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THE GALVESTONIAN
DECLARATION OF CONDOMINIUM

STATE OF TEXAS
COUNTY OF GALVESTON

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, GALVESTON EAST CONDO, Inc., a Texas corporation, d/b/a/ THE GALVESTONIAN, (hereinafter referred to as "the Declarant") is the owner of that certain tract of land more particularly described on Exhibit A, attached hereto and incorporated herein by this reference, as well as all improvements thereon consisting of 180 units and all easements, rights and appurtenances belonging thereto;

WHEREAS, Declarant desires by recording this Declaration to submit such land and improvements to a condominium regime pursuant to the Texas Condominium Act (Texas Revised Civil Statutes, Article 1301(a));

NOW, THEREFORE, Declarant hereby declares that the land described on Exhibit A attached hereto, together with all improvements thereon and all easements, rights and appurtenances belonging thereto, is hereby submitted to a Condominium Regime pursuant to the Texas Condominium Act, subject to the covenants, conditions, restrictions, uses, limitations and affirmative obligations set forth herein, Declarant does hereby adopt, establish, promulgate and impress this Declaration of Condominium upon such land and improvements, easements, rights and appurtenances thereto.

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SUBJECT TO AMENDMENT OR MODIFICATION BY SELLER PRIOR TO CLOSING

THE GALVESTONIAN

DECLARATION OF CONDOMINIUM

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ARTICLE I
DEFINITIONS

Section 1.1 Definition of Terms. When used in this Declaration of Condominium, the terms set forth below shall have the following meanings:

- (a) **Balcony** - That part of a Residence so designated on the plats attached hereto as Exhibit C, having restricted access to and from a Residence.
- (b) **Board of Directors** - The Board of Directors of The Galvestonian Condominium Association.
- (c) **Building** - A thirteen story residential building designed for residential occupancy, the Garage and all other improvements now or hereafter placed on the Land. The location of the Building on the Land is more particularly described on Exhibit B attached hereto and incorporated herein by this reference. The Building and Residences are more completely described on the plats which are attached hereto as Exhibit C and incorporated herein by this reference.
- (d) **By-Laws** - The By-Laws of the Galvestonian Condominium Association.
- (e) **Common Elements** - The Common Elements shall be and include all of the Land and Building, (except the Residences as defined herein) all as designated on the plat attached hereto as Exhibit C and shall include, without limiting the generality of the foregoing: foundations; supporting columns; girders; beams; slabs; supports; dividing walls between two or more Residences or between Residences and Common Elements; roofs; halls; lobbies; walkways; stairs; stairways; fire escapes; entrances and exits to the Building designated as Common Elements on the plat attached hereto as Exhibit C; walkways; balcony railings; recreational areas; grounds; gardens; the Garage with unassigned parking spaces; the swimming pool; tennis courts; managerial and security offices; mailroom; areas used for storage of janitorial supplies, maintenance equipment and materials; utility rooms; electrical lines and cables up to and including the point of entry into the breaker boxes of a Residence; plumbing, pipes and lines installed in the walls of the Building or of a Residence; installations of all central services, including power, light, gas, water, heating, telephone security systems, waste collection systems; elevators; tanks; pumps; motors; fans; compressors; ducts; driveways; and in general all apparatus and installations existing for the common use or necessary or convenient to the operation, maintenance and use of the Land and the Building as a condominium, including those which have been designated as common areas and facilities on the plats attached hereto as Exhibit C; and all repairs and replacements of or additions to any of the foregoing. The lobbies, hallways, stairs, reception room and other Common Elements intended to be used for passage or temporary occupancy by persons are sometimes referred to herein as the "Common Areas".

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- (f) **Common Expense Charge** - The Assessment made and levied by the Board of Directors against each Owner and his Residence for administration, management and operation of the Condominium and the Condominium Regime and for repairs, maintenance, additions, alterations, reconstruction and operation of all or any portion of the Common Elements (including reserves for replacements), in accordance with the provisions of this Declaration.
- (g) **Common Expense Fund** - The accumulated Common Expense Charges collected or received by the Condominium Association for use in the administration and operation of the Condominium and the maintenance, repair, additions, alterations, or reconstructions of all or any portion of the Common Elements.
- (h) **Condominium** - The Land, the Building, the Garage and all other improvements erected upon and rights appurtenant to the Land. The components of the Condominium are further herein defined and classified as the "Common Elements", the "Limited Common Elements" and the "Residences". The legal rights and duties of ownership, use and administration created by the terms of the Texas Condominium Act, this Declaration of Condominium, the By-Laws and Rules promulgated thereunder are also a part of the Condominium and are sometimes referred to as the Condominium Regime.
- (i) **Condominium Association** - The Galvestonian Condominium Association, a Texas non-profit corporation (created or to be created), the members of which shall be the Owners of Residences within the Condominium Regime during the period of their respective ownerships, and the successors and assigns of such Owners.
- (j) **Declarant** - Galveston East Condo, Inc., a Texas corporation, d/b/a The Galvestonian, hereinafter sometimes called Galveston East.
- (k) **Easement** - The right to use a particular part of the Common Elements for the purposes for which they were designed and in compliance with the terms of this Declaration, the By-Laws and the Rules and Regulations.
- (l) **Garage** - That part of the Condominium constructed on the Land designed for the parking of vehicles and designated "Garage" on Exhibits B and C hereto.
- (m) **Land** - The real property more particularly described on Exhibit A, attached hereto.
- (n) **Limited Common Elements** - Those portions of the Common Elements reserved for the exclusive use of the Owners of certain Residences to the exclusion of the Owners of all other Residences. When used herein, the term "Common Elements" shall include the Limited Common Elements, unless expressly indicated to the contrary.

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- (o) **Managing Agent** - The person, firm or entity which may be selected by the Board of Directors in accordance with the provisions of this Declaration for the purposes of performing any duties, powers or functions of the Board of Directors in connection with the administration, management and operation of the Condominium.
- (p) **Mortgage** - A security interest, mortgage, deed of trust or lien granted by an Owner in and to a Residence to secure the repayment of a loan made to an Owner, and duly filed for record in the Official Records of Real Property of Galveston County, Texas.
- (q) **Mortgagee** - The person or entity who holds a Mortgage against a Residence as security for the payment of a debt.
- (r) **Owner or Co-Owner** - Any person or persons, firm, corporation or other entity which owns, of record, a Residence in The Galvestonian, or legal interest therein, including the Declarant, but the term "Owner or Co-Owner" shall not include any Mortgagee.
- (s) **Parking Spaces** - The unassigned spaces for the parking of vehicles within the Garage as shown on Exhibit C attached hereto.
- (t) **Percentage Ownership Interests** - The undivided interests in and to the Common Elements associated with and appurtenant to each Residence, as set forth on Exhibit D, attached hereto and incorporated herein by this reference.
- (u) **Reserve Fund** - The reserve fund established pursuant to Article IV hereof for maintenance, repairs and replacements to the Condominium.
- (v) **Residences** - The 180 condominium units designated on Exhibits B and C, attached hereto, the boundaries of which shall be the interior surfaces of the perimeter walls, floors and ceilings, and the exterior surfaces of Balconies, excluding railings, and the Residences shall include the portions of the Buildings so described and the air space so encompassed, excepting the Common Elements. The term Residence shall have the same meaning as the term "Apartment" as used in the Texas Condominium Act. Included within the boundaries of each Residence, without limitation, shall be any finishing materials applied or affixed to the interior surfaces of the interior walls, floors or ceilings (including, but not limited to, paint, wallpaper, vinyl wall or floor coverings and carpets, interior walls, and all utility pipes, lines, systems, fixtures or appliances servicing only that Residence and not affecting any other Residence in the Building (whether or not within the boundaries of that Residence). The boundaries of each Residence shall be the interior surfaces of windows and doors, perimeter window frames and door frames. Interior trim around windows and doors shall be part of each Residence and shall not be part of the Common Elements. Visible and exposed plumbing fixtures, lines and pipes shall be part of the Residence in which they are located and shall not be part of the Common Elements. Unless otherwise provided by law, the phrase "exterior surfaces of Balconies" as used in this Section 1.1(v) shall mean the area enclosed by (i) those horizontal planes being the top of the concrete surface of the

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Balcony in question and the plane of the ceiling of the Residence of which such Balcony is a part, and (ii) those vertical planes being the vertical exterior surfaces of the Building, with all other portions of the Balcony being a Common Element.

(w) Rules and Regulations - The Rules adopted by the Condominium Association concerning the management and administration of the Condominium Regime and the use of the Common Elements in order to assure to all Owners the pleasures and benefits of ownership of a Residence and use of the Common Elements. The Initial Rules and Regulations shall be promulgated by the Declarant as part of the By-Laws.

(x) Special Assessment - Any assessment over and above the Common Expense Charge deemed by the Board of Directors to be necessary for the preservation, management and administration of the Condominium, which shall be approved by the Condominium Association as provided in this Declaration.

(y) Texas Condominium Act - Article 1301a of the Texas Revised Civil Statutes, enacted in 1963, which permits the creation of condominium regimes and provides the basic rules for their operation.

Section 1.2 Definitions of Rights and Responsibilities.

(a) Each Owner shall have exclusive ownership of his respective Residence and shall have the common right to share, with all other Owners, in the use of the Common Elements in accordance with the purpose for which they are intended and the provisions of this Declaration, without hindering or encroaching upon the lawful rights of other Owners.

(b) Where the term "Owner" is used in the granting of licenses, easements or rights to use Residences, the Common Elements or the Limited Common Elements, the family of such Owner and each member thereof, and such Owner's guests, tenants, servants, employees and invitees shall also be entitled to the rights, easements or licenses so granted.

(c) The existing physical boundaries of each Residence (or a Residence reconstructed in accordance with the original plans and specifications) shall be conclusively presumed to be its boundaries regardless of settling, rising or lateral movement of the Building and regardless of variances between boundaries shown on the plat attached hereto as Exhibit B and those of the Building. None of the rights and obligations of the Owners created herein, or by any deed delivered to any Owner, shall be altered in any way by encroachments or the settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful conduct of said Owner or Owners.

Section 1.3 Parking Spaces. Unassigned Parking Spaces in the Garage shall be Common Elements for the nonexclusive use of all of the Owners of the

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Residences. Parking Spaces shall be used only for parking of automobiles and shall not be used for the parking or storage of recreational vehicles that cannot be parked in a standard sized Parking Space, boats, trailers or other similar objects. Any conveyance of any Residence shall be deemed to also convey the right to the Unassigned Parking Spaces. An Owner may not, without the prior written consent of the Board of Directors, assign and transfer his nonexclusive right to use the Unassigned Parking Space. The Garage and Parking Spaces shall be and always remain Common Elements.

ARTICLE II

Section 2.1 Use Restrictions.

(a) All Residences shall be used only for single family residential purposes. For the purpose of this Section 2.1(a), a Residence shall be deemed to be used for single family residential purposes when it is used to house persons and their belongings, without regard to whether the persons are owners of the Residence or occupy the Residence pursuant to a rental, leasing or other arrangement in accordance with Article IX, below. Except for the leasing or rental of any Residence for use by the lessee exclusively for residential purposes, no Residence shall be used for any commercial, business or professional purpose or for any church purposes. The use of a Residence for the maintenance of a personal or professional library for the keeping of personal, business or professional records or accounts for the handling of personal, business or professional telephone calls or correspondence shall not be deemed to be in violation of this provision, but regular consultation with clients at a Residence is prohibited.

(b) There shall not be permitted any noxious or offensive activities of any sort or anything that in any Residence or in any Common Elements shall be or may become an annoyance or nuisance to the other Owners.

(c) Notwithstanding any other provisions of this Article II, the Declarant may make such temporary use of the Common Elements and the Residences as the Declarant determines to be reasonably necessary to facilitate and complete the improvements of the Land, construction of the Building, the operation of Declarant's sales efforts and the showing of the Condominium and any unsold Residences, and the Council of Co-Owners shall be entitled to use all of the Common Elements in any reasonable manner necessary in connection with the operation and maintenance of the Condominium.

Use of Residences owned by Owners other than a natural person or persons ("Corporate Owners") for residential purposes, other than as the residence of an officer, director, shareholder, partner, trustee, beneficiary or other designated agent, or employee of such Corporate Owner shall be subject to such Rules and Regulations as the Board of Directors may, from time to time, promulgate; provided, however, that in no event shall any Residence be used for transient or overnight guest quarters or lodgings.

(d) No part of any curtains, blinds, shades, draperies, or other window coverings visible from the exterior of any Residence shall be used in any Residence unless such window coverings are approved by the Board.

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(e) Nothing shall be done in or kept in or on any Residence, Balcony, Parking Space or Common Element which will increase the rate of insurance on the Condominium or any other Residence over that applicable to residential buildings, or would result in uninsurability of the Condominium or any part hereof, or the cancellation, suspension, modification or reduction of insurance in or on or covering the Condominium or any part thereof. If, by reason of the occupancy or use of any Residence by any Owner, the rate of insurance on all or any portion of the Condominium shall be increased, such Owner shall be personally liable to the Condominium Association for such increase and such sum shall be payable to the Council of Co-Owners at the same time and in the same manner as provided for the payment of Common Expense Charge.

(f) No Owner shall install, attach or hang or allow to be installed, attached or hung any equipment or wiring or electrical installations, television or radio transmitting or receiving antennas, air-conditioning units or any other like equipment or wiring in or across any portion of any of the Common Elements. No such equipment or wiring shall protrude from any Balcony or through any wall, floor, ceiling, window or door which is a Common Element, except as approved by the Condominium Association. All radios, televisions, electrical equipment or appliances of any kind or nature and the wiring therefor installed or used in a Residence shall fully comply with all rules, regulations and requirements of all state and local public authorities having jurisdiction.

(g) Each Owner shall promptly and fully comply with any and all applicable laws, rules, ordinances, statutes, regulations or requirements of any governmental agency or authority with respect to the occupancy and use of his Residence and with the provisions of this Declaration, and the By-Laws and Rules and Regulations.

Section 2.2 Decorations, Maintenance and Repairs of Residences. Any Owner may decorate and redecorate his Residence and may make any non-structural improvements or non-structural alterations within his Residence (but not to any of the Common Elements) and shall have the right to paint, repaint, tile, wax, paper, or otherwise furnish or decorate any interior surfaces of walls, partitions, ceilings and floors within his Residence; provided, however, that all such activities shall require the prior written approval of the Board of Directors. Those portions of a Balcony which are not a part of the Residence to which such Balcony is appurtenant are Common Elements and shall be maintained by the Condominium Association. No Owner shall have any right to place any sign in or on any Residence or elsewhere on the Condominium without the prior written consent of the Board of Directors, and the Board of Directors shall have the right to remove any sign so placed without its permission.

Each Owner shall, at his own cost and expense, maintain his Residence in good condition and repair. The Condominium Association shall maintain all of the Common Elements, including those serving only a particular Residence (whether or not within the boundaries of such Residence), the cost of which shall be a Common Expense, except to the extent that repair to Common Elements serving only a particular Residence is made necessary by the negligence or misuse of that particular Owner, in which event such Owner shall be liable to the Condominium Association for the cost of such repair, which sum shall be due and payable upon presentation to such Owner by the Condominium Association therefor. Without limiting the generality of the foregoing, the Condominium Association

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shall be entitled to enter into such contracts and agreements concerning the Condominium as a whole, the Common Elements, or the Building, as the Board of Directors deems reasonably necessary or appropriate to maintain and operate the Condominium as a viable residential condominium regime, including, without limitation, the right to grant utility and other easements for such uses as the Board of Directors deems appropriate.

Section 2.3 Balconies. No Owner shall paint, remodel or enclose any Balcony, store or place any objects or things of any description whatsoever on such Balcony, or dry clothing or place other materials on such Balcony without the prior written approval of the Board of Directors. Upon prior written approval of the Board of Directors, and Owner may furnish a Balcony with outdoor furniture, in keeping with the provisions of this Declaration and the Rules and Regulations.

Section 2.4 Alterations to Common Elements. No Owner shall do any act or permit any act to be done in, on or to any Residence, Balcony or Common Element, which will impair the structural integrity, weaken the support or otherwise adversely affect the Building or any Common Element.

Decorative wall items such as shelves and art work may be affixed to or installed on the walls of any Residence which are Common Elements without prior approval of the Condominium Association provided such affixation or installation is accomplished in a good and workmanlike manner. Except for such affixation or installation of decorative wall items, no Owner shall make any alteration to any of the Common Elements (including, but not limited to, walls, windows and doors that are Common Elements) or install, attach, paste or nail any article thereto without the prior approval of the Condominium Association.

Section 2.5 Additional Provisions. The Condominium Association, in accordance with the provisions of the By-Laws or the Rules and Regulations, may provide such additional rules and regulations for use of the Common Elements, the Limited Common Elements, the Parking Spaces, and the Residences as are necessary or desirable in their judgment of the Condominium Association for the operation of the condominium; provided, that such Rules and Regulations and By-Laws are not in conflict with the provisions of this Declaration. Such By-Laws and Rules and Regulations shall be applicable to the Common Elements and the Residences as if set forth herein.

ARTICLE III

CONDOMINIUM ASSOCIATION

Section 3.1 Authority to Manage. The affairs of the Condominium and Condominium Regime shall be administered by The Galvestonian Condominium Association. The Condominium Association shall have all rights, powers and duties of the "Council of Co-Owners" as that term is used in the Texas Condominium Act. The Condominium Association shall have the right, power and obligation to provide for the maintenance, repair, replacement, administration and operation of the Condominium and the Condominium Regime as provided in this Declaration, the By-Laws and the Rules and Regulations. The business and affairs of the Condominium Association shall be managed by its Board of Directors. Without limiting the generality of the foregoing, the Condominium Association shall be entitled to enter into such contracts and agreements concerning the Condominium as a whole, the Common Elements, or the Building, as the Board of Directors deems reasonably necessary or appropriate to maintain and operate the Condominium as a viable

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residential Condominium Regime, including, without limitation, the right to grant utility and other easements for such uses as the Board of Directors deems appropriate.

Until the appointment of the First Board as provided for in Section 3.3, below, the Declarant shall exercise all of the powers, rights, duties and functions of the Board of Directors for the benefit of the Owners. The Declarant may engage itself or any entity, whether or not affiliated with the Declarant, as the Managing Agent under a management contract that will have a maximum term of three (3) years and will be terminable by either party upon thirty (30) days prior written notice. Such contract shall provide for payment to the Managing Agent of a management fee of \$_____ per year. After the expiration of any such management contract entered into by the Declarant on behalf of the Condominium Association, the Board of Directors may delegate any of its duties, powers or functions to a Managing Agent selected by the Board of Directors. The members of the Board of Directors shall not be liable for any omission or improper exercise by the Managing Agent of any such duty, power or function so delegated. Such delegation shall be by written instrument executed by the President of the Condominium Association acting on behalf of a majority of the members of the Board of Directors.

Section 3.2 Membership in the Condominium Association. Each Owner (and only an Owner) shall be a member of the Condominium Association so long as he shall be an Owner of a Residence, and such membership shall automatically terminate when he ceases to be an Owner of a Residence. Upon the transfer of ownership of a Residence, however achieved (including, but not limited to, foreclosure of a Mortgage or deed in lieu of foreclosure), the new Owner succeeding to such ownership shall likewise succeed to membership in the Condominium Association. The Condominium Association may issue certificates evidencing membership therein.

Section 3.3 Voting of Members. There shall be one vote in the affairs and management of the Condominium Association for each Residence. In the event that ownership interest in a Residence are owned by more than one member of the Condominium Association, the members who own fractional interests in such Residence aggregating more than fifty percent (50%) of the whole ownership thereof shall appoint one member, who shall be entitled to vote the vote of that Residence at any meeting of the Condominium Association. Such designation shall be made in writing to the Board of Directors and shall be revocable at any time by actual notice to the Board of Directors or upon the death or judicially declared incompetence of any one of the members. The Board of Directors shall be entitled to rely on any such designation unless and until written notice revoking such designation is received by the Board of Directors. In the event that a Residence is owned by more than one member and no single member is designated to vote on behalf of the members having an ownership interest in such Residence, then none of such members shall be allowed to vote. All members of the Condominium Association may be present at any meeting of the Condominium Association and may act at any such meeting either in person or by proxy. At any such meeting, the Declarant may exercise the voting rights with respect to Residences owned by it.

Section 3.4 Meetings of the Members.

(a) The first meeting of the members of the Condominium Association shall be held when called by the initial Board of Directors upon ten (10) days written notice to the Owners. Such written notice may be given at any time but must be given not later than thirty (30) days after at least eighty five percent (85%) of all of the Residences have been sold by the Declarant, a deed therefor recorded and the purchase price paid.

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(b) Thereafter, an annual meeting of the members of the Condominium Association shall be held in the Building or at such other place as may be designated by the Board of Directors at 8:00 o'clock p.m. on the third Tuesday in March of each calendar year (or the first business day thereafter if such day is a governmental or religious holiday). At the discretion of the Board of Directors, the annual meeting of the members of the Condominium Association may be held at such other reasonable time (not more than sixty (60) days prior to or subsequent to the aforesaid date) as may be designated by written notice of the Board of Directors delivered to the members not less than ten (10) nor more than sixty (60) days prior to the date fixed for said meeting.

(c) At the annual meeting, the Board of Directors shall present a financial accounting of the Common Expense Fund, itemizing receipts and disbursements for the preceding calendar year, the allocation thereof to each Owner and the estimated Common Expense Charges for the coming calendar year. Within thirty (30) days after the annual meeting, the statements and estimates presented at the annual meeting by the Board of Directors shall be delivered to all Owners.

(d) Special meetings of the members may be called by the President of the Condominium Association or any Vice President of the Condominium Association at any time or may be called upon petition to the President of the Condominium Association by members having ten percent (10%) of the votes in the Condominium Association or by a majority of the Board of Directors. Written or printed notice stating the place, day and hour of such special meeting and the purpose or purposes for which the meeting is called shall be delivered to each member not less than three (3) nor more than twenty-one (21) days before the date of such meeting.

(e) For the purpose of determining the members entitled to notice of a meeting and to vote at any meeting, the membership of the Condominium Association shall be determined at the close of business on the twenty-fifth (25th) day preceding such meeting.

Section 3.5 Board of Directors. The Board of Directors shall consist of seven (7) persons who, except in the case of the Initial Board, the First Board and the Second Board (as such terms are defined below in this Section 3.5), shall be members of the Condominium Association, spouses of members, or, in the event that a Residence is owned by a corporation or other business entity, an officer, directors or other designated representative of such entity who resides in the Residence owned by such entity. The Directors shall be elected by the members in the following manner:

(a) Prior to the first meeting of the members of the Condominium Association, as described in Section 3.4(a), above, the seven (7) Directors comprising the Board of Directors shall have been appointed by the Declarant ("the First Board").

(b) At the first annual meeting of the members of the Condominium Association held in accordance with Section 3.4(b), above, three (3) Directors shall be elected by the members; two (2) of which shall serve for terms of two (2) years each, and one (1) of which shall serve for a term of three (3) years ("the Second Board").

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(c) At the second annual meeting of the members of the Condominium Association held in accordance with Section 3.4(b) above, four (4) Directors shall be elected by the members; two (2) of which shall serve for terms of two (2) years each, and two (2) of which shall serve for terms of three (3) years each. The four (4) Directors so elected shall replace those initially appointed by the Declarant.

(d) At the third annual meeting of the members of the Condominium Association held in accordance with Section 3.4(b), above, two (2) Directors shall be elected by the members to serve for a term of two (2) years. At the fourth annual meeting of the members of the Condominium Association held in accordance with Section 3.4(b), above, and at each annual meeting of the members of the Condominium Association thereafter, three (3) Directors shall be elected by the members of the Condominium Association, two (2) of which shall serve for terms of two (2) years each, and one (1) of which shall serve for a term of three (3) years.

(e) All votes shall be cast by written ballot and the candidate receiving the highest number of votes for each position to be elected shall be deemed elected. Cumulative voting shall be prohibited for the election of Directors. The presence of a majority of Directors at a meeting of the Board of Directors shall constitute a quorum for the transaction of business. The action of a majority of Directors present at the meeting at which there is a quorum shall be the act of the Board of Directors. The annual meeting of the Board of Directors shall be held each year immediately following the annual meeting of the members, at the place of such annual meeting of members, for the election of officers and the consideration of any other business that may properly be brought before such meeting. Regular meetings of the Board of Directors shall be held at such times and places as the Board of Directors shall determine, but not less often than once each calendar quarter. Special meetings of the Board of Directors shall be held at any time upon written notice of such special meeting by the President of the Condominium Association or upon call by any two (2) Directors.

(f) Except for those members of the Board of Directors who are appointed to the Board of Directors by the Declarant in accordance with Section 3.5(a), above, any member of the Board of Directors may be removed from membership on the Board of Directors, with or without cause, by the affirmative vote of two-thirds (2/3) of the votes represented at a meeting of the members of the Condominium Association called to consider such action. A replacement for such member so removed shall be elected by the Condominium Association for the unexpired portion of such expelled Director's term. Any member of the Board of Directors appointed by the Declarant as set forth above may be removed from membership on the Board of Directors, for cause only, by the affirmative vote of two-thirds (2/3) of the votes represented at a meeting of the members of Condominium Association called to consider such action. A replacement for such member so removed shall be appointed by the Declarant for the unexpired portion of such expelled Director's term.

(g) The Directors (other than those appointed by the Declarant) shall serve for their respective designated terms, commencing at the time of

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their election until their death, resignation, removal or until they are no longer members of the Condominium Association, whichever occurs first. Those Directors appointed by the Declarant shall serve from their appointment until their death, resignation, appointment of a successor Director by the Declarant, or until such time as their position as Director is filled by means of election by the members of the Condominium Association as provided for in Sections 3.5(b) and (c), above.

Section 3.6 Actions Without Meetings. Any action required by this Declaration or by law to be taken at a meeting of the members of the Condominium Association or at a meeting of the Board of Directors may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the members of the Condominium Association entitled to vote with respect to the subject matter therefor or signed by all the members of the Board of Directors, as the case may be. Such consent shall have the same force and effect as a unanimous vote at a meeting.

