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In the Office of the
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ARTICLES OF INCORPORATION
OF
THE VILLAS AT POINTE WEST CONDOMINIUM ASSOCIATION, INC. **Corporations Section**

The undersigned, by these Articles, associate themselves for the purpose of forming a nonprofit corporation under and in accordance with the provisions of Title 32, Chapter Nine of Vernon's Texas Civil Statutes, known as the Texas Non-Profit Corporation Act, and Title 7, Chapter 82, Subchapter C of the Texas Property Code Annotated, known as the Texas Uniform Condominium Act, and certify as follows:

Article 1. Name. The name of the nonprofit corporation is The Villas at Pointe West Condominium Association, Inc. For convenience, the corporation shall be referred to in this instrument as the "Association."

Article 2. Address. The address of the initial principal office of the Association and the initial mailing address of the Association is 515 W. Southlake Boulevard, Suite 130, Southlake, Tarrant County, Texas 76092.

Article 3. Definitions. All capitalized terms used in these Articles of Incorporation which are not defined herein shall have the meaning set forth in the Declaration of Condominium for The Villas at Pointe West, a Condominium, recorded or to be recorded by Centex Homes, a Nevada general partnership, d/b/a Centex Destination Properties ("Declarant"), in the public records of Galveston County, Texas, as such Declaration may be amended and/or amended and restated from time to time (the "Declaration").

Article 4. Purposes. The Association does not contemplate pecuniary gain or benefit, direct or indirect, to its members. By way of explanation and not of limitation, the purposes for which the Association is organized are:

(a) to be and constitute the Association to which reference is made in the Declaration, to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as set forth in the Condominium Instruments and as provided by law; and

(b) to provide an entity for the furtherance of the interests of the owners of real property now and hereafter made subject to the Declaration (such real property is referred to in these Articles as the "Condominium").

Article 5. Powers. In furtherance of its purposes, the Association shall have the following powers, which, unless indicated otherwise by the Declaration, By-Laws of the Association or Texas law shall, if exercised at all, be exercised by the Board of Directors:

(a) all of the powers conferred upon nonprofit corporations by common law, the Texas Non-Profit Corporation Act and the Texas Uniform Condominium Act (the "Act") in effect from time to time; and

(b) all of the powers necessary or desirable to perform the obligations and to exercise the rights and powers set out in these Articles, the By-Laws, and the Declaration, including, without limitation, the following:

(i) to establish, levy, collect, and enforce payment of all charges or assessments authorized by the Declaration by any lawful means; to pay all expenses in connection therewith and all administrative and other expenses incident to the conduct of the business of the Association including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the Association;

(ii) to manage, control, operate, alter, maintain, repair, improve, and replace the Common Elements and facilities, and any property acquired by the Association, or any property owned by another for which the Association, by law, rule, regulation, declaration, or agreement, has a right or duty to provide such services;

(iii) to make rules and regulations and to enforce covenants, conditions, or restrictions affecting any property within the Condominium to the extent the Association may be authorized to do so under the Declaration or, By-Laws or the Act;

(iv) to engage in activities which will actively foster, promote, and advance the common interests of all Owners within the Condominium subject to the Declaration;

(v) to buy, or otherwise acquire, sell, dedicate for public use, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, own, hold, use, operate, grant easements and otherwise deal in and with, real and personal property of all kinds and any right or interest therein for any purpose of the Association;

(vi) to borrow money for any purpose subject to such limitations as may be contained in the Declaration, the By-Laws and/or the Act ;

(vii) to enter into, make, perform, and enforce agreements of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other corporation, or other entity or agency, public or private;

(viii) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests in such corporations, firms, or individuals; and

(ix) to provide any and all services to the Condominium as may be necessary or desirable.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of this Article 5 are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provision of this Article 5.

Article 6. Members. The Association shall be a membership corporation without certificates or shares of stock. The Owner of each Unit shall be a member of the Association and shall be entitled to vote as provided in the Declaration and the By-Laws. Membership in the Association is appurtenant to, and may not be severed from the Unit. The rights and obligations of a Member may not be assigned or delegated except as provided in the Declaration, these Articles of Incorporation, or the By-Laws of the Association, and shall automatically pass to the successor-in-interest of any Owner upon conveyance of such Owner's interest in the Unit.

Change of an Owner's membership in the Association shall be established by recording in the Public Records a deed or other instrument establishing record title to a Unit. Upon such recordation, the Owner designated by such instrument shall become a member of the Association and the membership of the prior Owner shall terminate.

Article 7. Existence and Duration. Existence of the Association shall commence with the filing of these Articles of Incorporation with the Secretary of State of the State of Texas. The Association shall exist in perpetuity.

Article 8. Board of Directors. The Association's business and affairs shall be conducted, managed, and controlled by a Board of Directors ("Board"). The Board may delegate its operating authority to such companies, individuals, or committees as it, in its discretion, may determine.

The Board shall initially consist of three members, as provided in the By-Laws. The names and addresses of the initial directors, who shall hold office until their successors are elected and have qualified, or until removed, are as follows:

<u>Name</u>	<u>Address</u>
Karoline Vogt	515 W. Southlake Boulevard, Suite 130, Southlake, Texas 76092
Jason Longo	515 W. Southlake Boulevard, Suite 130, Southlake, Texas 76092
Joe Castillo	515 W. Southlake Boulevard, Suite 130, Southlake, Texas 76092

The method of election and removal of directors, filling of vacancies, and the term of office of directors shall be as set forth in the By-Laws.

Article 9. By-Laws. The initial By-Laws shall be adopted by the Board and thereafter may be altered, amended, rescinded or repealed in the manner provided in the By-Laws.

Article 10. Liability of Directors. To the fullest extent that the Texas Non-Profit Corporation Act or other applicable law exists on the date hereof or as they may hereafter be amended, permits the limitation or elimination of the liability of directors or officers, no director or officer of the Association shall be personally liable to the Association or its members for monetary damages for breach of duty of care or other duty as a director or officer. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director or officer of the Association for or with respect to any acts or omissions of such director or officer occurring prior to such amendment or repeal.

Article 11. Indemnification.

(a) **Indemnity.** The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was a director, employee, officer, or agent of the Association. Such indemnification shall include indemnification against expenses (including, without limitation, reasonable attorneys' fees and appellate attorneys' fees), judgments, fines, and amounts paid in settlement, actually and reasonably incurred by the indemnified person in connection with such action, suit, or proceeding, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interest of the Association, and, with respect to any criminal action or proceedings, such person had no reasonable

cause to believe his or her conduct was unlawful. Notwithstanding the foregoing, no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for gross negligence or misfeasance or malfeasance in the performance of his or her duty to the Association, unless, and then only to the extent that, the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability, in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses as such court shall deem proper. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interest of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful. Notwithstanding the foregoing, the Association need not indemnify the managing agent of the Condominium unless such indemnification is required to do so by the agreement between the Association and such managing agent, approved by the Board or required by law.

(b) Approval. Any indemnification under paragraph (a) above (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification is proper under the circumstances because the person requesting indemnification has met the applicable standard of conduct set forth in paragraph (a) above. Such determination shall be made (i) by majority vote of the members of the Board who were not parties to such action, suit, or proceeding, if sufficient to constitute a quorum, or (ii) if a quorum of the Board is not obtainable, or, even if obtainable, if a quorum of disinterested directors so directs, in a written opinion rendered by independent legal counsel engaged by the Association, or (iii) by a majority of the Total Eligible Association Vote and the consent of Declarant, during the Development and Sale Period.

(c) Advances. Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Association in advance of the final disposition of such action, suit, or proceeding as authorized by the Board in any specific case upon receipt of a written agreement by or on behalf of the affected director, officer, employee, or agent to repay such amount if it is ultimately determined that he or she is not entitled to be indemnified by the Association as authorized in this Article.

(d) Miscellaneous. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled by law, under the By-Laws, or pursuant to any agreement, vote of Members, or otherwise, and shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs and personal representatives of such person.

(e) Insurance. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Association, including, without limitation, as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability under the provisions of this Article.

Article 12. Interested Directors.

(a) No contract or transaction between the Association and one or more of its directors or officers, or between the Association and any other corporation, partnership, or Association, or other organization in which one or more of its directors or officers are directors or officers or have a financial interest, shall be invalid, void, or voidable solely for such reason, or solely because the director or officer is present at or participates in the meeting of the Board at which such contract or transaction was authorized, or solely because his, her, or their votes are counted for such purpose. No director or officer of the Association shall incur liability by reason of the fact that he or she is or may be interested in any such contract or transaction.

(b) Interested directors may be counted in determining the presence of a quorum at a meeting of the Board at which a contract or transaction with an interested director is to be considered.

(c) The Association may enter into contracts and transactions with Declarant and Declarant's affiliates.

Article 13. Amendments. The Board may amend these Articles without member approval (a) for those specific purposes permitted under Texas law; (b) for the purpose of bringing any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (c) to enable any reputable title insurance company to issue title insurance coverage on the Units; (d) to enable any institutional or governmental lender, purchaser, insurer or guarantor of Mortgage loans, including, for example, the U.S. Department of Veterans Affairs, the U.S. Department of Housing and Urban Development, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee Mortgage loans on the Units; or (e) to satisfy the requirements of any local, state or federal agency. Such amendments may be adopted by the Board of Directors, with the written consent of the Declarant during the Development and Sale Period. Other amendments to the Articles may be adopted by the Board of Directors with the approval of members holding at least two-thirds (2/3) of the Total Eligible Association Vote and, during the Development and Sale Period, the written consent of Declarant; provided, however, that no amendment may be in conflict with the Declaration nor be effective to impair or dilute any rights of Members that are governed by the Declaration.

Article 14. Dissolution. The Association may be dissolved only upon (a) a resolution duly adopted by the Board, and (b) the affirmative vote of not less than two-thirds (2/3) of the Total Eligible Association Vote, and (c) the consent of Declarant during the Development and Sale Period. Upon dissolution of the Association, if the VA is guaranteeing or HUD is insuring the Mortgage on any Unit, then unless otherwise agreed to in writing by HUD or the VA, any remaining real property of the Association shall be dedicated to an appropriate public agency or conveyed to a nonprofit organization to be used for purposes similar to those for which this Association was created. In the event that acceptance of such dedication is refused, such real property and the Association's remaining assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust, or other organization to be devoted to such similar purposes. Such requirement shall not apply if the VA is not guaranteeing and HUD is not insuring any Mortgage; provided, if either agency has granted project approval for the Condominium, then HUD and/or the VA shall be notified of such dissolution.

Article 15. Incorporator. The name of the incorporator of the Association is Joe Arcisz and such incorporator's address is 515 W. Southlake Boulevard, Suite 130, Southlake, Texas 76092.

Article 16. Registered Agent and Office. The initial registered agent and office of the Association is Corporation Service Company d/b/a CSC-Lawyers Incorporating Service Company located in Travis County, Texas at 701 Brazos Street, Suite 1050. Austin, Texas 78701.

IN WITNESS WHEREOF, the undersigned Incorporator has executed these Articles of Incorporation this 19 day July, 2004.

INCORPORATOR:



Joe Arcisz

BY-LAWS

OF

THE VILLAS AT POINTE WEST CONDOMINIUM ASSOCIATION, INC.

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BY-LAWS
OF
THE VILLAS AT POINTE WEST CONDOMINIUM ASSOCIATION, INC.

Article I.
Name, Principal Office, and Definitions

1.1 Name.

The name of the nonprofit corporation is The Villas at Pointe West Condominium Association, Inc. (the "Association").

1.2 Principal Office.

The Association's principal office shall be located in the State of Texas in such location as the Board of Directors (the "Board"), determines or as the Association's affairs require.

1.3 Definitions.

The words used in these By-Laws shall have their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the Declaration of Condominium for The Villas at Pointe West, a Condominium as it may be amended, or amended and restated, from time to time ("Declaration"), unless the context indicates otherwise. The interpretation of certain references, as set forth in Section 2.2 of the Declaration, shall also apply to the words used in these By-Laws.

Article II.
Membership, Meetings, Quorum, Voting, Proxies

2.1 Membership.

All Owners, by virtue of their ownership of interest in a Unit are members of the Association as more fully set forth in the Declaration. Provisions of the Declaration pertaining to membership are incorporated herein by this reference.

2.2 Change of Membership.

Change of membership in the Association shall be established by recording a deed or other instrument conveying record fee title to any Unit. The grantee named in such instrument shall, by acceptance of such instrument, become a member of the Association, and the membership of the prior Owner shall terminate. The new Owner shall deliver a copy of the conveyance instrument to the Association within 14 days after the conveyance and the new Owner shall not be entitled to voting privileges until the same has been received by the Association. The foregoing shall not, however, limit the Association's powers or privileges and the new Owner shall be liable for accrued and unpaid fees and assessments attributable to the Unit acquired.

2.3 Place of Meetings.

The Association shall hold meetings at its principal office or at such other place as the Board may designate. Meetings may be conducted electronically (i.e., via the Internet, intranet, or teleconference) if and to the extent permitted by law.

2.4 Annual Meetings.

The Association shall hold its first meeting, whether a regular or special meeting, within one year after the date of the Association's incorporation. The Board shall set the date and time of subsequent regular annual meetings to occur during the first quarter of each year thereafter.

2.5 Special Meetings.

The President may call a special meeting of the Association. It also shall be the President's duty to call a special meeting if so directed by a resolution adopted by a majority of the Board or upon written petition of members representing at least 20% of the Total Eligible Association Vote describing the purpose or purposes for which the special meeting is to be held. If the President does not call a special meeting pursuant to this Section within 30 days after the date such written petition is delivered to the Association's Secretary, any member signing the petition may set the time and place of the special meeting and give the Association notice pursuant to Section 2.6.

2.6 Notice of Meetings.

The Association's Secretary shall cause written notice stating the place, day, and hour of any Association meeting to be given in any manner permitted by applicable law. If permitted by law, notice may be published in a newspaper, or by radio, television, or other form of public broadcast communication in the County, delivered by hand delivery, or sent by facsimile, electronic mail, or other electronic communication device, or such other manner which is reasonably calculated, as the Board determines in its discretion, to provide personal notice to members. Notice shall be given at least 10 and, in any event, not more than 60, days before the date of the meeting, by or at the direction of the President, the Secretary, or the officers or Persons calling the meeting.

The Association may not meet to adopt an amendment or other change to the Condominium Instruments or rules of the Association unless the Association has given to each Owner a document showing the specific amendment or other change that would be made to the Condominium Instruments or rules. The document must be given to each Owner after the 20th day but before the 10th day preceding the date of the meeting of the Association.

The notice of any meeting shall also state the items on the agenda, including, without limitation, any budget changes, and any proposal to remove a director or officer. No other business shall be transacted at a special meeting except as stated in the notice for the special meeting. Unless one-third (1/3) or more of the votes entitled to be cast in the election of directors are represented in person or by proxy, the only matters that may be voted upon at an annual or regular meeting of members are those matters that are described in the meeting notice.

If mailed, the notice of a meeting shall be deemed given when deposited in the United States mail addressed to the member at his or her address as it appears on the Association's records, with postage prepaid. If sent by facsimile, electronic mail, or other electronic communication device, notice shall be deemed delivered when transmitted to the member at his or her address, e-mail address, or telephone or fax number as it appears on the Association's records. Failure to receive actual notice of an Association meeting shall not affect the validity of any action taken at such meeting.

2.7 Waiver of Notice.

Waiver of lack of proper notice of an Association meeting shall be the equivalent of proper notice. Any member may waive, in writing, lack of proper notice of any Association meeting, either

before or after such meeting. A member's attendance at a meeting shall be deemed a waiver by such member of lack of proper notice of the meeting, unless the member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed a waiver of lack of proper notice of all business transacted at the meeting, unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.8 Adjournment of Meetings.

If the Association cannot hold a meeting because a quorum is not present, or if the members otherwise elect (with the approval of the Declarant during the Development and Sale Period), a majority of the members who are present may adjourn the meeting to a time at least 5 but not more than 30 days from the date called for the original meeting. Notice need not be given of the new date, time, or place, if the new date, time, or place is announced at the meeting before adjournment. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If those in attendance at the original meeting do not fix a time and place for reconvening the meeting, or if for any reason a new date is fixed for reconvening the meeting after adjournment, the Association shall give the members notice of the time and place for reconvening the meeting in the manner prescribed for regular meetings.

2.9 Voting.

Members shall have such voting rights as are set forth in the Declaration, which provisions are incorporated herein by this reference. The Board may adopt policies and procedures regarding the methods of casting votes, such as written ballots, secret ballots or computer access. If only one of the multiple Owners of a Unit is present at a meeting of the Association, that Owner may cast the vote or votes allocated to that Unit. If more than one of the multiple Owners is present, the vote or votes allocated to that Unit may be cast only in accordance with the Owners' unanimous agreement. Multiple Owners are in unanimous agreement if one of the multiple Owners casts the votes allocated to a Unit and none of the other Owners makes prompt protest to the person presiding over the meeting.

2.10 List for Voting.

After setting a record date for notice of a meeting, the Board shall prepare an alphabetical list of the names of the members entitled to notice of such meeting. The list shall show the address of the member and the number of votes each is entitled to vote at the meeting. The list for voting shall be made available for inspection in accordance with Texas law.

2.11 Proxies.

On any matter as to which a member is entitled personally to cast the vote for his or her Unit, such vote may be cast in person or by proxy, subject to applicable law. If a Unit is owned by more than one Owner, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a proxy duly executed by the Unit Owner. A Unit Owner may not revoke a proxy given under this section except by giving actual notice of revocation to the Secretary of the Association.

Every proxy shall be in writing specifying the Unit(s) for which it is given, signed by the member or his or her duly authorized attorney-in-fact, dated, and filed with the Association's Secretary or person presiding over the meeting prior to or during the roll call for the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the member giving such proxy is entitled to cast, and in the event of any conflict between two or more

proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, the later, if the timing of the execution thereof can be determined, shall prevail, otherwise both shall be deemed invalid.

Every proxy shall be revocable with notice and shall automatically cease upon: (a) conveyance of any Unit(s) for which it was given; (b) the receipt of written notice of revocation of the proxy or of the death or judicially declared incompetence of a member who is an individual by the Secretary or the person presiding over a meeting of the Association; (c) 90 days from the meeting date for which the proxy was originally given, unless the proxy specifies a shorter period; or (d) 1 year after the date of the proxy, unless the proxy specifies a shorter period.

2.12 Majority.

As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate, totaling more than 50% of the total eligible number.

2.13 Quorum.

Except as these By-Laws or the Declaration otherwise provide, members or their proxies entitled to cast 10% of the Total Eligible Association Vote and Declarant, during the Development and Sale Period, shall constitute a quorum at all Association meetings. If no quorum is present at a meeting, the meeting may be adjourned and reconvened on a later date by the affirmative vote of a majority of those members present in person or by proxy. At such reconvened meeting, the quorum requirement shall be 5% of the Total Eligible Association Vote and Declarant, during the Development and Sale Period. The quorum shall continue to be reduced by 50% from that required at the previous meeting as previously reduced, until such time as a quorum is present and business can be conducted.

2.14 Conduct of Meetings.

The President shall preside over all Association meetings at which he or she is present, and the Secretary shall keep (or cause to be kept) the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

2.15 Action Without a Meeting.

Without holding a meeting pursuant to Sections 2.4 or 2.5, members may take any action that applicable law requires or permits the members to take at a meeting (subject to any limitations in the Condominium Instruments), if the action is approved by members representing at least the minimum number of votes in the Association necessary to authorize such action at a meeting, assuming the number of votes cast equals or exceeds the quorum required to be present at a meeting authorizing the action. Such approval shall be evidenced by one or more written consents specifically authorizing the proposed action, dated and signed by members holding the requisite votes. The Association need not give prior notice before soliciting such consent; provided, however, that the Association must send written consent forms to all members for action authorized pursuant to this section to be valid. Members shall sign, date, and deliver such consents to the Association within 60 days after the Association's receipt of the earliest dated consent. The Association's Secretary shall file (or cause to be filed) such consents with the Association's minutes and the consents shall have the same force and effect as a vote of the members at a meeting. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give (or cause to be given) written notice to all members entitled to vote, fairly summarizing the material features of the authorized action.

2.16 Order of Business.

The order of business at all annual meetings of the members shall be as follows: (a) roll call to determine whether a quorum is represented; (b) proof of notice of the meeting or waiver of notice; (c) reading of (or waiver of reading) minutes of the preceding annual meeting; (d) reports of officers, if any; (e) reports of committees, if any; (f) election of inspector(s) of election if an election is to be held; (g) election of Directors if applicable; (h) unfinished business, if any; and (i) new business.

Article III.

Board of Directors: Selection, Meetings, Powers

A. Composition and Selection.

3.1 Governing Body: Composition.

The Board shall govern the Association's affairs. Each director shall have one vote. Directors must be members or residents of the Condominium, except in the case of directors that Declarant appoints. A director must be at least 18 years old. No more than one representative of any member which is a legal entity, nor more than one Occupant of any Unit, shall serve on the Board at a time, except in the case of directors that Declarant appoints.

3.2 Number of Directors.

The initial Board shall consist of the three directors identified in the Articles of Incorporation.

3.3 Nomination and Election Procedures.

(a) Nominations and Declarations of Candidacy. Prior to each election of directors, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which every eligible person who has an interest in serving as a director may file as a candidate for any position to be filled by members. Nominations for election to the Board also may be made by a nominating committee. The nominating committee, if any, shall consist of a Chairman, who shall be a member, and two or more members or representatives of members, all appointed by a majority of the Board. The nominating committee, if any, may make as many nominations for election to the Board as it shall in its discretion determine. The Board shall also permit nominations from the floor at any election meeting.

The Board shall give each candidate a reasonable, equal opportunity to communicate his or her qualifications to the members and to solicit votes.

(b) Election Procedures. A member may cast the vote(s) assigned to the Unit(s) which he or she owns for each position to be filled at an election. Cumulative voting is not allowed. That number of candidates equal to the number of positions to be filled who receive the greatest number of votes shall be elected.

3.4 Election and Term of Office.

(a) Declarant shall have the right to appoint and remove any member or members of the Board of Directors and the officers of the Association subject to the limitations set forth below:

(i) Not later than the 120th day after 50% of the Units that may be created in the Condominium have been conveyed by Declarant to Owners other than a Person or Persons constituting

Declarant, the Association shall hold an election at which the members, other than Declarant, shall be entitled to elect one (1) of the three (3) directors, who shall serve a term of two (2) years or until the occurrence of the event described in subsection (ii) below, whichever is shorter. If such director's term expires prior to the occurrence of the event described in subsection (ii), a successor shall be elected for a like term. The remaining two (2) directors shall be appointees of Declarant.

(ii) Not later than the 120th day after 75% of the Units that may be created in the Condominium have been conveyed by Declarant to Owners other than a Person or Persons constituting the Declarant, the Association shall hold an election at which the members, other than Declarant, shall be entitled to elect all three (3) members of the Board, who shall each serve a term of two (2) years.

Notwithstanding the stated length of any term, directors shall hold office until their respective successors have been elected. Upon expiration of the term of each Director elected pursuant to this subsection and thereafter, a successor shall be elected for a term of two years.

3.5 Removal of Directors and Vacancies.

Any Director elected by the members may be removed, with or without cause, by a majority of the Total Eligible Association Vote. Any Director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a Director, a successor shall be elected by the members to fill the vacancy for the remainder of the term of such Director.

Any Director elected by the members who has three consecutive unexcused absences from Board meetings, or who is more than 60 days delinquent (or occupies or represents a Unit for which assessments are so delinquent) in the payment of any assessment or other charge due the Association may be removed by a majority vote of the Board present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy until the next annual meeting, at which time the members shall elect a successor for the remainder to the term.

In the event of the death, disability, or resignation of a director elected by the members, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the members entitled to fill such directorship may elect a successor for the remainder of the term. If they fail to do so, the Board may appoint another director to fill the vacancy until filled by election.

This Section shall not apply to directors appointed by Declarant. Declarant shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by Declarant.

B. Meetings.

3.6 Organizational Meetings.

Within 30 days after the election or appointment of new directors, the Board shall hold an organizational meeting at such time and place as the Board shall set.

3.7 Regular Meetings

The Board may hold regular meetings at such time and place as the Board shall determine, but the Board shall hold at least one such meeting during each fiscal year.

3.8 Special Meetings.

The Board shall hold special Board meetings when called by written notice signed by the President, Vice President, or any two directors.

3.9 Notice: Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The Board shall give notice to each director by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone (either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director); or (iv) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at the director's telephone number, fax number, electronic mail address, or sent to the director's address, each as shown on the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least 7 business days before the time set for the meeting, except in the event of an emergency. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

The Board may not meet to adopt an amendment or other change to the Condominium Instruments or rules of the Association unless the Board has given to each Owner a document showing the specific amendment or other change that would be made to the Condominium Instruments or rules. The document must be given to each Owner after the 20th day but before the 10th day preceding the date of the meeting of the Board.

(b) Except for emergency meetings, notice of a Board meeting shall be posted in a conspicuous place within the Condominium at least 48 hours in advance of the meeting or provided in any other manner reasonably anticipated to provide notice to all members, including, without limitation, publication in an Association newsletter with Condominium-wide circulation, posting on a Condominium cable television channel, or posting on a Condominium Internet or intranet page. In lieu of notice of each regular Board meeting, the Board may post or publish a schedule of upcoming Board meetings.

(c) Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the meeting's purpose. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.10 Telephonic Participation in Meetings.

Members of the Board or any committee designated by the Board may participate in a Board or committee meeting by means of telephone or other electronic means, through which all persons participating in the meeting can converse with each other at the same time. Participation in this manner shall constitute presence at the meeting for all purposes. Participants attending by electronic means may vote by electronic transmission.

3.11 Quorum of Board.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present

shall constitute the Board's decision, unless these By-Laws or the Declaration specifically provide otherwise. A meeting at which a quorum is initially present may continue, notwithstanding the withdrawal of directors, if at least a majority of the required quorum for that meeting approves any action taken. If the Board cannot hold a meeting because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.12 Conduct of Meetings.

The President shall preside over all Board meetings at which he or she is present, and the Secretary shall keep (or cause to be kept) a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.13 Open Meetings; Executive Session.

Subject to the provisions of Section 3.14, all Board meetings shall be open to all members. However, attendees other than directors may not participate in any discussion or deliberation unless a director requests that they be granted permission to speak, and the Board concurs. In such case, the President (or other officer conducting the meeting) may limit the time any such individual may speak.

Notwithstanding the above, the President may call a special Board meeting, or adjourn any Board meeting and reconvene in executive session, and may exclude persons other than directors, to discuss with the Association's attorney matters relating to pending or threatened litigation which are protected by the attorney-client privileges, or to discuss among the Board any other matter of a sensitive nature, if applicable law permits. In such cases, no recording will be permitted.

3.14 Action Without a Formal Meeting.

Any action to be taken or which may be taken at a Board meeting may be taken without a meeting if all directors sign a consent in writing, setting forth the action so taken. Such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.15 Powers.

The Board shall have all of the powers and duties necessary for administering the Association's affairs and for performing all of the Association's responsibilities and exercising all of the Association's rights as set forth in the Condominium Instruments, and as provided by law. The Board may do or cause to be done on the Association's behalf all acts and things except those which the Condominium Instruments or applicable law require to be done and exercised exclusively by the membership generally.

3.16 Duties.

The Board's duties shall include, without limitation:

- (a) those obligations set forth in the Declaration and elsewhere in these By-Laws.
- (b) depositing all funds received on the Association's behalf in a bank depository which it shall approve, and using such funds to operate the Association; provided, however, that any reserve funds may be deposited, in the Board's business judgment, in depositories other than banks;
- (c) enforcing by legal means the provisions of the Condominium Instruments and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; if, in the exercise of its business judgment, it deems it prudent to do so;
- (d) keeping books with detailed accounts of the Association's receipts and expenditures; and
- (e) maintaining, and retaining for the time periods required, the official records of the Association, as provided in , or such other applicable law.

3.17 Compensation.

The Association shall not compensate a director for acting as such. The Association may reimburse any director for expenses incurred on the Association's behalf if approved by a majority of the other directors. In addition, nothing herein shall prohibit the Association from compensating a director for services or supplies he or she furnishes to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association. The foregoing also applies to any entity with which a director is affiliated.

3.18 Right of Declarant to Disapprove Actions.

During the period that Declarant initially has the right pursuant to Section 3.4 to appoint and remove officers and members of the Board (irrespective of whether such right is voluntarily surrendered prior to the end of the period set forth in Section 3.4) (the "Declarant-Control Period"), Declarant shall have a right, to the extent not prohibited by law, to veto any action, policy, or program of the Association, the Board, and/or any committee which, in Declarant's discretion, would tend to impair rights or interests of Declarant, or any affiliate of Declarant's, interfere with development or construction of any portion of the Condominium, or diminish the level of services the Association provides.

(a) Notice The Association, the Board, and each committee shall give Declarant written notice of their meetings and proposed actions to be approved at their meetings (or by written consent in lieu of a meeting). The notice shall comply with the requirement for notice to directors under Section 3.9 and shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth with reasonable particularity the agenda to be followed at such meeting.

(b) Opportunity to be Heard The Association, the Board, and each committee shall give Declarant the opportunity at any meeting to join in, or to have its representatives or agents join in, discussion from the floor concerning any prospective action, policy, or program which would be subject to the veto right described in this Section.

(c) Exercise of Rights. Declarant may exercise its veto right at any time within 30 days following the meeting at which such action was proposed or, if the action is approved without a meeting, at any time within 30 days following receipt of written notice of the proposed action. Declarant, its representatives or agents, may make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. This veto right may be used to block proposed actions but shall

not include a right to require any action or counteraction by the Association, the Board, or any committee. Declarant shall not use its veto right to prevent expenditures required to comply with applicable laws.

(d) Condition of Implementation. No action, policy, or program subject to Declarant's veto right shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met, and then subject to Declarant's rights under subsection (c).

3.19 Management.

The Board may employ a professional managing agent or agents, at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize and as are otherwise within the scope of the Board's authority. The Board may delegate such powers as are necessary to perform the manager's duties, but shall not delegate policy-making authority or the obligation to adopt a budget. The Board may contract with or employ Declarant or any of its affiliates as managing agent or manager.

The Board may delegate to one or more of its members the authority to act on the Board's behalf on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

The members shall have no right to terminate a management contract during the Declarant-Control Period. Unless the Board otherwise grants such right, or unless the management contract otherwise provides, the Board may act in its discretion with respect to executing and terminating management contracts during the Declarant-Control Period. Any management contract may, among other things, authorize the managing agent to act as the Association's agent with respect to the expenditure of Association funds within the scope of the approved Association budget; however, the managing agent shall not be permitted to spend money in excess of the budget or reallocate greater than 10% of any budget line item without the Board's prior written approval.

3.20 Accounts and Reports.

The following management standards of performance shall be followed unless the Board specifically determines otherwise:

(a) Commencing at the end of the quarter in which the first Unit is sold and closed, the Board may prepare financial reports for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on a cash or accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments

which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution), and

(b) An annual financial report consisting of at least the following shall be prepared within 60 days (or such longer period as is permitted by law) after the close of the fiscal year: (i) a balance sheet showing actual receipts and expenditures; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant.

The Association shall provide each Owner or its authorized agent a copy of the annual financial report within 5 business days following receipt of a written request for same. In addition, if applicable law requires, the Association shall send a copy of the annual financial report to each member by mail or personal delivery following the close of the fiscal year. All records, books and annual reports of the financial activity of the Association should be kept at the principal office of the Association in the State of Texas for at least three (3) years after the closing of each fiscal year.

3.21 Right To Contract.

The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or other owners or residents associations.

3.22 Fines and Sanctions.

The Association may impose fines, in such amounts as permitted by law, for any violation of the Condominium Instruments except with regard to assessments. To the extent the Declaration or applicable law specifically requires, the Board shall comply with the following procedures prior to imposition of sanctions:

(a) Notice. The Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation or property damage; (ii) the proposed sanction, fine or damage charge to be imposed; (iii) a period of not less than 30 days within which the alleged violator may present a written request for a hearing; and (iv) a statement that the proposed sanction, fine or damage charge shall be imposed as contained in the notice unless the alleged violator challenges the violation within 30 days of the notice. If a timely request for a hearing is not made, or if otherwise permitted by the Condominium Instruments and applicable law, the sanction stated in the notice shall be imposed. The Board may suspend any proposed sanction if the violation is cured, or if a diligent effort is being made to cure, within the 30-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and/or rules by any Person. If a violator repeats the violation, or engages in a similar violation, for which notice was given within 12 months after the date of the first notice, the Board shall have the discretion to impose the proposed sanction, fine or damage charge as if the alleged violation was one continuous violation without the need to serve the alleged violator with additional notice.

(b) Hearing. If the alleged violator requests a hearing within the allotted 30-day period, the hearing shall be held before the Covenants Committee, or if none has been appointed, then before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Proof of proper notice shall be placed in the minutes of the meeting. A copy of the notice, together with a statement of the date and manner of delivery signed by the officer, director, or agent who delivered such notice shall be considered adequate proof of notice. The notice requirement shall be deemed satisfied if

the alleged violator or its representative appears at the meeting. A written statement of the results of the hearing and the sanction, if any, imposed shall be filed with the minutes of the Covenants Committee's meetings. The Association shall hold a hearing not later than the 30th day after the date the Covenants Committee or Board receives Owner's request for a hearing and shall notify Owner of the date, time and place of the hearing not later than the 10th day before the date of the hearing. The Covenants Committee, the Board or Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than 10 days. Additional postponements may be granted by agreement of the parties. The Owner or the Association may make an audio recording of the meeting.

(c) Appeal. If a hearing is held before the Covenants Committee, the violator shall have the right to appeal the Covenants Committee's decision to the Board. To exercise this right, a written notice of appeal must be received by the manager, president or secretary of the Association within 10 days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, subject to any limitations set forth in the Declaration, the Board may elect to enforce any provision of the Condominium Instruments by self-help (specifically including, but not limited to, towing vehicles that violate parking rules) or, following compliance with the Declaration's dispute resolution procedures, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both. In any such action, to the maximum extent permissible, the Owner or Occupant responsible for the violation of which abatement is sought shall pay all costs, including, without limitation, reasonable Legal Costs actually incurred.

3.23 Board Training Seminar.

The Board may provide, or provide for, as a Common Expense, seminars and continuing educational opportunities designed to educate and inform directors of their responsibilities as directors. Such programs may include instruction on applicable corporate and fiduciary law principles, other issues relating to administering the Condominium's affairs, and upholding and enforcing the Condominium Instruments. The Board may retain industry professionals, including property managers, attorneys, and accountants, as appropriate or necessary for such purpose. Each newly elected director and each re-elected director may be required to complete a training seminar within the first six months of assuming the director position.

3.24 Board Standards.

In performing their duties, directors and officers shall act as fiduciaries and are entitled to insulation from liability as provided for directors and officers of corporations by applicable law and as otherwise provided by the Condominium Instruments.

A director or officer acting in accordance with the business judgment rule shall not be personally liable to the Association or its members for errors in judgment made in the director's or officer's capacity as such. Unless the Condominium Instruments require that specific action be taken, the failure to take such specific action shall not, without further showing that the Board acted in violation of the business judgment rule, be deemed a violation of a Board duty. A director or officer shall be considered to be acting in accordance with the business judgment rule so long as the director or officers:

(a) act within the expressed or implied scope of the Condominium Instruments and his or her actions are not *ultra vires*;

(b) affirmatively undertakes to make decisions which are necessary for the Association's continued and successful operation and, when decisions are made, they are made on an informed basis;

(c) act on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other) and avoids participation in such decisions and actions; and

(d) act in a non-fraudulent manner and without reckless indifference to the Association's affairs.

Board determinations of the meaning, scope, and application of Governing Document provisions shall be upheld and enforced so long as such determinations are reasonable. The Board shall exercise its power in a fair, nondiscriminatory manner and shall adhere to the procedures established in the Condominium Instruments.

3.25 Conflicts of Interest; Code of Ethics.

Unless otherwise approved by a majority of the other directors, no Director elected by the members may transact business with the Association or a contractor engaged by the Association during his or her term as director. A Director shall promptly disclose in writing to the Board any actual or potential conflict of interest affecting the director relative to his or her performance as a director. A Director's failure to make such disclosure shall be grounds for removal by a majority vote of the other Board members. The Board may void any contract which creates a prohibited conflict of interest.

Notwithstanding the above, the directors appointed by Declarant may be employed by or otherwise transact business with Declarant or any of its affiliates, and Declarant and its affiliates may transact business with the Association or its contractors.

Article IV. Officers

4.1 Officers.

The Association's officers shall include a President, Vice President, Secretary, and Treasurer. The officers may, but need not, be Board members, Owners, or residents of the Condominium; provided, however, that during the Development and Sale Period, the appointment of officers who are not residents of the Condominium shall require the prior written consent of Declarant. The Board may appoint such other officers, including, without limitation, one or more Vice Presidents, Assistant Secretaries or Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2 Election and Term of Office.

The Board shall elect the Association's officers at the first Board meeting following each Association annual meeting. Officers shall serve until their successors are elected.

4.3 Removal and Vacancies.

Any officer may be removed with or without cause by a vote of at least a majority of the directors. The Board shall appoint a replacement to fill any vacancy in any office for the unexpired portion of the term.

4.4 Powers and Duties.

The Association's officers each shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically confer or impose. The President shall be the Association's chief executive officer. The Treasurer shall supervise the preparation of the Association's budget, but may delegate all or part of the preparation and notification duties to a finance committee, managing agent, or both. The Secretary shall prepare or supervise the preparation of meeting minutes as required by applicable law.

4.5 Resignation.

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

4.6 Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other Association instruments shall be executed by an officer, unless the Board provides otherwise, or by such other person or persons as the Board may designate by resolution.

4.7 Compensation.

Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.17.

4.8 President.

The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board at which he or she is present. He or she shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including, but not limited to, the power, subject to the provisions of Article V, to appoint committees from among the members from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall, subject to the control of the Board, have general supervision, direction, and control of the business of the Association. The President shall be ex-officio a member of all standing committees, and shall have such other powers and duties as may be prescribed by the Board or these By-Laws.

4.9 Vice President.

The Vice President shall take the place of the President and perform his or her duties whenever the President is absent, disabled, or refuses or is unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim

basis. The Vice President shall also perform such other duties as shall from time to time be conferred upon him or her by the Board or these By-Laws.

