e) If the owner representing an aggregate ownership interest of 51%, or more, of the General Common Elements adopt a plan for reconstruction, then all of the owners shall be bound by the terms and other provisions of such plan. Any assessment made in connection with such plan shall be a Common Expense and made prorata according to each owner's percentage interest in the General Common Elements and shall be due and payable as provided by the terms of such plan, but not sooner than thirty (30) days after written notice thereof. The Association shall have full authority, right and power as attorney-in-fact, to cause the repair or restoration of improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an owner to pay the assessment. The assessment provided for herein shall be a debt of each owner and a lien on his condominium unit and may be enforced and collected as is provided in Paragraph 27. In addition thereto, the Association, as attorney-in-fact, shall have the absolute right and power to sell the condominium unit of any owner refusing or failing to pay such assessment within the time provided, and if no so paid, the Association shall cause to be recorded a notice that the condominium unit of the delinquent owner shall be sold by the Association. The delinquent owner shall be required to pay to the Association the costs and expenses for filing the notices, interest at the rate of 8% per annum on the amount of the assessment and all reasonable attorney's fees. The proceeds derived from the sale of such condominium unit shall be used and disbursed by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided in subparagraph (b)(i) through (v) of this paragraph.

(f) The owners representing an aggregate ownership interest of 75%, or more, of the General Common Elements may agree that the General Common Elements are obsolete and adopt a plan for the renewal and reconstruction. If a plan for the renewal or reconstruction is adopted, notice of such plan shall be recorded, and the expense of renewal and reconstruction shall be payable by all of the owners as Common Expenses.

(g) The owners representing an aggregate ownership interest of 75%, or more, of the General Common Elements may agree that the condominium units are obsolete and that the same should be sold. In such instance, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's president and secretary or assistant secretary, the entire premises shall be sold by the Association, as attorney-in-fact for all of the owners, free and clear of the provisions contained in this Declaration, the Map and the Bylaws. The sales proceeds shall be apportioned between the owners on the basis of each owner's percentage interest in the General Common Elements, and such apportioned proceeds shall be paid into separate accounts, each such account representing one condominium unit. Each such account shall be in the name of the Association, and shall be further identified by the condominium unit designation and the name of the owner. From each separate account, the Association, as attorney-in-fact, shall use and disburse the total amount (of each) of such accounts, without contribution from one account to another, for the same purposes and in the same order as is provided in subparagraph (b)(i) through (v) of this paragraph.

37. Personal Property for Common Use. The Association, as attorney-in-fact for all of the owners, may acquire and hold for use and benefit of all of the condominium unit owners, real, tangible and intangible personal property and may dispose of the same by sale or otherwise. The beneficial interest in any such property shall be owned by all of the condominium unit owners in the same proportion as their respective interest in the General Common Elements, and such interest therein shall not be transferable except with a transfer of a condominium unit. A transfer of a condominium unit shall transfer to the transferee ownership of the transferor's beneficial interest in such property without any reference thereto. Each owner may use such property in accordance with the purpose for which it is intended without hindering or encroaching upon the lawful rights of the other owners. The transfer of title to a condominium unit under foreclosure shall entitle the purchaser to the beneficial interest in such personal property associated with the foreclosed condominium unit.

38. Registration of Mailing Address. Each owner shall register his mailing address with the Association, and notices or demands intended to be served upon an owner shall be sent by mail, postage prepaid, addressed in the name of the owner at such registered mailing address. All notices, demands, or other notices intended to be served upon the Board of Managers of the Association or to the Association shall be sent certified mail, postage prepaid, to Manager's office at 8227 Stewart Road, Galveston, Texas 77551, or at such other address of which the Board may be furnished from time to time.

39. Period of Condominium Ownership. The separate and condominium estates created by this Declaration and the Map shall continue until this Declaration is revoked in the manner and as is provided in Paragraph 23 of this Declaration or until terminated in the manner as is provided in subparagraph (c) or (g) of Paragraph 36 of this Declaration.

40. General Reservations. Declarant reserves the right to establish easements, reservations, exceptions and exclusions consistent with the condominium ownership of the Condominium Project and for the best interest of the condominium unit owners and the Association in order to serve the entire Condominium Project.

41. Certain Additional Provisions Relating to the Obtainment of Federal Mortgage Commitments. Notwithstanding any other provisions to the contrary contained herein, for the purposes of complying with the requirements of the Federal National Mortgage Association to qualify the condominium units for Federal National Mortgage Association financed mortgages, the following additional terms and provisions shall be deemed a part of these Declarations:

(a) The prior written approval of all holders of first mortgages on condominium units must be obtained for the following:

(1) The abandonment of the condominium status of the Condominium Project, except for abandonment provided by statute in case of substantial loss to the units and Common Elements;

(2) The partition or subdivision of any unit, or of the Common Elements;

(3) A change in percentage interest of the unit owners except as set forth in Paragraph _____ above.

(b) An adequate reserve fund for replacement of components of the Common Elements must be established, which must be funded by monthly payments, rather than by extraordinary special assessments. In addition, there must be established a working capital fund for the initial month of operation of the property equal to a minimum amount of two months' estimated common area charge for each unit. The Managing Agent or the Board of Managers of the Association shall be responsible for the collection of the two months' estimated common area charge at the time sales commence on the Condominium Project.

(c) The holders of all first mortgages shall have the right to examine the books and records of HARBOR EAST CONDOMINIUMS, INC. and to require the submission of annual reports and other financial data.

(d) If all or any part of the project should be condemned, each first mortgagee shall be notified of the proceedings of such condemnation and of the operation of the rules contained in Paragraph 36 hereof, which preserve the mortgagee's first lien priority.

(e) Any Managing Agent or other person or entity handling funds of HARBOR EAST CONDOMINIUMS, INC. must be provided with appropriate fidelity bond coverage, which shall be a Common Expense.

(f) Neither the Declarant acting in its capacity as owner of the units nor the unit owners may amend either this Declaration or the Bylaws attached hereto as Exhibit "D" in any manner by which such amendment would violate the "FNMA Conventional Selling Contract Supplement" of the Federal National Mortgage Association, as amended, and as they may be amended from time to time, unless any proposed amendment which might be considered violative thereof shall be consented to in writing by each and every mortgage holder of all units in the project.

42. Name Reservation. The Declarant does hereby reserve the right to use the name "HARBOR EAST CONDOMINIUMS, INC." for any future development of condominiums on adjoining, adjacent or abutting property. Any additional development, up to the completion of a total of 86 units shall be part of this initial phase. Any additional phase (portion of development) shall exist as a separate condominium project and act independent from other phases.

43. General.

(a) If any of the provisions of this Declaration or any paragraph, sentence, clause, phrase or word, or the application thereof in any circumstance be invalidated, such invalidity shall not affect the validity of the remainder of this Declaration, and the application of any such provision, paragraph, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

(b) The provisions of this Declaration shall be in addition to and supplemental to the Condominium Act of the State of Texas, and to all other provisions of law.

(c) Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, and the plural the singular, and the use of any gender shall include all genders.

IN WITNESS WHEREOF, Declarant duly executed this Declaration
this 1st day of May, 1986.

DWELLING DEVELOPMENT, INC.

By: Willis M. Lucas Pres
Willis M. Lucas, President

THE STATE OF TEXAS *
*
COUNTY OF GALVESTON *

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 8th
day of May, 1984.



ELIZABETH A. DYE
Notary Public in and for the State of Texas
My Commission Expires 6-29-85

Elizabeth A. Dye
Notary Public in Galveston County,
For the State of Texas

My Commission Expires: 6-29-85

004-04-1987

EXHIBIT A
TRACT OF LAND AND IMPROVEMENTS THEREON BASED UPON THE INITIAL 26 UNITS ON THE
PROJECT SITE

A CERTAIN TRACT OR PARCEL OF LAND OUT OF THE M.B. MENARD SURVEY, IN THE CITY AND COUNTY OF GALVESTON, TEXAS, AND DESCRIBED AS A CERTAIN TRACT OF LAND LOCATED ON THE EAST SIDE OF STATE HIGHWAY NO. 87, WHICH STRIP OF LAND FRONTS 323.89' ON SAID HIGHWAY NO. 87 BY 140.0' IN DEPTH. THE NORTH LINE OF SAID TRACT BEING 3,008.39' SOUTHERLY FROM A POINT WHERE THE EASTERLY LINE OF SAID HIGHWAY NO. 87 PRODUCED NORTHERLY INTERSECTS THE SOUTHERLY LINE OF THE U.S. GOVERNMENT SOUTH JETTY. THE NORTHERLY AND SOUTHERLY LINES OF THIS TRACT BEING PERPENDICULAR TO SAID HIGHWAY NO. 87 AND THE EASTERLY LINE OF THIS TRACT BEING ON THE WESTERLY LINE OF THE U.S. GOVERNMENT RESERVATION, AND CONTAINING 45,441.2 SQUARE FEET OF LAND MORE OR LESS.

EXHIBIT A
TRACT OF LAND AND IMPROVEMENTS THEREON BASED UPON THE COMPLETED PROJECT 90 UNITS
ON THE PROJECT SITE

A CERTAIN TRACT OR PARCEL OF LAND OUT OF THE M.B. MENARD SURVEY, IN THE CITY AND COUNTY OF GALVESTON, TEXAS, AND DESCRIBED AS A CERTAIN TRACT OF LAND LOCATED ON THE EAST SIDE OF STATE HIGHWAY NO. 87, WHICH STRIP OF LAND FRONTS 793.71' ON SAID HIGHWAY NO. 87 BY 140.0' IN DEPTH. THE NORTH LINE OF SAID TRACT BEING 2,773.39' SOUTHERLY FROM A POINT WHERE THE EASTERLY LINE OF SAID HIGHWAY NO. 87 PRODUCED NORTHERLY INTERSECTS THE SOUTHERLY LINE OF THE U.S. GOVERNMENT SOUTH JETTY. THE NORTHERLY AND SOUTHERLY LINES OF THIS TRACT BEING PERPENDICULAR TO SAID HIGHWAY NO. 87 AND THE EASTERLY LINE OF THIS TRACT BEING ON THE WESTERLY LINE OF THE U.S. GOVERNMENT RESERVATION, AND CONTAINING 111,119.4 SQUARE FEET OF LAND MORE OR LESS.

EXHIBIT B

004-34-1988

FERRY ROAD



235.01'

62.0' Pad

61.08'

55.6'

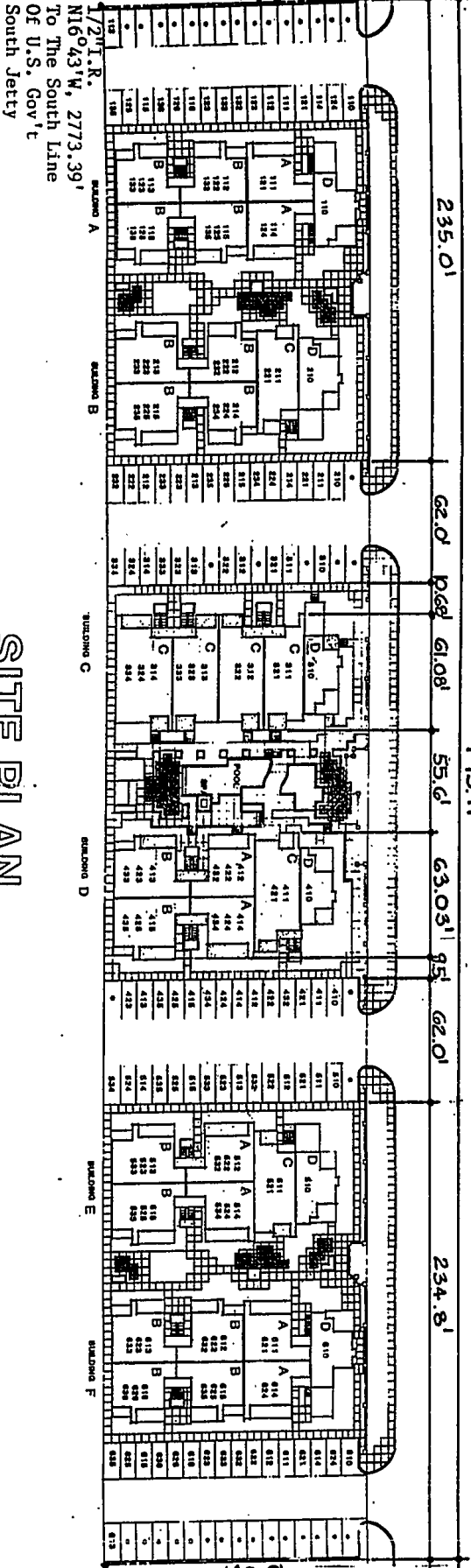
63.03'

95'

62.0'

234.8'

793.71'



SITE PLAN

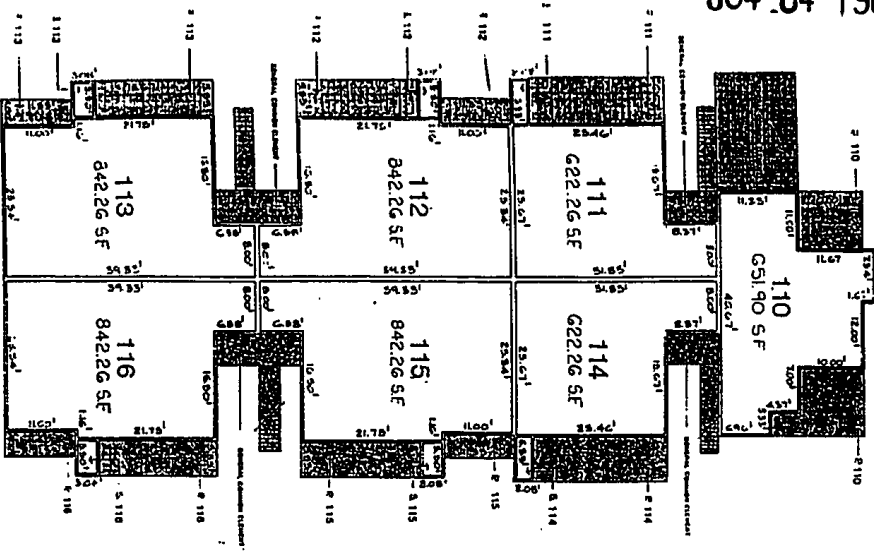
1/2" = 1" I.R.
 N16°43'W, 2773.39'
 To The South line
 Of U.S. Gov't
 South Jetty