Section 3.7 Officers. The Officers of the Condominium Association shall be elected by the Board of Directors and shall consist of a President, a Vice President, a Secretary and a Treasurer and such other Vice Presidents, Assistant Secretaries and Assistant Treasurers as may be convenient or necessary in the judgment of the Board of Directors for the administration and operation of the Condominium. The Officers shall be elected for one-year terms from among the members of the Board of Directors at the annual meeting of the Board of Directors.

Section 3.8 Administration of the Condominium. The Condominium Association acting through its Board of Directors, its officers or other duly authorized management representatives (including, without limitation, a Managing Agent), shall manage the business and affairs of the Condominium and shall, without limitation, have the powers of collection and enforcement set forth in this Declaration. The Condominium Association shall, for the benefit of all of the Owners, provide, perform, cause to be performed, maintained, acquired, contracted and paid for out of the Common Expense Fund, the following:

- (a) Utility services used in or for the Common Elements, water and sewer services used by or consumed by the Residences and, if not separately metered or charged, other utility services for the Residences. Electricity, telephone and other utility services separately metered or charged shall be paid for by the Owner of the Residence served by such utility services.
- (b) The insurance required by Section 5.1, below, and such other policies of casualty, liability and/or other insurance covering persons, property and risks as are in the best interests of the Condominium.
- (c) The services of a Managing Agent and such other persons as the Board of Directors, from time to time, determines to be necessary or proper for the daily management, operation and maintenance of the Condominium.
- (d) All supplies, tools and equipment reasonably required for use in the management, operation, maintenance, cleaning and enjoyment of the Condominium.
- (e) The cleaning, maintenance, repairing, reconstruction and replacement of the Common Elements as the Board of Directors determines to be

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necessary for the operation of the Condominium in a manner consistent with the desires of the members of the Condominium Association.

(g) The removal of all trash, garbage and rubbish from the central garbage receptacle or receptacles of the Building, including the employment of the public or private services of a garbage collection company or agency.

(h) Costs of (i) bookkeeping of the accounts of the Condominium Association and the annual accounting provided for in the Declaration and in the By-Laws; (ii) legal and accounting services and fees of the Council of Co-Owners; (iii) premiums of fidelity bonds and (iv) taxes or assessments of whatever type assessed against or imposed upon the Common Elements.

The Board shall not, without the prior authorization of the members of the Condominium Association obtained at a meeting of the members, contract for or pay out of the Common Expense Fund any one item of capital addition or improvement (other than replacement of existing Common Elements) for a cost in excess of Ten Thousand Dollars (\$10,000.00).

Nothing herein shall authorize the Board of Directors to furnish services to any person primarily for the benefit or convenience of any Owner or Owners or any occupant or occupants of any Residence other than services customarily rendered to all Owners and occupants of Residences. The Board of Directors shall have the exclusive right and obligation to contract for all goods, services and insurance in connection with the administration of the Condominium, and all payments therefor shall be made from the Common Expense Fund.

Section 3.9 Accounting and Audit. The Board of Directors shall keep or cause to be kept books and records of the receipts and expenditures affecting the Condominium and its administration, which records shall indicate the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Condominium or the Condominium Association. The books of accounts and all vouchers supporting the entries made therein shall be available to all Owners for examination at the office of the Condominium Association or at the office of the Managing Agent at convenient hours on working days, and the Board of Directors shall establish and publish for general knowledge the days and hours during which such books shall be available for inspection. All such books and records shall be kept in accordance with generally accepted accounting procedures, consistently applied, and, upon the affirmative vote of a majority (as determined by the By-Laws) of the members, shall be audited at least once a year by an outside auditor pursuant to the terms and provisions of the By-Laws. The fiscal year of the Condominium Association shall be the calendar year, unless another period is established by the Board of Directors.

Section 3.10 Right of Entry. The Condominium Association or its duly authorized representative (including any then-acting Managing Agent), shall have the right and authority to enter any Residence for the following purposes:

- (a) Making necessary repairs therein;
- (b) Performing necessary maintenance or repairs to the Common Elements for which the Condominium Association is responsible;
- (c) Abating any nuisance or any dangerous, unauthorized, prohibited or unlawful activity being conducted or maintained in such Residence (including, but not limited to, removal of objects placed upon or stored on any Balcony without the prior written approval of the Board of Directors);

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- (d) Protecting the property rights and welfare of other Owners; and
- (e) Enforcing the provisions of this Declaration, the By-Laws and the Rules and Regulations.

Except in the event of an emergency, such right of entry shall be exercised only in the presence of the Owner or other occupant of the Residence which is entered. In all events, such right of entry shall be exercised in such manner as to avoid any unreasonable or unnecessary interference with the possession, use or enjoyment of the Residence by the Owner or occupant thereof and shall, whenever possible, be preceded by reasonable notice to the Owner or occupant thereof. The rights of entry herein granted to the Condominium Association or its duly authorized representative shall be accomplished by and exercised subject to such methods and procedures as are set forth in the Rules and Regulations. The Owner of each Residence shall have the option to provide the Board of Directors and the Managing Agent with a passkey to their respective Residence, with such passkey to be utilized by the Board of Directors and the Managing Agent only for entry into such Residence as provided in this Declaration or for such other purpose as may be authorized in writing by such Owner. In the event that an Owner elects not to provide the Board of Directors and the Managing Agent with a passkey to such Owner's Residence, such election shall not alter or reduce the rights of entry granted to the Board of Directors and the Managing Agent as set forth in the Declaration. In the event that it becomes necessary for the Board of Directors or the Managing Agent to exercise such rights of entry herein granted, the Board of Directors or the Managing Agent shall be authorized to utilize such methods as may be necessary to gain such entry (including physical force, if necessary), and such Owner hereby releases the Board of Directors and the Managing Agent from any liability for damages caused by any such entry and agrees to indemnify and hold harmless the Board of Directors and the Managing Agent from any claims arising therefrom.

Section 3.11 Notices. Any notice permitted or required to be given to an Owner may be hand delivered or may be delivered by mail. If notice is given by mail, such notice shall be deemed to have been delivered seventy-two (72) hours after deposit in the U.S. Mail, postage prepaid, addressed to an Owner at his Residence or to such other address as the Owner may have given in writing to the Secretary of the Condominium Association for the purpose of service of notices. Any address for purposes of notice to an Owner may be changed from time to time by notice in writing to the Secretary of the Condominium Association. Any notice permitted or required to be given to the Condominium Association or the Board of Directors may be hand delivered to the Managing Agent's office in the Building or mailed in the same manner provided above in this Section 3.11 regarding mailing of notice to an Owner.

ARTICLE IV

COMMON EXPENSE FUND; ASSESSMENTS; COLLECTION

Section 4.1 Common Expense Charges. Except as provided in Section 4.2, below, all Owners are bound to contribute to the Common Expense Fund as Common Expense Charge in proportion to their Percentage Ownership Interests, the expenses of (a) administration of the Condominium Regime, (b) the administration, maintenance and repairs of the Common Elements, (c) other expenses provided by the terms hereof to be paid by expenses provided by the terms hereof to be paid by the Condominium Association, and (d) those expenses that the Condominium Association agrees to assume pursuant to this Declaration, the By-Laws and Rules and Regulations. The Common Expense Charges shall be assessed in accordance with the provisions of this Article IV. No Owner shall be exempt from the obligation to make such contribution to the Common Expense Fund by waiver of

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the use or enjoyment of the Common Elements, by abandonment of his Residence or for any other reason or under any other circumstances.

Section 4.2 Payment of Common Expense Charges by the Declarant. Recognizing that, to some degree, the cost of administration and maintenance of the condominium and the Common Elements is related to the use of the Common Elements by the Owners of the Residences that are actually occupied, the Declarant shall pay to the Condominium Association, until the appointment of the First Board as provided in Section 3.5(a), above, in lieu of any Common Elements Charge or Special Assessment with respect to all Residences which the Declarant continues to own, an amount, if any, by which the "Actual Operating Expense" (as hereinafter defined) incurred for the first twelve (12) months of operation of the Condominium Association after the occupancy of the first Residence (other than the "Excess Utility Costs", as hereinafter defined), exceeds the aggregate of the Common Expense Charges (less any portion thereof that is deposited in the Reserve Fund) payable during such period by other Owners of Residences. In the event that the amounts collected as Common Elements Charges from Owners other than the Declarant (less any portion thereof that is deposited in the Reserve Fund) exceed such Actual Operating Expenses for such period, an amount equal to such excess shall be refunded to the Owners who shall have paid such Common Expense Charges, in proportion to their respective contributions. For the purposes of this Section 4.2, the term "Actual Operating Expenses" shall mean those expenses reasonably necessary for the normal maintenance and operation of the Condominium, but shall not include (i) capital expenditures, (determined in accordance with generally accepted accounting principles); (ii) any amount paid into the Reserve Fund, or (iii) prepaid items, inventory items or similar expenses to the extent attributable to periods after such twelve (12) month period. For purposes of this Section 4.2, the term "Excess Utility Costs" shall refer to the increase in charges made by applicable utility companies supplying utility service to all of the Common Elements, including, but not limited to, the Condominium heating and airconditioning system (of the Common Elements) in excess of similar charges for such utilities to the extent such excess results from an increase in the utility rates for such utilities over those rates published by the applicable public utility service supplying such utility as of June 1, 1981, which were \$0.07 per Kilowatt hour ("KWH") plus a fuel adjustment. After appointment of the First Board, the Common Expense Charges to be paid by each Owner (including the Declarant) shall be determined as provided in this Article IV.

Section 4.3 Budgets, Establishment of Common Expense Charges and Special Assessments. Until the appointment of the First Board in accordance with Section 3.5(b), above, the Declarant shall have the right and obligation to establish the annual budgets for each fiscal year projecting all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium and Condominium Regime. Such budget, and all successive budgets, shall include a reasonable allowance for contingencies and shall establish a reserve fund (the "Reserve Fund") for maintenance, repairs and replacements to the Common Elements, including those that must be replaced on a periodic basis. Such initial budget, and those adopted thereafter, may also provide for ad valorem tax expenses of the Land and the Building, if the taxing authorities having jurisdiction thereof have not then separately assessed and valued individual Residences.

Commencing with the appointment of the First Board, the Board of Directors shall establish an annual budget in advance for each calendar year. Such budget shall project all expenses for the forthcoming year for the proper operation, management and maintenance of the Condominium, and shall include a reasonable allowance for contingencies and an allowance for a reasonable addition to the Reserve Fund. Such budget, and those

adopted thereafter, may also provide for ad valorem tax expenses of the Land and the Building if the taxing authorities having jurisdiction thereof have not then separately assessed and valued individual Residences. The Common Expense Charge for each year shall be established by the adoption of such annual budget by the Board of Directors. Copies of each such budget shall be delivered to each Owner by such reasonable means as the Board of Directors may provide. In the event that the Board of Directors at any time reasonably determines that the Common Expense Charges so levied are or may prove to be sufficient to pay the costs of operation and management of the Condominium for a fiscal year, or in the event of casualty losses, condemnation losses or other events (including non-payment of Common Expense Charges by some Owners) which require additional funds for preservation and operation of the Condominium, the Board of Directors shall have the authority at any time to levy such Special Assessment as the Board of Directors deems necessary for such purposes. Such Special Assessment shall not be levied, however, without the prior approval of Owners having at least a majority of the votes of the Condominium Association, unless a greater number of votes is required by law;

The failure or delay of the Board of Directors to prepare the annual budget or to deliver copies of such budgets to each Owner shall not constitute a waiver or release in any manner of any Owner's obligation to pay Common Expense Charges whenever the same shall be determined. In the event of any delay or failure to establish the annual budget, each Owner shall continue to pay the Common Expense Charge, monthly at the rate established for the previous period until a new annual budget is established.

Section 4.4 Payment of Common Expense Charges and Special Assessments. After each annual budget is adopted, the Declarant or the Condominium Association, as the case may be, shall determine the Common Expense Charge required for the operation of the Condominium and the maintenance of the Common Elements and for the allowance for contingencies and Reserve Fund for each calendar year. The Common Expense Charge shall be allocated among the Owners according to their respective Percentage Ownership Interests. Common Expense Charges shall be due and payable monthly in advance on the first day of each calendar month (or such other day as the Board of Directors may designate by written notice to all Owners in accordance with Section 3.11, above) during the year for which the Common Expense Charge has been assessed. Special Assessments shall be payable on or before ten (10) days after Owners are invoiced therefor. Payment of Common Expense Charges and Special Assessments shall be in default if such Common Expense Charges and Special Assessments, or any part thereof, are not paid to the Council of Co-Owners on or before the date specified in the notice thereof for such payment. Common Expense Charges and Special Assessments in default shall bear interest at a rate of ten percent (10%) per annum from the due date until paid. In addition to the foregoing interest charge, in the event that any Common Expense Charge is not paid by the 15th day of such month, or in the event that a Special Assessment is not paid within five (5) days after the due date thereof specified in the notice to the Owners, then, at the election of the Board of Directors, the Common Expense Charge due from the delinquent Owner for the balance of then current calendar year shall be accelerated, shall become at once due and payable, and from the 15th of such month in the case of a delinquent Common Expense Charge, or five (5) days after the due date of a Special Assessment, shall bear interest at the rate of twelve percent (12%) per annum. The Board of Directors shall also have the right, in its discretion, by appropriate resolution to establish late fees or delinquency charges to be imposed in addition to the interest to which such delinquent Common Expense Charges and Special Assessments are subject. Each Owner (whether one or more persons) shall be personally liable for the payment of all Common Expense Charges and Special Assessments, interest and late fees (or delinquency charges) which may be levied against such Owner and his Residence pursuant to the provisions of this Declaration.

Section 4.5 Enforcement. In order to secure the payment of the Common Expense Charges and Special Assessments levied hereunder (including interest, late fees and delinquency charges), a vendor's lien and superior title shall be and is hereby reserved in and to each Residence (being a portion of the purchase price therefor) and assigned to the Condominium Association, without recourse, which lien shall be enforceable through appropriate judicial proceeding by the Condominium Association or any Owner on behalf of the Condominium Association or by public sale without judicial proceedings. Each Owner, by accepting conveyance of a Residence, irrevocably grants to the Condominium Association a power of sale, so that the lien for any unpaid sums required to be paid by this Declaration may be foreclosed at public sale without judicial proceedings in the manner prescribed by the laws of the State of Texas. The Condominium Association may be the bidder at any such foreclosure sale and may have the amount for which the Residence in question is sold credited on the sums owing to the Condominium Association. Said lien and superior title shall be deemed subordinate to a first lien or liens of any bank, insurance company, savings and loan association, university, pension or profit-sharing trust or plan, or other institutional lender which may have heretofore or may hereafter lend money in good faith for the purchase or improvements of any Residence. The collection of such Common Expense Charges and/or Special Assessments may, in addition to any other applicable method at law or in equity, be enforced by suit for a money judgment, and, in the event of such suit, the expenses incurred in collecting such delinquent assessments, including interest, costs and attorney's fees shall be chargeable to and be a personal obligation of the defaulting Owner. Except in the circumstances in which a good faith dispute exists as to the amount of the Common Expense Charges or any Special Assessments for which an Owner is liable, an Owner in default in the payment of the Common Expense Charge or any Special Assessment shall not be entitled to vote at any meeting of the Condominium Association so long as such default continues to exist.

Section 4.6 Common Expense Fund. The Common Expense Charges collected from the Owners shall be paid into the Common Expense Fund to be held and used for the benefit, directly or indirectly, of the Condominium. Such Common Expense Fund may be expended by the Board of Directors for the purposes set forth herein, including, but not limited to, providing for the (a) enforcement of the provisions of this Declaration, the By-Laws and the Rules and Regulations, (b) maintenance, operation, repair, benefit and welfare of the Common Elements, and (c) generally for those things that the Board of Directors determines to be necessary or desirable to maintain or improve the Condominium. The use of the Common Expense Fund for any of these purposes, except as provided herein, is permissive and not mandatory, and the decisions of the Board of Directors with respect thereto shall be final, so long as such decisions are made in good faith.

ARTICLE V

INSURANCE

Section 5.1 General Provisions. The Board of Directors of the Condominium Association shall have authority to obtain and maintain the following insurance for the Condominium:

- (a) Insurance on the Building, including the Residences (except as provided in Section 5.2, below) and the Common Elements, against loss or damage by fire and loss or damage by all risks now or hereafter embraced by Texas Multi-Peril Form and any similar extended coverage policy or endorsement thereto designed for insuring condominium regimes in the State of Texas

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(with vandalism and malicious mischief endorsements), in amounts sufficient to prevent the Condominium Association or the Owners from becoming a co-insurer within the terms of the applicable policies, but in any event in an amount not less than the full insurable replacement cost of the Building and the Common Elements. The "full insurable replacement cost" of the Building, including the Residences and the Common Elements, shall be determined from time to time, but at least once in a twelve-month period by the Board of Directors, and the Board of Directors shall have the authority to obtain and pay for an appraisal by a person or organization selected by the Board of Directors to make such determination. The cost of any and all such appraisals shall be paid for out of the Common Expense Fund.

(b) Insurance on the Building against all loss or damage from explosion of boilers, heating apparatus, pressure vessels and pressure pipes installed in, on or about the Building, without co-insurance clause so long as available, in such amount as the Board of Directors deems desirable and appropriate.

(c) Comprehensive public liability and property damage insurance against claims for personal injury or death or property damage suffered by the public or any Owner, or the family, agent, employee or invitee of any Owner, occurring in, on or about the Common Elements or upon, in or about the private driveways, roadways, walkways and passageways, on or adjoining the Condominium, which public liability and property damage insurance shall afford protection to such limits as the Board of Directors deems desirable and appropriate. Such liability and property damage insurance policy shall contain a cross-liability endorsement, wherein the rights of named insureds under the policy or policies shall not prejudice his, her or their action or actions against another named insured.

(d) Such workman's compensation insurance as may be necessary to comply with applicable federal, state and local laws.

(e) Employer's liability insurance in such amounts as the Board of Directors deems desirable and appropriate.

(f) Fidelity bonds indemnifying the Condominium Association, the Board of Directors and the Owners from loss of funds resulting from fraudulent or dishonest acts of any employee of the Condominium Association or of any other person handling the funds of the Condominium Association, in such amounts as the Board of Directors deems desirable and appropriate.

(g) Officers and Directors liability insurance in such amounts as the Board of Directors deems desirable and appropriate.

(h) Such other insurance in such reasonable amounts as the Board of Directors deems desirable and appropriate.

The premiums for all insurance acquired on behalf of the Condominium Association or the Owners pursuant to the provisions hereof shall be paid for out of the Common Expense Fund.

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All insurance provided for in this Section 5.1 shall be effected under valid and enforceable policies issued by issuers of recognized responsible insurance companies authorized to do business in the State of Texas. Policies of insurance of the character described in Subsections (a), (b) and (c) of this Section 5.1 shall (i) name as insureds the Condominium Association and each Owner of a Residence in the Percentage Ownership Interest set forth on Exhibit D attached hereto; (ii) contain a standard mortgagee clause endorsements in favor of the Mortgagee or Mortgagees of each Residence, if any, as their respective interests may appear; (iii) be without contribution with regard to any other such policies of insurance carried individually by any Owner, whether such other insurance covers the Residence owned by such Owner and/or the additions and improvement made by such Owner to his Residence; (iv) provide that such policy shall not be terminated for non-payment of premiums or for any other cause without at least thirty (30) days prior written notice to the Condominium Association and at least ten (10) days prior written notice to the Mortgagee of each Residence, and (v) provide a waiver of subrogation against any Owner of a Residence. If possible, all policies of insurance of the character described in Section 5.1(a), above, shall contain an endorsement extending coverage to include the payment of Common Expense Charges during the period of reconstruction with respect to Residences that are damaged.

Section 5.2 Individual Insurance. Each Owner shall be responsible for obtaining and maintaining insurance on the contents of his Residence and the furnishings, interior walls, appliances and all parts of the Residence that are not Common Elements, and personal property contained in a Residence. All policies of casualty insurance carried by each Owner shall be without contribution with respect to the policies of casualty insurance obtained by the Condominium Association for the benefit of all the Owners, as provided in Section 5.1(a) and Section 5.1(b) above. Owners may carry individual policies of liability insurance insuring against the liability of such Owners, at their own cost and expense.

ARTICLE VI

FIRE OR CASUALTY; REBUILDING

Section 6.1 Determination of Loss. In the event that a fire or other casualty causes damage or destruction to the Building, the Board of Directors shall, within thirty (30) days after such casualty, determine whether such loss comprises the whole or more than two-thirds (2/3) of the Building above the foundation. Unless otherwise provided by law, such determination shall be made by determining whether the cost of necessary repair or reconstruction would exceed two-thirds (2/3) of the cost of reconstructing the Building as it existed prior to such fire or other casualty. In the event of fire or other casualty damage which does not comprise more than two-thirds (2/3) of the Building above the foundation, unless otherwise unanimously agreed to by the members of the Condominium Association, the Building shall be repaired and reconstructed in accordance with this Article VI substantially in accordance with the original plans and specifications for the Building.

In the event that fire or other casualty damage comprises the whole or more than two-thirds (2/3) of the Building above the foundation, unless otherwise unanimously agreed to by the Owners, all proceeds of insurance policies carried by the Condominium Association and all accrued and collected Common Expense Charge (after deducting any unpaid Common Expense Charges for which such Owner may be liable) shall be delivered to the Owners or their Mortgagees, as their interests may appear, in proportion to the Percentage Ownership Interests of each Owner, as set forth on Exhibit D attached hereto. In such event, the Condominium Regime established by this Declaration shall terminate.

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Upon such termination, the Residences and the Common Elements shall be deemed to be regrouped and merged into a single estate owned in undivided interests by all Owners as tenants-in-common in the Percentage Ownership Interest previously owned by each Owner in the Common Elements. In such case, unless otherwise unanimously agreed upon by all of the Owners, the Board of Directors, as soon as is reasonably possible and as agent for all of the Owners, shall sell the Condominium, on terms satisfactory to the Board of Directors, and the net proceeds of such sale shall thereupon be distributed to the Owners or their Mortgagees, as their interests may appear, in proportion to the Percentage Ownership Interests previously owned by such Owner in the Common Elements. If the Board of Directors fails to consummate a sale pursuant to the preceding sentence within twenty-four (24) months after the destruction or damage occur, then the Board of Directors shall (or if the Board of Directors does not, any Owner or Mortgagee may) record a sworn statement setting forth such facts and reciting that, under the provisions of this Declaration, the prohibition against judicial partition provided for in Section 12.2, below, has terminated, and that judicial partition of the Land and the Building may be obtained pursuant to the laws of the State of Texas.

Section 6.2 Rebuilding. In the event that it is determined that the Building is to be repaired and reconstructed, all proceeds of insurance policies with respect to such fire or casualty carried by the Condominium Association shall be deposited with a bank insured by the Federal Deposit Insurance Company (or its successors) and located in Galveston County, Texas, selected by the Board of Directors, and such bank shall hold such insurance proceeds in trust for the benefit of the Owners and their Mortgagees, as their respective interests may appear. The Board of Directors shall thereupon contract on behalf of all of the Owners to repair or rebuild the damaged portions of all of the Residences, the Building and Common Elements in accordance with the original plans and specifications therefor, and the funds held in the trust by such depository bank shall be used for this purpose and disbursed by the Board of Directors in accordance with the terms of the contract for repair and rebuilding. Each Owner of a Residence will be responsible for rebuilding or repairing any improvements or modifications in or to his residence that do not constitute Common Element or that were not constructed in accordance with the original plans and specifications.

In the event that such insurance proceeds are insufficient to provide for such repair, restoration or rebuilding, the building costs in excess of the insurance proceeds shall be assessed against all of the Owners, in proportion to the Percentage Ownership Interest of each Owner, as set forth on Exhibit D, attached hereto. Notwithstanding the provisions of Section 4.3, above, such Special Assessments shall not require the consent of the members of the Condominium Association. If any Owner shall fail to pay such Special Assessments when due, the Board of Directors may make up the deficiency by payment from the Common Expense Fund, which payment shall in no way release the Owner who has failed to make payment of such Special Assessment from liability therefor. Such assessments shall be enforceable as provided in Sections 4.4 and 4.5, above, for other Special Assessments. The provisions of this Section 6.2 may be changed only by unanimous resolution of the Owners and all Mortgagees adopted after the date on which such fire or casualty loss occurs.

Section 6.3 Repair of Residences. Each Owner shall be responsible for the reconstruction, repair and replacement of all personal property and other property not a Common Element in or part of his Residence, including, but not limited to, floor coverings, wall coverings, interior walls, furniture, furnishings, decorative light fixtures and appliances located in a Residence.

Section 6.4 Indemnity of Counsel of Association. Each Owner shall be responsible for any damages not otherwise covered by insurance carried by the Condominium

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Association, if such damages are caused by such Owner's negligence or misuse or by the negligence or misuse of his immediate family, his agents or employees in the course of their duties, and each Owner shall, to the extent not covered by insurance collected by the Condominium Association, indemnify the Condominium Association and all other Owners against any such damages for reconstruction, repair and replacement of any portion of the Building. Notwithstanding the foregoing, to the extent that any such damages are covered by insurance, neither the Condominium Association nor any Owner shall have a claim or cause of action to recover for such damages.

ARTICLE VII

EMINENT DOMAIN

Section 7.1 General Provisions. If all or any part of the Condominium is taken or threatened to be taken by eminent domain or by power in the nature of eminent domain, whether permanent or temporary, the Board of Directors and each Owner shall be entitled to participate in proceedings incident thereto at their own respective expense. The Board of Directors shall give notice of the existence of such proceeding to all Owners and to all Mortgagees known to the Board of Directors to have an interest in any Residence. The expense of participation in such proceedings by the Board of Directors shall be paid for out of the Common Expense Fund. The Board of Directors is specifically authorized to obtain and pay for assistance from attorneys, appraisers, architects, engineers, expert witnesses and other persons as the Board of Directors, in its discretion, deems necessary or advisable to aid or advise the Board of Directors in matters relating to such proceedings. All damages or awards for any such taking shall be deposited with the Board of Directors, acting as trustee, and such damages or awards shall be applied or pass as provided in this Article VII.