4.10 Secretary.

The Secretary shall keep (or cause to be kept) the minutes of all meetings of the Board and the minutes of all meetings of the Association at the Association's principal office or at such other places as the Board may order. The Secretary shall keep (or cause to be kept) the seal of the Association in safe custody and shall have charge of such books and papers as the Board may direct. The Secretary shall, in general, perform (or cause to be performed) all of the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notice of meetings of the members of the Association and of the Board required by these By-Laws or by law to be given. The Secretary shall maintain (or cause to be maintained) a book of record Owners, listing the names and addresses of the Owners furnished by the Association, and such books shall be changed only at such time as satisfactory evidence of a change in ownership of a Unit is presented to the Secretary. The Secretary shall perform such other duties as may be prescribed by the Board or these By-Laws. The Secretary may delegate all or a part of such duties to the managing agent.

4.11 Treasurer.

The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts, tax records, and business transactions of the Association, including accounts of all assets, liabilities, receipts, and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board, in accordance with the Declaration and these By-Laws, shall render to the President and the directors, upon request, an account of all of his or her transactions as Treasurer and of the financial conditions of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these By-Laws. The Treasurer may delegate a part of such duties to the managing agent.

Article V. Committees

5.1 General.

The Board may create such committees and appoint its members, as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution.

Committees shall exercise only such authority as granted by Board resolution; provided, however, that the Board may elect not to follow a committee's advice on any matter. Committees may not act without specific Board authority and may not bind the Association contractually or financially.

5.2 Covenants Committee.

The Board shall, from time to time, appoint a Covenants Committee consisting of three persons to serve as a hearing tribunal pursuant to Section 3.22. The Covenants Committee shall be comprised of members of the Association who are not directors, officers, or employees of the Association or the spouse, parent, child, brother, or sister of a director, officer, or employee.

5.3 Other Committees.

In addition to the above, the Board may create additional committees, as it deems necessary and useful. The following are examples of types of committees, along with their purpose, which the Board may create:

(a) Finance Committee – to assist the Board, the Treasurer, and the Association's managing agent, if any, in preparing the Association's budget.

(b) Physical Maintenance Committee to assist the Board with maintenance of the Common Maintenance Areas.

(c) Dispute Resolution Committee to assist in the mediation of disputes concerning the interpretation of Use Restrictions, rules, and other Governing Document provisions and advise the Board on initiating litigation involving the Association (as provided in the Declaration); provided, however, that the Dispute Resolution Committee shall not preside over matters relating to the collection of assessments or other fees and charges. Each member of the Dispute Resolution Committee shall attend a Board-approved course on dispute resolution, if the Board so requires.

The Board may establish by resolution the specific scope and limitations on the authority of the above committees.

Article VI.
Miscellaneous

6.1 Fiscal Year

The Association's fiscal year shall be the calendar year unless otherwise established by Board resolution.

6.2 Parliamentary Rules.

Except as may be modified by Board resolution, *Robert's Rules of Order* (the edition published on the date closest to the meeting) shall govern the conduct of Association proceedings when not in conflict with applicable law or the Condominium Instruments.

6.3 Conflicts.

Conflicts between or among the Condominium Instruments and applicable law shall be resolved as directed in the Declaration.

6.4 Books and Records.

(a) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Unit, any member, or the duly appointed representative of any of the foregoing at reasonable times and on or before the date the first Unit is sold: the Condominium Instruments, the membership register, books of account, plans and specifications used to construct the Condominium, the Condominium information statement prepared by Declarant in accordance with Section 82.152 of the Act, voting records, proxies and correspondence related to amendments to the Condominium Instruments, and the minutes of meetings of the members, the

Board, and committees. The Board shall provide for such inspection to take place at the Association's office or at such other place within the Condominium as the Board shall designate.

(b) Rules for Inspection. The Board may establish reasonable rules with respect to: (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; (iii) payment of the cost of reproducing documents requested; and (iv) such other matters as the Board deems appropriate.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all Association books, records, and documents and the physical properties the Association owns or controls. The director's right of inspection includes the right to make a copy of relevant documents at the Association's expense. The Board shall provide for such inspection to take place at the Association's office, the managing agent's office, or at a place within the Condominium as the Board shall designate.

(d) Audit of Financial Records. The Association shall, as a Common Expense, annually obtain an independent audit of the Association financial records. Copies of the audit shall be available to Owners. The audit shall be performed by a certified public accountant if required by a majority vote of the Board or a majority of the Total Eligible Association Vote.

6.5 Delivery of Certain Information to Owner.

(a) Within 10 Days after the Board's receipt of a written request from an Owner, the Association shall deliver to the Owner or the Owner's agent copies of the following: the Declaration, By-Laws, and Articles of Incorporation, any amendments or supplements to the foregoing, the rules of the Association, and a "resale certificate." A "resale certificate" must be signed and dated by an officer of the Association and contain the following:

(i) a statement of any right of first refusal or other restraint, if any, contained in the Declaration that restricts the Owner's right to transfer Owner's Unit;

(ii) the frequency and amount of annual assessments for Common Expenses;

(iii) the amount of any special assessment that is due after the date the resale certificate is prepared;

(iv) the total of all amounts due and unpaid to the Association that are attributable to the Owner's Unit;

(v) capital expenditures, if any, approved by the Association for the next 12 months;

(vi) the amount of reserves, if any, for capital expenditures and of portions of those revenues designated by the Association for a specified project;

(vii) the Association's current operating budget and balance sheet;

(viii) the total of any unsatisfied judgments against the Association;

(ix) the style and case number of any pending lawsuit in which the Association is a defendant;

(x) a copy of a certificate of insurance showing the Association's property and liability insurance relating to the Common Areas and common facilities;

(xi) a description of any conditions on the Owner's Unit that the Board has actual knowledge are in violation of the Condominium Instruments;

(xii) a summary or copy of notices received by the Association from any Governmental Authority regarding health or housing code violations existing on the preparation date of the resale certificate relating to the Owner's Unit or the Common Area;

(xiii) the amount of any administrative transfer fee charged by the Association for a change of ownership of a Unit;

(xiv) the name, mailing address, and telephone number of the Association's managing agent, if any; and

(xv) a statement indicating that the Condominium Instruments allow foreclosure of the Association's lien on the Owner's Unit for failure to pay assessments.

The Association may charge a reasonable fee to assemble, copy, and deliver the information required by this subsection and may charge a reasonable fee to prepare and deliver an update of a resale certificate.

An Owner or the Owner's agent is not liable to the purchaser of Owner's Unit for erroneous information provided by the Association in the resale certificate. If the Association does not furnish a resale certificate within the 10-day period, the Owner may provide the purchaser with a sworn affidavit signed by the Owner in lieu of the resale certificate. An affidavit must state that the Owner requested information from the Association concerning its financial conditions and the Association did not timely provide a resale certificate. The Association is not liable to an Owner for delay or failure to furnish a resale certificate. An officer or agent of the Association is not liable for a delay or failure to furnish a certificate unless the officer or agent willfully refuses to furnish the resale certificate or is grossly negligent in not furnishing the resale certificate. If the resale certificate incorrectly states the total of delinquent sums owed by the Owner to the Association, the purchaser of Owner's Unit is not liable for payment of additional delinquencies that are unpaid on the date the resale certificate is prepared and that exceed the total sum stated on the resale certificate.

(b) Within 30 days after the date of acquiring a Unit, the Owner shall provide the Association with:

(i) Owner's mailing address, telephone number, and driver's license number, if any;

(ii) name and address of the holder of any lien against the Unit and any loan number;

(iii) name and telephone number of any person occupying the Unit if not the Owner;
and

(iv) name, address, and telephone number of any person managing the Unit as agent of the Owner.

An Owner shall notify the Association within 30 days after the date the Owner has notice of a change in any information required hereinabove and shall provide the information on request by the Association from time to time.

6.6 Management Certificates

The Association shall record in the Public Records a management certificate, signed and acknowledged by an officer of the Association, stating:

- (a) the name of the Condominium;
- (b) the name of the Association;
- (c) the location of the Condominium;
- (d) the recording data for the Declaration;
- (e) the mailing address of the Association or the name and mailing address of the person or entity managing the Association; and
- (f) other information the Association considers appropriate.

The Association shall record an amended management certificate not later than the 30th day after the date the Association has notice of a change of any information in the recorded certificate required by this section. The Association and its officers, directors, employees, and agents shall not be subject to liability to any Person for a delay in recording or failure to record a management certificate, unless the delay or failure is willful or caused by gross negligence.

6.7 Notices.

(a) Form of Notice and Method of Delivery. Except as otherwise provided in the Declaration or these By-Laws or by applicable law, all notices, demands, bills, statements, or other communications under the Declaration or these By-Laws shall be in writing and may be delivered in person, by United States mail, by private carrier, by facsimile, electronic mail or other electronic communication device with written confirmation of transmission.

(b) Delivery Address. Notices shall be delivered or sent to the intended recipient as follows:

- (i) if to a member, at the address, facsimile number, or e-mail address which the member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such member;
- (ii) if to the Association, the Board, or a committee of either, at the address, facsimile number, or e-mail address of the principal office of the Association or its managing agent, or at such other address as the Association shall designate by notice in writing to the members pursuant to this Section; or
- (iii) if to the Declarant, at the principal address of the Declarant as it appears on the Secretary of State's records, or at such other address as the Declarant shall designate by notice in writing to the Association pursuant to this Section.

(c) Effective Date. Notice sent in accordance with subsections (a) and (b) shall be deemed to have been duly given and effective:

(i) if sent by United States mail, when deposited with the U. S. Postal Service, correctly addressed, with first class or higher priority postage prepaid;

(ii) if delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery; however, if such delivery is refused or if the intended recipient has contracted with the private carrier to leave any deliveries without obtaining a signature evidencing receipt, the notice shall be deemed duly given and effective if the attempt to deliver was timely made;

(iii) if sent by facsimile or electronic mail, upon transmission, as evidenced by a printed confirmation of transmission.

6.8 Amendment.

Except where a higher vote is required for action under a particular provision of the Declaration or these By-Laws, in which case such higher vote shall be necessary to amend, these By-Laws may be amended by the affirmative vote, written consent, or any combination of affirmative vote and written consent of the members holding sixty-seven percent (67%) of the Total Eligible Association Vote. As long as the Declarant has the right to appoint directors of the Association as provided in Article 19 of the Declaration, any amendment to these By-Laws shall also require the written consent of the Declarant. Notice of any meeting at which an amendment will be considered shall state that fact and the subject matter of the proposed amendment. No amendment shall become effective until it is certified by the president and secretary of the Association and recorded in the Public Records. Any amendment duly certified and recorded shall be conclusively presumed to have been fully adopted in accordance with these By-Laws.

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

[Certification and Acknowledgement on following page]

CERTIFICATION & ACKNOWLEDGMENT

As the Declarant of The Villas at Pointe West Condominium and the initial and sole Member of The Villas at Pointe West Condominium Association, I certify that the foregoing Bylaws of The Villas at Pointe West Condominium Association were adopted by the Board of Directors of The Villas at Pointe West Condominium Association for the benefit of the Association.

SIGNED this 8th day of SEPTEMBER, 2005.

DECLARANT:

CENTEX HOMES, a Nevada general partnership, d/b/a Centex Destination Properties

By: CENTEX REAL ESTATE CORPORATION, a Nevada corporation, its managing general partner

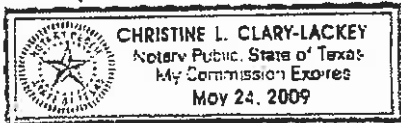
By: *Joseph J. Arcisz III*
Joseph J. Arcisz III, President
(Centex Destination Properties- Central Division)

[CORPORATE SEAL.]

THE STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me on the 8 day of Sept., 2005, by Joseph J. Arcisz, III, President (Centex Destination Properties - Central Division) of Centex Real Estate Corporation, a Nevada corporation, the managing general partner of Centex Homes, a Nevada general partnership, on behalf of said partnership.



[Notary Seal]

Christine L. Clary-Lackey
Notary Public, State of Texas

Commission Expiration Date: 5-24-09

After recording, please return to:
Ms. MaryLou Delchant
Centex Destination Properties
515 W. Southlake Blvd., Suite 130
Southlake, Texas 76092

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS OF REAL PROPERTY

Mary Ann Daigle

2005 NOV 02 04:31 PM 2005075908
JOHNS \$60.00
Mary Ann Daigle, COUNTY CLERK
GALVESTON, TEXAS

UPON RECORDING RETURN TO:
Legal Department
Centex Destination Properties
2728 North Harwood, 8th Floor
Dallas, Texas 75201

DECLARATION OF CONDOMINIUM
FOR
THE VILLAS AT POINTE WEST, A CONDOMINIUM

A Condominium Pursuant to
the Texas Uniform Condominium Act,
Title 7, Chapter 82 of the Texas Property Code Annotated

**DECLARATION OF CONDOMINIUM
FOR
THE VILLAS AT POINTE WEST, A CONDOMINIUM
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Articles of Incorporation of The Villas at Pointe West Condominium Association, Inc.	Exhibit "H"

**DECLARATION OF CONDOMINIUM
FOR**

THE VILLAS AT POINTE WEST, A CONDOMINIUM

THIS DECLARATION OF CONDOMINIUM is made by Centex Homes, a Nevada general partnership, d/b/a Centex Destination Properties (hereinafter called the "Declarant"), having its principal place of business located at 515 West Southlake Boulevard, Suite 130, Southlake, Texas 76092.

WITNESSETH

WHEREAS, Declarant is the fee simple owner of that certain tract or parcel of land lying and being in the City of Galveston, Galveston County, Texas, as more particularly described in **Exhibit "A"** attached hereto and incorporated herein by reference (hereinafter called the "Property"), subject to the matters set forth on **Exhibit "B"** attached hereto (the "Permitted Exceptions");

WHEREAS, Declarant is in the process of planning and constructing certain improvements on the Property as shown on the Plat and the Plans which are referenced in Article 3 hereof;

WHEREAS, this Declaration imposes upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of the Unit Owners, and establishes a flexible and reasonable procedure for the overall development, administration and maintenance of the Condominium. In furtherance of such plan, Declarant has established The Villas at Pointe West Condominium Association, Inc. to operate and maintain the Common Elements and to administer and enforce the provisions of the Condominium Instruments. (Capitalized terms are defined in Article 2 below.); and

WHEREAS, Declarant desires to submit the Property to the condominium form of ownership pursuant to the provisions of the Act, as the same is in effect on the date hereof and the terms and conditions hereinafter set out.

NOW, THEREFORE, Declarant does hereby submit the Property to the condominium form of ownership pursuant to, subject to and in accordance with the provisions of the Act and the terms and conditions hereinafter set forth and subject to the Permitted Exceptions.

ARTICLE 1: NAME

The name of the condominium is The Villas at Pointe West, a Condominium (hereinafter referred to as the "Condominium").

ARTICLE 2: DEFINITIONS

The terms used in this Declaration, the By-Laws and the Articles of Incorporation shall have their normal, generally accepted meanings or the meanings given in the Act or the Texas Nonprofit Corporation Act. Certain terms used in this Declaration, the By-Laws and the Articles of Incorporation shall be defined as follows:

2.1 "Act": The Texas Uniform Condominium Act, Title 7, Chapter 82 of the Texas Property Code Annotated, as amended from time to time.

2.2 "Additional Property": That property described on **Exhibit "D,"** attached hereto and incorporated herein which may be submitted to the Condominium as provided in this Declaration,

together with any portion of that property described on Exhibit "A" which may be withdrawn from the Condominium as provided by this Declaration.

2.3 "Allocated Interest": The portion of undivided interest in the Common Elements appurtenant to a Unit, determined by taking the Square Footage of the Unit and dividing that number by the total Square Footage of all Units then existing in the Condominium.

2.4 "ARB": The Architectural Review Board for the Condominium, if established, as described in Article 12.

2.5 "Articles of Incorporation" or "Articles": The Articles of Incorporation of The Villas at Pointe West Condominium Association, Inc., filed with the Secretary of State of Texas, as the same may be amended. A copy of the initial Articles is attached to this Declaration as Exhibit "H" and its terms are incorporated herein by reference.

2.6 "Association": The Villas at Pointe West Condominium Association, Inc., a Texas nonprofit corporation, its successors and assigns.

2.7 "Board of Directors" or "Board": The elected body responsible for management and operation of the Association as further described in the By-Laws.

2.8 "By-Laws": The By-Laws of The Villas at Pointe West Condominium Association, Inc., as amended, from time to time. A copy of the initial By-Laws is attached to this Declaration as Exhibit "F" and its terms are incorporated herein by reference.

2.9 "Club": Pointe West Club, as further defined by the Club Documents.

2.10 "Club Documents": The Club Resort Membership Agreement, the Membership Plan for the Club, the rules and regulations promulgated by the Club Owner and all the instruments and documents referred to therein, as may be supplemented and amended from time to time.

2.11 "Club Facilities": That certain real property and any improvements and facilities thereon, which are located adjacent to or in the vicinity of Pointe West and which may be owned and/or operated by the Club Owner pursuant to the Club Documents. The Club and Club Facilities are hereby designated by Declarant as Private Amenities.

2.12 "Club Owner": Any entity, which may be Declarant, an affiliate of Declarant, and/or such other party determined by Declarant, which owns and/or operates all or any portion of the Club or the Club Facilities. Club Owner initially shall be PWH Hospitality Group, LLC, a Texas limited liability company.

2.13 "Common Element(s)": That portion of the property subject to this Declaration which is not included within the boundaries of a Unit, as more particularly described in this Declaration.

2.14 "Common Expense(s)": The expenses incurred or anticipated to be incurred by the Association for the general benefit of all Units, including, but not limited to, (a) those expenses incurred for maintaining, repairing, replacing and operating the Common Elements, including the Limited Common Elements; (b) expenses determined by the Association to be Common Expenses and which are lawfully assessed against Owners; (c) expenses declared to be Common Expenses by the Act or Condominium Instruments; and (d) reasonable reserves established for the payment of any of the foregoing.

2.15 "Community-Wide Standard": The standard of conduct, maintenance or other activity generally prevailing within the Condominium or, if the context requires, within Pointe West. Such standard may be more specifically determined by the Board of Directors and the ARB.

2.16 "Condominium": All that property described in Exhibit "A" attached hereto and incorporated herein by this reference, submitted to the provisions of the Act by this Declaration, and such other property as may hereafter be submitted to the provisions of the Act by supplement or amendment to this Declaration, together with all buildings and improvements thereon.

2.17 "Condominium Instruments": This Declaration and all exhibits to this Declaration, including the By-Laws, the Articles of Incorporation, the rules and regulations of the Association, any architectural guidelines, the Plat and Plans and all cost sharing agreements, all as may be supplemented or amended from time to time.

2.18 "Development and Sale Period": The period of time during which the Declarant owns any portion of the Condominium or has the unilateral right to subject Additional Property to the Condominium pursuant to Article 23. The Declarant may, but shall not be obligated to, unilaterally relinquish its rights under this Declaration and terminate the Development and Sale Period by recording a written instrument in the Public Records.

2.19 "Eligible Mortgagee(s)": Those holders of first Mortgages secured by Units in the Condominium who have submitted a written request to the Association to be notified of certain items as set forth in this Declaration.

2.20 "Limited Common Element(s)": A portion of the Common Elements reserved for the exclusive use of those entitled to occupy one (1) or more, but less than all, Units, as more particularly set forth in this Declaration.

2.21 "Majority": Those eligible votes, Owners or other group as the context may indicate totaling more than fifty percent (50%) of the total eligible number.

2.22 "Management Company" : An entity engaged by the Association to manage the Condominium.

2.23 "Master Association": Property Owners Association of Pointe West, Inc., a Texas nonprofit corporation, its successors and assigns.

2.24 "Master Declaration": The Declaration of Covenants, Conditions, and Restrictions for Pointe West filed of record on August 11, 2004, in Document No. 2004054134, of the Public Records, as may be supplemented and amended from time to time.

2.25 "Master Documents": The governing documents of the Master Association, including the Master Declaration, the by-laws, articles of incorporation, design guidelines, and rules and regulations, if any, of the Master Association, as each may be supplemented and amended from time to time.

2.26 "Mortgage": Any mortgage, deed to secure debt, deed of trust or other transfer or conveyance for the purpose of securing the performance of an obligation.

2.27 "Mortgagee": The holder of any Mortgage.

2.28 "Occupant": The Owner(s) or lessee(s) of any Unit and their respective guests, family, tenants and invitees or any other Person who either lawfully or unlawfully occupies or comes upon such Unit.

2.29 "Owner" or "Unit Owner": Each record title holder of a Unit within the Condominium, but not including a Mortgagee.

2.30 "Person": Any individual, corporation, firm, association, partnership, trust, limited liability company or other legal entity.

2.31 "Plans": Dimensional drawings that are recorded in the Public Records and that horizontally and vertically identify or describe Units and any Common Elements contained within a building in the Condominium.

2.32 "Plat": A survey of the Condominium that is recorded in the Public Records and that complies with Section 82.059 of the Act, as further described in Article 3.

2.33 "Pointe West": That certain master-planned community located on the property described in Exhibits "A" and "B" of the Master Declaration in Galveston, Texas, of which the Condominium is a "Service Area" (as defined in the Master Declaration), and commonly known and referred to as Pointe West.

2.34 "Private Amenity": Certain real property and any improvements and facilities thereon which are located adjacent to or in the vicinity of Pointe West and which are designated by Declarant as Private Amenities. Private Amenities may be owned and operated, in whole or in part, by Persons other than the Master Association or the Association for recreational, social or other purposes. Notwithstanding anything herein to the contrary, Private Amenities shall not be subject to this Declaration and shall not be Common Elements or Units. The use of the term "Private Amenity" shall not be construed to imply or require a private club. Private Amenities may be operated on a club membership, daily fee, use fee, public or private basis or otherwise.

2.35 "Public Records": The Official Records of the County Clerk of Galveston County, Texas, or such other place which is designated as the official location for recording of deeds, plats or similar documents affecting title to real estate in Galveston County, Texas.

2.36 "Rental Management Company": The entity, if any, designated by Declarant from time to time to manage the Unit Rental Program made available for Owners pursuant to Article 23 of this Declaration.

2.37 "Square Footage": The square footage of a Unit, as set forth on Exhibit "E," attached hereto and incorporated herein by this reference.

2.38 "Total Eligible Association Vote": The total vote in the Association, less any votes that have been suspended pursuant to Section 8.3.

2.39 "Unit": That portion of the Condominium intended for individual ownership and use, and for which a certificate of occupancy has been issued, as more particularly described in the Condominium Instruments.

2.40 "Unit Rental Program": The manner in which some Units may be managed and rented by a Rental Management Company. If a Unit Rental Program is established, each Owner shall have the

option, but not the obligation, of participating in this program in accordance with a separate agreement between such Owner and the Rental Management Company. Each Owner may also enter into a rental program that is sponsored by an entity other than the Rental Management Company as provided herein.

ARTICLE 3: LOCATION, PROPERTY DESCRIPTION, PLAT AND PLANS

The Condominium subject to this Declaration and the Act is located in the City of Galveston, Galveston County, Texas, as more particularly described in Exhibit "A." The Plat and the Plans of the Condominium are being filed contemporaneously herewith as Exhibit "G." Notwithstanding anything herein to the contrary, the Declarant shall have the right to file additional plats or Plans from time to time as necessary or appropriate to further describe the Units or to comply with the Act.

During the Development and Sale Period, Declarant reserves the right, but shall have no obligation, to make improvements and changes to all or part of the Common Elements and to any Units owned by Declarant (other than changes to the location of Unit boundaries except as expressly permitted herein), including, without limitation, addition and realignment of parking spaces, renovation and installation of changes to utility systems and facilities, rearrangement and installation of security and refuse facilities, work relating to building exteriors and extension of the drives and utility lines and pipes located on the Condominium.

ARTICLE 4: UNITS AND BOUNDARIES

Upon completion of initial construction, it is anticipated that the Condominium will be divided into eighty-one (81) separate Units, the Limited Common Elements and the Common Elements. Each Unit consists of a dwelling space. The maximum number of Units that may be created within the Condominium is one thousand (1,000). Each Unit, together with an undivided interest in the Common Elements, shall be conveyed as a separately designated and legally described freehold estate subject to the Act and the Condominium Instruments. The Units are depicted on the Plat and Plans. Each Unit includes that part of the structure which lies within the following boundaries:

4.1 Horizontal (Upper and Lower) Boundaries. The upper horizontal boundary of each Unit shall be the plane formed by the lower surface of the sheetrock or drywall of such ceiling, so that the drywall, resilient channel, or other material comprising the ceiling shall constitute a portion of the Common Elements. The lower horizontal boundary of each Unit shall be the plane formed by the upper surface of the subfloor of such Unit (the subfloor being defined as the upper surface of the gypcrete flooring), with the floor covering constituting part of the Unit and the subfloor constituting part of the Common Elements.

4.2 Vertical Boundaries. The perimetrical or vertical boundaries of each Unit shall be the plane formed by the inner unfinished surface of the outermost walls of the Unit extended to their intersection with each other and the upper and lower horizontal boundaries, with the plaster, "sheetrock" or wallboard, or other material comprising the walls of the Unit constituting a portion of the Common Elements. Exterior doors, windows and exterior glass surfaces serving the Unit, including the frames for such items, shall be included within the boundaries of the Unit. All portions of heating and air conditioning systems serving a single Unit (including the compressor and any pipes, wires, or lines serving such system located within or outside the Unit boundaries, and all duct work for heating and air conditioning systems), and all appliances and plumbing fixtures within a Unit shall be a part of the Unit.

4.3 Additional Information to Interpret Unit Boundaries. All appliances and plumbing fixtures within a Unit, shall be a part of the Unit; provided, however, that to the extent that any chutes, flues, ducts, conduits, wires, bearing walls, bearing columns, or any other apparatus lies partially inside of

the designated boundaries of a Unit, any portions thereof serving only that Unit shall be deemed a part of that Unit; all portions thereof serving more than one (1) Unit or any portion of the Common Elements shall be deemed a part of the Common Elements.

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

The ownership of each Unit shall include, and there shall pass with each Unit as appurtenances thereto whether or not separately described in the conveyance thereof, that percentage of the right, title and interest in the Common Elements attributable to such Unit, together with membership in the Association and an undivided interest in the funds and assets held by the Association. Every portion of a Unit and all Limited Common Elements contributing to the support of an abutting Unit shall be burdened with an easement of support for the benefit of such abutting Unit.

ARTICLE 5: COMMON ELEMENTS

The Common Elements consist of all portions of the Condominium not located within the boundaries of a Unit. Ownership of the Common Elements shall be by the Unit Owners as tenants-in-common. Each Unit is allocated an undivided interest in the Common Elements based upon the Square Footage of the Unit compared to other Units then existing in the Condominium as set forth in Exhibit "E".

Unless otherwise set forth herein or in the Act, such percentages of undivided interest and the method by which each Owner's individual interest is determined may be altered only by the consent of all Owners and Mortgagees (or such lesser number of Owners and Mortgagees as may hereafter be prescribed by the Act) expressed in a duly recorded amendment to this Declaration. The percentage of undivided interest of each Owner in the Common Elements is appurtenant to the Unit owned by the Owner and may not be separated from the Unit to which it appertains and such appurtenance shall be deemed to be conveyed or encumbered or to otherwise pass with the Unit whether or not expressly mentioned or described in a conveyance or other instrument describing the Unit.

The Common Elements shall remain undivided, and no Owner or any other Person shall have the right to bring any action for partition or division of the whole or any part thereof except as provided in the Act. Except as provided for Limited Common Elements or as otherwise provided herein, each Owner and the Association may use the Common Elements for the purposes for which they are intended, but no such use shall enter or encroach upon the lawful rights of the other Owners. Each Owner and Occupant shall have a right and easement of use and enjoyment in and to the Common Elements (including the right of access, ingress and egress to and from the Unit over those portions of the Condominium designated for such purpose), and such easement shall be appurtenant to and shall pass with the title to such Unit, subject to the rights of the Unit Owners to the exclusive use of the Limited Common Elements assigned to their respective Units and to the right of the Association to control the use and enjoyment of the Common Elements as provided by the terms of this Declaration. Every portion of a Unit and all Limited Common Elements contributing to the support of an abutting Unit shall be burdened with an easement of support for the benefit of such abutting Unit.

ARTICLE 6: LIMITED COMMON ELEMENTS

6.1 Designation. The Limited Common Elements and the Unit(s) to which they are assigned are:

(a) any balcony or deck(s) attached to or serving only one (1) Unit is assigned as a Limited Common Element to the Unit so served;

(b) any carport or storage space which is assigned to a Unit on Exhibit "C," attached hereto and incorporated herein by this reference, or on an amendment to the Declaration or on a supplemental declaration recorded in the Public Records, is assigned as a Limited Common Element to the Unit so designated;

(c) any utility meter which serves only one (1) Unit is assigned as a Limited Common Element to the Unit so served;

(d) any mailbox or mail slot assigned to a Unit is a Limited Common Element to the Unit to which it is assigned;

(e) entry foyers, hallways, corridors, elevator lobbies and stairs serving more than one (1), but less than all, Units are assigned as Limited Common Elements to the Unit or Units so served;

(f) the portion of the Common Elements on which there is located any portion of the air conditioning or heating system exclusively serving a particular Unit or Units (including the compressor and any pipes, wires or lines serving such systems located within or outside the boundaries of the Unit or Units) and all duct work for any air conditioning or heating system is assigned as a Limited Common Element to the Unit or Units so served; and

(g) any private driveway serving more than one (1), but less than all, Units are assigned as a Limited Common Element to the Unit or Units so served.

The Limited Common Elements are assigned in accordance with Section 82.055 (7) of the Act and with the Plans.

6.2 Assignment and Reassignment.

(a) The Board, without a membership vote, is hereby authorized to assign and to reassign Limited Common Elements and Common Elements not previously assigned, provided that any such assignment or reassignment shall be made in accordance with the provisions of Section 82.058 of the Act. Notwithstanding anything herein to the contrary, the Board is not authorized to assign or reassign the Limited Common Elements without the consent of Declarant during the Development and Sale Period. Furthermore, during the Development and Sale Period, the Declarant shall have the right to assign and reassign Limited Common Elements, on behalf of the Association, in accordance with Section 82.058 of the Act.

(b) During the Development and Sale Period, for Units that have not been sold by the Declarant, Declarant shall have the right to lease or sell to Unit Owners one (1) or more carport spaces and one (1) or more storage spaces to be assigned as Limited Common Elements pursuant to Sections 6.1 and 6.2(a) above. The proceeds of the lease or sale of carport spaces and storage spaces as Limited Common Elements shall belong to the Declarant. The Association shall prepare and execute an amendment to the Declaration assigning such Limited Common Elements upon written request of the

Declarant, or, alternatively, the Declarant may prepare and execute such amendment as attorney-in-fact on behalf of the Association and such amendment shall have the same effect as if it had been executed by the Association.

6.3 Right to Relocate Certain Equipment Serving a Unit. Notwithstanding any provision to the contrary contained herein, the Board, at the sole expense of the Association, shall have the right without need for a membership vote and without the consent of any affected Unit Owner, to relocate any portion of the air conditioning, heating, plumbing, ventilating, exhaust or electrical system serving a particular Unit, provided that after such relocation, the system serving the Unit functions at least as well and at no greater cost to the Unit Owner as existed prior to the relocation.

ARTICLE 7: ASSOCIATION MEMBERSHIP AND ALLOCATIONS

7.1 Membership. All Owners, by virtue of their ownership of an interest in a Unit, are members of the Association and shall be entitled to vote on all matters upon which members of the Association are entitled to vote pursuant to this Declaration and the Act and in accordance with the By-Laws.

7.2 Votes. Subject to the provisions of the Condominium Instruments, each Owner shall be entitled to one (1) equally weighted vote for each Unit in which such Owner holds the interest required for membership, which vote shall be appurtenant to such Unit. In any situation where there is more than one (1) Owner of a Unit, the vote for such Unit shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Unit's vote shall be suspended if more than one (1) Person seeks to exercise such vote.

7.3 Allocation of Liability for Common Expenses. Except as otherwise provided herein, each Unit is hereby allocated liability for Common Expenses apportioned in accordance with its Allocated Interest.

(a) Except as provided below, or in the Act, the amount of all Common Expenses shall be assessed against all the Units in accordance with the allocation of liability for Common Expenses described above.

(b) The Board shall have the power to assess specifically pursuant to this Section and to Section 82.057 of the Act, as in its discretion, it deems appropriate. Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association or the Board and shall not constitute a waiver of the right to exercise authority under this Section in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Section.

(i) Any Common Expenses benefiting less than all of the Units or significantly disproportionately benefiting all Units may be specifically assessed equitably among all of the Units which are benefited according to the benefit received.

(ii) Any Common Expenses occasioned by the conduct of less than all of those entitled to occupy all of the Units or by the Occupant(s), licensees or invitees of any such Unit or Units may be specifically assessed against such Unit or Units.

7.4 Master Association. Each Owner, by acceptance of a deed to a Unit, acknowledges and agrees that, pursuant to the Master Documents, all Owners shall be members of the Master Association and shall be subject to the Master Documents. Each Owner further acknowledges that, pursuant to the

Master Documents, the Condominium has been or may be designated as a "Service Area" (as such term is defined in the Master Documents). If there are conflicts between the provisions of Texas law, the Master Documents, the Declaration, the By-Laws, and the Articles of Incorporation, then the provisions of Texas law, the Master Documents, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

ARTICLE 8: ASSOCIATION RIGHTS AND RESTRICTIONS

8.1 Right of Entry. The Association shall have the right to enter into Units and any Limited Common Elements assigned thereto for maintenance, emergency, security or safety purposes, which right may be exercised by the Association's Board, officers, agents, employees, managers and all police officers, fire fighters, ambulance and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall be only during reasonable hours and after reasonable notice to the Owner or Occupant of the Unit. For purposes of this Section, and without limiting the foregoing, a water or other utility leak, fire, strong foul odor, obvious insect infestation or sound indicating that a person or animal might be injured or sick and require immediate medical attention shall be considered emergencies justifying immediate entry into a Unit and any Limited Common Elements assigned thereto. The failure to exercise the rights herein or to exercise said rights in a timely manner shall not create liability to any of the above-referenced parties, it being agreed that no duty to enter a Unit shall exist.

8.2 Rules and Regulations. The Association shall have the right to make and to enforce reasonable rules and regulations governing the use of the Condominium, including the Units, Limited Common Elements and Common Elements.

8.3 Right of Enforcement.

(a) The Board, or a committee established by the Board for such purpose, may impose sanctions as provided herein and in Section 82.102 of the Act for violation of the Condominium Instruments, after compliance with the notice and hearing procedures set forth in Section 3.22 of the By-Laws. Such sanctions may include, without limitation:

(i) imposing monetary fines which shall constitute a lien upon the Unit of the violator. (Any such fines shall be considered an assessment against the Unit and may be collected in the manner provided for collection of other assessments. In the event that any Occupant of a Unit violates the Condominium Instruments and a fine is imposed, the fine may first be assessed against the Occupant; provided, however, that if the fine is not paid by the Occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Board);

(ii) suspending an Owner's right to vote;

(iii) suspending any Person's right to use any recreational facilities within the Common Elements; provided, however, that nothing herein shall authorize the Board to limit ingress or egress to or from a Unit; and

(iv) suspending any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than thirty (30) days delinquent in paying any assessment or other charge owed to the Association.

(b) In the event that any Occupant of a Unit violates the Condominium Instruments, the Board or a committee established by the Board for such purpose, may sanction such Occupant and/or the Owner of the Unit that the violator is occupying or visiting.

(c) In addition, the Board or a committee established by the Board for such purpose, may elect to enforce any provision of the Condominium Instruments by exercising self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules, the removal of pets that are in violation of pet rules or the correction of any maintenance, construction or other violation of the Condominium Instruments) without the necessity of compliance with the procedures set forth in the By-Laws. The Association may levy a benefited assessment to cover all costs incurred in bringing a Unit into compliance with the terms of the Condominium Instruments.

(d) Notwithstanding anything herein to the contrary, the Association may also take the following actions without the necessity of compliance with the procedures set forth in the By-Laws: (1) elect to enforce any provisions of the Condominium Instruments by suit at law or in equity to enjoin any violation or to recover monetary damages or both; or (2) subject to subsection 9.3(e), terminate any water, gas, electricity, heat, air conditioning, or other utility services being provided to a Unit or Unit Owner by the Association for failure to pay assessments and other amounts due pursuant to Section 82-102(14) of the Act to the fullest extent allowed by Texas law.

(e) All remedies set forth in this Declaration and the By-Laws shall be cumulative of any remedies available at law or in equity. In any action or remedy taken by the Association to enforce the provisions of the Condominium Instruments, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, reasonable attorneys' fees actually incurred and court costs in the same manner as an action for collection of assessments.

(f) The Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board in the exercise of its business judgment determines is, or is likely to be construed as, inconsistent with applicable law or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action. Any such determination shall not be construed a waiver of the right of the Association to enforce such provision under any circumstances or prevent the Association from enforcing any other covenant, restriction or rule.

(g) The Association, by contract or other agreement, may enforce county, city, state and federal ordinances, if applicable, and permit local and other governments to enforce ordinances on the Condominium for the benefit of the Association and its members.

(h) The Association may enforce the provisions of the Master Documents on the Condominium for the benefit of the Master Association, the Association, and their respective members. In addition, the Association, by contract or other agreement, may enforce county, state, and federal ordinances, if applicable, and permit local and other governments to enforce ordinances on the Condominium for the benefit of the Association and its members.

8.4 Permits, Licenses, Easements, etc. The Association shall have the right to grant permits, licenses, utility easements and other easements over, through and under the Common Elements without a vote of the Owners; provided, however, that the grantee of any such permit, license, or easement shall be responsible for repairing and/or restoring the Common Elements as a result of any damage caused thereto by the exercise of any permit, license, or easement granted hereunder.

8.5 Right of Maintenance. The Association shall have the right to control, manage, operate, maintain, improve and replace all portions of the Condominium for which the Association is assigned maintenance responsibility under this Declaration.

8.6 Property Rights. The Association shall have the right to acquire, hold and dispose of tangible and intangible personal property and real property.