HARBOR EAST CONDOMINIUMS GALVESTON, TEXAS

APPROVED AS TO LOCATION
 AND PROPOSED CONSTRUCTION.
 6/24/85 *C. A. Clark*
 C. A. Clark, C.E. #15429

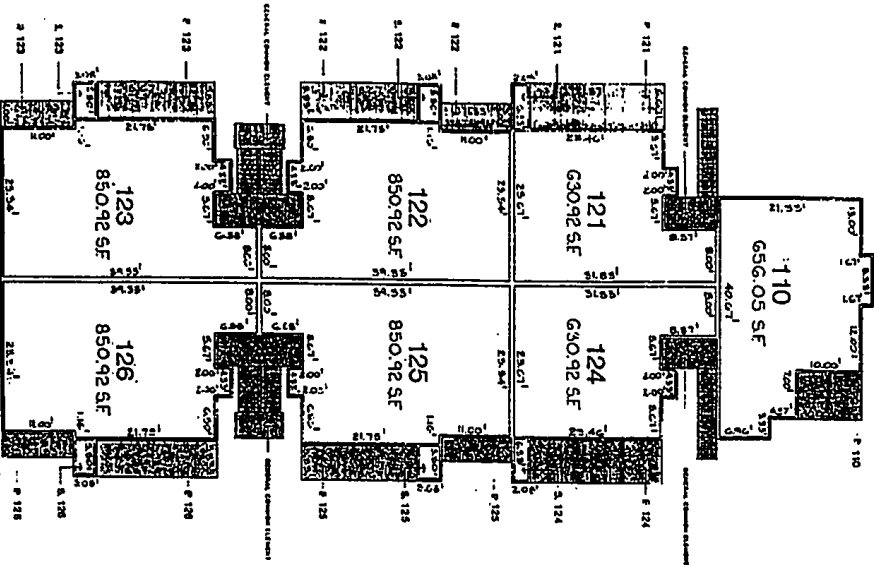
004-04-1989

EXHIBIT B

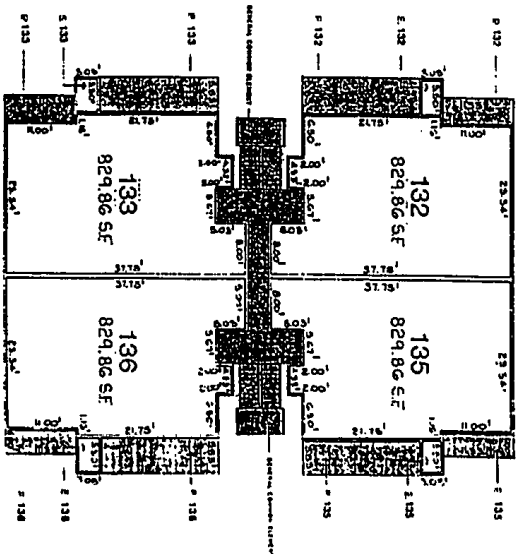


LEVEL 1

BUILDING A



LEVEL 2



LEVEL 3

APPROVED AS TO PROPOSED CONSTRUCTION
 C. A. Clark, C. E. #15429

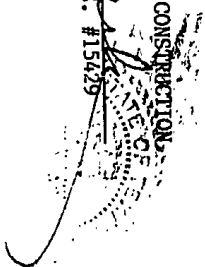
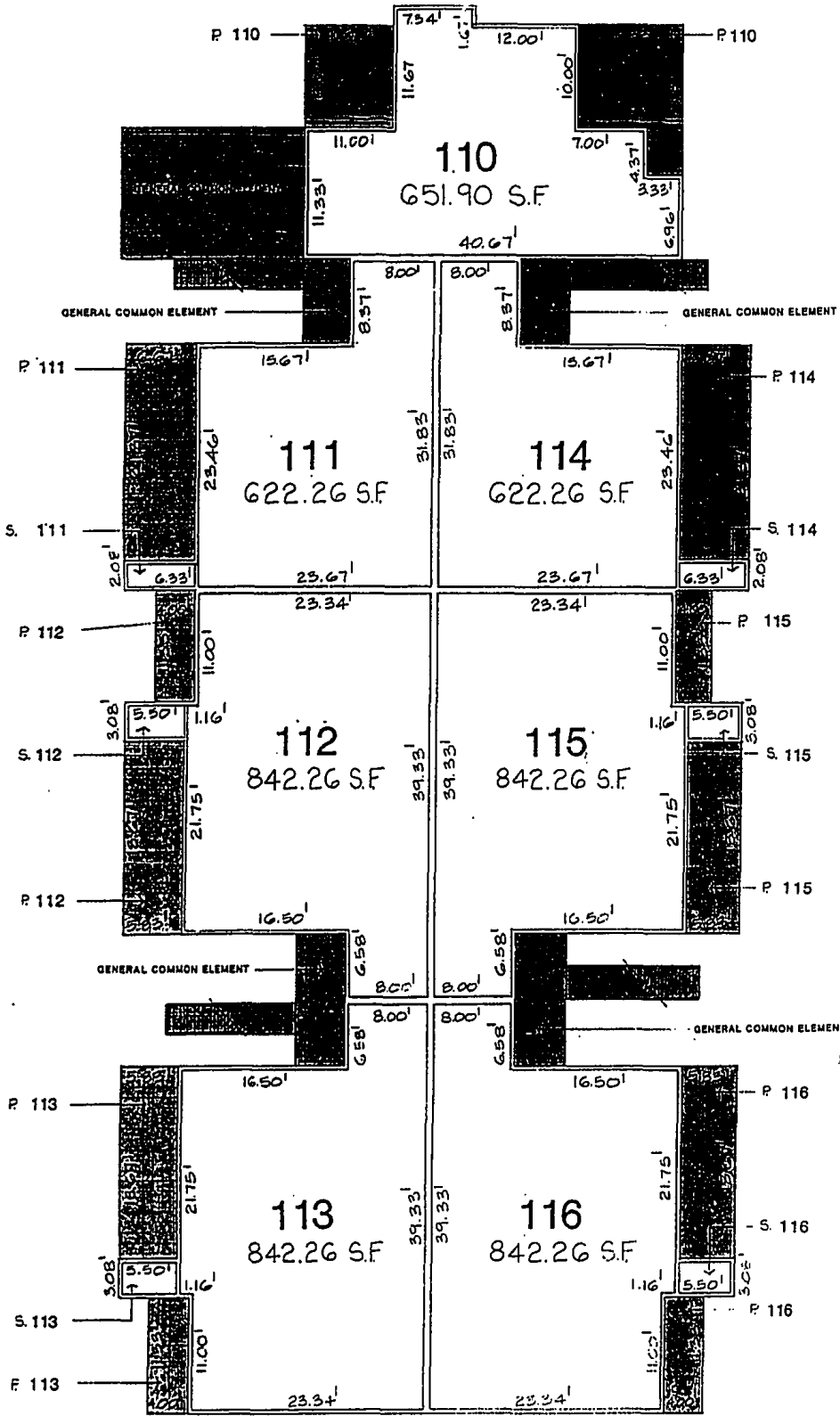


EXHIBIT B

004-04-1990



BUILDING A
LEVEL 1

APPROVED AS TO PROPOSED CONSTRUCTION

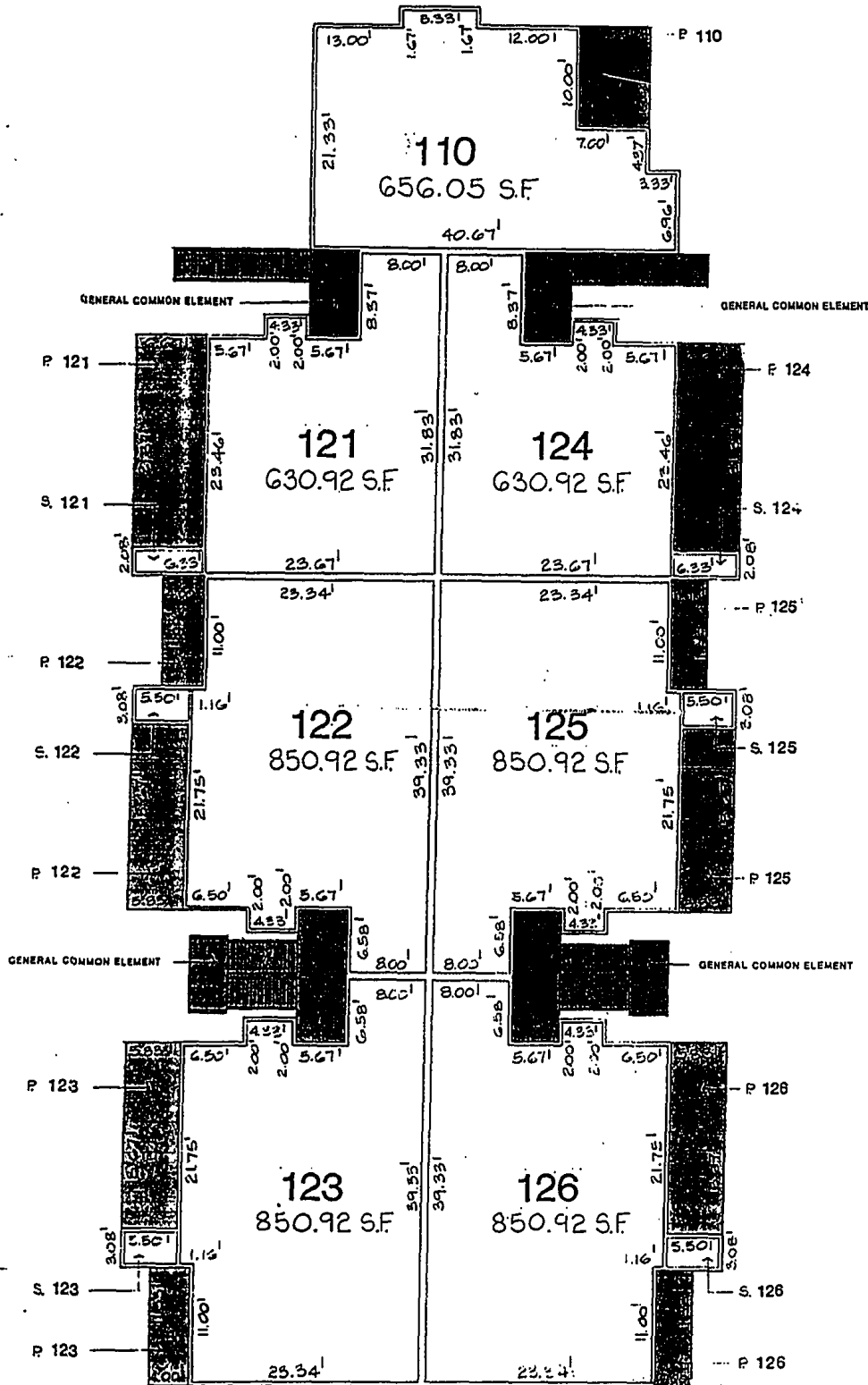
6/24/85

C. A. Clark

C. A. Clark, C. E. #15429

EXHIBIT B

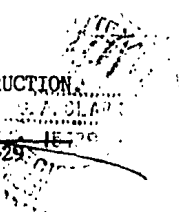
004-04-1991



BUILDING A LEVEL 2

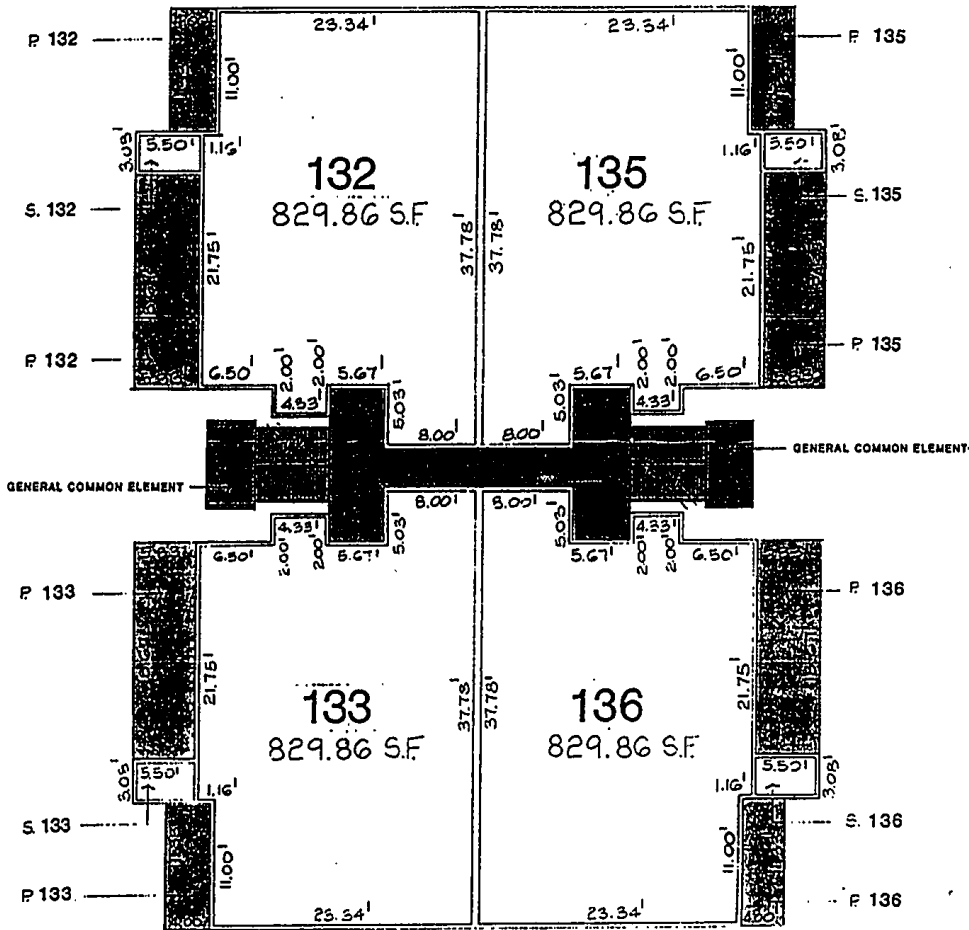
APPROVED AS TO PROPOSED CONSTRUCTION

6/24/85 *C. A. Clark*
C. A. Clark, C. E. #15429



004-04-1992

EXHIBIT B



BUILDING A
LEVEL 3

APPROVED AS TO PROPOSED CONSTRUCTION.

