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**SUNSET HARBOR II LUXURY CONDOMINIUM REGIME
FIRST AMENDED DECLARATION - RESTATED**

STATE OF TEXAS

COUNTY OF MONTGOMERY

Preamble

This First Amended Declaration is made on OCTOBER 26th, 2009 at Austin, Texas, by Lake Conroe Properties, LLC, a Texas limited liability corporation (hereinafter "Declarant") whose mailing address is 10814 Laurel Creek, Austin, Texas 78726.

RECITALS

1. Declarant, Dennis Little, Philip & Patricia LeBlanc, and Myra Eppright are the owners of all of real property, including the land; all improvements and structures on the property; and all easements, rights, and appurtenances belonging to the property that is located in the City of Willis, County of Montgomery, State of Texas (the "Property"), more particularly described in **Exhibit A**, which is attached and incorporated by reference.
2. The original Declaration submitted certain property described therein (the "Property") to condominium ownership; created 24 condominium units and related Common and Limited Common Areas; said condominium regime was established by the Texas Uniform Condominium Act (TUCA), which is codified in Chapter 82 of the Property Code.
3. The Property constitutes a condominium project (the "Project") within the meaning of TUCA. The formal name of the Project is Sunset Harbor II Luxury Condominiums.
4. Declarant intended and desired to establish by this Declaration a plan of ownership for the condominium project ("Project"). The plan consists of individual ownership of residential condo units (the "Unit(s)") and other areas. The Project shall be divided into include no more than thirty (30) units.
5. The Declarant intends to impose on the Project mutually beneficial restrictions for the benefit of all Units and the persons who own those Units (the "Owners"). The Declarant further intends, in accordance with the terms set forth herein, that the Owners will govern the Project by means of an organization of Owners (herein the "Association"), as more particularly set forth herein. The formal name of the Association is the **SHR II Luxury Condominium Association, Inc.**

6. The Units and other areas of the Project are more particularly described in **Exhibits B and C**, which are attached and incorporated by reference. The Owners each have an undivided interest in the remaining property of the Project (referred to as the "Common Elements"), which is also more particularly described in **Exhibits B and C**.

7. Therefore, the Declarant declares that the Project is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the following covenants, conditions, and restrictions, all of which are declared and agreed to be in furtherance of a plan for the improvement of the Property and the division of the Property into Units, and all of which are established and agreed on for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the Project and every part of the Project. All of the covenants, conditions, and restrictions shall run with the Property and shall be binding on all parties having or acquiring any right, title, or interest in or any part of the Property and shall be for the benefit of each Owner of the Project or any interest in the Project and shall inure to the benefit of and be binding on each successor in interest of the Owners.

ARTICLE 1 DEFINITIONS

Articles

1.1 *Articles* mean the Articles of Incorporation of the Association that are or shall be filed in the Office of the Secretary of State of the State of Texas.

Association

1.2 *Association* means the SHR II Luxury Condominium Association, Inc., a corporation organized under the Texas Non-Profit Corporation Act for the management of the Project, the membership of which consists of all of the Owners in the Project.

Board

1.3 Board means the Board of Directors of the Association.

Bylaws

1.4 *Bylaws* mean the Bylaws of the Association and amendments to the Bylaws that are or shall be adopted by the Board.

Common Elements

1.5 *Common Elements* mean all elements of the Project except the separately owned Units, and includes both general and limited common elements.

Common Expenses

1.6 *Common Expenses* means expenses for the construction, improvement, maintenance, repair, operation, management and administration of the Project, as well as all other expenses made Common Expenses by this Declaration.

Common Surplus

1.7 *Common Surplus* means the excess of all financial amounts received by the Board including, without limitation, all Assessments, rentals, fees, profits, proceeds, income, royalties and revenues, if any, in excess of the amount of the Common Expenses. Each Owner shall have an undivided percentage interest in the Common Surplus in the same-percentage as his undivided percentage interest in the Common Elements as described on **Exhibit D** attached hereto and fully incorporated herein by reference; and as may be amended, restated and/or supplemented from time to time.

Condominium Act

1.8 *Condominium Act and/or Act* means Chapter 82 of the Texas Property Code, more specifically the Texas Uniform Condominium Act of 1993, in present form and as amended from time to time.

Condominium Unit

1.9 *Condominium Unit* means the fee simple interest in and to a Unit, together with the Common and Limited Common Elements appurtenant to the Unit.

Covenants, Conditions and Restrictions

1.10 *Covenants, Conditions and Restrictions (the "CCRs")* means those administrative and governing rules, together with any and all exhibits, schedules or certificates thereto, as created by the Board on behalf of the Association; and as may be adopted, restated and/or supplemented from time to time by the Board; and that are deemed necessary for the enjoyment of the Property, provided that none such are in conflict with the Act, the Instruments and/or the applicable laws of any federal, state, or local governmental agency or authority.

Declarant

1.11 *Declarant* means Lake Conroe Properties, LLC, and its successors and assigns, notwithstanding anything to the contrary in this Declaration, and pursuant to the Texas Uniform Condominium Act, the Declarant reserves all Special Declarant Rights or Development Rights under the Act, including but not limited to the right to:

- (a) exercise any development right;
- (b) add additional phases to the Condominium or to make the Condominium part of a planned community;
- (c) maintain sales, management, and leasing offices, sign, advertising the Condominium, and models;
- (d) access and use easements through or across the Common Elements for the purpose of making improvements within the Condominium or within real property that may be added to the Condominium; and/or
- (e) the right to appoint or remove any Officer or Trustee of the Association during any period of Declarant control.

Parcels

1.12 *Parcels* means any real property located in Montgomery County, Texas; together with any actual or contemplated improvements thereon; and all appurtenances thereto; inclusive of all Buildings, Units and Common Elements which may be submitted to and annexed under this Declaration as Additional Phases of the Property by recordation of a Supplemental Declaration in accordance with Article XII hereof.

Supplemental Declaration

1.13 *Supplemental Declaration* means an instrument recorded by the Board of Trustees on behalf of the Association in the official public records with the Office of the Clerk for Montgomery County, Texas, adding an Additional Phase or Phases to the Condominium Regime in accordance with Article XII hereof.

Unit Occupant

1.14 *Unit Occupant* means any person(s) occupying or permitted to occupy a Unit, including, without Limitation, any Owner, his family, guests and tenants.

Declaration

1.15 *Declaration* means this Declaration document and all that it contains.

General Common Elements

1.16 *General Common Elements* mean all the Common Elements except the Limited Common Elements.

Governing Instruments

1.17 *Governing Instruments* mean the Declaration, and the Articles of Incorporation and Bylaws of the Association

Limited Common Elements

1.18 *Limited Common Elements* mean the Common Elements allocated for the exclusive use of one or more but less than all of the Units.

Manager

1.19 *Manager* means the person or corporation, if any, appointed by the Board to manage the Project.

Unit Owner(s) or Owner(s)

1.20 *Unit Owner(s) or Owner(s)* means any person that holds record title in and to any condominium unit, including a *Whole Unit Owner* as defined in Section 1.25 hereof.

Person

1.21 *Person* means an individual, firm, corporation, partnership, association, trust, other legal entity, or any combination of persons or entities.

Project

1.22 *Project* means the entire parcel or the Property described in **Exhibit A**, including the land, all improvements and structures on the Property, and all easements, rights, and appurtenances belonging to the Property that are divided or are to be divided into Units to be owned and operated as a Condominium. The Project shall consist of no more than thirty (30) Units.

Rules

1.23 *Rules* mean and refer to the Rules and Regulations for the Project adopted by the Declarant pursuant to this Declaration.

Whole Unit Owner or Whole Ownership

1.24 *Whole Unit Owner or Whole Ownership* means the owner or ownership of a fee simple interest in a Condominium Unit which is not submitted to and not sold under the Plan of Timeshare Ownership **pursuant to Article 20** hereof.

ARTICLE 2

THE DECLARANT

Corporate Name and Address

The name of the Declarant is Lake Conroe Properties, LLC, the address of which is 10814 Laurel Creek, Austin, Texas 78726.

ARTICLE 3

THE PROPERTY

Property Subject to Declaration

3.1 All the real property described in **Exhibit A** to this declaration, including the land; all improvements and structures on the property; and all easements, rights, and appurtenances belonging to the property (referred to as the "Property") shall be subject to this Declaration.

Exclusive Ownership and Possession

3.2 Each Owner shall be entitled to the exclusive ownership and possession of the Owner's Unit. Any Unit may be jointly or commonly owned by more than one Person. **Units may be subdivided.** The boundaries of the Unit shall be and are the interior surfaces of the perimeter walls, floors, ceilings, interior walls, and the exterior surfaces of balconies and terraces. All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and other finish surface materials are a part of the Unit. An Owner shall not be deemed to own the utilities running through the Owner's Unit that are utilized for or serve more than one Unit, except as a tenant in common with the other Owners. An Owner shall be deemed to own and shall have the exclusive right to paint, repaint, tile, wax, paper, or otherwise refinish and decorate the interior surfaces of the walls, floors, ceilings, windows, and doors bounding the Owner's Unit. Each Unit contains any balcony attached thereto in its entirety. Each Unit also contains all non-structural interior partition walls, except those which contain, comprise or support part of the Common Elements located within the boundaries of the Unit, and all doors, windows, fixtures, appliances, mechanical, electrical and intercom systems or equipment, water and sewage pipes located within the boundaries of the Unit which serve that Unit, heating and air conditioning equipment installed exclusively for the Unit, commencing at the point of disconnection from the structural body of the building or from the utilities, lines, pipes and systems serving the Unit. The Unit shall not include the interior and exterior perimeter walls of the unit, load-bearing walls and partitions of the Unit, perimeter walls of the building in which the Unit is located, including the exterior finished surfaces of the perimeter walls of the building, all pipes (except water, gas

and sewage pipes located within the boundaries of the Unit serving that Unit exclusively), wires, conduits and other public utility lines, ventilation shafts or other ducts, and any structural portions of the building running through a Unit which are utilized for or serve more than one Unit and all other property or fixtures of any kinds which are not removable without jeopardizing the soundness, safety or usefulness of the remainder of the building.

Common Elements

3.3. Each Owner shall be entitled to an undivided interest in the Common Elements described in **Exhibit D** in the percentage expressed in **Exhibit D**. The percentage of the undivided interest of each Owner in the Common Elements, as expressed in **Exhibit D**, shall have a permanent character and shall not be altered without the consent of all Owners, expressed in an amended, duly recorded Declaration. The percentage of the undivided interest in the Common Elements shall not be separated from the Unit to which it pertains and shall be deemed to be conveyed or encumbered or released from liens with the Unit even though the interest is not expressly mentioned or described in the conveyance or other instrument. Each Owner may use the Common Elements in accordance with the purpose for which they are intended as long as the lawful rights of the other Owners are not hindered or encroached on.

Partition and Subdivision

3.4 There will be no judicial partition or subdivision of the Project or any part of it, nor will Declarant, any Owner or any person acquiring a Timeshare Interest in the Project or any part of it seek a judicial partition or subdivision; however, if any single Timeshare Interest is owned by two or more people as tenants-in-common or as joint tenants, this Declaration will not be deemed to prevent a judicial partition as between those cotenants as long as a judicial partition does not result in any physical partition.

Limited Common Elements

3.4 The Common Elements designated as Limited Common Elements in **Exhibit C** are reserved for the exclusive use of the Owners of the Units to which they are appurtenant.

Partition of Common Elements

3.5 The Common Elements, both General and Limited, shall remain undivided and shall not be the object of an action for partition or division of ownership so long as the Property remains a Condominium Project. In any event, all mortgages must be paid prior to the bringing of an action for partition or the consent of all mortgagees must be obtained-

Taxation

3.6 Any ad valorem property taxes assessed against the Project or any part of it will be paid by the individual Whole Unit Owner.

ARTICLE 4

SHR II Luxury Condominium Association, Inc. Responsibility for the repair, replacement, restoration, improvement, maintenance, operation, management and administration of the Property shall be vested in the Association as the agent of all Owners. Exclusive control and responsibility over the maintenance, modification, alteration, repair, restoration, color schemes, decor, design and improvement of the Common Elements, the limited Common Elements and the Common Furnishings, if any, is also vested in the Association.

4.1 Property Manager. All of the Association's rights, powers and authority as set forth in this Declaration and the other Instruments, including, without limitation, the Association's management, administration, operation, collection and enforcement responsibilities, rights, recourses and remedies, shall be delegated to the Board, which at its' sole discretion and without notice or limitation, may assign such responsibilities, rights, recourses and remedies to the Property Manager provided that a Management Agreement with the Board is in full force and effect. In such event, the Property Manager shall act as the designee of the Association.

4.2 Membership. Each Unit Owner and the Association, for so long as the Association is deemed to be an Owner of one or more Unit(s), shall automatically be a Member of the Association and shall continue to be an Association Member thereof until the Member ceases to be an Owner.

4.3 Transfer of Membership. An Owner's membership in the Association is appurtenant to and inseparable from ownership of a Unit and shall automatically terminate upon a valid transfer or conveyance of a Unit ownership interest to any transferee or grantee, whether voluntary or by operation of applicable law, except to the extent that such transferor retains an interest in any other Unit within the Property. The transferee of a Unit ownership interest shall immediately and automatically upon the valid transfer of the Unit ownership interest, as provided herein, become a member of the Association. If title to such Unit ownership interest is vested in more than one person or entity, then all of the persons and/or entities having title to such Unit ownership interest shall be Members of the Association and entitled to an undivided percentage interest of the prior Owner in the Common Elements, Common Expenses, Common Furnishing, and Common Surplus, although not expressly mentioned or addressed in the Warranty Deed or any instrument of conveyance and without any further instrument of transfer. Notwithstanding the foregoing, prior to any transfer or sale of an Owner's interest, any past and current maintenance fees and assessments must be current, unless otherwise agreed to in writing by the Association. Any such transfer or sale without first

paying current any maintenance fees and assessments, shall be invalid without further action of the Association and the transferee or grantee shall have no rights in and to the Unit unless and until said maintenance fees and assessments have been paid.

4.4 Association Power. In accordance with Section 82.102 of the Act, The Association, acting through its' Board of Directors or Trustees, may:

- (a) Enforce the applicable provisions of this Declaration, the Bylaws, and any Rules of the Association.
- (b) Pay taxes and assessments that are or could become a lien on the Common Elements or a portion of the Common Elements.
- (c) Contract for casualty, liability, and other insurance on behalf of the Association.
- (d) Contract for goods and services for the Common Elements, facilities, and interests of the Association.
- (e) Delegate of its powers to such committees, officers, or employees of the Association as are expressly authorized by the Governing Instruments.
- (f) Adopt and amend budgets for revenues, expenditures, and Reserves, and collect Assessments for Common Expenses from Owners.
- (d) Formulation of rules of operation for the Units, Common Elements and facilities owned or controlled by the Association.
- (e) Initiate and execute of disciplinary proceedings against Owners for violations of provisions of the Governing Instruments in accordance with procedures set forth in the Governing Instruments.
- (i) Authorize entry into any Unit as necessary in connection with construction, maintenance, or emergency repair for the benefit of the Common Element or the Owners in the aggregate.
- (j) Adopt and amend Bylaws.
- (k) Hire and terminate managing agents and other employees, agents, and other independent contractors.
- (l) Institute, defend, intervene in, settle, or compromise litigation or administrative proceedings in its own name, on behalf of itself or in the names of two or more Owners on matters affecting the Condominium.
- (m) Cause additional improvements to be made as part of the Common Elements;

- (n) Acquire, hold, encumber, and convey in its own name any right, title or interest to real or personal Property, except Common Elements of the Condominium.
- (o) Grant easements, leases, licenses, and concessions through or over the Common Elements.
- (p) Impose and receive payments, fees, or charges for the use, rental, or operation of the Common Elements and for services provide to Owners.
- (q) Impose interest and late charges for delinquent Assessments, returned check charges, and, if proper notice and an opportunity to be heard are given, reasonable penalties for violations of this Declaration, the Bylaws, CCRs, Rules & Regulations and any other Instruments of the Association.
- (r) Adopt and amend Rules & Regulations or additional policies regulating the collection of delinquent Assessments and the application of payments and regulating the use, occupancy, leasing or sale, maintenance, repair, modification, and appearance of Units and Common Elements, to the extent that the regulated actions affect Common Elements or other Units.
- (s) Adopt and amend rules regulating the termination of utility service to a Unit, the Owner of which is delinquent in the payment of an Assessment that is used, in whole or in part, to pay the cost of that utility.
- (t) Impose reasonable charges for preparing, recording, or copying Declaration amendments, resale certificates, or statements of unpaid Assessments.
- (u) Assign its right to future income, including the right to receive Common Expense Assessments, but only to the extent that this Declaration provides.
- (v) Suspend the voting privileges of or the use of certain Common Elements, by an Owner who is delinquent for more than thirty (30) days in the payment of Assessments.
- (w) To obtain and pay the cost of legal, collection and accounting services necessary or proper in the maintenance and operation of the Units, the Common Elements or the Project, and the enforcement of this Declaration and the Rules and Regulations of the Project.
- (x) To assess the Owners for Common Expenses and to collect assessments from the Owners.
- (y) To do all other acts or things necessary or appropriate for the ordinary and necessary operation and maintenance of the Units, the Common Elements, or the Project,

or to preserve and protect the Units, the Common Elements, or the Project in the event of any emergency, or to construct improvements to improve the value of the Project.

(z). Exercise any other powers necessary and proper for the government and operation of the Association.

4.5 Board of Trustees and Officer. The Board of Trustees shall act and carry out its fiduciary duties and responsibilities in accordance with Section 82.103 of the Act and shall in all instances act in good faith and reasonable judgment on behalf of the Association. All acts of the Association must be by and through the Board unless otherwise provided by this Declaration or the Bylaws or by law. The Board may not act on behalf of the Association to amend this Declaration, terminate the Condominium Regime, elect Trustees, or determine the qualifications, powers and duties, or terms of office of the Board of Trustees. The Board may fill a vacant seat on the Board for the unexpired portion of any Trustee's term.

Pursuant to Section 82.103(d) of the Act, the Declarant may initially appoint and remove Association Officers and Trustees. Such period shall automatically terminate not later than the one hundred twentieth (120th) day after conveyance of seventy-five percent (75%) of the Units that may be conveyed to Owners other than Declarant. Declarant may voluntarily surrender the right to appoint and remove Officers and Trustees before termination of Declarant control, but, Declarant requires, for the duration of the period that the Declarant would otherwise control, that the specific actions of the Board be approved by the Declarant before taking effect. Transfer of any special Declarant rights does not terminate the period of Declarant control.

Notwithstanding any limitation of liability provided an Officer or Trustee of the Association by the Bylaws, Articles or Instruments other than this Declaration, and any amendments to same, an Officer or Trustee of the Association is not liable to the Association or any Owner for monetary damages resulting from any act or omission occurring in the person's capacity as an Officer or Trustee, unless it is determined by an independent auditor or in an applicable court of law by a preponderance of evidence that:

- 1) the Officer or Trustee breached a fiduciary duty to the Association;
- 2) the Officer or Trustee received an improper benefit; or
- 3) the act or omission was in bad faith, involved intentional misconduct, or was one for which liability is expressly provided by Texas civil or criminal statute(s).

4.6 Meeting Notice. Notice of a Meeting of the Association must be given to each Owner in the same manner in which notice is given to Members of a nonprofit corporation under Section A, Article 2.11 of the Texas Non-Profit Corporation Act

(Article 1396-2.11, Vernon's Texas Civil Statutes). Notice of a Board Meeting must be given to each Trustee in the same manner in which notice is given to members of the board of a nonprofit corporation under Section B, Article 2.19, Texas Non-Profit Corporation Act (Article 1396-2.19, Vernon's Texas Civil Statutes). The Association, on the written request of an Owner, shall inform the Owner of the time and place of the next regular or special meeting of the Board. If the Association representative to whom the request is made does not know the time and place of the meeting, the Association representative shall promptly obtain the information and disclose it to the Owner or inform the Owner in writing where the information may be obtained.

4.7 Meetings. In accordance with Section 82.108 of the Act, meetings of the Association must be held at least once annually. Special meetings of the Association may be called by the Board President, a Board majority or Owners having at least twenty percent (20%) of the eligible votes in the Association. Meetings of the Association and Board must be open to Owners, subject to the right of the Board to adjourn a Board meeting and reconvene in a closed executive session to consider actions involving personnel, pending litigation, contract negotiations, real estate, enforcement actions, matters involving the privacy of individual unit owners, or matters that are to remain confidential by request of the affected parties and agreement of the Board. The general nature of any business to be considered in executive session must first be announced at the open meeting. A Board meeting may be held by any method of communication, including electronic and teleconference, if the meeting has been properly noticed in accordance with the Bylaws and provided that each Trustee in attendance may hear and be heard by every other Trustee; and that the meeting does not involve voting on a personal charge, damage assessment, appeal from a denial of architectural control approval, or suspension of any right of a member before the member has had an opportunity to attend a Board meeting to present his position, including any defense.

4.8 Voting. Except as otherwise specified by this Declaration and other Instruments, including, without limitation, any Purchase Contract, each Owner including the Association for so long as the Association is deemed to be an Owner of one or more Unit(s) in accordance with this Declaration shall be eligible to vote as a Member of the Association in accordance the Bylaws. Any wholly owned Unit owned by more than one (1) person or entity shall be voted in accordance with the Bylaws.

4.9 Approval. Unless otherwise required by the Bylaws or applicable law and except as otherwise provided or limited by this Declaration and the other Instruments, including, without limitation, any Purchase Contract, all decisions, actions, activities and matters made or undertaken by the Association in accordance with this Declaration, the then-current Rules & Regulations and the other Instruments, shall be approved and authorized by a simple majority vote of the Board of Trustees.

4.10 Association Records. In accordance with Section 82.114 of the Act, The Association shall keep the:

- (a) detailed financial records that comply with generally accepted accounting principles and that are sufficiently detailed to enable the Association to prepare a resale certificate under Section 82.157 of the Act and any amendments thereto;
- (b) Condominium public information disclosure statement required under Section 82.152 of the Act and any amendments thereto;
- (c) name and mailing address of each Owner;
- (d) voting records and proxies,
- (e) correspondence about any amendments to this Declaration;
- (f) Minutes of all meetings of the Association and the Board;
- (g) the plans and specifications used to construct the Condominium except for buildings originally constructed before January 1, 1999.

All financial and other records of the Association shall be made reasonably available at the Association's registered office or its principal place of business for examination by an Owner or the Owner's agent(s). The Association shall, as a Common Expense, obtain an annual independent audit of the Records. Copies of the audit must be made available to the Owners. An audit shall be performed by a certified public accountant if required by a Board vote or a majority vote of Members at an Annual or Special Meeting of the Association.

Not later than the thirtieth (30th) day after the date of acquiring an interest in a unit, the Owner shall provide the Association with the:

- (a) Owner's mailing address, telephone number, and driver's license number, if any;
- (b) name and address of the holder of any lien against the Unit, and any loan number;
- (c) name and telephone number of any person occupying the Unit other than the Owner; and

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

An Owner shall notify the Association not later than the thirtieth (30th) day after the date such Owner has notice of a change in any of the above required information and shall promptly provide such information on request by the Association from time to time.

ARTICLE 5

Seven Coves Resort Condominium Association (SCRCA). Each SHR II Luxury Condominium Association Member (hereinafter "SHR Member") is automatically a Member of the Seven Coves Resort Condominium Association (SCRCA) and, as such, is subject to the SCRCA's Deed Restrictions, Bylaws, Articles of Incorporation, Rules & Regulations, Assessments, Fees, Liens, provisions and other terms (hereinafter, "CCRs") as set forth in the instrument recorded under Clerk's File No. 8143801 and located in the official public records of Real property for Montgomery County, Texas. The SCRCA is a separate corporate entity from the SHR. All rights, privileges and obligations of SCRCA Members are separate and apart from the rights, privileges and obligations of SHR Members.

5.1 Voting. The SCRCA Deed Restrictions provide that there shall be one (1) vote allocated per Unit in the Condominium. Each Unit Owner hereby irrevocably appoints the Declarant as attorney-in-fact with full power and authority to act in the Owner's name, place and stead for the sole purpose of exercising all quorum rights and voting privileges with respect to SCRCA business conducted, in accordance with SCRCA Bylaws, Articles of Incorporation, Deed Restrictions and other governing documents. Such appointment of the Declarant as attorney-in-fact for all SHR Members is coupled with quorum rights and voting privileges in the Association and irrevocable, but will expire nonetheless upon termination of the Association or as otherwise provided herein.

5.2 Assessments. The Deed Restrictions for each section of the Sunset Harbor II Luxury Condominium Regime provide for an annual assessment to be set by the SCRCA Board of Directors and to be assessed against each SHR Member (Unit Owner); and also include provisions for special assessments against each SHR Member as deemed reasonable and necessary by the SCRCA Board of Directors. The Board of Trustees shall include the annual and any special assessment imposed by the SCRCA upon SHR Members as an item has the usual SHR budget and shall be responsible for remitting all such assessments upon collection of the Common Expense Assessment from Owners.

5.3 Vendor's Lien. SCRCA Deed Restrictions provide for a vendor's lien against each Unit for SCRCA's benefit to secure payment of all SCRCA assessments, any past due interest thereon and all collection expenses or legal fees

associated with such assessments. By recordation of a Warranty Deed for the Property in the official public records of Real Property for Montgomery County, Texas, a SHR Member is deemed to have acquired a real property interest in his Unit subject to said vendor's lien.

ARTICLE 6

Compliance with Condominium Instruments. All present and future Unit Owners, Unit Occupants and users of Units or any part of the Condominium are subject to and shall comply with all provisions of the Declarations, Bylaws, Covenants, Restrictions and related Instruments, together with the decisions and resolutions of the Association adopted pursuant thereto, and hereby acknowledge that time is of the essence regarding compliance and adherence with each of the terms and provisions of this Declaration and the other Instruments. Such provisions are deemed to be enforceable, equitable servitudes as covenants running with the land that shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated in full in each and every deed of conveyance or lease thereof.

6.1 Rights, Recourse and Remedies for Default or Breach. Any default in the payment of any Assessment or breach of any terms and provisions of this Declaration or the other instruments by any Unit Owner/Unit Occupant shall be grounds for an action to recover any sums and/or damages due, for injunctive relief, or for both; and for the reimbursement of all costs, including, without limitation, reasonable attorneys' fees and court costs incurred in connection therewith, as well as late charges and any interest on delinquent amounts. Such action shall be maintainable by the Association, or, in any proper case as provided for herein or under law on behalf of any aggrieved Owner. All such amounts, along with any other costs incurred by the Association to retain an attorney for enforcement of this Declaration and the other Instruments shall constitute a Personal Assessment against the Owner who is in default or breach; or who is responsible for Unit Occupants, guests or other parties committing such violations; or for whomever/whatever caused the Association to pursue such action; and shall be promptly reimbursed by such Owner to the Association upon demand thereof.

6.2 Enforcement. Unless otherwise prohibited by applicable law, any violation of this Declaration or the other Instruments shall vest in the Association a right, in addition to any other rights and remedies available under law and the Instruments, to:

- (a) enter the Unit or area in which, or as to which, such violation or breach exists, and to summarily abate and remove, at the expense of the Owner who caused or permitted such violation to be caused, any structure, thing or condition that may exist therein contrary to the intent and meaning of the Declaration and other Instruments; and the Association, the Board, Property Manager and/or any authorized agent

thereof, shall not thereby be deemed guilty in any manner of either civil or criminal trespass;

(b) engage the services of any attorney to initiate such action as is deemed necessary by the Association to enforce this Declaration and the other Instruments, including the initiation of a civil suit for damages and/or to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the existence or continuance of any default or breach;

(c) file for judicial foreclosure if such remedy is available under law;

(d) suspend some or all of any Member rights and privileges hereunder and pursuant to an Owner's Warranty Deed, including, without limitation, the right to vote as a Seven Coves Resort Condominium Association (SCRCA) Member, the right to use (or allow others, including Unit Occupants, tenants, family and guests, to use) the Common Elements, Limited Common Elements, Common Furnishings and SCRCA amenities, if any. The Owner who is in default or breach shall be notified in writing within seven (7) calendar days of any such suspension of rights and privileges, including the reason therefore and the length thereof, immediately after such enforcement decision has been made by the Association, its; Board and/or Property Manager; and

(e) provided that a suspension of Member rights and privileges is a result of the failure of an Owner to pay any Assessment required hereunder when due payable, then the suspended rights and privileges of such Owner shall be automatically reinstated at such time as the Owner pays to the Association, in cash or by cashier's check, money order or certified check, all amounts past due as of the date of such reinstatement, If such suspension of rights and privileges is based on any breach, violation, act or omission other than the failure, neglect or refusal by an Owner to pay any Assessments required hereunder when due, then the suspended rights and privileges shall be automatically reinstated upon the expiration of the suspension period stated in the written notice of suspension, more fully described in the Collections Policy that is made a part of the Rules & Regulations, and as may be amended, restated or supplemented from time to time.