8.7 Casualty Loss. The Association shall have the right to deal with the third party as attorney-in-fact for the Owners and the Association in the event of damage or destruction to any portion of the Condominium as a result of casualty loss, condemnation or eminent domain, in accordance with the provisions of the Act and this Declaration. The award made for such taking or proceeds of such casualty loss shall be payable to the Association to be held in trust for the Unit Owners and their Mortgagees, as their interests may appear.

8.8 Governmental Entities. The Declarant, during the Development and Sale Period, and thereafter the Association, shall have the right to represent the Owners in dealing with governmental entities on matters related to the Condominium.

8.9 Common Elements. During the Development and Sale Period, the Declarant shall have the right to close temporarily any portion of the Common Elements (including the Limited Common Elements, and excluding any portion of the Common Elements which provide exclusive access to Units) for emergency, security or safety purposes or for any such other reasonable purpose as determined in the sole discretion of the Declarant, with no prior notice of such closing to the Owners.

8.10 Cooperation with the Master Association, Service Area and Other and Club Owner. The Association may contract or cooperate with the Master Association or any other property or homeowners associations or entities within Pointe West as convenient or necessary to provide services and privileges and to fairly allocate costs among the parties utilizing such services and privileges which may be administered by the Association or such other organizations, for the benefit of Owners and their family members, guests, tenants and invitees. The costs associated with such efforts by the Association (to the extent not chargeable to other organizations) shall be a Common Expense, if for the benefit of all Owners (as determined in the sole discretion of the Board) or shall be a benefited assessment if for the benefit of one or more but less than all Owners (as determined in the sole discretion of the Board).

8.11 Powers of the Master Association Relating to the Association. The Master Association shall have the authority to veto any action taken or contemplated to be taken by the Association which the board of directors of the Master Association reasonably determines to be adverse to the interests of the Master Association or its members or inconsistent with the Community-Wide Standard of the Master Association. The Master Association shall also have the authority to require specific action to be taken by the Association in connection with its obligations and responsibilities hereunder, under the Master Documents, or under any other covenants or instruments affecting the Condominium. Without limiting the generality of the foregoing, the Master Association may require specific maintenance or repairs of aesthetic changes to be effectuated by the Association, may require that a proposed budget include certain items and that expenditures be made therefor, and may veto or cancel any contract providing for maintenance, repair or replacement of any portion of the Condominium.

ARTICLE 9: ASSESSMENTS

9.1 Purpose of Assessment. The Association shall have the power to levy assessments as provided herein and in the Act. The assessments for Common Expenses provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit and

enjoyment of the Owners and Occupants of Units in the Condominium as may be more specifically authorized from time to time by the Board.

9.2 Creation of the Lien and Personal Obligation For Assessments. Each Owner of a Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (i) annual assessments or charges; (ii) special assessments; and (iii) benefited assessments, all as herein provided. All such assessments, together with late charges, interest, costs and reasonable attorneys' fees actually incurred, and if the Board so elects, the fair rental value of the Unit, in the maximum amount permitted by the Act, shall be a charge on the Unit and shall be a continuing lien upon the Unit against which each assessment is made. Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments and other levies which by law would be superior, and (b) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value; and (c) the lien of the Master Association for delinquent assessments and other charges due under the Master Documents. Such lien may be enforced by suit, judgment and/or judicial or non-judicial foreclosure in a like manner as a Mortgage on real estate under power of sale under Title 5, Chapter 51, of the Texas Property Code Annotated.

Such amounts shall also be the personal obligation of each Person who was the Owner of such Unit at the time when the assessment fell due. Except as otherwise provided in the Act, each Owner and each successor-in-title to the Unit shall be jointly and severally liable for all assessments and charges due and payable at the time of any conveyance. Assessments shall be paid in such manner and on such dates as may be fixed by the Board; unless otherwise set forth by the Board, the annual assessments shall be paid in equal quarterly installments due on the first day of January, April, July, and October of each calendar year. Except as otherwise provided herein, no Owner may exempt him or herself from liability for, or otherwise withhold payment of, assessments for any reason whatsoever, including, but not limited to, non-use of the Common Elements, the Association's failure to perform its obligations required under this Declaration or inconvenience or discomfort arising from the Association's performance of its duties. The lien provided for herein shall have priority as provided in the Act.

9.3 Delinquent Assessments. All assessments and related charges not paid on or before the due date shall be delinquent, and the Owner shall be in default.

(a) If any installment of annual assessments or any part thereof is not paid in full when due or if any other charge is not paid when due, a late charge equal to the greater of Ten Dollars (\$10.00) or ten percent (10%) of the amount not paid, or such higher amounts as may be authorized by the Act, may be imposed without further notice or warning to the delinquent Owner and interest at the highest rate as permitted by the Act and adopted by resolution of the Board shall accrue from the due date.

(b) If partial payment of assessments and related charges is made, the amount received shall be applied in the following order, and no restrictive language on any check or draft shall be effective to change the order of application:

(i) respectively, to any unpaid late charges, interest charges and benefited assessments (including, but not limited to, fines) in the order of their coming due;

(ii) to costs of collection, including reasonable attorneys' fees actually incurred by the Association;

(iii) to any unpaid installments of the annual assessment or special assessments in the order of their coming due; and

(iv) if the Board so elects, to the fair rental value of the Unit during the pendency of suit and prior to satisfaction of any judgment which remains unpaid. The fair rental value of the Units, for purposes of this Section, shall be as established from time to time by the Board.

(c) If assessments, fines or other charges or any part thereof due from an Owner are not paid when due, a notice of delinquency may be given to that Owner stating that if the assessment, fine or charge remains delinquent for more than ten (10) days from the date of the notice of delinquency, the Board may accelerate and declare immediately due all of that Owner's unpaid installments of the annual assessment and of any special assessment. If an Owner fails to pay all assessments and related charges currently due within ten (10) days of the date of the notice of delinquency, the Board may then accelerate and declare immediately due all installments of the annual assessment and of any special assessment, without any further notice being given to the delinquent Owner. Upon acceleration, that Owner shall lose the privilege of paying the annual assessment in monthly installments for that fiscal year.

(d) If assessments and other charges or any part thereof remain unpaid more than thirty (30) days after the assessment payments first become delinquent, the Association may institute suit to collect all amounts due pursuant to the provisions of the Declaration, the By-Laws, the Act and Texas law and suspend the Owner's and/or Occupant's right to use the Common Elements; provided, however, that the Board may not limit ingress or egress to or from the Unit.

(e) In the event any assessment is delinquent for thirty (30) days or more, in addition to all other rights provided in the Act and this Declaration, the Association shall have the right upon ten (10) days written notice, to suspend any utility services, the cost of which are a Common Expense of the Association, including, but not limited to, water, electricity, heat, air conditioning, gas and cable television, to that Unit until such time as the delinquent assessments and all costs permitted pursuant to this Section are paid in full. Any costs incurred by the Association in discontinuing and/or reconnecting any utility service, including reasonable attorneys' fees, shall be an assessment against the Unit and shall be collected as provided herein for the collection of assessments. The notice requirement of this Section shall be deemed complied with if the notice is sent by certified mail to the Unit address and to any other address the Owner of the Unit has provided in writing to the Association.

9.4 Computation of Operating Budget and Assessment. It shall be the duty of the Board, at least thirty (30) days prior to the beginning of the Association's fiscal year, to prepare and deliver to the members a budget covering the estimated costs of operating the Condominium during the coming year. The Board shall cause the budget and notice of the assessments to be levied against each Unit for the following year to be delivered to each member at least thirty (30) days prior to the beginning of the Association's fiscal year. The budget and the assessment shall become effective unless disapproved at a duly called and constituted meeting of the Association by members holding a Majority of the Total Eligible Association Vote; provided, however, that if a quorum is not obtained at such meeting, the budget shall become effective even though a vote to disapprove the budget could not be called at the meeting.

In the event that the membership disapproves the proposed budget or the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the current year shall continue for the succeeding year. In such case, the Board may propose a new budget at any time during the year at a special meeting of the Association. The proposed budget and assessment shall be delivered to the members at least thirty (30) days prior to the proposed effective date thereof and at least seven (7) days prior to the special meeting. The approval procedure set forth above for budgets considered at annual meetings shall also apply to budgets considered at special meetings.

9.5 Special Assessments. The Board may, at any time, and in addition to any other rights it may have, levy a special assessment against all Owners, notice of which shall be sent to all Owners. Any special assessment in excess of an average of Two Hundred Dollars (\$200.00) per Unit per fiscal year (except as provided herein regarding repair or reconstruction of casualty damage to or destruction of all or part of the Condominium) shall be approved by members holding a Majority of the Total Eligible Association Vote prior to becoming effective. Notwithstanding the above, during the Development and Sale Period, all special assessments require the written consent of the Declarant prior to becoming effective.

9.6 Benefited Assessments. The Board shall have the power to specifically assess expenses of the Association against Units (a) receiving benefits, items or services not provided to all Units within the Condominium that are incurred upon request of the Owner of a Unit for specific items or services relating to the Unit or (b) that are incurred as a consequence of the conduct of less than all Owners, their licensees, invitees or guests. The Association may also levy or specifically assess any Unit to reimburse the Association for costs incurred in bringing the Unit into compliance with the provisions of the Declaration, any applicable Supplemental Declaration, the Articles, the By-Laws and rules, provided the Board gives prior notice to the Unit Owner and an opportunity for a hearing as set forth in Section 3.22 of the By-Laws.

9.7 Declarant's Option. In accordance with Section 82.112 of the Act, until the initial assessment is levied against Owners, Declarant shall pay all Common Expenses of the Condominium as such expenses accrue. From the date of the initial assessment until Declarant no longer has the right to appoint any member to the Board as set forth in Section 20.1, or three (3) years from Declarant's first conveyance of a Unit, whichever is earlier, Declarant shall elect to pay to the Association either (a) an amount equal to all operational expenses of the Association, less the operational expense portion of the assessments paid by Owners other than Declarant, or (b) the Common Expense liability allocated to each Unit owned by Declarant.

9.8 Capital Reserve Budget. The Board shall annually prepare a capital reserve budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital reserve contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital reserve budget, with respect both to amount and timing by equal annual assessments over the period of the budget. The capital reserve contribution required, if any, shall be established by the Board and included within the budget and assessment as provided in Section 9.4. A copy of the capital reserve budget shall be distributed to each member in the same manner as the operating budget. The Association may not use reserve funds during the period that Declarant has the right to appoint the directors of the Association.

9.9 Capitalization of Association. Upon acquisition of record title to a Unit by an Owner thereof other than Declarant, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to two (2) months of the annual assessment per Unit for that year. This amount shall be in addition to, not in lieu of, the annual assessment and shall not be considered an advance payment of such assessment. This amount shall be collected from the purchaser of the Unit at closing and disbursed to the Association in a separately designated account. The Association may not use these funds during the period that the Declarant has the right to appoint the directors of the Association. Thereafter, the Association may use the funds to cover unforeseen expenditures or to purchase additional equipment or services incurred by the Association pursuant to this Declaration and the By-Laws. The working capital contribution set forth herein is in addition to the required capital reserve contribution, if any, set forth in Section 9.8.

9.10 Statement of Account. Any Owner, Mortgagee or a Person having executed a contract for the purchase of a Unit, or a lender considering a loan to be secured by a Unit, shall be entitled, upon written request, to a statement from the Association setting forth the amount of assessments due and unpaid, including any late charges, interest, fines or other charges against a Unit. The Association shall respond in writing within five (5) business days of receipt of the request for a statement; provided, however, that the Association may require the payment of a reasonable fee not to exceed Ten Dollars (\$10.00), or such higher amount as may be authorized by the Act, as a prerequisite to the issuance of such a statement. Such written statement shall be binding on the Association as to the amount of assessments due on the Unit as of the date specified therein.

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

9.12 Commencement of Assessment. The obligation to pay full assessments shall commence as to each Unit no later than sixty (60) days after the first Unit is conveyed by the Declarant to an Owner other than a Person or Persons constituting the Declarant; provided, however, that the Declarant's obligation to pay its share of Common Expenses shall be as set forth in Section 9.7.

9.13 Master Association Assessments. Each Owner acknowledges that the assessments and other charges provided for herein are in addition to, and not in lieu of, the assessments and other charges provided for in the Master Documents. At the direction of the Master Association, the Association shall include all assessments and charges levied against the property within the Condominium by the Master Association in its annual budget and shall be responsible for collecting such amounts on behalf of the Master Association. The Association shall disburse the full amount of such charges to the Master Association in accordance with the Master Declaration. Notwithstanding the foregoing, the Master Association shall have the right to collect the assessments and other charges applicable to the Units directly from the Owners of such Units, in which case such assessments and charges shall not be included in the Association's annual budget.

ARTICLE 10: INSURANCE

The Association shall obtain and maintain at all times, as a Common Expense, casualty, liability and other insurance as required by Section 82-111 of the Act and as required herein. All such insurance coverage shall be written in the name of the Association as trustee for itself, each of the Owners and the Mortgagees of Owners, if any. It shall be the duty of the Board, at least every two (2) years, to conduct an insurance review to determine if the policy in force is adequate to meet the needs of the Association and to satisfy the requirements of this Declaration and Section 82-111 of the Act. Such responsibility may be performed, and shall be deemed reasonably performed, by requesting the Association's insurance agent to verify that insurance policies in existence meet the needs of the Association and satisfy the requirements of this Declaration and Section 82-111 of the Act. Such insurance shall run to the benefit of the Association, the respective Unit Owners and their respective Mortgagees, as their interests may appear. The Association's policy may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance equals at least the full replacement cost.

(a) To the extent reasonably available at reasonable cost, the Association's insurance policy may, but shall not be required to, cover any of the following types of property contained within a Unit, regardless of ownership:

(i) fixtures, improvements and alterations that are part of the building or structure; and

(ii) appliances, such as those used for refrigerating, ventilating, heating/cooking, dishwashing, laundering, security or housekeeping.

If such insurance is not reasonably available, the Association's insurance policy may exclude improvements and betterments made by or on behalf of the individual Unit Owners and may also exclude the finished surfaces of perimeter and partition walls, floors and ceilings within the Unit (i.e., paint, wallpaper, paneling, other wall covering, tile, carpet and any floor covering), but each Owner shall have the right to obtain additional coverage for such improvements, betterments or personal property at his or her own expense.

(b) The Board shall utilize every reasonable effort to secure a master policy covering physical damage in an amount equal to full replacement costs of all improvements located on the Condominium that will provide the following:

(i) that the insurer waives its rights of subrogation of any claims against the Board, officers of the Association, the individual Owners, Occupants, and their respective invitees and Occupants of the Unit;

(ii) that the master policy on the Condominium cannot be canceled, invalidated or suspended on account of the conduct of any Unit Owner, director, officer or employee of the Association or the managing agent without a prior demand in writing delivered to the Association and to all Mortgagees of Units to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured;

(iii) that any "no other insurance" clause contained in the master policy shall expressly exclude individual Unit Owners' policies from its operation;

(iv) that until the expiration of thirty (30) days after the insurer gives notice in writing to the Mortgagee of any Unit, the Mortgagee's insurance coverage will not be affected or jeopardized by any act or conduct of the Owner of such Unit, the other Unit Owners, the Board or any of their agents, employees, Occupants, or invitees, or be canceled for nonpayment of premiums;

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

(vi) a construction code endorsement;

(vii) an agreed value endorsement and an inflation guard endorsement;

(viii) that the deductible amount per occurrence for coverage required by the Act shall be reasonably determined in the sole discretion of the Board; and

(ix) that each Unit Owner is an insured Person under the policy with respect to liability arising out of such Person's ownership of an undivided interest in the Common Elements or membership in the Association.

(c) All policies of insurance shall be written with a company licensed to do business in the State of Texas and holding the best reasonably available rating in the Financial Category as established by A.M. Best Company, Inc., as determined in the sole discretion of the Board. The company shall provide insurance certificates to each Owner and each Mortgagee upon request.

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

(e) In no event shall the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with insurance purchased by individual Unit Owners or their Mortgagees. Any Unit Owner who obtains an individual insurance policy covering any portion of the Condominium, other than improvements and betterments made by such Owner, shall file a copy of such individual policy or policies with the Board within thirty (30) days after the purchase of such insurance. Such Owner shall also promptly notify, in writing, the Board in the event such policy is canceled.

(f) In addition to the insurance required herein above, the Board shall obtain as a Common Expense:

(i) workers' compensation insurance if and to the extent necessary to meet the requirements of law;

(ii) public liability insurance in amounts not less than required by Section 82-111 of the Act;

(iii) officers' and directors' liability insurance in such amounts as the Board may determine, but in no event less than One Million Dollars (\$1,000,000.00) per occurrence (such insurance shall contain a cross liability endorsement);

(iv) fidelity bonds, if reasonably available, covering officers, directors, employees and other persons who handle or are responsible for handling Association funds. Such bonds, if reasonably available, shall be in an amount which in the best business judgment of the Board reflects the estimated maximum amount of funds, including reserve funds in the custody of the Association at any time during the term of the bond, plus reserves on hand as of the beginning of the fiscal year and shall contain waivers of any defense based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions; provided, however, that fidelity coverage herein required may be reduced based on the implementation of financial controls which take one or more of the following forms: (1) the Association or Management Company, if any, maintains a separate bank account for the working account and the reserve account, each with appropriate access controls and the bank in which the funds are deposited sends copies of the bank statements directly to the Association; (2) the Management Company, if any, maintains separate records and bank accounts for each Association that uses its services and the Management Company does not have the authority to draw checks on, or to transfer funds from, the Association's reserve account; or (3) two members of the Board must sign any check written on the reserve account;

(v) flood insurance required by law; and

(vi) such other insurance as the Board may determine to be necessary.

(g) Insurance carried by the Association as a Common Expense shall not be required to include any portion of a Unit not depicted on the original Plat and Plans, nor shall the Association include public liability insurance for individual Owners for liability arising within the Unit. Nothing contained herein gives any Owner or other party a priority over the rights of first Mortgagees as to distribution of insurance proceeds.

(h) Every Unit Owner shall be obligated to obtain and maintain at all times insurance covering those portions of his or her Unit to the extent not insured by policies maintained by the Association. Upon request by the Board, the Unit Owner shall furnish a copy of such insurance policy or policies to the Association within thirty (30) days from the date of such request. In the event that any such Unit Owner fails to obtain insurance or to provide copies of the policy or policies as required by this Section, the Association may purchase such insurance on behalf of the Unit Owner and assess the cost thereof to the Unit Owner to be collected in the manner provided for collection of assessments under Article 9 hereof.

(i) In the event of an insured loss, any required deductible shall be considered a maintenance expense to be paid by the Person or Persons who would be responsible for such loss in the absence of insurance. If the loss affects more than one Unit, or both Unit(s) and the Common Elements, the cost of the deductible may be apportioned equitably by the Board among the parties suffering loss in proportion to each affected owner's portion of the total cost of repair. Notwithstanding this, subject to Section 82-111 of the Act, if the insurance policy provides that the deductible will apply to each Unit separately or to each occurrence, each Unit Owner shall be responsible for paying the deductible pertaining to his or her Unit, if any. If any Owner or Owners fail to pay the deductible when required under this Section, then the Association may pay the deductible and assess the cost to the Owner or Owners pursuant to Article 7 of this Declaration; provided, however, where the deductible is for insurance required under the Act, no Owner shall be assigned more than one thousand dollars (\$1,000.00), or such higher amount as may be authorized under the Act, as the cost of the deductible for any one occurrence.

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

ARTICLE 11: REPAIR AND RECONSTRUCTION

In the event of damage to or destruction of all or any part of the Condominium insured by the Association as a result of fire or other casualty, unless Unit Owners entitled to cast eighty percent (80%) of the Total Eligible Association Vote and Eligible Mortgagees representing at least fifty-one percent (51%) of the votes of Units subject to a Mortgage held by an Eligible Mortgagee appertain, vote not to proceed with the reconstruction and repair of the structure, the Board or its duly authorized agent shall arrange for and supervise the prompt repair and restoration of the structure.

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

11.2 Source and Allocation of Proceeds. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair, as determined by the Board, or if at any time during reconstruction and repair or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, the additional costs shall be assessed against all Owners in proportion to each Owner's respective undivided interest in the Common Elements. This assessment shall not be considered a special assessment. If there is a surplus of funds after repair and reconstruction is completed, or if the Unit Owners and Eligible Mortgagees vote not to proceed with reconstruction or repair as set forth herein, such funds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium, the insurance proceeds attributable to Units and Limited Common Elements that are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were assigned, or to their mortgagees, as their interests may appear, and the remainder of the proceeds shall be distributed to all Unit Owners as their interests may appear.

11.3 Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the plans and specifications under which the Condominium was originally constructed, except where changes are necessary to comply with current applicable building codes or where improvements not in accordance with the original plans and specifications are approved by the Board. To the extent insurance proceeds are available, the Association may reconstruct or repair Owner improvements damaged as a result of fire or other casualty. If any modifications to the exterior are proposed, approval must be obtained by the ARB prior to construction of any modifications to the original plans and specifications.

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

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

11.6 Reallocation. If the requisite number of Owners vote not to proceed with reconstruction and repair of any part of the Condominium which, prior to the casualty, contained Units, then the undivided interests in the Common Elements, liability for assessments and votes in the Association shall be reallocated among the Units and Owners on the same basis set forth in Article 23 pertaining to expansion, and, notwithstanding anything herein to the contrary, Declarant, during the Development and Sale Period, and, thereafter, the Association, shall be entitled to record an amendment to this Declaration to set forth such reallocation without a vote or consent of the Owners.

ARTICLE 12: ARCHITECTURAL CONTROL

12.1 Architectural Standards. The Master Documents establish an architectural review board (the "Master ARB") as defined by Section 2.1 of the Master Declaration and as described in Article IV of the Master Declaration. In addition to those requirements set forth in the Master Documents, the

Declarant, during the Development and Sale Period, and the Board, thereafter, has the right, without the obligation, to establish, and after establishment, to disband and re-establish from time to time, an ARB for the Condominium, as defined by Section 2.3 of this Declaration. Accordingly, except as provided herein, no Owner, Occupant, or any other Person may make any encroachment onto the Common Elements or Limited Common Elements, or make any exterior change, alteration or construction (including painting and landscaping), nor erect, place or post any object, sign, antenna, lights, storm door or window, artificial vegetation, exterior sculpture, fountain, flag, or thing on the exterior of the buildings, in any windows, on any Limited Common Elements (including carports), or any other Common Elements, without first obtaining the written approval of the Master ARB and the ARB, if one has been established and is active. Notwithstanding the above, this article shall not apply to the activities of the Declarant. Furthermore, this article may not be amended during the Development and Sale Period without the Declarant's written consent.

The standard for approval of such improvements shall include, but not be limited to, aesthetic consideration, materials to be used, harmony with the external design of the existing buildings and the location in relation to surrounding structures and topography. Applications for approval of any such architectural modification shall be in writing and shall provide such information as the ARB may reasonably require. The ARB or its designated representative shall be the sole arbiter of such application and may withhold approval for any reason, including purely aesthetic considerations, and it shall be entitled to stop any construction which is not in conformance with approved plans. The Board of Directors or the ARB may publish written architectural standards for exterior and Common Elements alterations or additions. To the extent there is a conflict between any architectural standards promulgated hereunder and any design guidelines promulgated pursuant to the Master Documents, the more restrictive architectural standards or design guidelines shall control. The architectural standards or design guidelines are not the exclusive basis for decisions of the reviewing bodies and compliance with such standards or guidelines does not guarantee approval of any application. The ARB may allow such encroachments on the Common Elements and Limited Common Elements as it deems acceptable.

In the event that the ARB fails to approve or to disapprove such application within forty-five (45) days after the application and all information as the ARB may reasonably require have been submitted, its approval will not be required and this Section will be deemed complied with; provided, however, even if the requirements of this Section are satisfied, nothing herein shall authorize anyone to construct or maintain any structure or improvement that is otherwise in violation of the Condominium Instruments.

12.2 Architectural Review Board. The Master ARB and the ARB shall have jurisdiction over all construction on any portion of the Condominium. The ARB shall consist of one (1) to three (3) members, with the exact number being set from time to time by and in the sole discretion of the party that is entitled to appoint and remove ARB members. During the Development and Sale Period, the Declarant retains the right to appoint and remove all members of the ARB, who shall serve at the Declarant's discretion. There shall be no surrender of this right prior to their expiration as provided above, except in a written instrument in recordable form executed by Declarant; provided, however, that the Declarant may delegate certain authority of the ARB to the Association for such periods of time as the Declarant in its sole discretion may decide. Upon expiration of the Development and Sale Period or permanent surrender of such rights, the Board shall either serve as the ARB or set the number of members of the ARB and appoint the members of the ARB, who shall thereafter serve and may be removed in the Board's discretion. Notwithstanding anything to the contrary contained herein, the Master ARB shall have the authority to review and disapprove any decision of the Board or the ARB which the Master ARB determines, in its sole discretion, to be inconsistent with the Master Documents. Additionally, if the Declarant during the Development and Sale Period, or the Board thereafter, either does not establish an ARB or suspends operation of the ARB, then the Master ARB, in addition to the rights granted to it by

the Master Documents, shall have all rights of the ARB described in this Article 12 and elsewhere in this Declaration, in addition to those powers described in the Master Documents.

12.3 Condition of Approval. As a condition of approval for a requested architectural change, modification, addition or alteration, an Owner, on behalf of such Owner and such Owner's successors-in-interest, shall assume all responsibilities for maintenance, repair, replacement and insurance of such change, modification, addition or alteration. In the discretion of the ARB, an Owner may be required to verify such condition of approval by written instrument in recordable form acknowledged by such Owner.

12.4 Limitation of Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and neither the Declarant, the Association, the Master Association, the Board of either association, the Master ARB, nor the ARB shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications or for ensuring compliance with building codes and other governmental requirements. Neither the Declarant, the Association, the Board, the ARB nor members of any of the foregoing shall be held liable for any injury, damages or loss arising out of the manner or quality of approved construction or modifications to any Unit.

12.5 No Waiver of Future Approvals. Each Owner acknowledges that the members of the Board and the ARB will change from time to time and that interpretation, application and enforcement of the architectural guidelines may vary accordingly. Each Owner further acknowledges that the ARB may adopt different architectural guidelines for different parts of the Condominium. The approval by either the Board or the ARB of any proposals, plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Board or the ARB, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matters whatsoever which are subsequently or additionally submitted for approval or consent.

12.6 Enforcement. Any construction, alteration or other work done in violation of this Article shall be deemed to be nonconforming. Upon written request from the Board or the ARB, Owners shall, at their own cost and expense, remove such construction, alteration or other work and shall restore the property to substantially the same condition as existed prior to the construction, alteration or other work. Should an Owner fail to remove and restore as required hereunder, the ARB shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as existed prior to the construction, alteration or other work. All costs thereof, including reasonable attorneys' and other legal fees, may be assessed against the Unit and collected as an assessment pursuant to this Declaration. In addition to the foregoing, the ARB shall have the authority and standing, on behalf of the Association, to impose reasonable fines and to pursue all legal and equitable remedies available to enforce its decisions and the provisions of this Article. Any exterior change, alteration or construction (including landscaping) upon the Common Elements made by an Owner in violation of this Declaration shall be at such Owner's sole risk and expense. The Board or the ARB may require that the Owner remove the change, alteration or construction and restore the Common Elements to its original condition, or may require that the change, alteration or construction remain on the Common Elements without reimbursement to the Owner for any expense incurred in making the change, alteration or construction.

12.7 Master Documents. The architectural review requirements set forth herein are in addition to, and not in lieu of, those requirements set forth in the Master Documents. Whenever approval of the Board of Directors or the ARB is required hereunder, the granting of such approval shall not obviate the need to also comply with the approval procedures set forth in the Master Documents. The Master ARB shall have the authority to review and disapprove any decision of the Board or the ARB which the Master

ARB determines, in its sole discretion, to be inconsistent with the Master Documents or otherwise unacceptable to the Master ARB.

ARTICLE 13: USE RESTRICTIONS

Each Owner of a Unit shall be responsible for ensuring that the Owner's family, invitees, guests, tenants and Occupants comply with all provisions of the Condominium Instruments and the rules and regulations of the Association. Furthermore, each Owner and Occupant shall always endeavor to observe and promote the cooperative purposes for which the Association was established. In addition to any rights the Association may have against the Owner's family, invitees, guests, tenants or Occupants, as a result of such Person's violation of the Condominium Instruments, the Association may take action under this Declaration against the Owner as if the Owner committed the violation in conjunction with the Owner's family, invitees, guests, tenants or Occupants. Use restrictions regarding the use of Units and the Common Elements are as follows and also as may be adopted by the Board in accordance with the terms hereof and as specified in the By-Laws. The use restrictions set forth herein are in addition to, and not in lieu of, those restrictions set forth in the Master Documents.

13.1 Residential Use. Units may be used only for residential purposes of a single family and for ancillary business or home office uses. A business or home office use shall be considered ancillary so long as: (a) the existence or operation of the activity is not apparent or detectable by sight, sound or smell from outside the Unit; (b) the activity conforms to all zoning requirements for the Condominium; (c) the activity does not involve regular visitation of the Unit by persons (including, but not limited to, clients, customers, employees, advisors, suppliers or independent contractors) coming onto the Condominium who do not reside in the Condominium or door-to-door solicitation of residents of the Condominium; (d) the activity does not increase traffic or include frequent deliveries within the Condominium other than deliveries by couriers, express mail carriers, parcel delivery services and other such delivery services; (e) the activity is consistent with the primarily residential character of the Condominium and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of other residents of the Condominium, as may be determined in the sole discretion of the Board; (f) the business activity does not increase the insurance premium paid by the Association or otherwise negatively affect the ability of the Association to obtain insurance coverage; (g) there are no signs, advertisements or plaques of any nature whatsoever visible from the exterior of the Unit; and (h) the business activity does not result in a materially greater use of Common Element facilities or Association services.

The terms "business" and "trade" as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to Persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (a) such activity is engaged in full or part-time, (b) such activity is intended to or does generate a profit, or (c) a license is required.

The leasing of a Unit shall not be considered a business or trade within the meaning of this Section. This Section shall not apply to any activity conducted by the Declarant or a builder approved by the Declarant with respect to its development and sale of the Condominium or portions thereof, or its use of any Units which it owns within the Condominium.

No Unit may be used as a rooming house, hostel, hotel, or for timesharing, except as may be established by Declarant. The term "timesharing" shall be deemed to include, but shall not be limited to, any agreement, plan, program, or arrangement under which the right to use, occupy, or possess all or any portion of a Unit rotates among various Persons on a periodically recurring basis for value exchanged,

whether monetary or like kind use privileges, according to a fixed or floating interval or period of time of thirty (30) consecutive calendar days or less.

13.2 Alteration of Units. Subject to the other provisions of this Declaration, Owners may make alterations to the interiors of their Units as follows:

(a) Alterations to the Interiors of the Units. Owners may make interior alterations to Units only with the written approval of the ARB. This provision does not apply to the Declarant.

(b) Relocation of Boundaries. No Owner, except Declarant shall relocate the boundaries of a Unit or subdivide a Unit. Declarant shall have the right to relocate boundaries between or in any Units owned by Declarant or its affiliates without the approval of the Association or the need for Owner approval.

13.3 Outbuildings. No structure of a temporary character, trailer, tent, shack, carport, garage, barn or other outbuilding shall be erected by any Owner or Occupant on any portion of the Condominium, other than by Declarant, at any time, either temporarily or permanently, without the prior written approval required under Article 12.

13.4 Use of Common Elements. There shall be no obstruction of the Common Elements, nor shall anything be kept on, parked on, stored on, or removed from any part of the Common Elements without the prior written consent of the Board, except as specifically provided herein. Except as otherwise set forth herein, there shall be no use of the roofs of the Condominium building by the Owners, their family members, guests, tenants, invitees, agents or contractors. There shall be no gardening or landscaping on the Common Elements by Owners or Occupants without the prior written consent of the Board. This Section shall not apply to Declarant.

With the prior written approval of the Board, and subject to any restrictions imposed by the Board, an Owner or Owners may reserve portions of the Common Elements for use for a period of time as set by the Board. Any such Owner or Owners who reserve a portion of the Common Elements as provided herein shall assume, on behalf of himself/herself/themselves and his/her/their guests, Occupants and family, all risks associated with the use of the Common Elements and all liability for any damage or injury to any person or thing as a result of such use. The Association shall not be liable for any damage or injury resulting from such use unless such damage or injury is caused solely by the willful acts or gross negligence of the Association, its agents or employees.

Any Person using a Common Element or Limited Common Element shall do so at his or her own risk and hereby holds Declarant, its successors and assigns, and the Association harmless from and against any claim or loss arising from such use. Neither Declarant, its successors and assigns, the Association nor any of their respective officers, directors, committee members, employees, management agents, contractors or subcontractors (collectively, the "Listed Parties") shall be responsible for any loss, damage or injury to any Person or property arising out of the authorized or unauthorized use of any Common Element or Limited Common Element. None of the Listed Parties shall be liable for any and all losses, claims, damages (compensatory, consequential, punitive, or otherwise), injuries, or deaths, and expenses of whatever nature or kind, including, without limitation, legal costs, occurring in, or otherwise related to the Common Element and/or Limited Common Element, all Persons using same do so at their own risk.

13.5 Use of Limited Common Elements. Use of the Limited Common Elements is restricted exclusively to the Owners of the Unit to which such Limited Common Elements are assigned, and said Owner's family members, guests, invitees, and Occupants. The Limited Common Elements are reserved

for exclusive use, but are a part of the Common Elements, and the restrictions applicable to the Common Elements shall also apply to the Limited Common Elements.

(a) Storage Spaces. Storage spaces shall be used solely for the purpose of storing any personal property belonging to the Owner or Occupant of the Unit to which such storage space is assigned as a Limited Common Element. No Owner or Occupant shall store any narcotic, explosives or any flammable, odorous, noxious, corrosive, hazardous, or pollutant materials or any other goods in the space which would cause danger or nuisance to the storage space, the Condominium or any Owner or Occupant. The storage space shall not be used for any purposes unlawful or contrary to any statute, rule, ordinance, regulation, fire code, or health code. If hazardous substances are stored, used, generated or disposed of on or in the storage space, or if the storage space becomes contaminated in any manner for which the Owner or Occupant thereof is legally liable, Owner or Occupant shall indemnify and hold harmless the Declarant, Association and Board from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses and any and all sums paid from settlement of claims, attorneys' fees, consultant and expert fees, arising as a result of said used or contamination by Owner or Occupant.

(b) Balconies and Decks. Any objects over forty-two (42) inches in height, bicycles, laundry garments, towels, and other objects other than potted plants and patio furniture, shall not be placed on a balcony or deck. Penetration of a balcony or deck is prohibited. Full enclosure of a balcony or deck is also prohibited.

13.6 Prohibition of Damage, Nuisance and Noise. Without the prior written consent of the Board, nothing shall be done or kept on the Condominium, or any part thereof, which would increase the rate of insurance on the Condominium or any Unit or part thereof, which would be in violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirements of any governmental body or which would increase the Common Expenses.

Noxious, destructive or offensive activity shall not be carried on upon the Condominium. No Owner or Occupant of a Unit may use or allow the use of the Unit or any portion of the Condominium at any time, in any way or for any purpose which may endanger the health or unreasonably annoy or disturb or cause embarrassment, discomfort or nuisance to other Owners or Occupants, or in such a way as to constitute, in the sole opinion of the Board, a nuisance. Nothing herein, however, shall be construed to affect the rights of an aggrieved Owner to proceed individually for relief from interference with his or her property or personal rights. Notwithstanding anything to the contrary herein, no Owner or Occupant may use or allow the use of the Unit, the Common Elements or the Limited Common Elements in any manner which creates noises between the hours of 10:00 p.m. and 7:00 a.m. which can be heard by persons in another Unit that will, in the sole discretion of the Board, interfere with the rights, comfort or convenience of the other Owners or Occupants.

No Owner shall do any work which, in the reasonable opinion of the Board or its designee, would jeopardize the soundness or safety of the Condominium or any structure created thereon, would reduce the value thereof, or would impair any easement or other interest in real property thereto, without in every such case the unanimous, prior written consent of all members of the Association and their Mortgagees. No damage to or waste of the Common Elements, or any part thereof, or of the exterior of any building shall be permitted by any Owner or member of his or her family or any invitee or guest of any Owner. Each Owner shall indemnify and hold the Association and the other Owners harmless against all loss to the Association or other Owners resulting from any such damage or waste caused by such Owner, members of his or her family, guests, invitees or Occupants of his or her Unit.

13.7 Firearms and Fireworks. The display or discharge of firearms or fireworks on the Common Elements is prohibited; provided, however, that the display of lawful firearms on the Common

Elements is permitted for the limited purpose of transporting the firearms across the Common Elements to or from the Owner's Unit. The term "firearms" includes "B-B" guns, pellet guns and other firearms of all types, regardless of size.

13.8 Pets. No Owner or Occupant may keep more than a total of two (2) (in any combination) dogs or cats. An Owner or Occupant may keep in his or her Unit a number of smaller, generally recognized household pets, such as fish or hamsters, subject to such rules and regulations as may be adopted by the Board. No Owner or Occupant may keep, breed or maintain any pet for any commercial purpose. All pets shall be reasonably controlled by the Owner or Occupant whenever outside a Unit and shall be kept in such a manner as not to become a nuisance by barking or other acts. Pets may not be left unattended outdoors or kept unattended outdoors, including, but not limited to, on any balcony, deck or backyard area. Dogs must be kept on a leash and be under the physical control of a responsible person at all times while on the Common Elements. The owner of the pet or the Person responsible for the pet must immediately remove any feces left upon the Common Elements, specifically including, but not limited to, feces left on Limited Common Elements.

No potbellied pigs, venomous snakes, pit bulldogs or other animals determined in the Board's sole discretion to be dangerous, may be brought onto or kept on the Condominium at any time. The Board may require that any pet which, in the Board's opinion, endangers the health of any Owner or Occupant or creates a nuisance or unreasonable disturbance, be permanently removed from the Condominium upon seven (7) days written notice. If the Owner or Occupant fails to do so, the Board may remove the pet. Any pet which, in the Board's sole discretion, presents an immediate danger to the health, safety or property of any community member may be removed by the Board without prior notice to the pet's owner.

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

A disabled Owner or Occupant may keep a service animal in such Owner Occupant's Unit for the benefit of a disabled Owner or Occupant; provided, however, that the foregoing rules related to pets shall also apply to any service animal kept or maintained within the Condominium.