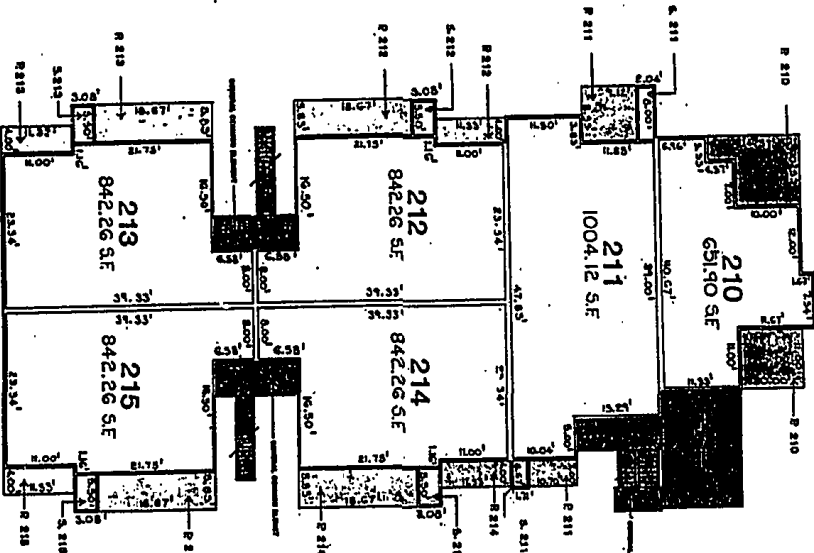
6/24/95 *C.A. Clark*
C. A. Clark, C. E. #15429