6.3 Cumulative Remedies. All of the rights, resources and remedies granted under this Declaration and the other Instruments are cumulative and the exercise of one right, recourse or remedy shall not impair, preclude or prevent the right to exercise any other right, recourse or remedies, at any time. The Association shall not be limited to the express rights, recourses and remedies set forth in this Declaration or as specified in the other Instruments, and may invoke or exercise any other rights,

recourses and remedies available under law or allowable in equity.

6.4 Estoppel. No restriction, condition, obligation, term or provision contained in either this Declaration or the other Instruments shall be deemed to have been abrogated, relinquished or waived by reason of any failure, neglect or refusal of the Association to enforce this Declaration or the other Instruments, irrespective of the number of violations or breaches thereof which may occur, and shall not be construed as an estoppel, waiver, relinquishment or modification of any terms or provisions thereof. Rather, all such terms and provisions run with the land and shall remain in full force and effect at all times.

6.5 Use, Occupancy and Constructive Possession of Units. A Unit which is held in Whole Ownership shall only be used by an Owner/Unit Occupant for private, residential purposes consistent with the general character of the Condominium, except for such other uses as are specified in the Instruments. The acquisition, rental, lease or occupancy of a wholly owned Unit and the use of any part of the Property by any person shall constitute an implicit agreement with such person(s) to comply with and be bound by all provisions of the Instruments.

6.6 Maximum Occupancy. No Owner/Unit Occupant shall cause or permit any Unit to be occupied by a number of persons in excess of such occupancy limits which are imposed by any applicable law and/or as may be stipulated in the Instruments.

6.7 Offensive Use. No Owner/Unit Occupant shall cause or permit may offensive, illegal, improper and/or disruptive activity to occur in any Unit or upon any of the Common Elements which is not in conformity with the Instruments. This provision shall not be construed to prevent Owners from declaring a portion of their home as a home office for income tax purposes, nor to prevent sole proprietors from operating home-based clerical businesses (ie: writing, review or research) without customer traffic.

6.8 Hazardous Use. Any violation deemed by the Board of Trustees to constitute a health or safety hazard shall be corrected immediately. The responsible Owner/Unit Occupant shall be liable for any uninsured expense of correcting any such violation. No Owner/Unit Occupant shall cause or permit anything to be kept in a Unit Which will increase the rate of any portion of the Association's insurance coverage; or which will obstruct, impair or interfere with the rights of other Owners/Unit Occupants.

6.9 Rental Use. This provision shall not be construed or prevent the Declarant from using any Unit so owned by the Declarant for temporary or overnight accommodation(s) on a transient or temporary basis primarily benefiting the Declarant; or to rent any Unit so owned by the Declarant to any member of the general public for any similar purpose; or to use any Unit so owned by the Declarant for a display model, business office and/or storage. All guests or tenants of the

Association shall be subject to the same membership rights and restrictions as the guests or tenants of other Owners. Any revenues generated by such rentals shall inure solely to Declarant's benefit.

6.10 Signage. The Declarant may without further notice install signage, banners or other promotional tools in and around the Common Elements for marketing, sales, rental, operation, management, administration, repair and maintenance purposes, in combination with or to the exclusion of all other uses. The Declarant shall place such signage, banners or other promotional tools and conduct all activities in such manner and location as to minimize any inconvenience to Owners that may be occasioned thereby. Owners/Unit Occupants other than the Board or its' designees, are prohibited from placing signage or other materials in and around the Common Elements, including any signage that is visible from outside the unit.

6.11 Separate Accounts. The Board and its' designee, agent, employee or assigns shall maintain accounts within the books and records reflecting the use of the Condominium by the Owners and their family members, guests, tenants, licensees and invitees, which are separate and distinct from those accounts within the books and records maintained to reflect the rental or use by the Association of Association-owned Units as set forth above. The Board shall submit to the Owner a written annual report for the preceding fiscal year of the Association setting forth the amount, if any, of revenues derived by the Association from temporary or overnight accommodation usage; as well as the amount of money paid by the Association for expenses incurred by or allocated to the Condominium in connection with the transient or temporary use of any Unit owned by the Association that is used by the general public..

6.12 Owner Rentals. Any Whole Unit Owner, whether personally or through a broker, may rent his Unit in accordance with the provisions of this Declaration and other Instruments. For a fee charged to the Whole Unit Owner on behalf of the Association, the Board and its' designee, agent, employee, broker or assigns, will represent an Owner seeking to rent his Unit.

6.13 Pet Restrictions. No pet or animal of any type shall be permitted in any Unit or elsewhere within or on the Property except as provided in the Instruments.

6.14 Alterations. An Owner shall not make any structural addition, structural improvements or structural alterations within his Unit or do anything which would change the exterior appearance of his Unit or any other portion of the Condominium except as permitted by the Instruments.

ARTICLE 7

Common and Limited Common Elements. The Association shall at all times maintain the Common Elements and the Limited Common Elements in good condition and repair; and shall exercise sole discretion in determining the timing, extent and scope of redecorations, repairs, restorations, refurbishments and/or replacements thereof.

7.1 Management, Maintenance & Repairs. Exclusive control and responsibility over the repair, replacement, redecoration, restoration, refurbishment, improvement, maintenance, modification, alteration, addition, operation, management and administration of the Common Elements, Limited Common Elements and Common Furnishings if any is vested in the Association. No Owner/Unit Occupant shall make any repair, replacement, redecoration, restoration, refurbishment, improvement, maintenance, modification, alteration or addition to any Common Elements, Limited Common Elements or Common Furnishings, if any; and shall be personally liable for any damage or destruction thereto caused by such Owner, any of his family members, guests or tenants. Each Owner shall maintain his Unit in a safe, sanitary and attractive condition, including, without limitation, all appurtenances thereto such as windows, doors and balconies.

7.2 Right of Access. The Association shall have an irrevocable right of access to all Units, without liability for trespass, as may be reasonable and necessary to perform and carry out its rights, duties, obligations and responsibilities as set forth in this Declaration and the other Instruments, including, without limitation:

- (a) making emergency repairs therein;
- (b) abating any nuisance or other dangerous, unauthorized, prohibited or unlawful activities;
- (c) protecting the property rights and general health safety and welfare of the Owners/Unit Occupants; and
- (d) any other purposes reasonably related to the performance by the Association of its duties, obligations and responsibilities under this Declaration and the other Instruments.

Such right and authority to enter any Unit shall be exercised in such manner as to avoid any unreasonable or unnecessary interference with the possession, use and/or enjoyment of a Unit by any Owner/Occupant thereof, and shall be preceded by reasonable notice to the Owner/Occupant whenever circumstances permit.

7.3 Common Elements. The Common Elements of each Parcel of the Property include the following, except to the extent that any portion is designated as a Limited Common Element more fully described below in Section 7.6 and subject

to being amended restated or supplemented from time to time at the sole discretion of the Seven Coves Resort Condominium Association Board of Trustees.

- a. all real property listed on **Exhibit A** upon which the Parcels are situated and all land adjacent thereto with the perimeters of the Property, including all trees, shrubbery, plants, greenbelts, playgrounds, paved areas, parcels and any storage facilities; but excluding any porch, patio or other appurtenance to a Unit that is designated as a Limited Common Element for exclusive use of that Unit. The parking lot shall contain a minimum of thirty (30) Common Element parking spaces, with one (1) parking space for to each Unit by the Board of Trustees pursuant to this provision;
- b. the foundations, beams, supports, girders, columns, bearing walls, non-bearing and bearing perimeter walls of the Building; all walls and partitions of the Building separating any Unit from corridors, stairs and other mechanical spaces, excepting those finished portions of such walls as are within the interior of any Units; all floors and ceilings, exclusive of the finished flooring and finished ceiling which are within a Unit; the roof and any attic space;
- c. all of the walkways, easements, steps, corridors and other means of access which are incidental thereto and which provide access to the Buildings;
- d. the compartments, elevators, housings, tanks, pumps, fans, reservoirs, apparatus, fixtures, equipment, facilities or installations over, across, through, around and under Parcels for central services, including but not limited to water, gas, electrical, sewage, intercom, satellite, modem, pipes, ducts, flues, chutes, gutters, downspouts, drains, cables, wires, telephone, data and other utility lines which service one or more Units;
- e. all other elements of the Condominium generally of common use or necessary for the existence, maintenance, operation, administration and safety of the Property; and
- f. all that part of the Condominium which is not part of any of the Units and is not a Limited Common Element as better defined in Section 7.6 below.

7.4 Ownership and Use of Common Elements. Each Unit is allocated an undivided Percentage Interest in the Common Elements. The Percentage Interest in the Common Elements shall not be separated from the Unit and shall be deemed to be conveyed or encumbered with the Unit even though such undivided interest is not expressly mentioned or described in the document of conveyance or

encumbrance. The Percentage Interest allocated to each Unit is set forth on **Exhibit D** to this Declaration. The use of the Common Elements shall be limited to the Owners in residence, to their tenants in residence and to their guests, invitees and licensees and shall be governed by the Instruments.

7.5. No Revocation, Abandonment or Partition. The Common Elements shall remain undivided and shall not be abandoned by act or omission, and no Owner or other person may bring any action for partition or division of the Common Elements unless the Condominium Regime is terminated pursuant to the Condominium Act.

7.6. Limited Common Elements. The Limited Common Elements of the Condominium include the following, except to the extent that any portion is designated as a general Common Element above in Section 7.3, subject to being amended restated or supplemented from time to time at the sole discretion of the Seven Coves Resort Condominium Association Board of Trustees:

- (a) the porches, balconies, patios and yards of any Unit;
- (b) the walkways, easements, steps, corridors and other means of access which are incidental thereto and which provide access to any Unit;
- (c) the exterior staircases that lead to any Unit, including storage areas if any under such staircases, and
- (d) the skylights, porch lights, mailboxes and garden hoses of any Unit.

7.7. Ownership and Use of Limited Common Elements. In accordance with Section 82.058 of the Act, the Limited Common Elements and the provisions of this Declaration relating to the right to use the Limited Common Elements may not be altered without the consent of each affected Owner and the Owner's first lien mortgagee. Except as otherwise provided by this Declaration, a Limited Common Element may be reallocated by an amendment to this Declaration, executed by the Owners between or among whose Units the reallocation is made. The persons executing the amendment shall deliver it to the Association, which shall record it at the expense of the reallocating Owners. A common element not previously allocated as a Limited Common Element may not be allocated except pursuant to this Declaration made by amendment to this Declaration in accordance with Section 82.055(7) of the Act.

7.8 Suspension and Limitation of Use. The Board of Trustees may suspend or limit the right of any Owner or other person to use any part of the Common Elements upon failure of such Owner or other person to observe the provisions of the Rules & Regulations or other Instruments governing usage of the Common Elements.

ARTICLE 8

Easements. The Condominium shall be subject to the following easements:

8.1 Common Easements. The Association hereby retains for itself, its Board, agents, employees, contractors and assigns, a non-exclusive, perpetual easement in and to the Common Elements and shall have full access to such easement for the operation, maintenance, repair and replacement of each Unit; and for any future installation of such central services as cable television, telephone and electronic data lines; coaxial cable; CATV-E data lines; satellite dishes; security monitors or any other central services over, across, through, around or under any Common Easements, Common Elements or Units; and moreover shall have the:

(a) right of access to each Unit for inspection of such Common Easements and other Common Elements, to remove or correct violations; and maintain, repair or replace Common Elements therein or elsewhere in each Unit and Buildings;

(b) right of ingress and egress over, across, through, around and under such Common Easements and may roadways, walkways, pathways, stairways or rights-of-way serving the Units and Common Elements as may be necessary to provide reasonable vehicular and pedestrian access thereto, as well as an easement for ingress and egress over, across, through, around and under such paved portions of the Common Elements as may be necessary to provide reasonable vehicular and pedestrian access thereto; provided, however, that the latter easement shall not give or create in any person the right to park upon any portion of the Property not designated for parking by the Association;

(c) right, power and authority at Association expense and for the benefit of the Association, any adjacent or other property owned or administered by the Association, to utilize, grant, convey, transfer, modify, amend, restate, terminate, relocate and otherwise deal with easements over, across, through, around and under the Common Elements for utilities, poles, sanitary sewers, storm sewers, water lines, drainage, security devices, cable lines, roadways, walkways, pathways and rights-of-way, and to relocate or realign any existing easements or rights-of-way over, across, through, around and under the Common Elements, including, without limitation, any utilities, poles, sanitary sewers, storm sewers, water lines, drainage and cable lines, and to

connect the same over, across, through, around and under the Common Elements, provided that such connections shall not materially impair or interfere with the use of any Unit. In addition, the Association is authorized to utilize, grant, convey, transfer, modify, amend, restate, terminate, relocate and otherwise deal with any and all easements now or hereafter located on or affecting the Property, or any portion thereof; and

(d) right, power and authority to establish additional easements, exceptions, waivers and exclusions at the Board's sole discretion as deemed necessary and in the best interest of Owners and to the benefit of the Association; or to modify, amend, restate, re-plat and terminate plats affecting the Property; subject to the Declaration of Cross Easements, attached as **Exhibit "F"** hereto and incorporated herein.

8.2 Easements for Owners. Each Owner shall have an easement in common with all other Owners to use all pipes, wires, ducts, flues, cables, conduits, public utility lines, telephone and data lines, coaxial cable, CATV-E data lines and other Common Elements generally allocated in any of the other Units; and to service the telephone and data lines, coaxial cable, CATV-E data lines and other Common Elements located in the Owner's Unit or in any of the other Units serving the Owner's Unit.

8.3 Easements for Encroachments. To the extent that any Unit or Common Element now or hereafter encroaches upon any other Unit or Common Element, whether by design or deviation from the Condominium Plat and Condominium Plans in the construction, repair, renovation, restoration or replacement of any improvement; or by reason of any land settling or shifting; a valid easement shall exist for the encroachment and maintenance of same, so long as the encroaching Unit or Common Elements stand. A valid easement shall not relieve an Owner of liability for his or his agent's negligence or intentional acts in creating, causing, or permitting to be caused such an encroachment.

8.4 Easement of Support. Each Unit and the related Common Elements shall have an easement of lateral and subjacent support from every other Unit and Common Elements.

8.5 Easement for Emergency Ingress or Egress. A valid easement is granted to each Unit Owner and to the Association over, across, through, around or under any Unit or Limited Common Element for the purpose of emergency ingress or egress.

ARTICLE 9

Conditions, Covenants & Restrictions and Rules & Regulations.

9.1 Each Owner shall automatically be a Member of the Seven Coves Resort Condominium Association (SCRCA) and, as such, is subject to SCRCA's Deed

Restrictions, Bylaws, Articles of Incorporation, Rules & Regulations, Assessments, Fees, Liens, provisions, policies, procedures and other terms of the CCRs, as set forth in the instrument recorded under Clerk's File No. 8143801 and located in the Official Public Records of Real Property for Montgomery County, Texas. All dues pertinent to said association shall be part of the Common Expense Assessment due and payable to SHR II Luxury Condominium Association, Inc.

9.2 Each Owner automatically is a Member of the Seven Coves Community Improvement Association (SCCIA) or its successor and assigns which is the neighborhood association for this community and, as such, is liable for membership dues to the SCCIA which dues shall be part of the Common Expense Assessment and payable to SHR II Luxury Condominium Association, Inc.

9.3 SHR II Luxury Condominium Association, Inc., Rules & Regulations. From time to time, the Board shall establish certain policies and procedures for the Association that shall take the form of written Rules & Regulations; and that shall govern the Association, including, without limitation, the use of the Units and all Common Elements; and shall be effective until such time as they are duly amended, modified and/or restated by the Board or its' designee(s), and shall apply equally to and be binding upon all Owners/Unit Occupants, who shall at all times obey, adhere to and comply with same, and shall make their best efforts to ensure that such Rules & Regulations are fully and faithfully kept and observed by their family member and guests. The Rules & Regulations, as detailed on **Exhibit E** are subordinate and supplemental to the terms and provisions of the Declaration and in the event of any conflict with the Declaration, then the Declaration shall prevail, control and govern in all respects.

9.4 Sunset Harbor Resort. All Whole Unit Owners shall also be a member of the Sunset Harbor Resort. Any fees associated with the membership shall be paid by the owner or, at the election of the Association, be paid by the Association and charged to said owners.

ARTICLE 10

Bylaws and Articles of Incorporation. In accordance with Section 82.106 of the Act, the administration and operation of the Condominium are governed by the Bylaws and the Articles of Incorporation, more fully detailed on Exhibit H.

ARTICLE 11

Owner Assessments & Personal Charges. Except as otherwise provided herein, each Owner, including the Association with respect to any Unit of which it is deemed to be an Owner in accordance with this Declaration, shall be required to pay the Common Expense Assessment for each Unit owned.

11.1 Common Expense Assessments. The Common Expense Assessment shall be levied and assessed by the Association to meet the Common Expenses. The liability for payment of the Common Expenses shall be apportioned among Owners according to the Unit specifically identified in each Owner's Warranty Deed. For each Unit owned, an Owner's Common Expense Assessment shall be determined by multiplying the fractional interest of the Owner as identified in **Exhibit D** times the total expenses applicable to the Unit specifically identified in the Owner's Warranty Deed. The total Common Expense Assessment shall be set forth in the Annual Budget approved by the Association; and shall include without limitation the following costs and expenses:

The personal property taxes, real estate or *ad valorem* taxes, utility standby fees if any and any other fees or assessments levied by a governmental authority and not billed directly to the Owners;

- (a) the repair, replacement, redecoration, restoration, refurbishment, improvement, maintenance, modification, alteration and addition of the Common Elements, the Limited Common Elements and the Common Furnishings, if any;
- (b) the utility charges;
- (c) insurance coverage;
- (d) maintenance, domestic and grounds-keeping services;
- (e) rental by the Association of any furnishings, equipment, recreational facilities and other amenities from other persons or entities;
- (g) administrative and management fees and expenses;
- (h) reserves;
- (i) such membership, license, permit and other fees, dues, royalties or costs which are customary and may be payable by the Association to other persons or entities for the right to use and enjoyment of recreational facilities and amenities, by Owners, including, without limitation, any amenities furnished to Owners under use, reciprocal or franchise agreements; and any membership, license, permit and other fees, dues, royalties or costs which are customary and may be payable by the Association to other persons or entities for the right to participate

in and/or belong to affiliated trade organizations, including, without limitation, participation in any continuing education, edification mad enrichment seminars, conferences, courses, workshops or conventions as may benefit the Association and interest the Board or its designees; and

- (j) all other costs, expenses or fees incurred by the Association in connection with the operation, management and administration of the Property, and/or its connection with the operation, management and administration of the Association, including those items noted in Article IX hereof.

The initial Common Expense Assessment shall be due and payable by any Owner at the time and in the manner set forth in such Owner's Purchase Contract. Unless and until such date is changed by the Association, subsequent Common Expense Assessments shall be due and payable annually by each Owner in one lump sum on or before January 15th, commencing with the first year immediately after the year in which the Owner executed a binding Purchase Contract to purchase the Unit against which the Common Expense Assessment is levied and assessed, unless and until the Association institutes a different payment schedule providing written notice thereof to each Owner; provided, however and notwithstanding anything contained herein to the contrary, the Association, at its sole discretion, shall be entitled to pay any Common Expense Assessments which are levied and assessed against any Unit of which it is deemed to be an Owner in accordance with this Declaration on a monthly, quarterly or other periodic basis.

11.2 Special Assessments. If the Common Element Assessments collected from the Owners are at any time inadequate to meet the costs and expenses incurred by the association for any reason, including, without limitation:

- (a) non-payment by any Owner of any Assessment or Personal Charge;
- (b) a judgment filed against the Association; or
- (c) other extraordinary, unforeseen or unbudgeted items deemed reasonably necessary by the Association;

then, the Association shall immediately determine the approximate amount of such inadequacy, prepare a supplemental budget and levy a Special Assessment upon each Owner in such amounts as the Association determines necessary to pay its' expenses.

Such Special Assessment shall be allocated among the Owners by multiplying the fractional interest of the Owner in the Common Elements times the total Special Assessment applicable to the Unit identified in each Owner's Warranty Deed; provided, however, that the approval of such Special Assessment by the affirmative vote or written consent of sixty-five-percent (65%) of the Owners eligible to vote as

Members of the Association shall be required unless the:

[i] Special Assessment (other than a Special Assessment for the purpose of restoring or rebuilding any Units or the Common Elements thereof as a result of the damage or destruction thereof) is levied and assessed against all of the Owners in an amount which, in the aggregate of any fiscal year, does not exceed five percent (5%) of the budgeted gross Common Expenses of the Association for the fiscal year;

[ii] Special Assessment is levied and assessed for the repair, restoration or rebuilding of a Unit in accordance with this Declaration;
or

[iii] Special Assessment is levied against all Owners for the purpose of reimbursing the Association for expenses incurred in bringing the Owner into compliance with this Declaration and other Instruments.

Any Special Assessment shall be due and payable within thirty (30) days after the date on which a written notice of such Special Assessment is delivered to the Owner via Hand Delivery, Certified Mail -- Return Receipt Requested, unless the Association determines that installments shall be permitted and thereafter provides the Owner(s) with an approved payment schedule, in which case, each Owner's payments shall be made no later than is specific in such schedule. If the Association authorizes the payment of a Special Assessment in installments, no notice of the due date of each individual installment payment shall be required to be given other than the aforesaid Special Assessment notice.

11.3 Units Owned by the Association. Notwithstanding anything contained in the Declaration and the other Instruments to the contrary, or contrary to applicable law, the Association shall not be required to pay any Common Expense Assessments or Special Assessments attributable to any Unit of which it is deemed to be the Owner in accordance with the Declaration; provided, however, that the Association shall subsidize these expenses by paying any monetary deficiencies (the "Deficiency") in the Common Expense Assessments and Special Assessments levied and assessed against all Owners; provided, however, that the Association's maximum liability for the Deficiency at all times shall never exceed the total amount of net rental income, if any, from the net rental of Units in accordance with the Declaration.

11.4 Personal Charges. Each Owner shall be responsible for paying to the Association any and all expenses incurred as a result of the act or omission of the Owner, or at any other time or of any other persons occupying such Owner's Unit, including, without limitation, the costs or expenses associated with:

(a) any negligent, willful or intentional act or omission of an Owner, his family members, their guests or other occupants (to the extent not covered by insurance) or resulting from his/their breach of this Declaration or the other Instruments;

(b) any late fees, levies, fines, penalties, attorneys' fees, court costs and other amounts that this Declaration, other Instruments, and local, state or federal laws expressly allows to be levied and assessed against an Owner; and

(c) any dues, membership fees, charges and other amounts due and payable to Seven Coves Resort Condominium Association (SCRCA) and any other person or entity.

11.5 Liability for Assessments. No Owner may ever exempt himself, his executors, administrators, legal representatives, agents, heirs, successors, designees and assigns, from his obligation to pay any Assessments by his waiver, failure, neglect or refusal to use, occupy and enjoy his Unit, or any of the Common Elements, the Limited Common Elements and Common Furnishings, if any; or by abandonment or purported abandonment of his ownership interest in his Unit. Before the Association may charge an Owner for property damage for which the Owner is liable; and/or levy a Personal Charge for violation of this Declaration, the Bylaws, CCRs, Rules & Regulations, and/or other Instruments, the Association shall give written notice to the Owner and a copy of such written notice to any Unit Occupant that:

(a) describes the violation or property damage and states the amount of the Personal Charge;

(b) states how not later than the thirtieth (30th) day after the date of the notice, the Owner may request a hearing with the Board about the Personal Charge; and

(c) allows the Owner a reasonable time, by a specified date, to cure the violation, default, damage and/or breach in order to avoid payment of such Personal Charge; unless the Owner was given notice and a reasonable opportunity to cure a similar violation, default, damage and/or breach within the preceding twelve (12) months.

11.6 Surplus Funds. The Association shall, from time to time, determine and set the sum or sums which are necessary and adequate to provide for the Common Expenses of the Property and such other Assessments as are specified herewith. The procedure for determining the Assessments shall be set forth in the Bylaws, this Declaration and the Exhibits attached hereto. If the Association determines at any time during the Association's fiscal year that the aggregate amount of Assessments is, or will be, in excess of the amounts necessary to meet the Common Expenses of the Condominium,

then such excess amount shall appear as a line item in the Association's budget for the immediately following fiscal year, and shall be applied to reduce the amount levied and assessed to meet the Common Expense, as appropriate, for such fiscal year. Any such excess shall never relieve any Owner from his obligation to pay any delinquent amounts which he owes to the Association, nor shall any Owner ever be entitled to a refund of all or any portion of any Assessments previously paid on account of such excess.

11.7 Replacement Reserves. Notwithstanding the foregoing provisions of this Declaration, the Association shall, from time to time, establish one (1) or more Replacement Reserve(s) (hereinafter, "Reserve(s)") as are necessary for the operation, administration, maintenance, cleaning, repair, refurbishment, restoration, replacement and improvement of the Condominium by including amounts intended for such purpose in the Association's budget; or by levying Assessments upon all of the Owners in such amounts as the Association determined to be necessary and appropriate, provided that the annual budget shall include a reserve fund for the maintenance, cleaning, repair, refurbishment, restoration, replacement and improvement of the Common Elements of not less than ten percent (10%) of the total annual budget. For each Unit owned, an Owner's liability for Reserve(s) will be determined by multiplying the fractional interest of the Owner as identified in **Exhibit D** times the total Reserve(s) applicable to the Unit type specified in his Warranty Deed.

Such Reserve(s), at the Association's sole discretion, may be used to pay any extraordinary expense for which they were established or intended, may be allocated to reserve amounts which were established for different purposes, or may be used to meet any deficiencies in operating capital, as the case may be, from time to time, resulting from Owners in the payment of any Assessments, any Personal Charges or otherwise; provided, however, that the existence of such Reserve(s) shall not operate to exempt any Owner from his obligation to contribute his proportionate share of the Common Expenses or to pay any Assessments therefore. Any funds used from any of said Reserve(s) to meet any deficiencies in operating or maintenance funds resulting from an Owner's delinquencies shall be promptly restored upon the payment of such delinquent Assessments or Personal Charges by said Owner.

The proportionate interest of each Owner in said Reserve(s) and any other fund(s) being held by the Association shall not be withdrawn or assigned separately, but shall be deemed to be transferred with each Owner's interest in any Unit, even though not mentioned or described expressly in the Warranty Deed. If the Condominium is terminated, then all such funds remaining after full payment of all Common Expenses shall be distributed to all then-existing owners in accordance with each Owner's undivided percentage interest in the Common Surplus as described on **Exhibit D** hereto.

11.8 Default Interest Rate. Except as otherwise expressly provided in this Declaration or the other Instruments, any Assessment or Personal Charge levied and assessed upon an Owner which is not paid within thirty (30) days after the date on which it is invoiced shall bear and accrue interest on the unpaid amount due and owing at eighteen percent (18%) per annum. Such default rate and interest shall never exceed the maximum rate of interest allowed by applicable law. Any interest payable, which is in excess of the maximum legal rate of interest allowed by applicable law, shall be applied to the reduction of the principal indebtedness of the obligation or if such excessive interest exceeds the unpaid balance of such principal, such excess amount shall be refunded.

11.9 Default in Payment of Assessments and Personal Charges; Suspension of Rights and Privileges; Liens. Unless otherwise prohibited by applicable law, no Owner (or any person/entity authorized by the Owner to use and/or occupy his Unit, exclusive of the Association and a Mortgagee of record in title pursuant to a valid transfer) shall be entitled to use and/or occupy such Unit unless and until all Assessments and Personal Charges owed by the Owner are paid in full. The Association shall provide a written notice to any Owner who fails to pay any Assessments or Personal Charges, or any installment payment thereof, when due, which notice shall advise such Owner of:

- (a) all delinquent Assessments and Personal Charges due payable by the Owner and of the Association's intention to undertake collection efforts, including, without limitation, foreclosure of its lien as hereinafter set forth, in order to collect such unpaid Assessments, Personal Charges and collection expenses if unpaid; and
- (b) and of the Owner's right to cure such default (and avoid foreclosure) by remitting all delinquent amounts, late charges, interest, reasonable attorneys' fees and other collection expenses to the Association.

If full payment of all such amounts is not received, then the unpaid balance of such Owner's remaining installments, if any, for such fiscal year shall then also become accelerated (to the extent that acceleration is permissible under all applicable laws) and due payable in full. The Association may commence legal action to recover all such delinquent amounts and/or exercise its right to foreclose upon such Owner as provided hereinafter.

Each Assessment, Personal Charge and any late charges, penalties, interest, reasonable attorneys' fees, court costs and other collection expenses shall be a personal debt of the Owner against whom these are levied and assessed. All such foregoing Assessments, Personal Charges and other related sums owed or incurred by an Owner (hereinafter collectively referred to as "Owner Debt") shall be secured by a lien in favor of the Association, together with the unconditional right, power

and authority of sale in favor of the Association; which said lien and power of sale are hereby granted, conveyed and created by each Owner in favor of the Association in each and every interest (and all appurtenant rights and privileges thereto) of each Owner; said lien being absolute, senior and superior to all other liens and security interests, except only for:

[i] *ad valorem* taxes and special assessments levied and assessed by any governmental and taxing authorities;

[ii] liens securing sums due payable or for record prior to the time such Owner Debt becomes due; and

[iii] first lien purchase money deeds of trust or mortgage granted or created by each owner against his Unit.