13.9 Parking. Carport parking spaces will be assigned as Limited Common Elements, exclusively serving specific Units, as set forth in Exhibit "C." Such assigned spaces are designated Limited Common Elements and may only be used by the Owners or Occupants to whom the spaces are assigned, and their guests and families. During the Development and Sale Period, Declarant may adopt rules regulating the use of unassigned parking spaces. Vehicles may only be parked in designated, lined parking spaces or other areas authorized in writing by the Board. There shall be no parking on any other Common Elements or on grassy areas.

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

(b) Boats, trailers, panel trucks, buses, trucks with a load capacity of one (1) ton or more, full-size vans (excluding mini-vans or utility vehicles used as passenger vehicles and receiving a "car" or "passenger vehicle" classification by the Texas Department of Motor Vehicles), recreational

vehicles (RVs and motor homes), vehicles used primarily for commercial purposes and vehicles with commercial writings on their exteriors are also prohibited from being parked on the Condominium, except in areas designated by the Declarant during the Development and Sale Period and, thereafter, by the Board, as parking areas for particular types of vehicles. Notwithstanding the above, trucks, vans, commercial vehicles and vehicles with commercial writings on their exteriors shall be allowed temporarily on the Common Elements during normal business hours for the purpose of serving any Unit or the Common Elements, but no such vehicle shall remain on the Common Elements overnight or for any purpose except serving a Unit or the Common Elements, without written consent, of the Declarant during the Development and Sale Period and, thereafter, the written consent of the Board.

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

(d) If a vehicle is parked in a fire lane, is blocking another vehicle or access to another Owner's or Occupant's Unit, is obstructing the flow of traffic, is parked other than in a parking space, is parked in a space which has been assigned as a Limited Common Element exclusively serving another Unit or otherwise creates a hazardous condition, no notice shall be required and the vehicle may be towed immediately. If a vehicle is towed in accordance with this Section, neither the Association nor any officer or agent of the Association shall be liable to any Person for any claim of damage as a result of the towing activity. Notwithstanding anything to the contrary herein, the Board may elect to impose fines or use other available sanctions, rather than exercise its authority to tow.

13.10 Storm Preparations. Storm preparations to prevent or reduce damage to a Unit shall not be installed by Owners more than forty-eight (48) hours in advance of the storm and shall be removed within forty-eight (48) hours after the storm.

13.11 Grilling. The use of outdoor grills, chimneys or open flame is prohibited, unless otherwise permitted by the Board. This provision does not prohibit the use of in-door or out-door electric grills.

13.12 Abandoned Personal Property. Personal property, other than vehicles as provided for in Section 13.9, shall not be kept or allowed to remain for more than twenty-four (24) hours upon any portion of the Common Elements, other than on Limited Common Elements, without the prior written permission of the Board.

(a) If the Board or its designee, in its sole discretion, determines that property is kept, stored or allowed to remain on the Common Elements or Limited Common Elements in violation of this Section, then the Board may remove and either discard or store the personal property in a location which the Board may determine. Prior to taking any such action, the Board shall place a notice on the personal property and/or on the front door of the Unit of the owner of such property, if known, specifying the nature of the violation and stating that after two (2) days, the property may be removed and either discarded or stored. The notice shall include the name and telephone number of the person or entity which will remove the property and the name and telephone number of a person to contact regarding the alleged violation.

(b) If two (2) days after such notice is placed on the personal property and/or the front door of the Unit, the violation continues or thereafter occurs again within six (6) months of such notice, the personal property may be removed in accordance with the original notice, without further notice to the owner or user of the personal property.

(c) Notwithstanding anything to the contrary, the Board, in its discretion, may determine that an emergency situation exists, and the personal property abandoned or stored in violation of this Section may, without prior notice to the owner or user of the personal property, be removed and either discarded or stored by the Board in a location which the Board may determine; provided, however, that the Board shall give to the owner, if known, notice of the removal of the property and the location of the personal property within three (3) days after the personal property is removed.

(d) If personal property is removed in accordance with this Section, neither the Association nor any officer or agent of the Association shall be liable to any Person for any claim of damage resulting from the removal activity. Notwithstanding anything to the contrary herein, the Board may elect to impose fines or use other available sanctions, rather than exercise its authority to remove abandoned or improperly stored personal property, as set forth herein.

13.13 Signs. Except as may be provided for herein or as may be required by law, no signs, advertising posters, political placards or billboards of any kind shall be erected, placed or permitted to remain on the Condominium without the prior written consent of the Board or its designee. The Board shall have the right to erect reasonable and appropriate signs on behalf of the Association and to enact reasonable rules and regulations governing the general placement of signs on the Condominium.

Notwithstanding the restrictions contained in this Section, the Declarant may approve and erect signs for the purpose of carrying on business related to the development, improvement and sale of Units in the Condominium, and such signs shall not be subject to approval or regulation by the Association or by the Board.

13.14 Rubbish, Trash and Garbage. All rubbish, trash and garbage shall be regularly removed from the Unit and shall not be allowed to accumulate therein. No garbage or trash shall be placed on the Common Elements or Limited Common Elements outside the Unit, temporarily or otherwise. Rubbish, trash and garbage shall be disposed of in sealed bags and placed in the trash receptacles designated by the Board for collection or removed from the Condominium.

13.15 Impairment of Units and Easements. An Owner shall do no act nor any work that will impair the structural soundness or integrity of another Unit or impair any easement or other interest in real property, nor do any act nor allow any condition to exist which will adversely affect the other Units or their Owners or Occupants.

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

13.17 Garage Sales. Garage sales, yard sales, flea markets, or similar activities are prohibited.

13.18 Antennas and Satellite Equipment. Placement of antennas and satellite equipment is permitted on the Condominium, subject to approval in writing as required by Article 12. This provision shall not, however, obligate the Master ARB or the ARB to approve any application for an antenna or

satellite equipment, nor shall it prohibit the Association from constructing or maintaining a central antenna or communications system on the Condominium for the benefit of its members. Notwithstanding the foregoing, the Association shall regulate antennas, satellite dishes or any other apparatus for the transmission or reception of television, radio, satellite, or other signals of any kind only in strict compliance with all federal laws and regulations.

13.19 Window Treatments. The color of all window treatments visible from outside the Unit must be white or off-white.

13.20 Seasonal Decorations. A reasonable number of holiday and religious lights and decorations may be displayed on the exterior of a Unit for up to thirty (30) days prior to a publicly observed holiday or religious observance and up to fifteen (15) days thereafter without prior approval, subject to the right of the Association or Declarant to require removal of any such decorations which it deems, in its sole discretion, to (i) be excessive in number, size, or brightness, relative to other Units in the Condominium; (ii) draw excessive attention or traffic; (iii) unreasonably interfere with the use and enjoyment of other Units; or (iv) cause a dangerous condition to exist. The Association shall have the right, upon five (5) days prior written notice, to enter upon any Unit and summarily remove exterior lights or decorations displayed in violation of this provision. The Association, and the individuals removing the lights and decorations, shall not be liable to the Owner for trespass, conversion, or damages of any kind except intentional misdeeds and gross negligence.

13.21 Replacing Carpet with Tile or Hardwood Floors. Other than Declarant, no Owner, Occupant or any other person may replace carpeting with a tile, marble, vinyl, or hardwood floor, or other hard surfaced flooring material, on the interior of a Unit which is located above another Unit without first obtaining written approval of the Declarant, Master ARB or the ARB, as applicable, as set forth in Article 12. Among other factors, the Declarant, Master ARB or the ARB, as applicable, may consider whether the change will cause noise to any Unit below or adjacent to the Unit which will exceed the average noise level in Units that are situated below or adjacent to Units with carpeted floors.

The Owner applying for such approval shall provide the appropriate review body(ies) with information requested regarding the proposed flooring and its effect. In addition, any Owners installing hard surfaced floors in Units located above another Unit shall acknowledge and agree that not less than fifty percent (50%) of the walkable, hard-surfaced, floor space of the Unit shall be covered with rugs or other similar floor coverings. For purposes of this Section, walkable, hard-surfaced, floor space shall mean that portion of the flooring surface within a Unit (the interior flooring surface, not including the concrete subflooring) not covered by furniture over which an Owner, Occupant or any other person routinely walks.

The Owner applying for such approval shall provide the appropriate reviewing body(ies) with information regarding these factors, as well as other information requested regarding the proposed flooring and its effect; provided, however, the noise level requirements shall be considered to be met if the Owner provides a sound transmission test that the proposed flooring will create a noise level less than a standard level set by reasonable regulation of the Declarant or the ARB, as applicable.

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

to use the parking facilities on the Condominium for such purposes and to use the Units owned by Declarant as model Units and as offices for the sale of the Condominium Units and related activities.

13.23 Elevators. Commercial movers may use the elevators for moving furniture and other items in or out of the Condominium only during the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday. The elevators may not be used by commercial movers on a Saturday, Sunday or legal holiday of either the State of Texas or the United States of America. Prior to use by a commercial mover, padding must be installed within the elevator to prevent damage to the interior.

13.24 Number of Occupants. The maximum number of Occupants in a Unit shall be limited to two (2) natural persons per bedroom. "Occupancy," for purposes hereof, shall be defined as staying overnight in a Unit for a total of more than thirty (30) days, either consecutive or nonconsecutive, in any calendar year. Upon written application, the Board shall grant variances to this restriction if necessary to comply with provisions of the Fair Housing Amendments Act of 1988, 42 U.S.C. § 3601, et seq., or any amendments thereto.

If an Owner of a Unit is a corporation, partnership, limited liability company, trust, or other legal entity not being a natural person, the entity shall designate in writing to the Board the name(s) of the natural person(s) who will occupy the Unit. The natural person(s) designated to occupy any such Unit may not be changed more frequently than once every six (6) months.

13.25 Private Amenity. Upon request of the owner of any Private Amenity, the Association shall enforce its use restrictions and rules against any Owner or Occupant violating such regulations within such Private Amenity, including but not limited to, the exercise of the Association's self-help rights for violation of sign and pet restrictions.

ARTICLE 14: LEASING

The Board shall have the power to make and enforce reasonable rules and regulations and to fine, in accordance with the Declaration and By-Laws, in order to enforce the provisions of this Article.

14.1 Definition. "Leasing," for purposes of this Declaration, is defined as regular, exclusive occupancy of a Unit by any Person or Persons other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument.

14.2 Leasing Provisions. Leasing of Units shall be governed by the following provisions:

(a) General. Units may be leased only in their entirety; no fraction or portion may be leased without prior written approval of the Board. All leases shall be in writing and shall include an acknowledgment by the lessee that all Occupants of the leased Unit are bound by and obligated to comply with the Condominium Instruments. The Unit Owner must make available to the lessee copies of the Declaration, By-Laws, and the rules and regulations prior to execution of the lease and shall monitor enforcement and compliance with the Condominium Instruments by the lessee and all Occupants of the leased Unit. Prior to the commencement of the lease term, the Owner or the Owner's designee shall notify the Board or the Management Company of the lease and provide such information as the Board and/or the Management Company may reasonably require, which may include, but shall not be limited to, the name, address, and telephone number of the Unit Owner and of the lessee; and the date the lessee's occupancy commences and ends. Declarant may, from time to time during the Development and Sale Period, adopt and modify reasonable rules regulating leasing and subleasing consistent with this subsection (a). Such rules shall be distributed to all Owners prior to the date that they are to become

effective and shall thereafter be binding upon all Owners and Occupants. Unless adopted by Declarant pursuant to the foregoing, leases shall not be subject to any minimum lease terms.

(b) Compliance With Condominium Instruments, Use of Common Elements, and Liability for Assessments. Any lease of a Unit shall be deemed to contain the following provisions, whether or not expressly therein stated, and each Owner and each lessee, by occupancy of a Unit, covenants and agrees that any lease of a Unit shall contain the following language and agrees that if such language is not expressly contained therein, then such language shall be incorporated into the lease by existence of this covenant on the Unit.

(i) Compliance with Condominium Instruments. The lessee shall comply with all provisions of the Condominium Instruments and shall control the conduct of all other Occupants and guests of the leased Unit in order to ensure compliance with the foregoing. The Owner shall cause all Occupants of his or her Unit to comply with the Condominium Instruments, and shall be responsible for all violations by such Occupants, notwithstanding the fact that such Occupants of the Unit are fully liable and may be sanctioned for any violation of the Condominium Instruments. In the event that the lessee, or a person living with the lessee, violates the Condominium Instruments for which a fine is imposed, notice of the violation shall be given to the Owner and the lessee, and such fine shall be assessed against the lessee in accordance with Section 3.22 of the By-Laws. If the fine is not paid by the lessee within the time period set by the Board, the Board may assess the fine against the Owner and the Owner shall pay the fine upon notice from the Association of the lessee's failure to pay the fine. Unpaid fines shall constitute a lien against the Unit.

Any violation of the Condominium Instruments by the lessee, any Occupant, or any person living with the lessee, is deemed to be a default under the terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with Texas law. The Owner of a Unit hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee for breaches resulting from the violation of the Condominium Instruments, including the power and authority to evict the lessee as attorney-in-fact on behalf and for the benefit of the Owner, in accordance with the terms hereof. In the event the Association proceeds to evict the lessee, any costs, including attorneys' fees and court costs, associated with the eviction shall be an assessment and lien against the Unit.

(ii) Use of Common Elements. Except where the Owner also occupies the Unit, the Owner transfers and assigns to the lessee, for the term of the lease, any and all rights and privileges that the Owner has to use the Common Elements of the Condominium, including, but not limited to, the use of any and all recreational facilities.

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

14.4 Applicability. This Article 14 shall not apply to any leasing transaction entered into by the Declarant, the Association or the holder of any first Mortgage who becomes the Owner of a Unit through foreclosure or any other means pursuant to the satisfaction of the indebtedness secured by such Mortgage.

ARTICLE 15: SALE OF UNITS

A Unit Owner intending to make a transfer or sale of a Unit or any interest in a Unit shall give written notice to the Board of such intention within seven (7) days after execution of the (i) transfer document or (ii) purchase and sale agreement, whichever is earlier. The Unit Owner shall furnish to the Board as part of the notice (i) the name and address of the intended grantee; and (ii) such other information as the Board may reasonably require. This Article shall not be construed to create a right of first refusal in the Association or in any third party.

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

ARTICLE 16: MAINTENANCE RESPONSIBILITY

16.1 By the Owner. Each Owner shall have the obligation to maintain and keep in good repair all portions of his or her Unit and all improvements made by the Owner to the Limited Common Elements assigned to the Unit, except any portion of the Unit or any Limited Common Element which is expressly made the maintenance obligation of the Association as set forth in Section 16.2 below. This maintenance responsibility shall include, but not be limited to, the following: all glass surfaces (including exterior cleaning of any glass doors or windows leading to any Limited Common Element balcony, but excluding the exterior cleaning of all other glass surfaces); windows, window frames, casings and locks (including caulking of windows); tile, carpet and any floor covering above the gypcrete subflooring of the Unit; painting and finishing of all interior walls and ceilings within the Unit; all doors, doorways, door frames and hardware that are part of the entry system of the Unit (except for periodic painting and/or staining of the exterior surface of entry doors and door frames facing the hallway of the building); all portions of the heating and air conditioning system serving the Unit, including the air conditioning compressor and the fan coil; and all pipes, lines, ducts, conduits or other apparatus which serve only the Unit, whether located within or outside of a Unit's boundaries (including all gas, electricity, water, sewer or air conditioning pipes, lines, ducts, conduits or other apparatus serving only the Unit).

(a) Some Units may contain interior support beams which are load bearing beams. No Owner or Occupant shall do any act which jeopardizes or impairs the integrity of such beams.

(b) In addition, each Unit Owner shall have the responsibility:

(i) to keep in a neat, clean and sanitary condition any Limited Common Elements serving his or her Unit including, without limitation, patios, terraces, balconies and storage spaces;

(ii) to perform his or her responsibility in such manner so as not to unreasonably disturb other persons in other Units;

(iii) to promptly report to the Association or its agent any defect or need for repairs for which the Association is responsible; and

(iv) to pay for the cost of repairing, replacing or cleaning up any item which is the responsibility of the Unit Owner but which responsibility such Owner fails or refuses to discharge (which the Association shall have the right, but not the obligation, to do), or to pay for the cost of repairing, replacing or cleaning up any item which, although the responsibility of the Association, is necessitated by reason of the willful or negligent act of the Unit Owner, his or her family, invitees, tenants or guests, with the cost thereof to be added to and become part of the Unit Owner's next chargeable assessment.

16.2 By the Association.

(a) The Association shall maintain and keep in good repair as a Common Expense the "Area of Common Responsibility," which includes the following:

(i) all Common Elements including any Limited Common Elements, but excluding all improvements made to such Limited Common Elements; provided, however, the cost of maintenance and repair of Limited Common Elements may be specifically assessed against the Unit Owner to whom the Limited Common Element is assigned pursuant to Sections 9.2 and 9.6. The Association and its agents and other duly authorized contractors are hereby granted a non-exclusive easement of access, ingress and egress to and from said Limited Common Elements for the purpose of reading utility meters and for performing the maintenance responsibility set forth herein;

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

(iii) periodic cleaning of exterior glass surfaces (except any glass doors or windows leading to any Limited Common Element balcony), as determined appropriate in the sole discretion of the Board and pursuant to a schedule to be determined by the Board; and

(iv) such additional portions of any property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, any Cost Sharing Agreement or any contract or agreement for maintenance thereof entered into or assumed by the Association.

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

(c) The Association shall not be liable for injury or damage to person or property caused by the elements or by the Owner of any Unit, or any other person, or resulting from any utility, rain, snow or ice which may leak or flow from any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment which the Association is responsible to maintain hereunder. The Association shall not be liable to the Owner of any Unit or such Owner's Occupant, guest, invitee or family, for loss or damage, by theft or otherwise, of any property which may be stored in or upon any of the Common Elements. The Association shall not be liable to any Owner, or any Owner's Occupant, guest, invitee or family for any damage or injury caused in whole or in part by the Association's failure to discharge its responsibilities under this Article where such damage or injury is not a foreseeable, natural result of the Association's failure to discharge its responsibilities. No diminution or abatement of assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some

action or perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the action taken by the Association to comply with any law, ordinance or with any order or directive of any municipal or other governmental authority.

(d) The Association shall repair incidental damage to any Unit resulting from performance of work which is the responsibility of the Association. As finished levels can have varying degrees, such repairs will be complete only to the extent of being "paint-ready." Components that may require repair or replacement, such as tile and trim, will be reinstated only to the extent that matching or similar materials are readily available at reasonable costs, as determined in the sole discretion of the Board. Accessibility around personal belongings for workers to perform such repairs is the responsibility of the Unit Owner or Occupant. Removal, storage or other protective measures of personal items are also the responsibility of the Unit Owner or Occupant. If the removal, storage or other protective measures are not taken by the Unit Owner or Occupant and damage occurs due to the repair process, neither the Association nor the Board will be liable for such damage. Upon completion of such repairs, the Association will perform cursory cleaning but shall not be responsible for a detailed cleaning. The Board has sole discretion in defining the reasonable level, quality and extent of the repair and subsequent cleaning. In performing its responsibilities hereunder, the Association shall have the authority to delegate to such Persons, firms or corporations of its choice, such duties as are approved by the Board.

16.3 Failure to Maintain. If the Board determines that any Owner has failed or refused to discharge properly such Owner's obligation with regard to the maintenance, repair or replacement of items of which such Owner is responsible hereunder, then the Association shall give the Owner written notice of the Owner's failure or refusal and of the Association's right to provide necessary maintenance, repair or replacement at the Owner's cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair or replacement deemed necessary by the Board. Unless the Board determines that an emergency exists, the Owner shall have ten (10) days within which to complete maintenance or repair, or if the maintenance or repair is not capable of completion within such time period, to commence replacement or repair within ten (10) days. If the Board determines that: (i) an emergency exists or (ii) that an Owner has not complied with the demand given by the Association as herein provided, the Association may provide any such maintenance, repair or replacement at the Owner's sole cost and expense, and such costs shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Unit and shall be collected as provided herein for the collection of assessments.

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

16.4 Maintenance Standards and Interpretation. The maintenance standards and the enforcement thereof and the interpretation of maintenance obligations under this Declaration may vary from one term of the Board to another. These variances shall not constitute a waiver by the Board of the right to adopt and enforce maintenance standards under this Section. No decision or interpretation by the Board shall constitute a binding precedent with respect to subsequent decisions or interpretations of the Board. All maintenance of a Unit shall be in conformance with the Community-Wide Standard of the Association. No Owner shall perform any maintenance which may result in a change or alteration to the exterior of the Unit without the prior written approval of the ARB and/or Master ARB as provided in Article 12 hereof.

16.5 Measures Related to Insurance Coverage. The Board, upon resolution, shall have the authority to require all or any Unit Owner(s) to do any act or perform any work involving portions of the Condominium which are the maintenance responsibility of the Unit Owner, which will, in the Board's sole discretion, decrease the possibility of fire or other damage in the Condominium, reduce the insurance premium paid by the Association for any insurance coverage or otherwise assist the Board in procuring or maintaining such insurance coverage. This authority shall include, but need not be limited to, requiring all Owners to install smoke detectors; requiring Owners to make improvements to the Owner's Unit; and such other measures as the Board may reasonably require so long as the cost of such work does not exceed Five Hundred Dollars (\$500.00) per Unit in any twelve (12) month period.

In addition to, and not in limitation of, any other rights the Association may have, if any Unit Owner does not comply with any reasonable requirement made by the Board pursuant to this Section 16.5, the Association, upon ten (10) days' written notice (during which period the Unit Owner may perform the required act or work without further liability), may perform such required act or work at the Unit Owner's sole cost. Such cost shall be an assessment and a lien against the Unit as provided herein. The Association shall have all rights necessary to implement the requirements mandated by the Board pursuant to this Section 16.5, including, but not limited to, a right of entry during reasonable hours and after reasonable notice to the Owner or Occupant of the Unit, except that access may be had at any time without notice in an emergency situation.

ARTICLE 17: EMINENT DOMAIN

In the event of a taking by eminent domain of any portion of the Common Elements on which improvements have been constructed, then, unless within sixty (60) days after such taking, at least seventy-five percent (75%) of the Total Eligible Association Vote shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Elements to the extent lands are available therefor. The provisions of Article 11, applicable to Common Elements improvements damage, shall govern replacement or restoration and the actions to be taken in the event that the improvements are not restored or replaced.

ARTICLE 18: MORTGAGEE RIGHTS

18.1 Amendments to Documents. The consent of (a) members holding at least sixty-seven percent (67%) of the Total Eligible Association Vote, (b) the Declarant, during the Development and Sale Period, and (c) Eligible Mortgagees representing at least fifty-one percent (51%) of the total voting power attributable to Units subject to a Mortgage held by an Eligible Mortgagee, shall be required to materially amend any provisions of this Declaration, the By-Laws or Articles of Incorporation, or to add any material provisions thereto which establish, provide for, govern or regulate any of the following:

- (a) voting;
- (b) assessments (including any increase in the annual assessment by more than twenty-five percent [25%] of the previous year's assessment), assessment liens or subordination of such liens;
- (c) reductions in reserves for maintenance, repair and replacement of the Common Elements;
- (d) responsibility for maintenance and repair of the Condominium;

- herein;
- (e) reallocation of interests in Common Elements in a manner other than as provided herein;
 - (f) redefinition of Unit boundaries in a manner other than as provided herein;
 - (g) convertibility of Units into Common Elements or vice versa;
 - (h) expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium in a manner other than as provided herein;
 - (i) insurance or fidelity bonds;
 - (j) leasing of Units;
 - (k) imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer or otherwise convey his or her Unit;
 - (l) establishment of self-management by the Association where professional management has been required by an Eligible Mortgagee;
 - (m) rights to use the Common Elements;
 - (n) repair or restoration of the Condominium (after damage or partial condemnation) in a manner other than as provided herein; or
 - (o) any provisions included in the Declaration, By-Laws or Articles of Incorporation which are for the express benefit of holders, guarantors or insurers of first Mortgages on Units.

18.2 Mortgagee Consent. Unless at least sixty-seven percent (67%) of the first Mortgagees and Unit Owners other than Declarant, and the Declarant during the Development and Sale Period, give their consent, the Association or the membership shall not:

(a) by act or omission seek to abandon or terminate the Condominium. Notwithstanding the foregoing, pursuant to Section 82.068 of the Act, the Condominium shall not be terminated unless the Owners of Units to which eighty percent (80%) of the votes in the Association pertain, exclusive of any vote or votes appurtenant to any Unit then owned by the Declarant, and the Mortgagees of those Units and the Declarant, during such time as the Declarant may add additional property to the Condominium or during such time that the Declarant has the right to appoint the Board of Directors, agree to terminate the Condominium;

(b) except as provided herein and in the Act for condemnation, substantial damage and destruction, and annexation of additional property to the Condominium, change the pro rata interest or obligations of any individual Unit for the purpose of (1) levying assessments or changes or allocating distributions of hazard insurance proceeds or condemnation awards; or (2) determining the pro rata share of ownership of each Unit in the Common Elements;

(c) partition or subdivide any Unit in any manner inconsistent with the provisions of this Declaration;

(d) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements (the granting of easements or licenses, as authorized herein, shall not be deemed a transfer within the meaning of this clause); or

(e) use hazard insurance proceeds for losses to any portion of the Condominium (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction of such portion of the Condominium.

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

18.3 Liability of First Mortgagees. Where the Mortgagee holding a first Mortgage of record or other purchaser of a Unit obtains title pursuant to judicial or non-judicial foreclosure of the Mortgage, it shall not be liable for the share of the Common Expenses or assessments by the Association chargeable to such Unit which became due prior to such acquisition of title. Such unpaid share of Common Expenses or assessments shall be deemed to be a Common Expense collectible from Owners of all the Units, including such acquirer, its successors and assigns. Additionally, such acquirer shall be responsible for all charges accruing subsequent to the passage of title, including, but not limited to, all charges for the month in which title is passed.

18.4 Mortgagee Notice. Upon written request to the Association, identifying the requesting party's name and address of the holder and the Unit number or address to which the related Mortgage pertains, any Eligible Mortgagee or insurer or guarantor of a first Mortgage will be entitled to timely written notice of:

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

(b) any proposed termination of the Condominium;

(c) any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit on which there is a first Mortgage held, insured or guaranteed by such Eligible Mortgagee or party;

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

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

(f) any proposed action which would require the consent of a specified percentage of Eligible Mortgagees, as specified herein.

18.5 Financial Statements. Pursuant to the terms of Section 6.4 of the By-Laws, any holder of a first Mortgage shall be entitled, upon written request, to receive within a reasonable time after request, a copy of the financial statement of the Association for the immediately preceding fiscal year, free of charge to the Mortgagee so requesting.

18.6 Additional Mortgagee Rights. Notwithstanding anything to the contrary herein contained, the provisions of Articles 14 and 15 governing leases and sales shall not apply to impair the right of any first Mortgagee to:

- (a) foreclose or take title to a Unit pursuant to remedies contained in its Mortgage; or
- (b) take a deed or assignment in lieu of foreclosure; or
- (c) sell, lease or otherwise dispose of a Unit acquired by the Mortgagee.

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

18.8 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

18.9 Construction of Article. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, By-Laws or Texas law for any of the acts set out in this Article.

ARTICLE 19: DECLARANT RIGHTS

19.1 Right to Appoint and Remove Directors. The Declarant shall have the right to appoint and remove any officer and member of the Board subject to such limitations set forth below and in Section 3.4 of the By-Laws. The Declarant's authority to appoint and remove members of the Board of the Association shall expire on the first to occur of the following:

- (a) one hundred twenty (120) days after seventy-five percent (75%) of the Units that may be created in the Condominium have been transferred by the Declarant to Unit Owners other than a Person or Persons constituting the Declarant;
- (b) the expiration of five (5) years after the date upon which this Declaration is recorded in the Public Records; or
- (c) the date on which the Declarant voluntarily relinquishes such right by executing and recording an amendment to this Declaration, which shall become effective as specified in such amendment.

19.2 Number and Terms of Directors Appointed by Declarant. The Board of the Association shall be comprised initially of no more than three (3) directors, who shall be appointed, removed and/or reappointed by Declarant, and whose terms shall expire at the time of expiration of the rights of the Declarant as set forth above.

19.3 Sale and Leasing of Units. Notwithstanding anything to the contrary contained herein, the Declarant shall have the right to sell or lease Units and to erect and maintain signs to facilitate such sales or leases as it, in its sole discretion, deems appropriate and shall not be required to comply with the provisions of this Declaration regarding signs, sales and leases.

19.4 Development and Sale Period. Notwithstanding any provisions in the Condominium Instruments and any related documents, during the Development and Sale Period, it shall be expressly permissible for Declarant and any builder or developer approved by Declarant to maintain and carry on, upon such portion of the Condominium as Declarant may deem necessary (and a non-exclusive easement within the Condominium shall exist in favor of the foregoing), such facilities and activities as in the sole opinion of Declarant may be required, convenient or incidental to Declarant's and such builder's or developer's development, construction and sales activities related to property described on Exhibits "A" and "D" to this Declaration, including, but without limitation, the right of access, ingress or egress for vehicular and pedestrian traffic over, under, on or in the Condominium; the right to tie into any portion of the Condominium with streets, driveways, parking areas and walkways; the right to tie into and/or otherwise connect and use (without a tap-on or any other fee for so doing), install, lay, replace, relocate, maintain and repair any device which provides utility or similar services including, without limitation, electrical, telephone, natural gas, water, sewer and drainage lines, and facilities constructed or installed in, on, under and/or over the Condominium; the right to carry on sales and promotional activities in the Condominium and the right to construct and operate business offices, signs, construction trailers, model Units and sales offices. Declarant and any such builder or developer may use an unlimited number of Units or offices owned or leased by Declarant or such builder or developer as model Units and sales offices, which may be of any size and on any location of the Condominium, and which offices may be initially designated by the Declarant as Common Elements pursuant to Section 82.065 of the Act. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

19.5 Transfer or Assignment. Any or all of the special rights and obligations of the Declarant set forth in the Condominium Instruments may be transferred or assigned in whole or in part to the Association or to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that which the Declarant has under this Declaration or the Act. Upon any such transfer, the Declarant shall be automatically released from any and all liability arising with respect to such transferred rights and obligations. No such transfer or assignment shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the Public Records.

19.6 Residence Club Program. Notwithstanding anything herein to the contrary, the Declarant hereby reserves the right to develop, operate, use, and/or sell one (1) or more Units as part of a timeshare, interval ownership program, vacation club, residence club, fractional ownership program, fractional membership plan, or similar program, to the extent permitted by applicable law. The Association is prohibited from taking any action or adopting any amendment or rule that interferes with such rights hereby reserved by the Declarant.

ARTICLE 20: EASEMENTS

20.1 Use and Enjoyment. Each Unit Owner and Occupant shall have a right and non-exclusive easement of use and enjoyment in and to the Common Elements (including the right of access, ingress and egress to and from his or her Unit over those portions of the Condominium designated for such purposes), and such easement shall be appurtenant to and shall pass with the title to each Unit, subject to the rights of the Unit Owners to the exclusive use of the Limited Common Elements assigned to their respective Units and to the right of the Association to control the use and enjoyment of the

Common Elements as provided by the terms of this Declaration including, but not limited to, the right of the Association to suspend voting and use privileges as provided herein. Every portion of a Unit and all Limited Common Elements contributing to the support of an abutting Unit shall be burdened with an easement of support for the benefit of such abutting Unit.

20.2 Utilities and Drainage. To the extent that the sprinkler system or any utility or drainage line, pipe, wire or conduit serving any Unit, Units or the Common Elements shall lie wholly or partially within the boundaries of another Unit or the Common Elements, such other Unit, Units or the Common Elements shall be burdened with an easement for the use, maintenance, repair, and replacement of such sprinkler system, utility or drainage line, pipe, wire, or conduit, such easement to be in favor of the Unit, Units or Common Elements served by the same and the Association. It shall be the obligation of the benefited Owner to maintain, replace and repair any pipe, line, conduit, duct, or wire owned by such Owner, even if such pipe, line, conduit, duct, or wire is located in the Unit of another Owner. In such circumstance, the benefited Owner shall repair all incidental damage to any Unit or the Common Elements resulting from performance of any such work. All Unit Owners hereby covenant and agree that, as finished levels can have varying degrees, such repairs will be complete only to the extent of being "paint-ready." Components that may require repair or replacement, such as tile or trim, will be reinstated only to the extent that matching or similar materials are readily available at reasonable costs, as determined in the sole discretion of the Board.

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

20.4 Declarant Easements. During the Development and Sale Period, the Declarant and its duly authorized contractors, representatives, agents, and employees shall have: (a) an easement for the placement and maintenance of signs, a sales office, a business office, promotional facilities, and model Units on the Condominium, together with such other facilities as in the opinion of Declarant may be reasonably required, convenient or incidental to the completion, renovation, improvement, development, or sale of Units; and (b) a transferable non-exclusive easement on, over, through, under, and across the Common Elements and Limited Common Elements for the purpose of making improvements on the Condominium or any portion thereof, for the purpose of making such improvements and changes as permitted in Article 3, for the purpose of installing, replacing, repairing and maintaining all utilities serving the Condominium, and for the purpose of doing all things reasonably necessary and proper in connection therewith. In addition, Declarant shall have an easement to conduct all activities and for exercising all rights set forth in Article 20 of this Declaration. The easements set forth herein shall be exercised with a reasonably minimum interference to the Owners' right and non-exclusive easement of use and enjoyment in and to the Common Elements and/or Limited Common Elements.

20.5 Easements for Rental Management Company. Declarant hereby grants for the benefit of any Rental Management Company that may be designated by the Declarant pursuant to Article 23 of this Declaration, and such Rental Management Company's employees, guests and invitees, such easements necessary over the walkway and roadways for vehicular and pedestrian ingress and egress to and from the

Condominium and Common Elements as is necessary for the Rental Management Company to properly operate the Unit Rental Program.

20.6 Additional Easements. Declarant hereby reserves, creates, establishes, promulgates and declares non-exclusive, perpetual, reciprocal, appurtenant easements of encroachment and for maintenance and use of any permitted encroachment, between adjoining Units and between each Unit and the Common Elements as set forth in Section 82.064 of the Act. Declarant hereby also reserves any easements set forth in Section 82.066 of the Act and in the Permitted Exceptions, and each Owner, by acceptance of a deed to a Unit, acknowledges and agrees that its ownership of a Unit and its undivided interest in the Common Elements shall be subject to the Permitted Exceptions. In addition, to the extent that the easements contained in the Permitted Exceptions are covenants running with the property comprising the Condominium, the Association hereby assumes all of the rights and obligations related to the Condominium set forth therein.

20.7 Reservation of Easements for Periodic Inspection. Declarant reserves for itself and others it may designate, from time to time, the right to inspect, monitor, test, redesign, modify and correct any structure, improvement, or condition which may exist on any portion of the Condominium, and a nonexclusive easement of access throughout the Condominium to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Unit shall be only after reasonable notice to the Owner and no entry into a Unit shall be permitted without the Owner's consent, which consent shall not unreasonably be withheld, conditioned, or delayed. The failure or refusal to permit reasonable access to the Unit for the purposes contemplated under this Section 20.6 shall excuse Declarant or its designee from responsibility for repairs or damages.

ARTICLE 21: GENERAL PROVISIONS

21.1 Security. The Association may, but shall not be required to, from time to time, provide measures or take actions which directly or indirectly improve safety on the Condominium; however, each Owner, on behalf of such Owner and the Occupants, guests, licensees and invitees of the Unit acknowledges and agrees that the Association is not a provider of security and shall have no duty to provide security in and to the Condominium. It shall be the responsibility of each Owner to protect such Owner's person and property and all responsibility to provide security shall lie solely with each Unit Owner. The Association shall not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of safety measures undertaken.

Neither the Association nor the Declarant shall in any way be considered insurers or guarantors of security within the Condominium, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any security system or measures cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its tenants and all Occupants of its Unit that the Association, its Board and committees and Declarant are not insurers and that each Person using the Condominium assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units, resulting from acts of third parties.

21.2 Parking Spaces, Vehicles and Storage Spaces. Neither the Declarant nor the Association shall be held liable for loss or damage, including water damage, to any property placed or kept in any parking space or storage space in the Condominium. Each Owner or Occupant with use of a parking space or storage space who places or keeps a vehicle and/or any personal property in the vehicle, parking space or storage space does so at his or her own risk.

21.3 Unit Keys. Each Unit Owner may provide the Association with a key to the Unit to be used by the Association for maintenance, emergency, security or safety purposes as provided in Section 8.1 of this Declaration and for pest control, if necessary, as provided in Section 20.3 of this Declaration. Neither the Declarant nor the Association shall be liable for any loss or damage due to its holding such key, or use of such key for the purposes described above and each Unit Owner shall indemnify and hold harmless the Declarant, the Association and its officers and directors against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon the Declarant, the Association or its officers or directors in connection with any action, suit or other proceeding (including settlement of any such action, suit or proceeding) brought by the Unit Owner or the Unit Owner's family, tenants, guests, employees, invitees or licensees against the Declarant, the Association, its officers or directors arising out of or relating to its holding or use of such key for the purposes described above.

21.4 Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration, the By-Laws, the Articles of Incorporation, any use restriction or rule, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it therein or reasonably necessary to effectuate any such right or privilege.

21.5 Amendment. Except where a higher vote is required for action under any other provisions of this Declaration or by the Act, in which case such higher vote shall be necessary to amend such provision, or where otherwise permitted elsewhere herein or under the Act, this Declaration, the Plat and the Plans may be amended by the affirmative vote, written consent, or any combination of affirmative vote and written consent of the members of the Association holding sixty-seven percent (67%) of the Total Eligible Association Vote. As long as the Declarant has the right to appoint any director of the Association as provided in Article 19, any amendment to this Declaration or the By-Laws shall also require the written consent of the Declarant. In addition, no amendment to this Declaration shall alter the easement rights contained in Section 20.4 without the consent of the Person(s) holding such easement rights. Notice of any meeting at which a proposed amendment will be considered shall state the facts of consideration and the subject matter of the proposed amendment. No amendment shall be effective until certified by the president and secretary of the Association and recorded in the Public Records. In addition, no amendment to this Declaration shall alter any obligation to or of the Master Association without the written consent of the Master Association and no amendment to this Declaration shall alter any obligation to or of the Club without the written consent of the Club Owner

Except as permitted or required elsewhere herein or under the Act, an amendment to the Declaration may not create or increase Declarant's rights, increase the number of Units, change the boundaries of a Unit, alter or destroy a Unit or Limited Common Element, change a Unit's Allocated Interest, or change the use restrictions on a Unit unless the amendment is approved by the affirmative vote, written consent, or any combination of affirmative vote and written consent of the members of the Association holding one hundred percent (100%) of the Total Eligible Association Vote. As long as the Declarant has the right to appoint any director of the Association as provided in Article 20, such amendment shall also require the written consent of the Declarant. In addition, an amendment may not increase or otherwise modify the obligations imposed on Declarant, or reduce or otherwise modify any rights granted herein to Declarant, without prior written consent of Declarant.