Section 7.2 Taking of Common Elements. In the event that an action in eminent domain is brought to condemn a portion of the Common Elements (together with or apart from any Residence) the Board of Directors shall, in addition to the general powers set forth in this Declaration, have the sole authority to determine whether to defend or resist any such proceedings, to make any settlement with respect thereto, or to convey such property to the condemning authority in lieu of such condemnation proceeding. With respect to any taking of Common Elements only, all damages and awards shall be determined for such taking as a whole and not for each Owner's interest therein. After the damages or awards shall be paid to each Owner in proportion to his Percentage Ownership interest in the Common Elements as set forth on Exhibit D, attached hereto. The Board of Directors may, if it deems advisable, call a meeting of the Owners, at which meeting the Owners, by a majority vote, shall decide whether to replace or restore the Common Elements so taken or damaged to the extent possible. In the event it is determined that such Common Elements should be replaced or restored by obtaining other land or building additional structures, this Declaration and the plat attached hereto as Exhibit C shall be duly amended by instrument executed by the Board of Directors on behalf of the Owners to reflect the addition to such land or building.

Section 7.3 Taking of Residences. In the event that such eminent domain proceeding results in the taking of or damage to one or more, but less than two-thirds (2/3) of the total number of Residences, then the damages and awards for such taking shall be determined for each Residence in the following manner:

- (a) The Board of Directors shall determine which of the Residences damaged by such taking may be made tenantable for the purposes set forth

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in this Declaration, taking into account the nature of this Condominium and the reduced size of each Residence so damaged.

(b) The Board of Directors shall determine whether it is reasonably practicable to operate the remaining Residences of the Condominium, including those damaged Residences which may be made tenatable, as a condominium in the manner provided for in this Declaration.

(c) In the event that the Board of Directors determines that it is not reasonably practicable to operate the undamaged Residences and the damaged Residences which can be made tenatable as a condominium, the Condominium shall be deemed to be regrouped and merged into a single estate owned jointly in undivided interests by all Owners, as tenants-in-common, in the Percentage Ownership Interests previously owned by each Owner in the Common Elements. In such case, unless otherwise unanimously agreed upon by all of the Owners, the Board of Directors, as soon as reasonably possible and as agent for all of the Owners, shall sell the Condominium, in its then condition, free from the effect of this Declaration, on terms satisfactory to the Board of Directors, and the net proceeds of such sale shall thereupon be distributed to the Owners or their Mortgagees, as their interests may appear, in proportion to the Percentage Ownership Interests previously owned by each Owner in the Common Elements. If the Board of Directors fails to consummate a sale pursuant to this Section 7.(c) within twenty-four (24) months after the taking occurs, then the Board of Directors shall (or if the Board of Directors does not, any Owner or Mortgagee may) record a sworn statement setting forth such facts and reciting that under the provisions of this Declaration the prohibition against judicial partition provided for in Section 12.2, below, has terminated and that judicial partition of the Land and the Building may be obtained pursuant to the laws of the State of Texas.

(d) In the event that the Board of Directors determines that it will be reasonably practical to operate the undamaged Residences and the damaged Residences which can be made tenatable as a condominium, then the damages and awards made with respect to each Residence which has been determined to be capable of being made tenatable shall be applied to repair and reconstruct such Residence so that it is made tenatable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against the Owners of those Residences which are being repaired or reconstructed so as to be made tenatable. With respect to those Residences which may not be made tenatable, the award made with respect to such Residence shall be paid to the Owner of such Residence or his Mortgagee or Mortgagees, as their interests may appear, and the remaining portion of such Residences, if any, shall become a part of the Common Elements, in which event the repair and use of such Residences shall be determined by the Board of Directors. Upon the payment of such award for the account of such Owner as provided in this Section 7.(d), such Residence shall no longer be a part of the Condominium, and the Percentage Ownership Interests in the Common Elements appurtenant to each remaining Residence which shall continue as a part of the Condominium shall be equitably adjusted to distribute the ownership of the undivided interests in the Common Elements among the reduced number of remaining Owners.

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If the entire Condominium is taken, or two-thirds (2/3) or more of the Residences are taken or damaged by such taking, all damages and awards shall be paid to the accounts of the Owners of the Residences, as provided herein, in proportion to their Percentage Ownership Interests in the Common Elements, and upon such payment this Condominium Regime shall terminate. Upon such termination, the Residences and Common Elements shall be deemed to be regrouped and merged into a single estate owned in undivided interests by all Owners as tenants-in-common in the Percentage Ownership Interests previously owned by each Owner in the Common Elements. In such case, unless otherwise unanimously agreed upon by all of the Owners, the Board of Directors, as soon as reasonably possible and as agent for all of the Owners, shall sell the Condominium, in its then condition, free from the effect of this Declaration, on terms satisfactory to the Board of Directors and the net proceeds of such sale shall thereupon be distributed to the Owners or their Mortgagees, as their interests may appear, in proportion to the Percentage Ownership Interest previously owned by each Owner in the Common Elements. If the Board of Directors fails to consummate a sale pursuant to this Section 7.3 within twenty-four (24) months after the taking occurs, then the Board of Directors shall (or if the Board of Directors does not, the Owner or Mortgagee may) record a sworn statement setting forth such facts and reciting that under the provisions of this Declaration the prohibition against judicial partition provided for in Section 12.2, below, has terminated and that judicial partition of the Land and the Building may be obtained pursuant to the laws of the State of Texas.

Section 7.4 Payment of Awards and Damages. Any damages or awards provided in this Article VII to be paid to or for the account of any Owner by the Board of Directors acting as trustee, shall be applied first, to the payment of any taxes or assessments by governmental authorities owing with respect to that Residence; second, to amounts due under any first Mortgage against the Residence; third, to the payment of any Common Expense Charges of Special Assessments charged to or made against the Residence and unpaid; fourth, to amounts due under any Mortgage against the Residence other than a first Mortgage; and, finally, to the Owner of such Residence.

ARTICLE VIII

OBSOLESCENCE

Section 8.1 Determination of Non-Obsolescence and Decision to Renovate the Condominium. Owners representing aggregate Percentage Ownership Interests of ninety percent (90%) or more of the Condominium may agree that the Common Elements are not obsolete and that the same can and should be renewed or reconstructed. In such instance, the expenses of renovation or reconstruction shall be paid out of the Common Expense Fund and a Special Assessment may be assessed therefor; provided, however, that any Owner not agreeing to such renewal or reconstruction may give written notice to the Board of Directors within ten (10) days following such decision to renovate, which notice shall state that such Owner shall sell his Residence to the Condominium Association for a cash price equal to the fair market value of the Residence. If such Owner and the Board of Directors acting as agent of and on behalf of the Condominium Association can agree on the fair market value therefor, then such sale shall be consummated within thirty (30) days after the Owner and the Board of Directors agree upon such value. If such Owner and the Board of Directors are unable to agree on the price for the Residence, the date when either party notifies the other that either is unable to agree with the other as to such price or terms shall be the "Commencement Date", from which all periods of time provided for in this Section 8.1 shall be measured. Within ten (10) days from the Commencement Date, the

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Owner and the Board of Directors shall designate in writing (and give notice of such designation to the other party) the appraiser selected by each such party. Each such appraiser shall be a member of the Galveston Board of Realtors and shall have been active in the sale of residential condominium units in the Galveston, Galveston County, Texas, area for a period of at least five (5) years prior to the Commencement Date. If either party fails to make such designation within the foregoing ten (10) day period, then the appraiser designated by the non-defaulting party shall, within five (5) days after the expiration of such ten (10) day period, appoint another appraiser, who shall also be a member of the Galveston Board of Realtors and shall have been active in the sale of residential condominium units for a period of at least five (5) years prior to the Commencement Date. If the two appraisers designated by the Owner and the Board of Directors (or selected pursuant to the provisions of the preceding sentence) are unable to agree upon the price of such Residence, then they shall appoint a third appraiser, who shall be subject to the same qualifications as herein set forth for the first two appraisers. If the two appraisers are unable to agree upon a third appraiser within five (5) days from the date that such first two appraisers are appointed, then either the Owner or the Board of Directors, on behalf of both, may request such appointment of the third appraiser by the Senior Judge of the United States District Court for the Southern District of Texas, Houston Division. In the event of the failure, refusal or inability of any appraiser so appointed to act, a new appraiser shall be appointed in his place, which appointment shall be made in the same manner as provided for in this Section 8.1 for the appointment of such appraiser so failing, refusing or unable to act. Each party shall pay the fees and expenses of the original appraiser and any successor appointed by such party. The fees and expenses of the third appraiser, and all other expenses, if any, shall be borne equally by the Owner and the Board of Directors. The expenses of the Board of Directors shall be paid for out of the Common Expense Fund. A decision joined in by two of the three appraisers shall be the decision of the appraisers. If no two appraisers agree, then the average of the two closest in mathematical determinations shall constitute the decision of the appraisers. After reaching a decision, the appraisers shall give written notice thereof to the Owner and the Board of Directors, whereupon the sale of such Residence shall be consummated at such price within fifteen (15) days thereafter at a title company located in Harris County, Texas, selected by the Board of Directors.

Section 8.2 Determination of Obsolescence and Decision to Sell. Owners representing aggregate Percentage Ownership Interests of ninety percent (90%) or more of the Condominium may agree that the Common Elements are obsolete and that the entire Condominium should be sold. In such instance, the Board of Directors shall forthwith file and record with the County Clerk of Galveston County, Texas, a notice setting forth such fact or facts, and upon the filing of such notice, the entire Condominium shall be sold by the Board of Directors as attorney-in-fact for all Owners, free and clear of the provisions contained in this Declaration. Upon such sale, the Condominium Regime shall be terminated. The net sales proceeds from the sale of the entire Condominium shall be apportioned among the Owners on the basis of each Owner's Percentage Ownership Interest in the Common Elements, with such apportioned proceeds to be paid into separate accounts for each Residence. Each such account shall be in the name of the Condominium Association and shall be further identified by the number of the Residence and the name of the Owner. From each separate account, the Board of Directors as attorney-in-fact for each of the Owners shall use and disburse the total funds in each of such accounts, without contribution from one account to another. Such proceeds shall be disbursed in the following manner: first, to the payment of any taxes or assessments by governmental authorities owing with respect to that Residence; second, to amounts due under any first Mortgage against the Residence; third, to the payment of any Common Expense Charges or Special Assessments charged to or made against the Residence and unpaid; fourth, to any Mortgage

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against the Residence other than a first Mortgage; and fifth, to the Owner of such Residence.

ARTICLE IX

RIGHT-OF-FIRST-REFUSAL

Section 9.1 Right-of-First-Refusal of Lease. Except as provided below in this Article IX, if the Owner of any Residence desires to lease (which term shall be deemed to include all types of lease, rental or other occupancy agreements) his Residence, the Condominium Association is hereby given and granted the right-of-first-refusal to lease such Residence, on the terms and conditions provided in Sections 9.2 and 9.4, below. No Owner of a Residence shall lease his Residence to any party without first giving the Condominium Association notice in writing of such proposed lease in accordance with this Article IX and Section 3.11, above, which notice shall give the Condominium Association the opportunity to determine whether it will exercise the right-of-first-refusal to lease the Residence on the same terms and conditions as those contained in any bona fide written offer which the Owner of such Residence may have received for the lease of his Residence ("the Lease Offer"). If an Owner leases a Residence without complying with the terms of this Section 9.1, such lease shall be null and void and of no force or effect and shall confer no leasehold interest in a Residence to the purported lessee.

Section 9.2 Notice and Exercise of Option. Whenever the Owner of any Residence has received a bona fide written offer to lease his Residence and desires to accept such bona fide offer, the Owner of such Residence shall give the Board of Directors written notice of his desire to accept such Lease Offer stating the name, address, business, occupation or employment of the proposed lessee, and the Owner shall furnish the Board of Directors an executed copy of the Lease Offer. If the Condominium Association desires to exercise its option to lease the Residence on the same terms and conditions contained in the Lease Offer, then the Board of Directors shall notify the Owner of said Residence desiring to lease his Residence of the exercise of its option. Such notice shall be in writing and shall be delivered to the Owner within ten (10) days after receipt by the Board of Directors of the Owner's notice, in accordance with Section 3.11, above. If the Board of Directors has elected to lease the Residence, then, within a reasonable time after the giving of notice to the Owner of such Residence of the Board of Directors' election to lease such Residence, the Board of directors shall execute a lease containing the same terms and conditions as those contained in the Lease Offer. When any Owner of a Residence has notified the Condominium Association of his desire to lease his Residence, such Owner shall be free to consummate such lease of his Residence unless, ten (10) days after receipt of Owner's notice by the Board of Directors, the Board of Directors has notified said Owner of its intention to exercise its right-of-first-refusal as set forth in this Article IX. In the event that the Condominium Association elects not to exercise its right-of-first-refusal, the Owner of said Residence shall be free to lease his Residence only to the party and only upon the terms described in the required notice. In the event that the proposed lease transaction with regard to which the Board of Directors has declined to exercise its right-of-first-refusal is not consummated within sixty (60) days after the date that the Owner gives notice to the Board of Directors, the Condominium Association shall again have a right-of-first-refusal with respect to the lease of such Residence and the Owner shall be required to give notice of any proposed lease before leasing his Residence, including any lease to the proposed lessee identified in the Lease Offer. The right-of-first-refusal to lease set forth in this Article IX shall be a continuing right, and the non-exercise of the right in any instance shall not be deemed a waiver thereof in any other instance or against any other Owner or lessee.

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Section 9.3 Lease by Nominee of the Condominium Association. If the Condominium Association shall so elect, it may cause its right-of-first-refusal to lease any Residence, as provided in this Article IX, to be exercised in the name of the Condominium Association for itself or for a party approved by the Board of Directors, or the Board of Directors may elect to cause said Residence to be leased directly in the name of a party approved by the Board of Directors, which party shall enter into a lease in the same manner as would the Board of Directors upon the Condominium Association's exercise of the right-of-first-refusal to lease the Residence. A certificate executed and acknowledged by the secretary of the condominium stating that the provisions of Section 9.2 of this Article IX have been met by an owner, or have been duly waived by the board of directors, shall be furnished to any owner who has, in fact, complied with the provisions of Section 9.2, with respect to whom the provisions of such section have been waived, upon request at a reasonable fee not to exceed Ten Dollars (\$10).

Section 9.4 Approval of Lessee and Terms of Lease. Notwithstanding the fact that the Condominium Association may have declined to exercise its right-of-first-refusal with respect to any leasing of a particular Residence, no Residence shall be leased, unless the lessee has been approved in writing by the Board of Directors. Such Owner shall be required to use the standard lease form provided by the Board of Directors, the terms of which shall provide, among other things, that such Residence may not be sublet to or be occupied by persons other than those named in the notice required by Section 9.2, above, without the prior written approval of the Board of Directors. Furthermore, any lease shall provide that the lessee shall comply with and abide by all of the restrictions pertaining to the use of Residences and the Common Elements set forth in this Declaration, the Bylaws, the Rules and Regulations and the laws of the State of Texas now or hereafter established governing the use of the Residences and the Common Elements. Should any lessee or occupant not comply with such lease provision, then the Board of Directors shall be given the right to cancel and terminate such lease, without any obligation or liability imposed upon the Owner. For such purpose, the Board of Directors shall be regarded as the Owner's agent and shall be fully authorized to take such steps as may be necessary to effect the cancellation and termination of such lease.

Section 9.5 Exceptions to Right-of-First-Refusal. The right-of-first-refusal granted to the Condominium Association in this Article IX shall not apply to or be operative with respect to (i) the lease of a Residence by the Condominium Association after the Condominium Association has acquired a leasehold estate in such Residence pursuant to the terms of this Article IX; (ii) any lease, rental or occupancy arrangement for any Residence if the Owner of such Residence is a corporation, limited partnership, trust or other legal entity other than a natural person or persons, for the housing of its officers, directors, partners, trustees, beneficiaries, or other designated agent or employee, provided that such entity is engaged in substantial business endeavors other than the renting or leasing of Residences in this Condominium, and so long as such Residence is not being used for transient housing or lodging; and (iii) the lease or sublease of any Residence to or by the Declarant.

Section 9.6 Right-of-First-Refusal Sale. Any Owner, herein referred to as "Selling Owner", who wishes to sell his unit shall, at least fifteen (15) days prior to the accepting of an offer to purchase, give both to the Declarant

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(only for so long as Declarant owns any interest in the project) and to the Condominium Association a copy of written notice of the terms of such offer, including the name and address of the offeror and a financial statement of such offeror, which notice is sometimes herein referred to as "Notice of Sale." Notice and delivery shall be given in the same manner as set out in 9.2 above.

The Declarant and Condominium Association shall at all times have the first right and option to purchase the unit, and if within fifteen (15) days after the delivery of such Notice of Sale, the Declarant or Condominium Association shall submit an equal offer to Selling Owner to purchase, such delivery by Declarant or the Condominium Association shall constitute an exercise of such option, and the Selling Owner will accept the offer of Declarant or the Condominium Association, as the case may be, in preference to the original offer described in the Notice of Sale. In the event both the Declarant and the Condominium Association submit offers, the option shall be deemed exercised by the Declarant rather than the Condominium Association. If the Declarant or Condominium Association do not submit an identical offer within said 15-day period, the Selling Owner may, after expiration of said 15-day period and at any time within sixty (60) days thereafter, accept the offer described in the Notice. The provisions of this paragraph shall not apply to: (a) any sale held pursuant to the power of sale contained in a mortgage or deed of trust held by a bona fide lender or any sale held pursuant to a judicial foreclosure; or (b) any sale of any part of said project by Declarant or the Condominium Association.

ARTICLE X

APPLICATION OF PROCEEDS OF SALE OF A RESIDENCE

Section 10.1 Application of Proceeds of Sale. Notwithstanding any provision in this Declaration or the Bylaws to the contrary, upon the sale or conveyance of a Residence by an Owner other than the Declarant, the proceeds of such sale of conveyance shall be applied as follows:

- (a) First, to assessments, liens and charges in favor of the State of Texas and any political subdivision thereof for taxes past due and unpaid on the Residence;
- (b) Second, to amounts due under any first Mortgage against such Residence, unless such first Mortgage is to remain outstanding;
- (c) Third, to the payment of any unpaid Common Expense Charges and Special Assessments charged to or made against the Residence and the Owner thereof;
- (d) Fourth, to any Mortgage against the Residence other than a first Mortgage; and
- (e) Fifth, to the Owner of such Residence.

If such unpaid Common Expense Charges or Special Assessments are not paid or collected at the time of sale or conveyance of a Residence, the grantee of such sale or conveyance shall be jointly and severally liable

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with the selling Owner for all unpaid Common Expense Charges and Special Assessments against the Residence up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the selling Owner the amounts paid by the grantee therefor.

In the event of a foreclosure of a first and prior lien on any Residence, the purchaser at such foreclosure sale and any successor-in-title to such Residence from the purchaser at such foreclosure sale (except the Owner upon whom such lien was foreclosed) shall not be liable for the Common Expense Charges or Special Assessments chargeable to such Residence which became due prior to such foreclosure or any conveyance in lieu of foreclosure.

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Section 10.2 Perpetuity Savings Clause. Unless sooner terminated by the termination of this Declaration of Condominium, the terms and provisions of Section 9.1 through 9.3, and Section 10.1, above, shall remain in effect for the period of the lives of the now-living children of James C. Shindler of Harris County, Texas and Edmond A. Henderson of Galveston County, Texas, whichever of said children shall live longer, plus twenty-one (21) years, from and after the date of execution of this Declaration.

ARTICLE XI

AMENDMENT OF DECLARATION, BY-LAWS AND RULES AND REGULATIONS

Section 11.1 Amendment of Declaration. Except as otherwise provided by law, the provisions of this Declaration, except for the designation of the Percentage Ownership Interests which pertains to each Residence, may be amended only by an instrument in writing signed and acknowledged by an aggregate number of members having not less than seventy-five percent (75%) of the total votes of all Residences, weighed in accordance with their Percentage Ownership Interests and entitled to vote on such amendment. Except in the event of redistribution of Percentage Ownership Interests in connection with the occurrence of a fire, casualty or eminent domain taking, in order to amend the allocation of the Percentage Ownership Interests in the Common Elements appertaining to any Residence, it shall be necessary not only that an aggregate number of members having not less than seventy-five percent (75%) of the votes of all Residences, weighed in accordance with their Percentage Ownership Interests and entitled to vote on such amendment execute an instrument in writing, but, in addition, the Owners of those Residences whose Percentage Ownership Interests are amended by such amendment must join in such amendment.

Section 11.2 Amendment of By-Laws. The By-Laws of the Condominium Association may be amended from time to time by the affirmative vote of an aggregate number of members having sixty percent (60%) of the votes of all Residences, weighed in accordance with their Percentage Ownership Interests and entitled to act on such matters at a meeting of the Condominium Association as provided in this Declaration.

Section 11.3 Amendment of Rules and Regulations. The Rules and Regulations as originally promulgated by the Declarant may be amended from time to time by the Board of Directors as set forth in the By-Laws. The Rules and Regulations are of equal dignity with, and shall be enforceable in the same manner as, the provisions of this Declaration, but in the event of a conflict, this Declaration shall control. Each Owner, by accepting conveyance of a Residence, agrees to comply with and abide by the Rules and Regulations as such Rules and Regulations may, from time to time, be amended.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Estoppel Certificate. Any Mortgagee and any prospective purchaser of a Residence shall be entitled, upon written request therefor, to a statement from the Board of Directors setting forth the amount of any Common Expense Charges or Special Assessments not paid by the Owner of a Residence in which such prospective purchaser or Mortgagee has an interest. Any such purchaser shall not be liable for, any unpaid Common Expense Charges or Special Assessments made by the Board of Directors against the particular Residence involved, in excess of the amount set forth in such statement, and the

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Residence conveyed shall not be subject to the lien provided for in Section 4.5, above, for any amount in excess of the amount set forth in such Statement. Any such purchaser shall, however, be liable for any Special Assessments or Common Expense Charges become due after the date of any such statement.

Section 12.2 No Partition. Except as otherwise provided to the contrary in this Declaration, the Common Elements shall remain undivided and shall not be subject to an action for partition or division of the co-ownership thereof, so long as the Condominium is maintained as a Condominium Regime, in accordance with the provisions hereof. In any event, all Mortgages secured by an interest in the Common Elements must be paid in full prior to bringing any action for partition or the consent of all holders of such Mortgages must be obtained; provided, however, that if any Residence is owned by two or more Owners as tenants-in-common or as joint tenants, nothing contained herein shall be deemed to prevent a judicial partition of such Residence as between such co-tenants.

Section 12.3 Alteration of Boundaries of Residence. If one person, firm or entity, including the Declarant, is the Owner of all or part of two adjacent Residences, or if two Owners of adjacent Residences so agree, then such Owner or Owners shall have the right to remove all or any part of any intervening partition or to create doorways or other openings in such partition, notwithstanding the fact that such partition may, in whole or in part, be a Common Element, so long as no portion of any load-bearing wall or load-bearing column or structural slab is weakened or removed and no portion of any Common Element other than the partition is damaged, destroyed, or endangered, and so long as the written approval of the Board of Directors is first obtained. Such Owner or Owners shall, at his or their expense, deliver plans and specifications for such alterations to the Board of Directors. In any such events, the Owner or Owners involved may relocate the boundaries between adjacent Residences by preparing an appropriate instrument of amendment to this Declaration to be prepared and executed by such Owners, which instrument, in order to be binding, shall be joined in by the President of the Condominium Association and filed for record in the Official Public Records of Real Property of Galveston County, Texas. The instrument of amendment shall (i) show the boundaries between those Residences which are being relocated; (ii) recite the occurrence of any conveyancing between the Owners of such adjacent Residences, and (iii) specify any reasonable reallocation of the aggregate Percentage Ownership Interests in the Common Elements pertaining to those Residences, as agreed upon by the Owners of such Residences. Such plans and floor plans as may be necessary to show the altered boundaries between the Residences involved shall be certified as to their accuracy by a registered architect or engineer at the cost of the Owners of such Residences.

At any time prior to election of the First Board in accordance with Section 3.5(a), above, the Declarant shall have the right, at its option and sole cost and expense, without the consent of other Owners or the representative or representatives of any Mortgagee, to (i) make alterations, additions, or improvements in, to, and upon Residences owned by the Declarant (hereinafter called "Declarant-Owned Residences"), whether structural or non-structural, interior or exterior, ordinary or extraordinary; (ii) change the layout or number of rooms in any Declarant-Owned Residences; (iii) change the size and/or number of Declarant-Owned Residences (including those resulting from such subdivision or otherwise) into one or more Residences, combining separate Declarant-Owned Residences (including those resulting from such subdivision or otherwise) into one or more Residences, altering the boundary walls between any Declarant-Owned Residences or otherwise; and (iv) reapportion among the Declarant-Owned Residences affected by such change in size or number pursuant to subsection (iii) above, their Percentage Ownership Interests in the Common Elements; provided, however, that the Percentage Ownership Interest in the

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Common elements of any Residence (other than Declarant-Owned Residences) shall not be changed by reason thereof, unless the Owners and Mortgagees, if any, of such Residences shall consent thereto and, provided further, that the Declarant complies with all laws applicable thereto and agrees to hold all other Owners harmless from any liability arising therefrom. The provisions of this Section 12.3 may not be added to, amended or deleted therefrom. The Declarant shall also have the authority, at its sole option, cost and expense, prior to the appointment of the First Board, to make improvements to the Common Elements without the prior consent of the Board of Directors, other Owners of Residences or the representative or representatives of holders of any Mortgage. No Owner shall ever be assessed for any such changes or improvements made by the Declarant pursuant to this Section 12.3. In the event of any such alteration, combination or improvement, the Declarant, at its sole cost and expense, shall file any amendment to this Declaration necessary to reflect such change or improvement.

Section 12.4 Correction of Errors. The Declarant reserves, and shall have the continuing right, until appointment of the First Board in accordance with Section 3.5(a), above, without the consent of the other Owners of Residences or the representatives of Mortgagee, to amend this Declaration or the By-Laws for the purpose of clarifying or resolving any ambiguities or conflicts herein, or correcting any inadvertent misstatements, errors, or omissions herein, provided that except as otherwise set forth in Section 12.3, above, no such Amendment shall change the stated numbers of Residences or the Percentage Ownership Interests in the Common Elements attributable thereto.