Such lien may be enforced by the Association by foreclosure of such lien against the defaulting Owner and/or Condominium Unit, in accordance with the exercise of powers of sale in deeds of trust or mortgages as provided in Texas Property Code Section 51.002, in its present form, as amended from time to time, or in any other manner permitted by applicable law. In the event of any lien foreclosure, the Owner shall be required to pay to the Association its costs and expenses incurred by such foreclosure, including, without limitation, reasonable attorney's fees, foreclosure costs and other collection expenses. The Association shall have the power to bid on the Unit at the foreclosure sale and to acquire and hold, lease and/or sell, same to any person or entity with the proceeds of such lease or sale benefiting the Association in accordance with this Declaration.

In addition, a vendor's lien may be hereby reserved and retained against each Unit or Condominium Unit in favor of the Association to secure the full payment of any and all Owner Debt. This vendor's lien, which shall be subordinate to those items listed above in Section 11.9 [i], [ii], [iii] hereof, may be enforced by the Association via all appropriate judicial proceedings, and the costs and expenses incurred in connection therewith, including, without limitation, reasonable attorneys' fees, court costs and other collection expenses, shall be a personal obligation of such defaulting Owner.

Notwithstanding any provisions contained in this Declaration and the other Instruments to the contrary, the Association shall also have the right to recover a money judgment against any defaulting Owner without enforcing, foreclosing, or waiving any lien rights, recourses and remedies securing such Owner Debt, such rights, recourses and remedies being fully cumulative in all respects with all the Association's other rights, recourses, and remedies.

The Association shall not be required to record in the official public records of Real Property for Montgomery County, Texas, any notice, affidavit, claim or statement of delinquency as to any Owner delinquent in the payment of any Owner

Debt due hereunder in order to create, attach or perfect any lien rights, recourses and remedies granted to the Association hereunder, instead, all such liens, rights, recourses and remedies shall be fully operative, effective and enforceable at all times to the extent hereinabove set forth.

Any Owner Debt arising hereunder and the lien rights, recourses and remedies securing payment and performance of the same shall continue in full force and effect until such time as the debt is paid or discharged in full. Each Owner, by accepting a Warranty Deed to his Unit shall be deemed to covenant, stipulate and agreed to and further ratify and confirm the creation, attachment and perfection of all such lien and enforcement rights, recourses and remedies hereinabove set forth in all respects.

11.10 Statement of Unpaid Assessments and Personal Charges. Upon a written request therefore and the payment of a reasonable fee as determined by the Association, the Association shall furnish an Owner or the Mortgagee thereof with a written statement setting forth the amount of any unpaid Assessments and Personal Charges currently levied and assessed against such Owner's Unit. Said statement shall be furnished within a reasonable time period after the Association's receipt of the written request and fee therefore and shall be binding upon the Association and every Owner.

ARTICLE 12

Phased Development. The Declarant hereby reserves for itself only, the right, power and authority, but not the obligation, at its sole discretion, at any time and from time to time, and without prior notice, to annex to the Condominium Regime and submit to this Declaration in one or more phases, additional real property and any improvements situated thereon (hereinafter, the "Additional Phases"). The SHR II Luxury Condominium Association, Inc. shall cooperate with Declarant in the addition of additional phases and the subsequent reallocation of fractional interests. All of the real property which may be annexed to the Condominium Regime is described on **Exhibit G** hereto.

12.1 Annex of Additional Phases. If any Additional Phase is annexed to the Condominium Regime, then the Additional Phase(s) shall be deemed included within the definition of the Property for all purposes under this Declaration. Any such expansion of the Property as authorized herein may be made by the recordation in the official public records of the Real Property for Montgomery County, Texas of a Supplemental Declaration regarding the Additional Phase(s). Any such Supplemental Declaration shall be executed solely by the Association without the joinder, consent or approval of Owners or any other person or entity. Any Supplemental Declaration shall contain a statement that the real property that is the subject of the Supplemental Declaration constitutes an Additional Phase that is to become a part of the Property and subject to this Declaration.

12.2 Supplemental Declaration. Any Supplemental Declaration may contain such additions to, modifications of or amendments to this Declaration applicable to the Additional Phase(s) as may be necessary to reflect the different character, style or scope, if any, of the Additional Phase that is the subject of the Supplemental Declaration; provided, however, that in the event of any conflict between such additional provisions and the provisions of this Declaration, the provisions of this Declaration shall govern, rule, control and prevail, unless this Declaration is silent, in which event the provisions of the Supplemental Declaration shall, govern, rule, control and prevail. Additionally, no Supplemental Declaration shall remove or reduce any real property described on **Exhibit A** hereto immediately prior to the recordation of such Supplemental Declaration. A Supplemental Declaration shall become effective upon recordation in the official public records of Real Property for Montgomery County, Texas.

12.3 Effect of Supplemental Declaration. Upon recordation of a Supplemental Declaration in the official public records of Real Property for Montgomery County, Texas, which annexes, submits and subjects an Additional Phase(s) to this Declaration as specified above, then:

- a. the total number of Units in the Condominium shall be increased by the number of Units in the Additional Phase(s) added to the Property. There shall be no maximum number of Units that may be added by all Additional Phases to the Property;
- b. the owners of Units in the Additional Phase(s) shall have undivided percentage interests in the Common Elements, Common Furnishings and Common Surplus, if any, in accordance with the provisions herein;
- c. the Common Elements shall be enlarged, but an Owner's undivided percentage interest in the Common Elements of the Parcel on which the Owner's Unit is located shall not be diminished; the Common Furnishings shall be enlarged and each Owner's undivided percentage interest therein shall decrease. The change in each Owner's undivided percentage interest in the Common Furnishings shall be reflected as an Exhibit to the Supplemental Declaration;
- d. the budgeted sums for the payment of the Common Expenses shall increase proportionally upon the addition of any Additional Phases(s). However, an Owner's liability for the Common Expenses and undivided percentage interest in the Common Surplus shall decrease correspondingly;
- e. the easements, restrictions, conditions, covenants, terms, provisions, reservations, liens, charges, rights, benefits and privileges set forth herein shall run with, and bind each Additional Phase and inure to

the benefit of and be binding on any Owner in an Additional Phase in the same manner, to the same extent and with the same force and effect that this Declaration applied to the existing Owners subjected to this Declaration prior to recordation of the Supplemental Declaration in the official public records of Real Property for Montgomery County, Texas;

f. every Owner in the Additional Phase(s) shall be a member of the Association on the same terms and subject to the same qualifications, limitations, responsibilities and obligations as those SCRCA Members who are Owners immediately prior to the recordation of the Supplemental Declaration in the official public records of Real Property for Montgomery County, Texas;

g. the recordation of the Supplemental Declaration in the official public records of Real Property for Montgomery County, Texas shall not alter the amount of the Lien for any Assessment pertaining to any Unit or its Owner prior to such recordation;

h. each Owner in the Additional Phase(s) shall be responsible for paying the Common Expense Assessment applicable to the Unit type specifically identified in each Owner's Warranty Deed;

i. in all other respects, this Declaration shall include and apply to the Additional Phase(s) made subject to this Declaration by the Supplemental Declaration and the Owners/Unit Occupants and Mortgagees of record thereof, with equal meaning, to the same extent and of like force and effect as if the Additional Phase(s) had been subjected to this Declaration at the time of the original recordation hereof; and

j. with respect to each Additional Phase, the Association shall have and enjoy all rights, powers, authority and easements reserved by the Association in this Declaration, plus any-additional rights, powers, authority and easements set forth in the Supplemental Declaration for each Additional Phase.

12.4 Consent to Expand Condominium Regime. Upon recordation of a Supplemental Declaration in the official public records of Real Property of Montgomery County, Texas, which adds, submits and subjects an Additional Phase to this Declaration in accordance with this Declaration, each then-Owner and their successors in title shall, upon the addition of additional Common Furnishings, automatically become vested with his appropriate undivided percentage interest in such Common Furnishings, if any, in accordance with **Exhibit G** hereof. To further evidence the Owner(s) approval of this Article XII, each Owner does hereby:

a. consent to, approve and authorize the right in the Association to expand the Condominium and to amend, restate and/or

supplement this Declaration as contemplated herein;

- b. consent to, approve and authorize the changing of his undivided percentage interest in the Common Furnishings, if any, and in the Common Surplus; and
- c. appoint the Association as the Owner's (and the Owner's executors, administrators, legal representatives, heirs, successors and assigns) attorney-in-act to so amend, restate and/or supplement this Declaration. This power of attorney is coupled with an-interest in the Association and is therefore irrevocable, but it shall expire by its own terms only upon termination of the Condominium.

12.5 Additional Phases Optional. Nothing maintained in either this Declaration or the Exhibits hereto shall create any obligation, duty or commitment on the part of the Association to either submit: the real property described on **Exhibit G** hereto to condominium ownership, construct additional condominium units thereon or in any other way commit the Association to develop subsequent phases or additions to the Property in accordance with any past, prior, present, pending, intended, expected or perceived or any other plan. Any reference herein to the Association's intentions as to Additional Phases shall in no way constitute, be deemed or considered a dedication, reservation, limitation, covenant or agreement affecting the real property described on **Exhibit A** hereto.

ARTICLE 13

Insurance. The Association shall keep all of the Units, the Common Elements, the Limited Common Elements, the Common Furnishings, if any, and any other real and personal property of the Association insured for the benefit of all Owners and their respective Mortgagees of record and the Association as follows:

(a) for the total amount, after application of all deductibles, of the replacement value thereof (excluding foundation and excavation costs against loss or damage by fire and lightning, and, by an extended coverage endorsement, by windstorm, hail, explosion, riot, civil unrest, damage from aircraft or boats or vehicles, smoke damage, vandalism, theft and malicious mischief; and

(b) against any such other risks of a similar or dissimilar nature as are or shall be customarily covered with respect to projects similar in construction, general location, use and occupancy.

Replacement value shall be determined at least annually, or more frequently if so determined by the Association at the sole discretion of the Board of Trustees. Such determination shall be made by one of the insurers, or at the option of the

Board of Trustees on behalf of the Association, by an appraiser, architect or contractor who shall be chosen by the Board of Trustees on behalf of the Association.

13.1 Liability Insurance. The Association shall procure and maintain, for the mutual benefit of the Association and all Owners, a general liability insurance policy against claims for personal injury, death or property damage arising out of or in connection with the use, ownership or maintenance of the Units, the Common Elements, the limited Common Elements, the Common Furnishings and any other real and personal property owned by the Association. Such insurance shall afford protection to such limits as the Board, acting on behalf of the Association, may deem reasonable and appropriate, it being agreed that a limit of not less than \$1,000,000.00 in respect to personal injury or death to one (1) or more persons or property damage as the result of any (1) occurrence is deemed reasonable and appropriate.

13.2 Directors and Officers Liability Insurance. The Association shall procure and maintain a policy of Directors and Officers liability insurance for Trustees and any other corporate Officers in such amount as the Board may decide on behalf of the Association, but for not less than \$2,000,000.00 per claim and/or aggregate occurrence.

13.3 Worker's Compensation. The Association shall procure and maintain such Worker's Compensation or other insurance coverage to the extent required by applicable law, upon each of the employees of the Association, if any.

13.4 Employees and Agents of the Board of Trustees. If reasonably available, in the judgment of the Board acting on behalf of the Association, the Association shall procure and maintain insurance on behalf of any person who is an employee or agent of the Board and who has been retained and authorized by the Board to act on behalf of the Association, against any liability asserted against or received by him in such capacity or arising out of his status as such, specifically including an Errors and Omissions policy for the Manager.

13.5 Insurance Against Additional Risks. The Association may also procure insurance against such additional risks as the Association deems advisable and necessary for the protection of the Owners and the Property.

13.6 General Insurance Requirements. All insurance provided for herein shall be effectuate under valid and enforceable policies in forms which are reasonably satisfactory to the Association issued by insurers of recognized responsibility which are duly authorized to transact business in Texas, and distributed among such insurers in amounts reasonably satisfactory to the Association, not less than thirty (30) days prior to the expiration dates of the expiring policies thereto furnished in accordance with this Declaration, originals of the policies bearing notations

evidencing due payment of premiums or accompanied by other evidence satisfactory to the Association shall be delivered to the Board on behalf of the Association pursuant to the terms and provisions hereof. All policies of insurance referred to herein shall contain appropriate waivers of subrogation for the benefit of the Association and all Owners.

13.7 Additional Named Insureds. All policies of insurance provided for in this Declaration shall name the Association and each Whole Unit Owner as an insured, as their respective interests may appear, and also, with respect to the policies described herein, shall inure to the benefit of the holder of any Mortgagee, as the interest of any such Mortgagee may appear, by standard Mortgagee clause, without contribution, if obtainable. The loss, if any, under such policies shall be adjusted with the insurance companies by the Association in the case of any particular casualty resulting in damage or destruction not exceeding \$100,000.00 per Unit in the aggregate and, except as aforesaid, the loss, if any, under such policies shall be adjusted with the insurance companies by the Association and the holder of any mortgage, and the proceeds of any such insurance, as so adjusted, shall be payable to the Association. Each such policy shall, to the extent obtainable, contain a provision that no act or omission of the Association, the Board, any Trustee, any Officer, the Manager, any employees or any Owners shall void such policy or affect or limit the obligation of the insurance company to pay the amount of any loss sustained. Each such policy issued by the insurer shall, to the extent reasonably obtainable, contain an agreement by the insurer that such policy shall not be canceled without at least thirty (30) days prior written notice to the Association and any Mortgagee named therein.

13.8 Blanket Coverage. The Property may, at the sole discretion of the Association, be insured under such blanket or umbrella insurance policies as may be available from time to time, unless prohibited by applicable law. The procurement of such coverage shall be deemed to constitute full compliance with the insurance requirements contained herein, provided that the coverage afforded by any such blanket or umbrella insurance policy includes protection against each of the risks or perils enumerated herein, with limits which are at least as high as would otherwise be required hereunder. The blanket or umbrella insurance premiums shall be allocated to the Owners hereunder as a Common Expense.

13.9 Inspection of Policies. A Certificate or copy of each policy of insurance in effect as to the Property shall be made available for inspection during normal business hours to all Owners or their authorized agents at the business offices of the Association.

ARTICLE 14

Damage, Destruction & Obsolescence.

14.1 Association as attorney-in-fact. Each Owner hereby irrevocably appoints the Association as his attorney-in-fact in his name, place and stead for the purpose of dealing with the Property upon its damage, destruction or obsolescence, as hereinafter provided. Such appoint of the Association as attorney-in-fact shall be coupled with an interest in the Association and is therefore irrevocable, but it shall expire by its own terms only upon termination of the Condominium. As attorney-in-fact, the Association shall have full and complete right, power and authority to make, execute and deliver any contract, deed or other instrument with respect to the interest of an Owner which is necessary and appropriate in order for the Association to exercise powers granted herein.

14.2 Repair and Reconstruction of Units and Common Elements. Any insurance proceeds which are paid to the Association because of damage or loss to all or any portion of the Condominium shall, be used by the Association to restore the Condominium to substantially the same existence and condition it was in prior to such damage or loss in accordance with the following:

(a) In the event of damage or destruction due to fire or other disaster, the insurance proceeds, if sufficient to repair, restore and reconstruct the improvements, shall be applied by the Association as attorney-in-fact to such repair and reconstruction, and the improvements shall be promptly repaired, restored and reconstructed. Any excess insurance proceeds shall be allocated by the Association to each Unit in the affected Building based upon the undivided percentage interest of such Unit in the Common Elements of the Parcel on which the Unit is located.

(b) To the extent that any damage or loss is adequately covered by insurance, neither the Association, the Board of Trustees, any Trustee, any Officer, the Manager nor any Owner shall have a claim or cause of action for damage or loss against any responsible Owner or Unit Occupant, provided that this waiver of claim shall in no way prevent the Association from obtaining similar insurance coverage at similar premium cost in the future. To the extent that any damage or loss to the personal property or personal belongings of any Owner or Unit Occupant is adequately covered by insurance, such Owner or Unit Occupant shall not have any claim or cause of action for such damage or loss against the Association, the Board, any Trustee, any Officer, the Manager or any other Owner.

(c) No damage to or loss of all or any portion of the Condominium shall relieve any Owner of his obligation to pay his proportionate share of the Common Expenses and other impositions as due, except as otherwise expressly provided herein.

(d) If the insurance proceeds are insufficient to repair, restore and reconstruct any Building(s), and if such damage is not more than sixty-six and two-thirds ($66\frac{2}{3}$) of such Building(s), not including the land, then such damage or destruction shall promptly be repaired, restored and reconstructed by the Association as attorney-in-fact using the proceeds of insurance and the proceeds of a Special Assessment to be levied against all the Owners in accordance with this Declaration. The Association shall have the right, power and authority to cause the repair, restoration and reconstruction of the improvements using all of the insurance proceeds for such purpose, notwithstanding the failure, neglect or refusal of any Owner to pay such Special Assessment. The Special Assessment provided for such herein shall be the debt of each Owner and a lien on his Unit and may be enforced and collected in accordance with this Declaration.

(e) If more than sixty-six and two-thirds ($66\frac{2}{3}$) of any Building(s), not including the land, requires repair, restoration and reconstruction because of a casualty against which it is insured, then the Owners representing eighty percent (80 %) of the total, eligible votes by the Members of the Association may elect not to repair, restore and reconstruct such Building(s). Upon such election and approval, the Association shall forthwith record a notice setting forth such matters in the official public records of Real Property for Montgomery County, Texas; and upon the recordation of such notice by the Association's President and Secretary, the remaining Building(s) shall be sold by the Association as attorney-in-fact for all of the Owners, free and clear of this Declaration and the other Instruments.

The insurance proceeds shall be collected by the Association, and such proceeds shall be allocated by the Association to each Unit in the affected Building(s) based upon the undivided interest of such Unit in the Common Elements of the Parcel on which the Unit is located, and paid into either one global account, with an accounting thereof for each Owner, or into separate account(s), one (1) account per Owner. Under either arrangement, each such account shall be in the name of the Association, and shall be further identified by either or both the applicable Unit(s) identification number and/or the name(s) of the Owner(s) thereof, or by designating the Association as attorney-in-fact for the applicable Unit(s) and respective Owner(s). There shall be added to such separate account(s) the apportioned amounts of the proceeds derived from the sale of the Building(s). Such apportionment shall be based

upon each Owner's undivided percentage interest in the Unit specifically identified in his Warranty Deed. The total funds in each account shall be used and disbursed, without contribution between one (1) account to any other account, by the Association as attorney-in-fact for the same purposes and in the following order:

[i] for payment *of ad valorem* taxes and special assessment liens in favor *of* any governmental assessing entity;

[ii] for payment *of* the balance of the lien of any first lien purchase money mortgage;

[iii] for payment of any unpaid Common Expenses and Special Assessments;

[iv] for payment of junior liens and encumbrances ranked in the order of their priority;

[v] the balance remaining, if any, shall be paid to the Owner ; and

[vi] if the Owners representing eighty percent (80%) of the total votes eligible to be voted by the Members of the Association fail, neglect or refuse to vote not to reconstruct a Building or Buildings in accordance this Declaration, then all of the Owners shall be bound to reconstruct such Building(s) using the proceeds of insurance and the proceeds of a Special Assessment, *if* necessary, to be levied and assessed against all of the Owners in accordance with this Declaration. The Association shall have the right, power and authority to cause the repair, restoration and reconstruction of the improvements using all *of* the insurance proceeds for such purpose, notwithstanding the failure, neglect or refusal of any Owner(s) to pay the Special Assessment. The Special Assessment provided for herein shall be debt *of* each Owner and a lien on his Unit and may be enforced and collected in accordance with this Declaration.

14.3 Damage or Destruction to Common Furnishings. In the event *of* any damage or destruction to the Common Furnishings other than by ordinary wear and tear, the Association shall promptly cause such damage to be repaired and shall use any available insurance proceeds for such purpose. *If* the damage is not covered by insurance, or if the available insurance proceeds are insufficient, then the Association shall levy and assess a Special Assessment upon each of the Owners in accordance with this Declaration. In the event the damage or destruction was caused by the intentional or negligent act or omission of an Owner, members of his family, their guests, tenants or invitees, the cost of such repair or the amount of such deficiency shall be a Personal Charge to such Owner to be paid in accordance with this Declaration.

ARTICLE 15

15.1 Proceedings. In the event of a taking in condemnation or by eminent domain of all or any portion of the Property, each Owner and all Mortgagees of record shall be entitled to timely notice thereof; and each Owner shall be entitled to participate in the proceedings incident thereto, unless otherwise prohibited by applicable law.

15.2 Allocation and Distribution of Awards.

(a) Unless otherwise required by applicable law at the time of such taking any award made therefore shall be disbursed to the Association as attorney-in-fact for all of the Owners. Such appointment of the Association as attorney-in-fact shall be coupled with an interest in the Association and is therefore irrevocable, but it shall expire by its own terms only upon termination of the Condominium Regime. Any dispute as to the proper allocation of condemnation proceeds between the Owners shall be determined by distributing such proceeds based upon an appraisal of the fair market-value-of each party's respective interest in the Property by two (2) reputable and established Texas real estate appraisers, one of which shall be chosen by a majority of the Owners eligible to vote as Members of the Association, and the other which shall be chosen by the Board of Trustees on behalf of the Association. The aforesaid two (2) appraisers shall elect a third reputable and established Texas real estate appraiser and the determination of such third appraiser shall be conclusive as to all parties.

(b) The proceeds of any such award shall be allocated between the Parcels then constituting the Property. Any dispute as to the proper allocation of condemnation proceeds between such Parcels shall be determined by distributing such proceeds based upon an appraisal of fair market value of each Parcel by two (2) reputable and established Texas real estate appraisers, one of which shall be chosen by a majority of the Owners eligible to vote as Members of the Association, and the other which shall be chosen by the Board of Trustees on behalf of the Association. The aforesaid two (2) appraisers shall elect a third reputable and established Texas real estate appraiser and the determination of such third appraiser shall be conclusive as to all parties. The proceeds allocated to each Parcel shall be allocated by the Association to each Unit based upon the undivided percentage interest of such Unit in the Common Elements of the Parcel on which each Unit is located and shall then be distributed to each Owner.

(c) In the event of a partial taking in condemnation or by eminent domain, the Association shall arrange for the necessary repair, restoration and reconstruction of any other remaining portion of the Property, in accordance with the original design thereof; at the earliest possible date.

If such repair, restoration and reconstruction in accordance with such original design are not permissible under the laws then in force, then the Association shall nevertheless repair and restore the premises as is nearly and reasonably possible to its conditions immediately prior to such taking. The Association is expressly authorized to pay any excess cost of such restoration as a Common Expense, and to levy and assess a Special Assessment, if necessary, in the event that available Association funds are insufficient for such purpose. In the event that any such sums are received by the Association in excess of the cost-of repairing and restoring the Condominium, such excess proceeds shall be allocated, by the Association to each Unit in the affected Building based upon the undivided percentage interest of such Unit in the Common Elements of the Parcel on which the Unit is located and shall then be distributed to each Owner.

(d) in the event of a partial taking in which any portion of the Property is eliminated or not restored, the proceeds allocable to such portion, less the proportionate share of said portion in the cost of debris removal and disposal, shall be allocated by the Association to each Unit in the affected Building based upon the undivided percentage interest of such Unit in the Common Elements of the Parcel on which the Unit is located, and then shall be distributed to each Owner.

ARTICLE 16

Mortgagee Protection. No provision of this Declaration, the Bylaws, Rules & Regulations or other Instruments shall be construed to grant to any Owner, or any other party, any priority over any rights of First Mortgagees of the Units pursuant to their first mortgages in the case of the distribution to Owners of the insurance proceeds or condemnation awards for losses to or for a taking of Units or the Common Elements or any portions thereof.

16.1 Priority of Lien. The Association's lien upon any Unit for delinquent Assessments shall be subordinate to the lien of any Mortgagee of record upon such Unit made in good faith and for value; provided, however; that a lien may be created after the foreclosure of any such deed of trust or mortgage on the interest of the person or entity acquiring a Unit at such foreclosure sale to secure all amounts levied and assessed to such person or entity, as an Owner, after the date of such acquisition of title as permitted under applicable law.

16.2 Status of Lien. In the event a Mortgagee of record forecloses upon a Unit, the purchaser at such foreclosure sale, if such purchaser is not the Mortgagee of record or an affiliate or subsidiary thereto, shall be liable for any Assessments levied and assessed by the Board upon such Unit prior to such acquisition of title. The

association shall also remain entitled to recover all unpaid Assessments from the Owner whose Unit was foreclosed upon.

16.3 Mortgagee Consent. Prior to the occurrence of any of the following events, the approval of any Mortgagee of record which has recorded its deed of trust or mortgage in the official public records of Real Property for Montgomery County, Texas and has provided written notice thereof to the Association, must be obtained:

- (a) the termination of the Condominium status of the Property, except for abandonment provided by statute in the case of a substantial loss to the Units and to the Common Elements;
- (b) the partition or subdivision of any Unit or the Common Elements;
- (c) the decision as to whether or not to repair, restore and reconstruct a Condominium Building or Buildings in the event that such Building(s) becomes more than seventy-five (75%) percent destroyed or damaged;
- (d) a change in a Unit's undivided percentage interest in the Common Elements of the Parcel on which such Unit is located as described on **Exhibit D** hereto; provided, however, that Units in Additional Phases may be allocated different undivided percentage interests in the Common Elements of the Parcels on which such additional Units are situated by the recordation of a Supplemental Declaration without the approval of any Mortgagees of record; and
- (e) any Amendment or modification to this Declaration, the Bylaws or other Instruments that materially affects the rights or liens of any Mortgagees of record.

ARTICLE 17

Third-Party Liens. Any liens against an Owner's rights, privileges and interest in the Property shall be limited to the rights, privileges and interests of such Owner only, and shall not entitle any lienholder to assert any claim against the property interest of any other Owner, the Units, the Common Elements, the Limited Common Elements, the Common Furnishings, if any, or any real and personal property of the Association. Notwithstanding the foregoing, each Owner remains liable for any liability pertaining to his property interest in a Unit, all Assessments and all Personal Charges.

17.1 Notice of Liens. Each Owner shall give the Association written notice of every lien upon his property interest in a Unit, other than liens for non-payment of Assessments in favor of the Association, within ten (10) days after the Owner receives notice thereof.

17.2 Protection of Condominium Property. All liens against an Owner, other than for deeds of trust, mortgages, taxes or Assessments as expressly authorized and permitted in this Declaration, shall be satisfied or otherwise removed within thirty (30) days from the attachment date thereof. In the event of any of the following:

- (a) a threatened sale of the Condominium Property or any portion thereof, or of the property interest of any Owner;
- (b) should the use and enjoyment of any portion of the Property by any Owner be threatened by reason of any lien, claim or charge, including a mechanic's lien, against the property interest of any other Owner; or
- (c) should proceedings be instituted to effectuate any such sale or interference;

then, any Owner, acting on his own behalf or through the Association, or the Association, acting on behalf of any one (1) or more Owners, may, but shall not be obligated to pay, discharge or compromise the lien, claim or charge without inquiring into file proper amount or validity thereof and, in such event, the Owner whose interest was subjected to the lien, claim or charge, shall forthwith pay the amount so paid or expended to the Owner or the Association, or whomever shall have paid, discharged or compromised the lien, claim or charge, together with such reasonable attorneys' fees, court costs and other costs as he or it may have occurred.

No Owner shall permit his interest in any funds from time to time in possession of the Association to be subjected to any garnishment, attachment, turnover, levy, lien, claim, charge or other legal process except as to the lien or other interest of a Mortgagee of record. An Owner shall promptly restore any funds held by the Association with respect to his property interest to the extent depleted by any such garnishment, attachment, turnover, levy, lien, claim, charge or other legal process, and shall reimburse the Association for all reasonable attorneys' fees, court costs and all other costs incurred with respect thereto. All *ad valorem* taxes and Assessments due upon and pertaining to an Owner's property interest shall be promptly paid before becoming delinquent. The Association may, at its discretion, pay any such delinquent sums, which shall then constitute a Personal Charge against the Owner responsible therefore.

ARTICLE 18

Amendment. The Declarant reserves the right to amend the Instruments as long as there is no Owner other than the Declarant.

18.1 Amendments by the Board of Trustees. The Board, acting on behalf of the Association, for so long as the Association owns one (1) Unit, hereby reserves and

retains the right, power and authority to unilaterally amend this Declaration as follows:

- (a) at any time as may be necessary to conform this Declaration to the requirements of applicable law, or as may otherwise be requested by any applicable federal, state, or local governmental agency or authority;
- (b) at any time to annex Additional Phases to the Condominium Regime in accordance with this Declaration; and
- (c) at any time to correct any typographical errors or omissions.

Any such amendments to this Declaration shall become effective upon execution of a legal instrument by the Association setting forth the full text of such amendment, together with the appropriate recordation data of this Declaration, and the subsequent recordation of such legal instrument in the official public records of Real Property for Montgomery County, Texas.

18.2 Amendments by Owners. At such time as there is an Owner other than the Declarant, this Declaration may be amended by the Members of the Association at any regular or special meeting of the Members in accordance with this Declaration or the Bylaws, but requiring no less than the affirmative vote of at least sixty-seven percent (67%) of the Owners, provided, however, that any such amendment shall require prior written approval by First Mortgagees and shall not be effective unless and until the required percentage of First Mortgagees have so approved the Amendment.