In addition to the above, material amendments to this Declaration, as set forth in Section 18.1, must be approved by Eligible Mortgagees who represent at least fifty-one percent (51%) of the votes of Units that are subject to Mortgages held by Eligible Mortgagees. Notwithstanding the above, the approval of any proposed amendment by an Eligible Mortgagee shall be deemed implied and consented to if the Eligible Mortgagee fails to submit a response to any written proposal for an amendment within thirty (30) days after the Eligible Mortgagee receives notice of the proposed amendment sent by certified or registered mail, return receipt requested.

Notwithstanding the foregoing, the Declarant or the Board, without the necessity of a vote from the Owners, may amend this Declaration or the By-Laws to comply with any applicable state, city or federal law and/or to bring the Condominium into compliance with applicable guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Department of Housing and Urban Development, and the Veterans Administration.

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

21.6 Fair Housing Amendments Act. The provisions of the Condominium Instruments shall be subordinate to the Fair Housing Amendments Act of 1988, 42 U.S.C. § 3601, *et seq.* (hereinafter referred to as "FHAA"), and shall be applied so as to comply with the FHAA. In the event that there is a conflict between or among the Condominium Instruments and the FHAA, the FHAA shall prevail. Notwithstanding anything to the contrary contained herein, in the event that any provision of this Declaration conflicts with the FHAA, the Board of Directors, without the consent of the Owners or of the Declarant, shall have the unilateral right to amend this Declaration for the purpose of bringing this Declaration into compliance with the FHAA. Furthermore, notwithstanding Section 6.2 hereof, the Board shall have the unilateral right to assign portions of the Common Elements as Limited Common Element to one (1) or more Owners or Occupants should such action be required in order to make a reasonable accommodation under the FHAA.

21.7 Compliance. Every Owner and Occupant of any Unit shall comply with this Declaration, the By-Laws and the rules of the Association. Failure to comply shall be grounds for an action by the Association or, in a proper case, by any aggrieved Unit Owner(s) to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, in addition to those enforcement powers granted to the Association in Section 8.3.

21.8 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any Person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application and, to this end, the provisions of this Declaration are declared to be severable.

21.9 Captions. The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and are in no way to be construed as defining, limiting, extending or otherwise modifying or adding to the particular Article or Section to which they refer.

21.10 Notices. Notices provided for in this Declaration or the Articles or By-Laws shall be in writing, and shall be addressed to any Owner or Occupant at the address of the Unit and to the Declarant or the Association at the address of their respective registered agents in the State of Texas. Any Owner may designate a different address for notices to such Owner by giving written notice to the Association. Notices addressed as above shall be deemed delivered three business days after mailing by United States registered or certified mail, postpaid, or upon delivery when delivered in person, including delivery by Federal Express or other reputable courier service.

21.11 Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such

provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

21.12 Indemnification. To the fullest extent allowed by the Texas Nonprofit Corporation Act, and in accordance therewith, the Association shall indemnify every current and former officer, director and committee member against any and all expenses, including, but not limited to, attorneys' fees, imposed upon or reasonably incurred by any officer, director or committee member in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which such officer, director or committee member may be a party by reason of being or having been an officer, director or committee member. The officers, directors and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers, directors and committee members shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such officer, director and committee member free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director or committee member, or former officer, director or committee member, may be entitled. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such coverage is reasonably available.

ARTICLE 22: EXPANSION OF THE CONDOMINIUM

Declarant reserves the option to expand the Condominium by adding to the Condominium all or any part of the Additional Property on one or more occasions. Except as set forth herein, there are no limitations on this option. Except for zoning and other governmental requirements, there are no limitations as to the location of improvements on the Additional Property. The Additional Property may be added as a whole at one time or by one or more portions at different times. There are no limitations fixing the boundaries of any portion of the Additional Property which may be submitted to the Condominium, and there are no limitations regulating the order in which portions of the Additional Property may be submitted to the Condominium. There is no obligation to add all or any portion of the Additional Property to the Condominium. This option shall expire seven (7) years from the date of recording this Declaration. The maximum number of Units that may be created on the Additional Property and added to the Condominium is nine hundred nineteen (919) for a total of one thousand (1,000) Units in the Condominium. No assurances are made that any improvements will be made on all or any portion of the Additional Property which may be submitted to this Declaration. The Additional Property shall be subject to the use restrictions set forth herein when, and if, it is added to the Condominium. All structures erected on any portion of the Additional Property will be consistent with structures on the submitted property in terms of quality of construction, the principal materials to be used and architectural style. No assurances are made that the Units which may be built on all or any portion of the Additional Property will be substantially identical to the Units on the submitted property. All improvements to be located on each portion of the Additional Property which is being submitted to the Condominium shall be substantially complete prior to its submission to the Condominium. The Declarant shall have the right to assign Limited Common Elements on the Additional Property in accordance with the provisions hereof. The undivided interests in the Common Elements and the liability for Common Expenses are allocated among the Units on the submitted property based upon the Square Footage of each Unit compared to the other Units as set forth on Exhibit "E," and, upon the expansion of the Condominium to include any portion of the Additional Property, shall be reallocated among the Units on the submitted property and the Additional Property on that same basis. Each Owner is entitled to one (1) equally weighted vote in the Association for each Unit in which such Owner holds an interest, which vote is appurtenant to the Unit, and, upon expansion of the Condominium to include any portion of the

Additional Property, votes in the Association shall continue to be allocated on the same basis. Notwithstanding anything herein to the contrary, any expansion under this Article shall be effected by Declarant's executing and recording an amendment or supplement to this Declaration, and the plats and plans required by the Act, at Declarant's sole expense and without further need of approval from the Owners; provided that, any such supplemental declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the property subject to such supplemental declaration for such purposes as deemed appropriate in the Declarant's sole discretion. Such modifications may reflect the different character and intended use of such property, including, but not limited to, the establishment of a timeshare, vacation club, interval ownership program, residence club, fractional ownership program, fractional membership plan, or such similar structure, and such program shall not be deemed to be inconsistent with the overall plan of development of the Condominium as set forth in this Declaration. The Units created and added as set forth herein shall be owned by Declarant until conveyed, but the Common Elements shall be owned by all of the Unit Owners.

ARTICLE 23: UNIT RENTAL PROGRAM

Although certain Owners may participate in a Unit Rental Program, no Owner shall be required to (a) participate in any rental management program or other similar arrangement for the renting of such Owner's Unit, (b) use an exclusive rental agreement for the renting of its Unit, or (c) be otherwise materially restricted in its occupancy or rental of its Unit in a manner which is inconsistent with the terms of this Declaration. Each Owner hereby understands and agrees that the Unit will be used only in accordance with these purposes permitted by governmental zoning ordinances and use restrictions applicable to the Condominium. All rental agents and management companies doing business at the Condominium must meet and adhere to the standards established by the Association and be approved, during the Development and Sale Period, by the Declarant. The Declarant hereby reserves the right to assign Declarant's rights hereunder to establish and/or operate a Unit Rental Program to the Club Owner or such other third party as the Declarant may determine.

ARTICLE 24: WITHDRAWAL OF PROPERTY

Subject to Section 82.060 of the Act, Declarant reserves the right to amend this Declaration during the Development and Sale Period for the purpose of removing any portion of property previously submitted to the Condominium from the coverage of this Declaration and the Act. The boundaries of the portions of the Condominium that may be withdrawn shall be fixed and are set forth on the Plat and on Exhibit "A." Any such amendment to withdraw property from the Condominium shall not require the consent of any person other than the owner of the property to be withdrawn, if not the Declarant. Upon withdrawal of any portion of the Condominium, the undivided interests in the Common Elements, liability for assessments and votes in the Association shall be reallocated among the Units and Owners on the same basis set forth in Article 22 pertaining to expansion, and, notwithstanding anything herein to the contrary, Declarant, during the Development and Sale Period, and, thereafter, the Association, shall be entitled to record an amendment to this Declaration to set forth such reallocation without a vote or consent of the Owners.

ARTICLE 25: CLUB MEMBERSHIP AND OTHER CLUB MATTERS

25.1 The Club. The Club shall be a Private Amenity and shall have all of the rights, including but not limited to easement rights, of a Private Amenity pursuant to this Declaration and the Master Declaration. The Club will be owned and/or operated by the Club Owner or its agent pursuant to the Club Documents. The Club will be operated and maintained for the benefit, use and enjoyment of the Owners and such other persons, including but not limited to other owners of property within Pointe West, as may be determined by the Declarant and/or the Club Owner in accordance with the Club Documents.

25.2 Mandatory Resort Membership. Upon conveyance of title to a Unit, each Owner shall be required to maintain, at a minimum, a Resort Membership (as defined by the Club Documents) in the Club. Should the Club amend the Club Documents to rename the Resort Membership, then the renamed category of membership in the Club Documents shall be deemed to be the Resort Membership for purposes of this Declaration without the need to amend this Declaration to identify the renamed category. Pursuant to the terms hereof and in accordance with the Club Documents, the Club shall issue one (1) Resort Membership for each Unit. If a Unit is owned by more than one (1) Person, the Club may issue additional memberships as provided in the Club Documents; provided however, only the Resort Membership may be transferred upon the sale or conveyance of a Unit. Upon the closing of the purchase of a Unit and in accordance with the Club Documents, the Resort Membership shall entitle each Owner and the Owner's family members, domestic partners, tenants, renters and guests (collectively, the "Permittees") to membership privileges in the Club in accordance with the Club Documents. All Owners and their Permittees shall be subject to the usage requirements established by the Club in the Club's sole and absolute discretion. Every Owner shall be subject to the Club Documents. Owners shall have no right of reimbursement or refund for initiation fees or deposits related to the Resort Membership, and the Resort Membership is non-transferable except in connection with the sale of the Unit relating to such Resort Membership.

25.3 Mandatory Resort Membership Dues. Every Owner shall be responsible for the payment of an initiation fee, if any, and any and all dues, fees and other charges established or allocated by the Club presently or in the future in accordance with the Club Documents, including but not limited to annual dues for a Resort Membership (collectively "Resort Dues and Charges"). The obligation to pay the Resort Dues and Charges shall be enforceable pursuant to the terms of the Club Documents and the Master Declaration.

25.4 Lien for Resort Membership Dues. The Club shall have a lien against each Unit to secure payment of delinquent Resort Dues and Charges, as well as interest at a rate to be set by the Club (subject to the maximum interest rate limitations of Texas law), service charges, costs of collection and reasonable attorneys' fees. Such lien shall be superior to all other liens, except (i) the liens of all taxes, bonds, assessments and other levies which by law would be superior, (ii) the lien or charge of any first mortgage of record (meaning any recorded mortgage with first priority over other mortgages) made in good faith and for value, (iii) the lien(s) of the Association pursuant to Article 9 of this Declaration and (iv) the lien(s) of the Master Association pursuant to Article VIII of the Master Declaration, regardless of the date of recording of such lien(s). The Club's lien may be enforced by suit, judgment and judicial or non-judicial foreclosure as permitted under Texas law.

The sale or transfer of any Unit shall not affect the Club's assessment lien or relieve such Unit from the lien for any subsequent Club assessments. No first Mortgagee who obtains title to a Unit by exercising the remedies provided in its mortgage shall be liable for unpaid Resort Dues and Charges or other charges which accrued prior to such acquisition of title. Such Mortgagee shall have no right to exercise the Club membership rights appurtenant to the Unit.

25.5 Conveyance to Association and Assumption of Maintenance Responsibilities. The Association is obligated to accept any and all conveyances to it by Club Owner of fee simple title, easements or leases to all or portions of the Club Facilities within or adjacent to Pointe West. The Association is further obligated to assume any and all permits related to such conveyed Club Facilities issued by a governmental or quasi-governmental authority and the related responsibilities thereunder to the extent such permits apply to the conveyed Club Facilities. Following such conveyance, the portion of the costs of operating, maintaining, repairing, replacing and insuring the conveyed property that is allocated to the Owners of the Condominium shall be assessed as a Common Expense in accordance with this Declaration. Any conveyance of Club Facilities, or a portion thereof, to the Association will be

subject to any rights of Club members and the Club Documents, including without limitation, any membership agreements entered into by Declarant or Club Owner prior to, or subsequent to, conveyance of such Club Facilities, or portion thereof, to the Association. Following such conveyance, the cost of operating the conveyed Club Facilities shall be allocated as a benefited assessment against the Club members in accordance with this Declaration and against such Club members who are not members of the Association, pursuant to the terms of the Club Documents and/or related agreement executed by the Club member and Club Owner or Declarant; provided however, that if any portion of a Club Facility is conveyed to the Association as Association property and made available for the non-exclusive use of the Owners, the costs associated with the operation and maintenance of such portion of the Club Facility shall be a Common Expense.

25.6 Renewal of this Article. The Association shall renew the provisions of this Article, including without limitation, the provisions of Sections 25.2 and 25.3 requiring each Owner to maintain and pay all charges associated with a Resort Membership in the Club. The Association's obligation to renew the provisions of this Article shall be reoccurring. The Association shall renew the provisions of this Article before the tenth (10th) anniversary of the recording date of this Declaration but in no event earlier than the day following the ninth (9th) anniversary of the recording of this Declaration and thereafter following the ninth anniversary of the recording of such amendment but in no event later than the tenth (10th) anniversary of the recording date of such amendment. The Association shall renew the provisions of this Article in accordance with the provisions of Texas Code Section 82.0675 and this Declaration. The Association shall include the text of this Article, as may be amended from time to time, in the amendment required by this Section, and record such amendment in the Public Records. The Association shall satisfy its renewal obligations under this Section as set forth herein so long as the members of the Association holding sixty-seven percent (67%) of the Association vote to renew this Section. Any Owner who fails to respond to a request from the Board to vote on an amendment to renew this Article shall be deemed to have voted in favor of renewing this Article. The Association shall record any amendment approved in accordance with this Section prior to the expiration of the then current upcoming expiration period.

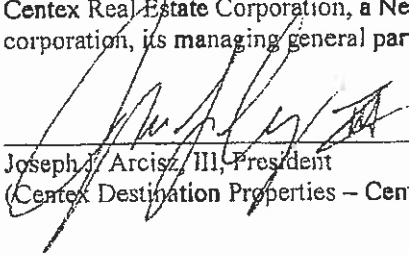
[SIGNATURES APPEAR ON THE NEXT PAGE]

IN WITNESS WHEREOF, the Declarant has executed this Declaration under seal this 27th day of October, 2005.

DECLARANT:

CENTEX HOMES, a Nevada general partnership,
d/b/a Centex Destination Properties

By: Centex Real Estate Corporation, a Nevada
corporation, its managing general partner

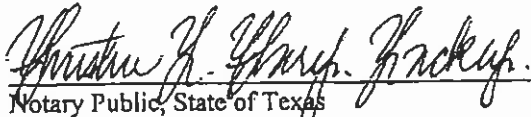
By: 
Joseph J. Arcisz, III, President
(Centex Destination Properties – Central Division)

[CORPORATE SEAL]

STATE OF TEXAS

COUNTY OF Collin

This instrument was acknowledged before me on the 27 day of October, 2005, by Joseph J. Arcisz, III, President (Centex Destination Properties – Central Division) of Centex Real Estate Corporation, a Nevada corporation, the managing general partner of Centex Homes, a Nevada general partnership, on behalf of said partnership.


Notary Public, State of Texas

Commission Expiration Date: 5-24-09

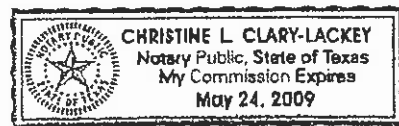


EXHIBIT "A"
LEGAL DESCRIPTION

Lot Portions 2,3,4 and 5, Pointe West Section One-C, a subdivision in Galveston County Texas, as per the map or plat thereof recorded in Map No. 2004A Page 126 of the Map Records of Galveston County Texas.

Exhibit "A"

EXHIBIT "B"

PERMITTED EXCEPTIONS

1. Restrictive covenants set out in the General Land Use Plan Southside and General Land Use Plan Northside establishing the Pointe San Luis Planned Development Zoning District, having been approved on September 23, 2003 by the City of Galveston.
2. That certain Declaration of Covenants, Conditions, and Restrictions for Pointe West recorded in Document No. 2004054134 and Supplemental recorded in Document No. 2005022914, Official Public Records, Galveston County, Texas, and any present or future amendments or supplements thereto.
3. That certain Declaration of Condominium for The Villas at Pointe West recorded in the aforesaid records and any present or future amendments or supplements thereto.
4. All matters shown and noted on the plat of Pointe West Section One-C recorded in Volume 2004A, Pages 125 & 126, Plat Records, Galveston County, Texas.
5. An undivided mineral and/or royalty interest as set forth in the instrument recorded on September 22, 1965 in Volume 1733, Page 25, Deed Records, Galveston County, Texas; and Waiver of all rights to use the surface as set out in Special Warranty Deed recorded February 23, 1983 in Document No. 8306368, Official Public Records, Galveston County, Texas.
6. An undivided mineral and/or royalty interest recorded on September 24, 1965 in Volume 1733, Page 215 of the Deed Records; and Correction Deed recorded in Volume 1741, Page 676, Deed Records, Galveston County, Texas; and Waiver of all rights to use the surface as set out in Special Warranty Deed recorded February 23, 1983 in Document No. 8306368, Official Public Records, Galveston County, Texas.
7. An undivided mineral and/or royalty interest recorded on February 23, 1983 in Document No. 8306368, Official Public Records, Galveston County, Texas. Waiver of surface rights contained therein.
8. Terms, conditions, provisions, easements, restrictions, reservations and other matters as set forth in that certain Easement and Agreement by and between Centex Homes, a Nevada general partnership and San Luis Development L.P., a Texas limited partnership, recorded on July 8, 2004 in Document No. 2004045236, Official Public Records, Galveston County, Texas.
9. Terms, conditions, and stipulations in the Agreement for Underground Electric Service by and between CenterPoint Energy Houston Electric, LLC, a Texas corporation, and Centex Homes, a Nevada General Partnership, recorded on April 8, 2004 in Document No. 2005021740, Official Public Records, Galveston County, Texas.
10. Texas Open Beaches Act: Subject to the terms, conditions and stipulations of Judgment rendered in Suit styled: John L. Hill, Attorney General of the State of Texas, et al vs. West Beach Encroachment, et al Cause No. 108156, District Court Records of Galveston County, Texas, as noted on Plat recorded in Volume 2004A, Pages 125 & 126 of the Map Records, Galveston County, Texas.

Exhibit "B"

EXHIBIT "C"

CARPORT AND STORAGE SPACE ASSIGNMENTS

<u>Contract Designation Building No./ Unit No.</u>	<u>Building No./ Unit No.</u>	<u>Carport Space</u>	<u>Storage Space</u>	<u>Contract Designation Building No./ Unit No.</u>	<u>Building No./ Unit No.</u>	<u>Carport Space</u>	<u>Storage Space</u>
1/1	4151 / 101	101	101	5/6	4111 / 203	203	203
1/2	4151 / 102	102	102	5/7	4111 / 301	301	301
1/3	4151 / 103	103	103	5/8	4111 / 302	302	302
1/4	4151 / 201	201	201	5/9	4111 / 303	303	303
1/5	4151 / 202	202	202	6/1	4221 / 101	101	101
1/6	4151 / 203	203	203	6/2	4221 / 102	102	102
1/7	4151 / 301	301	301	6/3	4221 / 103	103	103
1/8	4151 / 302	302	302	6/4	4221 / 201	201	201
1/9	4151 / 303	303	303	6/5	4221 / 202	202	202
2/1	4141 / 101	101	101	6/6	4221 / 203	203	203
2/2	4141 / 102	102	102	6/7	4221 / 301	301	301
2/3	4141 / 103	103	103	6/8	4221 / 302	302	302
2/4	4141 / 201	201	201	6/9	4221 / 303	303	303
2/5	4141 / 202	202	202	7/1	4211 / 101	101	101
2/6	4141 / 203	203	203	7/2	4211 / 102	102	102
2/7	4141 / 301	301	301	7/3	4211 / 103	103	103
2/8	4141 / 302	302	302	7/4	4211 / 201	201	201
2/9	4141 / 303	303	303	7/5	4211 / 202	202	202
3/1	4131 / 101	101	101	7/6	4211 / 203	203	203
3/2	4131 / 102	102	102	7/7	4211 / 301	301	301
3/3	4131 / 103	103	103	7/8	4211 / 302	302	302
3/4	4131 / 201	201	201	7/9	4211 / 303	303	303
3/5	4131 / 202	202	202	8/1	4231 / 101	101	101
3/6	4131 / 203	203	203	8/2	4231 / 102	102	102
3/7	4131 / 301	301	301	8/3	4231 / 103	103	103
3/8	4131 / 302	302	302	8/4	4231 / 201	201	201
3/9	4131 / 303	303	303	8/5	4231 / 202	202	202
4/1	4121 / 101	101	101	8/6	4231 / 203	203	203
4/2	4121 / 102	102	102	8/7	4231 / 301	301	301
4/3	4121 / 103	103	103	8/8	4231 / 302	302	302
4/4	4121 / 201	201	201	8/9	4231 / 303	303	303
4/5	4121 / 202	202	202	8/1	4241 / 101	101	101
4/6	4121 / 203	203	203	8/2	4241 / 102	102	102
4/7	4121 / 301	301	301	8/3	4241 / 103	103	103
4/8	4121 / 302	302	302	8/4	4241 / 201	201	201
4/9	4121 / 303	303	303	8/5	4241 / 202	202	202
5/1	4111 / 101	101	101	8/6	4241 / 203	203	203
5/2	4111 / 102	102	102	8/7	4241 / 301	301	301
5/3	4111 / 103	103	103	8/8	4241 / 302	302	302
5/4	4111 / 201	201	201	8/9	4241 / 303	303	303
5/5	4111 / 202	202	202				

Exhibit "C"

EXHIBIT "D"

ADDITIONAL PROPERTY

All those tracts or parcels of land located in the City of Galveston, Galveston County, Texas and being bound on the north by Galveston Bay, on the south by the Gulf of Mexico, on the west by San Luis Pass, and on the east by the Laguna San Luis 1 Subdivision and the Playa San Luis 1 Subdivision, less and except any property located within Termini Road (FM 3005) and further less and except the property described on Exhibit "A."

TOGETHER WITH:

Any parcel of land located within a two-mile radius of the perimeter boundaries of the above-described property or the property described on Exhibit "A."

Exhibit "D"

EXHIBIT "E"
SQUARE FOOTAGE

<u>Building No./ Unit No.</u>	<u>Approx Size (SF)</u>	<u>Building No./ Unit No.</u>	<u>Approx Size (SF)</u>
4151 / 2	1,338	4111 / 9	1,798
4151 / 5	1,338	4111 / 1	2,161
4151 / 8	1,338	4111 / 4	2,161
4151 / 3	1,798	4111 / 7	2,161
4151 / 6	1,798	4221 / 2	1,338
4151 / 9	1,798	4221 / 5	1,338
4151 / 1	2,161	4221 / 8	1,338
4151 / 4	2,161	4221 / 3	1,798
4151 / 7	2,161	4221 / 6	1,798
4141 / 2	1,338	4221 / 9	1,798
4141 / 5	1,338	4221 / 1	2,161
4141 / 8	1,338	4221 / 4	2,161
4141 / 3	1,798	4221 / 7	2,161
4141 / 6	1,798	4211 / 2	1,338
4141 / 9	1,798	4211 / 5	1,338
4141 / 1	2,161	4211 / 8	1,338
4141 / 4	2,161	4211 / 3	1,798
4141 / 7	2,161	4211 / 6	1,798
4131 / 2	1,338	4211 / 9	1,798
4131 / 5	1,338	4211 / 1	2,161
4131 / 8	1,338	4211 / 4	2,161
4131 / 3	1,798	4211 / 7	2,161
4131 / 6	1,798	4231 / 2	1,338
4131 / 9	1,798	4231 / 5	1,338
4131 / 1	2,161	4231 / 8	1,338
4131 / 4	2,161	4231 / 3	1,798
4131 / 7	2,161	4231 / 6	1,798
4121 / 2	1,338	4231 / 9	1,798
4121 / 5	1,338	4231 / 1	2,161
4121 / 8	1,338	4231 / 4	2,161
4121 / 3	1,798	4231 / 7	2,161
4121 / 6	1,798	4241 / 2	1,338
4121 / 9	1,798	4241 / 5	1,338
4121 / 1	2,161	4241 / 8	1,338
4121 / 4	2,161	4241 / 3	1,798
4121 / 7	2,161	4241 / 6	1,798
4111 / 2	1,338	4241 / 9	1,798
4111 / 5	1,338	4241 / 1	2,161
4111 / 8	1,338	4241 / 4	2,161
4111 / 3	1,798	4241 / 7	2,161
4111 / 6	1,798		

Exhibit "E"

EXHIBIT "F"

**BY-LAWS OF THE VILLAS AT POINTE WEST
CONDOMINIUM ASSOCIATION, INC.**

Attached

Exhibit "F"

EXHIBIT "F"

BY-LAWS

OF

THE VILLAS AT POINTE WEST CONDOMINIUM ASSOCIATION, INC.

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BY-LAWS
OF
THE VILLAS AT POINTE WEST CONDOMINIUM ASSOCIATION, INC.

Article I.
Name, Principal Office, and Definitions

1.1 Name.

The name of the nonprofit corporation is The Villas at Pointe West Condominium Association, Inc. (the "Association").

1.2 Principal Office.

The Association's principal office shall be located in the State of Texas in such location as the Board of Directors (the "Board"), determines or as the Association's affairs require.

1.3 Definitions.

The words used in these By-Laws shall have their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the Declaration of Condominium for The Villas at Pointe West, a Condominium as it may be amended, or amended and restated, from time to time ("Declaration"), unless the context indicates otherwise. The interpretation of certain references, as set forth in Section 2.2 of the Declaration, shall also apply to the words used in these By-Laws.

Article II.
Membership: Meetings, Quorum, Voting, Proxies

2.1 Membership.

All Owners, by virtue of their ownership of interest in a Unit are members of the Association as more fully set forth in the Declaration. Provisions of the Declaration pertaining to membership are incorporated herein by this reference.

2.2 Change of Membership.

Change of membership in the Association shall be established by recording a deed or other instrument conveying record fee title to any Unit. The grantee named in such instrument shall, by acceptance of such instrument, become a member of the Association, and the membership of the prior Owner shall terminate. The new Owner shall deliver a copy of the conveyance instrument to the Association within 14 days after the conveyance and the new Owner shall not be entitled to voting privileges until the same has been received by the Association. The foregoing shall not, however, limit the Association's powers or privileges and the new Owner shall be liable for accrued and unpaid fees and assessments attributable to the Unit acquired.

2.3 Place of Meetings.

The Association shall hold meetings at its principal office or at such other place as the Board may designate. Meetings may be conducted electronically (*i.e.*, via the Internet, intranet, or teleconference) if and to the extent permitted by law.

2.4 Annual Meetings.

The Association shall hold its first meeting, whether a regular or special meeting, within one year after the date of the Association's incorporation. The Board shall set the date and time of subsequent regular annual meetings to occur during the first quarter of each year thereafter.

2.5 Special Meetings.

The President may call a special meeting of the Association. It also shall be the President's duty to call a special meeting if so directed by a resolution adopted by a majority of the Board or upon written petition of members representing at least 20% of the Total Eligible Association Vote describing the purpose or purposes for which the special meeting is to be held. If the President does not call a special meeting pursuant to this Section within 30 days after the date such written petition is delivered to the Association's Secretary, any member signing the petition may set the time and place of the special meeting and give the Association notice pursuant to Section 2.6.

2.6 Notice of Meetings.

The Association's Secretary shall cause written notice stating the place, day, and hour of any Association meeting to be given in any manner permitted by applicable law. If permitted by law, notice may be published in a newspaper, or by radio, television, or other form of public broadcast communication in the County, delivered by hand delivery, or sent by facsimile, electronic mail, or other electronic communication device, or such other manner which is reasonably calculated, as the Board determines in its discretion, to provide personal notice to members. Notice shall be given at least 10 and, in any event, not more than 60, days before the date of the meeting, by or at the direction of the President, the Secretary, or the officers or Persons calling the meeting.

The Association may not meet to adopt an amendment or other change to the Condominium Instruments or rules of the Association unless the Association has given to each Owner a document showing the specific amendment or other change that would be made to the Condominium Instruments or rules. The document must be given to each Owner after the 20th day but before the 10th day preceding the date of the meeting of the Association

The notice of any meeting shall also state the items on the agenda, including, without limitation, any budget changes, and any proposal to remove a director or officer. No other business shall be transacted at a special meeting except as stated in the notice for the special meeting. Unless one-third (1/3) or more of the votes entitled to be cast in the election of directors are represented in person or by proxy, the only matters that may be voted upon at an annual or regular meeting of members are those matters that are described in the meeting notice.

If mailed, the notice of a meeting shall be deemed given when deposited in the United States mail addressed to the member at his or her address as it appears on the Association's records, with postage prepaid. If sent by facsimile, electronic mail, or other electronic communication device, notice shall be deemed delivered when transmitted to the member at his or her address, e-mail address, or telephone or fax number as it appears on the Association's records. Failure to receive actual notice of an Association meeting shall not affect the validity of any action taken at such meeting.

2.7 Waiver of Notice.

Waiver of lack of proper notice of an Association meeting shall be the equivalent of proper notice. Any member may waive, in writing, lack of proper notice of any Association meeting, either

before or after such meeting. A member's attendance at a meeting shall be deemed a waiver by such member of lack of proper notice of the meeting, unless the member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed a waiver of lack of proper notice of all business transacted at the meeting, unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.8 Adjournment of Meetings.

If the Association cannot hold a meeting because a quorum is not present, or if the members otherwise elect (with the approval of the Declarant during the Development and Sale Period), a majority of the members who are present may adjourn the meeting to a time at least 5 but not more than 30 days from the date called for the original meeting. Notice need not be given of the new date, time, or place, if the new date, time, or place is announced at the meeting before adjournment. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If those in attendance at the original meeting do not fix a time and place for reconvening the meeting, or if for any reason a new date is fixed for reconvening the meeting after adjournment, the Association shall give the members notice of the time and place for reconvening the meeting in the manner prescribed for regular meetings.

2.9 Voting.

Members shall have such voting rights as are set forth in the Declaration, which provisions are incorporated herein by this reference. The Board may adopt policies and procedures regarding the methods of casting votes, such as written ballots, secret ballots or computer access. If only one of the multiple Owners of a Unit is present at a meeting of the Association, that Owner may cast the vote or votes allocated to that Unit. If more than one of the multiple Owners is present, the vote or votes allocated to that Unit may be cast only in accordance with the Owners' unanimous agreement. Multiple Owners are in unanimous agreement if one of the multiple Owners casts the votes allocated to a Unit and none of the other Owners makes prompt protest to the person presiding over the meeting.

2.10 List for Voting.

After setting a record date for notice of a meeting, the Board shall prepare an alphabetical list of the names of the members entitled to notice of such meeting. The list shall show the address of the member and the number of votes each is entitled to vote at the meeting. The list for voting shall be made available for inspection in accordance with Texas law.

2.11 Proxies.

On any matter as to which a member is entitled personally to cast the vote for his or her Unit, such vote may be cast in person or by proxy, subject to applicable law. If a Unit is owned by more than one Owner, each Owner of the Unit may vote or register protest to the casting of votes by the other Owners of the Unit through a proxy duly executed by the Unit Owner. A Unit Owner may not revoke a proxy given under this section except by giving actual notice of revocation to the Secretary of the Association.

Every proxy shall be in writing specifying the Unit(s) for which it is given, signed by the member or his or her duly authorized attorney-in-fact, dated, and filed with the Association's Secretary or person presiding over the meeting prior to or during the roll call for the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the member giving such proxy is entitled to cast, and in the event of any conflict between two or more

proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, the later, if the timing of the execution thereof can be determined, shall prevail, otherwise both shall be deemed invalid.

Every proxy shall be revocable with notice and shall automatically cease upon: (a) conveyance of any Unit(s) for which it was given; (b) the receipt of written notice of revocation of the proxy or of the death or judicially declared incompetence of a member who is an individual by the Secretary or the person presiding over a meeting of the Association; (c) 90 days from the meeting date for which the proxy was originally given, unless the proxy specifies a shorter period; or (d) 1 year after the date of the proxy, unless the proxy specifies a shorter period.

2.12 Majority.

As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate, totaling more than 50% of the total eligible number.

2.13 Quorum.

Except as these By-Laws or the Declaration otherwise provide, members or their proxies entitled to cast 10% of the Total Eligible Association Vote and Declarant, during the Development and Sale Period, shall constitute a quorum at all Association meetings. If no quorum is present at a meeting, the meeting may be adjourned and reconvened on a later date by the affirmative vote of a majority of those members present in person or by proxy. At such reconvened meeting, the quorum requirement shall be 5% of the Total Eligible Association Vote and Declarant, during the Development and Sale Period. The quorum shall continue to be reduced by 50% from that required at the previous meeting as previously reduced, until such time as a quorum is present and business can be conducted.

2.14 Conduct of Meetings.

The President shall preside over all Association meetings at which he or she is present, and the Secretary shall keep (or cause to be kept) the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

2.15 Action Without a Meeting.

Without holding a meeting pursuant to Sections 2.4 or 2.5, members may take any action that applicable law requires or permits the members to take at a meeting (subject to any limitations in the Condominium Instruments), if the action is approved by members representing at least the minimum number of votes in the Association necessary to authorize such action at a meeting, assuming the number of votes cast equals or exceeds the quorum required to be present at a meeting authorizing the action. Such approval shall be evidenced by one or more written consents specifically authorizing the proposed action, dated and signed by members holding the requisite votes. The Association need not give prior notice before soliciting such consent; provided, however, that the Association must send written consent forms to all members for action authorized pursuant to this section to be valid. Members shall sign, date, and deliver such consents to the Association within 60 days after the Association's receipt of the earliest dated consent. The Association's Secretary shall file (or cause to be filed) such consents with the Association's minutes and the consents shall have the same force and effect as a vote of the members at a meeting. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give (or cause to be given) written notice to all members entitled to vote, fairly summarizing the material features of the authorized action.

2.16 Order of Business.

The order of business at all annual meetings of the members shall be as follows: (a) roll call to determine whether a quorum is represented; (b) proof of notice of the meeting or waiver of notice; (c) reading of (or waiver of reading) minutes of the preceding annual meeting; (d) reports of officers, if any; (e) reports of committees, if any; (f) election of inspector(s) of election if an election is to be held; (g) election of Directors if applicable; (h) unfinished business, if any; and (i) new business.

Article III.

Board of Directors: Selection, Meetings, Powers

A. Composition and Selection.

3.1 Governing Body: Composition.

The Board shall govern the Association's affairs. Each director shall have one vote. Directors must be members or residents of the Condominium, except in the case of directors that Declarant appoints. A director must be at least 18 years old. No more than one representative of any member which is a legal entity, nor more than one Occupant of any Unit, shall serve on the Board at a time, except in the case of directors that Declarant appoints.

3.2 Number of Directors.

The initial Board shall consist of the three directors identified in the Articles of Incorporation.

3.3 Nomination and Election Procedures.

(a) Nominations and Declarations of Candidacy. Prior to each election of directors, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which every eligible person who has an interest in serving as a director may file as a candidate for any position to be filled by members. Nominations for election to the Board also may be made by a nominating committee. The nominating committee, if any, shall consist of a Chairman, who shall be a member, and two or more members or representatives of members, all appointed by a majority of the Board. The nominating committee, if any, may make as many nominations for election to the Board as it shall in its discretion determine. The Board shall also permit nominations from the floor at any election meeting.

The Board shall give each candidate a reasonable, equal opportunity to communicate his or her qualifications to the members and to solicit votes.

(b) Election Procedures. A member may cast the vote(s) assigned to the Unit(s) which he or she owns for each position to be filled at an election. Cumulative voting is not allowed. That number of candidates equal to the number of positions to be filled who receive the greatest number of votes shall be elected.

3.4 Election and Term of Office.

(a) Declarant shall have the right to appoint and remove any member or members of the Board of Directors and the officers of the Association subject to the limitations set forth below:

(i) Not later than the 120th day after 50% of the Units that may be created in the Condominium have been conveyed by Declarant to Owners other than a Person or Persons constituting

Declarant, the Association shall hold an election at which the members, other than Declarant, shall be entitled to elect one (1) of the three (3) directors, who shall serve a term of two (2) years or until the occurrence of the event described in subsection (ii) below, whichever is shorter. If such director's term expires prior to the occurrence of the event described in subsection (ii), a successor shall be elected for a like term. The remaining two (2) directors shall be appointees of Declarant.

(ii) Not later than the 120th day after 75% of the Units that may be created in the Condominium have been conveyed by Declarant to Owners other than a Person or Persons constituting the Declarant, the Association shall hold an election at which the members, other than Declarant, shall be entitled to elect all three (3) members of the Board, who shall each serve a term of two (2) years.

Notwithstanding the stated length of any term, directors shall hold office until their respective successors have been elected. Upon expiration of the term of each Director elected pursuant to this subsection and thereafter, a successor shall be elected for a term of two years.

3.5 Removal of Directors and Vacancies.

Any Director elected by the members may be removed, with or without cause, by a majority of the Total Eligible Association Vote. Any Director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a Director, a successor shall be elected by the members to fill the vacancy for the remainder of the term of such Director.

Any Director elected by the members who has three consecutive unexcused absences from Board meetings, or who is more than 60 days delinquent (or occupies or represents a Unit for which assessments are so delinquent) in the payment of any assessment or other charge due the Association may be removed by a majority vote of the Board present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy until the next annual meeting, at which time the members shall elect a successor for the remainder to the term.