Section 12.5 Enforcement. The Board of Directors or any Owner shall have the right to enforce, by any proceedings at law or in equity, all of the terms and provisions of this Declaration. Failure of the Board of Directors or of any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed to be a waiver of the right to enforce such covenant or restriction thereafter.

Section 12.6 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof.

Section 12.7 Mortgagee Matters. Any Mortgagee, upon reasonable notice, shall be entitled to examine the books and records of the Condominium Association. Furthermore, each Mortgagee shall be entitled, with respect to any Residence as to which it has a Mortgage, to written notification from the Condominium Association of any default in the performance by an Owner of any obligation under this Declaration, the Articles of Incorporation of the Condominium Association, or the By-Laws, and the Condominium Association shall furnish such notice to such Mortgagee concurrently with the furnishing thereof to any such defaulting Owner, provided the Condominium Association has been requested in writing by such Mortgagee to do so and has been furnished the name and mailing address of such Mortgagee.

Section 12.8 Limitation on Contract Term. Except as otherwise set forth in Section 3.1, above, any contract made by the Condominium Association for professional management, or providing for services by the Declarant, shall be terminable on thirty (30) days written notice and shall have a maximum term of no more than three (3) years.

Section 12.9 Easements. Prior to the appointment of the First Board in accordance with Section 3.5(a), above, the Declarant shall have the right to grant to utility

002-44-1723

companies and other similar entities, such easements, rights-of-way, and other rights as may be reasonably necessary to service the Condominium and establish, operate or maintain the same as a viable Condominium Regime, without the consent or joinder of any other Owners or the representatives of any Mortgagee.

Section 12.10 The Declarant's Right to Lease or Rent Residences. The Declarant shall have the right to rent or lease Residences owned by the Declarant to such parties and upon such terms and conditions as the Declarant may elect. All tenants or lessees of the Declarant shall have access to the Condominium and the common Elements in the same manner as the Owners, and shall be bound by the terms of this Declaration, the By-Laws and the Rules and Regulations.

Section 12.11 Covenant Running with the Land. Subject to the change pursuant to Section 11.1, above, the terms and provisions of this Declaration shall be deemed to be covenants running with the Land and shall be binding upon the Declarant, all Owners, Mortgagees and their respective heirs, legal representatives, successors and assigns.

Section 12.12 Resolution of Disputes. In addition to the powers of the Board of Directors conferred by law or under this Declaration, the Board of Directors shall be empowered to create reasonable procedures for resolving disputes between Owners and other Owners.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed the 23rd day of June, 1985.

GALVESTON EAST CONDO, INC.

By: [Signature]
James C. Shindler, President

By: [Signature]
Edmond A. Henderson, Vice President

STATE OF TEXAS

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared JAMES C. SHINDLER, known to me to be the President of Galveston East Condo, Inc. and EDMOND A. HENDERSON, known to me to be the Vice President of Galveston East Condo, Inc. and acknowledged that they executed the same for the purposes and considerations therein expressed, and in the capacity therein stated.

Given under my hand and seal of office on this the 23rd day of June, 1985.

[Signature]
Edith W. Owen
Notary Public in and for
Harris County, TEXAS
EDITH W. OWEN
My Commission Expires:
January 31st, 1985

Q

002-44-1724

RECORDED
INDEXED

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



COUNTY CLERK
DALLAS COUNTY, TEXAS

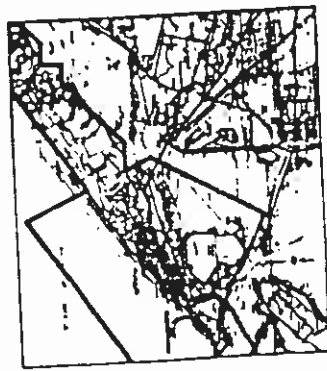
EXHIBITS

DECLARATION OF CONDOMINIUM

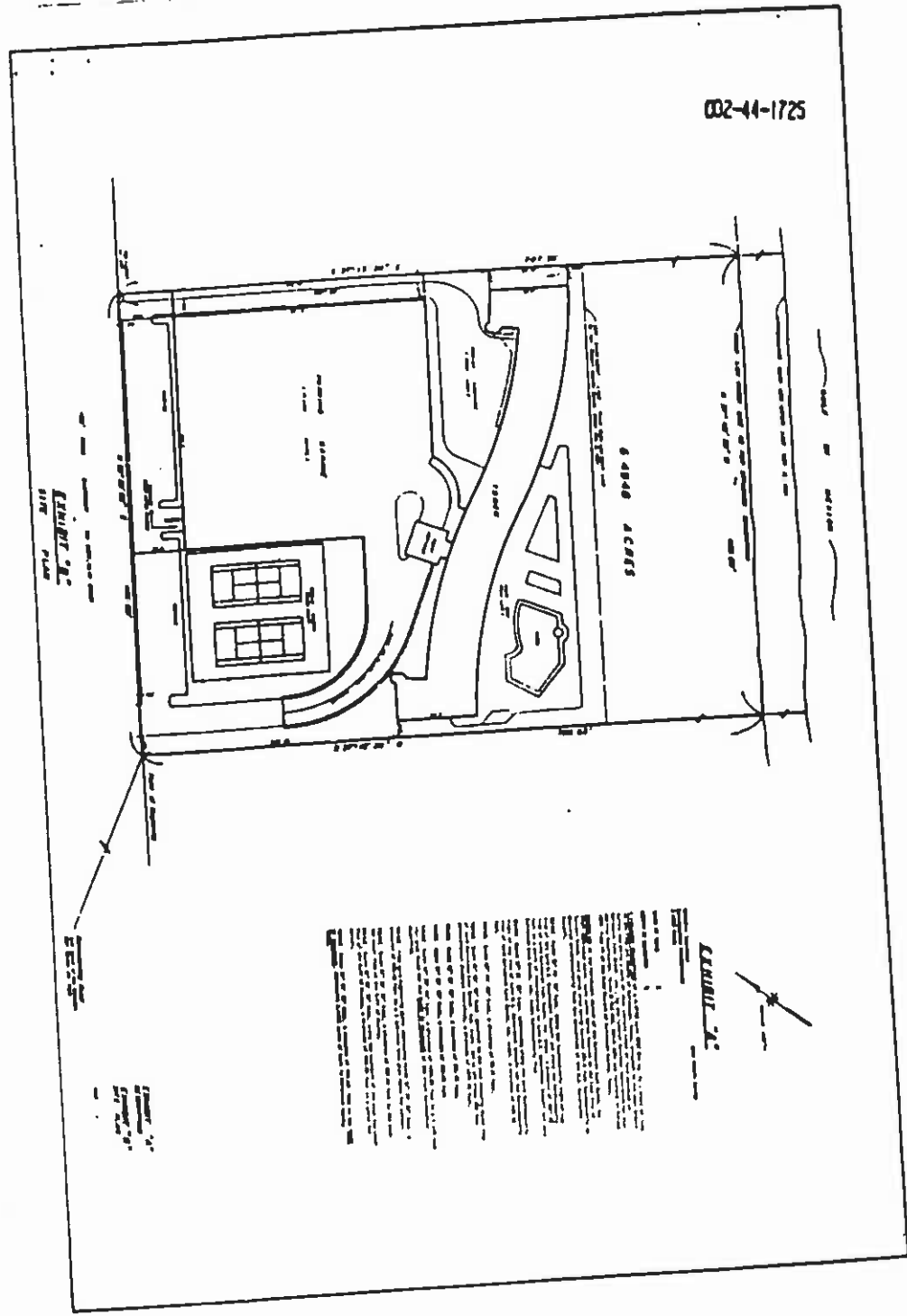
FOR

THE GALVESTONIAN

A CONDOMINIUM PROJECT IN GALVESTON COUNTY, TEXAS



002-44-1725



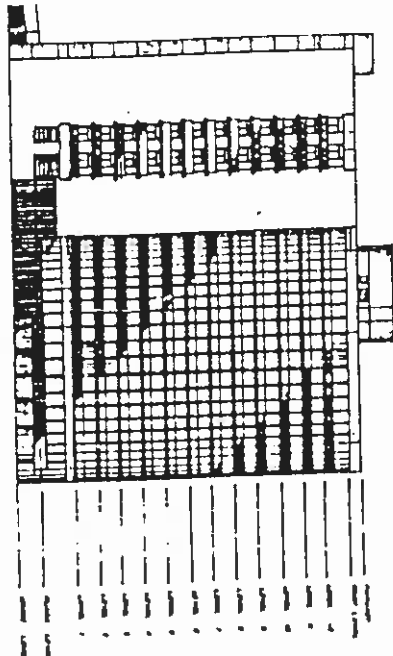
LEWIS & CLARK
1800

...

LEWIS & CLARK
1800

002-44-1726

WEST ELEVATION & FLOOR LEVELS



EAST ELEVATION & FLOOR LEVELS

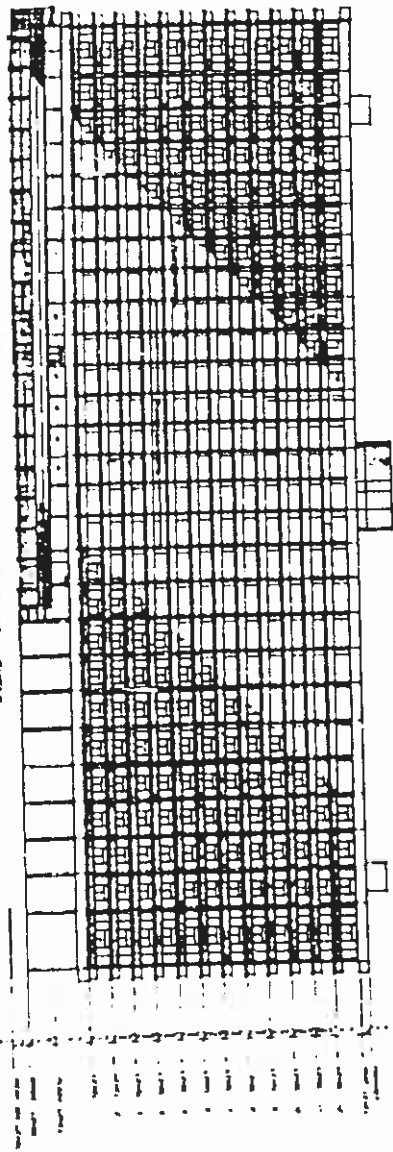


EXHIBIT 'B'
EAST ELEVATION & FLOOR LEVELS

002-44-1727

SECTION OF PLUMBING SYSTEM (EAST ELEVATION)
AND VENTS

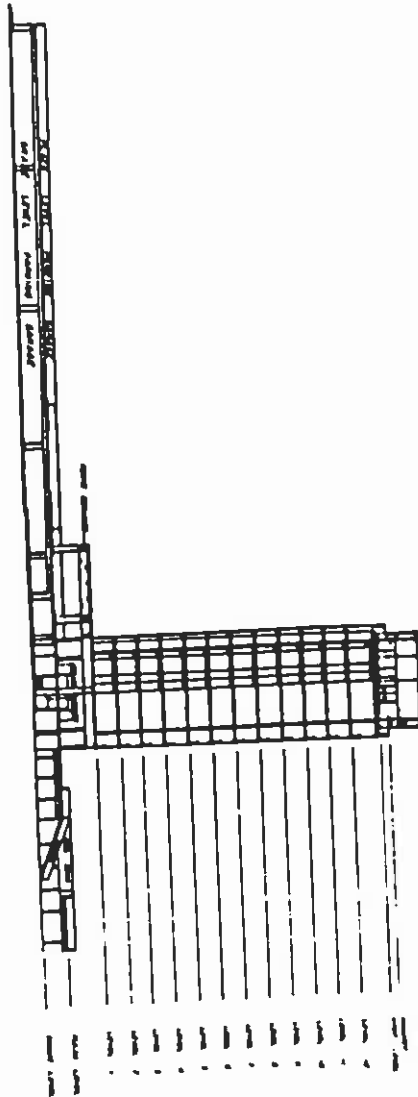


EXHIBIT 2
PLUMBING

002-44-1728

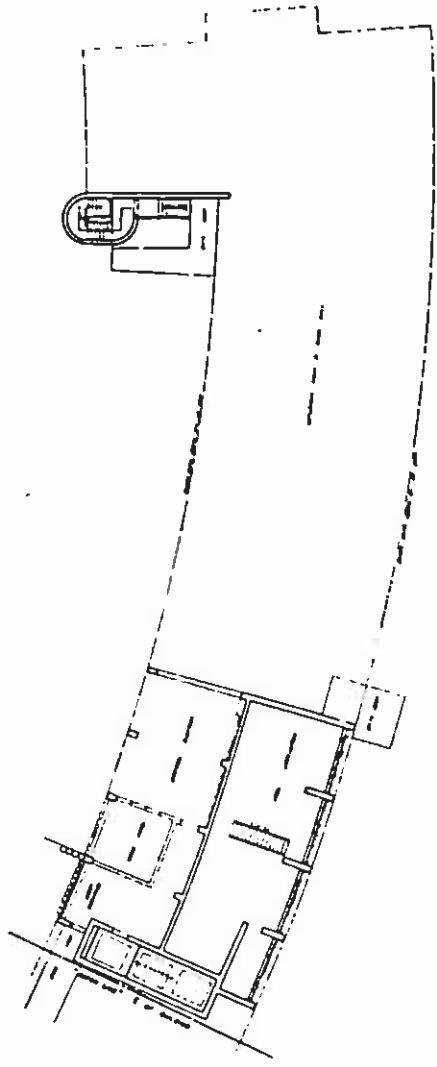


EXHIBIT 'C'
Floor plan of the building shown in Exhibit 'A' and 'B'.

EXHIBIT 'C'
Floor plan of the building shown in Exhibit 'A' and 'B'.

002-44-1729

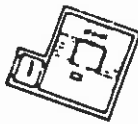
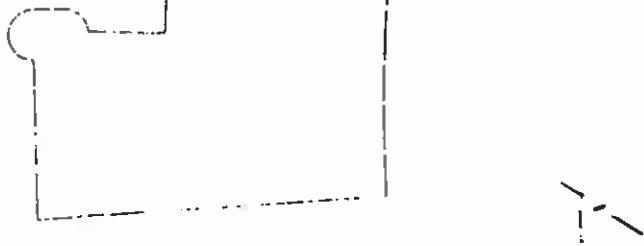


EXHIBIT C:
GENERAL AND
SPECIAL NOTES
FOR THE
CONSTRUCTION OF
THE
BUILDING

1. THE
BUILDING
SHALL BE
CONSTRUCTED
IN ACCORDANCE
WITH THE
REQUIREMENTS
OF THE
LOCAL CODES
AND ORDINANCES
APPLICABLE
THEREAT.



002-44-1730

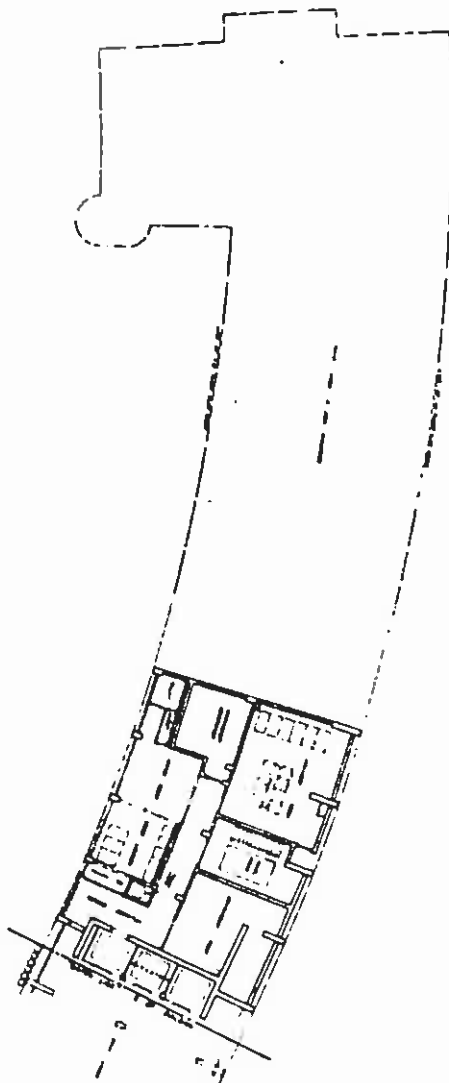
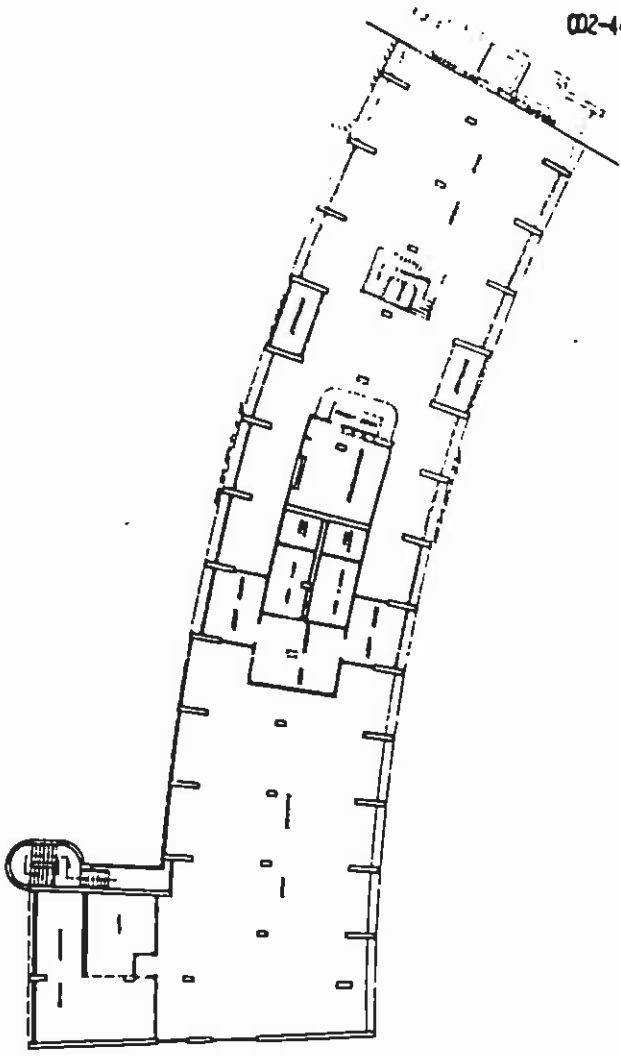


EXHIBIT 'C'
Ground and
Aerial Photo Map - North West

EXHIBIT 'C'
Ground and
Aerial Photo Map - North West

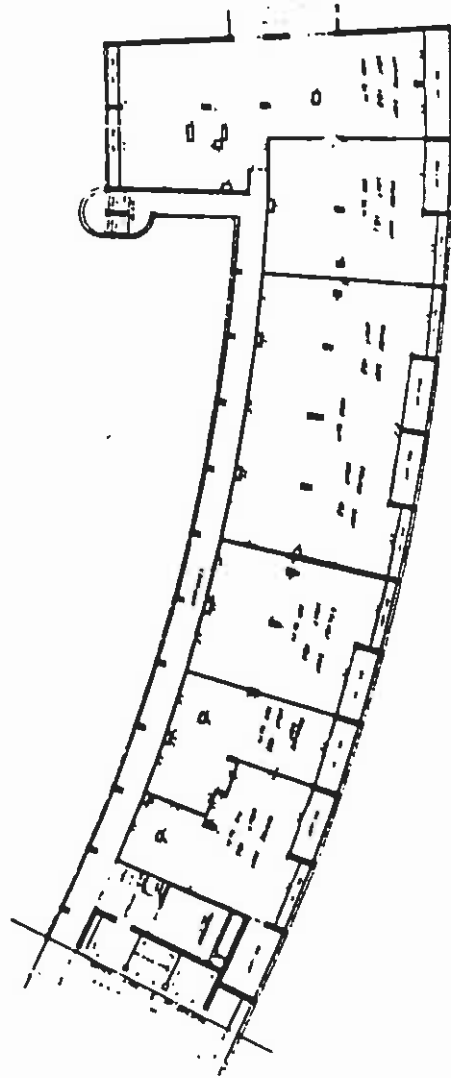
002-44-1731



GENERAL CONTRACTOR
KERRICK, INC.
1000 17TH ST. N.W.
WASHINGTON, D.C.

KERRICK, INC.
1000 17TH ST. N.W.
WASHINGTON, D.C.
20036

002-44-1732

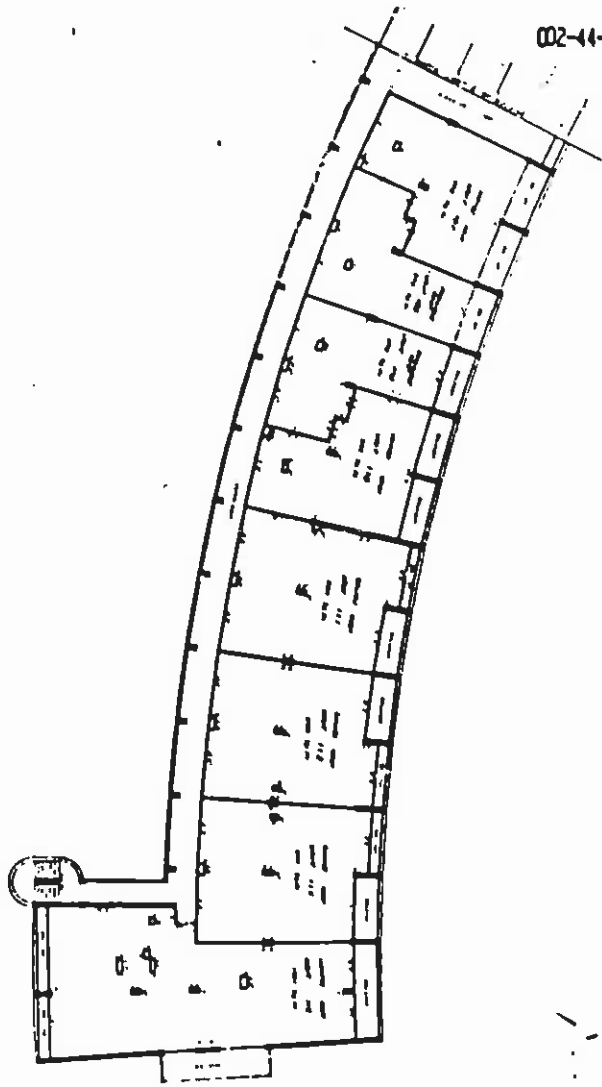


PLAN OF BUILDING
NO. 1000
ST. LOUIS, MO.
1910

ARCHITECT
J. H. WATSON
ST. LOUIS, MO.

SCALE
1/4" = 1'-0"

002-44-1733

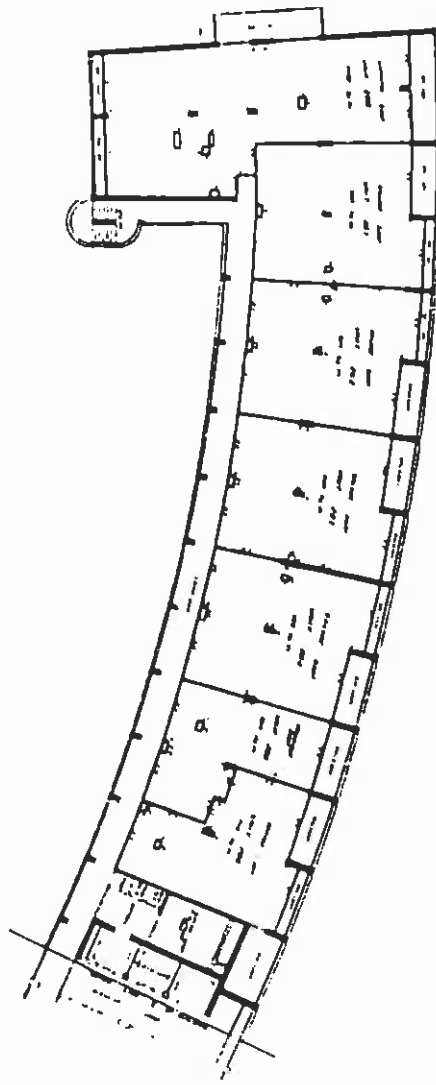


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EXHIBIT "C"
GENERAL FLOOR PLAN - LEVEL 1

EXHIBIT "C"
GENERAL FLOOR PLAN - LEVEL 1

Q



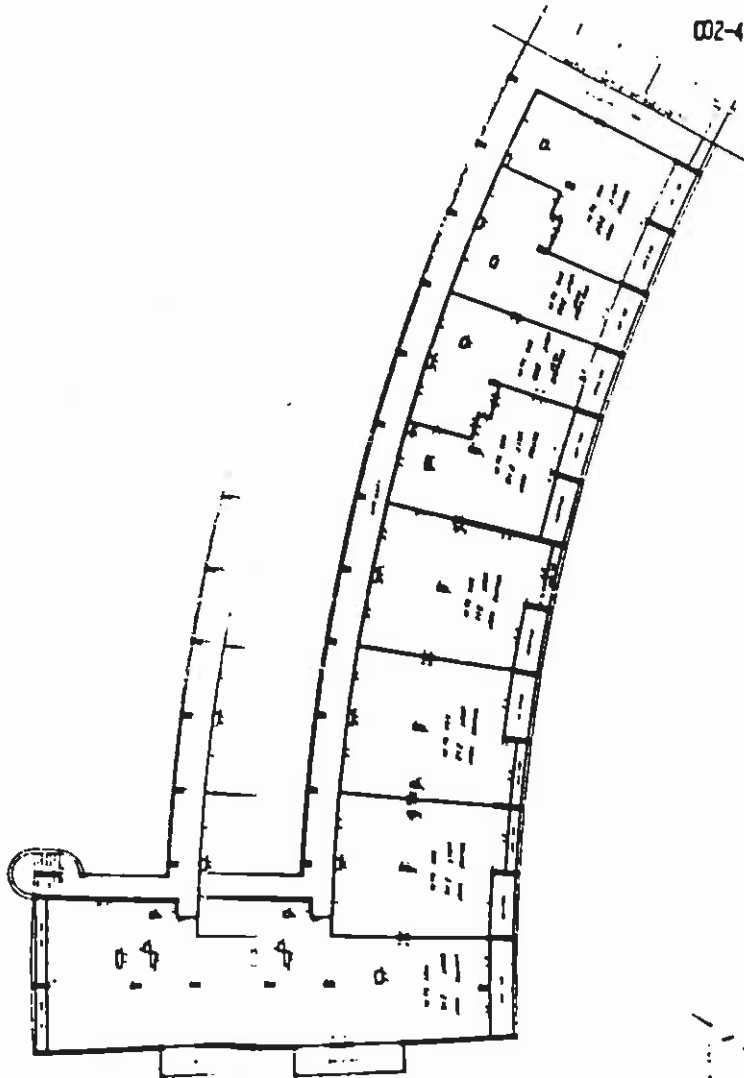
002-44-1734

PLAN
FIRST FLOOR
1954

EXHIBIT C
1954

1954

002-44-1735

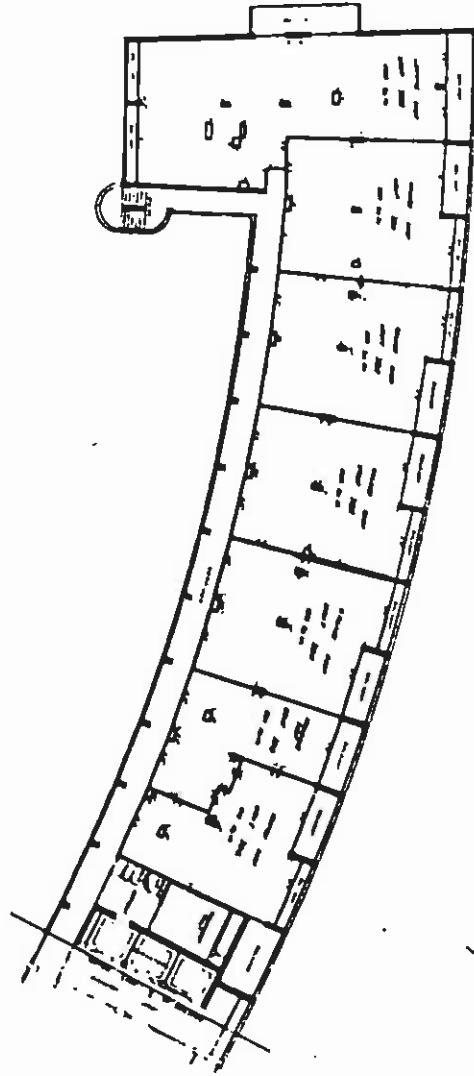


1. ALL ROOMS TO BE PAINTED
2. ALL ROOMS TO BE CARPETED
3. ALL ROOMS TO BE CEILINGED
4. ALL ROOMS TO BE WAXED
5. ALL ROOMS TO BE CLEANED
6. ALL ROOMS TO BE INSULATED
7. ALL ROOMS TO BE VENTILATED
8. ALL ROOMS TO BE LIGHTED
9. ALL ROOMS TO BE HEATED
10. ALL ROOMS TO BE COOLED

EXHIBIT 3-C
SERIAL 1000 PLAN - 1000 1

EXHIBIT 3-C
SERIAL 1000 PLAN - 1000 1

002-44-1736



Architectural drawing showing floor plan details.