An Amendment may not create, increase reduce or otherwise modify the obligations imposed by this Declaration on the Declarant, or create, increase, reduce or otherwise modify the rights and Special Declarant Rights granted by this Declaration to the Declarant without the written agreement of the Declarant; and also shall not 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 one hundred percent (100%) of the votes in the Association. The Declarant may, without a vote of the Owners or approval of the Association, amend this declaration in any manner necessary to meet the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, or the Veterans Administration.

At such time as there is an Owner other than the Declarant, no amendment to the Instruments shall change the Percentage Interests, the liability for Common Expenses, the rights to Common Profits, the votes in the Association appertaining to any Unit, the rights of the Declarant, or the rights to Limited Common Elements appurtenant to a Unit except to the extent expressly permitted or required by the Act

or this Declaration. After twenty (20) years have elapsed from recordation, this Declaration may be amended by the Association in accordance with its decision-making process, but requiring not less than the agreement of fifty-five percent (55%) of the votes in the Association.

Each such amendment of this Declaration shall be evidenced by an instrument in writing, duly recorded and signed by any two (2) Officers of the Association's Board of Trustees, setting forth in full the text of such amendment, the appropriate recording data of this Declaration and certifying that such amendment has been approved by the affirmative vote of sixty-seven percent (67%) of the Owners-eligible to vote as members of the Association. Said amendment shall become effective upon recordation in the official public records of Real Property for Montgomery County, Texas.

Subject to the rights reserved to the Association in this Declaration, the Owners shall not amend this Declaration in such manner as to:

- (a) materially change the configuration or size of any existing Unit;
- (b) materially change the appurtenances to any Unit; .or
- (c) change the undivided interest which each Owner has in the Common Elements of the Parcel on which each Owner's Unit is located without the affirmative unanimous vote of all Owners eligible to vote as Members of the Association and upon the unanimous written consent of all Mortgagees of record. Furthermore, the Owners shall have no right, power or authority to enact an amendment to this Declaration which materially affects the rights or liens of any Mortgagee of record without first obtaining the written consent of each such affected Mortgagee of record.

Notwithstanding anything contained in this Declaration or the other Instruments to the contrary, an amendment to this Declaration may not alter or destroy a Unit without the affirmative unanimous vote of Owners eligible to vote as Members of the Association and the unanimous written consent of their Mortgagee of record, if any.

ARTICLE 19

Termination. The Condominium may be terminated and removed from this Declaration and the other Instruments upon the affirmative, unanimous vote of one hundred percent (100%) of all Owners eligible to vote as members of the Association, and upon the unanimous written consent of all Mortgagees of record. Such termination shall be effective upon the recordation in the official public records of Real Property for Montgomery County, Texas, of a Termination

Agreement, duly executed, ratified and signed by any two (2) Officers of the Board of Trustees of the Association, certifying that the aforesaid vote has been taken, and that the all of the Owners and their respective Mortgagees of record have elected to terminate the Condominium. If, pursuant to a Termination Agreement, the Real Property constituting the Condominium is to be sold following termination, the Termination Agreement must set forth the terms of the sale.

19.1 Other Causes for Termination. The Condominium may be terminated and removed from the Declaration and the other Instruments upon the total condemnation of the Property in accordance the Declaration.

19.2 Effect of Termination. Upon termination of the Condominium as provided herein, the Association shall file suit in a court of competent jurisdiction in Montgomery County, Texas for partition of the Property. Any costs incurred by the Association in connection therewith, including, without limitation, reasonable attorneys' fees and court costs, shall constitute a Common Expense. If the Association fails, neglects or refuses to file such suit within sixty (60) days of the aforesaid vote, then any Owner shall have legal standing to file such suit on behalf of the Association, and such Owner shall be reimbursed by the Association for any costs which were reasonably incurred, including, without limitation, reasonable attorneys' fees and court costs, in connection with bringing any such suit.

The Association, on behalf of the Owners, may contract for the sale of Real Property in the Condominium, but the contract is not binding on the Owners until it is approved in accordance with the provisions of this Declaration. If the Real Property constituting the Condominium is to be sold following termination, upon termination, the Property vests in the Association as Trustee for the holders of all interests in the Units, and the Association has all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds distributed, the Association shall continue to exist and retains the powers it had before termination.

Unless the termination agreement specifies differently, as long as the Association holds title to the Real Property, each Owner and the Owner's successors in interest have an exclusive right to occupy the portion of the Property that formerly constituted the Owner's Unit. During that period of occupancy an Owner and the Owner's successors in interest remain liable for all assessments and other obligations imposed on Owners by this Declaration. If the Property constituting the Condominium is not to be sold following termination, upon termination, title to the Property vests in the Owners as tenants in common in proportion to their respective interests, and liens on the Units shift accordingly. While the tenancy in common exists, an Owner and the Owner's successors in interest have an exclusive right to occupy the portion of the Property that formerly constituted the Owner's Unit.

Foreclosure or enforcement of a lien or encumbrance against the entire Condominium does not of itself terminate the Condominium Regime, and

foreclosure or enforcement of a lien or encumbrance against a portion of the Condominium does not withdraw that portion from the Condominium, unless the mortgage being foreclosed was recorded before the date that this Declaration was recorded and the Mortgagee did not consent in writing to this Declaration.

19.3 Association as Trustee. Under Section 82.115 of the Act, A third person dealing with the Association in the Association's capacity as a trustee may assume without inquiry the existence of trust powers and their proper exercise by the Association.

19.4 Rescission of a Termination Agreement. Upon the affirmative, unanimous vote of one hundred percent (100%) of all Owners eligible to vote as members of the Association, and upon the unanimous written consent of all Mortgagees of record, the Owners may rescind a termination agreement and reinstate this Declaration in full force and effect immediately before the election to terminate. To be effective, the rescission agreement must be in writing, executed by the Owners, and recorded in the official public records of Real Property for Montgomery County, Texas.

Article 20

Section 20.1. Plan of Timeshare Ownership. The provisions of this Article relate only to those Condominium Units submitted to the Plan of Timeshare Ownership and shall govern the ownership of Timeshare Properties in said Condominium Units and the rights, duties and obligations of Timeshare Owners for so long as a Condominium Unit remains a Timeshare Unit. All of such Condominium Units in the Project are subject to a Plan of Timeshare Ownership pursuant to the Texas Timeshare Act ["TTA"] as set forth in this Article. Any Owner may submit a Condominium Unit to the Plan of Timeshare Ownership. Submission of a Condominium Unit to the Plan of Timeshare Ownership shall be subject to the prior written consent of any Mortgage or owner of the Condominium Unit. The provisions of this Declaration shall apply to the Timeshare Properties created hereunder; provided, however, in the event of an inconsistency between this Article and the remaining provisions of the Declaration, as amended, supplemented and/or restated, with respect to the ownership of a Timeshare Property and the rights, duties, and obligations of Timeshare Owners, then the provisions of this Article shall apply. Further, all timeshare owners shall also be a member of the Sunset Harbor Resort and related entities. Any fees associated with the membership shall be paid by the Association and charged to said owners.

The following definitions apply to those Condominium Units which are submitted to and sold under the Plan of Timeshare Ownership:

- i. "Timeshare Calendar" means a calendar prepared by the Association which establishes the dates of Units Weeks assigned to the Timeshare Estates each year pursuant to the schedule established in **Exhibit I** attached hereto.

- ii. "Timeshare Estate" means an Timeshare estate consisting of a combination of: (i) an estate for years terminating at noon on the first day of July in the year 2060, during which years title to the Condominium Unit circulates among the Timeshare Owners in accordance with the schedule set forth in **Exhibit I** attached hereto, and vests annually in each such Timeshare Owner, in turn, for the period of time established by said schedule until July 1, 2060 together with the exclusive right to possession and use of the Condominium Unit during the Unit Week assigned to the Timeshare Estate each year pursuant to the Timeshare Calendar; and (ii) a vested future undivided interest in the Condominium Unit as set forth in **Exhibit J**.
- iii. "Timeshare Owner" or, if the context requires, "Owner" means an Owner vested with legal title to a Timeshare Estate.
- iv. "Timeshare Unit" means a Condominium Unit which is submitted to and sold under the Plan of Timeshare Ownership. Each Unit is divided into fifty-one (51) weeks plus one maintenance week.
- v. "Maintenance Weeks" means the Unit Week(s) designated by Declarant, by notice duly recorded, as Maintenance Weeks. Maintenance Weeks shall be appurtenant to the Timeshare Estates in an Timeshare Unit and the transfer of an Timeshare Estate shall transfer to the grantee an interest in the Maintenance Weeks without further reference thereto; provided, however, that the Association shall have a superior and prior right to use, possession and.. occupancy of the Timeshare Unit during the Maintenance Weeks in order to service, clean, repair, maintain, and refurbish the Timeshare Unit and for such other purposes as the Association may deem necessary or desirable.
- vi. "Unit Week" means the period of exclusive possession and occupancy of a Timeshare Unit assigned to a Timeshare Estate each year pursuant to **Exhibit I**. Unit Weeks are established annually for each Timeshare Unit by completion of the following schedule reference in **Exhibit I**.
- vii. "Timeshare Unit Maintenance Fee" means the fee paid by the Timeshare Owners as set forth in the Plan of Timeshare Ownership.
- viii. "Plan of Timeshare Ownership" means the plan for ownership of Timeshare Estates in Condominium Units as set forth in this Article.

Section 20.2. Conveyance by Purchaser. Each Timeshare Estate shall constitute an

estate in real property separate and distinct from all other Timeshare Estates in the Condominium Unit and other Condominium Units, which estate may be separately conveyed and encumbered. A purchaser may acquire more than one Timeshare Estate and thereafter convey or encumber each Timeshare Estate so acquired separately. In no event, however, shall a Timeshare Owner convey or encumber less than a Timeshare Estate as defined herein, or attempt to subdivide a Timeshare Estate into lesser interests. In the event all Timeshare Estates in an Timeshare Unit are acquired by one Owner, such Condominium Unit may, at such Owner's election by notice duly recorded, be withdrawn from this plan of Timeshare Ownership.

Section 20.3. Submission of Condominium Unit to Timeshare Ownership. Upon a written request by a Whole Unit Owner or Declarant, the Whole Unit Owner or Declarant may submit a Condominium Unit to Timeshare Ownership either by recording a properly acknowledged notice executed by Declarant describing the Condominium Unit to be submitted to Timeshare Ownership and reciting the Whole Unit Owner's or Declarant's intention to do so or by Whole Unit Owner's or Declarant's execution, delivery and recordation of a deed conveying a Timeshare Estate to a Timeshare Owner. By acceptance of a deed to a Timeshare Estate, each Timeshare Owner waives his right to bring a Suit for partition except in accordance with the provisions of this Declaration.

Section 20.4. Legal Description of a Timeshare Estate. Every contract for sale, deed, lease, mortgage, trust deed, or other instrument relating to an Timeshare Estate will reasonably describe the Timeshare Estate as follows:

**Timeshare Estate/Period __ in Condominium Unit _____,
Sunset Harbor II Luxury Condominiums, according to the
Condominium Map recorded _____
in Book _____ at Page _____, and as
defined and described in the Amended and Restated Declaration of
Condominium and Timeshare Ownership for Sunset Harbor II Luxury
Condominiums, recorded _____, 2009 Book _____ at
Page _____ in the office of the Clerk and
Montgomery County, Texas.**

Any legal description substantially in the form provided in the original Declaration or as set forth above or which is otherwise sufficient to identify the Timeshare Estate to be conveyed shall be good and sufficient for all purposes to sell, convey, transfer and encumber or otherwise affect an Timeshare Estate and all Common Elements, Limited Common Elements, Maintenance Weeks and easements appurtenant thereto. All Owners who acquired Timeshare Estates as described in and pursuant to the requirements of the Original Declaration, shall be deemed Owners of Timeshare Estates pursuant to the Plan of Timeshare Ownership set forth in this Article 20, with each such Owner having the same percentage, e.g., 1/51, of undivided interest in the Common Elements as such Owner had pursuant to the Original Declaration.

Section 20.5. Administration and Management: Association; Managing Agent. The administration and management of the Timeshare Units shall be performed by the Association, provided that the Board of Directors of the Association may, by resolution, delegate any of its duties, powers and functions with respect to the Timeshare Units. The Association shall have all powers necessary or desirable to effectuate any of the purposes provided for herein. A Timeshare Owner, upon becoming the owner of a Timeshare Estate, shall be a member of the Association and shall remain a member for the period of his ownership. A Timeshare Owner shall be entitled to a vote, the size of which vote shall be based upon each Timeshare Owner's undivided interest as tenant-in-common in the Timeshare Unit. Voting by proxy shall be permitted. In order to effectuate representation of the Timeshare Owners in the Association, each Timeshare Owner, by accepting a deed to an Timeshare Estate, shall be deemed to have appointed the Board of Directors of the Association as such Timeshare Owner's attorney-in-fact and proxy to represent such Timeshare Owner at any and all regular and special meetings of the Association, and there to cast the vote(s) of such Timeshare Owner. This appointment shall continue for a ten-year period and shall be automatically renewed for successive ten-year periods until termination of the Plan of Timeshare Ownership; provided, however, that any Timeshare Owner may revoke this appointment as to any individual meeting by appearing (in person or by proxy) at the meeting and casting his allotted vote(s) on his own behalf; and provided, further, that such appointment (in person or by proxy) may be permanently revoked by any Timeshare Owner who appears at three (3) consecutive meetings of the Association, casts his allotted votes and serves the President of the Association with written notice of termination of the Association's authority as his attorney-in-fact and proxy. Notwithstanding the preceding, however, the appointment of the Board of Directors of the Association as attorney-in-fact and proxy shall be reinstated as to any Timeshare Owner who fails to attend and cast his allotted votes at three (3) consecutive annual and/or special meetings of the Association.

Section 20.6. Powers and Duties of the Association with Respect to Timeshare Units. By way of enumeration and without limitation the Association shall have the following powers and duties with respect to Timeshare Units:

- i. coordinate the plans of Timeshare Owners for moving their personal effects into and out of the Timeshare Units with a view toward scheduling such moves so that there will be a minimum of inconvenience to other Owners;
- ii. maintain business-like relations with Timeshare Owners whose service requests shall be received, considered, and recorded in a systematic fashion in order to show the action taken with respect to each request;
- iii. acquire and hold title to all furniture, fixtures, appliances, carpeting and utensils in each Timeshare Unit and cause each Timeshare Unit to be maintained in a serviceable condition. The Association shall determine the color scheme, decor and furnishing of each redecorating and replacement thereof.

- iv. bill each Timeshare Owner for the expense of occupancy of an Timeshare Unit during said Timeshare Owners' Unit Weeks, which the Association determines are the individual expenses of the particular Timeshare Owner including, but not limited to, long-distance and other extraordinary telephone charges, extraordinary repairs or charges for damage to the Timeshare Unit, its furniture, furnishings, equipment, fixtures, appliances and carpeting caused by a Timeshare Owner or his guest, firewood, other charges rendered by the Managing Agent on behalf of the particular Timeshare Owner, and janitorial and maid service in addition to the standard janitorial and maid service provided for each Unit Week and included within the Timeshare Unit Maintenance Fee provided for in this Article.
- v. collect the Timeshare Unit Maintenance Fees and assessments provided for in this Article.
- vi. prepare a Timeshare Calendar which shall at all times establish the dates of each Unit Week at least five years into the future.

Section 20.7. Timeshare Unit Maintenance Fee. In addition to the assessment for Common Expenses established by the Association to meet the common expenses of the Project, the Association may also establish a separate Timeshare Unit Maintenance Fee which will be assessed against Timeshare Units to cover the assessment for Common Expenses for the Timeshare Unit and the additional costs of operating the Timeshare Unit as part of the Plan of Timeshare Ownership. The Timeshare Unit Maintenance Fee for each Timeshare Estate may include but is not limited to, the following:

- i. the pro rata share of the Common and Limited Common Expenses as defined in the Declaration attributable to each Timeshare Estate;
- ii. maintenance, and regularly scheduled cleaning and maid service and upkeep of the Timeshare Unit;
- iii. repair and replacement of furniture; fixtures, appliances, carpeting, and utensils;
- iv. any additional premium for property or liability insurance occasioned by the submission of a Condominium Unit to Timeshare Ownership;
- v. real and personal property taxes assessed against the Timeshare Estates;
- vi. management fees assessed by the Managing Agent to cover cost of operating a Unit pursuant to this Plan of Timeshare Ownership

which are in addition to the management fee set by the Managing Agent for management of the Condominium Project.

- vii. any other expenses incurred in the normal operation of the Project attributable to operation of the Condominium Units as Timeshare Units' and not included within the definition of Common Expenses provided for in this Declaration.

The Timeshare Unit Maintenance Fee shall be assessed and prorated among the Timeshare Owners on the basis of the Timeshare Owner's undivided interest as tenant-in-common in the Timeshare Unit. The Timeshare Unit Maintenance Fee shall be paid by Timeshare Owners pursuant to a schedule established by the Board of Directors of the Association. These assessments shall be the personal and individual debt of the Timeshare Owner and all sums assessed but unpaid, shall constitute a lien on the Timeshare Estate. The Association shall have all of the rights in connection with the collection thereof, including non-judicial foreclosure pursuant to Texas Property Code, as it has in connection with the collection of unpaid assessments for Common or Limited Common Expenses. Any such sums assessed and billed to the Timeshare Owner shall be paid within 60 days of billing. The failure of a Timeshare Owner to timely pay his or her monies owing shall prevent the Timeshare Owner from utilizing their timeshare week and all other attendant benefits of timeshare ownership with the Association and third parties.

Section 20.8. Acceptance of Plan of Timeshare Ownership; Enforcement; Indemnification. By acceptance of a deed to a Timeshare Estate, Timeshare Estate, a Timeshare Owner agrees to be bound by the terms and conditions of this Declaration, specifically including, but not limited to, the provisions of the Plan of Timeshare Ownership. In addition to the foregoing, in the event any Timeshare Owner fails to vacate an Timeshare Unit after termination of his Unit Weeks or otherwise uses or occupies or prevents another Timeshare Owner from using or occupying a Unit Week, that Timeshare Owner shall be in default hereunder and shall be subject to immediate removal, eviction or ejection from the Timeshare Unit wrongfully occupied; shall be deemed to have waived any notices required by law with respect to any legal proceedings regarding the removal, eviction or ejection; and shall pay to the Timeshare Owner entitled to use the Timeshare Unit during such wrongful occupancy, as liquidated damages for the wrongful use of the Timeshare Unit, a sum equal to two hundred percent (200%) of the fair rental value per day for the Timeshare Unit wrongfully occupied as determined by the Association in its sole discretion for each day, or portion thereof, including the day of surrender, during which the Timeshare Owner wrongfully occupies a Unit, plus all costs and reasonable attorneys' fees involved in the enforcement of this provision which amount may be collected by the Association in the manner provided herein for the collection of assessments for Common Expenses.

Any Timeshare Owner who suffers or allows a mechanics' lien or other lien to be placed against his Timeshare Estate or the entire Condominium Unit shall indemnify, defend and hold each of the other Timeshare Owners harmless from and against all liability or loss arising from the claim or such lien. The Association may enforce such indemnity by collecting from the Timeshare Owner who suffers or allows such a lien the amount necessary to discharge

the lien and all costs incidental thereto, including reasonable attorneys' fees. If such amount is not promptly paid, the Association may collect the same in the manner provided herein for the collection of assessments for Common Expenses.

Section 20.9. Alternating Timeshare Estate. An Alternating Timeshare Estate is an Timeshare Estate followed by the designation "E" or "O" which is owned by two Timeshare Owners, each with a 50% undivided interest as tenant-in-common in the Timeshare Estate and which is subject to an easement granting the exclusive use and occupancy of the Unit Week assigned to the Timeshare Estate to each Owner in alternating years [Bi-annual]. Alternating Timeshare Estates followed by the letter "E" shall be available for exclusive use *and* occupancy by the Owner thereof during even numbered years and Alternating Timeshare Estates followed by the letter "O" shall be available for exclusive use and occupancy by the Owner thereof during the odd numbered years.

Section 20.10. Duration of Plan of Timeshare Ownership. The Plan of Timeshare Ownership shall continue until terminated as hereinafter provided.

- A. Termination of Timeshare Estates. The Plan of Timeshare Ownership shall, unless extended as hereinafter provided, terminate on July 1, in the year of 2060, and the remainder estate shall thereupon vest in the Association as trustee for the Timeshare Owners whose Timeshare Estates are then terminated; provided, however, not more than ninety (90) nor less than sixty (60) days prior to July 1, 2060, (the "Initial Termination Date"), the Board shall cause notice of the Initial Termination Date to be given to each Timeshare Owner. Such notice shall contain a call for a meeting of the Timeshare Owners, to be held at least thirty (30) days prior to the Initial Termination Date, state the time and place of the meeting, and advise the Timeshare Owners concerning their option to continue the Plan of Timeshare Ownership for an additional period of ten (10) years, which will be voted upon at such meeting. The notice shall also advise the Timeshare Owners of the Board's proxy holdings, if any, under the provisions of Section 20.5 hereof, and of the manner in which the Board intends to cast the votes for which it holds proxies. At the meeting, the Timeshare Owners shall determine the disposition of the Timeshare Units committed to the Plan of Timeshare Ownership. The Timeshare Owners, by a majority of the votes cast at such meeting may elect to continue the Plan of Timeshare Ownership in which event the Plan of Timeshare Ownership shall continue for an additional period of ten (10) years from and after the Initial Termination Date. If the Timeshare Owners elect to continue the Plan of Timeshare Ownership for an additional ten year period, then this process shall be repeated at the end of each successive ten year continuation of the Plan of Timeshare Ownership.

If, at any such meeting, at least thirty percent (30%), but less than a majority of the votes cast are in favor of the continuation of the Plan of Timeshare Ownership, then a separate vote shall be taken for each Condominium Unit committed to the Plan of Timeshare Ownership, in which only the Timeshare Owners in that Condominium Unit shall be entitled to vote, which vote shall, by majority of the votes cast, determine continuation or termination of the Timeshare Estates in that Condominium Unit.

Each Condominium Unit, for which the Plan of Timeshare Ownership is terminated as herein provided, shall revert to Whole Ownership status, with title to the Timeshare Owners' remainder estates, vested in the Association as trustee for the Timeshare Owners who's Timeshare Estates were terminated.

B. Duties of Board Acting as Trustee. The Board shall thereafter (giving due consideration, however, to then current market conditions) sell or otherwise dispose of all Condominium Units owned by the Association as Trustee pursuant to Section 20.10.A. The Board shall have sole discretion as to the timing, terms and conditions of any sale or other disposition of the Condominium Units. Upon sale or other disposition, the Board shall first apply the proceeds to the costs and expenses incurred thereby, including (but not by way of limitation), commissions, appraisal and legal fees, transfer costs and other normally assessable costs; provided, however that the Board in so acting shall receive no compensation or remuneration for their services in so acting. The remaining consideration paid for each such Condominium Unit so disposed of, shall thereupon be distributed, in cash or in kind, to the Timeshare Owners in that Condominium Unit, in proportion to their respective interests therein. For the purposes of this subsection only, such interest shall be determined by applying a fraction, the numerator of which shall be the number of Unit Weeks owned by the Timeshare Owner immediately prior to the termination of the Plan of Timeshare Ownership, and the denominator of which shall be 51.

ARTICLE 21

Miscellaneous Provisions.

21.1 Rights and Powers of Declarant's Successors or Assignees. The rights and powers reserved to or exercisable by the Declarant under the Instruments or Condominium Act may be exercised by any successor or assignee of the Declarant:

- (a) who acquires title from Declarant by foreclosure or other judicial sale or deed in lieu of foreclosure; or
- (b) to whom the Declarant specifically assigns such rights and powers.

21.2 Captions. The captions, paragraph or section headings are used solely as a matter of style and convenience and shall neither define, limit or expand any term or provision of this Declaration.

21.3 Gender, Number. Whenever the context so permits, the use of the plural shall include the singular, the singular shall include the plural and any gender shall be deemed to include all genders.

21.4 Exhibits. Exhibits A, B, C, D, E, F, G, H, I, and J attached to this Declaration are an integral part of this Declaration.

21.5 Construction, Validity and Severability of Declaration and Bylaws. It is the intention of the Declarant that the terms and provisions of this Declaration and the other Instruments shall be deemed to be independent and severable so that if any term or provision is invalid, void or unenforceable under any applicable law, ordinance, decree, order, judgment or otherwise, the remainder shall be unaffected thereby. The rule against perpetuities may not be applied to defeat any provision of this Declaration, the Bylaws, or Rules & Regulations of the Association. If there is a conflict between the provisions of the Declaration and the Bylaws, the Declaration prevails except to the extent that the Declaration is inconsistent with the Texas Timeshare Act ["Act"]. Title to a Unit and Common Elements is not made unmarketable or otherwise affected by a provision of unrecorded Bylaws or by reason of an insubstantial failure of this Declaration to comply with the Act.

21.6 Choice of Law. This Declaration and the other Instruments shall be governed by the laws of the State of Texas.


21.7 Interpretation. This Declaration and the other Instruments shall be liberally construed to effectuate the purpose of ensuring that the Condominium shall be operated, managed, administered and maintained in, a manner to optimize and maximize its enjoyment and utilization by each Owner, members of each Owner's family, their guests, tenants and invitees as a residential property.

21.8 No Common Enterprise. Neither this Declaration, the other Instruments, nor any of the Warranty Deeds shall be deemed to evidence a joint venture, partnership or other similar arrangement, and no person or entity shall have the right to participate in the individual profits, if any, of any other person or entity arising out of the operation of the Condominium created hereunder.

21.9 There is hereby created and declared to be, and there shall continue to be a conclusive presumption that any violation or breach or any attempted violation or breach of the provisions of this Declaration and of the other Instruments cannot be adequately remedied by an action at law for the recovery of damages.

IN WITNESS WHEREOF, the Declarant, Lake Conroe Properties, LLC, a Texas limited liability company, has caused this instrument to be acknowledged as the Declaration of Condominium by William K. Mitchell, the General Partner of W & K Mitchell Family Limited Partnership, Managing Member of Lake Conroe Properties, LLC, who does hereby as its true and lawful attorney-in-fact acknowledge and deliver this Declaration as its act and deed, entered into and effective this 26th day of October, 2009.

**DECLARANT
LAKE CONROE PROPERTIES, LLC**

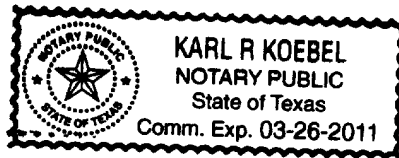


By: William Mitchell, General Partner of W & K Mitchell Family
Limited Partnership, Managing Member of Lake Conroe Properties, LLC

STATE OF TEXAS

COUNTY OF MONTGOMERY

On this the 26th day of October, 2009, appeared on behalf of Declarant, Lake Conroe Properties, LLC, a Texas limited liability company, William B. Mitchell, as general partner of W & K Mitchell Family Limited Partnership, Managing Member of Lake Conroe Properties, LLC, who does hereby as its true and lawful attorney-in-fact, being by me duly sworn, did say that he is the general partner of W & K Mitchell Family Limited Partnership, Managing Member of Lake Conroe Properties, LLC, a Texas limited liability company, and acknowledged the foregoing instrument to be the act and deed of the Declarant, and that he executed same as his free act and same as such.




Notary Public, State of Texas

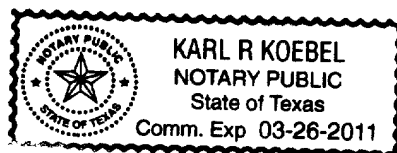
**ASSOCIATION
SHR II LUXURY CONDOMINIUM ASSOCIATION**

By: 
William B. Mitchell, President

STATE OF TEXAS

COUNTY OF MONTGOMERY

On this the 26th day of October, 2009, appeared on behalf of the Association above-mentioned, William B. Mitchell, as President of SHR II Luxury Condominium Association, did say that he is the President of SHR II Luxury Condominium Association, having obtained the necessary consents and approvals pursuant to Article 18. 2 and acknowledged the foregoing instrument to be the act and deed of the Association, and that he executed same as his free act and same as such.