In the event of the death, disability, or resignation of a director elected by the members, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the members entitled to fill such directorship may elect a successor for the remainder of the term. If they fail to do so, the Board may appoint another director to fill the vacancy until filled by election.

This Section shall not apply to directors appointed by Declarant. Declarant shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by Declarant.

B. Meetings.

3.6 Organizational Meetings.

Within 30 days after the election or appointment of new directors, the Board shall hold an organizational meeting at such time and place as the Board shall set.

3.7 Regular Meetings.

The Board may hold regular meetings at such time and place as the Board shall determine, but the Board shall hold at least one such meeting during each fiscal year.

3.8 Special Meetings.

The Board shall hold special Board meetings when called by written notice signed by the President, Vice President, or any two directors.

3.9 Notice; Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The Board shall give notice to each director by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone (either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director); or (iv) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at the director's telephone number, fax number, electronic mail address, or sent to the director's address, each as shown on the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least 7 business days before the time set for the meeting, except in the event of an emergency. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

The Board may not meet to adopt an amendment or other change to the Condominium Instruments or rules of the Association unless the Board has given to each Owner a document showing the specific amendment or other change that would be made to the Condominium Instruments or rules. The document must be given to each Owner after the 20th day but before the 10th day preceding the date of the meeting of the Board.

(b) Except for emergency meetings, notice of a Board meeting shall be posted in a conspicuous place within the Condominium at least 48 hours in advance of the meeting or provided in any other manner reasonably anticipated to provide notice to all members, including, without limitation, publication in an Association newsletter with Condominium-wide circulation, posting on a Condominium cable television channel, or posting on a Condominium Internet or intranet page. In lieu of notice of each regular Board meeting, the Board may post or publish a schedule of upcoming Board meetings.

(c) Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the meeting's purpose. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.10 Telephonic Participation in Meetings.

Members of the Board or any committee designated by the Board may participate in a Board or committee meeting by means of telephone or other electronic means, through which all persons participating in the meeting can converse with each other at the same time. Participation in this manner shall constitute presence at the meeting for all purposes. Participants attending by electronic means may vote by electronic transmission.

3.11 Quorum of Board.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present

shall constitute the Board's decision, unless these By-Laws or the Declaration specifically provide otherwise. A meeting at which a quorum is initially present may continue, notwithstanding the withdrawal of directors, if at least a majority of the required quorum for that meeting approves any action taken. If the Board cannot hold a meeting because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.12 Conduct of Meetings.

The President shall preside over all Board meetings at which he or she is present, and the Secretary shall keep (or cause to be kept) a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.13 Open Meetings; Executive Session.

Subject to the provisions of Section 3.14, all Board meetings shall be open to all members. However, attendees other than directors may not participate in any discussion or deliberation unless a director requests that they be granted permission to speak, and the Board concurs. In such case, the President (or other officer conducting the meeting) may limit the time any such individual may speak.

Notwithstanding the above, the President may call a special Board meeting, or adjourn any Board meeting and reconvene in executive session, and may exclude persons other than directors, to discuss with the Association's attorney matters relating to pending or threatened litigation which are protected by the attorney-client privileges, or to discuss among the Board any other matter of a sensitive nature, if applicable law permits. In such cases, no recording will be permitted.

3.14 Action Without a Formal Meeting.

Any action to be taken or which may be taken at a Board meeting may be taken without a meeting if all directors sign a consent in writing, setting forth the action so taken. Such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.15 Powers.

The Board shall have all of the powers and duties necessary for administering the Association's affairs and for performing all of the Association's responsibilities and exercising all of the Association's rights as set forth in the Condominium Instruments, and as provided by law. The Board may do or cause to be done on the Association's behalf all acts and things except those which the Condominium Instruments or applicable law require to be done and exercised exclusively by the membership generally.

3.16 Duties.

The Board's duties shall include, without limitation:

- (a) those obligations set forth in the Declaration and elsewhere in these By-Laws;
- (b) depositing all funds received on the Association's behalf in a bank depository which it shall approve, and using such funds to operate the Association; provided, however, that any reserve funds may be deposited, in the Board's business judgment, in depositories other than banks;
- (c) enforcing by legal means the provisions of the Condominium Instruments and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association if, in the exercise of its business judgment, it deems it prudent to do so;
- (d) keeping books with detailed accounts of the Association's receipts and expenditures; and
- (e) maintaining, and retaining for the time periods required, the official records of the Association, as provided in , or such other applicable law.

3.17 Compensation.

The Association shall not compensate a director for acting as such. The Association may reimburse any director for expenses incurred on the Association's behalf if approved by a majority of the other directors. In addition, nothing herein shall prohibit the Association from compensating a director for services or supplies he or she furnishes to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association. The foregoing also applies to any entity with which a director is affiliated.

3.18 Right of Declarant to Disapprove Actions.

During the period that Declarant initially has the right pursuant to Section 3.4 to appoint and remove officers and members of the Board (irrespective of whether such right is voluntarily surrendered prior to the end of the period set forth in Section 3.4) (the "Declarant-Control Period"), Declarant shall have a right, to the extent not prohibited by law, to veto any action, policy, or program of the Association, the Board, and/or any committee which, in Declarant's discretion, would tend to impair rights or interests of Declarant, or any affiliate of Declarant's, interfere with development or construction of any portion of the Condominium, or diminish the level of services the Association provides.

(a) Notice. The Association, the Board, and each committee shall give Declarant written notice of their meetings and proposed actions to be approved at their meetings (or by written consent in lieu of a meeting). The notice shall comply with the requirement for notice to directors under Section 3.9 and shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth with reasonable particularity the agenda to be followed at such meeting.

(b) Opportunity to be Heard. The Association, the Board, and each committee shall give Declarant the opportunity at any meeting to join in, or to have its representatives or agents join in, discussion from the floor concerning any prospective action, policy, or program which would be subject to the veto right described in this Section.

(c) Exercise of Rights. Declarant may exercise its veto right at any time within 30 days following the meeting at which such action was proposed or, if the action is approved without a meeting, at any time within 30 days following receipt of written notice of the proposed action. Declarant, its representatives or agents, may make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. This veto right may be used to block proposed actions but shall

not include a right to require any action or counteraction by the Association, the Board, or any committee. Declarant shall not use its veto right to prevent expenditures required to comply with applicable laws.

(d) Condition of Implementation. No action, policy, or program subject to Declarant's veto right shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met, and then subject to Declarant's rights under subsection (c).

3.19 Management.

The Board may employ a professional managing agent or agents, at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize and as are otherwise within the scope of the Board's authority. The Board may delegate such powers as are necessary to perform the manager's duties, but shall not delegate policy-making authority or the obligation to adopt a budget. The Board may contract with or employ Declarant or any of its affiliates as managing agent or manager.

The Board may delegate to one or more of its members the authority to act on the Board's behalf on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

The members shall have no right to terminate a management contract during the Declarant-Control Period. Unless the Board otherwise grants such right, or unless the management contract otherwise provides, the Board may act in its discretion with respect to executing and terminating management contracts during the Declarant-Control Period. Any management contract may, among other things, authorize the managing agent to act as the Association's agent with respect to the expenditure of Association funds within the scope of the approved Association budget; however, the managing agent shall not be permitted to spend money in excess of the budget or reallocate greater than 10% of any budget line item without the Board's prior written approval.

3.20 Accounts and Reports.

The following management standards of performance shall be followed unless the Board specifically determines otherwise:

(a) Commencing at the end of the quarter in which the first Unit is sold and closed, the Board may prepare financial reports for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on a cash or accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments

which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution); and

(b) An annual financial report consisting of at least the following shall be prepared within 60 days (or such longer period as is permitted by law) after the close of the fiscal year: (i) a balance sheet showing actual receipts and expenditures; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant.

The Association shall provide each Owner or its authorized agent a copy of the annual financial report within 5 business days following receipt of a written request for same. In addition, if applicable law requires, the Association shall send a copy of the annual financial report to each member by mail or personal delivery following the close of the fiscal year. All records, books and annual reports of the financial activity of the Association should be kept at the principal office of the Association in the State of Texas for at least three (3) years after the closing of each fiscal year.

3.21 Right To Contract.

The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or other owners or residents associations.

3.22 Fines and Sanctions.

The Association may impose fines, in such amounts as permitted by law, for any violation of the Condominium Instruments except with regard to assessments. To the extent the Declaration or applicable law specifically requires, the Board shall comply with the following procedures prior to imposition of sanctions:

(a) Notice. The Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation or property damage; (ii) the proposed sanction, fine or damage charge to be imposed; (iii) a period of not less than 30 days within which the alleged violator may present a written request for a hearing; and (iv) a statement that the proposed sanction, fine or damage charge shall be imposed as contained in the notice unless the alleged violator challenges the violation within 30 days of the notice. If a timely request for a hearing is not made, or if otherwise permitted by the Condominium Instruments and applicable law, the sanction stated in the notice shall be imposed. The Board may suspend any proposed sanction if the violation is cured, or if a diligent effort is being made to cure, within the 30-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and/or rules by any Person. If a violator repeats the violation, or engages in a similar violation, for which notice was given within 12 months after the date of the first notice, the Board shall have the discretion to impose the proposed sanction, fine or damage charge as if the alleged violation was one continuous violation without the need to serve the alleged violator with additional notice.

(b) Hearing. If the alleged violator requests a hearing within the allotted 30-day period, the hearing shall be held before the Covenants Committee, or if none has been appointed, then before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Proof of proper notice shall be placed in the minutes of the meeting. A copy of the notice, together with a statement of the date and manner of delivery signed by the officer, director, or agent who delivered such notice shall be considered adequate proof of notice. The notice requirement shall be deemed satisfied if

the alleged violator or its representative appears at the meeting. A written statement of the results of the hearing and the sanction, if any, imposed shall be filed with the minutes of the Covenants Committee's meetings. The Association shall hold a hearing not later than the 30th day after the date the Covenants Committee or Board receives Owner's request for a hearing and shall notify Owner of the date, time and place of the hearing not later than the 10th day before the date of the hearing. The Covenants Committee, the Board or Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than 10 days. Additional postponements may be granted by agreement of the parties. The Owner or the Association may make an audio recording of the meeting.

(c) Appeal. If a hearing is held before the Covenants Committee, the violator shall have the right to appeal the Covenants Committee's decision to the Board. To exercise this right, a written notice of appeal must be received by the manager, president or secretary of the Association within 10 days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, subject to any limitations set forth in the Declaration, the Board may elect to enforce any provision of the Condominium Instruments by self-help (specifically including, but not limited to, towing vehicles that violate parking rules) or, following compliance with the Declaration's dispute resolution procedures, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both. In any such action, to the maximum extent permissible, the Owner or Occupant responsible for the violation of which abatement is sought shall pay all costs, including, without limitation, reasonable Legal Costs actually incurred.

3.23 Board Training Seminar.

The Board may provide, or provide for, as a Common Expense, seminars and continuing educational opportunities designed to educate and inform directors of their responsibilities as directors. Such programs may include instruction on applicable corporate and fiduciary law principles, other issues relating to administering the Condominium's affairs, and upholding and enforcing the Condominium Instruments. The Board may retain industry professionals, including property managers, attorneys, and accountants, as appropriate or necessary for such purpose. Each newly elected director and each re-elected director may be required to complete a training seminar within the first six months of assuming the director position.

3.24 Board Standards.

In performing their duties, directors and officers shall act as fiduciaries and are entitled to insulation from liability as provided for directors and officers of corporations by applicable law and as otherwise provided by the Condominium Instruments.

A director or officer acting in accordance with the business judgment rule shall not be personally liable to the Association or its members for errors in judgment made in the director's or officer's capacity as such. Unless the Condominium Instruments require that specific action be taken, the failure to take such specific action shall not, without further showing that the Board acted in violation of the business judgment rule, be deemed a violation of a Board duty. A director or officer shall be considered to be acting in accordance with the business judgment rule so long as the director or officers:

(a) act within the expressed or implied scope of the Condominium Instruments and his or her actions are not *ultra vires*;

(b) affirmatively undertakes to make decisions which are necessary for the Association's continued and successful operation and, when decisions are made, they are made on an informed basis;

(c) act on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other) and avoids participation in such decisions and actions; and

(d) act in a non-fraudulent manner and without reckless indifference to the Association's affairs.

Board determinations of the meaning, scope, and application of Governing Document provisions shall be upheld and enforced so long as such determinations are reasonable. The Board shall exercise its power in a fair, nondiscriminatory manner and shall adhere to the procedures established in the Condominium Instruments.

3.25 Conflicts of Interest; Code of Ethics.

Unless otherwise approved by a majority of the other directors, no Director elected by the members may transact business with the Association or a contractor engaged by the Association during his or her term as director. A Director shall promptly disclose in writing to the Board any actual or potential conflict of interest affecting the director relative to his or her performance as a director. A Director's failure to make such disclosure shall be grounds for removal by a majority vote of the other Board members. The Board may void any contract which creates a prohibited conflict of interest.

Notwithstanding the above, the directors appointed by Declarant may be employed by or otherwise transact business with Declarant or any of its affiliates, and Declarant and its affiliates may transact business with the Association or its contractors.

Article IV. Officers

4.1 Officers.

The Association's officers shall include a President, Vice President, Secretary, and Treasurer. The officers may, but need not, be Board members, Owners, or residents of the Condominium; provided, however, that during the Development and Sale Period, the appointment of officers who are not residents of the Condominium shall require the prior written consent of Declarant. The Board may appoint such other officers, including, without limitation, one or more Vice Presidents, Assistant Secretaries or Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2 Election and Term of Office.

The Board shall elect the Association's officers at the first Board meeting following each Association annual meeting. Officers shall serve until their successors are elected.

4.3 Removal and Vacancies.

Any officer may be removed with or without cause by a vote of at least a majority of the directors. The Board shall appoint a replacement to fill any vacancy in any office for the unexpired portion of the term.

4.4 Powers and Duties.

The Association's officers each shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically confer or impose. The President shall be the Association's chief executive officer. The Treasurer shall supervise the preparation of the Association's budget, but may delegate all or part of the preparation and notification duties to a finance committee, managing agent, or both. The Secretary shall prepare or supervise the preparation of meeting minutes as required by applicable law.

4.5 Resignation.

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

4.6 Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other Association instruments shall be executed by an officer, unless the Board provides otherwise, or by such other person or persons as the Board may designate by resolution.

4.7 Compensation.

Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.17.

4.8 President.

The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board at which he or she is present. He or she shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including, but not limited to, the power, subject to the provisions of Article V, to appoint committees from among the members from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall, subject to the control of the Board, have general supervision, direction, and control of the business of the Association. The President shall be ex-officio a member of all standing committees, and shall have such other powers and duties as may be prescribed by the Board or these By-Laws.

4.9 Vice President.

The Vice President shall take the place of the President and perform his or her duties whenever the President is absent, disabled, or refuses or is unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim

basis. The Vice President shall also perform such other duties as shall from time to time be conferred upon him or her by the Board or these By-Laws.

4.10 Secretary.

The Secretary shall keep (or cause to be kept) the minutes of all meetings of the Board and the minutes of all meetings of the Association at the Association's principal office or at such other places as the Board may order. The Secretary shall keep (or cause to be kept) the seal of the Association in safe custody and shall have charge of such books and papers as the Board may direct. The Secretary shall, in general, perform (or cause to be performed) all of the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notice of meetings of the members of the Association and of the Board required by these By-Laws or by law to be given. The Secretary shall maintain (or cause to be maintained) a book of record Owners, listing the names and addresses of the Owners furnished by the Association, and such books shall be changed only at such time as satisfactory evidence of a change in ownership of a Unit is presented to the Secretary. The Secretary shall perform such other duties as may be prescribed by the Board or these By-Laws. The Secretary may delegate all or a part of such duties to the managing agent.

4.11 Treasurer.

The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts, tax records, and business transactions of the Association, including accounts of all assets, liabilities, receipts, and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board, in accordance with the Declaration and these By-Laws, shall render to the President and the directors, upon request, an account of all of his or her transactions as Treasurer and of the financial conditions of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these By-Laws. The Treasurer may delegate a part of such duties to the managing agent.

Article V. Committees

5.1 General.

The Board may create such committees and appoint its members, as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution.

Committees shall exercise only such authority as granted by Board resolution; provided, however, that the Board may elect not to follow a committee's advice on any matter. Committees may not act without specific Board authority and may not bind the Association contractually or financially.

5.2 Covenants Committee.

The Board shall, from time to time, appoint a Covenants Committee consisting of three persons to serve as a hearing tribunal pursuant to Section 3.22. The Covenants Committee shall be comprised of members of the Association who are not directors, officers, or employees of the Association or the spouse, parent, child, brother, or sister of a director, officer, or employee.

5.3 Other Committees.

In addition to the above, the Board may create additional committees, as it deems necessary and useful. The following are examples of types of committees, along with their purpose, which the Board may create:

(a) Finance Committee – to assist the Board, the Treasurer, and the Association's managing agent, if any, in preparing the Association's budget.

(b) Physical Maintenance Committee – to assist the Board with maintenance of the Common Maintenance Areas.

(c) Dispute Resolution Committee – to assist in the mediation of disputes concerning the interpretation of Use Restrictions, rules, and other Governing Document provisions and advise the Board on initiating litigation involving the Association (as provided in the Declaration); provided, however, that the Dispute Resolution Committee shall not preside over matters relating to the collection of assessments or other fees and charges. Each member of the Dispute Resolution Committee shall attend a Board-approved course on dispute resolution, if the Board so requires.

The Board may establish by resolution the specific scope and limitations on the authority of the above committees.

Article VI.
Miscellaneous

6.1 Fiscal Year.

The Association's fiscal year shall be the calendar year unless otherwise established by Board resolution.

6.2 Parliamentary Rules.

Except as may be modified by Board resolution, *Robert's Rules of Order* (the edition published on the date closest to the meeting) shall govern the conduct of Association proceedings when not in conflict with applicable law or the Condominium Instruments.

6.3 Conflicts.

Conflicts between or among the Condominium Instruments and applicable law shall be resolved as directed in the Declaration.

6.4 Books and Records.

(a) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Unit, any member, or the duly appointed representative of any of the foregoing at reasonable times and on or before the date the first Unit is sold: the Condominium Instruments, the membership register, books of account, plans and specifications used to construct the Condominium, the Condominium information statement prepared by Declarant in accordance with Section 82.152 of the Act, voting records, proxies and correspondence related to amendments to the Condominium Instruments, and the minutes of meetings of the members, the

Board, and committees. The Board shall provide for such inspection to take place at the Association's office or at such other place within the Condominium as the Board shall designate.

(b) Rules for Inspection. The Board may establish reasonable rules with respect to: (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; (iii) payment of the cost of reproducing documents requested; and (iv) such other matters as the Board deems appropriate.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all Association books, records, and documents and the physical properties the Association owns or controls. The director's right of inspection includes the right to make a copy of relevant documents at the Association's expense. The Board shall provide for such inspection to take place at the Association's office, the managing agent's office, or at a place within the Condominium as the Board shall designate.

(d) Audit of Financial Records. The Association shall, as a Common Expense, annually obtain an independent audit of the Association financial records. Copies of the audit shall be available to Owners. The audit shall be performed by a certified public accountant if required by a majority vote of the Board or a majority of the Total Eligible Association Vote.

6.5 Delivery of Certain Information to Owner.

(a) Within 10 Days after the Board's receipt of a written request from an Owner, the Association shall deliver to the Owner or the Owner's agent copies of the following: the Declaration, By-Laws, and Articles of Incorporation, any amendments or supplements to the foregoing, the rules of the Association, and a "resale certificate." A "resale certificate" must be signed and dated by an officer of the Association and contain the following:

- (i) a statement of any right of first refusal or other restraint, if any, contained in the Declaration that restricts the Owner's right to transfer Owner's Unit;
- (ii) the frequency and amount of annual assessments for Common Expenses;
- (iii) the amount of any special assessment that is due after the date the resale certificate is prepared;
- (iv) the total of all amounts due and unpaid to the Association that are attributable to the Owner's Unit;
- (v) capital expenditures, if any, approved by the Association for the next 12 months;
- (vi) the amount of reserves, if any, for capital expenditures and of portions of those revenues designated by the Association for a specified project;
- (vii) the Association's current operating budget and balance sheet;
- (viii) the total of any unsatisfied judgments against the Association;
- (ix) the style and case number of any pending lawsuit in which the Association is a defendant;

(x) a copy of a certificate of insurance showing the Association's property and liability insurance relating to the Common Areas and common facilities;

(xi) a description of any conditions on the Owner's Unit that the Board has actual knowledge are in violation of the Condominium Instruments;

(xii) a summary or copy of notices received by the Association from any Governmental Authority regarding health or housing code violations existing on the preparation date of the resale certificate relating to the Owner's Unit or the Common Area;

(xiii) the amount of any administrative transfer fee charged by the Association for a change of ownership of a Unit;

(xiv) the name, mailing address, and telephone number of the Association's managing agent, if any; and

(xv) a statement indicating that the Condominium Instruments allow foreclosure of the Association's lien on the Owner's Unit for failure to pay assessments.

The Association may charge a reasonable fee to assemble, copy, and deliver the information required by this subsection and may charge a reasonable fee to prepare and deliver an update of a resale certificate.

An Owner or the Owner's agent is not liable to the purchaser of Owner's Unit for erroneous information provided by the Association in the resale certificate. If the Association does not furnish a resale certificate within the 10-day period, the Owner may provide the purchaser with a sworn affidavit signed by the Owner in lieu of the resale certificate. An affidavit must state that the Owner requested information from the Association concerning its financial conditions and the Association did not timely provide a resale certificate. The Association is not liable to an Owner for delay or failure to furnish a resale certificate. An officer or agent of the Association is not liable for a delay or failure to furnish a certificate unless the officer or agent willfully refuses to furnish the resale certificate or is grossly negligent in not furnishing the resale certificate. If the resale certificate incorrectly states the total of delinquent sums owed by the Owner to the Association, the purchaser of Owner's Unit is not liable for payment of additional delinquencies that are unpaid on the date the resale certificate is prepared and that exceed the total sum stated on the resale certificate.

(b) Within 30 days after the date of acquiring a Unit, the Owner shall provide the Association with:

(i) Owner's mailing address, telephone number, and driver's license number, if any;

(ii) name and address of the holder of any lien against the Unit and any loan number;

(iii) name and telephone number of any person occupying the Unit if not the Owner;

and

(iv) name, address, and telephone number of any person managing the Unit as agent of the Owner.

An Owner shall notify the Association within 30 days after the date the Owner has notice of a change in any information required hereinabove and shall provide the information on request by the Association from time to time.

6.6 Management Certificates.

The Association shall record in the Public Records a management certificate, signed and acknowledged by an officer of the Association, stating:

- (a) the name of the Condominium;
- (b) the name of the Association;
- (c) the location of the Condominium;
- (d) the recording data for the Declaration;
- (e) the mailing address of the Association or the name and mailing address of the person or entity managing the Association; and
- (f) other information the Association considers appropriate.

The Association shall record an amended management certificate not later than the 30th day after the date the Association has notice of a change of any information in the recorded certificate required by this section. The Association and its officers, directors, employees, and agents shall not be subject to liability to any Person for a delay in recording or failure to record a management certificate, unless the delay or failure is willful or caused by gross negligence.

6.7 Notices.

(a) Form of Notice and Method of Delivery. Except as otherwise provided in the Declaration or these By-Laws or by applicable law, all notices, demands, bills, statements, or other communications under the Declaration or these By-Laws shall be in writing and may be delivered in person, by United States mail, by private carrier, by facsimile, electronic mail or other electronic communication device with written confirmation of transmission.

- (b) Delivery Address. Notices shall be delivered or sent to the intended recipient as follows:
- (i) if to a member, at the address, facsimile number, or e-mail address which the member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such member;
 - (ii) if to the Association, the Board, or a committee of either, at the address, facsimile number, or e-mail address of the principal office of the Association or its managing agent, or at such other address as the Association shall designate by notice in writing to the members pursuant to this Section; or
 - (iii) if to the Declarant, at the principal address of the Declarant as it appears on the Secretary of State's records, or at such other address as the Declarant shall designate by notice in writing to the Association pursuant to this Section.

(c) Effective Date. Notice sent in accordance with subsections (a) and (b) shall be deemed to have been duly given and effective:

(i) if sent by United States mail, when deposited with the U. S. Postal Service, correctly addressed, with first class or higher priority postage prepaid;

(ii) if delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery; however, if such delivery is refused or if the intended recipient has contracted with the private carrier to leave any deliveries without obtaining a signature evidencing receipt, the notice shall be deemed duly given and effective if the attempt to deliver was timely made;

(iii) if sent by facsimile or electronic mail, upon transmission, as evidenced by a printed confirmation of transmission.

6.8 Amendment.

Except where a higher vote is required for action under a particular provision of the Declaration or these By-Laws, in which case such higher vote shall be necessary to amend, these By-Laws may be amended by the affirmative vote, written consent, or any combination of affirmative vote and written consent of the members holding sixty-seven percent (67%) of the Total Eligible Association Vote. As long as the Declarant has the right to appoint directors of the Association as provided in Article 19 of the Declaration, any amendment to these By-Laws shall also require the written consent of the Declarant. Notice of any meeting at which an amendment will be considered shall state that fact and the subject matter of the proposed amendment. No amendment shall become effective until it is certified by the president and secretary of the Association and recorded in the Public Records. Any amendment duly certified and recorded shall be conclusively presumed to have been fully adopted in accordance with these By-Laws.

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

[Certification and Acknowledgement on following page.]

CERTIFICATION & ACKNOWLEDGMENT

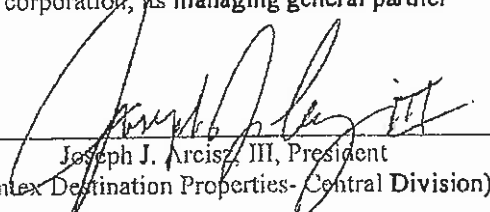
As the Declarant of The Villas at Pointe West Condominium and the initial and sole Member of The Villas at Pointe West Condominium Association, I certify that the foregoing Bylaws of The Villas at Pointe West Condominium Association were adopted by the Board of Directors of The Villas at Pointe West Condominium Association for the benefit of the Association.

SIGNED this 0TH day of SEPTEMBER 2005.

DECLARANT:

CENTEX HOMES, a Nevada general partnership, d/b/a Centex Destination Properties

By: CENTEX REAL ESTATE CORPORATION, a Nevada corporation, its managing general partner

By: 
Joseph J. Arcisz, III, President
(Centex Destination Properties- Central Division)

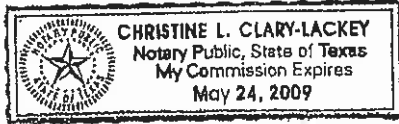
[CORPORATE SEAL]

THE STATE OF TEXAS

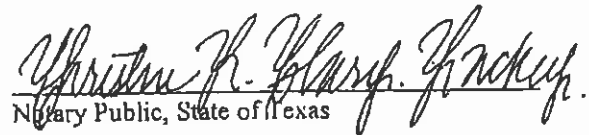
COUNTY OF TARRANT

100
100
100

This instrument was acknowledged before me on the 0 day of Sept., 2005, by Joseph J. Arcisz, III, President (Centex Destination Properties - Central Division) of Centex Real Estate Corporation, a Nevada corporation, the managing general partner of Centex Homes, a Nevada general partnership, on behalf of said partnership.



[Notary Seal]


Notary Public, State of Texas

Commission Expiration Date: 5-24-09

After recording, please return to:

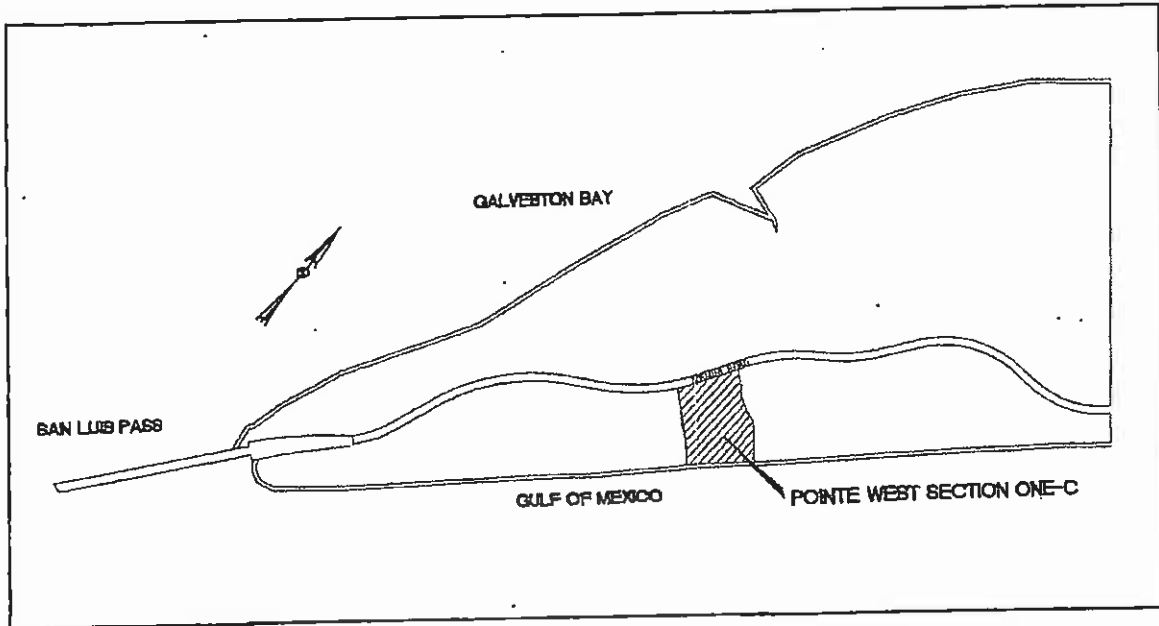
Ms. MaryLou Delehant
Centex Destination Properties
515 W. Southlake Blvd., Suite 130
Southlake, Texas 76092

EXHIBIT "G"
PLATS AND PLANS

Attached

Exhibit "G"

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS

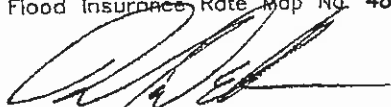


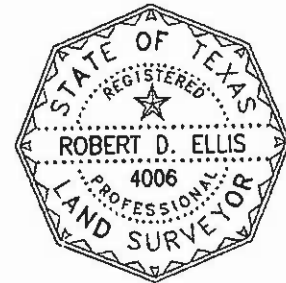
SITE MAP
 N.T.S.

That I, Robert D. Ellis, a Registered Professional Surveyor in the State of Texas have caused to be performed an on-the-ground survey under my supervision of the foregoing platted tract of land and to the best of my knowledge and belief there are no discrepancies, conflicts, shortages in area, encroachments, visible utility lines or roads in place, and that said property has access to and from a dedicated roadway, except as shown hereon.

The map and property description shown hereon contains all the information required by the Texas Uniform Condominium Act, Section 82.059, subsection (b), Texas Property Code.

This property is shown to be in flood hazard area Zone "VE" per FEMA Flood Insurance Rate Map No. 4854690081 E, dated December 6, 2002.


 Robert D. Ellis Tx. Reg. No. 4006



Witness my hand and seal
 16th day of October, 2005

ELLIS SURVEYING SERVICES

8419 Emmett F. Lowry Texas City, Texas 77591
 Tel.: 409-938-8700 Fax: 409-938-8706

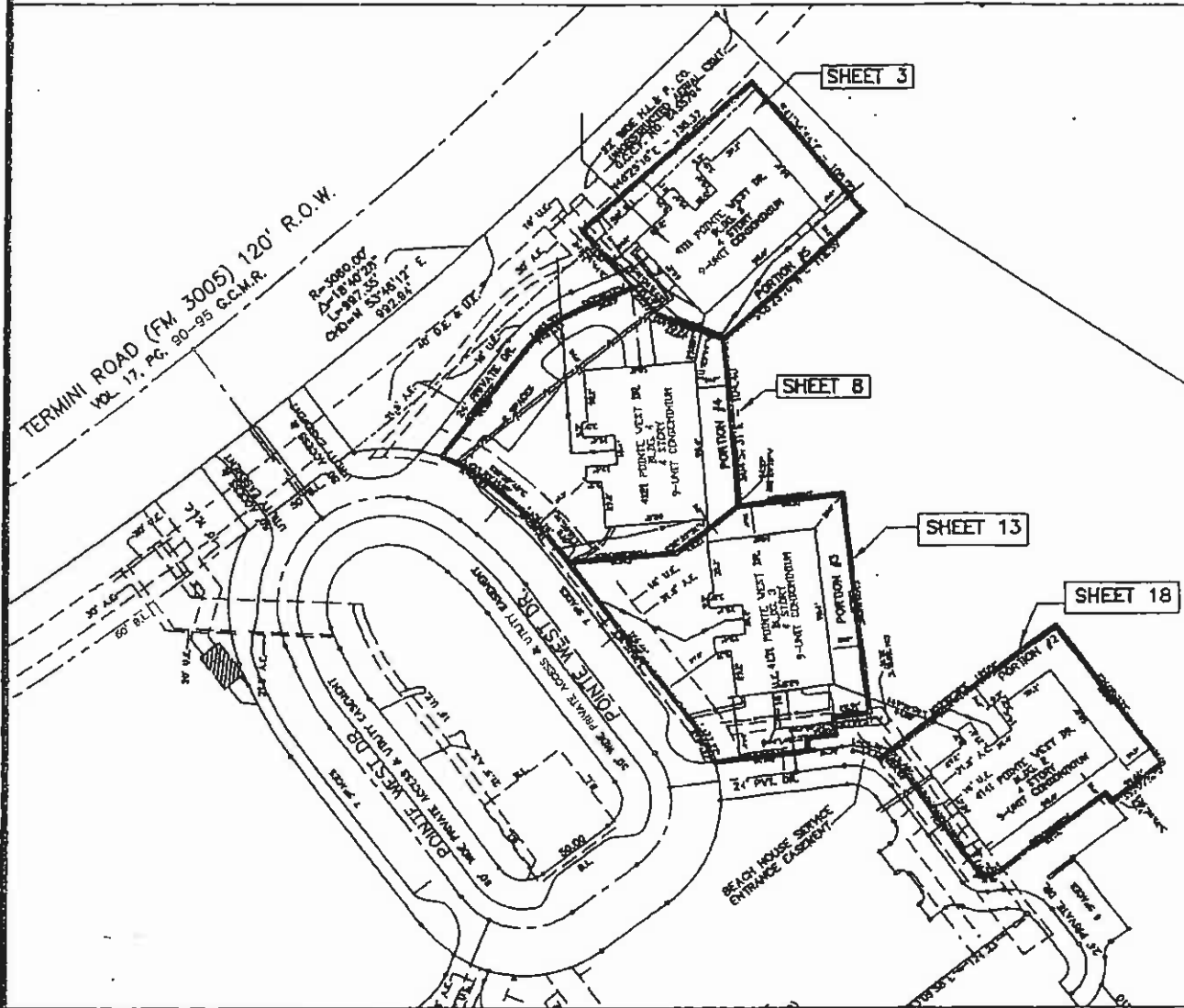
SHEET

1

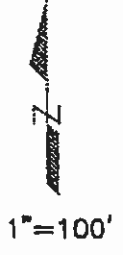
OF

22

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



LEGEND	
○	5/8" IRON ROD FOUND
●	5/8" IRON ROD SET
---	U.E. UTILITY EASEMENT
---	A.E. AERIAL EASEMENT
---	D.E. DRAINAGE EASEMENT
---	B.L. BUILDING LINE
---	L.C.E. LIMITED COMMON ELEMENT
---	CLG CEILING HEIGHT
---	STOR LCE STORAGE AREA
---	C.E. COMMON ELEMENT
---	SANITARY SEWER LINE
---	UNDERGROUND ELEC,PHONE,CABLE
---	WATER LINE

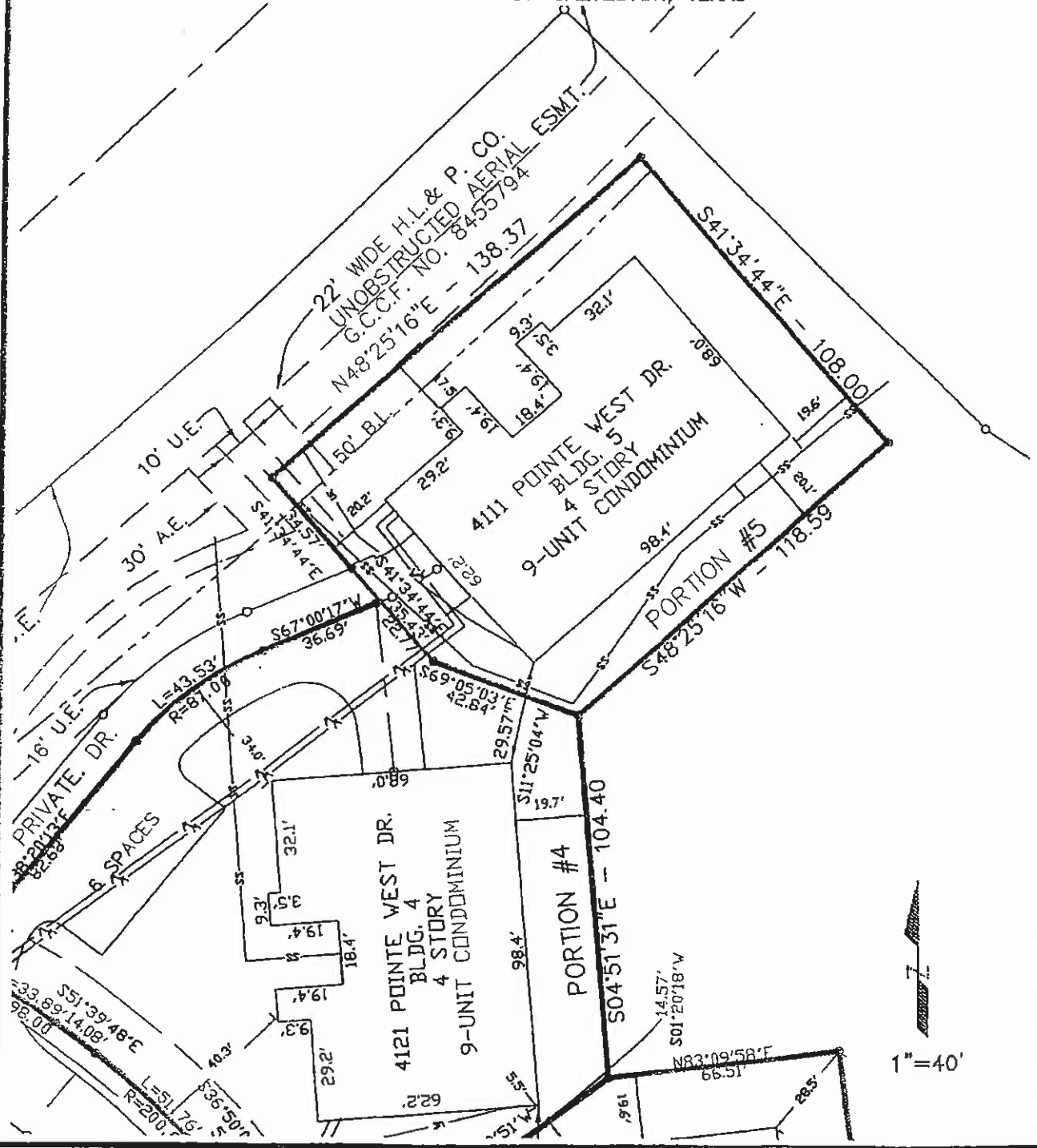


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SHEET
 2 OF 22

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4111 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #5 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