EXHIBIT 3-C
NATIONAL RIFLE MUSEUM - LEVEL 2

EXHIBIT 3-C
NATIONAL RIFLE MUSEUM - LEVEL 2

002-44-1737

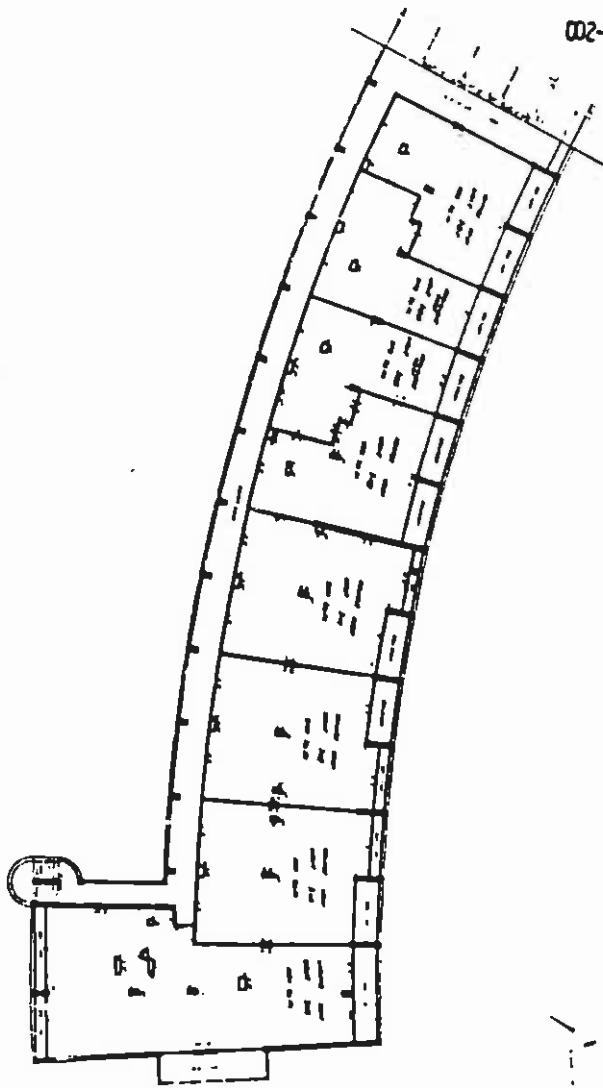
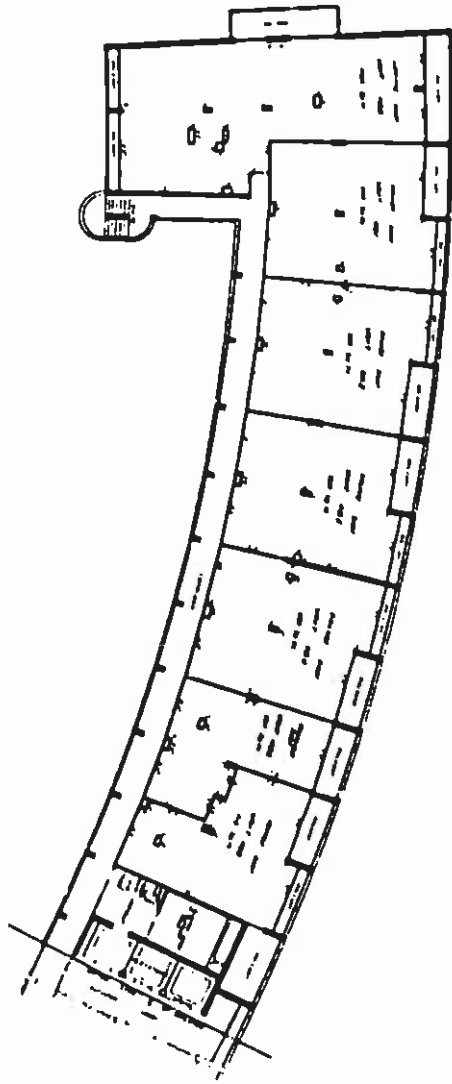


EXHIBIT 'C'
PARTIAL FLOOR PLAN - LEVEL 2

EXHIBIT 'C'
PARTIAL FLOOR PLAN - LEVEL 2

EXHIBIT 'C'
PARTIAL FLOOR PLAN - LEVEL 2

002-44-1738

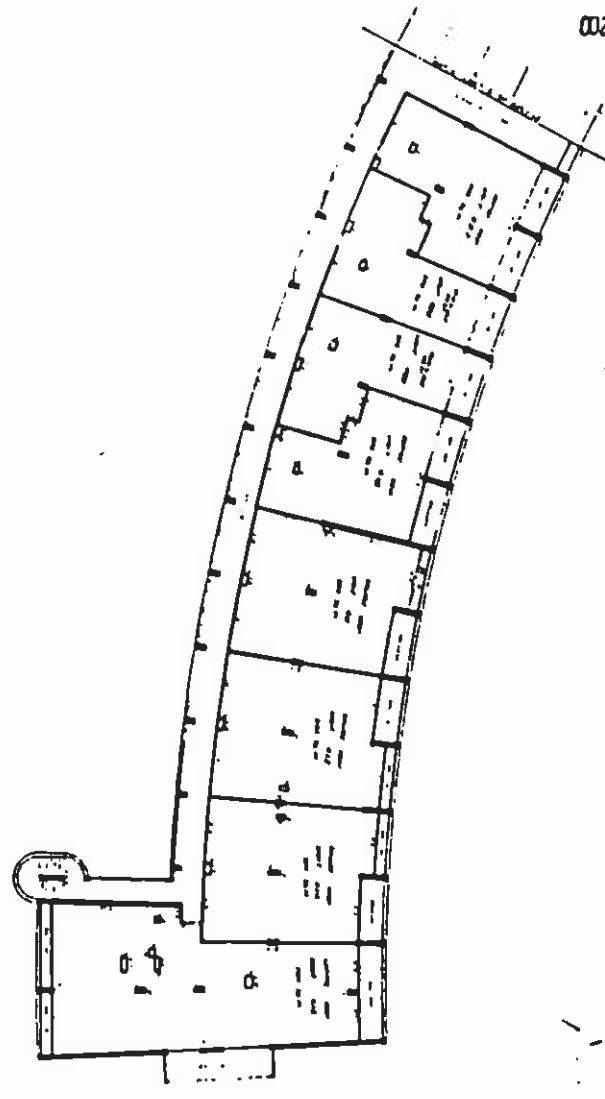


1. All rooms are to be finished with
 2. The floor is to be finished with
 3. The walls are to be finished with
 4. The ceiling is to be finished with

GENERAL NOTES
 1. All rooms are to be finished with
 2. The floor is to be finished with
 3. The walls are to be finished with
 4. The ceiling is to be finished with

GENERAL NOTES
 1. All rooms are to be finished with
 2. The floor is to be finished with
 3. The walls are to be finished with
 4. The ceiling is to be finished with

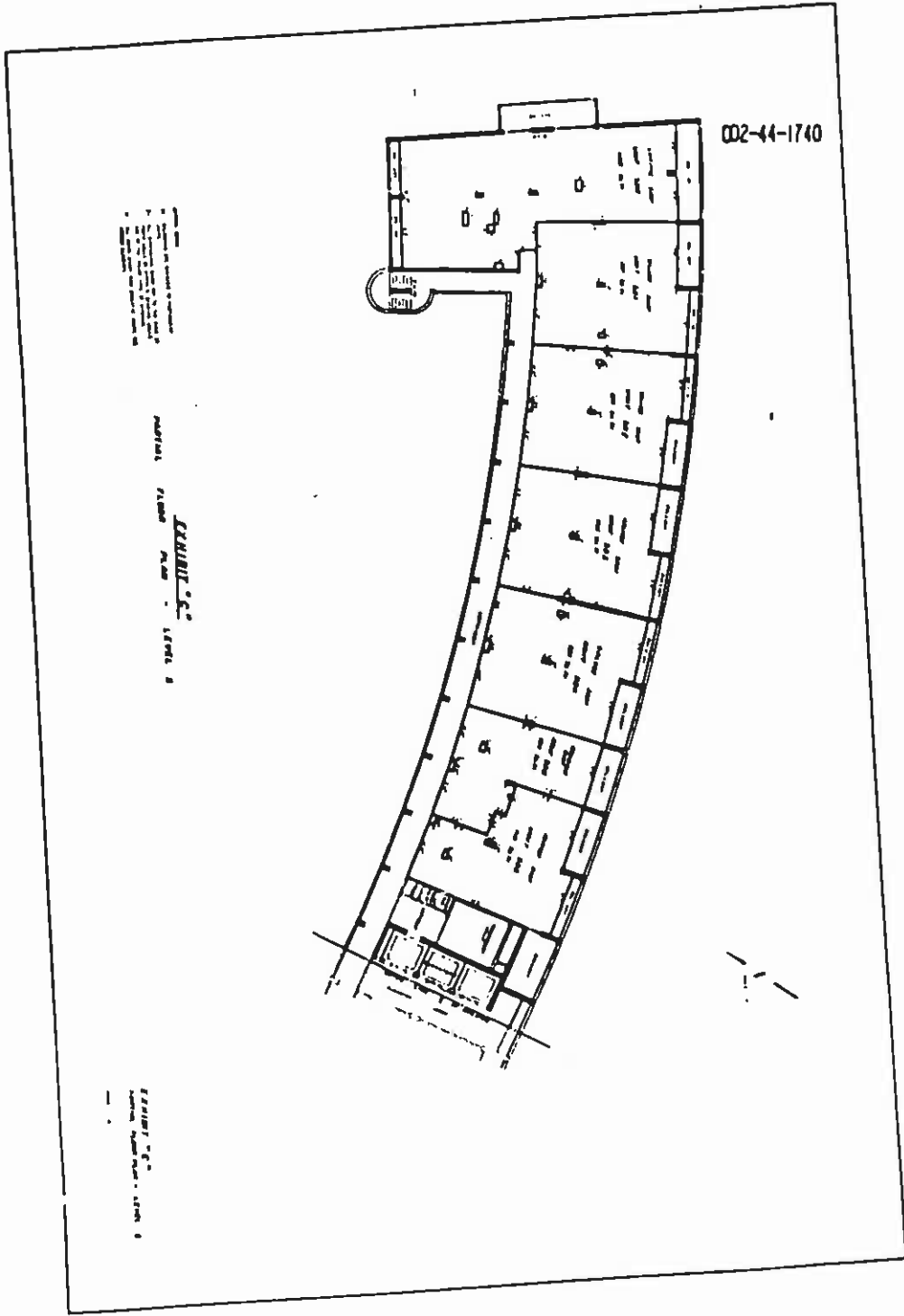
002-44-1739



PLAN
FIRST FLOOR
GENERAL LAYOUT
DATE: 10/15/54

GENERAL LAYOUT
FIRST FLOOR
DATE: 10/15/54

GENERAL LAYOUT
FIRST FLOOR
DATE: 10/15/54



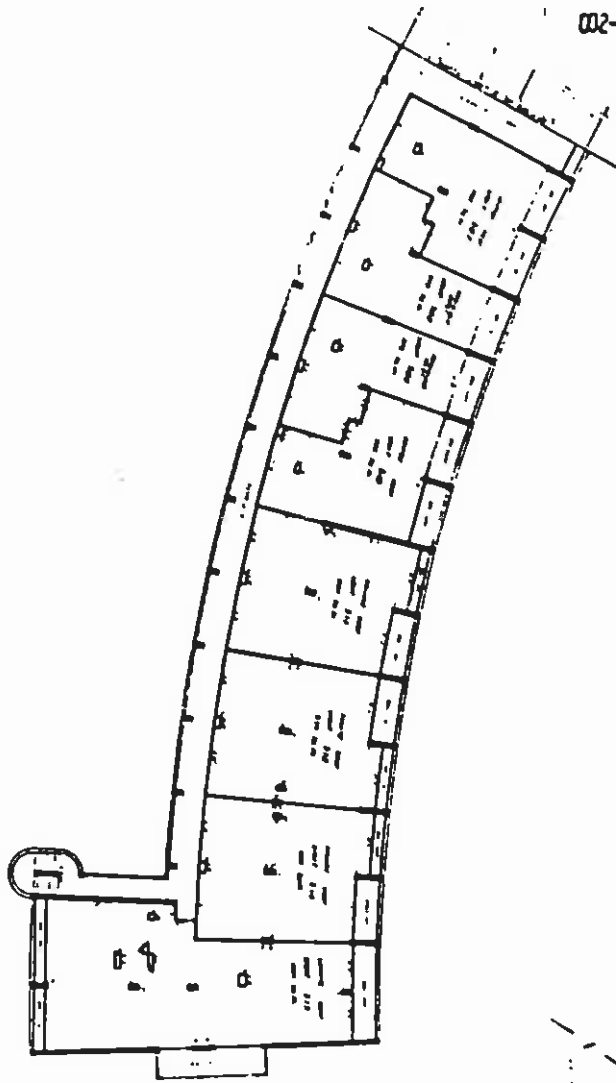
002-44-1740

EXHIBIT 'C'
FLOOR PLAN
1962

EXHIBIT 'C'
FLOOR PLAN
1962

EXHIBIT 'C'
FLOOR PLAN
1962

002-44-1741



1. ALL ROOMS TO BE PAINTED
2. ALL ROOMS TO BE CARPETED
3. ALL ROOMS TO BE VENTILATED
4. ALL ROOMS TO BE LIGHTED
5. ALL ROOMS TO BE HEATED
6. ALL ROOMS TO BE COOLED
7. ALL ROOMS TO BE CLEANED
8. ALL ROOMS TO BE MAINTAINED
9. ALL ROOMS TO BE REPAIRED
10. ALL ROOMS TO BE RENOVATED

ENGINE 'C'
PARTIAL FLOOR PLAN - STAGE 1

1. THESE ARE THE ONLY ROOMS
2. WHICH ARE TO BE PAINTED

002-44-1742

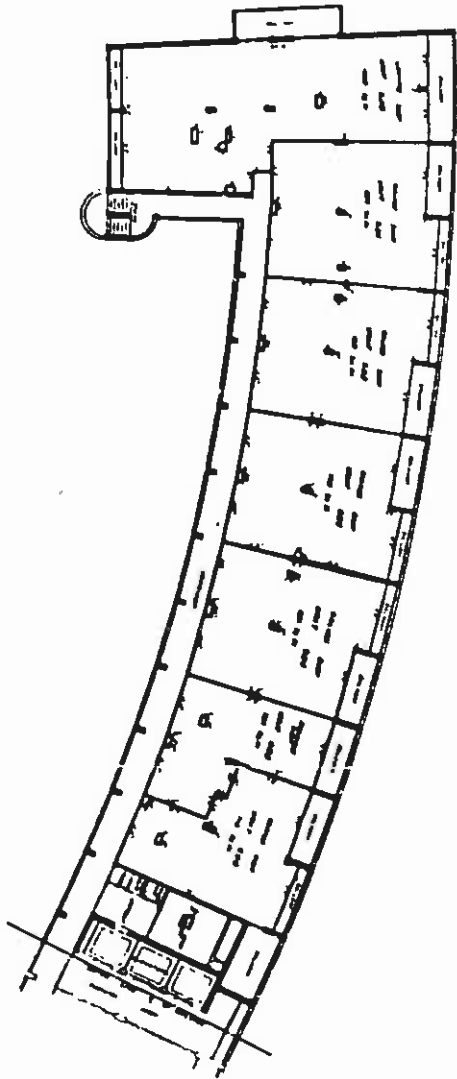


EXHIBIT 1
FLOOR PLAN
APRIL 1964

EXHIBIT 1
FLOOR PLAN
APRIL 1964

EXHIBIT 1
FLOOR PLAN
APRIL 1964

002-44-1743

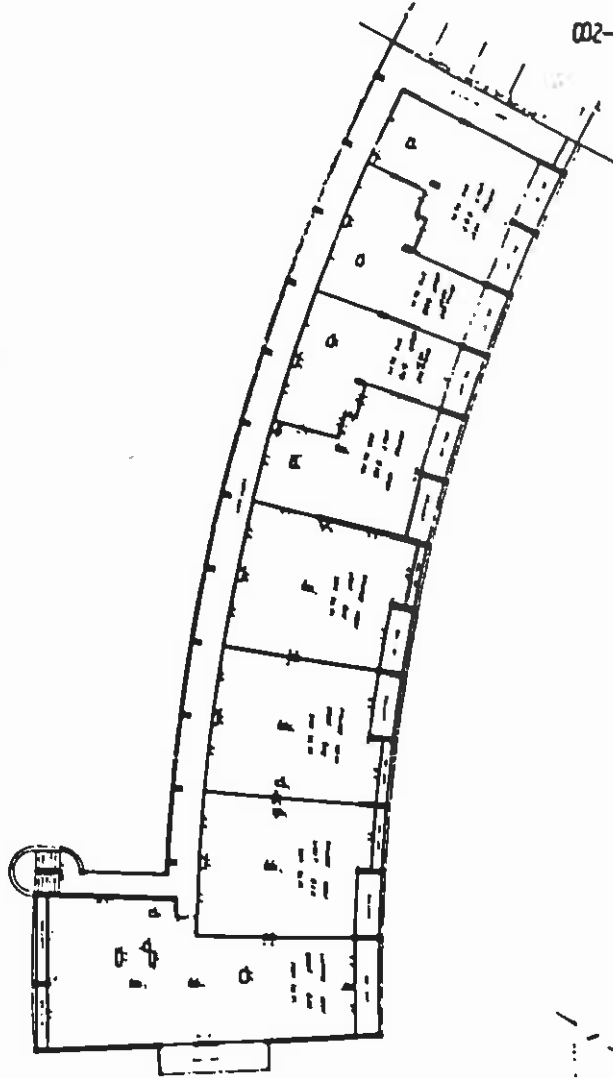


EXHIBIT 3
FLOOR PLAN - LEVEL 3

EXHIBIT 3
FLOOR PLAN - LEVEL 3

EXHIBIT 3
FLOOR PLAN - LEVEL 3

002-44-1744

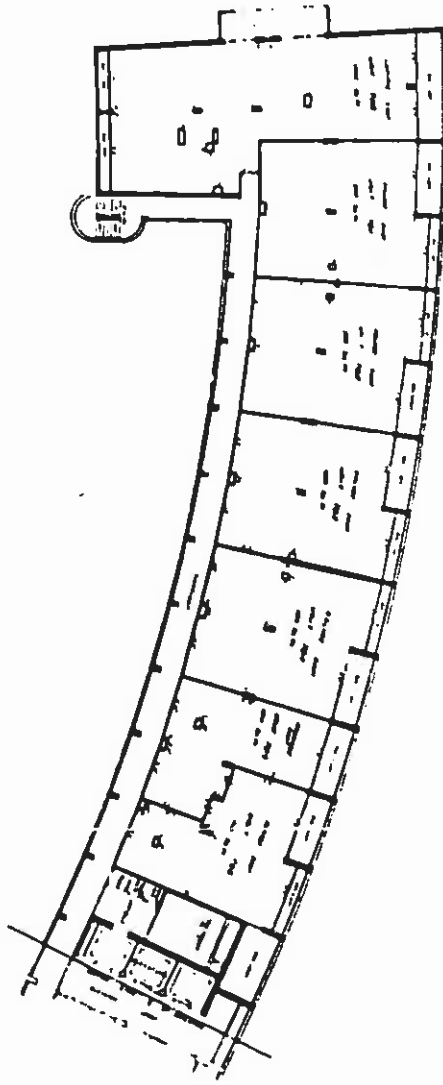
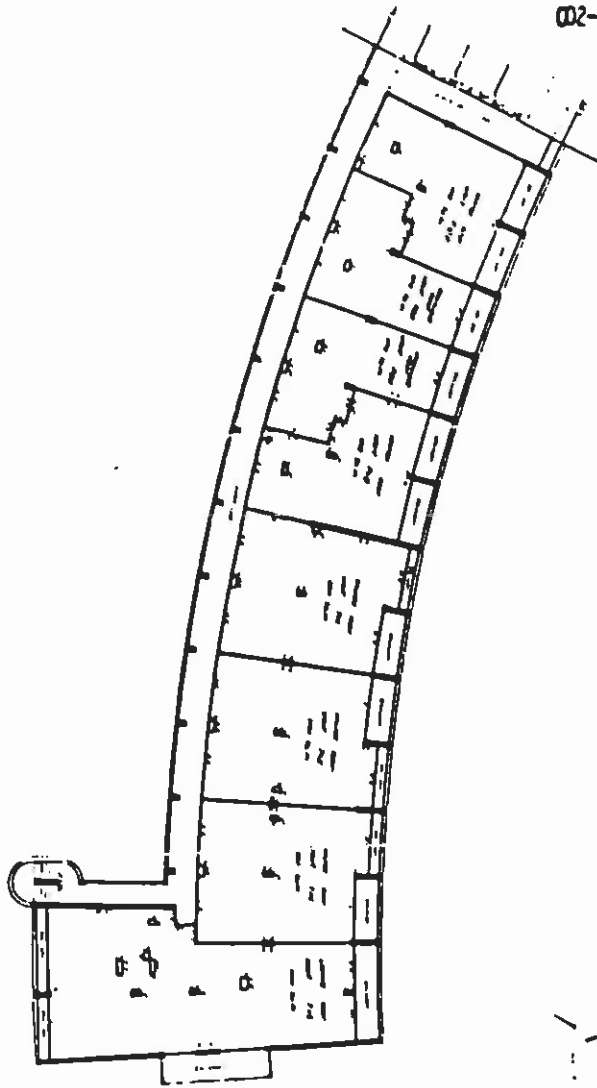


EXHIBIT 'C'
FLOOR PLAN
APRIL 1963

EXHIBIT 'C'
FLOOR PLAN
APRIL 1963

EXHIBIT 'C'
FLOOR PLAN
APRIL 1963

002-44-1745

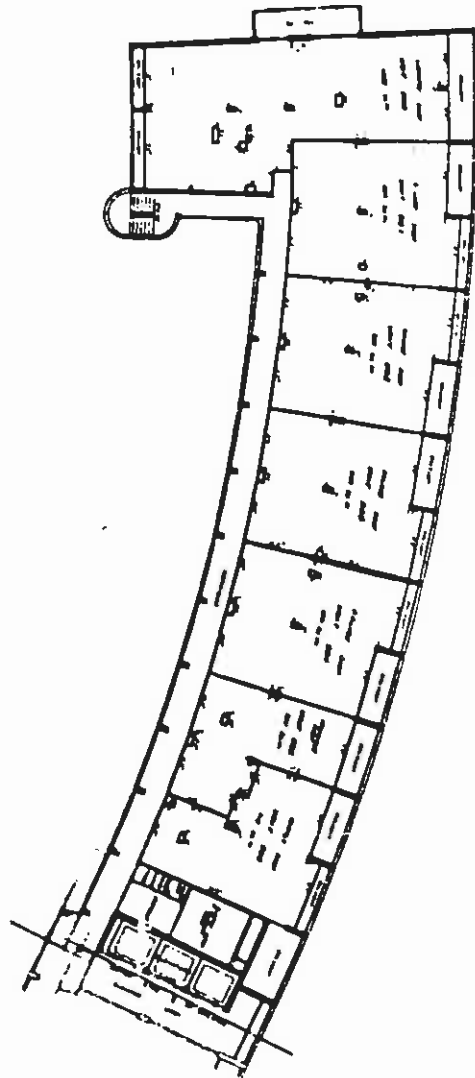


1. ALL ROOMS TO BE FURNISHED
2. ALL ROOMS TO BE EQUIPPED
3. ALL ROOMS TO BE VENTILATED
4. ALL ROOMS TO BE HEATED
5. ALL ROOMS TO BE LIGHTED
6. ALL ROOMS TO BE CLEANED
7. ALL ROOMS TO BE MAINTAINED
8. ALL ROOMS TO BE INSULATED
9. ALL ROOMS TO BE PROTECTED
10. ALL ROOMS TO BE MONITORED

EXHIBIT 2-C
GENERAL FLOOR PLAN - LEVEL 1

1. ALL ROOMS TO BE FURNISHED
2. ALL ROOMS TO BE EQUIPPED
3. ALL ROOMS TO BE VENTILATED
4. ALL ROOMS TO BE HEATED
5. ALL ROOMS TO BE LIGHTED
6. ALL ROOMS TO BE CLEANED
7. ALL ROOMS TO BE MAINTAINED
8. ALL ROOMS TO BE INSULATED
9. ALL ROOMS TO BE PROTECTED
10. ALL ROOMS TO BE MONITORED

002-44-1746

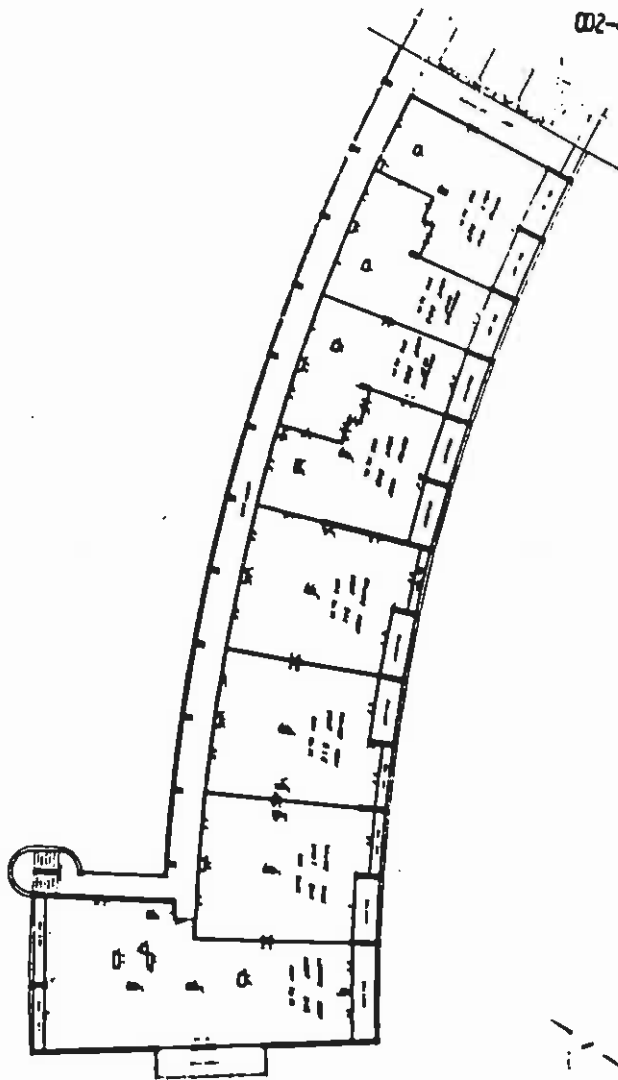


...