Notary Public, State of Texas

EXHIBIT A

Survey

**FIELD NOTE DESCRIPTION
0.629 ACRE IN THE ELIJAH COLLARD SURVEY, ABSTRACT NO. 7
MONTGOMERY COUNTY, TEXAS**

BEING a 0.629 acre tract of land situated in the Elijah Collard Survey, Abstract No. 7, Montgomery County, Texas, being a portion of a called 8.7646 acre tract as described in deed to Lake Conroe Properties, LLC recorded under Clerk's File No. 2001-107932 of the Official Public Records of Montgomery County, Texas, said 0.629 acre tract being more particularly described as follows:

COMMENCING at a point in the southwesterly right-of-way line of Kingston Cove Lane (60' R.O.W.) for the northeasterly corner of Lot 142, Block 5, of Seven Coves, Section 3, according to the map or plat thereof recorded in Cabinet B, Sheet 11 of the Map Records of Montgomery County, Texas, said point also being the northwesterly corner of said 8.7646 acre tract;

THENCE departing Kingston Cove Lane with the southeasterly line of Lots 142 and 143 South 46° 12' 20" West a distance of 137.77 feet to a point for corner;

THENCE with the southwesterly line of Lots 140 and 141 North 73° 54' 12" West a distance of 257.38 feet to a point in the 201 Contour Line of Lake Conroe;

THENCE southwesterly with said 201 Contour Line of Lake Conroe and the westerly line of 8.7646 acre tract the following courses:

South 07° 13' 33" East a distance of 27.50 feet to a point for corner;

South 02° 17' 51" East a distance of 62.66 feet to a point for corner;

South 06° 09' 02" West a distance of 46.92 feet to a point for corner;

South 11° 17' 18" West a distance of 58.58 feet to a point for corner;

South 17° 40' 16" West a distance of 70.24 feet to a point for the northwesterly corner and **POINT OF BEGINNING** of the herein described.

THENCE departing Lake Conroe and severing said 8.7646 acre tract South 61° 45' 43" East a distance of 111.59 feet to a point for corner;

THENCE South 22° 47' 36" West a distance of 134.13 feet to a point for corner;

THENCE South 31° 36' 21" West a distance of 102.67 feet to a point for corner;

THENCE North 62° 33' 19" West a distance of 121.56 feet to a point in the 201 Contour Line of Lake Conroe, and being in the westerly line of 8.7646 acre tract;

THENCE northeasterly with said 201 Contour Line and with the westerly line of 8.7646 acre tract the following courses:

North 32° 32' 46" East a distance of 73.88 feet to a point for corner;


North 32° 02' 48" East a distance of 112.13 feet to a point for corner;

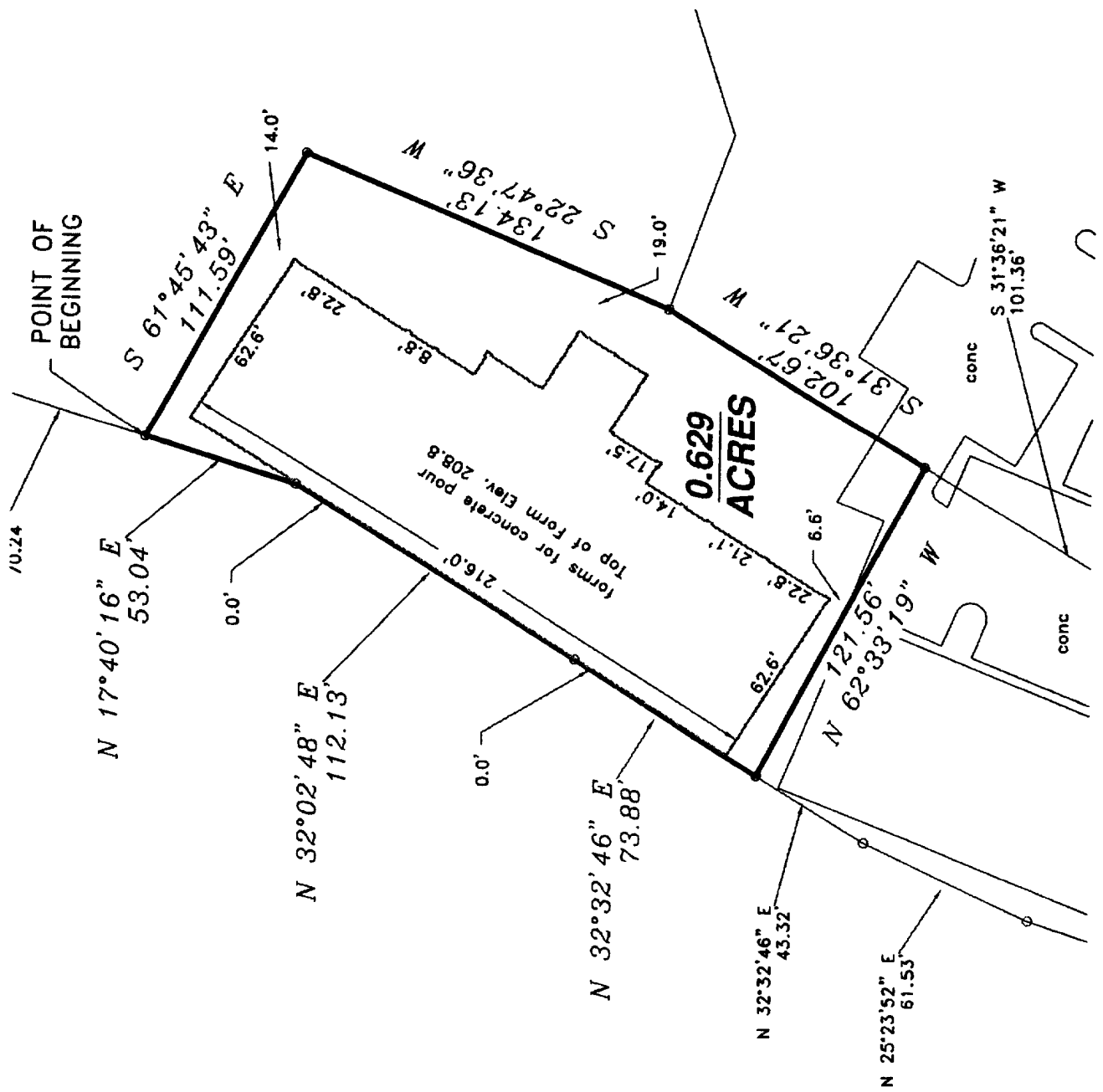
North 17° 40' 16" East a distance of 53.04 to the POINT OF BEGINNING.

CONTAINING a computed area of 0.629 acre of land within this Field Note Description.

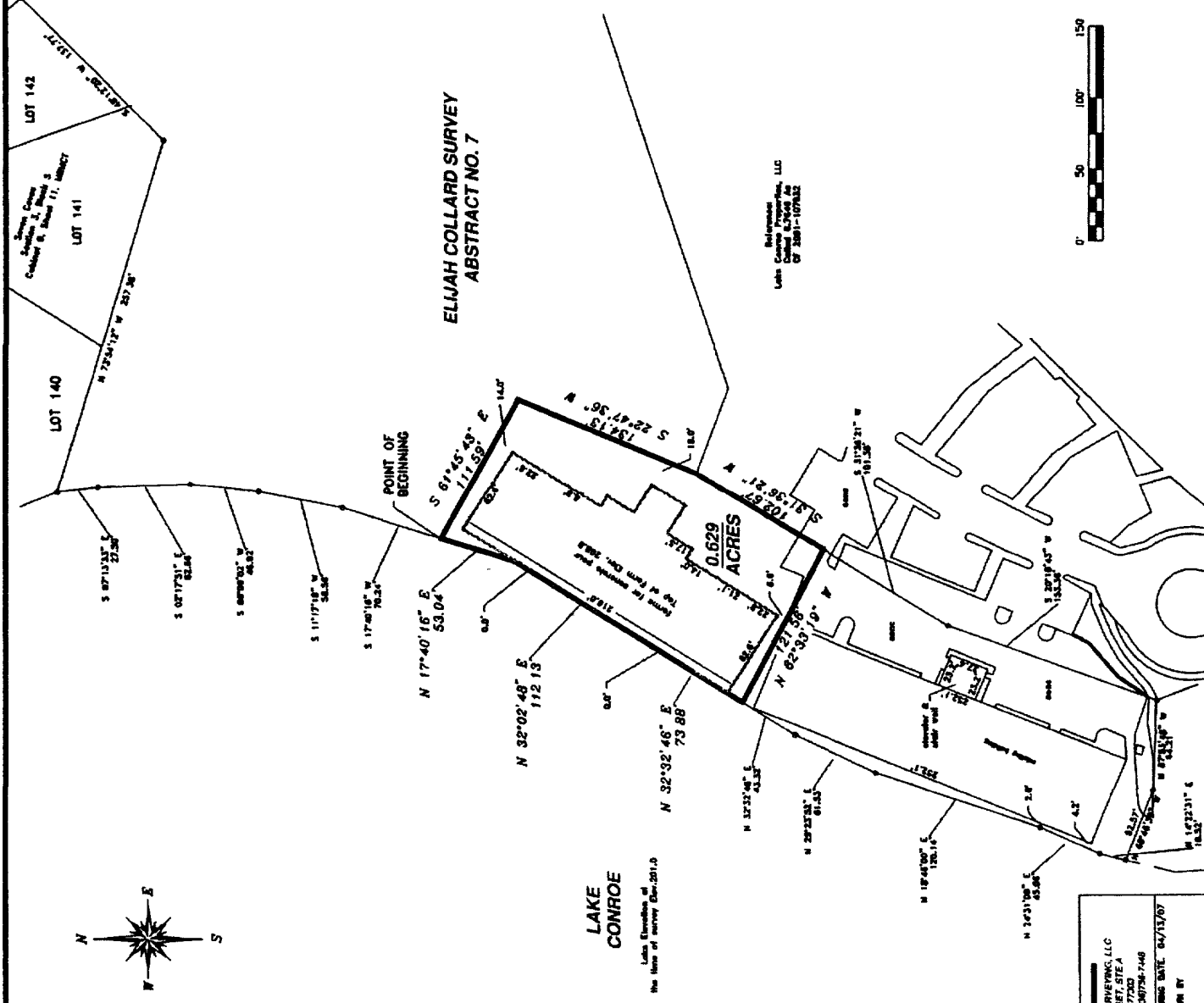
This Field Note Description was prepared from a survey performed on the ground on September 05, 2006 by Texas Professional Surveying, LLC., Registered Professional Land Surveyors and is referenced to Survey Drawing Project No. F11-03D

4-8-07
Date


Joe A. McDaniel
R.P.L.S. No. 4081



POINT OF COMMENCING KINGSTON COVE LANE
(60' R.O.W.)



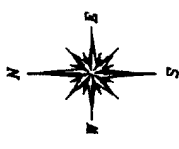
ABSTRACT NO. 7

THIS SURVEY WAS PERFORMED FOR THE ACCOUNT OF THE CLIENT, AND THE SURVEYOR'S RESPONSIBILITY IS LIMITED TO THE ACCURACY OF THE SURVEY DATA PROVIDED BY THE CLIENT. THE SURVEYOR DOES NOT WARRANT THE ACCURACY OF THE SURVEY DATA PROVIDED BY THE CLIENT, NOR DOES THE SURVEYOR WARRANT THE ACCURACY OF THE SURVEY DATA PROVIDED BY ANY OTHER PARTY. THE SURVEYOR'S RESPONSIBILITY IS LIMITED TO THE ACCURACY OF THE SURVEY DATA PROVIDED BY THE CLIENT.

I hereby certify that this survey was made on the ground under my supervision and that the same is a true and correct copy of the original as the same was made.

Date of Survey 08 April 2007

TEXAS PROFESSIONAL SURVEYING, LLC
302 N. PALMER STREET, STE A
DALLAS, TEXAS 75201
(214) 756-7447 FAX (214) 756-7448



TEXAS PROFESSIONAL SURVEYING, LLC 302 N. PALMER STREET, STE A DALLAS, TEXAS 75201 (214) 756-7447 FAX (214) 756-7448	DATE 04/11/07
PROJECT NO. 711-030	ISSUED BY: JAM
BY: JAM	DATE: 04/11/07

EXHIBIT B

Unit Descriptions

Sunset Harbor Luxury Condos, Building 2, Unit Descriptions

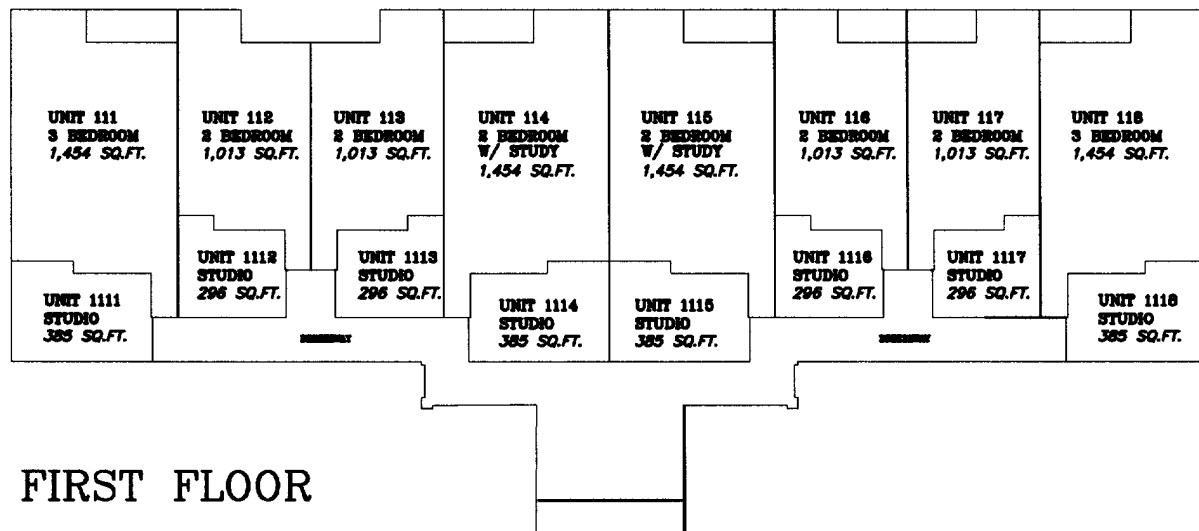
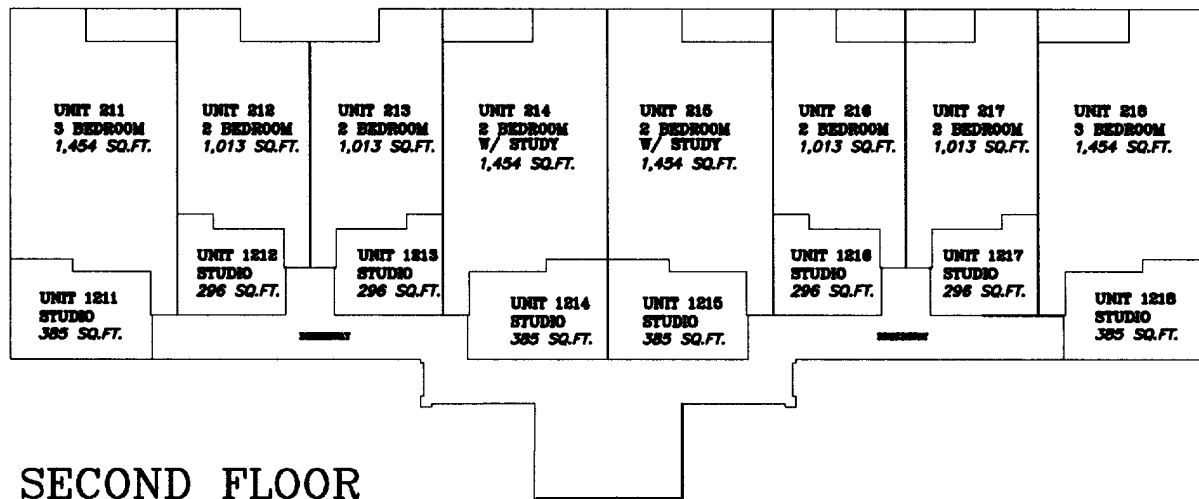
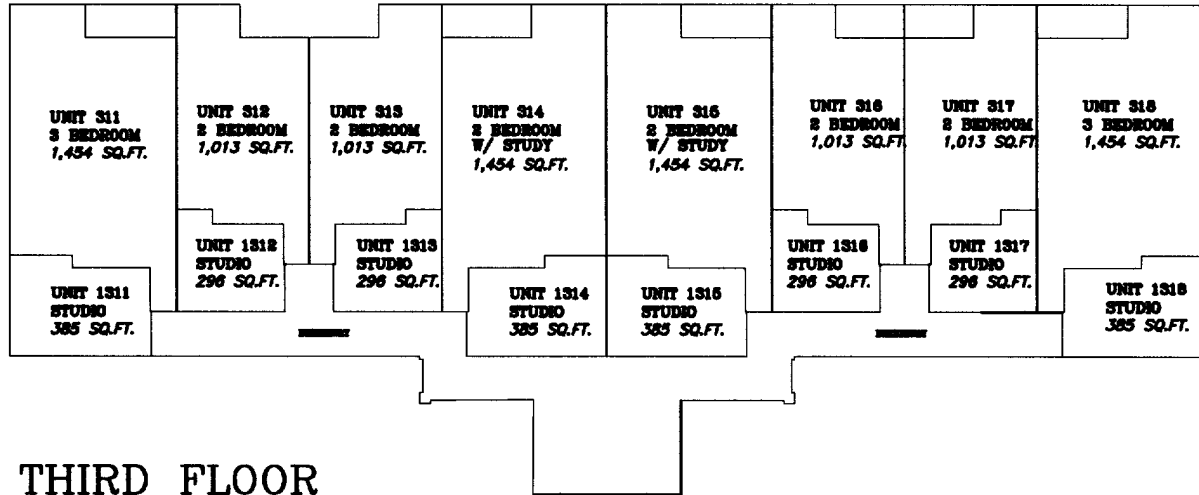


EXHIBIT C

Common Elements and Limited Common Elements

EXHIBIT C

Common Elements and Limited Common Elements

Pursuant to ARTICLE VII, Section 7.3 of the Sunset Harbor Resort Luxury Condominium Regime Declaration of Condominium, the Common Elements of each Parcel of the Property include the following, except to the extent that any portion is designated as a Limited Common Element more fully described in Section 7.6 of the Declaration and set forth below, subject to being amended, restated or supplemented from time to time at the sole discretion of the Seven Coves Resort Condominium Association Board of Trustees:

- (a) all real property listed in Exhibit A upon which the Parcels are situated and all land adjacent thereto within its perimeters of the Property, including all trees, shrubbery, plants, greenbelts, playgrounds, paved areas, parcels and any storage facilities; but excluding any porch, patio or other appurtenance to a Unit that it is designated as a Limited Common Element for exclusive use of that Unit. The Parking Lot shall contain a minimum of thirty (30) Common Element parking spaces, with one (1) parking space assigned to each Unit by the Board of Trustees pursuant to this provision;
- (b) the foundations, beams, supports, girders, columns, bearing walls, non-bearing and bearing perimeter walls of the Building; all walls and partitions of the Building separating any Unit from corridors, stairs, and other mechanical spaces, excepting those finished portions of such walls as are within the interior of any Units; all floors and ceilings, exclusive of the finished flooring and finished ceiling which are within a Unit; the roof and any attic space;
- (c) all of the walk-ways, easements, steps, corridors and other means of access which are incidental thereto and which provide access to the Buildings;
- (d) the compartments, housings, tanks, pumps, fans, reservoirs, apparatus, features, equipment, facilities or installations over, over, across, through, around and under Parcels for central services, including but not limited to water, gas, electrical, sewage, intercom, satellite, modem, pipes, ducts, flues, chutes, gutters, downspouts, drains, cables, wires, telephone, data and other utility lines which service one or more Units;
- (e) all other elements of the Condominium generally of common use or necessary for the existence, maintenance, operation, administration and safety of the Property; and

- (f) all that part of the Condominium which is not part of any of the Units and is not a Limited Common Element as better defined in ARTICLE VII, Section 7.6.

Pursuant to ARTICLE VII, Section 7.6 of the Sunset Harbor Resort Luxury Condominium Regime Declaration of Condominium, the Limited Common Elements of each Parcel of the Property include the following, except to the extent that any portion is designated as a Common Element more fully described above in Section 7.3 of the Declaration, subject to being amended, restated, or supplemented from time to time at the sole discretion of the Seven Coves Resort Condominium Association Board of Trustees:

- (a) the porches, patios, balconies and yards of any Unit;
- (b) the walkways, easements, steps, corridors and other means of access which are incidental thereto and which provide access to any Unit;
- (c) the exterior staircases that lead to any Unit, including storage areas if any
- (d) the skylights, porch lights, exterior faucets and garden hoses of any Unit.

EXHIBIT D

Fractional Interests

FRACTIONAL INTEREST OF COMMON ELEMENTS

Three (3) Bedroom units numbered 111, 114, 115, 118, 211, 214, 215, 218, 311, 314, 315, 318 each have a 4.868% undivided interest in the Common Elements

Two (2) Bedroom units numbered 111, 114, 115, 118, 211, 214, 215, 218, 311, 314, 315, 318 each have a 3.465% undivided interest in the Common Elements

EXHIBIT E

Declaration of Covenants, Conditions and Restrictions

EXHIBIT E - Part 1

Declaration of Covenants, Conditions and Restrictions

LAKE CONROE PROPERTIES, LLC
a Texas Limited Liability Company

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is executed by Lake Conroe Properties, LLC, a Texas limited liability company (hereinafter referred to as the "Declarant"), with its principal business office and corporate address located in Travis County, Texas, at 11200 Centennial Drive, Austin, Texas 78726, effective immediately, on behalf of the real property to be designated as:

SUNSET HARBOR RESORT LUXURY CONDOMINIUM

(the "Property") and which is described by metes and bounds on the attached plat and situated in Tract 2, Abstract 7 of the Elijah Collard Survey in Montgomery County, Texas.

WITNESSETH:

WHEREAS, the Declarant deems it to be in the interest of all present and future Owners to institute a general development plan for the entirety of the subject Property;

WHEREAS, the Declarant expects the general development plan to safeguard property values over an extended period of time; and,

WHEREAS, Covenants, Conditions and Restrictions (hereinafter the "CCRs") are imposed in accordance with common law doctrines as well as in reliance on statutory and case law of the State of Texas.

NOW THEREFORE, in consideration of these recitals, the Declarant does hereby submit the Property, with all improvements thereon, whether heretofore or hereafter constructed, and all appurtenances thereto, to the provisions of these CCRs, and

DECLARES that these CCRs shall govern the Property, including without limitation, the Common Elements and Common Furnishings, if any, and shall be effective until such time as they are amended, modified, and/or restated by SHR II Luxury Condominium Association, Inc., (hereinafter the "Association") acting through its Board of Trustees (hereinafter the "Board") and shall apply to and be binding upon all Owners, who shall at all times obey, adhere to and comply with these CCRs, and who shall use their best efforts to ensure that these CCRs are fully and faithfully observed and kept by all Owners, their families, guests, invitees, tenants, and other Occupants.

ARTICLE I

Architectural Control. There is hereby created a Board-appointed Architectural Control Committee, (hereinafter the "ACC") comprised initially of three (3) people: Bill Mitchell, Mike Guinn and Debbie Buckley. Upon the death or resignation of any ACC member, the Board shall appoint a successor to fill such vacancy within thirty (30) days.

Architectural Approval. Any Owner with plans to remodel, renovate otherwise improve his Unit for the following reasons must first submit to the ACC for its' approval, in sufficient detail to satisfy its members, a written request with plans and specifications and shall obtain a written, dated receipt from the ACC for such delivery. Improvements requiring prior approval shall include, without limitation, the following:

- (a) any exterior addition or alteration to any Unit, including without limitation any residential improvement, building, roof, enclosure, extension, addition, screen, fence, all, shutter, awning, canopy, carport, tower, antennae or other structures; and
- (b) any permanent or semi-permanent landscaping, sprinklers, hoses, planters, wind chimes, mobiles, flags, poles, brackets, hooks, shelves, bird feeders, bird baths, fountains, lighting, speakers, swings, play or sport equipment, statuary or outdoor decor.

1.2 Plans and Specifications. All plans and specifications submitted as part of a written request to the ACC for any anticipated exterior improvement(s) to a Unit shall show all proposed and existing exterior improvements to the subject Unit; any adjacent fences and walkways; relevant exterior building elevations or roof pitch. Color scheme and exterior materials shall also be identified on such plans and specifications.

1.3 Approval Deadline. ACC approval and disapproval of a request for architectural approval shall be in writing, and delivered to the Owner within thirty (30) days from the date upon which the ACC received such request. Failure of the ACC to deliver written approval or disapproval of the request to the Owner within thirty (30) days after receipt by the ACC shall be deemed as an automatic approval of the request by the ACC and the Owner may proceed with the proposed exterior improvement(s).

1.4 Completion Deadline. Any ACC-approved improvement(s) to a Unit shall be completed within the time allotted by the ACC for completion or ninety (90) days after approval if no deadline is so stipulated by the ACC. Improvements not completed within the ACC-mandated time allotment or before the ninety (90) day deadline expires, may be prosecuted by the Declarant in any court having jurisdiction, as a nuisance, without claim or cause of action on the Owner's part against the ACC or the Association.

1.5 ACC Standard of Service. ACC members shall be held to a standard of good faith in carrying out their duties and responsibilities as agents of the Declarant's Board of Trustees, which shall exercise governing control and oversight of the ACC.

ARTICLE II

Use Restrictions. Owners/Occupants shall be responsible for the conduct of all family members, their guests, invitees, and tenants. No noxious, offensive, or illegal activity shall be allowed in any Unit or within the Common Elements, nor shall anything be done therein which may be or become a nuisance, danger, risk or legal liability to other Owners or for the Association and/or damaging to any other Unit or the Common Elements.

2.1 **Occupancy Limits.** No Unit shall be occupied overnight by a number of persons in excess of the occupancy limits imposed by applicable law, as set forth in the Rules and Regulations, or as may otherwise be established by the Association from time to time. Any maximum occupancy limits established by the Association shall not be interpreted to limit reasonable social entertaining.

2.2 **Prohibited Pets.** No animals or pets of any type, character or kind or nature shall be kept in any Unit or elsewhere within the Property, except for seeing-eye dogs. No hunting, trapping, training, breeding, or feeding of wildlife and waterfowl is permitted on the Property, with the exception of the ordinary feeding and care of seeing-eye dogs.

2.3 **Prohibited Businesses.** No retail or professional businesses of any kind which involve the presence of "Non-Owners" in any Owner's Unit for commercial purposes shall be allowed. "Non-Owners" shall be defined herein as the customers, clients, employees, vendors and contract representatives of any Owner with a home office. Home offices are permitted as long as the subject home office and all related business, furnishings, products and supplies are contained within the Unit; there is no outside visible evidence that such home office is maintained in the Unit, and there are no customers, clients, employees, vendors, and contract representatives conducting business in the Unit.

2.4 **Prohibited Enterprises.** No cottage industry, catalog, mail order, barter, religious, educational, charitable, political, entertainment, paramilitary, or other organized public enterprise of any type, character, kind or nature shall be conducted, maintained or permitted on any part of the Property, except as expressly provided for in Section 2.3.

2.5 **Prohibited Activities.** No fire pits, chimineas, stoves, smokers, charcoal/electric/gas grills, hibachis, torches or other open flame of any type, character, kind or nature shall ever be permitted on any balconies, porches, patios, stairways, walkways, parking areas, within Units, or on any portion of the Property, except for on the Common Elements within such areas as may be so designated for such purpose by the Association. No flammable, combustible, explosive, toxic, caustic, corrosive, contagious, dangerous, odorous, or otherwise noxious fluid, chemical or substance shall

be kept in any Unit, except as is necessary for ordinary household use thereon. No public storing of personal property, including without limitation, laundry and flotation devices.

2.6 Prohibited Vehicles. No carriage, stroller, walker, bicycle, scooter, mobile home, recreational vehicle, ATV, boat, watercraft, trailer, ride-on toy or similar item shall be parked or stored in any manner upon any portion of the Common Elements.

2.7 Prohibited Improvements. No radio or television antenna or satellite receiver shall extend more than five feet (5') above the highest point of the roof of any building, and no antenna shall ever be erected or maintained on any Common Element. Solar panels are prohibited. This shall never be construed or enforced in such a manner as to violate the Telecommunications Act of 1996, as now existing or as hereafter amended, and any collateral regulation of the Federal communications Commission.

2.8 No Dumping. No Unit shall be used as a dumping ground for rubbish, trash, garbage or other waste. No trash shall be burned on the Property and all waste disposal for any Unit shall be the sole responsibility of the respective Owner. All waste shall be kept in sanitary containers or other equipment for storage and disposal of such waste. All waste storage facilities shall be kept in a clean, sanitary condition and shall meet sanitary regulations of the State of Texas and Montgomery County. The Association reserves the right to place dumpsters in selected sites on the Common Elements or elsewhere on the Property. If this right is exercised by the Association, Owners may utilize such dumpsters for trash disposition and Owners will be billed annually for such service at rates comparable to those charged by trash disposal service providers. Trash shall not be deposited nor allowed to remain outside a dumpster site and the trash disposed of in a dumpster may not include construction material or oversized items.

ARTICLE III

Construction Provisions. All electrical, plumbing, and mechanical contractors utilized for any construction of improvements on the Property must be currently licensed by the State of Texas. Should any Owner, their contractor, or subcontractor damage any utility facility, lines or assets, the repair shall be at the cost of the Owner with the repair to be performed by the utility with reimbursement at its cost by the Owner. Both the General Contractor on any project and the Owner shall be responsible for the removal and disposition of all building materials, scrap and debris and for cleaning the building site.

ARTICLE IV

General Provisions. The Association or any Owner shall have the right to enforce by any proceeding at law or in equity all CCRs imposed by this Declaration. Failure to enforce any covenant, condition or restriction shall not be deemed a waiver of the right of enforcement either with respect to the subject violation or another violation. All waivers must be in writing and signed by the party to be bound. Any Owner violating the CCRs shall receive written notice and be afforded reasonable time to cure the violation(s).