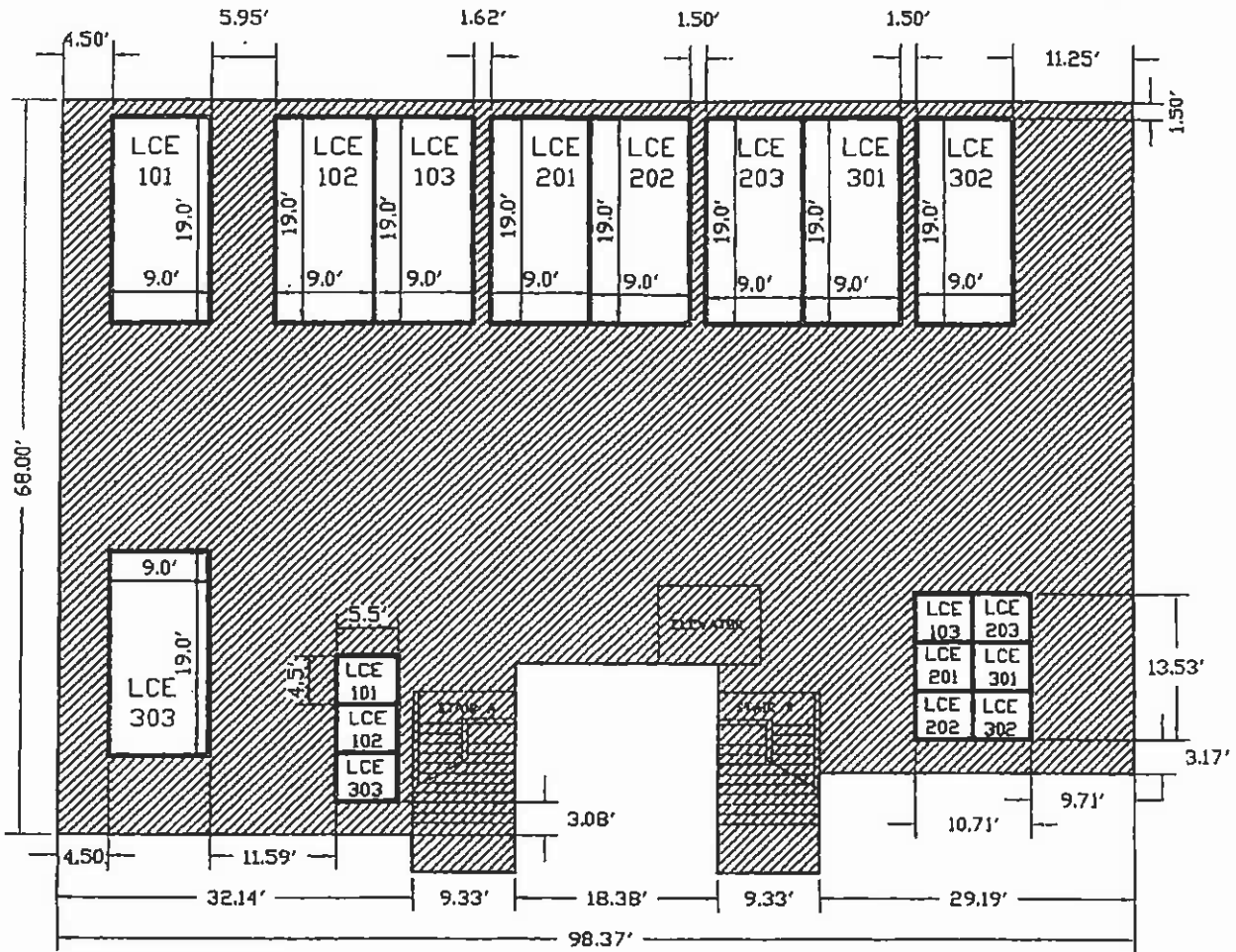
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SHEET

3 OF 22

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4111 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #5 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



FIRST FLOOR PLAN (GARAGE LEVEL)
 SCALE 1/16"=1'

NOTES:

1. SHOWN STORAGE AREAS (STOR) ARE L.C.E. WITH DIMINSIONS OF 4.5'x5.5'.
2. CROSS HATCHED AREAS ARE COMMON ELEMENT

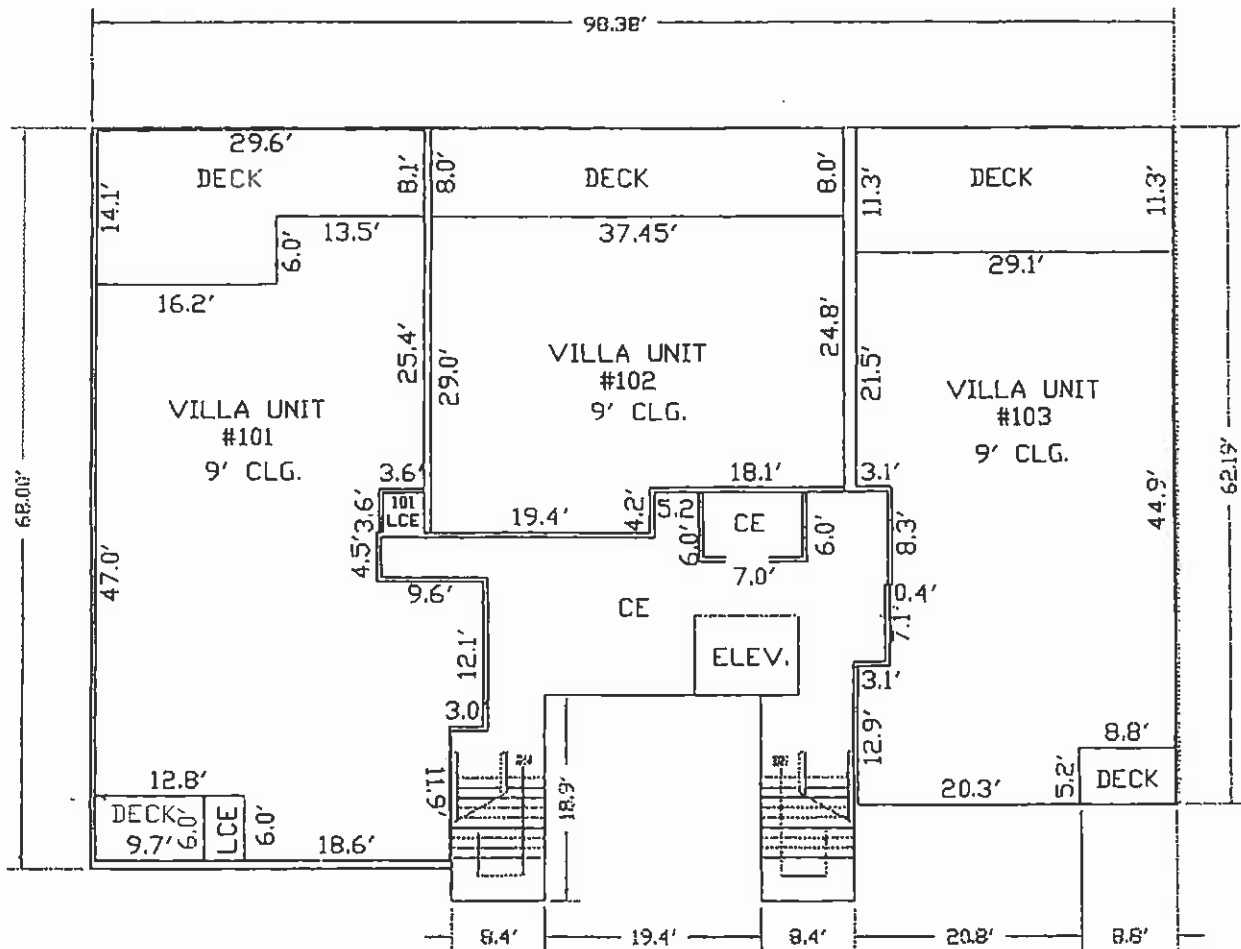
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SHEET

4 OF 22

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4111 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #5 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



SECOND FLOOR PLAN
 SCALE 1/16"=1'

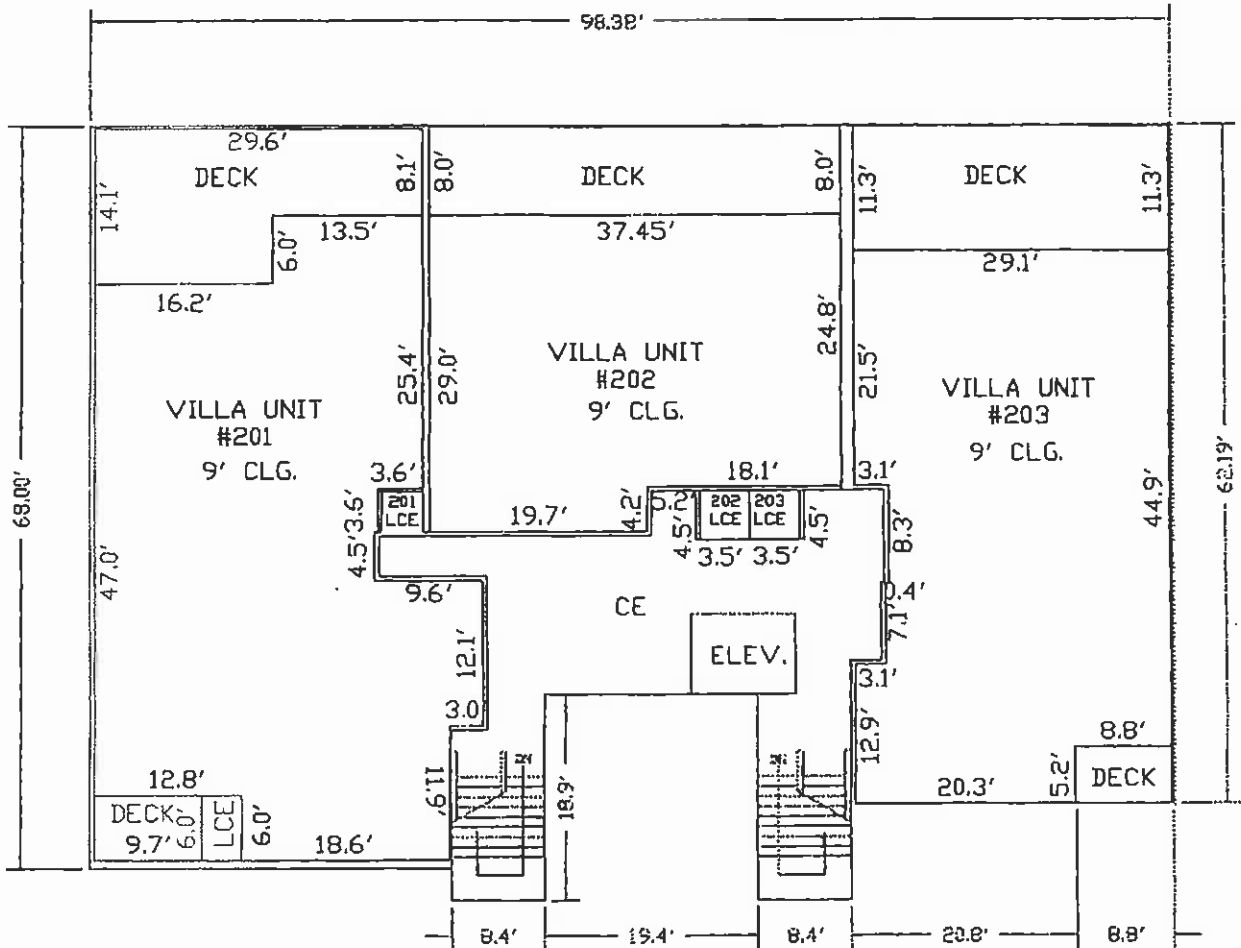
ELLIS SURVEYING SERVICES

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SHEET

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 OF
 22

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4111 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #5 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



THIRD FLOOR PLAN
 SCALE 1/16"=1'

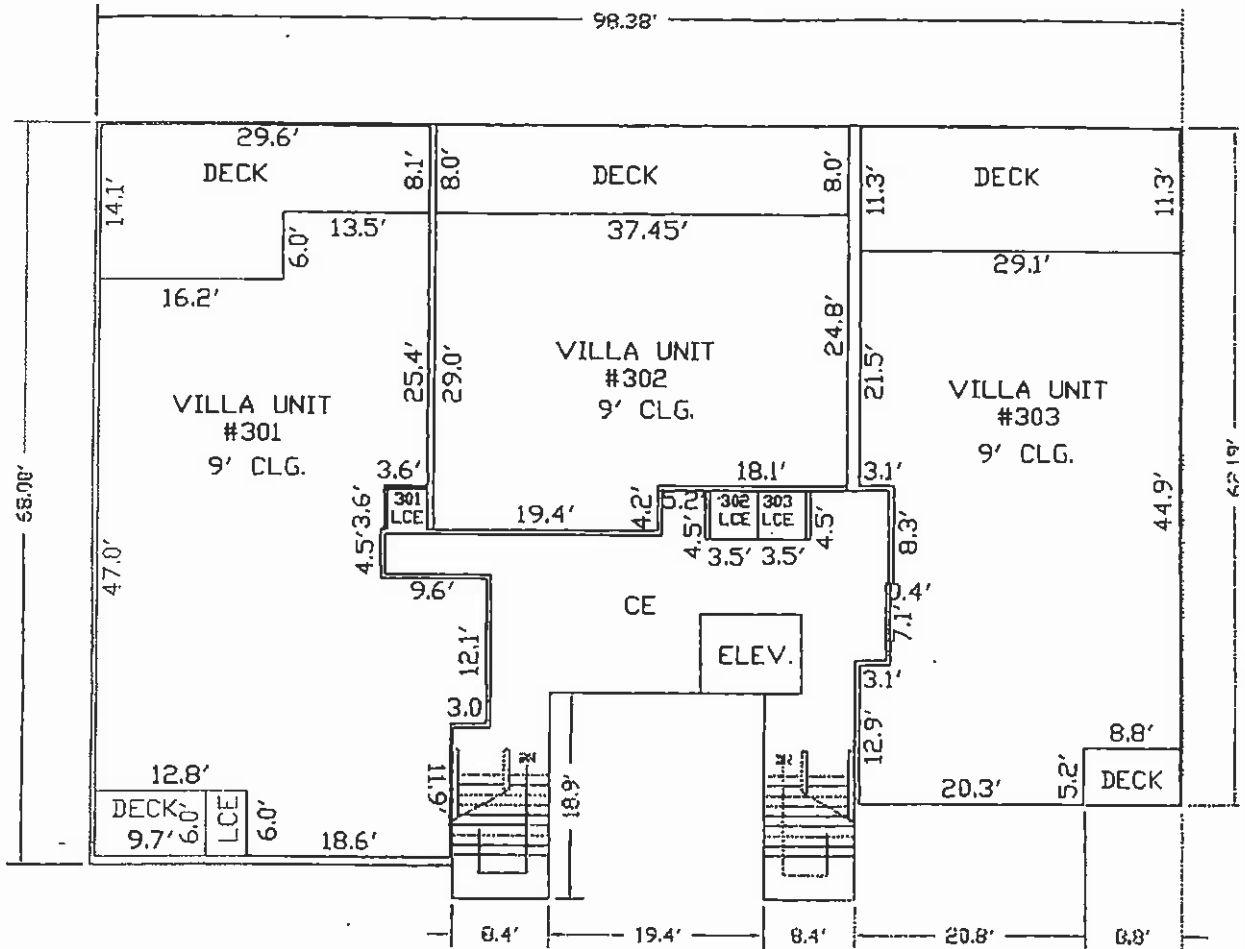
ELLIS SURVEYING SERVICES

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SHEET

6 OF 22

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4111 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #5 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



FOURTH FLOOR PLAN
 SCALE 1/16"=1'

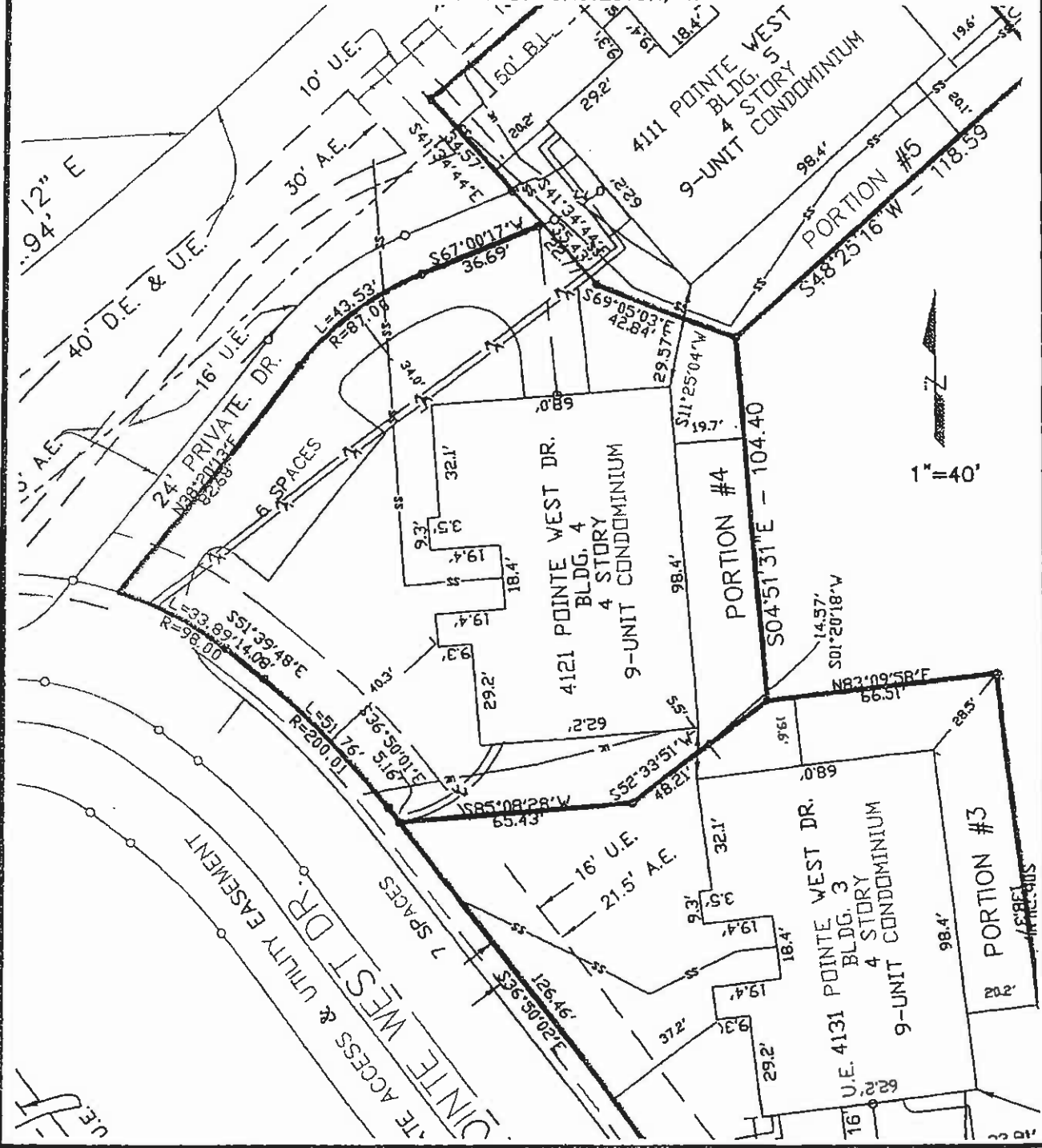
ELLIS SURVEYING SERVICES

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SHEET

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 OF
 22

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4121 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #4 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



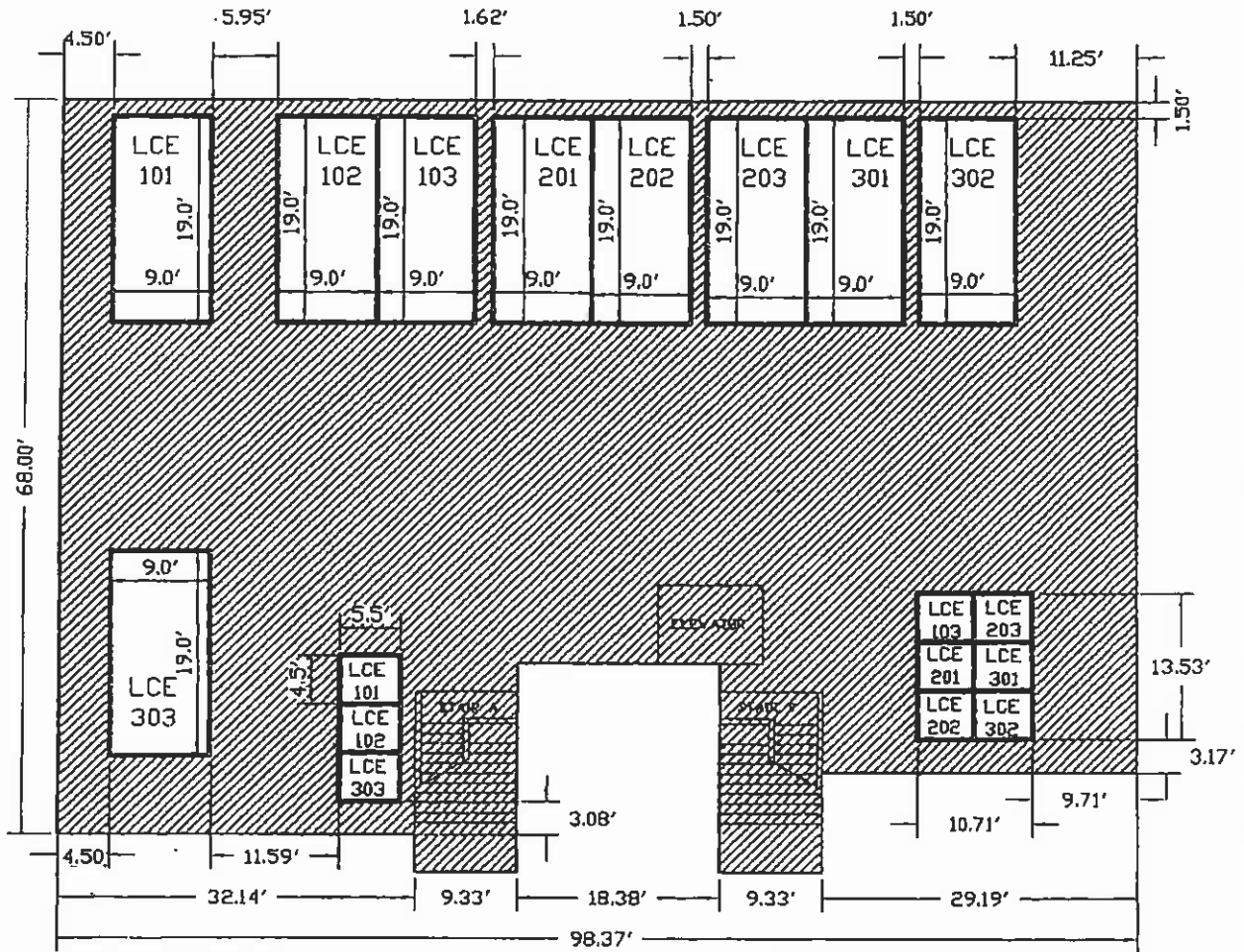
ELLIS SURVEYING SERVICES

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SHEET

8 OF 22

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4121 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #4 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



FIRST FLOOR PLAN (GARAGE LEVEL)
 SCALE 1/16"=1'

NOTES:

1. SHOWN STORAGE AREAS (STOR) ARE L.C.E. WITH DIMINSIONS OF 4.5'x5.5'.
2. CROSS HATCHED AREAS ARE COMMON ELEMENT

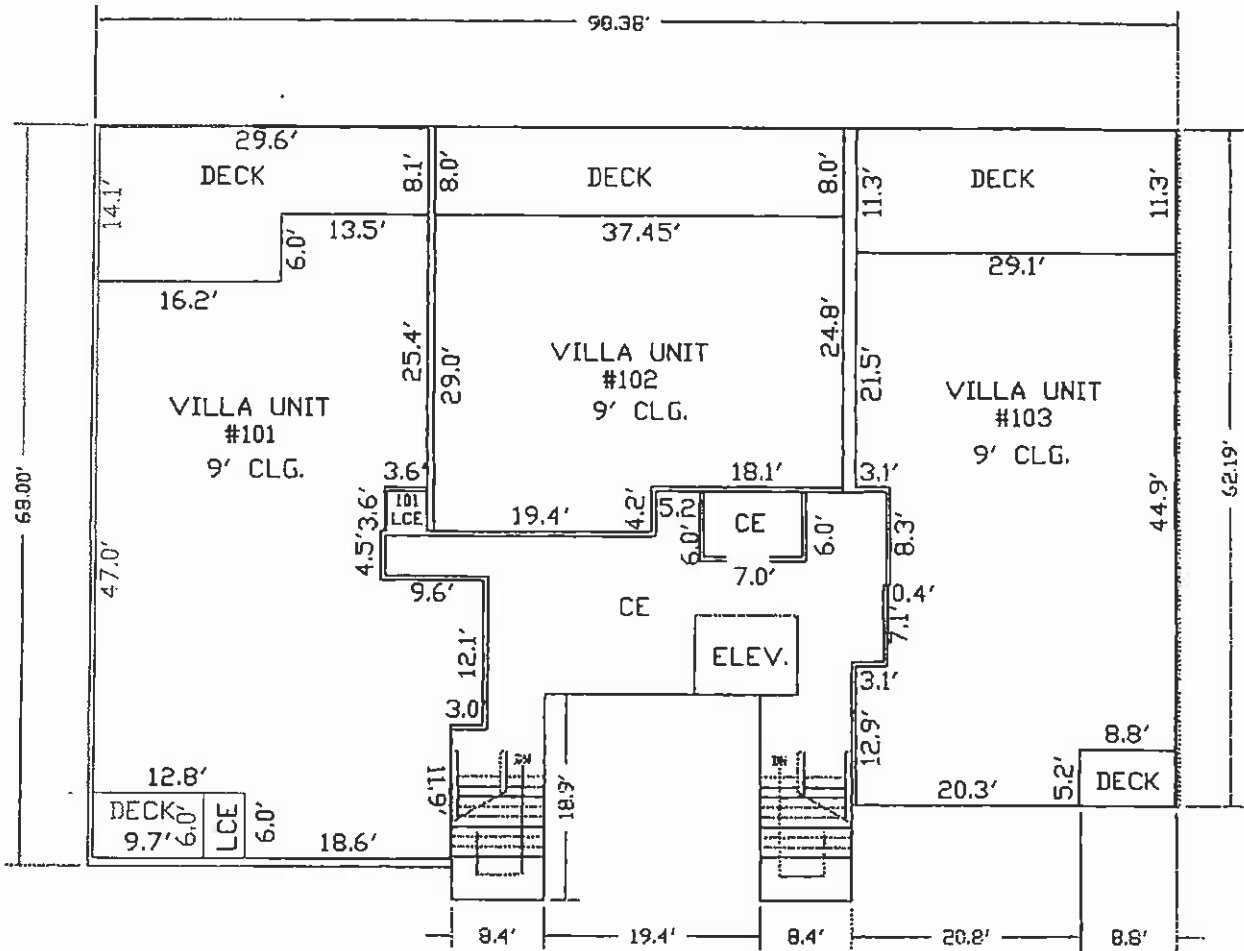
ELLIS SURVEYING SERVICES

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SHEET

9 OF 22

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4121 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #4 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



SECOND FLOOR PLAN
 SCALE 1/16"=1'

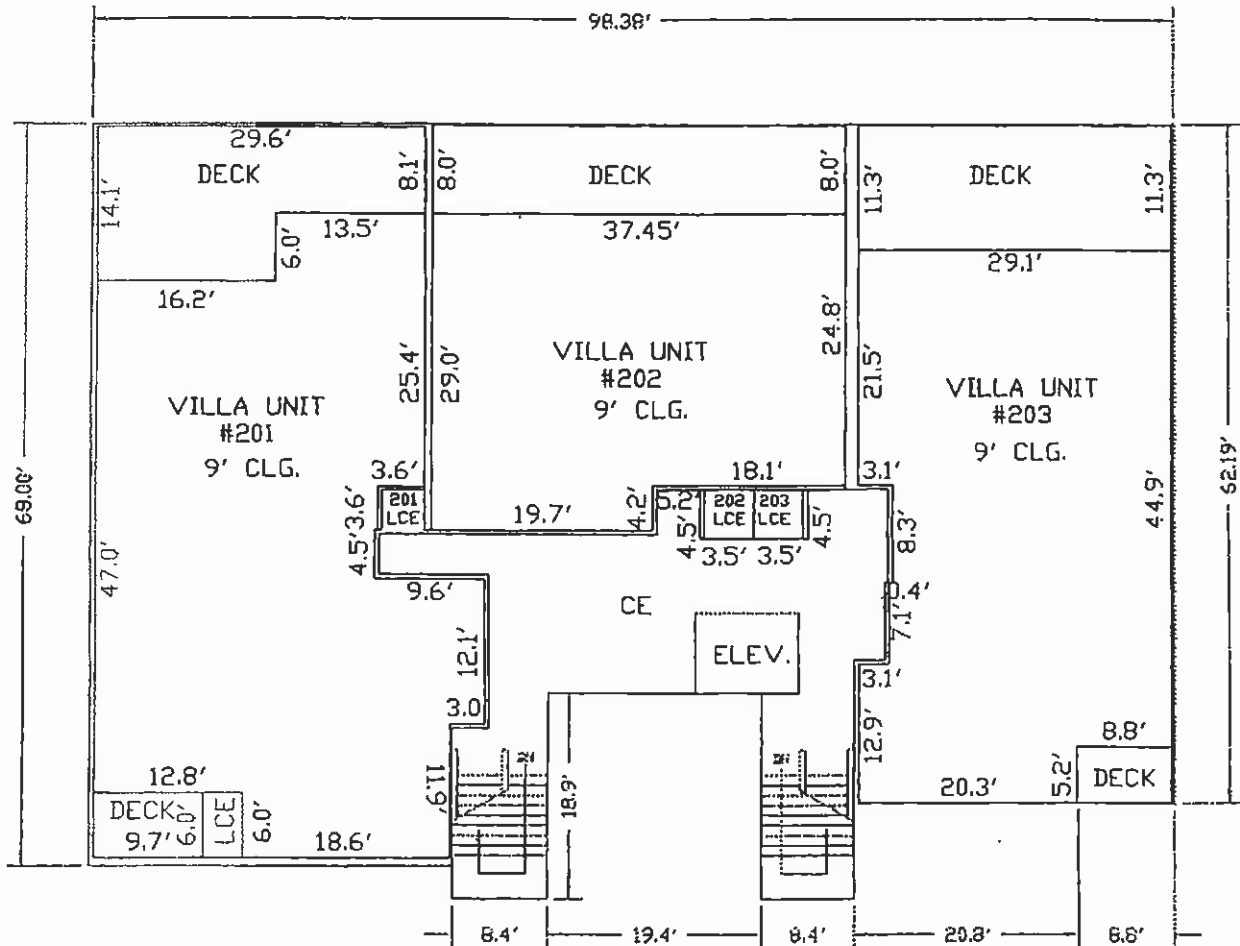
ELLIS SURVEYING SERVICES

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SHEET

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 OF
 22

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4121 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #4 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



THIRD FLOOR PLAN
 SCALE 1/16"=1'

ELLIS SURVEYING SERVICES

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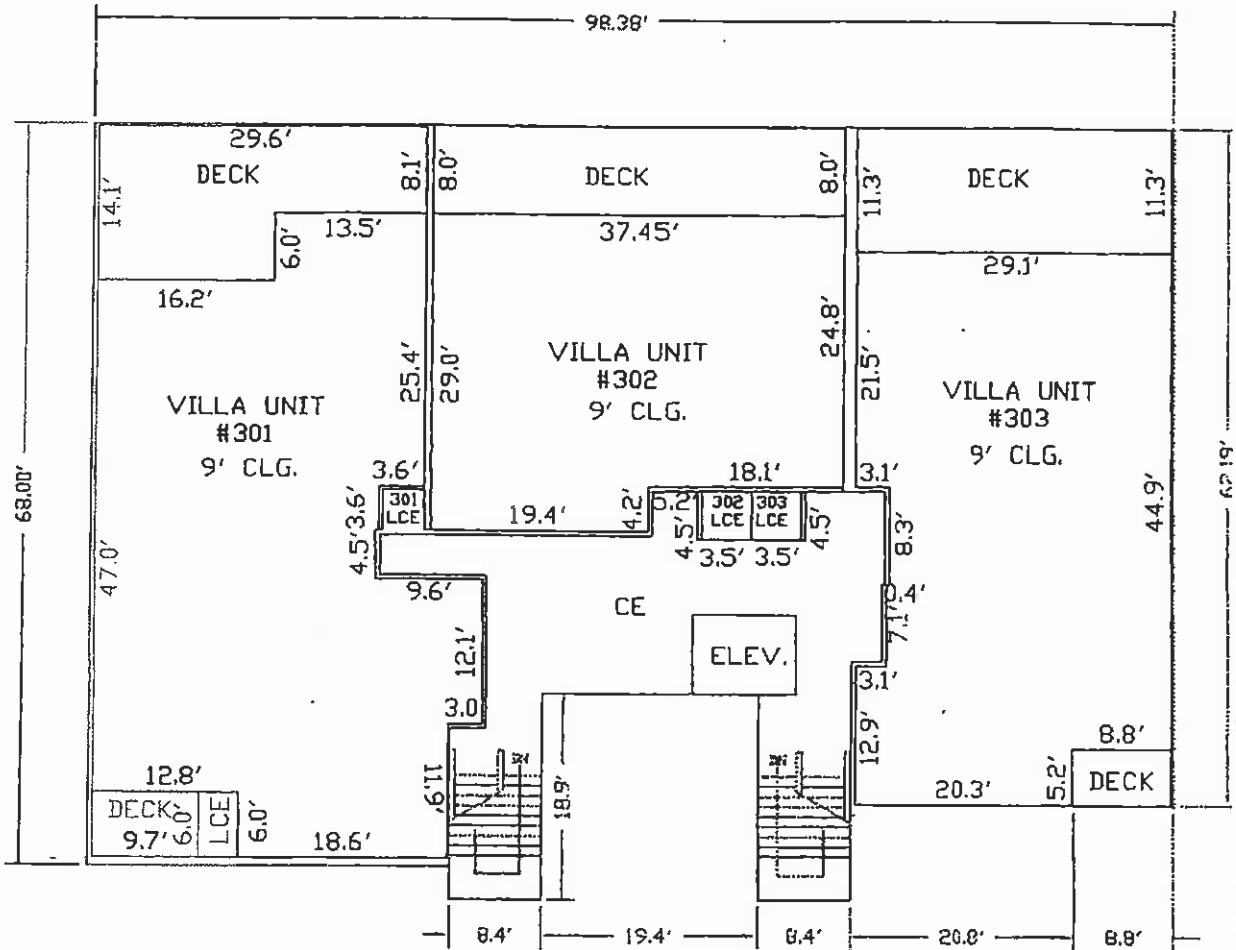
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OF

22

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4121 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #4 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



FOURTH FLOOR PLAN
 SCALE 1/16"=1'