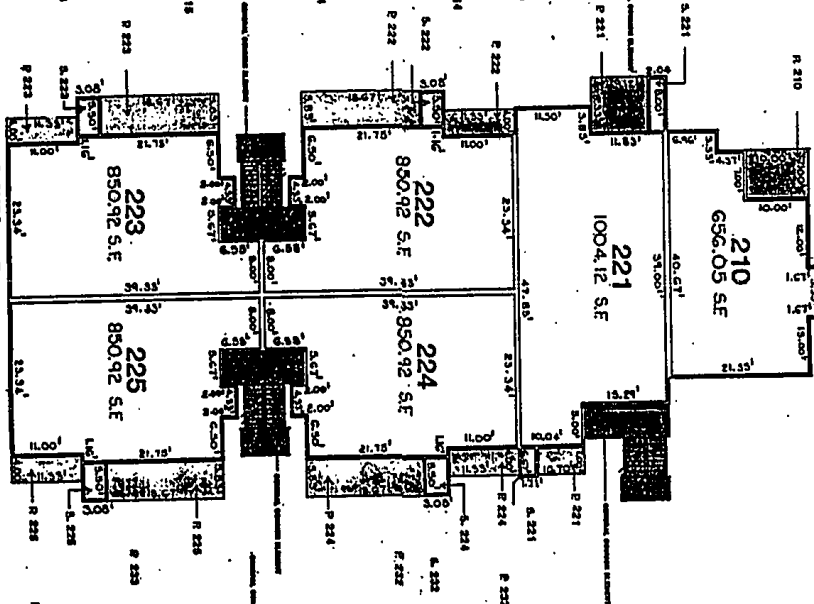
004-04-1993

EXHIBIT B

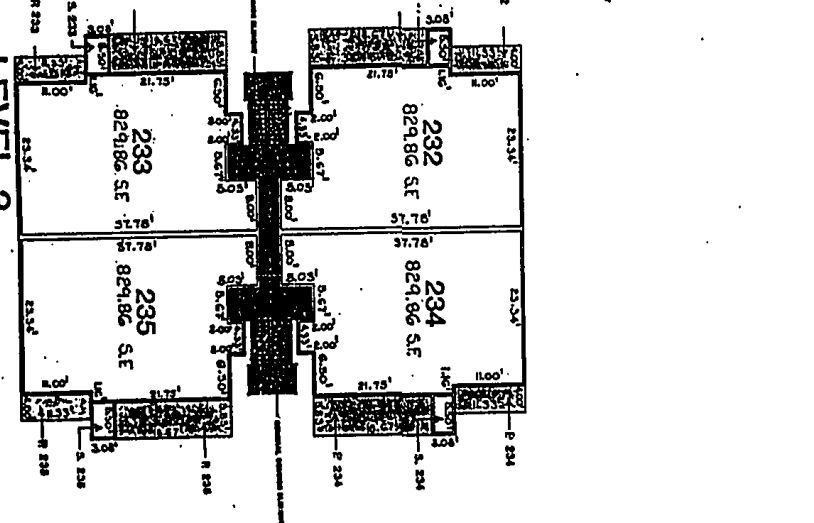
LEVEL 1 BUILDING B



LEVEL 2



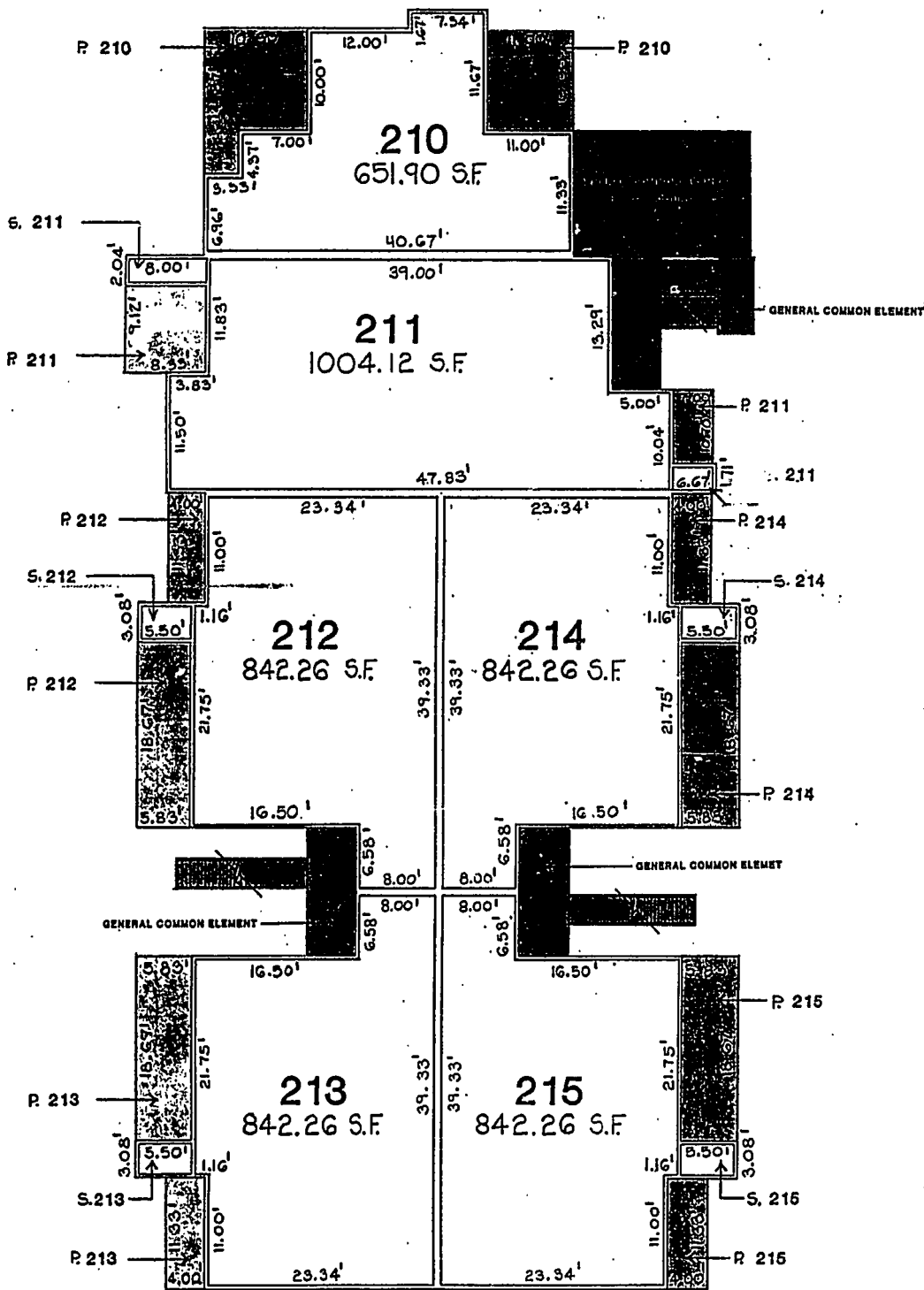
LEVEL 3



6/24/85
 APPROVED AS TO PROPOSED
 CONSTRUCTION.
C. A. Clark
 C. A. Clark, C.E. #15425

EXHIBIT B

004-04-1994

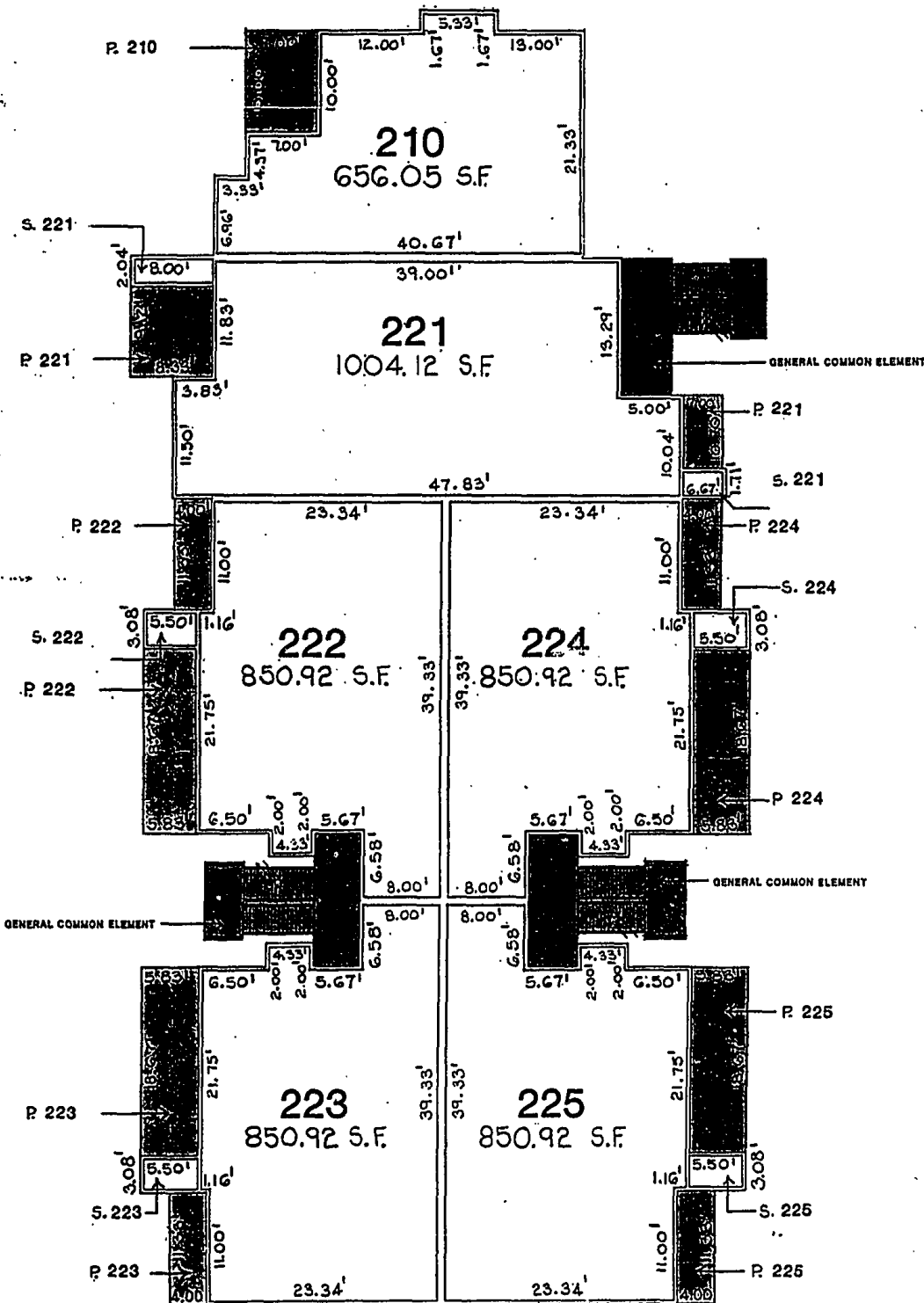


BUILDING B
LEVEL 1

APPROVED AS TO PROPOSED CONSTRUCTION.
6/24/85 *C. A. Clark*
C. A. Clark, C.E. #15429

EXHIBIT B

004-04-1995

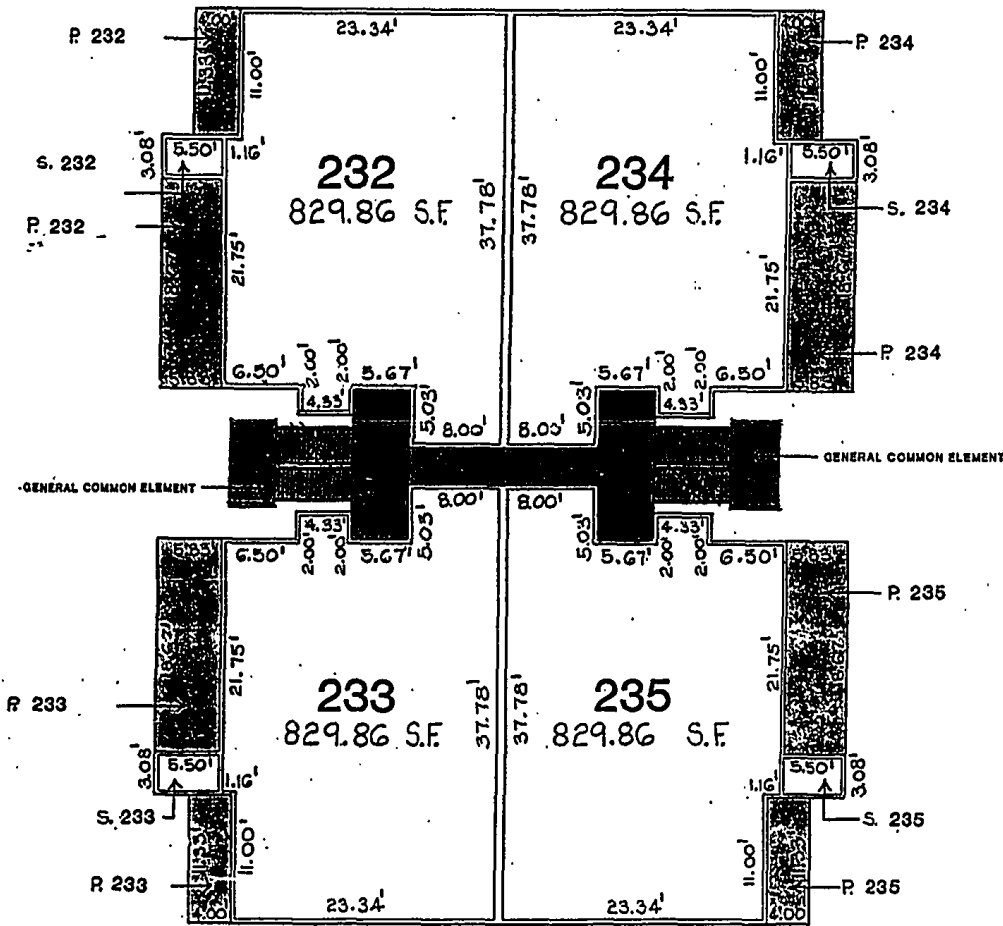


BUILDING B LEVEL 2

APPROVED AS TO PROPOSED CONSTRUCTION.
 6/24/85 C. A. Clark
 C. A. Clark, C.E. #15429

EXHIBIT B

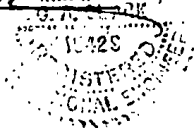
004-04-1996



BUILDING B
LEVEL 3

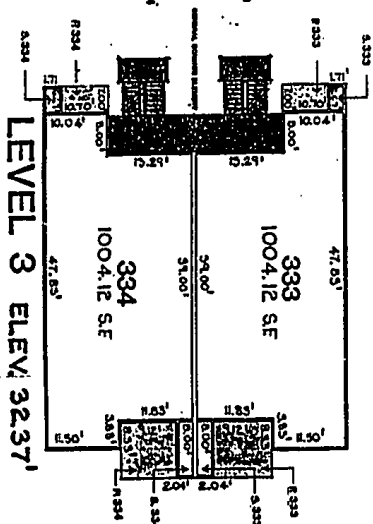
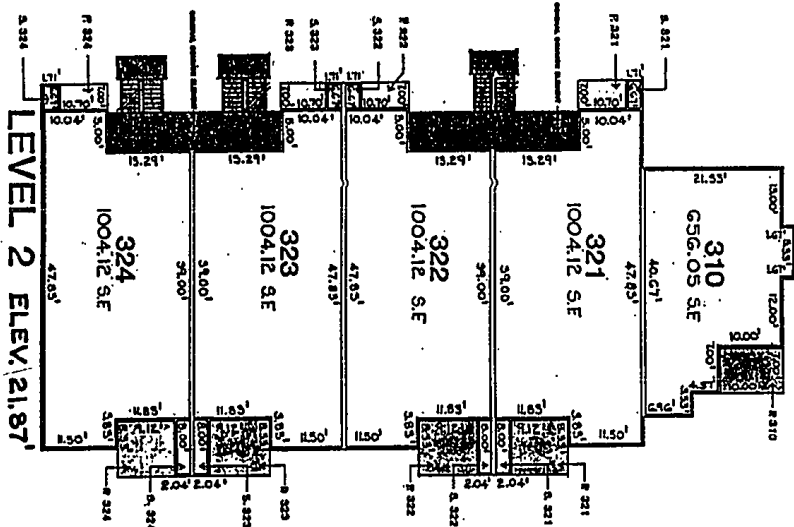
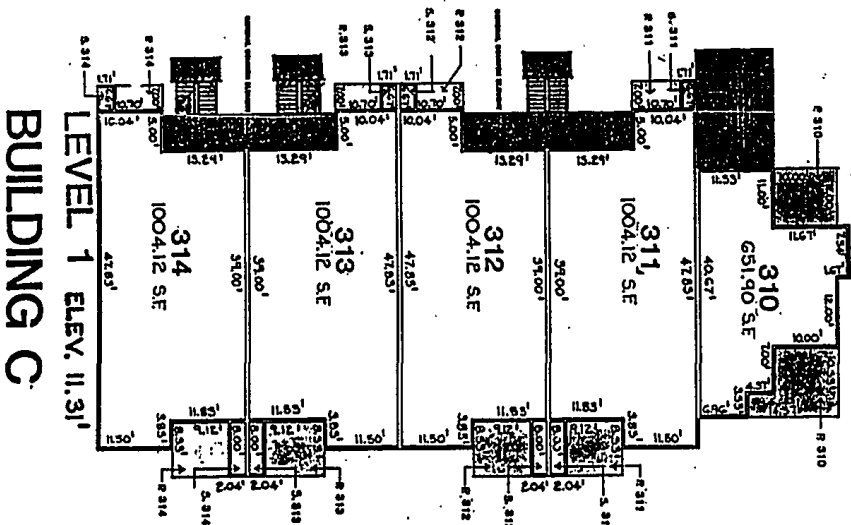
APPROVED AS TO PROPOSED CONSTRUCTION.

6/24/85 *C. A. Clark*
C. A. Clark, C.E. #15429



004-04-1997

EXHIBIT B

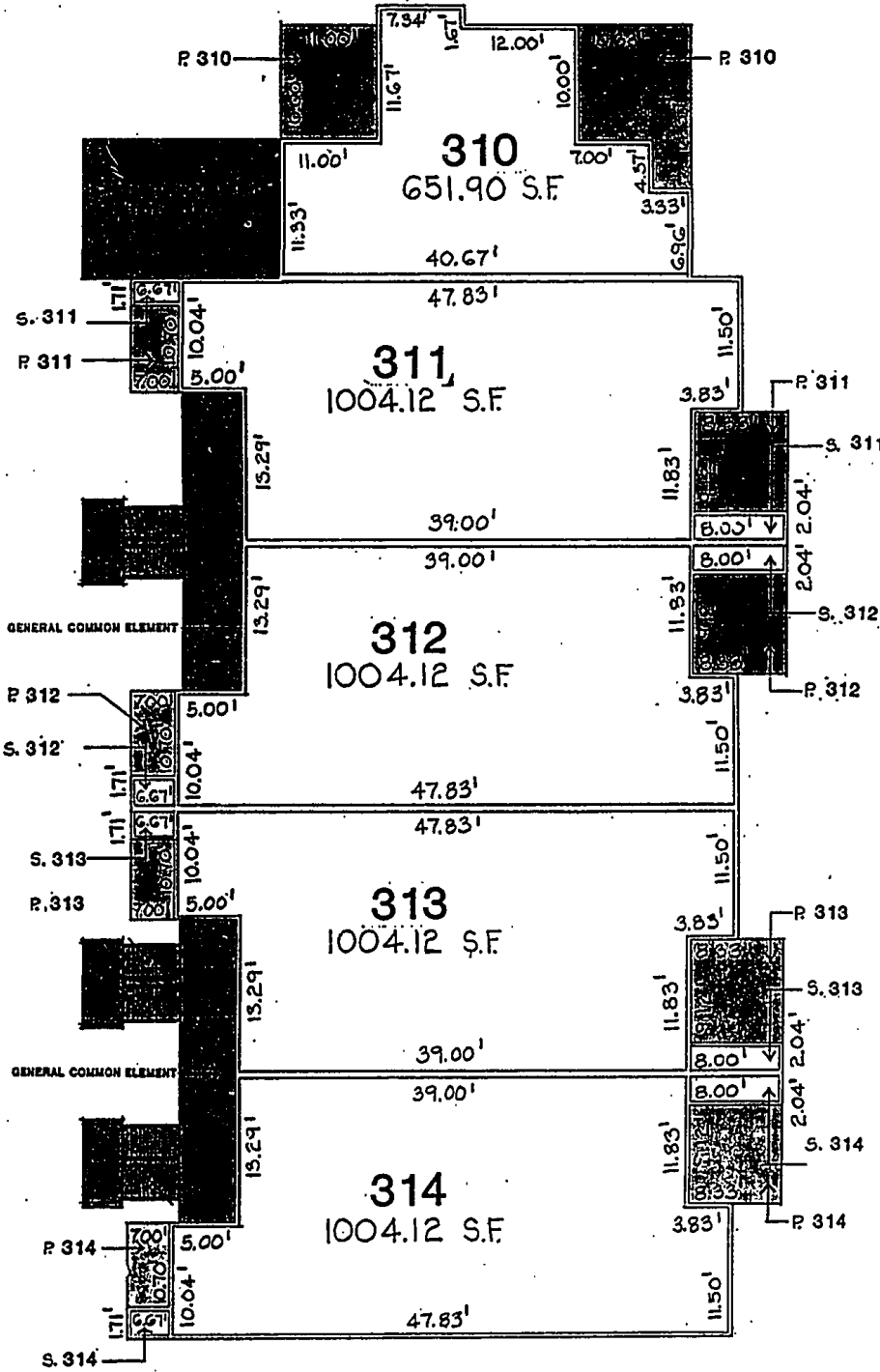


6/24/85
 APPROVED AS TO LOCATION,
 C. A. Clark, C.E. #15429



004-04-1998

EXHIBIT B



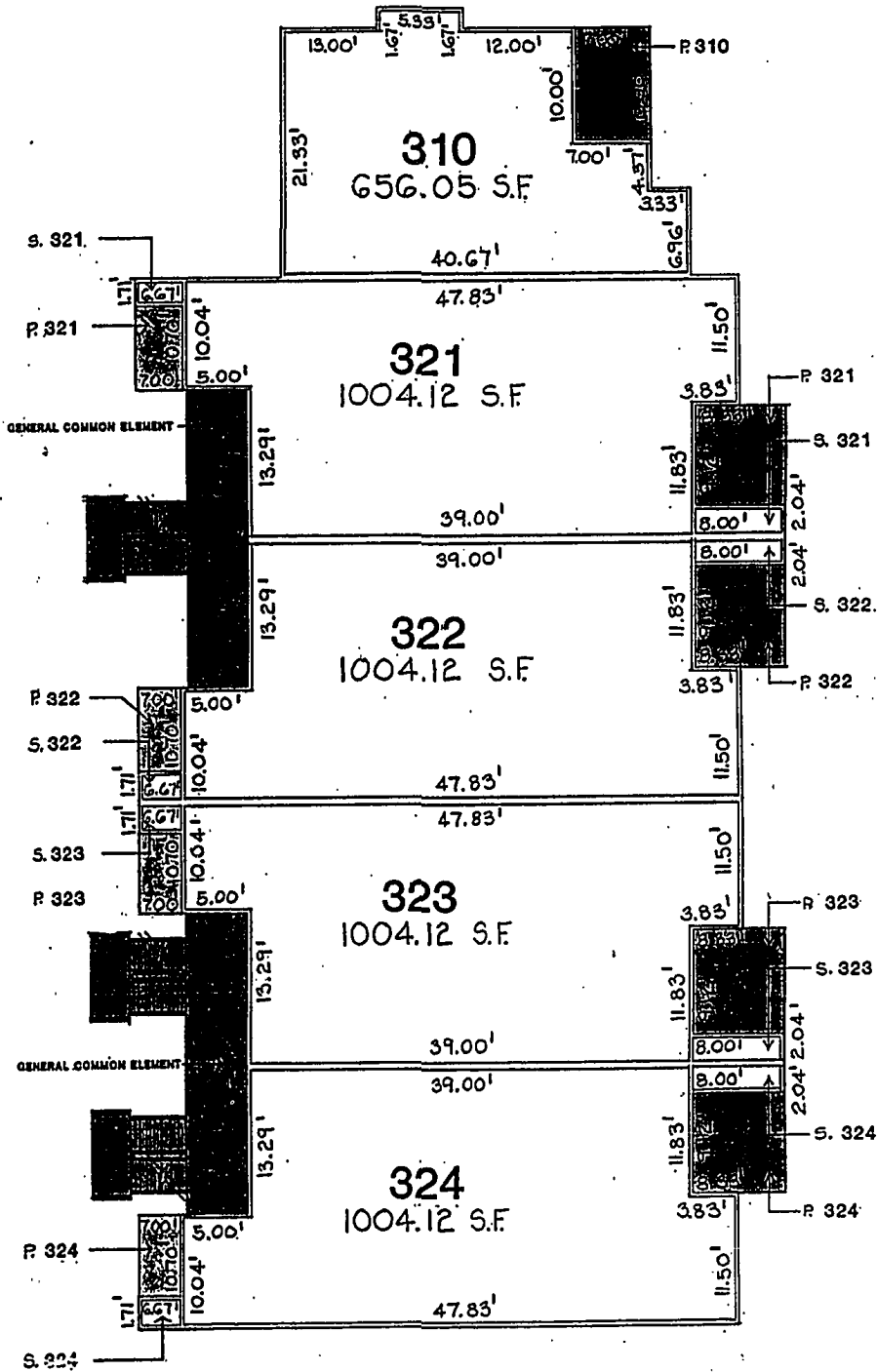
BUILDING C
LEVEL 1
ELEV. 11.31'