EXHIBIT 'C'
...

...

002-44-1747

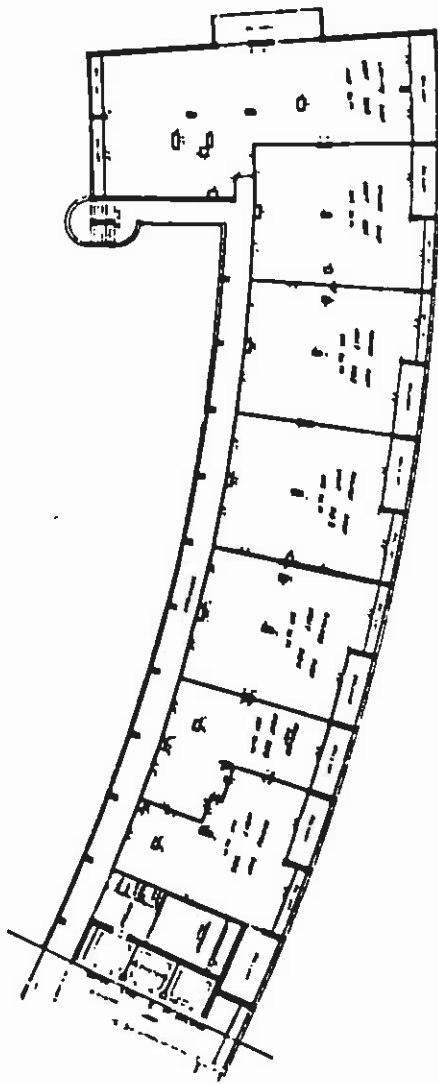


Legend
--- Wall
--- Door
--- Window
--- Staircase
--- Elevator
--- Room Number

GENERAL
PARTIAL FLOOR PLAN - LEVEL 2

General
Partial Floor Plan - Level 2
002-44-1747

002-44-1748



1. All dimensions are in feet and inches.
 2. All work shall be in accordance with the latest edition of the Building Code of the City of New York.
 3. The contractor shall be responsible for obtaining all necessary permits and licenses.
 4. The contractor shall be responsible for the safety of the workmen and the public.
 5. The contractor shall be responsible for the protection of the existing structures and utilities.
 6. The contractor shall be responsible for the removal of all debris and waste.
 7. The contractor shall be responsible for the cleanup of the site.
 8. The contractor shall be responsible for the completion of the work within the specified time frame.
 9. The contractor shall be responsible for the payment of all taxes and fees.
 10. The contractor shall be responsible for the maintenance of the site during the construction process.

EXHIBIT 'C'
 Aerial Photo Plan - Level 2

EXHIBIT 'C'
 Aerial Photo Plan - Level 2

002-44-1749

1. ALL ROOMS TO BE
2. MAINTAINED IN
3. CLEAN AND
4. ORDERLY
5. CONDITION
6. AT ALL TIMES

EXHIBIT 2
APRIL 1950

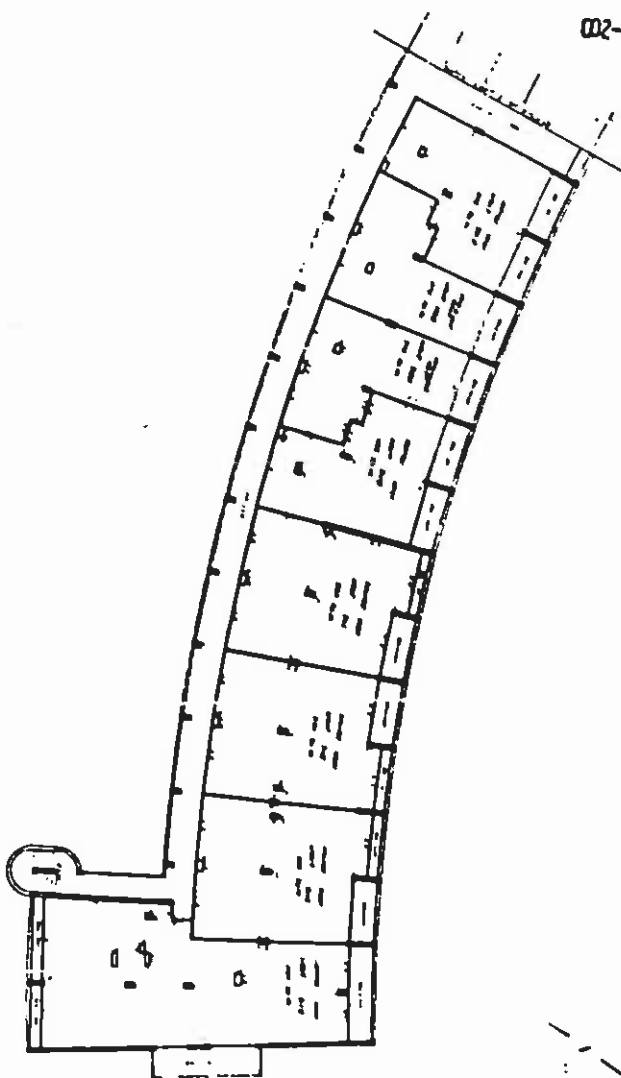
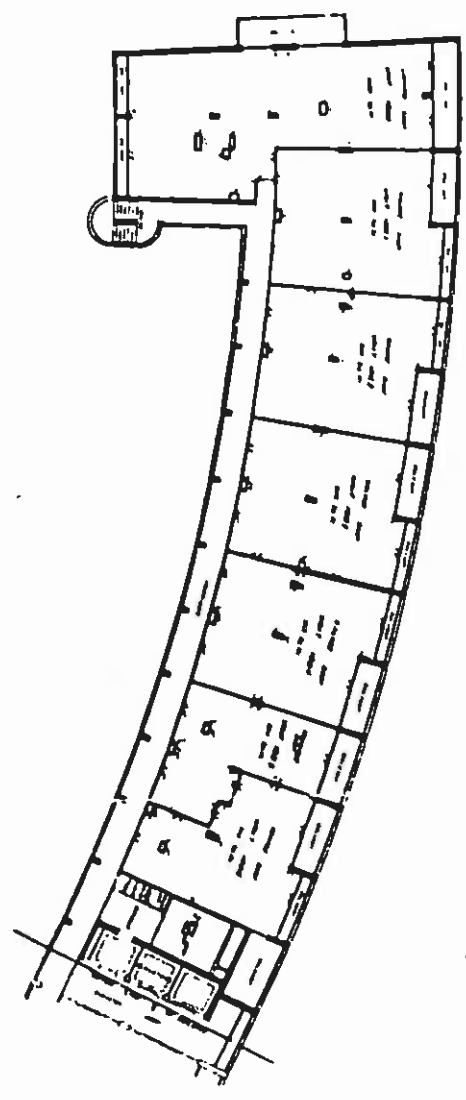


EXHIBIT 2
APRIL 1950

002-44-1750



1. All rooms are to be finished with
 2. All rooms are to be finished with
 3. All rooms are to be finished with
 4. All rooms are to be finished with
 5. All rooms are to be finished with
 6. All rooms are to be finished with
 7. All rooms are to be finished with
 8. All rooms are to be finished with
 9. All rooms are to be finished with
 10. All rooms are to be finished with

EXHIBIT "C"
 GENERAL FLOOR PLAN - LEVEL 10

EXHIBIT "C"
 GENERAL FLOOR PLAN - LEVEL 10

002-44-1751

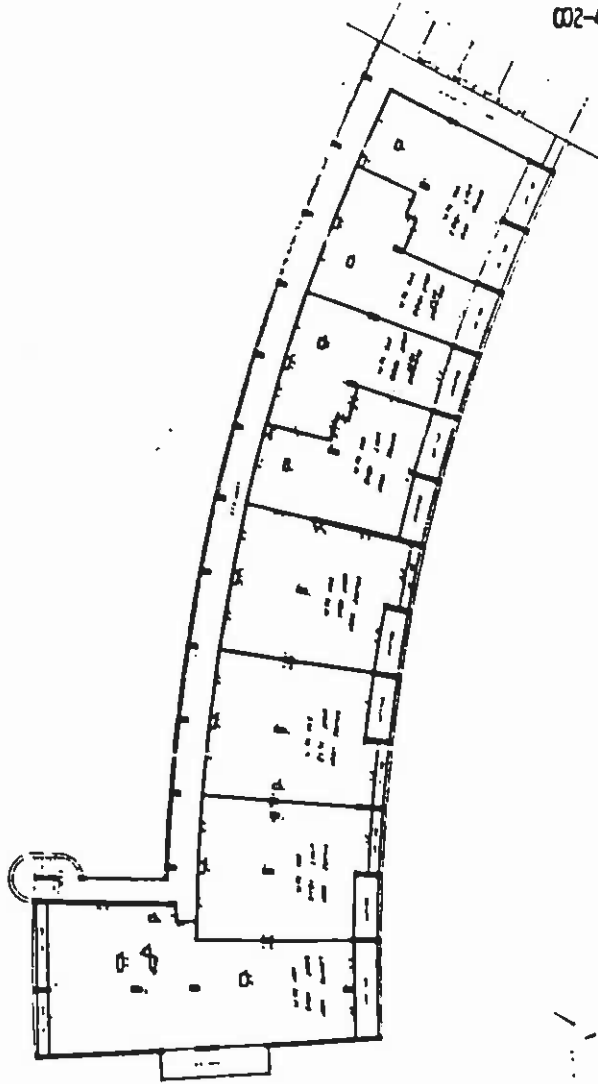
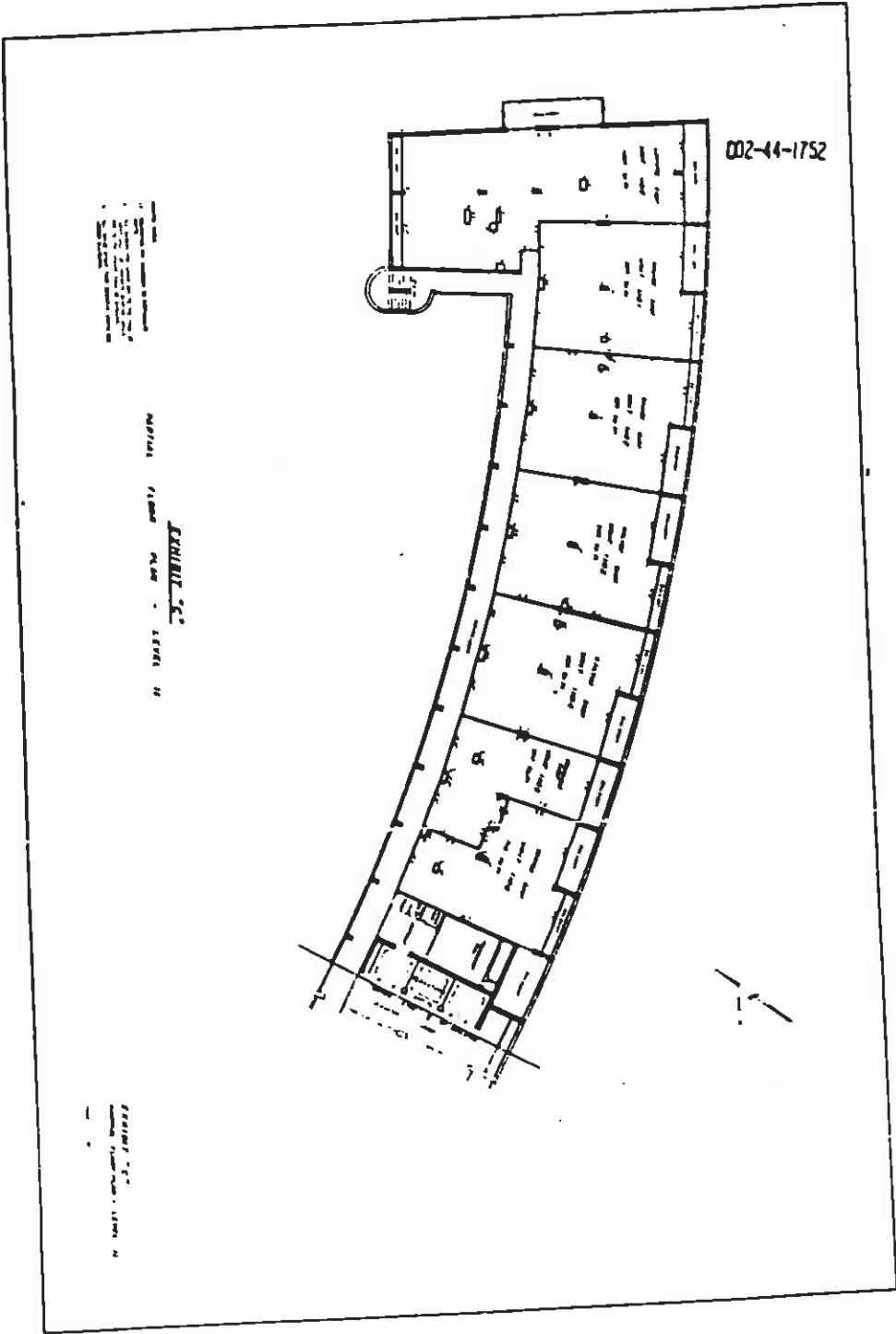


EXHIBIT "C"
PARTIAL FLOOR PLAN - LEVEL 10

EXHIBIT "C"
PARTIAL FLOOR PLAN - LEVEL 10

EXHIBIT "C"
PARTIAL FLOOR PLAN - LEVEL 10



002-44-1752

EXHIBIT 'C'
FLOOR PLAN
APRIL 1964

EXHIBIT 'C'
FLOOR PLAN
APRIL 1964

EXHIBIT 'C'
FLOOR PLAN
APRIL 1964

Q

002-44-1753

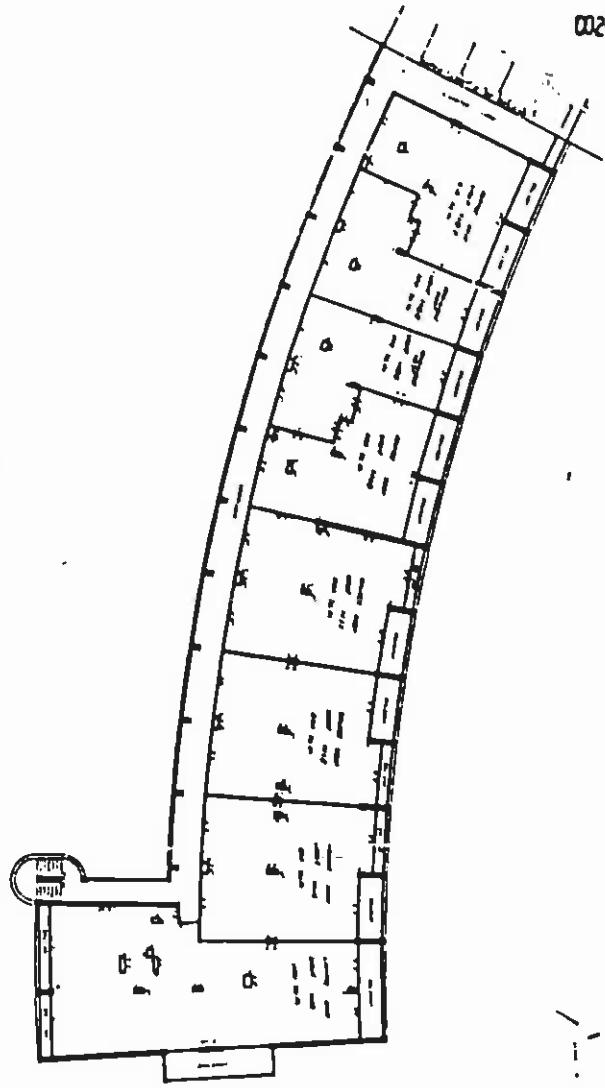
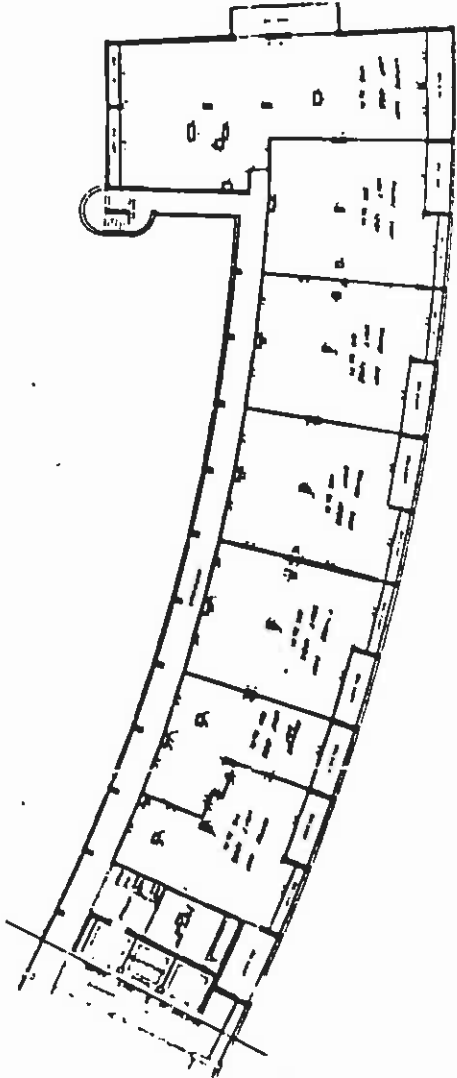


EXHIBIT 'C'
ADDITIONAL FLOOR PLAN - LEVEL 2

This floor plan shows the layout of the second level of the building. It includes a series of offices, a conference room, and a central area. The rooms are numbered and labeled with their respective functions. The drawing is a technical representation of the physical space.

EXHIBIT 'C'
 ADDITIONAL FLOOR PLAN - LEVEL 2

002-44-1754

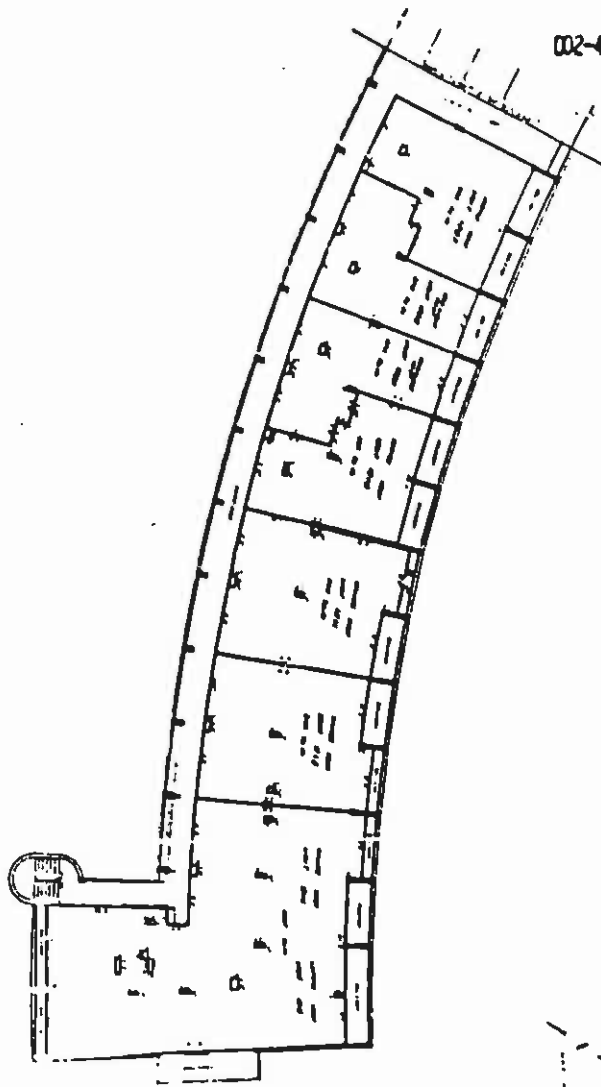


GENERAL NOTES

GENERAL FLOOR PLAN - LEVEL 1

DATE: 10/1/54

002-44-1755



LEGEND
--- WALL
--- DOOR
--- WINDOW
--- FURNITURE
--- EQUIPMENT

GENERAL FLOOR PLAN - LEVEL 1

SCALE: 1/4" = 1'-0"

002-44-1756

EXHIBIT "C"
PLAN VIEW NORTH ASPECT

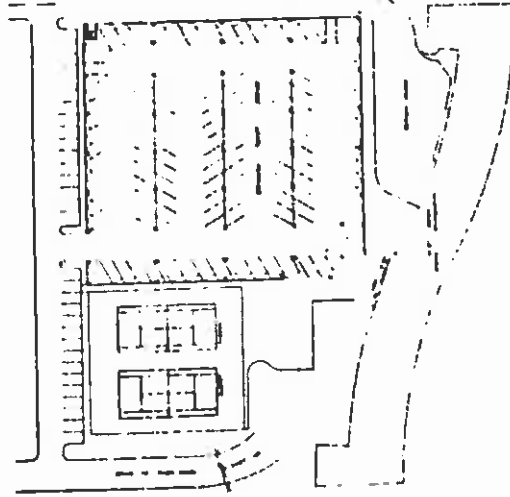
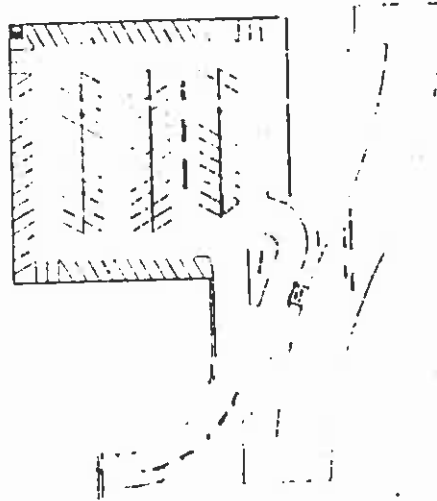


EXHIBIT "C"
PLAN VIEW NORTH ASPECT



FIRST AMENDMENT TO THE DECLARATION OF CONDOMINIUM

8545549

THE GALVESTONIAN

THE STATE OF TEXAS §
 COUNTY OF HARRIS §

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the Declaration of Condominium of The Galvestonian was executed by GALVESTON EAST CONDO, INC. as the Declarant, and recorded under County Clerk's File No. 8329884 of the Condominium Records of the County of Galveston, State of Texas, Film Code No. 002-44-1689, Galveston County, Texas; and

WHEREAS, the Declarant, GALVESTON EAST CONDO, INC. and the undersigned owners, constituting not less than 75% of the total votes of all residents, including all residences held by Declarant, all as per Article XI, Section 11.J, Amendment of Declaration of the Declaration of Condominium, do hereby agree to amend, and do hereby amend said Declaration of Condominium in the following respects:

The first sentence of Article IX, Section 9.2, Notice and Exercise of Option, shall be amended to read as follows:

Section 9.2 Notice and Exercise of Option. Whenever the Owner of any Residence has received a bona fide written offer to lease his Residence and desires to accept such bona fide offer, the Owner of such Residence shall give the Board of Directors written notice of his desire to accept such Lease Offer stating the name, address, business, occupation or employment of the proposed lessee, and the Owner shall furnish the Board of Directors an executed copy of the Lease Offer; said notice shall be deemed given to the Board of Directors by delivery of the same to the then Resident Managing Agent of the Galvestonian Condominium Association, which notice to the then Resident Managing Agent of the association shall be notice to the Board of Directors. The Owner may rely on all actions taken by the then Resident Managing Agent of the Galvestonian Condominium Association as to the rights of the association hereunder.