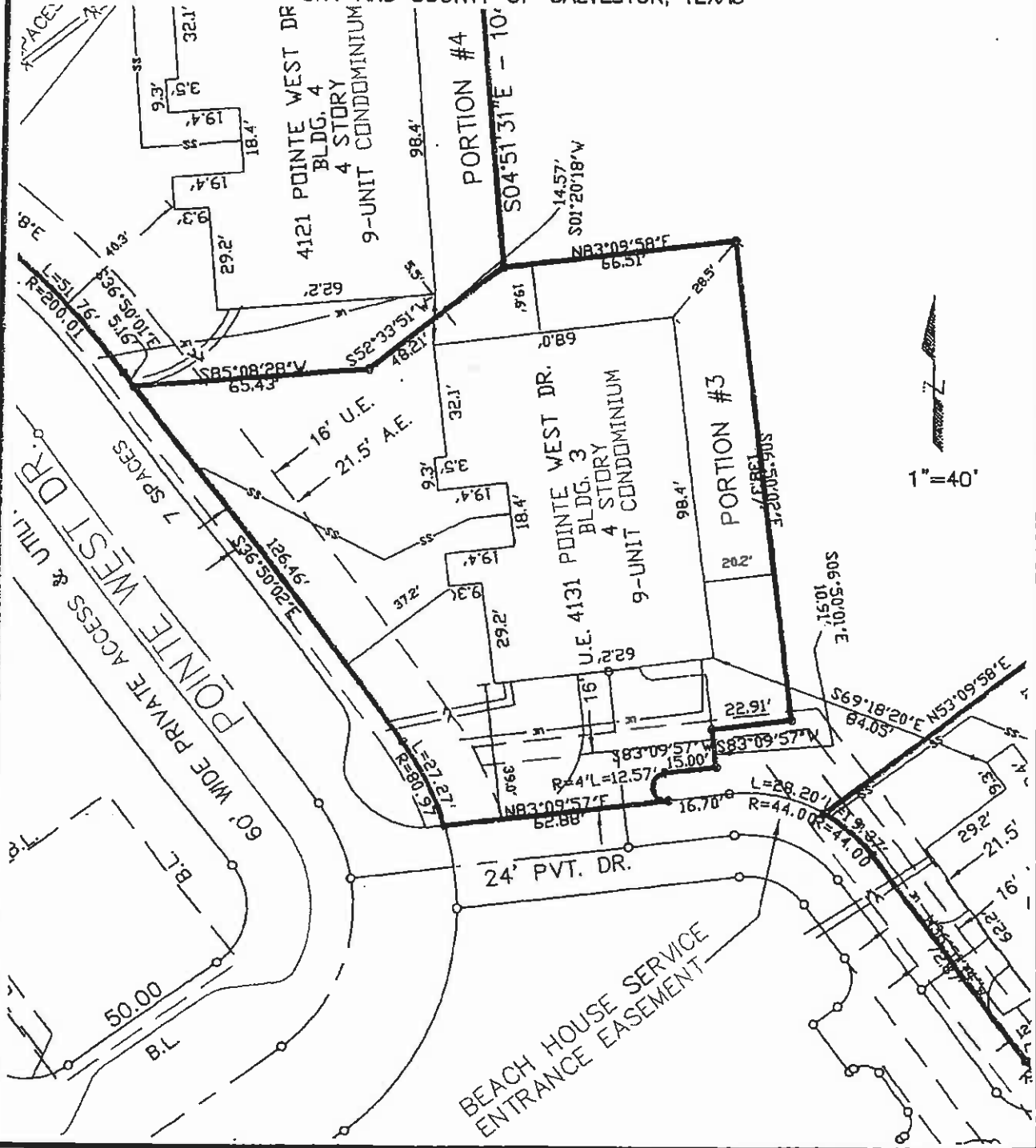
ELLIS SURVEYING SERVICES

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SHEET

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 OF
 22

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4131 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #3 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



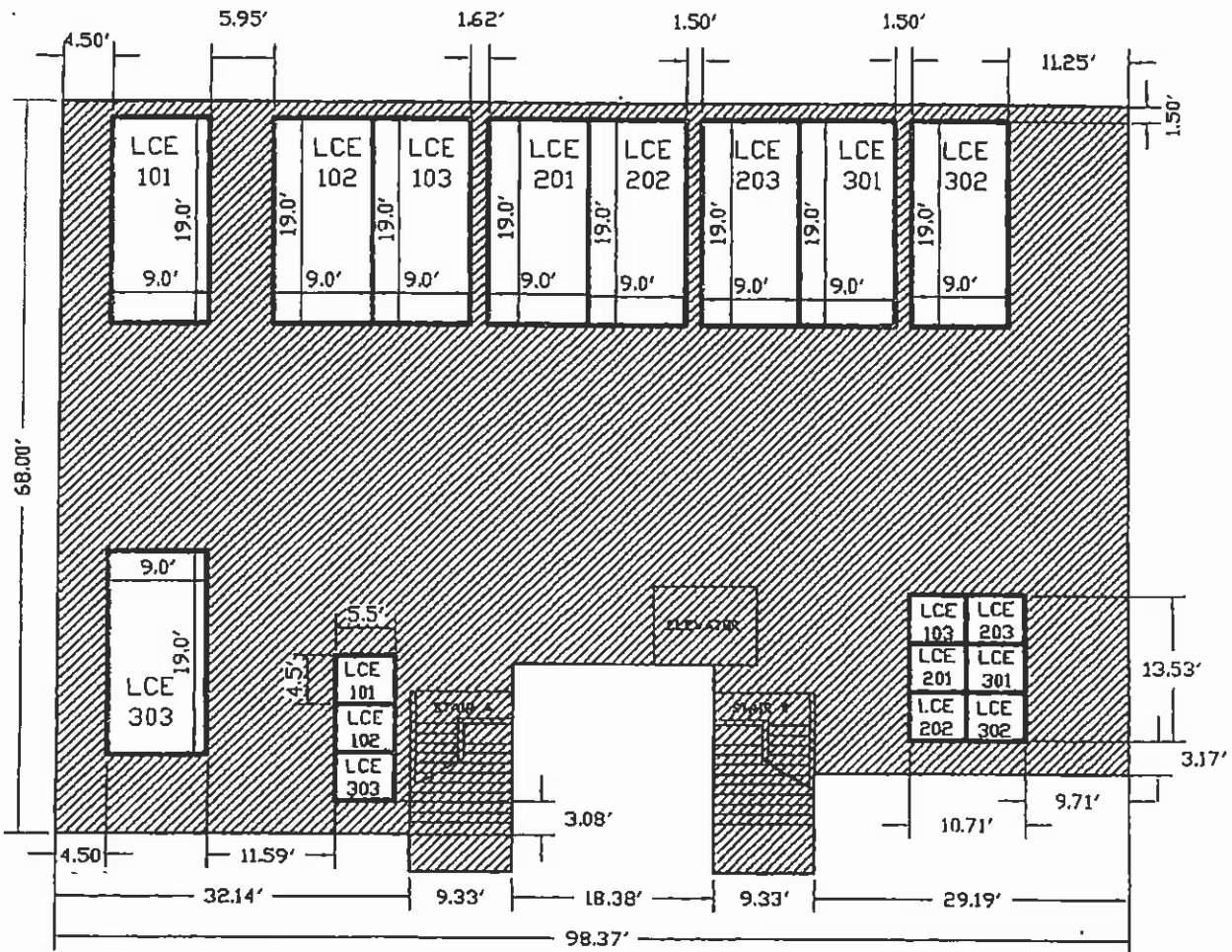
ELLIS SURVEYING SERVICES

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 Tel.: 409-938-8700 Fax: 409-938-8706

SHEET

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THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4131 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #3 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



FIRST FLOOR PLAN (GARAGE LEVEL)
 SCALE 1/16"=1'

NOTES:

1. SHOWN STORAGE AREAS (STOR) ARE L.C.E. WITH DIMINSIONS OF 4.5'x5.5'.
2. CROSS HATCHED AREAS ARE COMMON ELEMENT

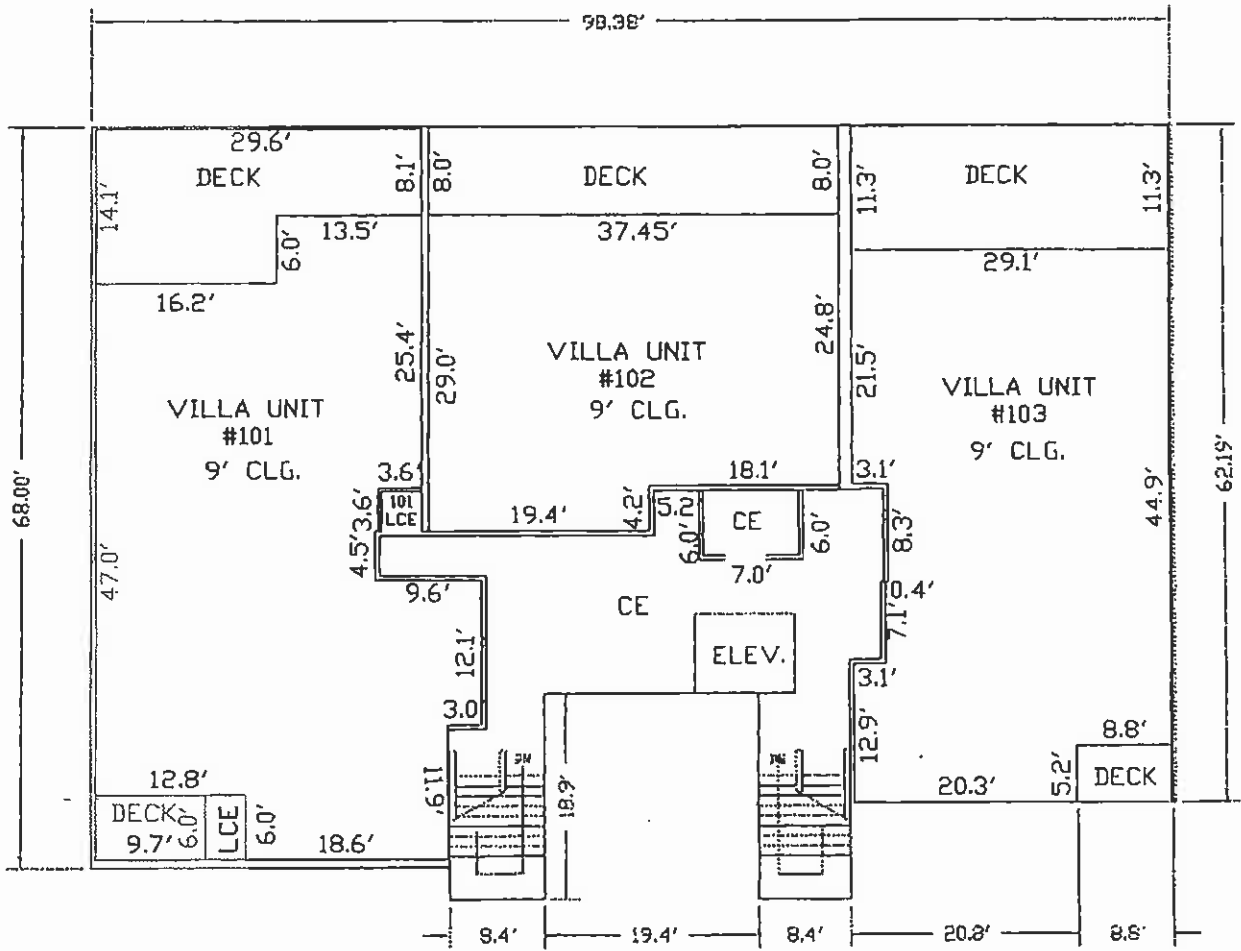
ELLIS SURVEYING SERVICES

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 Tel.: 409-938-8700 Fax: 409-938-8706

SHEET

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 OF
 22

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4131 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #3 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



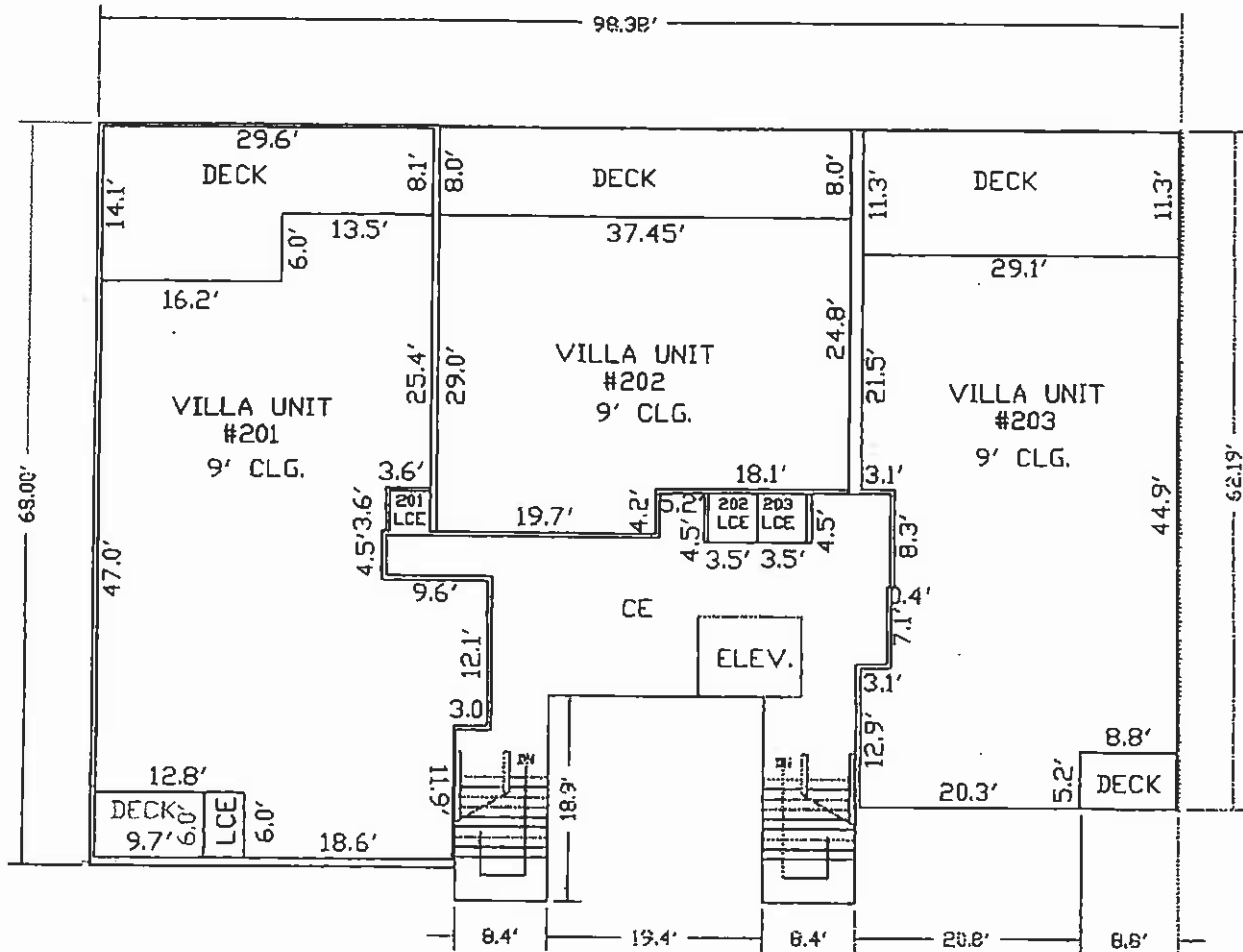
SECOND FLOOR PLAN
 SCALE 1/16"=1'

ELLIS SURVEYING SERVICES

8419 Emmett F. Lowry Texas City, Texas 77591
 Tel.: 409-938-8700 Fax: 409-938-8706

SHEET
 15 OF 22

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4131 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #3 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



THIRD FLOOR PLAN
 SCALE 1/16"=1'

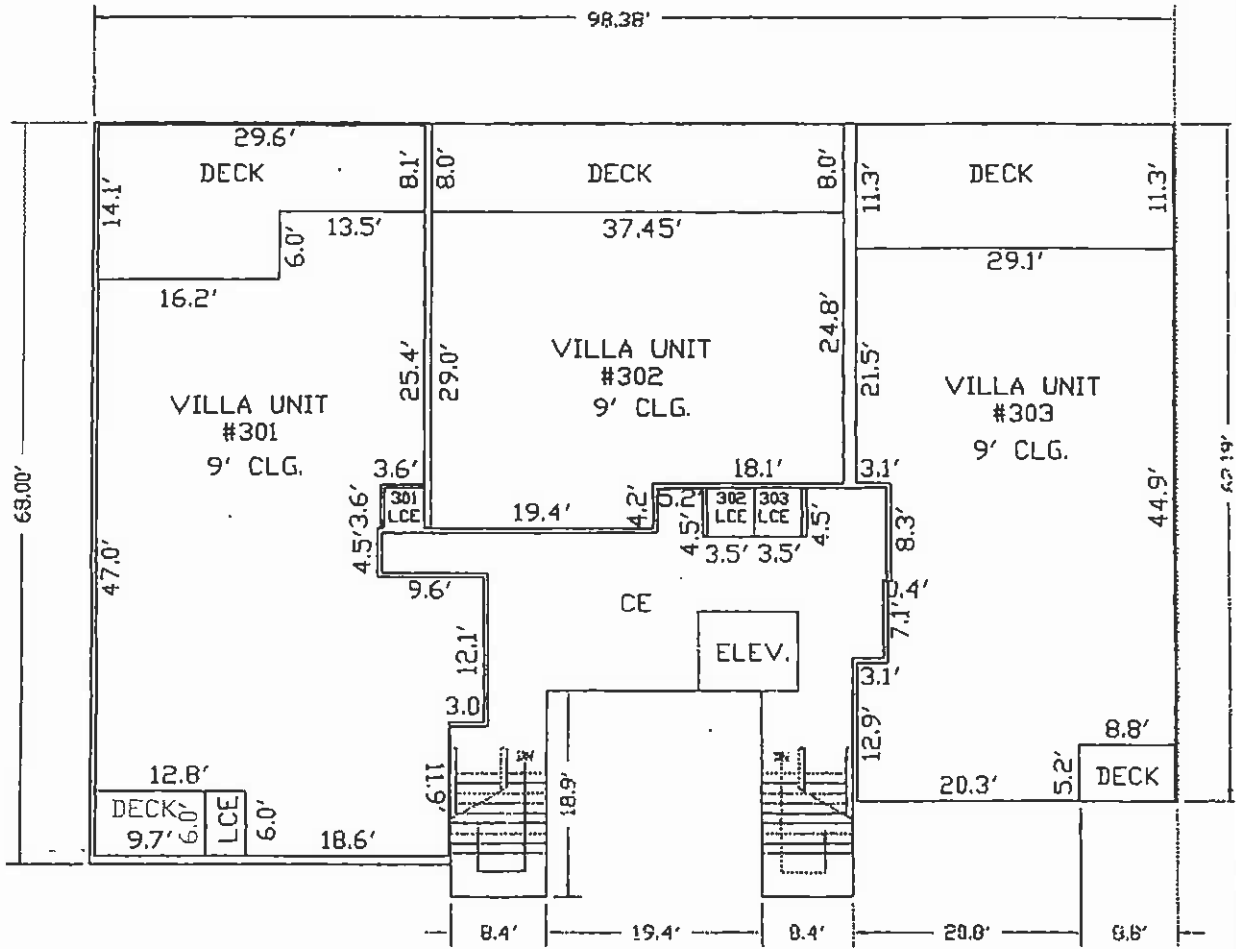
ELLIS SURVEYING SERVICES

8419 Emmett F. Lowry Texas City, Texas 77591
 Tel.: 409-938-8700 Fax: 409-938-8706

SHEET

16 OF 22

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4131 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #3 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



FOURTH FLOOR PLAN
 SCALE 1/16"=1'

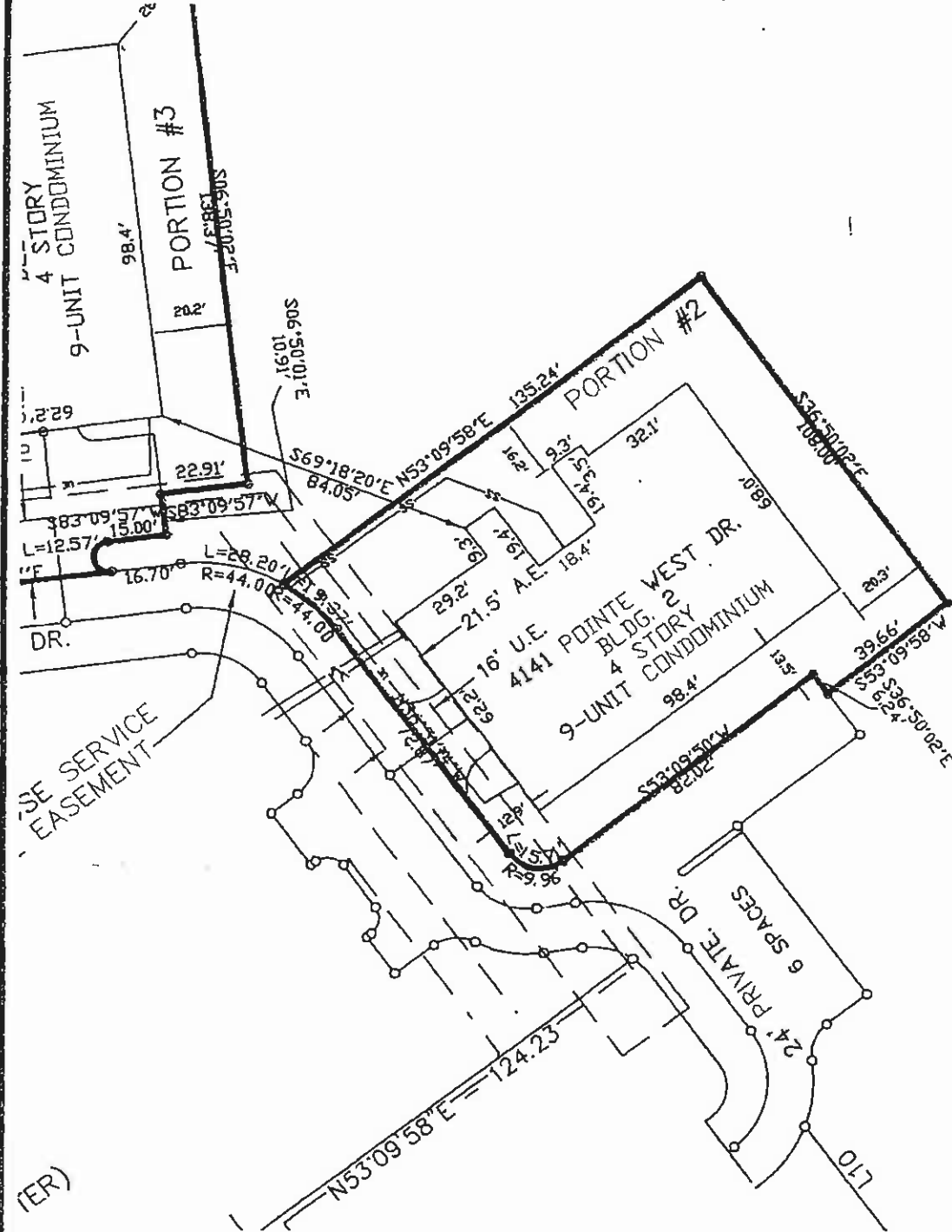
ELLIS SURVEYING SERVICES

8419 Emmett F. Lowry Texas City, Texas 77591
 Tel.: 409-938-8700 Fax: 409-938-8706

SHEET

17
 OF
 22

THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4141 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #2 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



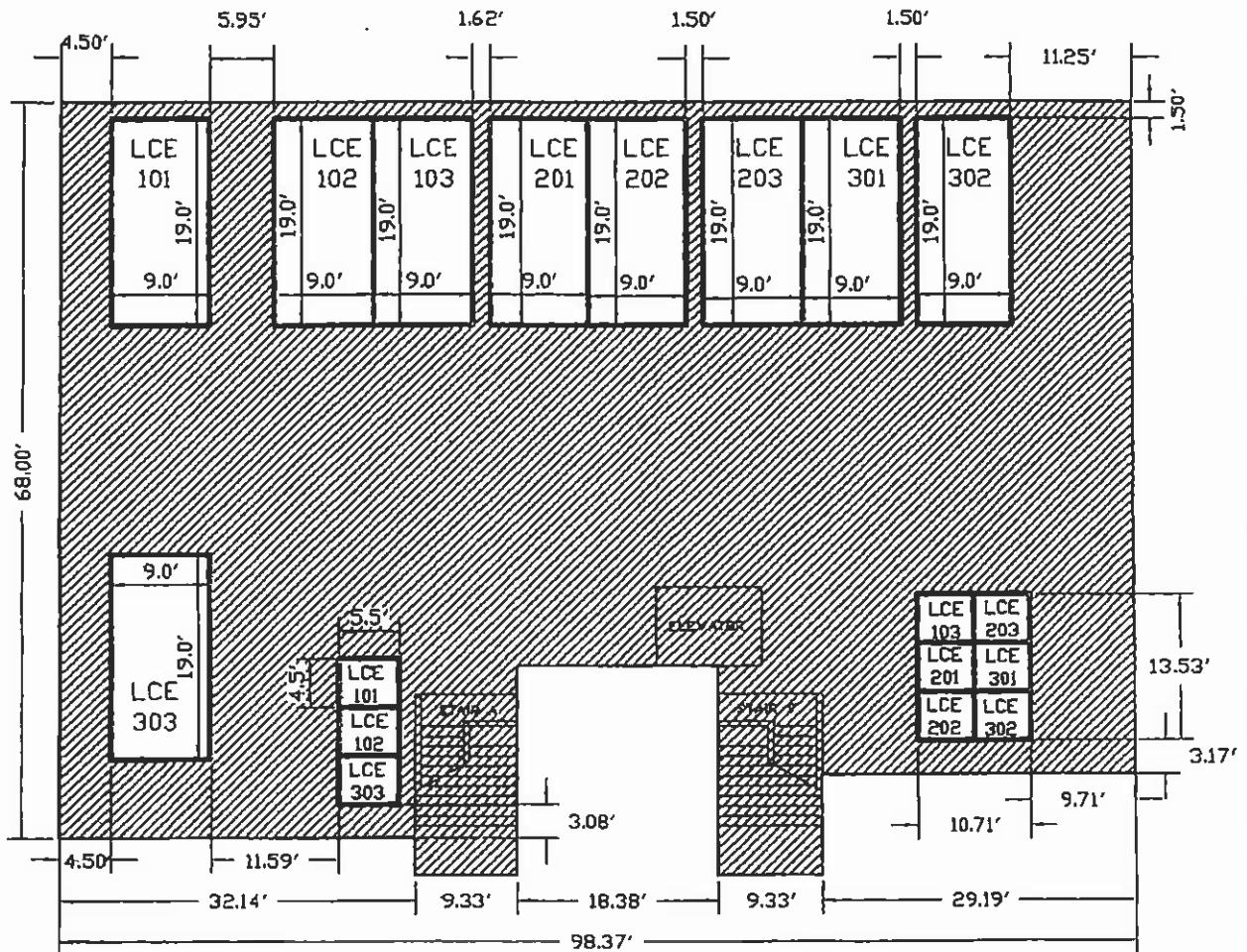
ELLIS SURVEYING SERVICES

8419 Emmett F. Lowry Texas City, Texas 77591
 Tel.: 409-938-8700 Fax: 409-938-8706

SHEET

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THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4141 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #2 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



FIRST FLOOR PLAN (GARAGE LEVEL)
 SCALE 1/16"=1'

NOTES:

1. SHOWN STORAGE AREAS (STOR) ARE L.C.E. WITH DIMINSIONS OF 4.5'x5.5'.
2. CROSS HATCHED AREAS ARE COMMON ELEMENT

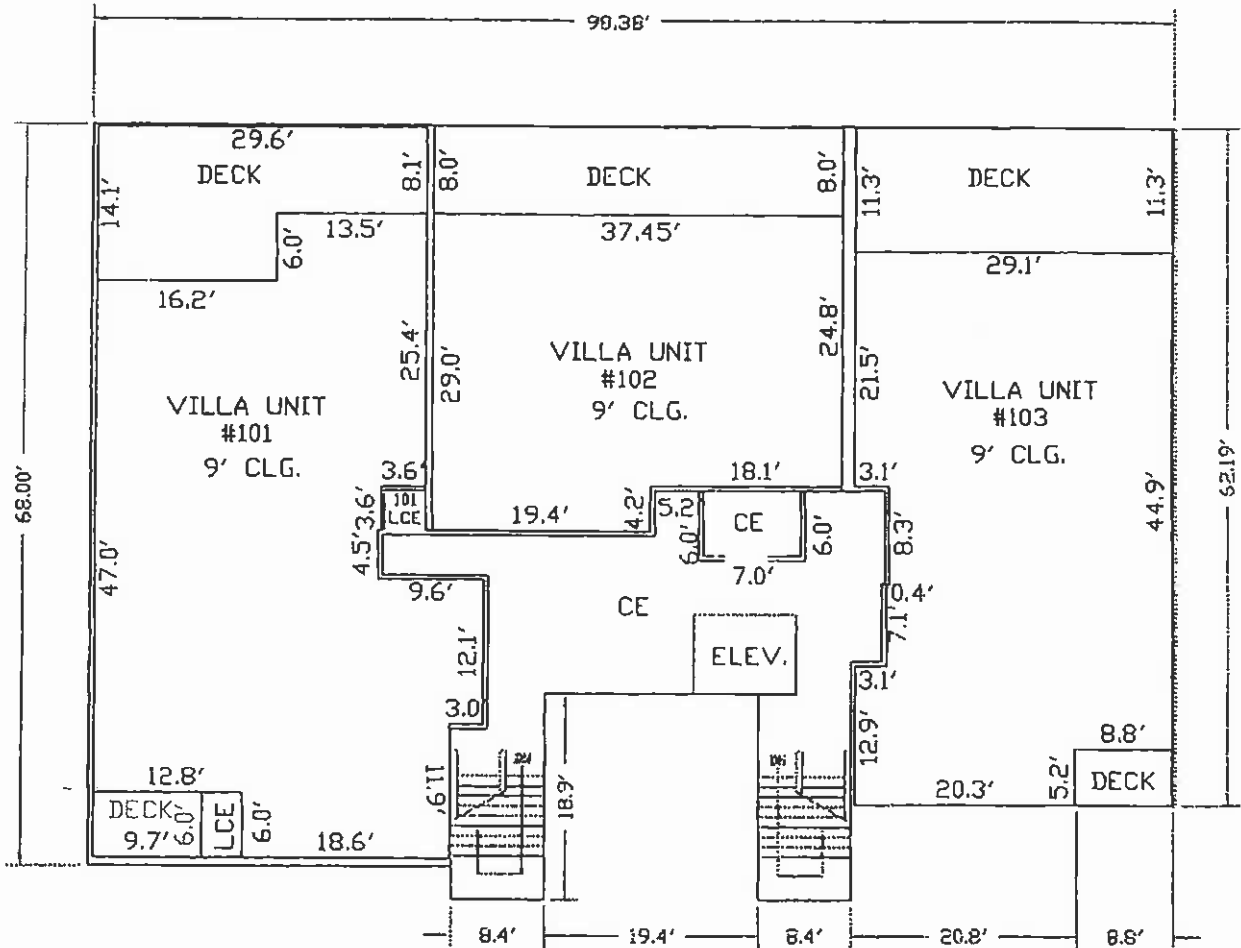
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THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4141 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #2 POINTE WEST SECTION ONE-C AS RECORDED
 MAP NO. 2004A PAGE 126 GALVESTON COUNTY MAP RECORDS,
 CITY AND COUNTY OF GALVESTON, TEXAS



SECOND FLOOR PLAN
 SCALE 1/16"=1'

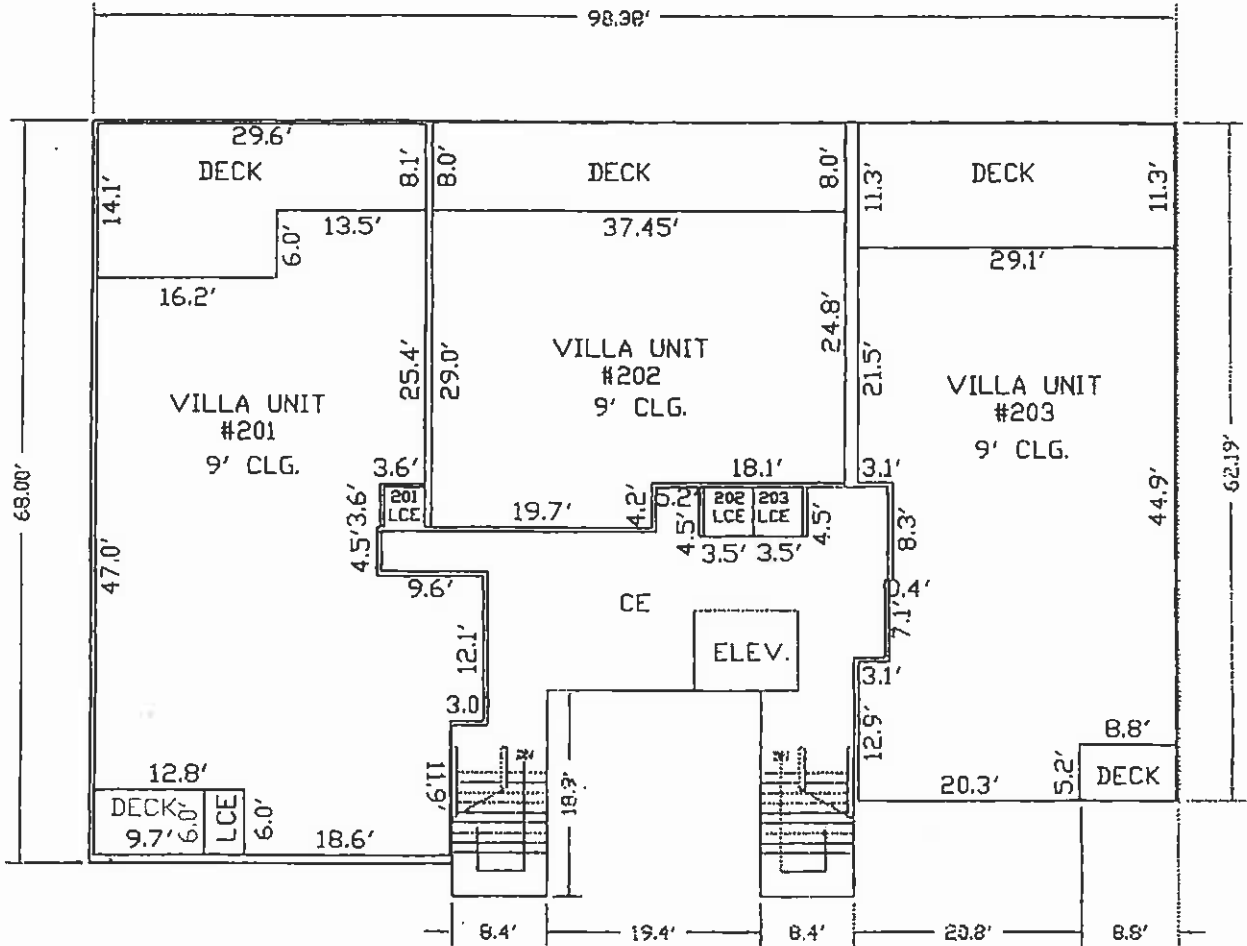
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 OF
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THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4141 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #2 POINTE WEST SECTION ONE-C AS RECORDED
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 CITY AND COUNTY OF GALVESTON, TEXAS



THIRD FLOOR PLAN
 SCALE 1/16"=1'

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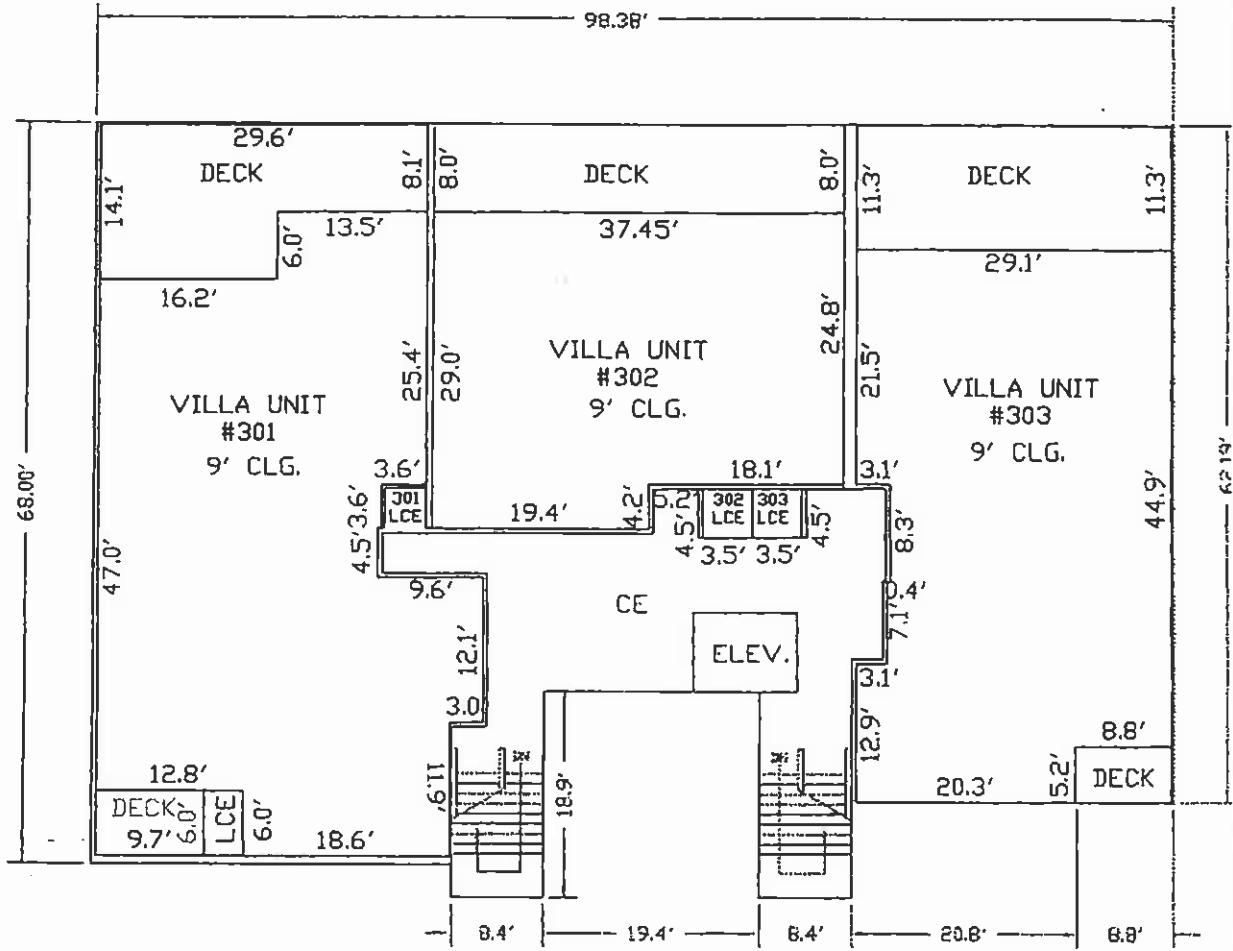
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THE VILLAS AT POINTE WEST, A CONDOMINIUM
 4141 POINTE WEST DRIVE GALVESTON, TEXAS
 PORTION #2 POINTE WEST SECTION ONE-C AS RECORDED
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FOURTH FLOOR PLAN
 SCALE 1/16"=1'

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EXHIBIT "H"

**Articles of Incorporation of
The Villas at Pointe West Condominium Association, Inc.**

Exhibit "G"