APPROVED AS TO LOCATION.
 6/24/85 *C. A. Clark*
 C. A. Clark, C.E. #15429



EXHIBIT B

004-04-1999



BUILDING C
LEVEL 2
ELEV. 21.87'

APPROVED AS TO LOCATION.
6/24/85 *C.A. Clark*
C. A. Clark, C.E. #15429

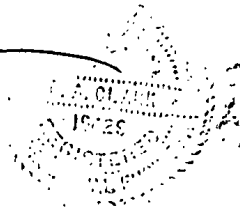
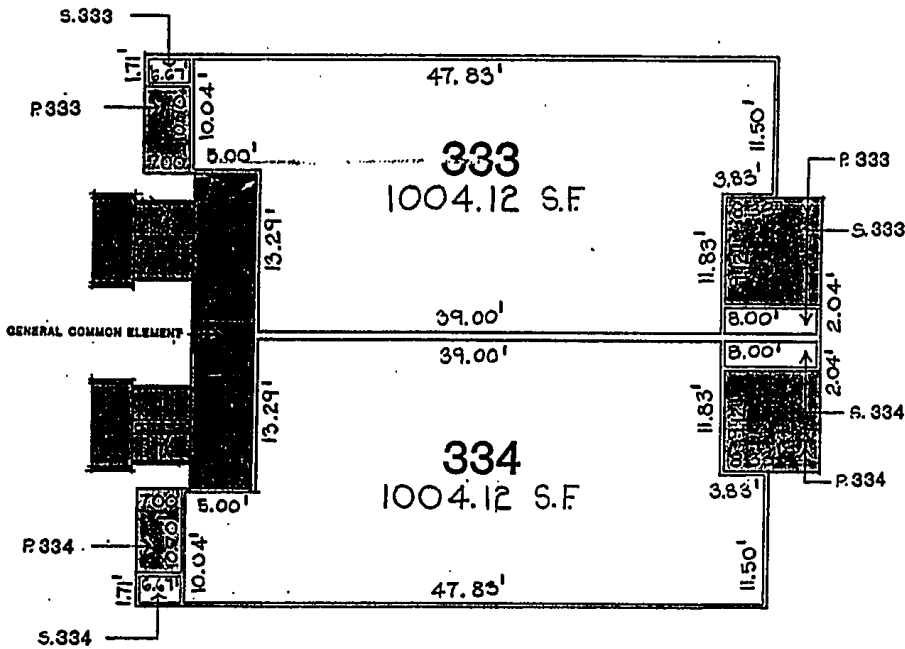


EXHIBIT B



BUILDING C
LEVEL 3
ELEV. 32.37'

APPROVED AS TO LOCATION
6/24/85 *C.A. Clark*
C. A. Clark, C.E. #15429



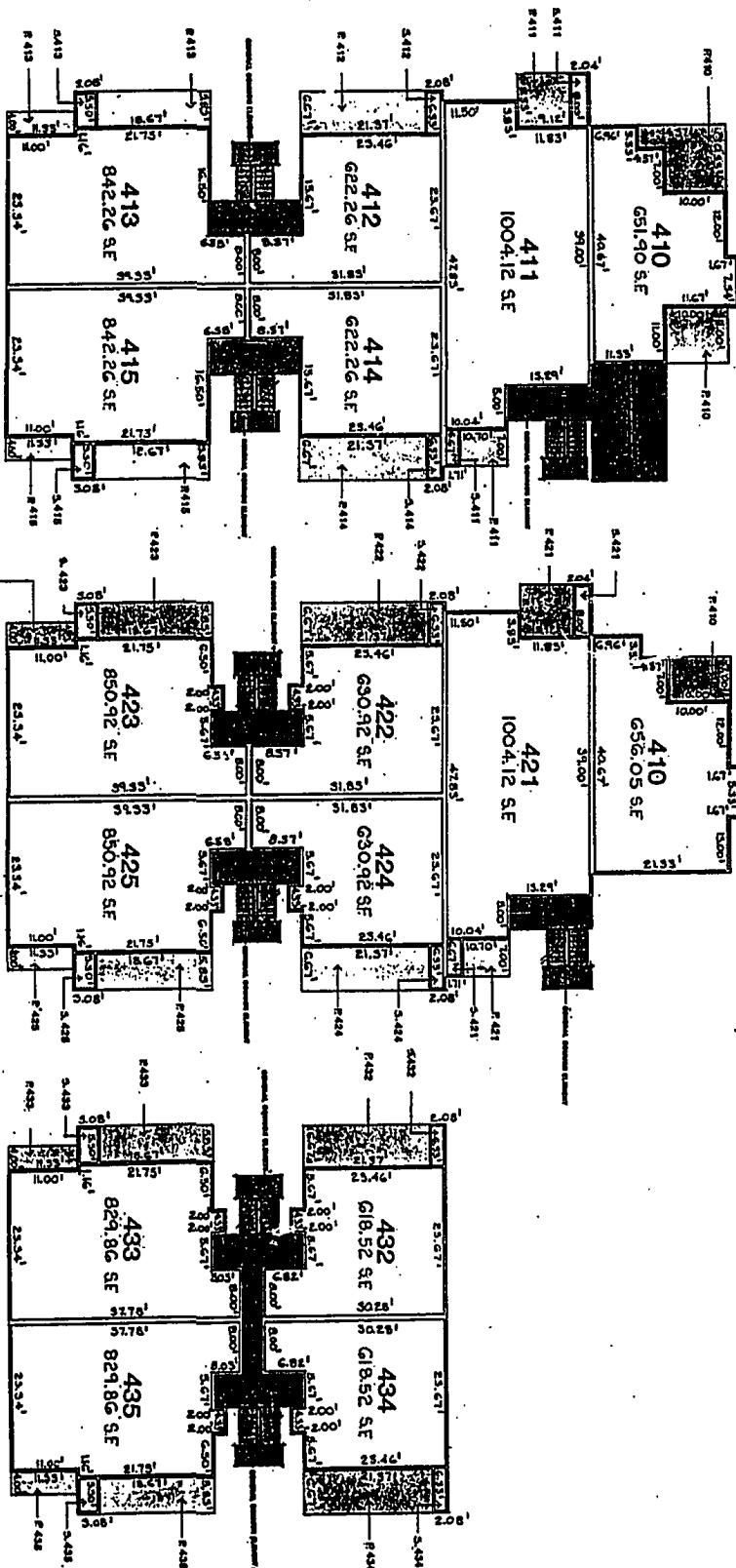
EXHIBIT B

BUILDING D

LEVEL 1 ELEV. 11.37'

LEVEL 2 ELEV. 21.93'

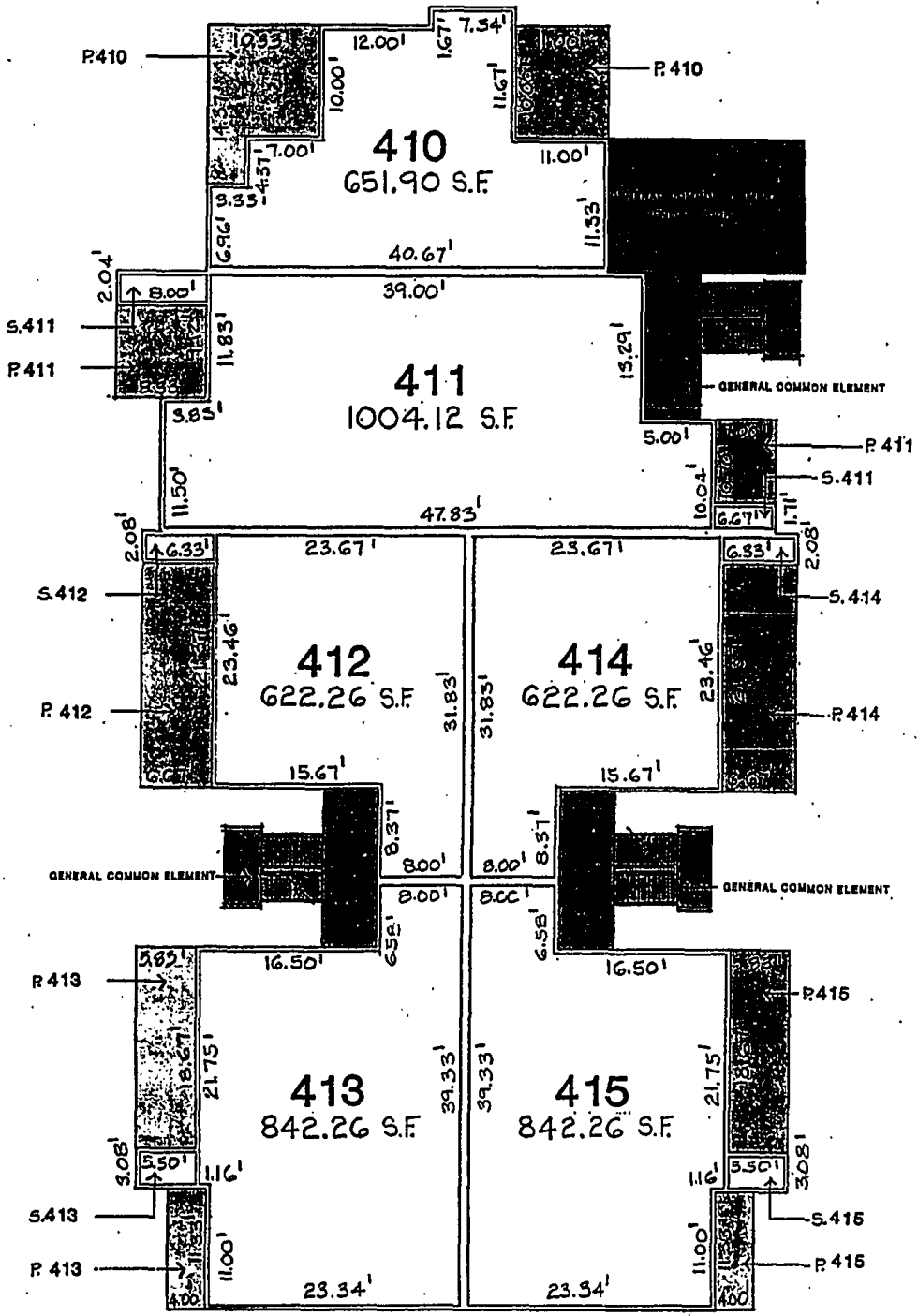
LEVEL 3 ELEV. 32.43'



6/24/85
 APPROVED AS TO LOCATION,
 C. A. Clark, C.E. #15429

004-04-2002

EXHIBIT B



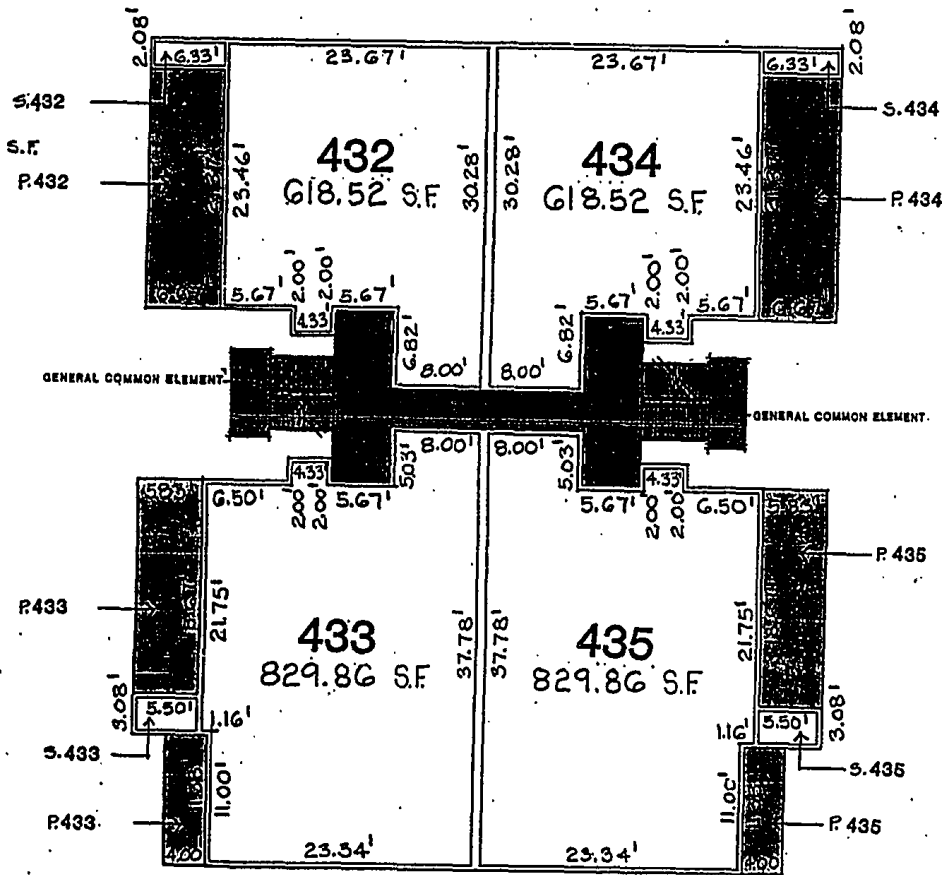
BUILDING D
LEVEL 1
ELEV. 11.37'

APPROVED AS TO LOCATION,
6/24/95 C. A. Clark
 C. A. Clark, C.E. #15429



004-04-2004

EXHIBIT B



BUILDING D

LEVEL 3

ELEV. 32.43'

APPROVED AS TO LOCATION.