Article IX, Section 9.4, Approval of Lessee and Terms of Lease, shall be amended to read as follows:

Section 9.4, Approval of Lessee and Terms of Lease. Notwithstanding the fact that the Condominium Association may have declined to exercise its right-of-first-refusal with respect to any leasing of a particular Residence, no Residence shall be leased, except on the standard lease form approved by the Board of Directors of the Galvestonian, through its then Resident Managing Agent. The terms of said lease shall provide, among other things, that such Residence may not be sublet to or be occupied by any persons other than those named in the notice required by Section 9.2 above, without the prior written approval of the Board of Directors through its then Resident Managing Agent. Furthermore, any lease shall provide that the lessee shall comply with and abide by all of the restrictions pertaining to the use of Residence and the Common Elements set forth in this Declaration, the Bylaws, the Rules and Regulations and the laws of the State of Texas now or hereafter established governing the use of the Residences and the Common Elements. Should any lessee or other occupant not comply with such lease provisions, then the

Board of Directors, through its then Resident Managing Agent, shall be given the right to cancel and terminate such lease, without any obligation or liability imposed upon the Owner. For such purposes, the Board of Directors, acting through its then Resident Managing Agent, shall be regarded as the Owner's agent and shall be fully authorized to take such steps as may be necessary to effect the cancellation and termination of such lease.

Article IX, Section 9.5, Exceptions to Right-of-First-Refusal, shall be amended to read as follows:


Section 9.5, Exceptions to Right-of-First-Refusal. The right-of-first-refusal granted to the Condominium Association in this Article IX shall not apply to or be operative with respect to (i) the lease of a Residence by the Condominium Association after the Condominium Association has acquired a leasehold estate in such Residence pursuant to the terms of this Article IX; (ii) any lease, rental or occupancy arrangement for any Residence if the Owner of such Residence is a corporation, limited partnership, trust, or other legal entity other than a natural person or persons, for the housing of its officers, directors, partners, trustees, beneficiaries, or other designated agent or employee, provided that such entity is engaged in substantial business endeavors other than the renting or leasing of Residences in this Condominium; (iii) the lease or sublease of any Residence to or by the Declarant; and (iv) the lease or sublease of any Residence for a period of one (1) year or less.


Notwithstanding any provisions in these declarations to the contrary which may by inference or reference attempt to limit or prohibit the rental or leasing of units, the provisions of this Article IX shall control.

This First Amendment to the Declaration of Condominium of The Galvestonian is executed on this ____ day of September, 1985, and except as expressly amended herein, the original Declaration of Condominium filed under Galveston County Clerk's File No. 8329884, and as amended by this First Amendment to the Declaration of Condominium, shall remain in full force and effect.

DECLARANT:

GALVESTON EAST CONDO, INC.

By: 
 JAMES G. SHINDLER, President

By: 
 EDMOND A. HENDERSON,
 Vice President

THE STATE OF TEXAS §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared JAMES C. SHINDLER, known to me to be the President of Galveston East Condo, Inc., and EDMOND A HENDERSON, known to me to be the Vice President of Galveston East Condo, Inc., and acknowledged that they executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 29th day of August, 1985.

Christie L. Rouse
NOTARY PUBLIC, STATE OF TEXAS
My commission expires: 8-30-88

GALVESTON EAST CONDO, INC., #100,101,106,107,109,112,114,115,206,207,
Owners of 82 number of units 208,215,300,301,306,310,315,406,408,502,
constituting 46 percentage 505,506,515,600,606,610,611,700,701,705,
of total units 706,707,708,715,800,801,802,803,804,809,
814,901,902,903,905,907,908,909,911,914,
915,1002,1004,1005,1006,1007,1008,1009,
1010,1011,1014,1101,1102,1103,1104,1105,
1106,1107,1108,1111,1112,1114,1200,1205,
1206,1207,1208,1210,1211,1212,1214,
1215.
By: [Signature]
Owner, Unit No. _____
_____ percentage undivided interest.

THE STATE OF TEXAS §
COUNTY OF HARRIS §

This instrument was acknowledged before me on August 29, 1985, by JAMES C. SHINDLER, owner of Unit No. (see above), of The Galvestonian.

Christie L. Rouse
Notary Public, State of Texas
My commission expires: 8-30-88

Harry A. Kahler Jr.
Owner, Unit No. 201
_____ percentage undivided interest.

THE STATE OF TEXAS §
COUNTY OF GALVESTON §

This instrument was acknowledged before me on Sept 6, 1985, by HARRY A. KAHLER JR., owner of Unit No. 201, of The Galvestonian.

Paul Bower
Notary Public, State of Texas
My commission expires: 2/9/89

[Signature]
Owner, Unit No. 308
_____ percentage undivided interest.

THE STATE OF TEXAS §
COUNTY OF GALVESTON §

004-22-0369

This instrument was acknowledged before me on Sept 10,
1985, by Don F. White, owner of Unit No. 308, of
The Galvestonian.

Paul Bower
Notary Public, State of Texas
My commission expires: FEB 9 89

[Signature]
Owner, Unit No. 308
percentage undivided interest.

THE STATE OF TEXAS §
COUNTY OF GALVESTON §

This instrument was acknowledged before me on Sept 14,
1985, by BENJAMIN E. BREWER, owner of Unit No. 402, of
The Galvestonian.

Paul Bower
Notary Public, State of Texas
My commission expires: 2/9/89

LA VISTA PARTNERSHIP
BY ER Jumper
MANAGING PARTNER
Owner, Unit No. 311
percentage undivided interest.

THE STATE OF TEXAS §
COUNTY OF GALVESTON §

This instrument was acknowledged before me on Sept 13,
1985, by LA VISTA PARTNERSHIP, owner of Unit No. 311, of
The Galvestonian. G.R. THOMPSON JR.

Paul Bower
Notary Public, State of Texas
My commission expires: FEB 9 89

Paul S. Kelley for P.S. Kelley owner
Owner, Unit No. 504
percentage undivided interest.

THE STATE OF TEXAS §
COUNTY OF GALVESTON §

This instrument was acknowledged before me on Sept 22,
1985, by Paul G. Bell III, owner of Unit No. 504, of
The Galvestonian.

Paul Bower
Notary Public, State of Texas
My commission expires: FEB 9 89

DIANA KUNZE BROWN
Owner, Unit No. 1109 - 1110
percentage undivided interest.

004-22-0412

Mary Ann Lard
Owner, Unit No. 1003

percentage undivided interest.

THE STATE OF TEXAS. §
COUNTY OF GALVESTON §

This instrument was acknowledged before me on October 9
1985, by MARY ANN LARD, owner of Unit No. 1003, of
The Galvestonian.

Carol Mary

Notary Public, State of Texas

My commission expires: 2-2-89

FILED FOR RECORD

Nov 8 10 26 AM '85

Mary Ann Lard
COUNTY CLERK, GALVESTON COUNTY, TEXAS

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

NOV 8 1985



Mary Ann Lard
COUNTY CLERK, Galveston County, Texas

Amendment to
The Galvestonian Declaration of Condominium

STATE OF TEXAS ()
 ()
COUNTY OF GALVESTON ()

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the Galvestonian Condominium is a Condominium Regime established by the Galvestonian Declaration of Condominium (the "Declaration") dated June 23, 1983, recorded under File No. 8329884, Film Code 002-44-1689, et. seq., in the office of the County Clerk of Galveston County, Texas; and

WHEREAS, an amendment to the Galvestonian Declaration of Condominium in the form of Exhibit A attached hereto has been executed and acknowledged in counterparts by the Owners and Co-Owners of Galvestonian Condominium Residences having in excess of seventy-five percent (75%) of the total votes of all Residences at the Galvestonian Condominium whose names and residences are listed in Exhibit B attached hereto;

WHEREAS, to facilitate recordal of the amendment to Section 5.1 (a) of the Declaration contained in Exhibit A, such Owners and Co-Owners appointed Wally S. Hines, President of the Galvestonian Condominium Association, as their attorney-in-fact to sign on their behalf this amendment.

NOW, THEREFORE, the undersigned, acting individually and as attorney-in-fact of the Owners and Co-Owners listed in Exhibit B, hereby amends the Declaration by adding the following sentence to Section 5.1 (a) of the Declaration:

"Notwithstanding the foregoing, flood insurance on the Building and Common Elements may be maintained in an amount not less than 80 per cent of the insurable replacement cost of the Building and the Common Elements."



Dated this 18th day of September, 19 97.

Wally S. Hines

Wally S. Hines, President of the Galvestonian Condominium Association

Acknowledgment

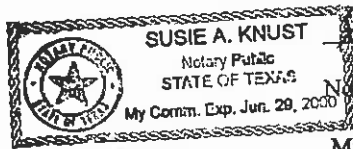
STATE OF Texas ()

()

COUNTY Galveston ()

BEFORE ME, the undersigned authority, on this day personally appeared, Wally S. Hines, individually and as President of the Galvestonian Condominium Association, a Texas non-profit corporation, known to me to be the person whose name is subscribed above, and acknowledged that he executed the foregoing instrument for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN under my hand and seal of office on this 18th day of September, 19 97.



Susie A. Knust

Notary Public, State of Texas

My commission expires: 6/29/2000

012-05-0169

Amendment to
The Galvestonian Declaration of Condominium

STATE OF TEXAS ()
 ()
COUNTY OF GALVESTON ()

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the undersigned is an Owner or Co-Owner of the Residence identified below, in the Galvestonian Condominium, a Condominium Regime established by the Galvestonian Declaration of Condominium (the "Declaration") dated June 23, 1983, recorded under File No. 8329884, Film Code 002-44-1689, et. seq., in the office of the County Clerk of Galveston County, Texas; and

WHEREAS, the undersigned wishes to join with the requisite number of other Owners and Co-Owners of Residences at the Galvestonian Condominium necessary to amend Section 5.1 (a) of the Declaration in the manner set forth below;

NOW, THEREFORE, the undersigned agrees that the Declaration shall be amended by adding the following sentence to Section 5.1 (a) of the Declaration:

"Notwithstanding the foregoing, flood insurance on the Building and Common Elements may be maintained in an amount not less than 80 per cent of the insurable replacement cost of the Building and the Common Elements."

This amendment is being executed in counterparts by various other Owners and Co-Owners of Galvestonian Condominium Residences and shall become effective when, in accordance with Section 11.1 of the Declaration, Owners having seventy-five percent (75%) of the total votes of all Residences at the Galvestonian Condominium shall have signed and acknowledged this instrument or counterparts hereof.

To facilitate recordal of the foregoing amendment to Section 5.1 (a) of the Declaration, the undersigned appoints Wally S. Hines, President of the Galvestonian Condominium Association, as the attorney-in-fact of the undersigned to sign on behalf of the undersigned, a counterpart of this amendment.

If the Residence is jointly owned by more than one Owner, all Co-Owners must sign this instrument.



Dated this 18th day of September, 19 97.

OWNER OR CO-OWNER

Wally S Hines
(Signature)

WALLY S HINES
(Print Name)

1000 - 1001
Residence No.

(Signature)

(Print Name)

Acknowledgment

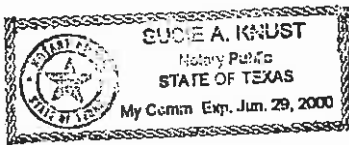
STATE OF Texas ()

()

COUNTY Bellevue ()

BEFORE ME, the undersigned authority, on this day personally appeared Wally S. Hines, known to me to be the person whose name is subscribed above, and acknowledged that he or she executed the foregoing instrument for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN under my hand and seal of office on this 18th day of September, 19 97.



Sue A Knust

Notary Public, State of Texas

My commission expires: 6/29/2000

If the Residence is jointly owned by more than one Owner, all Co-Owners must sign this instrument.

Acknowledgment

STATE OF _____ ()

()

COUNTY _____ ()

BEFORE ME, the undersigned authority, on this day personally
appeared _____, known to me to be the person
whose name is subscribed above, and acknowledged that he or she executed the foregoing
instrument for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN under my hand and seal of office on this _____ day of _____, 19____.

Notary Public, State of _____

My commission expires: _____

If the Residence is jointly owned by more than one Owner, all Co-Owners must sign this instrument.

Owners and Co-Owners who have signed counterparts of the Amendment to The Galvestonian Declaration of Condominium attached as Exhibit A:

<u>Residence</u>	<u>Owner and/or Co-Owner, if any:</u>
101	M. A. Searles and E. A. Searles
102	J. A. Elkins, Jr.
103	J. A. Elkins, Jr.
104	Elizabeth B. Stone
105	JoAnn Swinney
107	J. Ray Riley
108	Mary E. Safieh
109	Gwendolyn L. Huntington
111	Marty Evans and Rick Evans
200	Bernard Fuchs
201	Claudia Crager
202	Don Schneider
203	M. J. Griffin and Elizabeth A. Griffin
204	Frank Zumwalt
205	J. Mart Mitchell
206	Jan P. Nelson
208	Bette D. Randolph
209	Carolyn B. Martin
211	Margaret S. Williams
214	Sandra Stockhoff and Raymond H. Stockhoff
215	Ted Trout
300	Anna Marie Buett
301	Martha S. Peterson and David F. Peterson
302	Marie A. Hunter and Donald G. Hunter
303	Anthony Gunawan and Nina Gunawan
304	Richard M. Robinson
305	Richard M. Robinson
306	Rita F. Taubenfeld
307	William F. Howell
308	Ted M. Hamilton and Ann C. Hamilton
309	Don Schneider
310	Delores Smith
311	Beryl Berry
312	Elaine Akin
314	J. W. Smelley
400	Patricia M. Higgins
401	Patricia M. Higgins
402	Harry Zuber and Erla Zuber
403	Raymond D. Brochstein
404	C. Richard Everett

405	Barbara A. Murdock and Robert J. Murdock
408	Kenneth E. Randolph
410	Kim T. Smith
411	Betty R. Gosse
412	James R. Hunt
414	Terry Looper and Doris Looper
415	W. Bernard Pieper and Adele Pieper
500	Daniel P. Whitty and Iris W. Whitty
502	Arthur J. Roach, Jr. and Mary Ann Roach
503	Mary M. Farnsworth
505	Janet B. Adams
506	J. Mart Mitchell
508	Franklin Olson and John L. Olson
509	Gladys K. Haywood
510	A. Dworak
511	Rose Sandler
512	William G. Neumann, Jr. and Diane Neumann
514	Hank Vanderkam
515	R. D. Hunsucker
600	James L. Daily, Jr.
601	Jerry Rubenstein and Linda Rubenstein
602	Sadie T. Clay
603	Frank F. Spata
604	Moulton Goodrum, Jr. and Martha Goodrum
605	Neil Zimmerman and Sherry Zimmerman
606	John S. Boles and Mrs. John S. Boles
607	Ione Moran and Sindey Moran
608	Floye Culibrk
609	Kathleen March
611	Larry Morris and Tami Morris
612	A. I. Schepps and Manet Schepps
614	B. P. Huddleston and Flora M. Huddleston
615	B. P. Huddleston and Flora M. Huddleston
701	William W. Trout, Jr. and Wanda Faye Trout
702	Deborah Ostrow
703	Ruby J. Getz
704	Nicholas Edd
705	T. P. Hull, Jr. and Mrs. T. P. Hull, Jr.
706	T. P. Hull, Jr. and Mrs. T. P. Hull, Jr.
708	Ron Marable and Jerene Marable
710	Julia Y. White
711	A. W. McCall
712	Webster R. Stone and Eileen Stone
714	E. Jay Rosenstein
715	Vicki B. Friedman and Gary K. Friedman

800	R. W. Brown
802	M. Attar and Christine Attar
803	Nicholas Edd
804	James Henderson
807	Clarence Wayne Culver and Deborah Culver
811	Stephen R. Kent and Barbara R. Kent
814	Didier Piot
815	Jean Gianaris
900	Michele Marvins
901	Riki Kobayashi and Lee P. Kobayashi
902	Arthur R. Gralla, Jr.
903	Lawrence Kagan and Mrs. Lawrence Kagan
904	Stanley C. Weinstein and Barbara Weinstein
905	Stanley C. Weinstein and Barbara Weinstein
906	Shirley W. Estes and Maxine E. Estes
907	Frank DiMaria
908	Craig Leber and Carol Jean Mulrain
909	William K. Nemzin and Lou Beth Nemzin
910	Gregg Nagle
911	Acree Carlisle
912	Eugene E. Kernan, Jr.
914	Nancy Girgis and Adel Girgis
1000	Wally S. Hines
1001	Wally S. Hines
1002	Michael Grynsztejn
1003	Mary Ann Laro
1004	Mark D. Janssen and Elizabeth A. Janssen
1005	Frances Gloria Whelan and J. Douglas Whelan
1006	Robert L. Zinn
1007	Murray Marcus
1008	Hermogenes P. Canlas and Lourdes M. Canlas
1009	Beverley S. Braley
1010	Beverley S. Braley
1011	George Marules and Kay Marules
1014	Arthur L. Schechter
1015	Arthur L. Schechter
1100	Frances C. Mueller
1101	Michael J. Cronan and Marilyn J. Cronan
1102	Annon M. Card and Frances H. Card
1103	S. K. Rho
1104	Herman Proler
1105	Herman Proler
1106	Marie Coppola
1107	Sara Brassell
1111	Eileen Stanley and John Russell Stanley

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Cesar W. Vasquez and Celia B. Vasquez
Georgene A. Gilruth
Glen V. Dorflinger
Francis Austin
T. Laskowski
Jean Carrell and Al Carrell
W. O. Turney and Patricia M. Turney
Edna A. Rice
Daniel A. Penaloza and Rose M. Penaloza
Sally Hawkins
Marilyn J. Bein and Marvin Bein
Sam M. Mezayek
Kathleen Lynch
Kathleen Lynch

012-05-0175

Patricia L. Campion
Galvestonian Condominium
1401 E. BEACH DR.
Gal, Tx. 77550 PAID

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS OF REAL PROPERTY

Patricia Ritchie

9-19-97 11:52 AM 9735882
GULIS_M \$25.00
Patricia Ritchie, County Clerk
GALVESTON 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 blockouts, additions and changes were present at the time the instrument was filed and recorded.

242042

UTILITY EASEMENT

THE STATE OF TEXAS)
COUNTY OF GALVESTON)

KNOW ALL MEN BY THESE PRESENTS:

That GALVESTON EAST BEACH, INC., a Texas corporation, of the County of Galveston, in the State of Texas, acting herein by and through its duly authorized officers, for and in consideration of the sum of TEN (\$10.00) DOLLARS and other valuable consideration to it in hand paid by the Grantee herein named, the receipt of which is hereby acknowledged, has GRANTED, BARGAINED, SOLD AND CONVEYED, and by these presents does GRANT, BARGAIN, SELL AND CONVEY unto JAMES C. SHINDLER, TRUSTEE, of Harris County, Texas, his successors and assigns, a 10 foot in width right of way and utility easement for the purpose of laying, constructing, maintaining, operating, altering, replacing and removing public utilities, including, but not limited to, water, sewer, electric, telephone and gas utility lines, with necessary fittings, appliances, connections and laterals thereto for providing for public utility services, which right of way and utility easement shall be 10 feet in width in, upon, over, through and across a tract of land located in the east end of Galveston Island in the City and County of Galveston, Texas, being more particularly described in Exhibit "A" attached hereto and made a part hereof.

This is included in this grant the right to lay, construct, maintain, operate, alter, repair, remove, change the size of, and replace at any time one or more additional such utility lines on said right of way and easement.

Grantee, his successors and assigns, are hereby expressly given and granted the right to assign this right of way and easement, or any part thereof, or interest therein, and the same shall be divisible among two or more owners,

RECORDED
MAR 31 1931

↓ D E E O
BOOK 3257 PAGE 32

as to any right or rights created hereunder, so that each assignee or owner shall have the full rights and privileges herein granted, to be owned and enjoyed either in common or severally.

Grantee shall have all other rights and benefits necessary or convenient for the full enjoyment or use of the rights herein granted, including, but not limited to, the free right of ingress and egress over and across said lands to and from said right of way and easement.

Both Grantor and Grantee and the agents, employees, contractors and permittees of both, and the successors and assigns of both, shall have the full and free use of said right of way and utility easement, provided, however, such use by Grantor, or the agents, contractors, employees or permittees of Grantor, shall not interfere with the use of said right of way and easement by Grantee.

TO HAVE AND TO HOLD said right of way and easement, unto the said Grantee, his successors and assigns, until such first utility line be constructed and so long thereafter as a water line, sewer line, electric line, telephone line, gas line, or other utility line is maintained thereon, and it does hereby bind itself, its successors and assigns, to WARRANT and FOREVER DEFEND all and singular the said premises unto the said Grantee, his successors and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof.

Grantor, its successors and assigns, reserves the right to fully use and enjoy said premises except as the same may be necessary for the purposes herein granted; provided, however, that the Grantee shall have the right from time to time to keep clear all obstructions, whether on said right of way and easement or not, that may injure, endanger or interfere

with the use of said utility lines or fittings and appliances appurtenant to any of said lines.

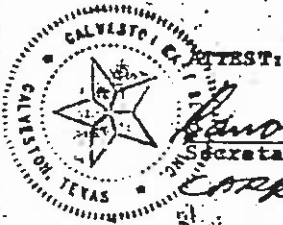
IN WITNESS WHEREOF, the corporation has caused this instrument to be executed by E. L. Morris, its duly authorized President, this 16th day of June, 1980.

DEED
BOOK 3257 PAGE 33

GALVESTON EAST BEACH, INC.

By E. L. Morris
President

E. L. MORRIS



WITNESSES:
Arnold Judiano
Secretary
CARROLL T. ADRIANCE

THE STATE OF TEXAS)
COUNTY OF GALVESTON)

Before me, the undersigned authority, on this day personally appeared E. L. MORRIS, President of Galveston East Beach, Inc., a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

Given under my hand and seal of office this the

20 day of June, 1980



THE STATE OF TEXAS

A. Meyer
Notary Public in and for Galveston County, Texas.

DEED

BOOK 3257 PAGE 34

EXHIBIT "A"

CENTERLINE DESCRIPTION OF A 10 FOOT IN WIDTH PRIVATE UTILITY EASEMENT OUT OF THAT CERTAIN TRACT OF LAND CONVEYED TO GALVESTON EAST BEACH, INC., BY THE GENERAL SERVICES ADMINISTRATION (SAN JACINTO RESERVATION, TEXAS D-TEX-563, GSA-R-338) AND RECORDED IN VOLUME 1339, AT PAGE 44, OF THE DEED RECORDS OF GALVESTON COUNTY, TEXAS

COMMENCING at the Northwest corner of the Galveston East Beach, Inc. tract mentioned above, said point being located on the East line of Stewart Beach, said point also being located 225.0 feet Southeastly as measured perpendicularly from the centerline of the U. S. Government Seawall;

THENCE N35°45'30"E, along the Southeasterly right of way line of the said U. S. Government Seawall and along the Northwesterly line of said Galveston East Beach, Inc. tract, a distance of 1627.82 feet to a P.I. in said U. S. Government Seawall and said Galveston East Beach, Inc. tract Northwesterly line;

THENCE N27°11'E, continuing along the said Southeasterly right of way line of said U. S. Government Seawall and the Northwesterly line of said Galveston East Beach, Inc. tract, a distance of 600.58 feet;

THENCE S62°49'E, a distance of 50.7 feet;

THENCE S82°00'E, parallel to the most Westerly North line of said Galveston East Beach, Inc. tract, and at all times 300 feet perpendicular distant therefrom, a distance of 1577.19 feet;

THENCE N52°30'10"E, a distance of 306.78 feet;

THENCE S37°19'30"E, a distance of 50.00 feet;

THENCE N52°29'03"E, a distance of 1605.00 feet to the place of beginning of the centerline hereinafter described;

THENCE from said beginning point S37°19'38"E, a distance of 50.00 feet to the ending point.

DEED
NO 3257 REC 35

242042

UTILITY EASEMENT	GALVESTON EAST BEACH, INC. TO JAMES C. SHINDLER, TRUSTEE	<i>Shindler Ave</i>	<i>Joe Kiamus 3401 Allen Parkway Suite 108 HO 77019</i>	ATTORNEYS AT LAW BARBARA LANE SCHWAB TULLOCH & ALLER A PROFESSIONAL CORPORATION 500 FIRST WATKINS SEALY NATIONAL BANK BUILDING GALVESTON, TEXAS 77550
------------------	--	---------------------	---	--

FILED FOR RECORD
JUN 23 11 20 AM 1980

May for [unclear]
COUNTY CLERK GALVESTON COUNTY TEXAS

[Faint, illegible text]



May for [unclear]
COUNTY CLERK GALVESTON COUNTY TEXAS

*Joe Kiamus
3401 Allen Parkway
Suite 108
HO 77019*

242043

UTILITY EASEMENT

D E E
MTR 3257 PAGE 36

THE STATE OF TEXAS)
COUNTY OF GALVESTON)

KNOW ALL MEN BY THESE PRESENTS:

That GALVESTON EAST BEACH, INC., a Texas Corporation, of the County of Galveston, in the State of Texas, acting herein by and through its duly authorized officers, for and in consideration of the sum of TEN (\$10.00) DOLLARS and other valuable consideration to it in hand paid by the Grantee herein named, the receipt of which is hereby acknowledged, has GRANTED, BARGAINED, SOLD AND CONVEYED, and by these presents does GRANT, BARGAIN, SELL AND CONVEY unto JAMES C. SHINDLER, TRUSTEE, of Harris County, Texas, his successors and assigns, a 20 foot in width right of way and utility easement for the purpose of laying, constructing, maintaining, operating, altering, replacing and removing public utilities, including, but not limited to, water, sewer, electric, telephone and gas utility lines, with necessary fittings, appliances, connections and laterals thereto for providing for public utility services, which right of way and utility easement shall be 20 feet in width in, upon, over, through and across a tract of land located in the east end of Galveston Island in the City and County of Galveston, Texas, being more particularly described in Exhibit "A" attached hereto and made a part hereof.