Invalidation of any covenant, condition or restriction by judgment or court order shall in no way affect any other provision and all other provisions shall remain in force and effect.

4.1 CCRs Run With Land. This Declaration applies to the Property in its entirety and all improvements existing thereon or to be constructed or placed upon. The provisions of this Declaration are intended to run with the land and bind all persons and entities who may own, purchase or acquire all or any part of the Property or who may hold an interest therein, and their respective heirs, assigns, successors, agents, lessees, and legal representatives. The provisions of this Declaration are to become a part of all contracts, deeds, and other legal instruments whereby title to all or any part of the Property, or any interest therein, is divested of an Owner and vested in other persons or entities. When reference is made to public record in contracts, deeds, and other legal instruments, such reference will place all primary and subsequent purchases, Owners of the Property, or any part thereof, and persons or entities having or acquiring any interest therein, on due notice of the full contents of this Declaration and completely as if this entire instrument had been included in such contracts, deeds, or other legal instruments.

4.2 Broad Interpretation. This Declaration shall be liberally construed to its purpose of creating a uniform plan for the Property. The Association reserves the unconditional right, to amend, restate and/or supplement these CCRs from time to time and to adopt such additional Rules & Regulations as may be deemed necessary or desirable. Such amended, restated and/or CCRs and any additional Rules & Regulations shall be fully binding upon all Owners/Occupants, their families, guests, invitees, and tenants. The Association shall be entitled to all enforcement costs, including without limitation, court costs, expert witnesses fees, and reasonable attorney fee, if the Association prevails in any legal action brought against any Owners/Occupants or other persons to enforce these CCRs and any additional Rules and Regulations. All rights, powers and authority of the Association as set forth in this Declaration, the Declaration of Condominium, Bylaws, and other Condominium Instruments, as amended, restated and/or supplemented from time to time, may be delegated to and exercised by the Management Company or managing agent upon an affirmative vote by a majority of the Board, provided that the Management Agreement is in full force and effect at the time.

The foregoing CCRs were adopted by Lake Conroe Properties, LLC, a Texas limited liability company.

LAKE CONROE PROPERTIES, LLC

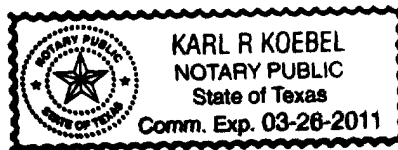
By 

William B. Mitchell, General Partner of W & K Mitchell Family Limited Partnership, Managing Member of Lake Conroe Properties, LLC

STATE OF TEXAS

COUNTY OF MONTGOMERY

On this the 26th day of ~~June~~ ^{Oct} 2007, appeared on behalf of Lake Conroe Properties, LLC, a Texas limited liability company, William B Mitchell, as general partner of W & K Mitchell Family Limited Partnership, Managing Member of Lake Conroe Properties, LLC, who does hereby as its true and lawful attorney-in-fact, being by me duly sworn, did say that he is the general partner of W & K Mitchell Family Limited Partnership, Managing Member of Lake Conroe Properties, LLC, a Texas limited liability company, and acknowledged the foregoing instrument to be the act and deed of the Declarant, and that he executed same as his free act and delivered same as such.




NOTARY PUBLIC - STATE OF TEXAS

EXHIBIT E -Part 2

Rules & Regulations

This Member's Handbook of Rules & Regulations is for convenient reference. It does not replace or supercede the Association's Declaration, Bylaws, or CCRs.

TABLE OF CONTENTS

Section 1:	Common Elements
Section 2:	Parking Lot
Section 3:	Pool Area and Other Amenities
Section 4:	Architectural Control
Section 5:	Seasonal Decorations

SECTION 1

Common Elements

- 1) No one may store materials or objects of any kind on the common elements without prior consent from the Board of Trustees. This includes, but is not limited to: rubbish, plants, building materials, tools, lawn furniture, hoses and recreational equipment.
- 2) No one may place rubbish or other unsightly substances anywhere on the common elements, except in the waste containers provided for such purpose by the Association.
- 3) No one may commit any action which produces a noxious odor including disposing of excessively pungent rubbish in the waste containers provided by the Association.
- 4) Members are responsible for rules violations committed by their family, guests or tenants. Members are also liable for damage caused by their family, guests or tenants.
- 5) No one may make changes in the landscaping of the common elements without permission from the Board of Trustees.
- 6) All toys, recreational equipment and the like must be stored from sight by sunset.
- 7) No fires, firearms or fireworks are permitted on the common elements.
- 8) No barbecues, smokers, hibachis or similar type equipment are permitted anywhere within the property of Seven Coves Resort Condominium, including: patios, balconies, yards, walkways and other common elements. Propane fueled equipment is not allowed.

- 9) No irritating, immoral or illegal activity is permitted on the condominium property.
- 11) No off-road vehicles may be kept or operated anywhere on the common elements.
- 12) Rubbish containers are for household rubbish only; no business or commercial trash.
- 13) No one may commit any action which produces a loud noise on the common elements, except the operation of security devices used for security purposes. This includes, but is not limited to: the operation of power tools, revving of engines, and use of sound systems.
- 14) No rags or rugs are to be dusted from the window or beat on the exterior of the walls.
- 15) No clothing, linens, or rugs may be dried or aired outside if visible by other residents.
- 16) The use, maintenance, and function of the common elements is not to be obstructed, damaged, or reasonably interfered with by anyone.
- 17) No one may clean, paint, spray, varnish and/or repair furniture or any other objects anywhere on the common elements.
- 18) No pellet guns, bows, paintball guns, blowguns or other such weaponry may be operated or displayed on the common elements.

SECTION 2

Parking Lot

- 1) No commercial trucks, trailers or recreational vehicles may be parked in the parking lot, except those performing services for Members of the Association.
- 2) No one may conduct auto repairs in the parking lot which require his or her vehicle to be left unattended on jacks, bricks, blocks, ramps, lifts or other support structures.
- 3) No oil, anti-freeze, brake, transmission, fuel additives or other staining liquids may be spilled, poured, drained or leaked onto the parking lot.
- 4) No recreational vehicles including golf cars, boats, recreational vehicles, campers, personal watercraft or trailers may be stored in the parking lot. No inoperable or unlicensed vehicles may be stored in the parking lot for longer than ten (10) days.

SECTION 3

Architectural Control

- 1) No external architectural changes may be made to any unit without the prior written consent of the Board of Trustees, including but not limited to: awnings, screen enclosures and lattice panels.

2) Planters used on balconies and patios must have a base which does not allow water to drip through to the surface underneath.

3) Yard decor, lawn furniture, plants, planters, mops, brooms, buckets and other items stored on porches or balconies which are visible from the common elements shall be reasonably limited or concealed so as to not detract from the visual appeal of the condominium property. Reasonableness shall be determined by the Board of Trustees.

SECTION 4
Seasonal Decorations

1) Seasonal decorations shall not be installed sooner than six (6) weeks before a holiday season and must be removed no later than one (1) month later than the same holiday season.

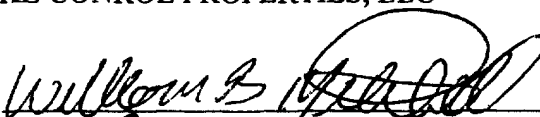
2) Christmas lights may be installed on the eaves or porches of any Unit if they are UL approved exterior lights.

3) No decorations which create a safety hazard shall be permitted.

The foregoing CCRs were adopted by Lake Conroe Properties, LLC, a Texas limited liability company.

LAKE CONROE PROPERTIES, LLC

By:


William B Mitchell, General Partner of W & K Mitchell Family Limited Partnership, Managing Member of Lake Conroe Properties, LLC

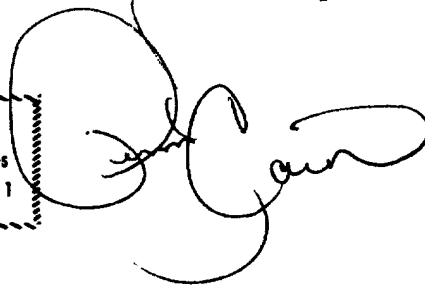
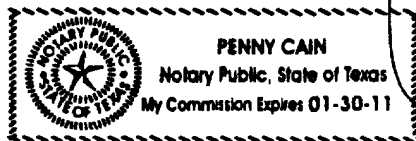
A large, stylized handwritten signature, likely belonging to Penny Cain, the notary.

EXHIBIT F

Declarations of Cross Easements

[Attached to and Made a Part of
Declaration of Cross-Easements
By
THE LANDING AT SEVEN COVES ASSOCIATION, INC.]

LEGAL DESCRIPTION OF THE STREET EASEMENT

TRACT ONE

Being a 26 foot wide Road Easment situated in the Elijah Collard Survey A-7, Montgomery County, Texas, a part of that certain called 11.5529 Acre Tract recorded under Film Code Number 118-01-0639 of the Real Property Records of Montgomery County, Texas, the centerline of said 26 foot Road Easement being more particularly described as follows:

Beginning at a point for the centerline of said 26 foot road easement, South $15^{\circ}10'55''$ East, 146.61 feet from the most easterly corner of Lot 142, Block 5, Seven Coves Subdivision, Section 3, as recorded in Cabinet B, Sheet 11, of the Map Records of Montgomery County;

THENCE North $79^{\circ}06'45''$ West, along the centerline, a distance of 237.12 feet, to the point of curvature;

THENCE along a curve to the left, having a radius of 35.00 feet, a central angle of $90^{\circ}00'00''$, a chord bearing of South $55^{\circ}53'15''$ West, a chord distance of 49.50 feet, an arc length of 54.98 feet, to the point of tangency;

THENCE South $10^{\circ}53'15''$ West, a distance of 130.00 feet, to an angle point;

THENCE South $17^{\circ}40'17''$ West, 116.42 feet, to an angle point;

THENCE South $30^{\circ}49'00''$ West, 308.17 feet, to an angle point;

THENCE South $20^{\circ}32'00''$ West, 130.00 feet, to the centerline
POINT OF TERMINATION of said 26 foot road easement, containing 25,393 square feet or 0.5830 acres of land.

TRACT TWO

Being a 26 foot wide Road Easement situated in the Elijah Collard Survey A-7, Montgomery County, Texas, a part of that certain called 11.5529 acre tract recorded under Film Code Number 118-01-0639 of the Real Property Records, of Montgomery County, Texas, the centerline of said 26 foot Road Easement being more particularly described as follows:

Beginning at a point for the centerline of said 26 foot Road Easement, South $36^{\circ}00'27''$ West, 603.99 feet from the most easterly corner of Lot 142, Block 5, Seven Coves Subdivision, Section 3, as recorded in Cabinet B, Sheet 11 of the Map Records of Montgomery County;

THENCE with the centerline of said 26 foot Road Easement, along a curve to the right having a radius of 326.00 feet, a central angle of $41^{\circ}29'43''$, a chord bearing of South $56^{\circ}33'08''$ East, a chord distance of 230.97 feet, an arc length of 236.10 feet, to the
POINT OF TERMINATION, containing 6,138 square feet or 0.1409 acre of land.

TRACT TRIP

Being a 0.5215 acre Road Easement situated in the Elijah Collard Survey A-7, Montgomery County, Texas, a part of that certain called 11.5529 Acre Tract, recorded under Film Code Number 118-01-0639 of the Real Property Records, of Montgomery County, Texas, said Road Easement being more particularly described as follows:

Beginning at a point on the southerly right-of-way line of Kingston Cove Lane (60 foot R.O.W.) for the most easterly corner of the herein described easement, and being South $51^{\circ}42'51''$ East, 167.99 feet, from the most easterly corner of Lot 142, Block 5, Seven Coves Subdivision, Section 3, as recorded in Cabinet B, Sheet 11 of the Map Records of Montgomery County;

THENCE South $16^{\circ}28'29''$ West, leaving Kingston Cove Lane, a distance of 86.03 feet, to an angle point;

THENCE South $19^{\circ}49'00''$ West, a distance of 191.97 feet, to a point of curvature;

THENCE in a southwesterly direction, along a curve to the right, having a radius of 135.00 feet, a central angle of $50^{\circ}39'00''$, a chord bearing of South $45^{\circ}08'30''$ West, a chord distance of 115.49 feet, an arc length of 119.34 feet, to a point of tangency;

THENCE South $70^{\circ}28'00''$ West, a distance of 216.88 feet, to a point for corner;

THENCE in a northwesterly direction, along a curve of the left, having a radius of 339.00 feet, a central angle of $6^{\circ}44'32''$, a chord bearing of North $60^{\circ}43'39''$ West, a chord distance of 39.87 feet, an arc length of 39.89 feet, to a point for corner;

THENCE North $70^{\circ}28'00''$ East, a distance of 243.14 feet, to a point of curvature;

THENCE in a northeasterly direction, along a curve to the left, having a radius of 105.00 feet, a central angle of $50^{\circ}39'00''$, a chord bearing of North $45^{\circ}08'30''$ East, a chord distance of 89.33 feet, an arc length of 92.82 feet, to the point of tangency;

THENCE North $19^{\circ}49'00''$ East, a distance of 110.0 feet, to an angle point;

THENCE North $10^{\circ}16'39''$ East, a distance of 34.75 feet, to an angle point;

THENCE North $4^{\circ}44'49''$ West, a distance of 41.80 feet to an angle point;

THENCE North $39^{\circ}53'43''$ West, a distance of 31.27 feet to an angle point;

THENCE North $19^{\circ}16'21''$ East, a distance of 29.28 feet, to an angle point

THENCE North $49^{\circ}49'18''$ East, a distance of 19.21 feet, to an angle point.

THENCE North $24^{\circ}02'00''$ East, a distance of 48.62 feet, to a point on the southerly right-of-way line of Kingston Cove Lane for the most northerly corner of the herein described easement;

THENCE in a southeasterly direction, along the southerly right-of-way line, along a curve to the left, having a radius of 570.00 feet, a central angle of $2^{\circ}38'20''$, a chord bearing of South $55^{\circ}04'46''$ East, a chord distance of 26.25 feet, an arc length of 26.25 feet to a point for corner;

THENCE South $24^{\circ}02'00''$ West, leaving Kingston Cove Lane, a distance of 15.18 feet, to a point for corner;

THENCE North $22^{\circ}11'00''$ East, a distance of 46.91 feet, to a point on the southerly line of Kingston Cove Lane;

THENCE in a southeasterly direction along the southerly right-of-way line of Kingston Cove Lane, along a curve to the left, having a radius of 570.00 feet, a central angle of $2^{\circ}23'57''$, a chord bearing of South $58^{\circ}59'18''$ East, a chord distance of 23.87 feet, an arc length of 23.87 feet, to the POINT OF BEGINNING, containing 0.5215 acre of land.

Being a 1.3192 Acre Road Easement situated in L. & Elijah Collard Survey A-7, Montgomery County, Texas, a part of that certain called 11.5529 Acre Tract, recorded under Film Code Number 118-01-0639 of the Real Property Records, of Montgomery County, Texas, said Road Easement being more particularly described as follows:

Beginning at a point on the southerly right-of-way line of Kingston Cove Lane (60 foot R.O.W.) for the northeasterly corner of the herein described easement, and being South $66^{\circ}40'17''$ East, 453.32 feet from the most easterly corner of Lot 142, Block 5, Seven Coves Subdivision, Section 3, as recorded in Cabinet B, Sheet 11 of the Map Records of Montgomery County, Texas;

THENCE leaving Kingston Cove Lane, along a curve to the right having a radius of 50.00 feet, a central angle of $104^{\circ}23'34''$, a chord bearing of South $49^{\circ}00'21''$ West, a chord distance of 79.01 feet, an arc distance of 91.10 feet, to the POINT OF TANGENCY;

THENCE in a westerly direction, along the southerly line of the herein described easement, the following courses and distances:

North $78^{\circ}47'52''$ West,	109.31 feet;
South $11^{\circ}44'35''$ West,	17.84 feet;
North $79^{\circ}56'53''$ West,	72.98 feet;
North $6^{\circ}22'34''$ East,	17.98 feet;
North $69^{\circ}56'03''$ West,	10.30 feet;
South $62^{\circ}26'48''$ West,	9.37 feet;
South $15^{\circ}01'46''$ West,	9.25 feet;
South $70^{\circ}49'47''$ East,	18.00 feet;

THENCE in a southerly direction, along the easterly line of said Road Easement, the following courses and distances;

South $19^{\circ}10'13''$ West,	93.71 feet;
North $70^{\circ}49'47''$ West,	18.00 feet;
South $19^{\circ}02'20''$ West,	10.13 feet;
South $70^{\circ}28'00''$ East,	18.00 feet;
South $19^{\circ}32'00''$ West,	64.08 feet;
North $70^{\circ}28'00''$ West,	18.00 feet;
South $34^{\circ}45'24''$ West,	15.29 feet;
South $47^{\circ}26'33''$ East,	18.00 feet;
South $42^{\circ}33'27''$ West,	130.04 feet;
North $47^{\circ}26'33''$ West,	18.00 feet;
South $42^{\circ}42'37''$ West,	7.54 feet;
South $47^{\circ}34'54''$ East,	18.00 feet;
South $42^{\circ}25'06''$ West,	135.73 feet;
North $47^{\circ}34'54''$ West,	18.00 feet;
South $42^{\circ}50'51''$ West,	8.15 feet;
South $46^{\circ}59'30''$ East,	18.00 feet;
South $43^{\circ}00'30''$ West,	137.20 feet;
North $46^{\circ}59'30''$ West,	18.00 feet;
South $38^{\circ}31'46''$ West,	9.95 feet;
South $44^{\circ}45'52''$ East,	18.00 feet;
South $45^{\circ}14'08''$ West,	135.46 feet;
North $44^{\circ}45'52''$ West,	18.00 feet;
South $40^{\circ}03'57''$ West,	10.28 feet;
South $46^{\circ}58'28''$ East,	18.00 feet;
South $43^{\circ}01'32''$ West,	126.38 feet; to the southeast corner

of the herein described easement;

THENCE in a northwesterly direction the following courses and distances:

North $46^{\circ}58'28''$ West,	18.00 feet;
South $30^{\circ}24'48''$ West,	3.99 feet;
North $44^{\circ}38'46''$ West,	22.68 feet; to the southwest corner

of the herein described road easement

THENCE in a northeasterly direction, along a curve to the right, having a radius of 900.00 feet, a central angle of $7^{\circ}06'21''$, a chord bearing of North $40^{\circ}33'45''$ East, a chord distance of 111.55 feet, an arc distance of 111.62 feet, to a point;

TRACT FOUR (continued)

THENCE continuing in a northeasterly direction the following courses and distances;

North	45°11'14"	East,	156.26 feet;
North	42°24'50"	East,	140.69 feet;
North	47°23'05"	West,	18.84 feet;
North	42°36'55"	East,	117.93 feet;
South	47°23'05"	East,	18.99 feet;
North	42°27'09"	East,	179.99 feet;
North	70°50'44"	West,	16.94 feet;
North	19°09'16"	East,	173.10 feet;
South	85°21'06"	East,	17.53 feet;
North	34°22'15"	East,	9.05 feet;
North	16°29'08"	West,	8.06 feet;
North	84°09'07"	West,	13.45 feet;
South	48°26'04"	West,	19.21 feet;
North	16°28'29"	East,	66.02 feet, to the northwest corner

of the herein described easement;

THENCE in a northeasterly direction the following courses and distances;

South	0°08'57"	East,	10.65 feet;
South	40°25'10"	East,	11.29 feet;
South	63°26'31"	East,	55.66 feet;
North	15°42'09"	East,	17.94 feet;
South	79°15'09"	East,	123.94 feet;
South	10°44'51"	West,	4.00 feet;
South	79°37'50"	East,	17.44 feet;
North	11°03'10"	East,	4.00 feet;
South	78°56'50"	East,	34.06 feet;
South	06°32'54"	West,	17.91 feet;

THENCE in a northeasterly direction, along a curve to the left, having a radius of 20.00 feet, a chord bearing of North 51°25' 59" East, a chord distance of 35.19 feet, an arc distance of 43.01 feet, to the southerly right-of-way line of Kingston Cove Lane;

THENCE along the southerly right-of-way line of Kingston Cove Lane, along a curve to the left, having a radius of 570.00 feet, a central angle of 03°02'26" a chord bearing of South 88°34'56" East, a chord distance of 30.25 feet, an arc distance of 30.25 feet, to the Point of Beginning, containing within these metes and bounds 1.3192 acre of land.

[Attached to and Made a Part of
Declaration of Cross-Easements
By
THE LANDING AT SEVEN COVES ASSOCIATION, INC.]

LEGAL DESCRIPTION OF THE UTILITY EASEMENT

TRACT ONE

Being a 0.2795 Acre Easement situated in the Elijah Collard Survey A-7, Montgomery County, Texas, a part of that certain called 11.5529 Acre Tract, recorded under Film Code Number 118-01-0639 of the Real Property Records of Montgomery County, Texas, the centerline of said 10 foot Easement, being more particularly described as follows:

Commencing at a point on the southerly right-of-way line of Kingston Cove Lane (60 foot R.O.W.) for the most easterly corner of Lot 142, Block 5, Section 3, of Seven Coves Subdivision, as recorded in Cab. B, Sheet 11 of the Map Records of Montgomery County;

THENCE in a southeasterly direction, along a curve to the left, having a radius of 570.00 feet, a central angle of $1^{\circ}30'29''$, a chord bearing of South $43^{\circ}59'39''$ East, a chord distance of 15.00 feet, an arc distance of 15.00 feet; to the POINT OF BEGINNING, of the herein described Easement;

THENCE along the centerline of the herein described 10 foot wide Easement, the following courses and distances;

South $46^{\circ}45'36''$ West,	141.01 feet;
South $82^{\circ}20'30''$ West,	172.84 feet;
South $13^{\circ}00'00''$ West,	122.47 feet;
South $23^{\circ}29'00''$ West,	126.03 feet;
South $24^{\circ}44'00''$ West,	440.59 feet;
South $49^{\circ}10'00''$ East,	145.66 feet;

THENCE South $13^{\circ}50'00''$ East, a distance of 68.82 feet, to the centerline POINT OF TERMINATION, of the herein described Easement, containing 0.2795 Acre of land.

TRACT TWO

Being a 0.2193 Acre Easement situated in the Elijah Collard Survey A-7, Montgomery County, Texas, a part of that certain called 11.5529 Acre Tract, recorded under Film Code Number 118-01-0639 of the Real Property Records of Montgomery County, Texas, the centerline of said 10 foot Easement, being more particularly described as follows:

Commencing at a point on the southerly right-of-way line of Kingston Cove Lane (60 foot R.O.W.) for the most easterly corner of Lot 142, Block 5, Section 3, of Seven Coves Subdivision, as recorded in Cab. B, Sheet 11 of the Map Records of Montgomery County;

THENCE in a southeasterly direction, along a curve to the left, having a radius of 570.00 feet, a central angle of $16^{\circ}56'52''$, a chord bearing of South $51^{\circ}42'51''$ East, a chord distance of 167.99 feet, an arc distance of 168.60 feet, to the POINT OF BEGINNING, of the herein described Easement;

THENCE South $16^{\circ}36'15''$ West, along the centerline of said 10 foot wide Easement, a distance of 269.14 feet, to an angle point;

THENCE South $41^{\circ}23'35''$ West, continuing along said centerline, a distance of 420.86 feet, to an angle point;

THENCE South $46^{\circ}23'47''$ West, continuing along the centerline of said 10 foot wide Easement, a distance of 265.38 feet, to the POINT OF TERMINATION, containing 0.2193 Acre of land.

TRACT FIVE

Being a 0.0092 Acre Easement situated in the Elijah Collard Survey A-7, Montgomery County, Texas, a part of that certain called 11.5529 Acre Tract, recorded under Film Code Number 118-01-0639 of the Real Property Records of Montgomery County, Texas, the centerline of said 10-foot Easement being more particularly described as follows:

Commencing at a point on the southerly right-of-way line of Kingston Cove Lane (60 foot R.O.W.) for the most easterly corner of Lot 142, Block 5, Section 3, of Seven Coves Subdivision, as recorded in Cabinet B, Sheet 11 of the Map Records of Montgomery County;

THENCE South $34^{\circ}28'45''$ West, a distance of 928.65 feet, to the POINT OF BEGINNING, of the herein described easement;

THENCE South $86^{\circ}32'00''$ West, along the centerline of said 10 foot wide easement, a distance of 40.00 feet, to the POINT OF TERMINATION, containing 0.0092 Acre of land.

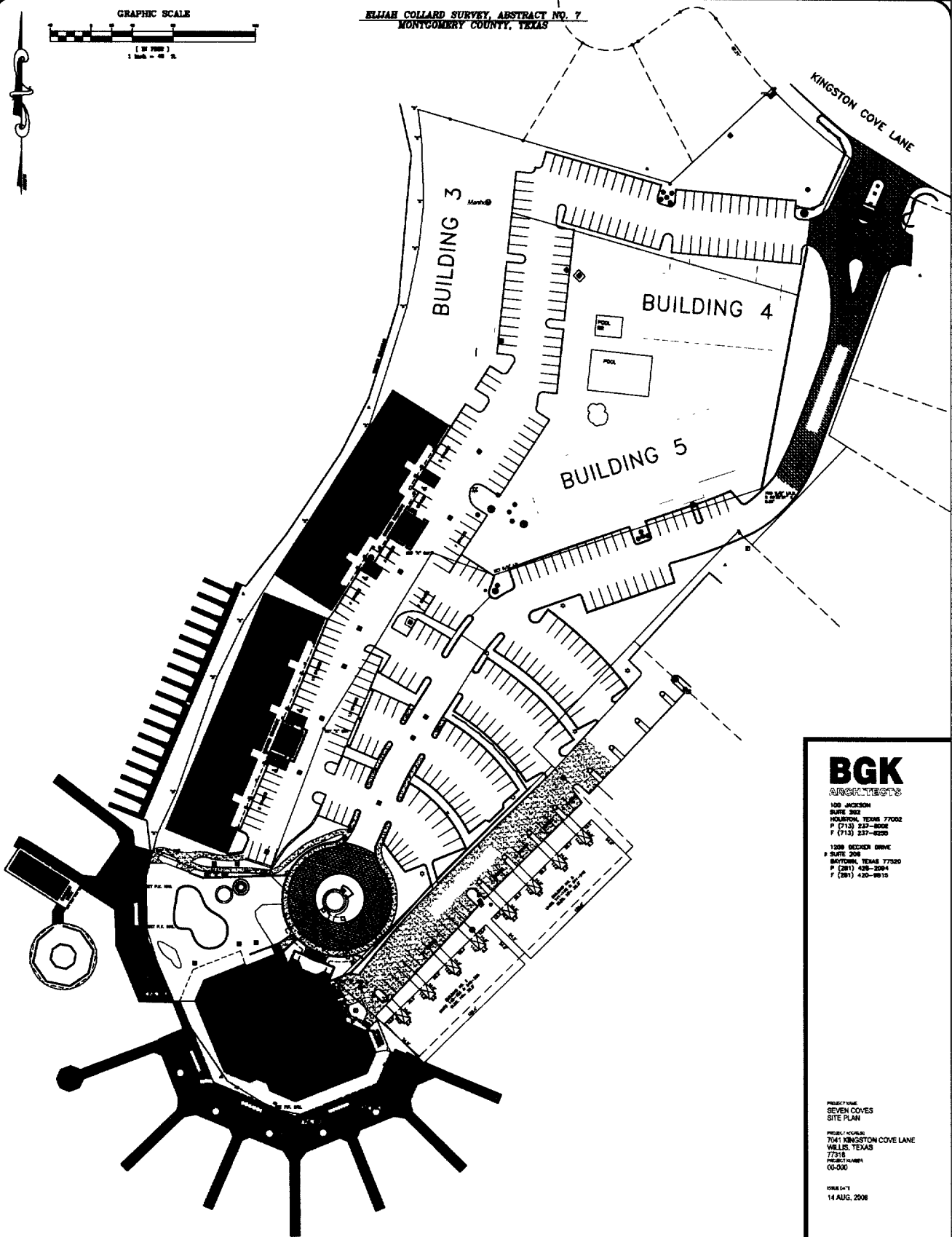
EXHIBIT G

Additional Phases

Any and all tracts of real property in Montgomery County, Texas, that are hereafter submitted to and annexed hereunder in accordance with ARTICLE XII of the Declaration.



ELIJAH COLLARD SURVEY, ABSTRACT NO. 7
MONTGOMERY COUNTY, TEXAS



BGK ARCHITECTS

100 JACKSON
SUITE 202
HOUSTON, TEXAS 77002
P (713) 237-8008
F (713) 237-0229

1208 BECKER DRIVE
SUITE 208
BAYTOWN, TEXAS 77520
P (281) 426-3084
F (281) 426-9919

PROJECT NAME
SEVEN COVES
SITE PLAN

PROJECT ADDRESS
7041 KINGSTON COVE LANE
VILLES, TEXAS
77318
PROJECT NUMBER
00-000

DATE
14 AUG. 2008

DESIGNED FOR
PROPOSED
SITE PLAN

BUILDING #
SHEET NAME
A-0.0

EXHIBIT H

Certificate of Incorporation and Bylaws

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



Roger Williams
Secretary of State

Office of the Secretary of State

CERTIFICATE OF FILING OF

SHR II LUXURY CONDOMINIUM ASSOCIATION, INC.