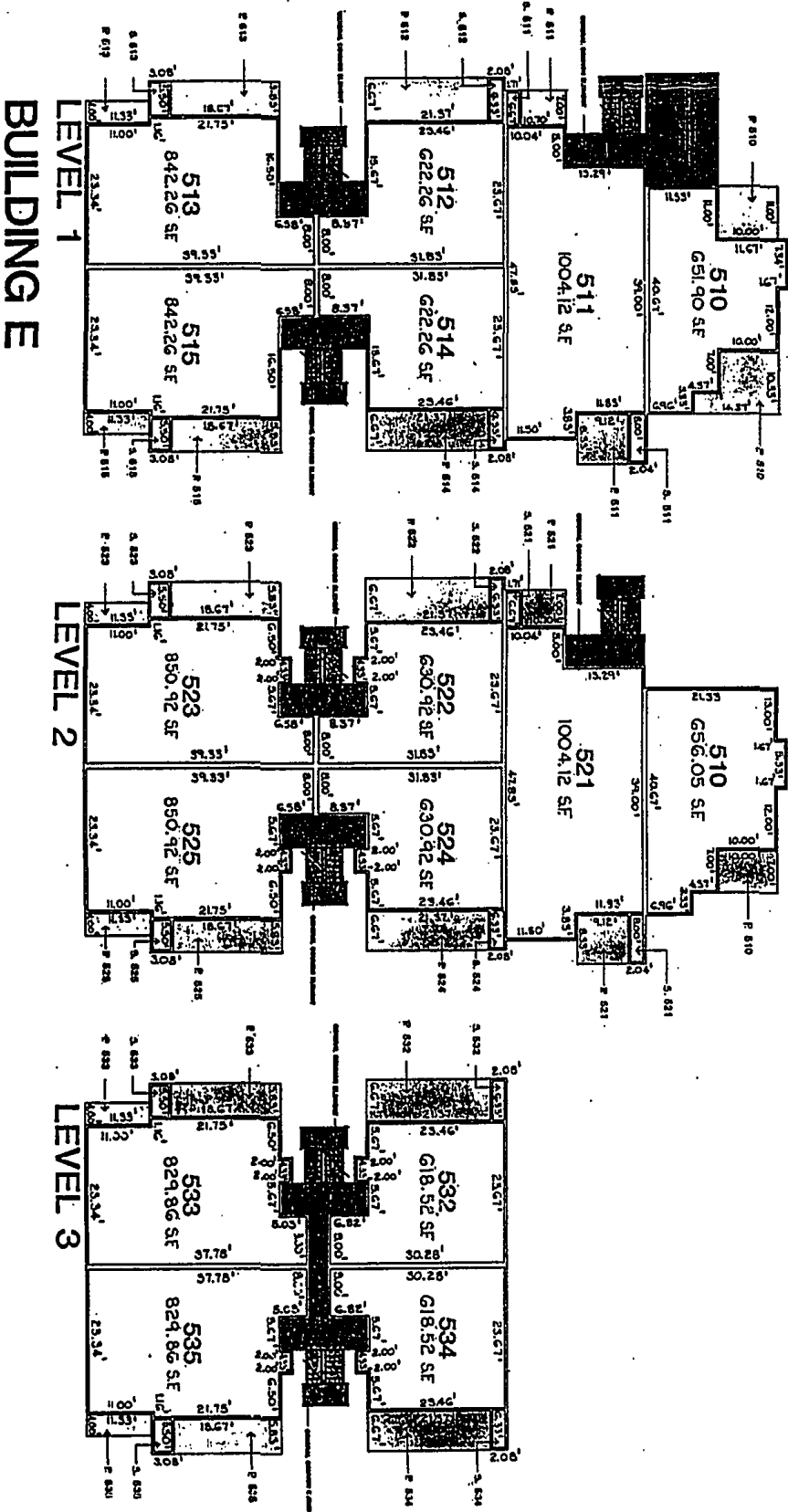
6/29/85

C. A. Clark

C. A. Clark, C.E. #15429

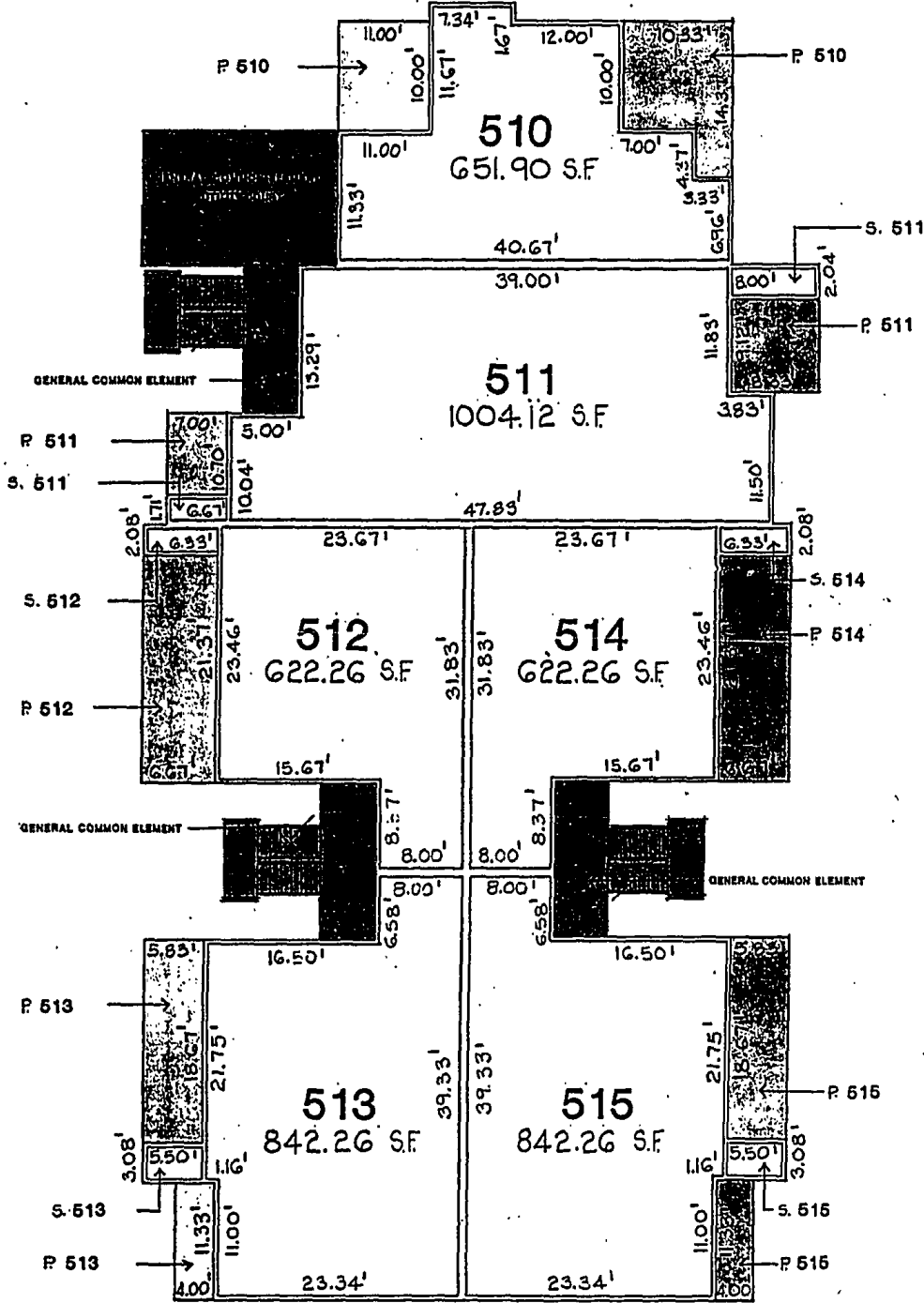
004-04-2005

EXHIBIT B



6/24/85
 APPROVED AS TO PROPOSED
 CONSTRUCTION.
 C. A. Clark, C.E. #15429

EXHIBIT B



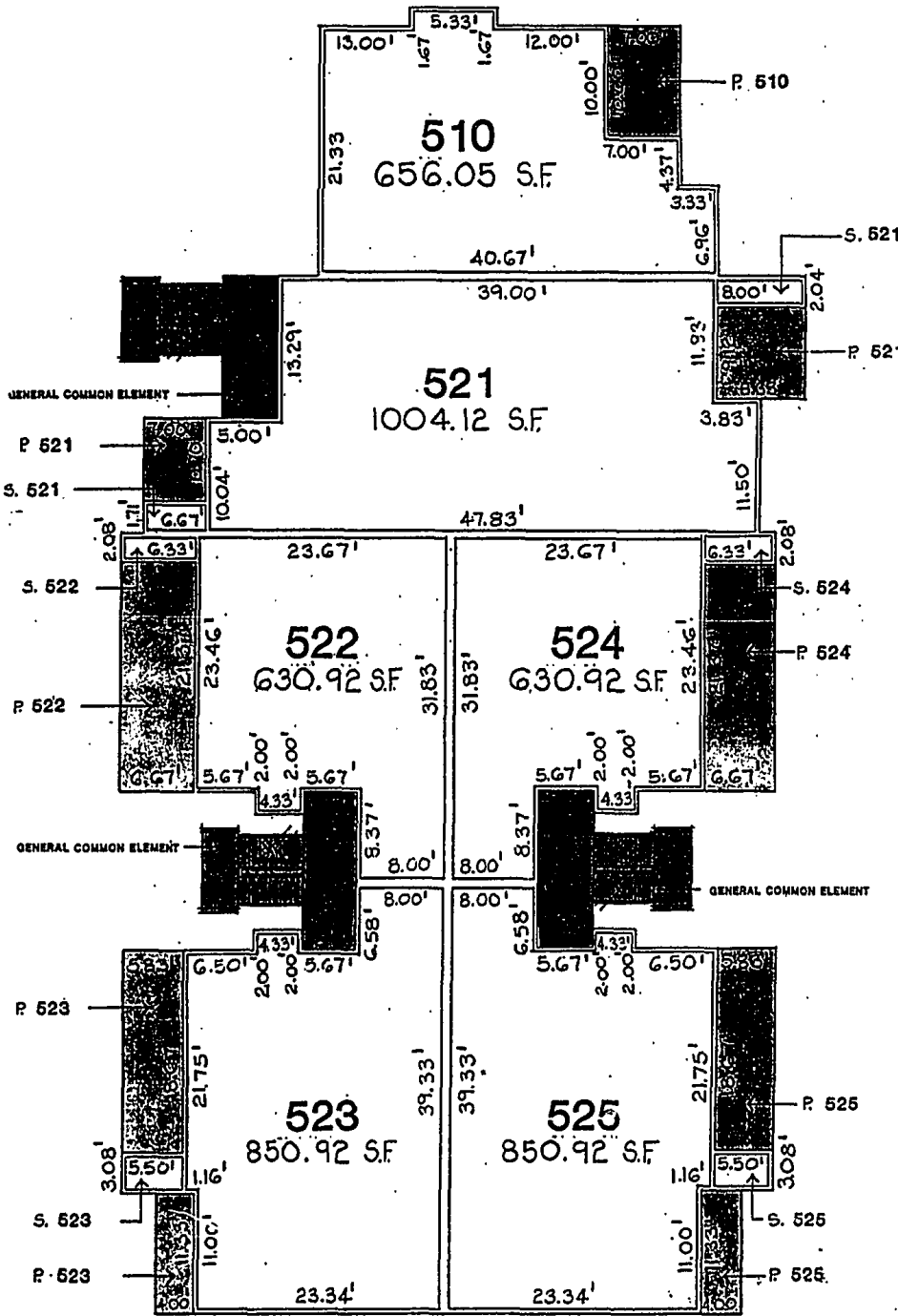
BUILDING E LEVEL 1

APPROVED AS TO PROPOSED CONSTRUCTION.

6/24/85 *C. A. Clark*
C. A. Clark, C.E. #15429



EXHIBIT B



BUILDING E

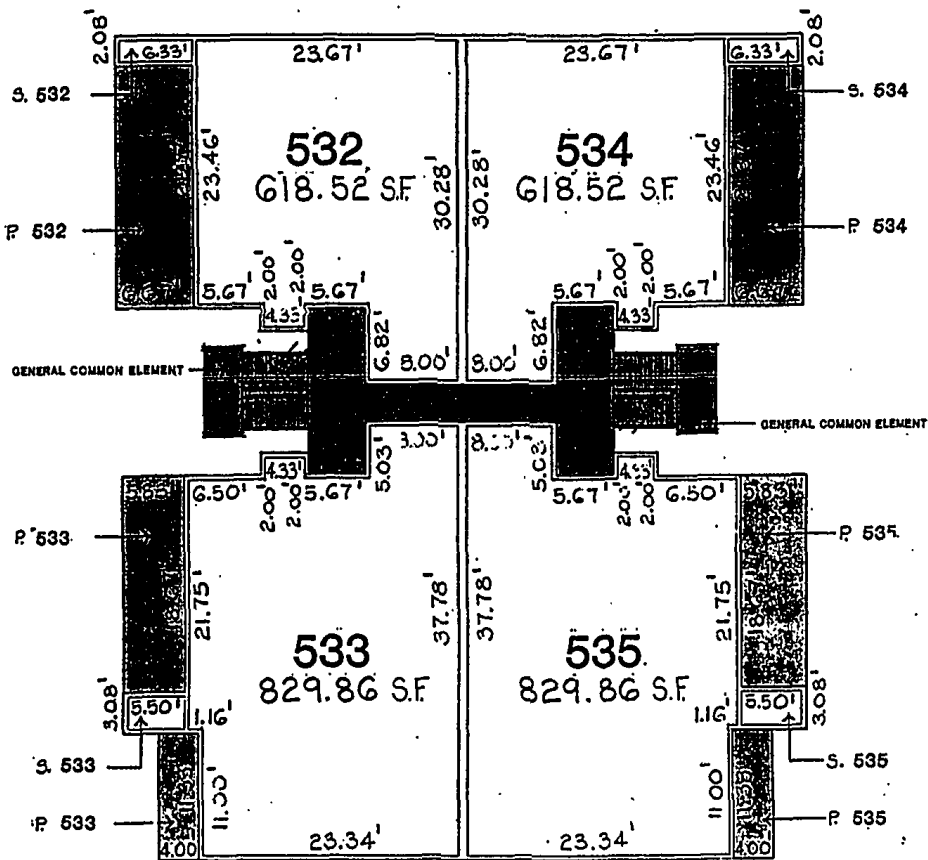
LEVEL 2

APPROVED AS TO PROPOSED CONSTRUCTION.

6/24/85 C. A. Clark

C. A. Clark, C.E. #15429

EXHIBIT B

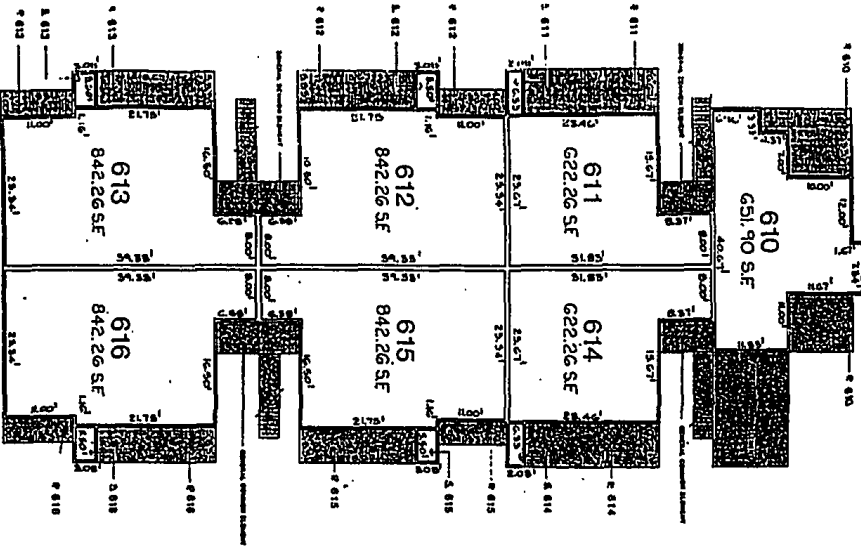


BUILDING E
LEVEL 3

APPROVED AS TO PROPOSED CONSTRUCTION.
6/24/85 *C.A. Clark*
C. A. Clark, C.E. #15429

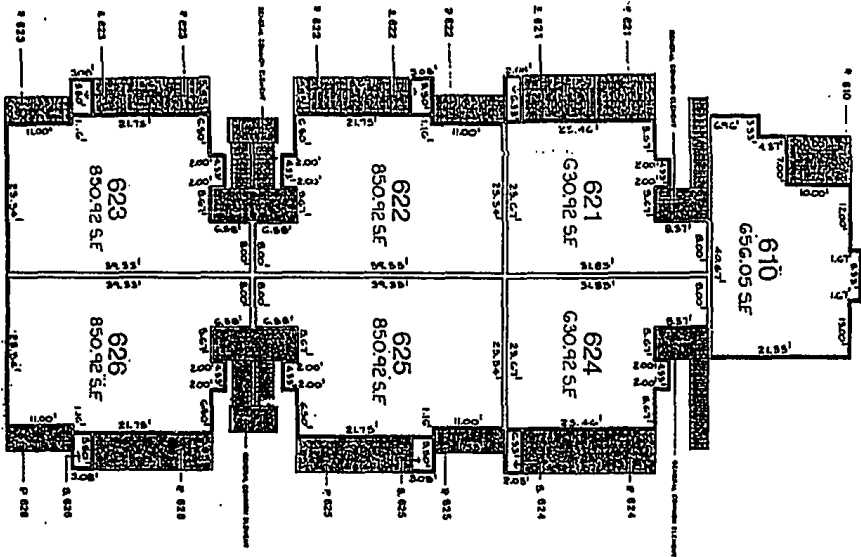


EXHIBIT B

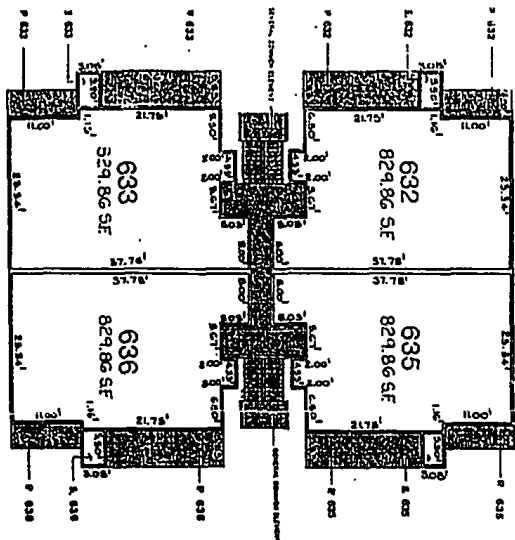


LEVEL 1

BUILDING F



LEVEL 2

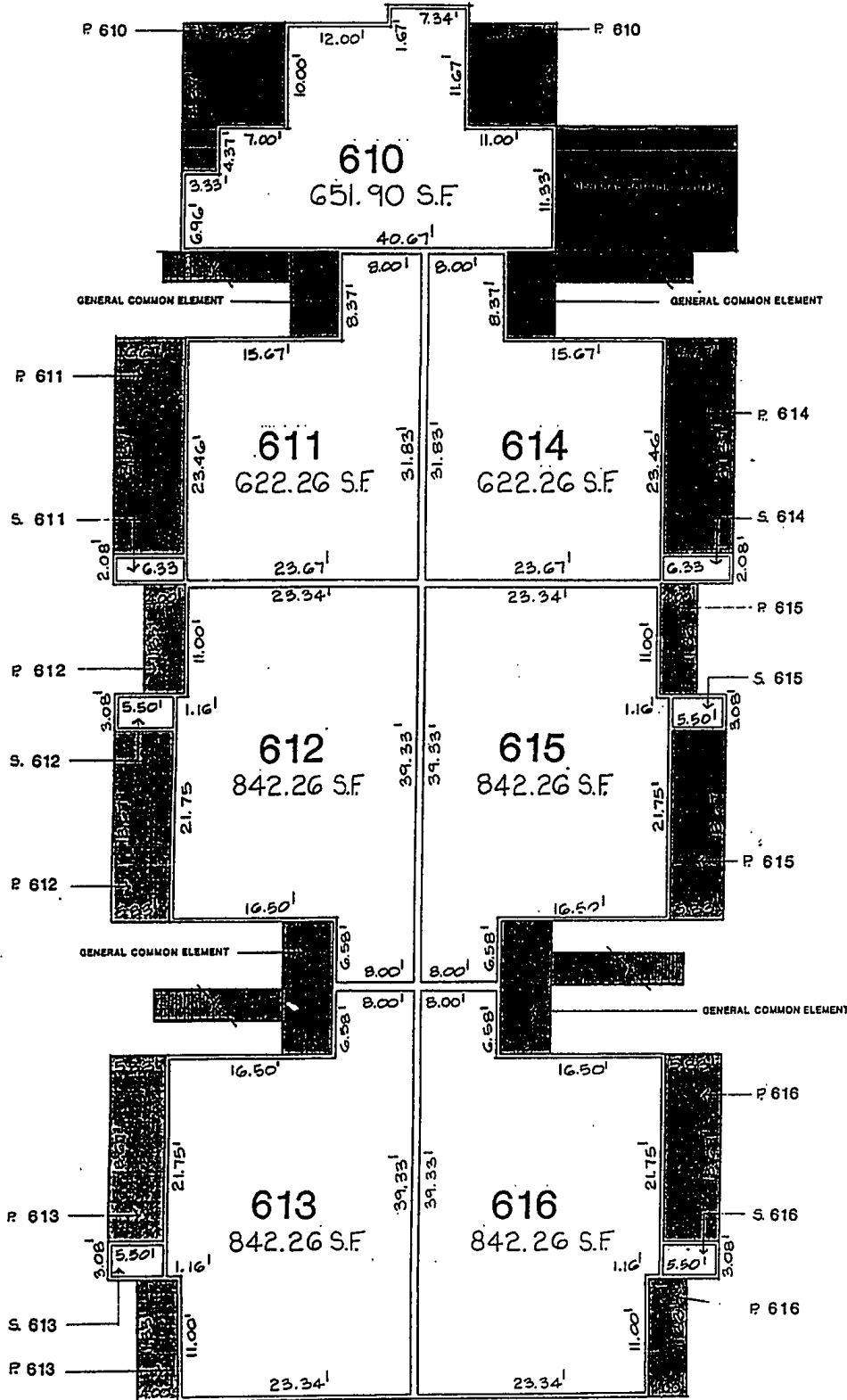


LEVEL 3

APPROVED AS TO PROPOSED CONSTRUCTION.
 6/24/05 *C. A. Clark*
 C. A. Clark, C. E. #15429

EXHIBIT B

004-04-2010



BUILDING F
LEVEL 1

6/29/85

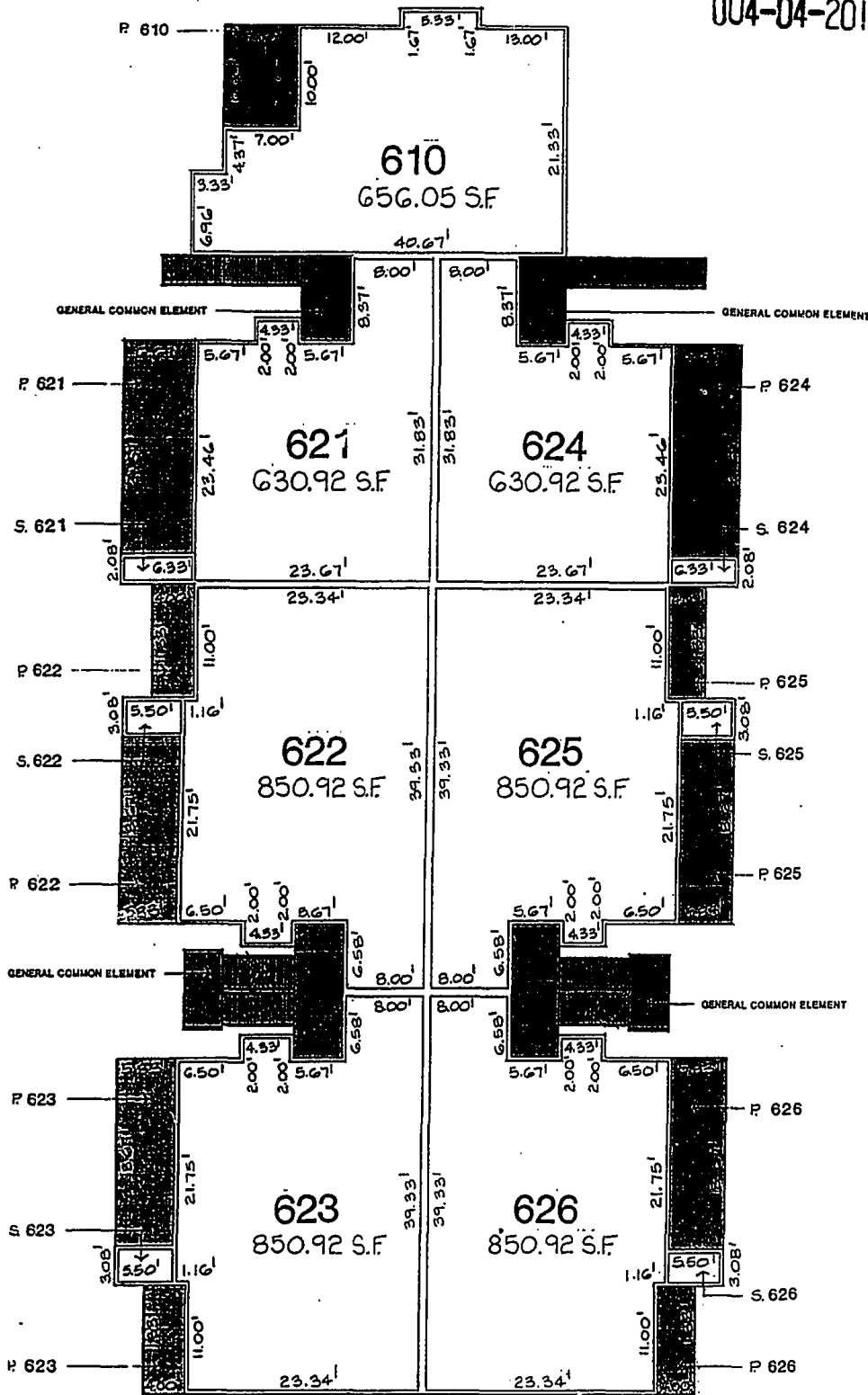
APPROVED AS TO PROPOSED CONSTRUCTION.