File Number: 800829929

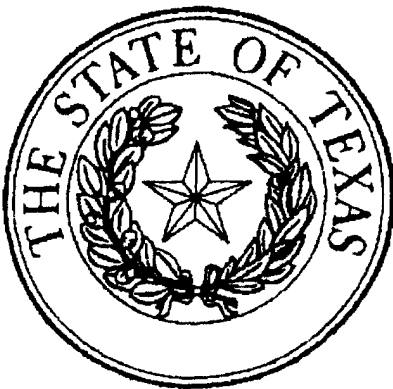
The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Nonprofit Corporation has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 06/14/2007

Effective: 06/14/2007



A handwritten signature in black ink, reading "Roger Williams".

Roger Williams
Secretary of State

**Form 202
(Revised 1/06)**

Return in duplicate to:
Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
512 463-5555
FAX: 512/463-5709
Filing Fee: \$25



**Certificate of Formation
Nonprofit Corporation**

This space reserved for office use.

RECEIVED
JUN 14 2007
Secretary of State

Article 1 – Entity Name and Type

The filing entity being formed is a nonprofit corporation. The name of the entity is:
SHR II LUXURY CONDOMINIUM ASSOCIATION, INC.

Article 2 – Registered Agent and Registered Office

(Select and complete either A or B and complete C)

☐ A. The initial registered agent is an organization (cannot be entity named above) by the name of:

OR

☐ B. The initial registered agent is an individual resident of the state whose name is set forth below:

Debbie

Buckley

First Name

M.I.

Last Name

Suffix

C. The business address of the registered agent and the registered office address is:

7041 Kingston Cove Lane, Unit 251

Willis

TX

77318

Street Address

City

State

Zip Code

Article 3 – Management

☐ The management of the affairs of the corporation is to be vested in the nonprofit corporation's members.

OR

☒ The management of the affairs of the corporation is vested in the board of directors. The number of directors constituting the initial board of directors and the names and addresses of the persons who are to serve as directors until the first annual meeting of members or until their successors are elected and qualified are as follows:

A minimum of three directors required

Director 1				
Bill		Mitchell		
<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>	<i>Suffix</i>	
10814 Laurel Creek Drive	Austin	TX	78726	USA
<i>Street or Mailing Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>Country</i>

Director 2				
Mike		Guinn		
<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>	<i>Suffix</i>	
8306 Foxhound Trail	Austin	TX	78729	USA
<i>Street or Mailing Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>Country</i>

Director 3				
Debbie		Buckley		
<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>	<i>Suffix</i>	
7041 Kingston Cove Lane, Unit 251	Willis	TX	77318	USA
<i>Street or Mailing Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>Country</i>

Article 4 – Members

- ☒ The nonprofit corporation shall have members.
- ☐ The nonprofit corporation will have no members.

Article 5 – Purpose

This nonprofit corporation is formed for any lawful purpose or purposes not expressly prohibited under chapters 2 or 22 of the Texas Business Organizations Code, including any purpose described by section 2.002 of the Code.

Article 6 – Manner of Distribution
(See instructions.)

- ☐ The corporation is authorized on its winding up to distribute the nonprofit corporation's assets in a manner other than as provided by section 22.304 of the Code. The manner of distribution is as follows or as set forth in the attached addendum which is incorporated herein by reference:

--

Supplemental Provisions/Information

Text Area: [The attached addendum, if any, is incorporated herein by reference.]

Organizer

The name and address of the organizer:

Barbara Gibson

Name

4214 Medical Parkway, Suite 202

Austin

TX

78756

Street or Mailing Address

City

State

Zip Code

Effectiveness of Filing (Select either A, B, or C.)

A. ☒ This document becomes effective when the document is filed by the secretary of state.

B. ☐ This document becomes effective at a later date, which is not more than ninety (90) days from the date of signing. The delayed effective date is: _____

C. ☐ This document takes effect upon the occurrence of a future event or fact, other than the passage of time. The 90th day after the date of signing is: _____

The following event or fact will cause the document to take effect in the manner described below:

Execution

The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument.

Date: June 14, 2007



Signature of organizer

SHR II LUXURY CONDOMINIUM ASSOCIATION, INC.

Texas Non-Profit Corporation

Bylaws

ARTICLE I

Name. The name of the organization shall be SHR II Luxury Condominium Association, Inc. (hereinafter referred to as the "Association").

ARTICLE II

Address. The mailing address of the Association shall be provided in the Articles of Incorporation (hereinafter the "Articles"), but the principal office may be located at such other suitable and convenient place as shall be permitted by law and as may be designated by the Board of Trustees (hereinafter the "Board").

ARTICLE III

General Provisions. The words and terms used herein shall be deemed to have the same meanings ascribed to them as are given those same words and terms as used in that certain Declarations of Condominium, as recorded on or about June ___, 2007, by the Office of the Clerk for Montgomery County (hereinafter the "Declaration").

3.1 Conflicts. The Declaration shall supersede, control and govern in the event of any conflict between the terms of these Bylaws, as may be amended, restated and/or supplemented from time to time, except as provided for in Section 12.2 herein.

3.2 Application. All present or future Owners/Occupants of any Condominium Units on the Property (hereinafter the "Units"), their family, guests, tenants, licenses, invitees, all Mortgagees of Record and any other persons who may use the facilities of the Association in any manner whatsoever are subject to the covenants, conditions, restrictions, rules and regulations set forth in the Bylaws, the Declaration and other Condominium Instruments, as may be amended, restated and/or supplemented from time to time. The acceptance of a legal or equitable interest in a Unit, mere act of using or occupying a Unit, and acquisition or rental of any Unit, signifies acceptance of and compliance in all respects with these Bylaws and other Condominium Instruments (hereinafter the "Instruments").

ARTICLE IV

Purpose. The Association is formed as a Texas non-profit corporation, organized and existing under Texas law for the benevolent purpose of administering, governing, managing, operating, and maintaining the condominium property created by that certain Declaration of Condominium (hereinafter the "Declaration") for Sunset Harbor II Luxury Condominiums, as

amended, restated and/or supplemented from time to time, as situated in the county of Montgomery, State of Texas, which Property is described in Exhibit "A" of the Declaration, which by this reference is made a part here, and which Property and all improvements thereon has been submitted to a Condominium Regime according to the provisions of the Uniform Condominium Act of the State of Texas (hereinafter the "Act"). All of the terms, definitions, conditions, covenants and restrictions of the Declaration of the Association are incorporated herein by reference for all purposes.

Powers. In accordance with Section 82.102 of the Act and acting through its Board, the Association is authorized by the Instruments to do any and all of the following:

(a) adopt and amend Bylaws, Covenants, Conditions and Restrictions, in addition to any rules and regulations, governing the Association and the use, occupancy, leasing or sale, maintenance and repair, modification, and appearance of Units and Common Elements, to the extent that the regulated actions affect Common Elements of other Units and the Association has jurisdiction over same, and the Association may pay all of the expenses incidental thereto;

(b) adopt and amend budgets for revenues, expenditures, and reserves, and to fix, determine, levy and collect annual assessments to be paid by each of the Owners, and by majority vote of the Board to adjust, decrease or increase the amount of the annual assessments subject to provisions in the Declaration, and to levy and collect special assessments in order to meet increased operating or maintenance expenses and capital expenses, and shall cause to be prepared an itemized annual billing statement that sets forth in detail the various expenses for which any fees and assessments are made;

(c) maintain complete and accurate books and records showing all receipts, expenses or disbursements and to permit examination thereof at any reasonable time by any Owners and any First Mortgagee of a Unit, and to cause a complete annual audit of the books and accounts by a competent accountant, and to deliver annually to each Owner an audited statement by such accountant showing all receipts, expenses or disbursements since the last such statement, and to make available to each owner during normal business hours, copies of the Instruments, including any Minutes;

(d) hire, supervise and terminate managing agents and other employees, agents, and independent contractors;

(e) institute, defend, intervene in, settle, or compromise litigation or administrative proceedings in its own name, on behalf of itself, or in the names of two or more Owners on matters affecting the Condominium;

(f) enter into contracts and incur liabilities pertaining to administration, management, and operation of the Condominium;

(g) regulate the use, maintenance, repair, replacement, modification, and appearance of the Condominium;

amended, restated and/or supplemented from time to time, as situated in the county of Montgomery, State of Texas, which Property is described in Exhibit "A" of the Declaration, which by this reference is made a part here, and which Property and all improvements thereon has been submitted to a Condominium Regime according to the provisions of the Uniform Condominium Act of the State of Texas (hereinafter the "Act"). All of the terms, definitions, conditions, covenants and restrictions of the Declaration of the Association are incorporated herein by reference for all purposes.

Powers. In accordance with Section 82.102 of the Act and acting through its Board, the Association is authorized by the Instruments to do any and all of the following:

(a) adopt and amend Bylaws, Covenants, Conditions and Restrictions, in addition to any rules and regulations, governing the Association and the use, occupancy, leasing or sale, maintenance and repair, modification, and appearance of Units and Common Elements, to the extent that the regulated actions affect Common Elements of other Units and the Association has jurisdiction over same, and the Association may pay all of the expenses incidental thereto;

(b) adopt and amend budgets for revenues, expenditures, and reserves, and to fix, determine, levy and collect annual assessments to be paid by each of the Owners, and by majority vote of the Board to adjust, decrease or increase the amount of the annual assessments subject to provisions in the Declaration, and to levy and collect special assessments in order to meet increased operating or maintenance expenses and capital expenses, and shall cause to be prepared an itemized annual billing statement that sets forth in detail the various expenses for which any fees and assessments are made;

(c) maintain complete and accurate books and records showing all receipts, expenses or disbursements and to permit examination thereof at any reasonable time by any Owners and any First Mortgagee of a Unit, and to cause a complete annual audit of the books and accounts by a competent accountant, and to deliver annually to each Owner an audited statement by such accountant showing all receipts, expenses or disbursements since the last such statement, and to make available to each owner during normal business hours, copies of the Instruments, including any Minutes;

(d) hire, supervise and terminate managing agents and other employees, agents, and independent contractors;

(e) institute, defend, intervene in, settle, or compromise litigation or administrative proceedings in its own name, on behalf of itself, or in the names of two or more Owners on matters affecting the Condominium;

(f) enter into contracts and incur liabilities pertaining to administration, management, and operation of the Condominium;

(g) regulate the use, maintenance, repair, replacement, modification, and appearance of the Condominium;

(h) own, lease, provide, control, maintain, and operate recreational facilities, provide park grounds, and other Common Elements, and may also cause additional improvements to be made to same;

(i) acquire, hold, encumber, and convey in its own name any right, title, or interest to Real or Personal Property, except Common Elements of the Condominium;

(j) grant easements, leases, licenses, and concessions through or over the Common Elements;

(k) impose and receive payments, fees, or charges for the use, rental, or operation of Common Elements; and also for administrative, recreational, social, educational, security, and maintenance services provided to Owners;

(l) impose interest and late charged for delinquent Assessments, returned check charges, and if proper notice and an opportunity to be heard are given, reasonable penalties or fines for violations of the Declaration, these Bylaws, the CCRs and any other Instruments of the Association, and may adopt and amend rules or collections policies regulating the collections of delinquent Assessments and the application of payments;

(m) appoint such Committees as the Board deems appropriate, which, to the extent provided in the resolution appointing such Committee(s), shall exercise the powers of the Board. The Committee(s) shall keep Minutes, document expenses, and report regularly to the Board all findings, recommendations and actions;

(n) adopt and amend rules or policies regulating the termination of utility services to a Unit, the Owner of which is delinquent in the payment of any Assessment that is used, in whole or in part, to pay the cost of that utility;

(o) impose reasonable charges for preparing, recording or copying Declaration amendments, Resale Certificates, or statements of unpaid Assessments;

(p) enter any Unit for bona fide emergency purposes when conditions indicate an imminent risk to the Common Elements, to another Unit, or to any Owner/Occupants;

(q) assign its right to future income, including Common Expense Assessments, but only to the extent that the Declaration provides;

(r) suspend any Member's voting privileges and/or rights to use of Common Elements or SCA amenities during any period in which such Member shall be in default of they payment of any Assessment levied by the Association, and to suspend such voting privileges and/or rights for:

- (i) a period not to exceed sixty (60) days for the infraction of the Declaration, or the Association Rules; and

- (ii) successive 60-day periods if any such infraction is not corrected during any prior 60-day suspension period; however, no such suspension may be made toward restricting the use of the Owner's Lot as a residence or restrict his or her access or parking rights;
- (s) arrange, provide, and pay for refuse collection;
- (t) pay ad valorem taxes and assessments levied/imposed against the Property;
- (u) construct and maintain parking lots, streets, sidewalks, and other rights of way or easements; and may adopt and impose speed limits, designate public parking areas, and install signs and graphics to control public access;
- (v) provide for the employment of security personnel, police, constables and/or courtesy patrol, and such other security measures, as may be deemed necessary, including, but not limited to, video cameras, keypads, fencing, gates, identification cards, and vehicle windshield stickers or rear view mirror tags;
- (w) provide for landscaping of the Property, Common Elements, and portions of the Buildings to maintain a uniform and harmonious landscaping scheme for the Property;
- (x) adopt and amend rules or policies regarding control of animal;
- (y) procure insurance in accordance with the Declarations and secure bank accounts on behalf of the Association, designate authorized signatories on bank cards required thereof, and procure any legal, accounting or professional and advisory services as are deemed appropriate for administration, management, and operation and maintenance of the Property and for enforcement of the Declaration, Bylaws, and other Instruments; and
- (z) perform all other acts deemed by the Board to be necessary, desirable, or appropriate in order to ensure the proper administration, management, maintenance, repair, replacement, restoration, refurbishment, improvement and operation of the Condominium, and to ensure the proper operation and administration of the Association.

ARTICLE VI

Membership Qualifications. On becoming an Owner of a Unit Interest, any person or entity (including the Association for so long as it is deemed to be an Owner of a Unit Interest) shall automatically become a Member of the Association and be subject to the Bylaws. Such membership shall terminate without any Association action whenever ownership in a Unit Interest terminates. Termination of a Unit Interest shall not relieve or release any former Owner from liability or obligation incurred under or in connection with the Association during the period of such ownership; or impair any rights or remedies which the Association may have against such former Owner arising out of or in connection with such ownership and all membership obligations incident thereto.

6.1 Proof of Membership. As a non-profit corporation, no stock certificates shall be issued by the Association, but the Board, if it so elects, may issue one (1) Membership I.D. per Unit to the Owner(s) of such Unit. Any such Membership I.D. Card shall be surrendered to the secretary whenever ownership of a Unit Interest is terminated.

6.2 Voting. The votes of Members of the Association, present in person or by proxy, at any duly called meeting of Members of the Council at which a quorum has been achieved, casting a majority of the total votes eligible to be voted by such Members shall decide any business under consideration, and shall constitute the act of and be binding upon the Association and all Members thereof.

- (a) Unit ownership shall entitle an Owner to cast one (1) vote per Unit in affairs of the Association, which vote will be weighted to equal the proportionate share of ownership, provided that the Owner is in good standing and current on all assessments, fees and/or dues owed to the Association.
- (b) The present number of votes that can be cast by all of the Unit Owners is twenty-four (24). The combined weighted votes calculated in accordance with Exhibit "G" to the Declaration shall equal one hundred percent (100%).
- (c) The Association, represented by the Board, is entitled to one (1) vote per Unit Interest, if any.
- (d) The person named in Association billing records as Owner of a Unit owned by one person is designated as the "record owner" of such Unit for voting purposes.

6.3 Multiple Owners. If a Unit is owned by more than one (1) person, then all of the persons so owning the Unit Interest shall be Members of the Association and shall be eligible to hold office, attend meetings and exercise all other rights and privileges of an Owner which are granted by the Declaration and the other Instruments, excepting that the vote of a Unit Interest may only be exercised by the "voting Member," explained more fully in Section 6.4. Tenants, guests, and other invitees of an Owner may not exercise membership privileges, excepting that such persons may utilize amenities and other Common Elements and may also participate in social activities. In the event of over-crowding, the Board may adopt additional Rules & Regulations or impose such other policies to further restrict membership privileges and may also set fees to participate in certain social activities or to access such amenities as the swimming pool.

6.4 Voting Members. The person entitled to hold the right to vote for any Unit owned by more than one person shall be designated the "voting Member" on a certificate, signed by all record Owners of the Unit, and filed with the Secretary of the Association. Multiple Owners of a Unit shall not share voting rights, except if said Unit is owned by a husband and wife. Any Unit owned by a corporation, partnership, association, trust or other legal entity shall designate one (1) Owner or agent as a "voting Member".

- (a) The Secretary of the Association shall maintain a list of persons entitled to vote on behalf of such multiple Owners or legal entities, and until the Association is notified to the contrary, any action taken by such persons purporting to be on behalf of such Owners shall be binding on such Owners.
- (b) If such a certificate is not on file with the Secretary of the Association for the Unit owned by more than one person or by a legal entity, the vote of the Unit concerned shall not be considered in determining the requirement for a quorum, or for any other purpose requiring the approval of a person entitled to cast the vote for the Unit.
- (c) Such certificate shall be valid until revoked or until suspended by a subsequent certificate, or until there is a change in ownership of said Unit.
- (d) Notwithstanding the foregoing, if a Unit is jointly owned by husband and wife, the following three provisions are applicable thereto:
 - (i) Spouses may, but are not required to, designate a voting Member.
 - (ii) If spouses do not designate a voting Member and if both are present at a meeting (in person or by proxy), and are unable to concur on their decision upon any subject requiring a vote, their vote shall not be counted in any vote on that subject at that meeting; and
 - (iii) Where spouses do not designate a voting Member and only one is present at a meeting (in person or by proxy), the person present may cast the Unit vote, just as though he or she owned the Unit individually and without establishing the concurrence of the absent person.

6.5 Majority of Owners/Members. As used in these Bylaws, the terms "a majority of Owners" and/or a "majority of Members" shall mean those Owners/Members with sixty-seven percent (67%) of the votes entitled to be cast.

6.6 Quorum. Except as otherwise provided herein, the presence in person or by proxy of a majority of Owners as defined in Section 7.3 shall constitute a quorum at any meeting of Members. Except as otherwise provided in Section 8.4 herein, when a quorum of Owners is present at any meeting, a majority vote of the Owners present, either in person or by proxy, shall be sufficient to either defeat or approve any proposed action and the vote shall be binding upon the Board. If such quorum shall not be present or represented at any meeting, a majority of those Owners present and entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than by announcement thereat, until a quorum shall be present or represented. In the absence of a quorum, no business may be transacted at any Members Meeting.

6.7 Proxies. Quorum and voting rights may be exercised in person or by proxy. All

proxies shall be in writing, dated, signed by Owner(s), notarized and filed with the Secretary" before the appointed time of any Members meeting. Every proxy shall be revocable and automatically cease upon conveyance by the Owner of his Unit Interest or termination of his membership. Proxies shall be valid only for the purpose stated on the proxy and no proxy shall be valid after twelve (12) months from the date of execution.

ARTICLE VII

Administration. Owners constitute the Association of Members, who are charged with the responsibility of self-administering the non-profit corporation through a Board,

7.1 Declarant Control. Notwithstanding any provision herein in the contrary, in accordance with the Declaration and subject to Section 82.103(d) of the Act, the Declarant shall retain control over management to the benefit of the Owners and any first Mortgagees of Record, and for the purpose of insuring both a complete and orderly conversion, and a timely sellout of the Units, and during which time Declarant may appoint and remove Association Trustees. Although Declarant may voluntarily surrender the right to appoint and remove Officers and Trustees before termination of Declarant control, Declarant requires for the duration of the period that the Declarant would otherwise control that the specific actions of the Trustees or the Association be approved by the Declarant before taking effect. Transfer of Special Declarant Rights does not terminate the period of Declarant control. Such control shall last no longer than five (5) years from the date the first Unit is sold, transferred or conveyed; or 120 days after the sale of seventy-five percent (75%) of the Units, whichever occurs first.

7.2 Annual Meetings. Annual Meetings of the Members shall be held on the first (1st) Saturday in May of each year, for the purpose of electing Trustees whose term has expired and for the transaction of any and all such other business as may be brought before the Members or submitted to the Members at such Annual Meeting.

7.3 Special Meetings. The President shall call a Special Meeting of Members as directed by resolution of the Board or upon receipt of any petition signed by at least one-third (1/3) of all Members in good standing as verified by the Secretary. Notice of any Special Meeting of Members shall state the time and place of such meeting and the purpose(s) thereof. No business shall be transacted at a Special Meeting except as stated in the notice unless by consent of a majority of Members present, in person or by proxy.

7.4 Place of Meetings. All Annual and Special Meetings of the Board and the Members shall be held at the Association's principal office(s), or such other place in Montgomery County, Texas as the Board may from time to time deem appropriate.

7.5 Waiver and Consent. Whenever the vote of Members is required or permitted at a meeting of Members, the meeting and note of Members may be dispensed with and the business at question may be decided by mail-in ballot, if Members of the Association representing a majority of the total votes eligible to be voted consent in writing to dispense with the meeting and vote upon the business in question by mail-in ballot. This procedure requires that mail-in ballots accompany consent forms sent to Members and that such forms be completed and

returned with the ballot as if one form.

7.6 Notice of Meetings. Unless a Member waives in writing the right to receive notice of a Members meeting, the Board shall mail or deliver, or shall cause to be mailed or delivered, written notice of all Members meetings to each Member at his last known address as listed in Association records. Such notice shall be delivered or mailed to each Member, by First Class or Bulk Mail, postage paid, address correction requested, not less than ten (10) days and not more than sixty (60) days prior to the date of such meeting. If requested in writing, any Mortgagee of Record or its designee may be entitled to receive similar notice. Each such notice shall specify the time, date and place of such meeting, shall state whether it is an Annual or Special meeting and shall describe the business to be transacted or anticipated to be transacted thereat. The failure of any Member or Mortgagee of Record to receive actual notice of any Members Meeting shall in no way invalidate, void or affect the meeting or the legality, enforceability, outcome or effect of any business transacted thereat.

7.7 Other Notification. Candidates names and resumes, and any proposed changes to Bylaws, shall be submitted to the Board Secretary at least ninety (90) days prior to the Annual Meeting in order that Members may be informed about proposed candidates and/or amendments. Proposed amendments to Bylaws shall be submitted with a petition signed by at least one-third (1/3) of all Members in good standing.

7.8 Adjourned Meeting. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting for not less than five (5) days, but not more than twenty (2), and the required quorum at the subsequent meeting shall be twenty-five percent (25%) of the aggregate interest of the undivided Ownership of the Common Elements.

7.9 Parliamentary Rules Apply. Robert's Rules of Order as updated from time to time, shall govern the conduct of all meetings of Members when not in conflict with the Declaration, these Bylaws and the other Instruments.

7.10 Participation by Manager. For so long as a management agreement with the Association is in effect, the Manager shall be entitled to furnish notice of all meetings of Members to the Association and shall be entitled to attend all meetings of Members.

7.11 Order of Business for Annual Meetings. The order of business for all Annual Meetings of the Members shall be set in the following agenda:

- (a) Roll call;
- (b) Proof of Notice of Meeting or Waiver of Notice;
- (c) Reading of Minutes for preceding Annual Meeting of Members;
- (d) Reports of Officers;
- (e) Reports of Advisors (ie: Attorney, Accountant, Auditor, Broker, Vendors);
- (f) Report of Manager;
- (g) Reports of Committees, if any;
- (h) Introduction of Candidates for Election to the Board;

- (i) Nominations of Candidates from the floor, if any;
- (j) Candidates Forum;
- (k) Appointment of election officials;
- (l) Election of Trustees;
- (m) Unfinished Business, if any;
- (n) New Business; and
- (o) Adjournment.

7.12 Order of Business for Special Meetings. The order of business for all Special Meetings of the Members shall include the following items on any agendas set by the Members or the Board for such Special Meetings:

- (a) Roll call;
- (b) Proof of Notice of Meeting or Waiver of Notice;
- (c) Appointment of Parliamentarian;
- (d) Summary of business conducted at any preceding Special Meeting;
- (e) Reports of Officers;
- (f) Reports of Advisors (ie: Attorney, Accountant, Auditor, Broker, Vendors);
- (g) Reports of Members;
- (h) Members Forum;
- (i) Unfinished Business, if any; and
- (j) Adjournment.

7.13 Adjournment. Any meeting of Members, whether or not a quorum is present, may be adjourned from time to time by the affirmative vote of Members casting a majority of the total votes represented at said meeting, in person or by proxy. In the absence of a quorum, no other business may be transacted at any meeting of Members, provided, however, that any meeting of Members which is adjourned due to the failure to establish a quorum shall be re-convened within thirty (30) days, and any business which could have been conducted at the original meeting, in accordance with the provisions hereof, shall be conducted and be fully authorized hereunder to be conducted at said re-convened meeting without the need to establish a quorum at such re-convened meeting.

ARTICLE VIII

Board Qualifications. The affairs of the Association shall be governed by a Board comprised initially of three (3) persons, expandable in accordance with the Declaration to five (5) persons, but which shall at no time be comprised of an even number of persons. The following persons shall act in such capacity and manage the affairs of the Association until successors are elected, to-wit:

Name	Address
Bill Mitchell President & Treasurer	10814 Laurel Creek Drive Austin, TX 78726-1923

Debbie Buckley
Secretary

7041 Kingston Cove, Unit 251
Willis, TX 77318

Mike Guinn
Vice-President

8306 Foxhound Trail
Austin, TX 78729

Except for the persons appointed to the initial Board during the period of Declarant Control as defined in the Declaration, a Trustee must own an interest in a Unit and be a Member in good standing to qualify for service on the Board. At no time may any Trustee serve simultaneously with an immediate family Member or spouse. Except for the Trustees appointed by the Declarant, any Trustee who ceases to be an Owner shall automatically be deemed to have resigned. Moreover, any Trustee who is more than thirty (30) days delinquent in the payment of any Assessment, Special Assessment, Personal Charge or any other amount owed to the Association shall be deemed to have resigned from the Board, effective immediately upon the Board's receipt of notification of such delinquency.

8.1 Election and Term of Office. At the first (1st) Annual Meeting of the Association the term of office of one (1) of the Trustees shall be fixed for one (1) year, the term of office of another one (1) of the Trustees shall be fixed at two (2) years, and the term of office of the remaining one (1) Trustee shall be fixed at three (3) years. At the expiration of the initial term of office of each respective Trustee, his successor shall be elected to serve a term of three (3) years. The persons acting as Trustees shall hold office until their successors have been elected and have held their first (1st) meeting. Except for the initial Board, the terms served by Trustees shall at all times be staggered with each Trustee serving one (1) three-year term. The length of terms may be modified by the Members at any Annual or Special Meeting of the Members by an affirmative vote of a majority of a quorum of Members present in person or by proxy.

8.2 Nomination and Election of Trustees. No write-in candidates shall be permitted for election to the Board and nominations of candidates shall only be made by:

- (a) Members who complete and submit a Board-issued Nomination Questionnaire that shall be made available to all Members at least one hundred and twenty (120) days prior to the Annual Meeting. Said Nomination Questionnaire shall be submitted to the Board at least ninety (90) days prior to the Annual Meeting at which the elections are to occur. Said nominees will be announced in advance of the Annual Meeting via a mailed announcement noticed to all Members in accordance with Section 7.6; and/or
- (b) Nomination from the floor, with a motion and second from the membership, of a qualified Member and verbal acceptance of that nomination from said candidate.

8.3 Resignation and Removal of Trustee. Any Trustee may be removed as an Officer, with or without cause, by a majority vote of the Board.

- (a) Any Trustee may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- (b) Any at duly called Special Members Meeting, any one (1) or more of the Trustees may be removed with or without cause by a majority of Members, and a successor may then and there be elected by Members to fill the vacancy thus created, provided that any Trustee whose removal has been proposed shall receive at least thirty (30) days written notice of his proposed removal and shall be afforded a reasonable opportunity to attend and be heard during the meeting at which his removal is voted upon.

8.4 Vacancies. Vacancies on the Board caused by any reason other than the removal of a Trustee by a vote of the Members shall be filled by a majority vote of the remaining Trustees, even though they may constitute less than a quorum. Any person duly elected as a Trustee shall serve until a successor is elected at the next Annual Meeting of the Association. The person elected at the next Annual Meeting of the Association fill the vacancy will serve until expiration of the term of the person whose position was vacated.

8.5 Organizational Board Meeting. The first (1st) meeting of a newly elected Board shall be held immediately following each Annual Meeting of Members for the purpose of electing Officers and no notice shall be necessary to newly elected Trustees to convene such meeting, providing that a Board majority shall be present.

8.6 Regular Board Meetings. Regular Board Meetings may be held at such time and place as determined by a majority of the Trustees, provided that at least four (4) such open meetings are convened at least once per fiscal quarter at the Association's principal office(s). Notice of Regular Board Meetings shall be delivered to each Trustee, either personally, by mail, telephone or facsimile, at least seven (7) days prior to the day of such meeting. Members shall be noticed about such Regular Meetings by a posting of a handbill, banner, signage or other means on, adjacent to or inside the Association's office.

8.7 Special Board Meetings, Executive Board Sessions, Telephone Meetings and Board Workshops. Special Board Meetings, Executive Board Sessions (closed to the public) and Board Workshops may be called by the President or Secretary, or upon the written request of at least two (2) Trustees. The President or Secretary shall give forty-eight (48) hours personal notice to each Trustee by mail, telephone, or facsimile, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

8.8 Waiver of Notice. Before or at any meeting of the Board, any Trustee may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Trustee at any meeting of the Board shall be a waiver of notice by him or her of the time and place thereof. If all the Trustees are present at any meting of the Board, no notice shall be required and any business may be transacted.

8.9 Board of Trustee's Quorum. At all meetings of the Board, a majority of Trustees shall constitute a quorum for the transaction of business, and the acts of the majority of the Trustees present at a meeting at which a quorum is present shall be the acts of the Board. If at any meeting of the board of Trustees, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without additional notice.

8.10 Fidelity Bonds. The Board shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association. Such fidelity bonds shall name the Association as the obligee, and shall be written in an amount equal to the estimated maximum of funds, including reserve funds, in the custody of the Association or the Managing Agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to three (3) months aggregate assessments on all units plus reserves.

8.11 Performance Standards. Board Members may be asked to resign and/or be removed from their position, upon the failure to attend three consecutive regularly scheduled Board meetings and/or failure to attend at least 50% of and/all duly called Board meetings in a six month period of office. Such resignation and/or removal will be by a unanimous written vote of the remaining Trustees at a duly called Board meeting. In the event of death, resignation or Board removal of a Trustee, his or her successor shall be selected by the remaining trustee and such successor shall serve his or her predecessor's unexpired term.

8.12 Cumulative Voting for Board Members. Cumulative voting shall not be permitted in any Association business brought before the Owners for a vote.

8.13 Enumeration of Officers. The Association Officers shall be a President and Vice President, who shall at all times be Trustees, and also a Secretary and Treasurer, and such other officers as the Board may by resolution create from time to time.

8.14 Standing or Special Committees. The Board may appoint committees as deemed appropriate in carrying out its purposes. Each such committee shall consist of two or more Trustees and at least two Members of the Association. Committees shall make recommendations to the Board for action and shall take no action in and of themselves without prior Board authorization in the form of a Board resolution. In the event of death, resignation or continued absence or failure to function of any Committee members, the Board shall exercise sole authority to name a replacement for such member.

8.15 Executive committee. The Board may by resolution designate two or more Trustees to constitute an executive committee which shall have and exercise all of the power of the Board in the management of the business and affairs of the Association or such lesser authority as may be set forth in such resolution. No such delegation of authority shall relieve the Board or any Trustee from any responsibility imposed by law.

8.16 Special Appointments. The Board may elect such other officers as deemed necessary, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

8.17 Multiple Offices. No person shall simultaneously hold more than one (1) office except in the case of the President and Treasurer, which may be held simultaneously by one person, or in the case of special offices pursuant to sections 8.14 and 8.15.

8.18 Election of Officers. The officers of the Association shall be elected annually by the Board at the organizing meeting of each new Board and shall serve in that capacity at the pleasure of the Board.

8.19 Chief Executive Officer. The President shall serve as chief executive officer of the Association. He or she shall preside at all meetings of the Association and Board. He or she shall have all of the general powers and duties which are usually vested in the office of the president of an association, including, but not limited to, the power to appoint committees from among the Owners to assist in administration of the Association.

8.20 Authorized Agents. The persons who shall be authorized to execute any and all instruments of conveyance or encumbrances, including promissory notes, shall be the President and Secretary/Treasurer of the Association.

8.21 Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all of the Trustees, whether individually or collectively, consent in writing to the action taken or to be taken at any time prior to or subsequent to the intended effective date of such action.

8.22 Duties. The duties of the Association's corporate Officers shall include, but in no way be limited to, the following:

- (a) President. The President shall preside at all meetings of the Board; see that orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds, contracts, and other written instruments; and consign all checks and promissory notes.
- (b) Vice President. The Vice President shall act in the place and stead of the President in the event of his or her absence, or inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.
- (c) Secretary. The Secretary shall cause the following to be done:
 - (i) record all votes by Trustees and Members;
 - (ii) keep the minutes of all Regular Board Meetings, Special Board Meetings, Executive Board Sessions, Telephonic Board Meetings, Board

Workshops, Committee Meetings, Annual Meetings, Special Members Meetings, and proceedings of the Board and of the Members;

- (iii) serve notice of all meetings of the Board and of the Members;
- (iv) keep appropriate current membership records; and
- (v) make available to any Member in good standing, upon written demand stating the purpose of the demand, all books and records of the Association relevant to that purpose, for examination and copying, whether personally or by agent, accountant or attorney, at any reasonable time for any proper purpose, at the expense of the Member;

(d) **Treasurer.** The Treasurer shall have the responsibility for Association funds and shall receive and deposit in appropriate bank accounts designated by the Board all monies of the Association and shall disburse such as directed by resolution of the Board, provided, however, that a resolution of the Board shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board, and shall also cause the following to be done in a timely and proper manner:

- (i) receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by resolution of the Board;
- (ii) sign all checks and promissory notes of the Association;
- (iii) keep proper books of account; and
- (iv) prepare an annual budget and statement of income and expenditures to be presented and copied to the Membership at its regular Annual Meeting.

(e) The Board may delegate the duties listed above, or other duties, to a management company, managing agent, or other, however, such delegation shall not relieve any member of the Board of his or her responsibility for such duties.

8.23 **Compensation.** No Trustee, Committee Member or person from whom the Association may receive property or funds shall receive any pecuniary profit from the operation thereof or compensation for any service rendered to the Association in such capacity. In any event, shall no Association funds or assets be paid as salary or compensation to, or otherwise be distributed to or inure to the benefit of any Member of the Board, except as provided for in section 4.2. Whether individually or through an employer, no Trustee and/or Committee Member or his or her immediate family member, shall be permitted to engage in any full/part-time and/or contract work with the Association.

8.24 Expenses. Any Member of the Board, its' designees and/or assigns may, from time-to-time be reimbursed for actual and reasonable expenses incurred in connection with administration and operation of the Association.

8.25 Services. No Trustee or Officer of the Association shall be required to devote his time or services exclusively to the Association. Each Trustee and Officer of the Association shall be free to engage in any and all other business either similar or dissimilar to the business of the Association. Moreover, each and every Trustee and Officer of the Association shall be free to act for and serve any other corporation(s), entity or entities, whether or not the purposes, business and affairs thereof are similar or dissimilar to the purposes, business and affairs of the Association, without breach of duty to the Association or its Members and without liability of any character or description to the Association or its Members.

ARTICLE IX

Management Contract. The Board may enter into a management agreement with a Management Company or managing agent at a rate of compensation agreed upon by the Board and set forth in each Management Agreement. A determination by the Association not to renew any Management Agreement shall be made only upon the affirmative vote or written assent of a majority of Members eligible to vote.

9.1 Duties. In accordance with the Declaration and these Bylaws, the Management Company or managing agent shall be responsible for the following duties:

- (a) shall cause to be prepared an annual proposed schedule of assessments and annual operating budget at least ninety days prior to the end of each fiscal year, detailed to reflect projected monthly operating income and expenses, for Board review, and approval and for use by the Board in comparing actual monthly income and expenditures;
- (b) shall cause to be prepared a five (5) year sinking fund reserve budget projection for capital expenditures on items periodically recurring for Common Elements;
- (c) Shall cause to be prepared yearly or more frequently, operating and cash position statements concerning sinking fund reserve accounts;
- (d) shall analyze and compare operating receipts and disbursements against the Board-approved budget, and where a significant variation is shown (20%) above or below the budgeted amount, shall cause to be prepared detailed written explanations of variations from budgeted figures and corrective recommendations as directed by Board;
- (e) shall collect maintenance fees and special assessments in a timely manner; causing them to be deposited in checking, savings or other income-producing accounts on behalf of the Board and shall maintain comprehensive records

thereof; and shall establish individual checking and sinking fund reserve accounts, as directed by the Board;

- (f) shall mail notices of delinquency to any Owner in arrears and shall exert reasonable effort to collect delinquent accounts;
- (g) shall examine all expenses and invoices for accuracy and pay bills promptly;
- (h) shall cause to be prepared an annual statement of operations for Owners, submitted for Board review at least sixty (60) days after the close of each fiscal year;
- (i) shall assist in the annual audit;
- (j) shall assume responsibility for maintenance and control of Common Elements and equipment, maintain Property in constant repair within the operating budget to insure high property values and reflect Owner pride, as directed by the Board;
- (k) shall let contracts and supervise contractors for lawn care, pool care, refuse disposal, pump maintenance, etc., within operating budget, as directed by the Board;
- (l) shall interview, hire, train and manage personnel, as directed by the Board;
- (m) shall compile, assemble and analyze data; and prepare specifications and requests for bids/quotes on major improvement projects, analyze, and compare proposals, issue contracts with Board delegation of authority, and maintain oversight of contracts to insure that work is performed according to specifications, as directed by the Board;
- (n) shall obtain and analyze bids for insurance coverage, specified in recommended Bylaws, recommend modifications or additional coverage, prepare claims when required, following-up on payment of claims, and act as the Board's representative in negotiating settlement;
- (o) shall exercise close liaison and supervision over all personnel to insure proper operational maintenance and to promote good Management-Owner relationships;
- (p) shall act as liaison for the Association in any negotiations or disputes with local, Federal or State taxing agencies or regulatory bodies, as directed by the Board;
- (q) shall exercise close supervision over hours and working conditions of employees to insure compliance with State, Federal, OSHA, Employment and/or Workman's Compensation Laws;

- (r) shall assist in resolving individual Owner's problems as they pertain to the Association, Common Elements, and governing roles and regulations;
- (s) shall organize and attend Board Meetings as directed by the Board; and
- (t) shall maintain at the Association office(s) all books and records of the Association, including, without limitation, detailed, and accurate records of the Association's receipts and disbursements, a record of individual account for each Owner designating each Owner's name, address and the amounts of any fees or assessments paid or due payable, and also shall maintain, all minutes of meetings, correspondence, amendments to the Declaration, the Bylaws, and other instruments.

9.2 Change in Scope of Duties. The Board may, at its sole discretion, from time-to-time, grant additional powers to and/or impose additional, duties upon the Manager or Management Company, or limit any powers previously granted to same.

ARTICLE X

Indemnification. The Association shall indemnify each Trustee and Officer, whether or not then in office, and each person who may have served at the request of the Association as a Trustee or Officer of another corporation in which the Association owns capital stock or of which it is a creditor, and any managing agent, their executors, administrators and assigns, to the fullest extent allowed by the laws of the State of Texas except as limited by any provisions set forth in the Bylaws, against all loss, cost and expenses, including reasonable attorney fees, whether incurred collectively or individually in connection with any action, suit or proceeding to which they may be made a party to by reason of their having been a Trustee, Officer or managing agent of the Association, except in matters of gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters in which the gross negligence or willful misconduct in the performance of his or her duty as such Trustee or Officer in relation to the matter involved.

10.1 No Exclusivity. The foregoing rights shall not be exclusive of other rights to which such Trustee, Officer, or managing agent may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association in connection with the foregoing indemnification provision shall be treated and handed by the Association as Common Expenses, provided, however, nothing contained in this Article shall be deemed to obligate the Association to indemnify any Member who is or has been a Trustee or Officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him or her under or by virtue of the Condominium Declaration as a Member covered thereby. This Right of Indemnification extends to every Trustee, Officer or managing agent, whether suit is brought against them in their official capacity or individual capacity.

10.2 Abatement and Enjoinment. The violation of any rule or regulation promulgated by the Board, breach of any Bylaw, or breach of any provision in the Declaration, shall give the

Board, the Management Company or the managing agent, in addition to any other rights set forth therein, the right to:

- (a) enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any person, structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board or Managing Agent shall not be deemed guilty in any manner of trespassing, and to expel, remove and put out same, using such force as may be necessary in so doing, without being liable to prosecution or in damages therefore;
- (b) enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

ARTICLE XI

Owner Obligations. Each Owner shall comply strictly with the provisions of the Declaration, Articles of Incorporation and these Bylaws and all amendments and supplements thereto. Each Owner shall always endeavor to observe and promote the cooperative purposes for which the Property was built.

11.1 Assessments. Each Owner is obligated to pay Annual and Special Assessments to the Association as secured by a continuing lien upon the Unit against which the Assessment is made. Any Assessment not paid when due shall be delinquent. If an Assessment is not paid on the due date, the Assessment shall bear interest and the Association may bring legal action against the Owner personally obligated to pay same or foreclose its lien against his or her Unit, as provided in the Declaration, with reasonable attorney's fees, legal expenses and any collection costs for such action added to the amount due payable. No Owner may waive or escape liability for the Assessments provided for herein by nonuse of Common Elements or abandonment of his or her Unit Interest.

11.2 Notice. Each Owner shall register his mailing address in writing with the Association upon becoming an Owner and shall promptly notify the Association in writing of any subsequent change of address. Any Owner who mortgages his or her Unit shall promptly notify the Association in writing of the name and address of his or her Mortgagee. The Association shall maintain such information in a book labeled "Mortgagees of Record." Any notices required to be given to the Association under one or more provisions of the Declaration, Bylaws and/or other Instruments shall be sent by registered or certified mail, return receipt requested, addressed to the Association's Office(s).

11.3 Maintenance and Repair. Each Owner shall promptly, and at his or her expense, perform all maintenance and repair work within his or her Unit which, if omitted, would affect the condominium in its entirety or in any part belonging to any other Owners, including but not limited to, all repairs of internal installations of the Unit, such as water, electrical, gas, sewage, telephone, air conditioner, plumbing, doors, windows, glass, electrical, fixtures, floor and wall coverings, fixtures, heating and air conditioning.

11.4 Mechanic's Lien. Each Owner agrees to indemnify and hold harmless each of the other Owners from any and all claims to a Mechanic's Lien filed against other Units and the appurtenant Common Elements for labor, materials, services or other products incorporated in the Owner's Unit.

- (a) In the event suit for foreclosure is commenced, within ten (10) days thereafter, shall then be required to deposit with the Association cash or negotiable securities equal to double the amount of such claim plus interest at the rate often ten percent (10%) for one year together with a sum equal to ten percent (10%) of the amount of such claim, but not less than Three Hundred and NO/100's Dollars (\$300.00), which latter sum may be used by the Association to pay for any costs and expenses incurred, including attorney's fees. Except as is otherwise provided, such sum or securities shall be held by the Association pending final adjudication or settlement of the litigation. Disbursements of such funds or proceeds shall be made to ensure payment of such judgment or settlement.
- (b) Any deficiency, inclusive of attorney's fees and collection costs, shall be paid forthwith by the Owner. Failure to pay same shall entitle the Association to make such payment and the amount thereof shall be a debt of the Owner and a lien against his or her Unit, which may be foreclosed as provided in the Declaration. Such Owner shall be liable to the Association for payment of reasonable interest on all sums paid by the Association until repayment is made in full.

11.5 Use of General Common Elements and Limited Common Elements. Each Owner may use the General common Elements and the Limited Common Elements in accordance with the purposes for which they were intended.

11.6 Use of Units. An Owner shall not make structural modifications or alterations to his or her Unit or installations located therein. All Units shall be utilized for residential purposes only.

ARTICLE XII

12.1 Covenants, Conditions and Restrictions. The Board shall have the right to adopt and amend as necessary, from time to time, such uniform Covenants, Conditions and Restrictions (hereinafter the "CCRs") as the Board may deem necessary and appropriate for the management, maintenance, control, operation, administration, use occupancy and enjoyment of the Property and for the benefit of all of the Owners/Occupants. Such CCRs may, to the extent that none are in conflict with the Declaration, Bylaws, and other Instruments impose reasonable restrictions upon the use and occupancy of any portion of the Property as the Board, in its sole discretion, deems necessary or appropriate.

12.2 Conflicts. Notwithstanding anything contained herein to the contrary, in the event of any conflict of the CCRs with these Bylaws, then these Bylaws shall govern, control and prevail at all times and in all respects. Moreover, in the event of any conflict of these Bylaws

with the Declaration, then the Declaration shall govern, control and prevail at all times and in all respects. In the event of a conflict of any special or specific provision of a Purchase Contract with the Declaration, these Bylaws, the CCRs, or any other Instruments, then the special or specific provisions of the Purchase Contract shall govern, control and prevail at all times and in all respects.

12.3 Severability. Provisions of the Bylaws shall be deemed to be independent and severable, and the invalidity, partial invalidity or unenforceability of any provision shall not affect the validity or enforceability of any other provisions hereof.

12.4 Compliance. Each Owner shall obey, comply with and adhere to the CCRs, as amended, restated and/or supplemented from time to time, and shall ensure that the same are faithfully observed by, complied with and adhered to by all members of his or her family, guests, invitees and tenants. A copy of the CCRs shall be provided to all Owners, along with any amendments thereto, upon written request.

12.5 Rights of Action. The Association and any aggrieved Owner shall have an appropriate right of action against Owners for failure to comply with provisions of the Declaration and these Bylaws, or with decisions of the Association which are made pursuant thereto. Any Owner shall have similar rights of action against the Association.

ARTICLE XIII

Finances. Assessments shall be promptly paid by all Members of the Association and collected by the Association in accordance with the Declaration.

13.1 Depositories. Association funds shall be deposited in a federally insured institution, in a manner designed to indicate the custodial nature thereof, and shall be withdrawn by the Board for payment of the Association's expenses in accordance with the Declaration, Bylaws and other Condominium Instruments (hereinafter the "Instruments").

13.2 Fiscal Year. The Association's fiscal year shall coincide with the calendar year and end annually at midnight on December 31st.

13.3 Commingling of Funds and Fiduciary Duty. All sums collected by the Board on behalf of the Association from Assessments or other sources of revenue may be commingled in a single depository account or divided into multiple depository accounts, as determined by the Board, unless otherwise mandated by a provision contained in these Bylaws, the Declaration or other Condominium Instrument. All Assessments paid by an Owner shall be applied to interest, delinquencies, costs, attorneys' fees, and other charges and expenses in such manner and amounts as the Association may deem to be appropriate except as provided for in these Bylaws, the Declaration, or other Instruments.

13.4 Fiscal Records. All Owners, Mortgagees of Record, and the authorized agents thereof shall be ratified to inspect the Association's records of its receipts and disbursements at the Association's Office(s) during regular business hours.

13.5 Account Statement. Upon forty-eight (48) hours' written notice to the Board, any Owner shall be provided with a statement of his or her account setting forth the amount of any unpaid Assessments or other charges due and owing from such Owner. The Association shall be responsible, as the agent of each Owner, for paying the Common Expenses of the Condominium Property. Neither the Board nor the Management Company or managing agent shall be individually liable for the payment of any of the Common Expenses; rather, they shall merely serve to direct and authorize the payment, to the extent that funds are available for payment of same on behalf of the Owners.

13.6 Audit. An audit of the accounts of the Association shall be prepared each year by an independent accounting firm, in accordance with generally accepted accounting practices. A complete copy of said audit shall be forwarded to the Directors and Officers, and shall also be made available to the Members of the Association for inspection and copying at reasonable times in the Association's Office(s).

ARTICLE XIV

Miscellaneous Provisions.

14.1 Captions. The captions used in the Bylaws are provided only as a matter of convenience and for ease of reference, and in no way define, limit or describe the scope of the Bylaws or the intent of any provisions hereof.

14.2 Number and Gender. Whenever the content so requires, any mention of gender in the Bylaws is deemed to include both genders, and any use of the singular is deemed to include the plural, just as the plural is deemed to include the singular.

14.3 Interpretation. The Bylaws shall be liberally construed to effectuate the purpose of ensuring that the Condominium property shall at all times be operated and maintained as a resort condominium property in a manner designed to optimize and maximize its enjoyment and utilization by each Owner.

ARTICLE XV

Amendments. Until relinquishment of Declarant Control of the Association, these Bylaws may be unilaterally amended by the Declarant to correct any clerical or typographical error or omission, or in order to comply with any requirements of the Federal Home Loan Mortgage Corporation, Federal Housing Administration, or other institutional Lenders.

The foregoing Bylaws were adopted by a majority consent of the initial Board of Trustees and signed on June 29, 2007, as evidenced by their respective signatures below:

William B. Mitchell
WILLIAM B. MITCHELL

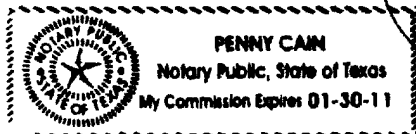
Debbie Buckley
DEBBIE BUCKLEY

Mike Guinn
MIKE GUINN

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

Before me, the undersigned authority, on this day personally appeared William B. Mitchell, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed same for the purposes and consideration therein expressed, and as the act and deed of said entity, and in the capacity therein stated.

Given under my hand and seal of office this 29 day of June, 2007.

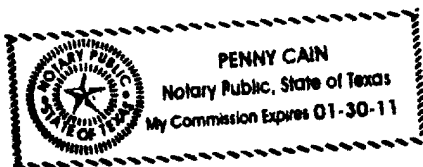


[Signature]
NOTARY PUBLIC - STATE OF TEXAS

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

Before me, the undersigned authority, on this day personally appeared Debbie Buckley, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed same for the purposes and consideration therein expressed, and as the act and deed of said entity, and in the capacity therein stated.

Given under my hand and seal of office this 29 day of June, 2007.



[Signature]
NOTARY PUBLIC - STATE OF TEXAS

STATE OF TEXAS

§
§
§

COUNTY OF MONTGOMERY

Before me, the undersigned authority, on this day personally appeared Mike Guinn, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed same for the purposes and consideration therein expressed, and as the act and deed of said entity, and in the capacity therein stated.

Given under my hand and seal of office this ____ day of June, 2007.

NOTARY PUBLIC - STATE OF TEXAS

Ret:

SUNSET HARBOR II LUX CONDOS.
7041 KINGSTON COVE LN
WILLIS, TX 77318

STATE OF TEXAS
COUNTY OF MONTGOMERY
I hereby certify this instrument was filed in
File Number Sequence on the date and at the time
stamped herein by me and was duly RECORDED in
the Official Public Records of Real Property at
Montgomery County, Texas.

JUL - 5 2007



Mark Turnbull
County Clerk
Montgomery County, Texas

FILED FOR RECORD

07 JUL -5 PM 12:39

[Signature]
COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

EXHIBIT I

Timeshare Calendar – Seasons and Weeks

TIMESHARE CALENDAR – SEASONS AND WEEKS

"Unit Week" means the period of exclusive possession and occupancy of a Timeshare Unit assigned to a Timeshare Estate each year pursuant. Unit Weeks are established annually for each Timeshare Unit by completion of the following schedule:

"Unit Week No. 1 is six (6) days and 17 hours in length and beginning at 4 o'clock p.m. on a Friday and extending until 10 o'clock a.m. on the succeeding Friday of each year following on or after the second day of January on the first Friday in each January each year. Unit Week No. 2 is the seven (7) day period immediately following Unit Week No. 1, commencing and ending at the same time as provided for Unit Week No. 1 with the following forth-nine (49) Unit Weeks computed in a similar manner. Unit Week No. 52 immediately follows Unit Week No. 51 and precedes Unit Week No. 1 plus any excess days not assigned. Each Timeshare Owner's Unit Week shall be identified by the number assigned."

1. The unit weeks are floating
 - a. There are 5 seasons
 - i. Prime Red Weeks 21 thru 31;
 - ii. Red Weeks 11 thru 20, 32 thru 35, 47, 51 and 52
 - iii. WhiteWeeks 9 and 10, 36 thru 44
 - iv. High Blue Weeks 5 thru 8, 45 and 46
 - v. Blue Weeks 1 thru 4, 48 thru 50
 - b. Total Weeks Per Unit
 - i. Prime Red 11
 - ii. Red 17
 - iii. White 11
 - iv. High Blue 06
 - v. Blue 07 (one of these weeks is a maintenance week and will not be sold - Total weeks to be sold is 51 with one week owned by HOA and used for maintenance week)
2. The units can be whole unit weeks or split weeks (odd/ even years)
3. Per Article 9 of the regime, each owner shall be a mandatory member of the Seven Coves Community Association, Sunset Harbor HOA and a mandatory member of the Sunset Harbor Resort Club.

EXHIBIT J

Timeshare Estate Ownership Interest Percentages

Unit Description					Unit Percentage of Common Area			Weekly per unit-- 52 intervals			BI Annual per unit--104 intervals		
Main Unit #	Studio #	Main sqft	Studio sqft	Total Unit sqft	Unit	Studio	Total	Unit	Studio	Total	Unit	Studio	Total
FLOOR # 1													
111	1111	1454	385	1839	3.849%	1.019%	4.868%	0.0740%	0.0196%	0.0936%	0.0370%	0.0098%	0.0468%
112	1112	1013	296	1309	2.682%	0.784%	3.465%	0.0516%	0.0151%	0.0666%	0.0258%	0.0075%	0.0333%
113	1113	1013	296	1309	2.682%	0.784%	3.465%	0.0516%	0.0151%	0.0666%	0.0258%	0.0075%	0.0333%
114	1114	1454	385	1839	3.849%	1.019%	4.868%	0.0740%	0.0196%	0.0936%	0.0370%	0.0098%	0.0468%
115	1115	1454	385	1839	3.849%	1.019%	4.868%	0.0740%	0.0196%	0.0936%	0.0370%	0.0098%	0.0468%
116	1116	1013	296	1309	2.682%	0.784%	3.465%	0.0516%	0.0151%	0.0666%	0.0258%	0.0075%	0.0333%
117	1117	1013	296	1309	2.682%	0.784%	3.465%	0.0516%	0.0151%	0.0666%	0.0258%	0.0075%	0.0333%
118	1118	1454	385	1839	3.849%	1.019%	4.868%	0.0740%	0.0196%	0.0936%	0.0370%	0.0098%	0.0468%
FLOOR # 2													
211	1211	1454	385	1839	3.849%	1.019%	4.868%	0.0740%	0.0196%	0.0936%	0.0370%	0.0098%	0.0468%
212	1212	1013	296	1309	2.682%	0.784%	3.465%	0.0516%	0.0151%	0.0666%	0.0258%	0.0075%	0.0333%
213	1213	1013	296	1309	2.682%	0.784%	3.465%	0.0516%	0.0151%	0.0666%	0.0258%	0.0075%	0.0333%
214	1214	1454	385	1839	3.849%	1.019%	4.868%	0.0740%	0.0196%	0.0936%	0.0370%	0.0098%	0.0468%
215	1215	1454	385	1839	3.849%	1.019%	4.868%	0.0740%	0.0196%	0.0936%	0.0370%	0.0098%	0.0468%
216	1216	1013	296	1309	2.682%	0.784%	3.465%	0.0516%	0.0151%	0.0666%	0.0258%	0.0075%	0.0333%
217	1217	1013	296	1309	2.682%	0.784%	3.465%	0.0516%	0.0151%	0.0666%	0.0258%	0.0075%	0.0333%
218	1218	1454	385	1839	3.849%	1.019%	4.868%	0.0740%	0.0196%	0.0936%	0.0370%	0.0098%	0.0468%
FLOOR # 3													
311	1311	1454	385	1839	3.849%	1.019%	4.868%	0.0740%	0.0196%	0.0936%	0.0370%	0.0098%	0.0468%
312	1312	1013	296	1309	2.682%	0.784%	3.465%	0.0516%	0.0151%	0.0666%	0.0258%	0.0075%	0.0333%
313	1313	1013	296	1309	2.682%	0.784%	3.465%	0.0516%	0.0151%	0.0666%	0.0258%	0.0075%	0.0333%
314	1314	1454	385	1839	3.849%	1.019%	4.868%	0.0740%	0.0196%	0.0936%	0.0370%	0.0098%	0.0468%
315	1315	1454	385	1839	3.849%	1.019%	4.868%	0.0740%	0.0196%	0.0936%	0.0370%	0.0098%	0.0468%
316	1316	1013	296	1309	2.682%	0.784%	3.465%	0.0516%	0.0151%	0.0666%	0.0258%	0.0075%	0.0333%
317	1317	1013	296	1309	2.682%	0.784%	3.465%	0.0516%	0.0151%	0.0666%	0.0258%	0.0075%	0.0333%
318	1318	1454	385	1839	3.849%	1.019%	4.868%	0.0740%	0.0196%	0.0936%	0.0370%	0.0098%	0.0468%

FILED FOR RECORD

2009 OCT 26 PM 3: 58

Mark Turnbull
COUNTY CLERK
MONTGOMERY COUNTY TEXAS

STATE OF TEXAS
COUNTY OF MONTGOMERY

I hereby certify this instrument was filed in
File Number Sequence on the date and at the time
stamped herein by me and was duly RECORDED in
the Official Public Records of Real Property at
Montgomery County, Texas.

OCT 26 2009



Mark Turnbull
County Clerk
Montgomery County, Texas

RECORDER'S MEMORANDUM:

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

Let: WAERS Kine
4795 Steele Ben
Alvin Tx 77511