C. A. Clark

C. A. Clark, C. E., #15429

EXHIBIT B

004-04-2011



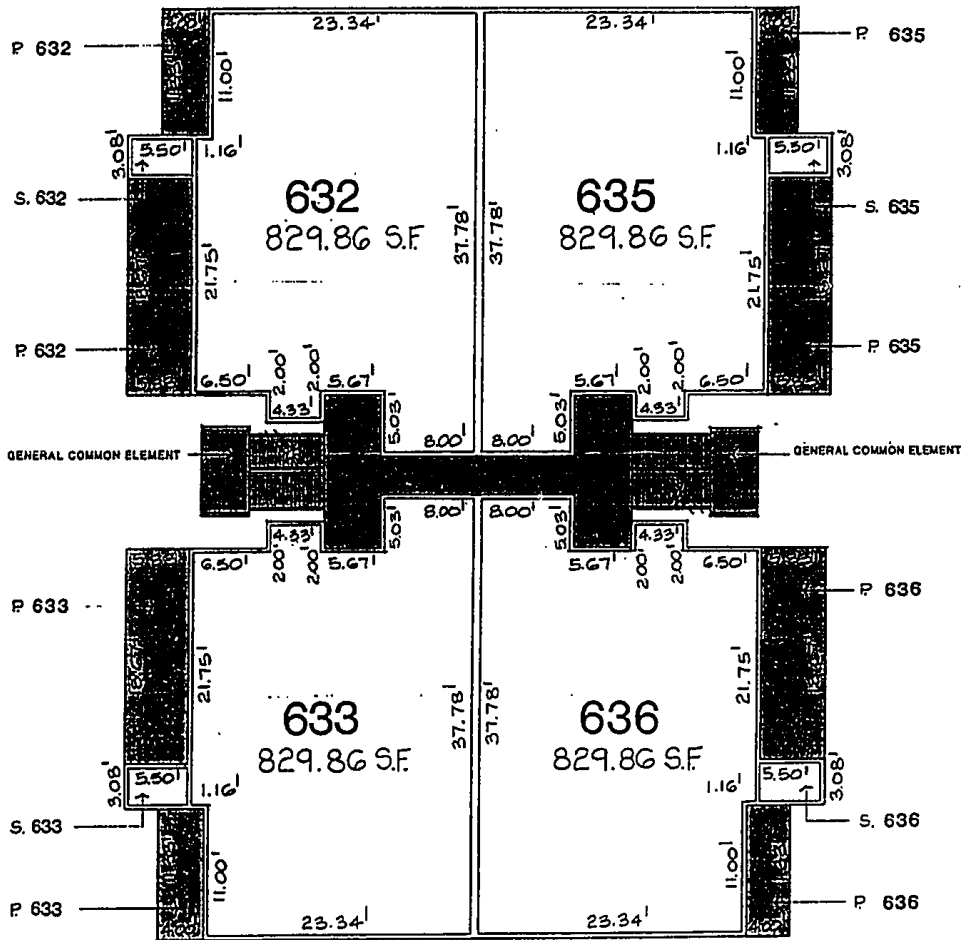
BUILDING F
LEVEL 2

APPROVED AS TO PROPOSED CONSTRUCTION.

6/24/85 *C. A. Clark*
C. A. Clark, C. E. #15429



EXHIBIT B



BUILDING F
LEVEL 3

6/24/85

APPROVED AS TO PROPOSED CONSTRUCTION.

C. A. Clark

C. A. Clark, C. E. #15429



004-04-2013

EXHIBIT C
INTEREST IN AND TO THE GENERAL COMMON ELEMENTS AND LIMITED COMMON ELEMENTS
BASED UPON THE INITIAL 26 UNITS ON THE PROJECT SITE

<u>UNIT</u>	<u>INTEREST</u>	<u>UNIT</u>	<u>INTEREST</u>
310	5.549%	410	5.549%
311	4.282	411	4.282
312	4.282	412	2.639
313	4.282	413	3.614
314	4.282	414	2.639
		415	3.614
321	4.282	421	4.282
322	4.282	422	2.639
323	4.282	423	3.614
324	4.282	424	2.639
		425	3.614
333	4.282	432	2.639
334	4.282	433	3.614
		434	2.639
		435	3.614

EXHIBIT D

BYLAWS OF
HARBOR EAST CONDOMINIUMS, INC.
A TEXAS NON-PROFIT CORPORATION

HARBOR EAST CONDOMINIUMS, INC. is a Texas non-profit corporation having as its primary function the administration of the Condominium Regime of HARBOR EAST, a Condominium, in accordance with the "Declaration Establishing A Condominium Regime, Covenants, Conditions and Restrictions," ("the Declaration") recorded or to be recorded in the Condominium Records of Galveston County, Texas, which is located at 500 Ferry Road, Galveston, Texas, and in particular to serve all of the functions of the "Council of Co-Owners" provided for in the Texas Condominium Act (Article 1301a, Revised Civil Statutes of the State of Texas).

ARTICLE INAME AND OFFICES

1.01 Until the Board of Directors otherwise determine, the registered office of HARBOR EAST CONDOMINIUMS, INC. required by the Texas Non-Profit Corporation Act to be maintained in the State of Texas, shall be 8227 Stewart Road, Galveston, Texas 77551, but such registered office may be changed from time to time by the Board of Directors in the manner provided by law and need not be identical to the principal office of the corporation. Meetings of members and directors may be held at such places within the State of Texas, County of Galveston, as may be designated by the Board of Directors.

ARTICLE IIDEFINITIONS

2.01 "Association" shall mean and refer to HARBOR EAST CONDOMINIUMS, INC., a Texas non-profit corporation, its successors and assigns.

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

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

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

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

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

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

2.08 "Unit Owner" or "Owner" means the same as 'co-owner' in the Condominium Act, and is the person who owns a Unit and a Percentage Interest of the Common Elements

within this Condominium Project, but does not include a person having an interest in a Unit solely as security for an obligation.

2.09 "Declaration" shall mean and refer to the Master Declaration for HARBOR EAST, as recorded in the Official Public Records of Real Property of Galveston County, Texas. The terms and provisions of the Declaration are deemed incorporated herein in their entirety, as if fully set forth herein, and made a part hereof for all purposes. If any provision of these Bylaws shall conflict or be inconsistent with the terms of the Declaration, the terms of the Declaration shall control.

ARTICLE III

MEMBERS

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

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

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

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

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

3.06 Voting Rights. Each Member shall be entitled to cast one vote for each Unit he owns.

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

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

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

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

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

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

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

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

ARTICLE IV

MEETINGS OF MEMBERS

4.01 Annual Meeting. An annual meeting of the Members shall be held in the month of January in each year, beginning with the year 1986 at a date, time and place to be determined by the Board of Directors, for the purpose of electing officers and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Texas, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as conveniently may be.

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

4.03 Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, 10% of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

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

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

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

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

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

ARTICLE V

BOARD OF DIRECTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

5.08 Notice and Waiver. Notice of all regular (other than regular annual meetings) and special meetings of the Board of Directors shall be given at least three (3) days previously thereto by written notice delivered personally or sent by mail or telegram to each director at his address as shown by the records of the Association. If mailed, such

notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at the meeting need not be specified in the notice of such meeting, unless specifically required by law or by these Bylaws.

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

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

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

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

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

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

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

ARTICLE VIOFFICERS

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VII

COMMITTEES

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

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

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

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

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

ARTICLE VIII

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

8.01 Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. However, the provisions of any Management Agreement may delegate contracting functions to the Management Firm.

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

8.03 Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may select.

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

ARTICLE IX

ASSESSMENTS

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

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

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

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

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

ARTICLE X

GENERAL PROVISIONS

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

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

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

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

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

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

ARTICLE XI

AMENDMENTS

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

IN WITNESS WHEREOF, we, the Board of Directors of HARBOR EAST CONDOMINIUMS, INC., have adopted these Bylaws this 1st day of May, 1985.

Willis Lucas
WILLIS LUCAS President

Diane M. Bayne
DIANE M. BAYNE Secretary

CERTIFICATE OF SECRETARY

The undersigned, Secretary of the Texas Non-Profit Corporation known as HARBOR EAST CONDOMINIUMS, INC., does hereby certify that the above and foregoing Bylaws were duly adopted by the Board of Directors of said Association on the 1st day of May, 1985, and that they now constitute said Bylaws.

Signed this 1st day of May, 1985.

Diane M. Bayne
Secretary DIANE M. BAYNE

004-04-2024

EXHIBIT E
INTEREST IN AND TO THE GENERAL COMMON ELEMENTS AND LIMITED COMMON ELEMENTS
BASED UPON THE COMPLETED PROJECT 86 UNITS

<u>UNIT</u>	<u>INTEREST</u>	<u>UNIT</u>	<u>INTEREST</u>	<u>UNIT</u>	<u>INTEREST</u>
110	1.691%	210	1.691%	310	1.691%
111	.804	211	1.305	311	1.305
112	1.102	212	1.102	312	1.305
113	1.102	213	1.102	313	1.305
114	.804	214	1.102	314	1.305
115	1.102	215	1.102		1.305
116	1.102				
121	.804	221	1.305	321	1.305
122	1.102	222	1.102	322	1.305
123	1.102	223	1.102	323	1.305
124	.804	224	1.102	324	1.305
125	1.102	225	1.102		
126	1.102				
132	1.102	232	1.102	333	1.305
133	1.102	233	1.102	334	1.305
134	1.102	234	1.102		
135	1.102	235	1.102		
136	1.102				
410	1.691%	510	1.691%	610	1.691%
411	1.305	511	1.305	611	.804
412	.804	512	.804	612	1.102
413	1.102	513	1.102	613	1.102
414	.804	514	.804	614	.804
415	1.102	515	1.102	615	1.102
				616	1.102
421	1.305	521	1.305	621	.804
422	.804	522	.804	622	1.102
423	1.102	523	1.102	623	1.102
424	.804	524	.804	624	.804
425	1.102	525	1.102	625	1.102
				626	1.102
432	.804	532	.804	632	1.102
433	1.102	533	1.102	633	1.102
434	.804	534	.804		
435	1.102	535	1.102	635	1.102
				636	1.102

88- Condo
Liz Dye
Return TD.
US Life Title
PO Box 418
Galv. TX 77553

ANALYSIS OF ANNUAL INCOME AND EXPENSES – OPERATING BUDGET

For FNMA submissions complete both pages of this form. For FHLMC submissions complete this side only. Note: If developer control has terminated and the Home Owners Association has been controlled by Unit Owners for two or more years, FHLMC does not require this form.

Project Name Harbor East Condominium
 Address or Location 500 Ferry Road City Galveston State Texas Zip _____

STATEMENT OF ANNUAL PROJECT OPERATING BUDGET AND RESERVES FOR THE YEAR 19____

COMPLETE ONLY THOSE ITEMS WHICH ARE PAID BY OWNERS ASSOCIATION WHICH INCLUDES SUBJECT UNIT.

Budget below is for: Entire project Phase No. 90 units

ADMINISTRATIVE EXPENSES

Office expenses, supplies, equipment rental, etc. \$ 1,000.00
 Telephone 500.00
 Office salaries (itemize) -0-
 Management fee (name of management firm) To Be Determined 004-04-2025 8,640.00
 Legal and audit 1,000.00

OPERATING EXPENSES

Fuel _____
 Utilities (Gas \$ _____ Electricity \$ 3,600.00 Water & Sewer \$ 24,000.00) 27,600.00
 Trash & Garbage Removal 4,800.00
 Exterminating -0-
 Supplies 500.00

REPAIRS AND MAINTENANCE

Decorating (exterior and interior) -0-
 Cleaning expenses and supplies 1,500.00
 Snow removal -0-
 Building maintenance and repairs 6,000.00
 Elevator maintenance and repairs -0-
 Heating and air conditioning maintenance and repairs -0-
 Pool maintenance and repairs 2,500.00
 Parking area maintenance and repairs concrete 200.00
 Private street maintenance and repairs concrete 200.00
 Gardening and yard maintenance and repairs including shrub replacement 10,000.00
 Other (specify) _____
 Salaries (itemize including employee benefits and payroll taxes) _____

FIXED EXPENSES

Real estate taxes (if PUD) _____
 Other (Taxes \$ by owner Assessments \$ _____ Regime Fees \$ _____) -0-
 Licenses -0-
 Insurance premiums 18,000.00
 Ground rent _____
 Recreational or other facilities rental _____

TOTAL EXPENSES

REPLACEMENT RESERVES	List Each Item	Yrs. of Estimated Remaining Life	Expected Replacement Cost	Average Yearly Cost
	roof <u>700 sq.</u>	<u>15</u>	<u>\$ 45,000.00</u>	<u>\$ 3,000.00</u>
	carport <u>120</u>	<u>20</u>	<u>60,000.00</u>	<u>3,000.00</u>
	painting <u>5</u>	<u>5</u>	<u>43,000.00</u>	<u>8,600.00</u>
	pool equip & playground <u>5</u>	<u>5</u>	<u>4,000.00</u>	<u>800.00</u>
	fence <u>8</u>	<u>8</u>	<u>20,000.00</u>	<u>2,500.00</u>

TOTAL REPLACEMENT RESERVES \$ 17,900.00
 TOTAL ANNUAL EXPENSES AND REPLACEMENT RESERVES \$ 100,340.00

Project Annual Income from: Condo/PUD charges \$ 8,378.00 x 12 Other \$ _____ Total \$ 100,536.00

Itemize other income A 12 units @ 71.00 C 20 units @ 109.00
B 48 units @ 94.00 D 6 units @ 139.00

If the income is less than the budget, discuss deficit _____

Actual funds now held for payment of operating expenses \$ -0- in Replacement Reserve fund \$ -0-
 No. of Unit Owners over 30 days delinquent in Association charges -0- in Special Assessment charges -0-

Explain any indebtedness or leases on the common area or parking, utilities or other facilities (if none, so state) _____

Certified Correct: Organization Developer - Dwelling Development Inc.
 Date _____ By William Lucas Title President

I certify that I have analyzed the above Statement of Operating Budget and Reserves. In my opinion, except as stated below, the items as set forth in this Budget appear sufficient to maintain the project, including replacement of major items, in a manner adequate to protect its marketability.

Comments on Budget and Reserves _____

Date _____ 19____ Organization _____

By _____ Title _____

TO BE COMPLETED BY SELLER/SERVICER, OWNERS ASSOCIATION OR MANAGEMENT AGENT

004-04-2026

STATE OF TEXAS

COUNTY OF GALVESTON

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

AUG 19 1985



Mary Jane Christensen
COUNTY CLERK, Galveston County, Texas

FILED FOR RECORD

AUG 19 3 37 PM '85

Mary Jane Christensen
COUNTY CLERK, GALVESTON COUNTY, TEXAS