There is included in this grant the right to lay, construct, maintain, operate, alter, repair, remove, change the size of, and replace at any time one or more additional such utility lines on said right of way and easement.

Grantee, his successors and assigns, are hereby expressly given and granted the right to assign this right of way and easement, or any part thereof, or interest therein, and the same shall be divisible among two or more owners.

U L E O 37
3257

as to any right or rights created hereunder, so that each assignee or owner shall have the full rights and privileges herein granted, to be owned and enjoyed either in common or severally.

Grantee shall have all other rights and benefits necessary or convenient for the full enjoyment or use of the rights herein granted, including, but not limited to, the free right of ingress and egress over and across said lands to and from said right of way and easement.

Both Grantor and Grantee and the agents, employees, contractors and permittees of both, and the successors and assigns of both, shall have the full and free use of said right of way and utility easement, provided, however, such use by Grantor, or the agents, contractors, employees or permittees of Grantor, shall not interfere with the use of said right of way and easement by Grantee.

TO HAVE AND TO HOLD said right of way and easement, unto the said Grantee, his successors and assigns, until such first utility line be constructed and so long thereafter as a water line, sewer line, electric line, telephone line, gas line, or other utility line is maintained thereon; and it does hereby bind itself, its successors and assigns, to WARRANT and FOREVER DEFEND all and singular the said premises unto the said Grantee, his successors and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof.

Grantor, its successors and assigns, reserves the right to fully use and enjoy said premises except as the same may be necessary for the purposes herein granted; provided, however, that the Grantee shall have the right from time to time to keep clear all obstructions, whether on said right of way and easement or not, that may injure, endanger or interfere with

the use of said utility lines or fittings and appliances
appurtenant to any of said lines.

IN WITNESS WHEREOF, the corporation has caused this
instrument to be executed by E. L. Norris, its duly autho-
rized President, this 15th day of June, 1980.



GALVESTON EAST BEACH, INC. BOOK 3257 PAGE 38

E. L. Norris
BY _____
President

Carroll T. Adriance
Secretary
CARROLL T. ADRIANCE

THE STATE OF TEXAS)
COUNTY OF GALVESTON)

Before me, the undersigned authority, on this day
personally appeared E. L. NORRIS, President of Galveston
East Beach, Inc., a corporation, known to me to be the person
whose name is subscribed to the foregoing instrument, and
acknowledged to me that he executed the same for the purposes
and consideration therein expressed, in the capacity therein
stated and as the act and deed of said corporation.

Given under my hand and seal of office this the
20 day of June, 1980.



AP Meyer
Notary Public in and for
Galveston County, Texas

DEED

BOOK 3257 PAGE 39

EXHIBIT "A"

CENTERLINE DESCRIPTION OF A 20 FOOT IN WIDTH PRIVATE UTILITY EASEMENT OUT OF THAT CERTAIN TRACT OF LAND CONVEYED TO GALVESTON EAST BEACH, INC., BY THE GENERAL SERVICES ADMINISTRATION (SAN JACINTO RESERVATION, TEXAS D-TEX-563, GSA-R-338) AND RECORDED IN VOLUME 1339, AT PAGE 44, OF THE DEED RECORDS OF GALVESTON COUNTY, TEXAS

COMMENCING at the Northwest corner of the Galveston East Beach, Inc. tract mentioned above, said point being located on the East line of Stewart Beach, said point also being located 225.0 feet Southeasterly as measured perpendicularly from the centerline of the U. S. Government Seawall;

THENCE N35°45'30"E, along the Southeasterly right of way line of the said U. S. Government Seawall and along the Northwesterly line of said Galveston East Beach, Inc. tract, a distance of 1627.82 feet to a P.I. in said U. S. Government Seawall and said Galveston East Beach, Inc. tract Northwesterly line;

THENCE N27°11'E, continuing along the said Southeasterly right of way line of said U. S. Government Seawall and the Northwesterly line of said Galveston East Beach, Inc. tract, a distance of 600.58 feet;

THENCE S62°49'E, a distance of 50.71 feet;

THENCE S82°00'E, parallel to the most Westerly North line of said Galveston East Beach, Inc. tract, and at all times 300 feet perpendicular distant therefrom, a distance of 1577.19 feet;

THENCE N52°30'10"E, a distance of 306.78 feet;

THENCE S37°19'30"E, a distance of 50.00 feet to the place of beginning of the centerline hereinafter described, said beginning point lying in the Northeasterly end of an existing 20 foot in width Private Utility Eastment;

THENCE from said beginning point N52°29'03"E, a distance of 2000.00 feet to the ending point.

212043

UTILITY BASEMENT	GALVESTON EAST BLANCH, INC. TO JAMES C. SHINDLER, TRUSTEE	<i>Stewart</i>	<i>Geo A. Klemm</i> <i>3401 Helen Parkway</i> <i>Suite 108</i> <i>Hts 77019</i>	ATTORNEYS AT LAW BARKER, LAIR, SCHWAB, TULLOCH & ALLEN A PROFESSIONAL CORPORATION 800 FIRST HUTCHINGS SEALY NATIONAL BANK BUILDING GALVESTON, TEXAS 77550
------------------	---	----------------	--	--

STATE OF TEXAS COUNTY OF GALVESTON

I hereby certify that the instrument was filed on the date and time stamped herein by me and was duly recorded in the volume and page of the record records of Galveston County, Texas as stamped herein by me.

JUN 23 1980



Miss Jane Christensen
COUNTY CLERK Galveston County, Texas

FILED FOR RECORD
JUN 23 11 26 AM 1980
COUNTY CLERK GALVESTON COUNTY, TEXAS

242044

ROAD EASEMENT

DEED
BOOK 3257 PAGE 41

THE STATE OF TEXAS)
)
COUNTY OF GALVESTON) KNOW ALL MEN BY THESE PRESENTS:

That GALVESTON EAST BEACH, INC., a Texas corporation, of the County of Galveston, in the State of Texas, acting herein by and through its duly authorized officers, for and in consideration of the sum of TEN (\$10.00) DOLLARS and other valuable consideration to it in hand paid by the Grantee herein named, the receipt of which is hereby acknowledged, has GRANTED, BARGAINED, SOLD AND CONVEYED, and by these presents does GRANT, BARGAIN, SELL AND CONVEY unto JAMES C. SHINDLER, TRUSTEE, of Harris County, Texas, his successors and assigns, a 100 foot in width right of way and road easement, which right of way and road easement shall be 100 feet in width over, through and across a tract of land located in the east end of Galveston Island in the City of Galveston, Texas, being more particularly described on Exhibit "A" attached hereto and made a part hereof, together with the right to construct, use and maintain all such other appurtenances thereon as are necessary or incidental to Grantee's full enjoyment and use of the grant herein made.

Grantor also grants to Grantee the right, subject to all of the provisions of this instrument, to use any and all roads now existing or which may hereafter be constructed on the above described land, either separately or in conjunction with the road constructed hereunder.

Grantee, his successors and assigns, are hereby expressly given and granted the right to assign this right of way and easement, or any part thereof, or interest therein, and the same shall be divisible among two or more owners, as to any right or rights created hereunder, so that each assignee or owner shall have the full rights and privileges herein

D E E O
3257 PAGE 42

granted, to be owned and enjoyed either in common or severally.

Both Grantor and Grantee and the agents, employees, contractors and permittees of both, and the successors and assigns of both, shall have the full and free use of said right of way and road easement, provided, however, such use by Grantor, or the agents, employees, contractors or permittees of Grantor, shall not interfere with the use of said right of way and easement by Grantee.

TO HAVE AND TO HOLD said right of way and easement unto the said Grantee, his successors and assigns, until such road be constructed and so long thereafter as such road is used and maintained thereon; and it does hereby bind itself, its successors and assigns, to WARRANT and FOREVER DEFEND all and singular the said premises unto the said Grantee, his successors and assigns, against every person whatsoever lawfully claiming, or to claim the same, or any part thereof.

IN WITNESS WHEREOF, the said corporation has caused this instrument to be executed by E. L. Norris, its duly authorized President, this 16th day of June, 1980.

GALVESTON EAST BEACH, INC.

ATTEST:

BY: *E. L. Norris*
President

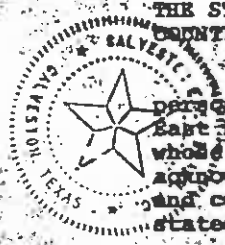
Carroll T. Adriance
Secretary

E. L. NORRIS

THE STATE OF TEXAS)
COUNTY OF GALVESTON)

Before me, the undersigned authority, on this day personally appeared E. L. NORRIS, President of Galveston East Beach, Inc., a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

Given under my hand and seal of office this the 20 day of June, 1980.



WILL BEYER
Notary Public in and for the State of Texas
My Commission Expires _____

W. Beyer
Notary Public in and for
Galveston County, Texas

EXHIBIT "A"

DEED
BOOK 3257 PAGE 43

CENTERLINE DESCRIPTION OF A 100 FOOT WIDE PRIVATE ROAD RIGHT OF WAY OUT OF THAT CERTAIN TRACT OF LAND CONVEYED TO GALVESTON EAST BEACH, INC., BY THE GENERAL SERVICES ADMINISTRATION (SAN JACINTO RESERVATION, TEXAS D-TEX-563, GSA-R-338) AND RECORDED IN VOLUME 1339, AT PAGE 44, OF THE DEED RECORDS OF GALVESTON COUNTY, TEXAS

COMMENCING at the Northwest corner of the Galveston East Beach, Inc. tract mentioned above, said point being located on the East line of Stewart Beach, said point also being located 225.0 feet Southeasterly as measured perpendicularly from the centerline of the U. S. Government Seawall;

THENCE N35°45'30"E, along the Southeasterly right of way line of the said U. S. Government Seawall and along the Northwesterly line of said Galveston East Beach, Inc. tract, a distance of 1627.82 feet to a P.I. in said U. S. Government Seawall and said Galveston East Beach, Inc. tract Northwesterly line;

THENCE N27°11'E, continuing along the said Southeasterly right of way line of said U. S. Government Seawall and the Northwesterly line of said Galveston East Beach, Inc. tract, a distance of 600.58 feet;

THENCE S62°49'E, a distance of 50.71 feet;

THENCE S82°00'E, parallel to the most Westerly North line of said Galveston East Beach, Inc. tract, and at all times 300 feet perpendicular distant therefrom, a distance of 1577.19 feet;

THENCE N52°30'10"E, a distance of 306.78 feet;

THENCE S37°19'30"E, a distance of 50.00 feet to the place of beginning of the centerline hereinafter described, said beginning point lying in the Northeasterly end of the centerline of an existing 100 foot wide Private Road right of way;

THENCE from said beginning point N52°29'03"E, a distance of 2000.0 feet to the ending point.

DEED
BOOK 3257 PAGE 44

242014

ROAD EASEMENT	GALVESTON EAST BEACH, INC. TO JAMES C. SHINDLER, TRUSTEE	<i>Stewart</i>	<i>Geo. P. Wissner</i> <i>3401 Allen Parkway</i> <i>HO 77019</i>	ATTORNEYS AT LAW BANKER, LHM, SCHWAB, TULLOCH & ALLEN PROFESSIONAL CORPORATION 500 FIRST HUTCHINGS SEALY NATIONAL BANK BUILDING GALVESTON, TEXAS 77550
---------------	--	----------------	--	---

State 108

STATE OF TEXAS COUNTY OF GALVESTON
I hereby certify that the instrument was filed on the date and time stamped hereon by me and was duly recorded in the volume and page of the general records of Galveston County, Texas as stamped hereon by me.

JUN 23 1980



Mary Jane Christensen
COUNTY CLERK, Galveston County, Texas

Mary Jane Christensen
COUNTY CLERK, Galveston County, Texas

FILED FOR RECORD
JUN 23 11 20 AM 1980

8350247

002-71-1994

ASSIGNMENT OF ROAD EASEMENT

THE STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

KNOW ALL MEN BY THESE PRESENTS:

That on the 16th day of June, 1980, GALVESTON EAST BEACH, INC., a Texas Corporation of the County of Galveston and the State of Texas, acting by and through its duly authorized officers, GRANTED, BARGAINED, SOLD and CONVEYED unto JAMES C. SHINDLER, Trustee, of Harris County, Texas, his successors and assigns, a 100-foot in width right-of-way and road easement which right-of-way and road easement was 100 feet in width, over, through, and across a tract of land located on the East end of Galveston Island in the City of Galveston, Texas, being more particularly described in said road easement, attached hereto as Exhibit A, and which road easement was recorded in Book 3257, page 41, of the Real Property Records of Galveston County, Texas; and

WHEREAS, Galveston East Beach, Inc., as Grantor, granted to James C. Shindler the right to assign the right-of-way and easement or any part thereof, or interest therein, and James C. Shindler, Trustee, desires to assign the right to use said right-of-way and easement or any part thereof, or interest therein, to Galveston East Condo, Inc., a Texas Corporation.

NOW, THEREFORE, in consideration of Ten Dollars (\$10) and other good and valuable consideration, the receipt of which is hereby acknowledged, James C. Shindler, Trustee, does hereby, assign, transfer and set over unto Galveston East Condo, Inc., a Texas corporation, all of the rights of James C. Shindler, Trustee, as Grantee, under the Grant of said road easement as set out in Exhibit A, attached hereto and incorporated herein by reference, so that Galveston East Condo, Inc., shall enjoy all of the rights of James C. Shindler, Trustee, as Grantee, under the Grant of said road easement as set out in Exhibit A, attached hereto and made a part hereof.

In witness whereof, the said Assignor has set its hand and seal this 16 day of December, 1983.


JAMES C. SHINDLER, Trustee

002-71-1995

STATE OF TEXAS
COUNTY OF HARRIS

H The above and foregoing instrument was acknowledged before on this
day of December, 1983, by James C. Shindler, Trustee.


Notary Public, State of Texas

My Commission Expires *February, 1985*
Leo H. Kissner

RETURN TO: *Jeanette Dolash*
COMMERCE TITLE COMPANY
ONE WEST LOOP SOUTH
SUITE 201
HOUSTON, TEXAS 77027

APM/df 3-11-76

71538

D E E D
BOOK 2685 PAGE 50

File No. _____
Job No. WA-21545
County Galveston
Map 6939 O

THE STATE OF TEXAS
COUNTY OF GALVESTON

KNOW ALL MEN BY THESE PRESENTS:

THAT Galveston East Beach, Inc., a Texas corporation (hereinafter

referred to as Grantor, whether one or more), of _____ County, Texas, for and in consideration of One Dollar (\$1.00) to grantor in hand paid by Houston Lighting & Power Company (hereinafter referred to as Grantee), and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, has granted, and by these presents does grant unto Grantee, its successors, assigns and lessees, a right-of-way for electric distribution and communication lines, consisting of wires, poles and other necessary or desirable equipment across, over, along, upon and under the following described lands located in _____ Galveston County, Texas:

That certain tract or parcel of land containing 384 acres, more or less, in the Michael B. Menard Survey, Abstract 628, and being the same property described in a deed dated September 24, 1959, from the United States of America to Galveston East Beach, Inc., and recorded in Volume 1339, Page 44, of the Deed Records of Galveston County, Texas.

The easement herein granted is an unobstructed easement ten (10) feet wide, the location of the centerline of which is shown by a dot-dash symbol on Sketch No. 76-0106, prepared by Houston Lighting and Power Company, hereto attached and made a part hereof; said easement being fully described in the last paragraph below, with the necessary drawings as shown on said attached sketch.

The easement granted herein is an easement ten (10) feet wide at and below normal ground level and extending upward to a plane twenty (20) feet above the ground, and from said plane and upward the easement is twenty (20) feet wide with the same centerline as at ground level, together with (1) the right to use and to keep all of said easement area free and clear of any and all obstructions except property line fences, and (2) the rights of ingress and egress to and from said right-of-way for the purpose of constructing, operating, inspecting, repairing, maintaining, replacing, and removing said wires, poles and equipment; and Grantor, his successors, assigns, agents or licensees, shall not have the right to cause or permit any obstruction except property line fences to be placed or constructed or to grow within said easement area without the express written consent of Grantee.

EXECUTED this 24 day of February, 1976
ATTEST: _____
Secretary

GALVESTON EAST BEACH, INC.
By: [Signature]
President

NOT PUBLIC
RECORDED

DEED

BOOK 2685 PAGE 51

STATE OF TEXAS

Holveston County

BEFORE ME, the undersigned authority, a Notary Public in and for Holveston County, Texas, on this day personally appeared E. J. NORRIS President of Galveston East Beach, Inc., a Texas corporation

known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed in the capacity of _____ therein stated and as the act and deed of said Corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 21 day of February, A. D. 1976

Muel R. Sundstrom
Notary Public, Holveston County, Texas



STATE OF TEXAS

 County

BEFORE ME, the undersigned authority, a Notary Public in and for _____ County, Texas, on this day personally appeared _____

known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, A. D. 19____

Notary Public, _____ County, Texas

STATE OF TEXAS

 County

BEFORE ME, the undersigned authority, a Notary Public in and for _____ County, Texas, on this day personally appeared _____ and wife _____ both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said _____ wife of the said _____ having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said _____ acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, A. D. 19____

Notary Public, _____ County, Texas

STATE OF TEXAS

 County

BEFORE ME, the undersigned authority, a Notary Public in and for _____ County, Texas, on this day personally appeared _____ and wife _____ both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said _____ wife of the said _____ having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said _____ acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, A. D. 19____

Notary Public, _____ County, Texas

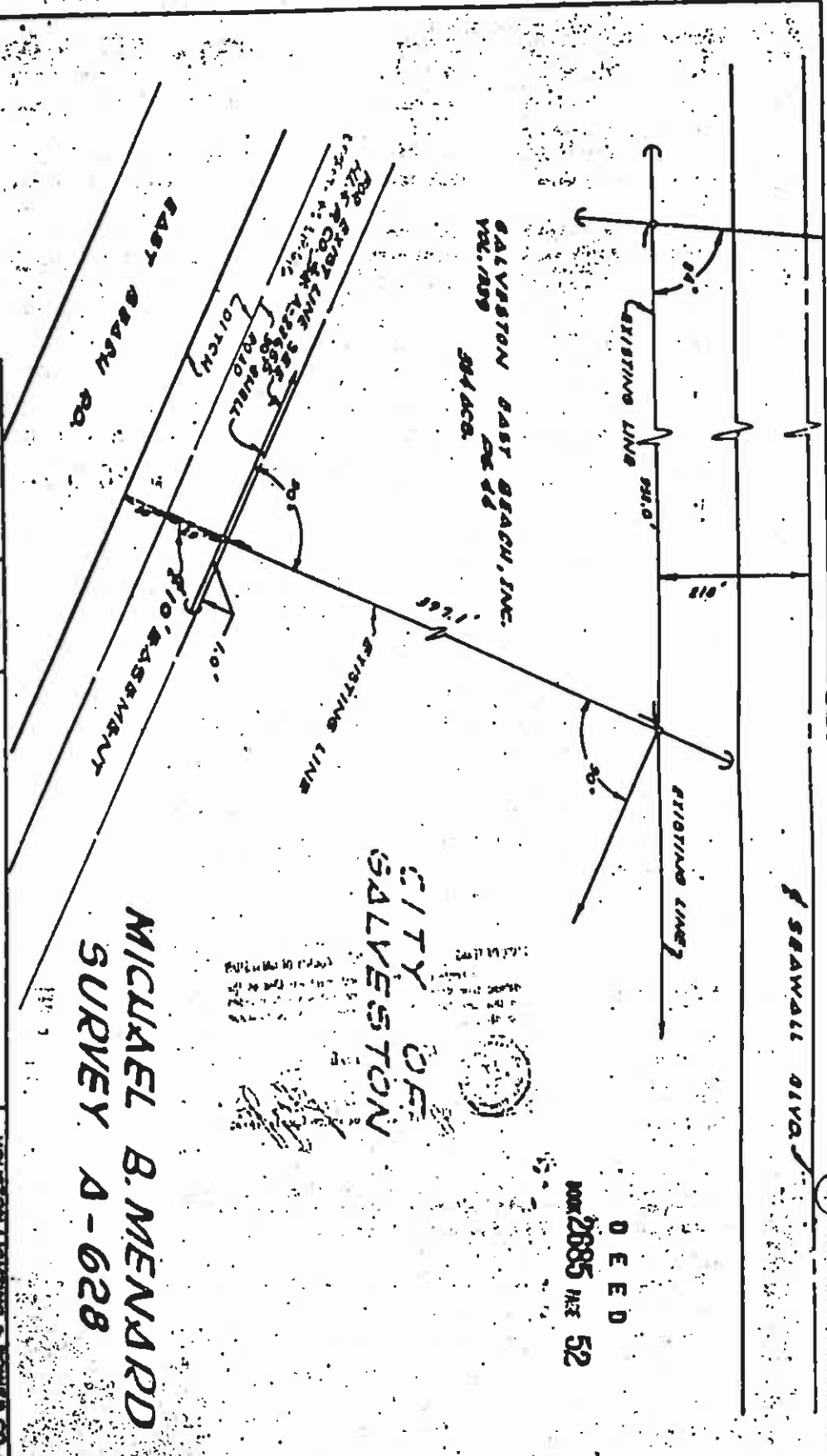
RETURN TO:
P. O. Kasper
HOUSTON LIGHTING & POWER COMPANY
P. O. BOX 1700
HOUSTON, TEXAS 77001

NOTE:
 THE EXTENSIONS OF ALL ELEMENTS ARE TO
 INTERSECT WITH THE EXTENSIONS OF ALL
 ADJOINING ELEMENTS ON THE SAME
 OR OPPOSITE SIDES.

REVISION	NO. 1	NO. 2
DATE		
BY		
REASON		

EASEMENT UNOBTAINED
 COUNTY, GALVESTON
 DATE: 2-2-18 76
 SCALE 1"=50'
 BY J.D.O. [Signature]

HOUSTON LIGHTING & POWER CO.
 ENG. RECORDS DEPARTMENT
 SKETCH NO. 76-0106



DEED
 BOOK 2685 PAGE 52

DEED
BOOK 2685 PAGE 53

71539

NOTARIAL PUBLIC **COUNTY OF CALIFORNIA**
I hereby certify that the instrument was filed on the
date here stamped herein by me and was duly recorded
and page of the record books of California
County of _____



APR 9 1916

J. L. Humphreys
Notary Public, California

J. L. Humphreys
NOTARY PUBLIC, CALIFORNIA

FILED FOR RECORD
APR 9 1 22 PM 1916

241978

DEED

THE STATE OF TEXAS)
COUNTY OF GALVESTON)

KNOW ALL MEN BY THESE PRESENTS:

That GALVESTON EAST BEACH, INC., a Texas corporation, of Galveston County, Texas, hereinafter called "GRANTOR", for and in consideration of the sum of TEN (\$10.00) DOLLARS cash and other good and valuable consideration to it in hand paid by the Grantee hereinafter named, the receipt and sufficiency of which is hereby acknowledged, and the further consideration of the execution and delivery by said Grantee of his one certain promissory note of even date herewith in the principal sum of Eight Hundred Thirty-Eight Thousand Seven Hundred Forty-Two and No/100 (\$838,742.00) Dollars, bearing interest at the rate as therein specified, executed by said Grantee and payable to the order of Grantor at Galveston, Galveston County, Texas, in three installments as therein provided, said note containing the usual acceleration of maturity and ten percent (10%) attorneys' fee clauses, and reciting that it is secured by the vendor's lien expressly retained on the hereinafter described property in favor of the holder thereof as well as by deed of trust of even date therewith to Henry Clark, as Trustee, and said note further expressly providing that neither the Maker thereof, nor any of his successors or assigns, or any person or entity claiming by, through or under him, shall ever at any time have or sustain any personal or individual liability or responsibility for the payment of all or any part of said note, have GRANTED, SOLD AND CONVEYED, and by these presents does GRANT, SELL AND CONVEY unto JAMES C. SHINDLER, TRUSTEE, of Harris County, Texas, herein called "GRANTEE", all of the following described real property located in Galveston County, Texas, to-wit:

The surface only of a 6.49481 acre tract out of that certain tract of land conveyed to Galveston East Beach, Inc. by the General

DEED # 3255 REC 857

DEED BOOK 3255 PAGE 2

Services Administration (San Jacinto Reservation, Texas D-TRX-563, GSA-R-338) and recorded in Vol. 1339, at page 44, of the Deed Records of Galveston County, Texas, more particularly described by metes and bounds as follows:

DEED
BOOK 3255 PAGE 858

COMMENCING at the Northwest corner of the Galveston East Beach, Inc. tract mentioned above, said point being located on the East line of Stewart Beach, said point also being located 225.0 feet Southeasterly as measured perpendicularly from the centerline of the U. S. Government Seawall;

THENCE N. 35° 45' 30" E, along the Southeasterly right of way line of the said U. S. Government Seawall and along the Northwesterly line of said Galveston East Beach, Inc. tract, a distance of 1627.82 feet to a P.I. in said U. S. Government Seawall and said Galveston East Beach, Inc. tract Northwesterly line;

THENCE N. 27° 11' E, continuing along the said Southeasterly right of way line of said U. S. Government Seawall and the Northwesterly line of said Galveston East Beach, Inc. tract, a distance of 600.58 feet;

THENCE S. 62° 49' E, a distance of 50.71 feet;

THENCE S. 82° 00' E, parallel to the most Westerly North line of said Galveston East Beach, Inc. tract, and at all times 300 feet perpendicular distant therefrom, a distance of 1577.19 feet;

THENCE N. 52° 30' 10" E, a distance of 306.78 feet;

THENCE S. 37° 19' 30" E, a distance of 100.00 feet;

THENCE N. 52° 29' 03" E, a distance of 1600.00 feet to the place of beginning of the tract herein, described;

THENCE from said beginning point continuing W. 52° 29' 03" E, a distance of 400.00 feet to a point for corner;

THENCE S. 37° 19' 30" E, a distance of 707.96 feet to the mean low water line of the Gulf of Mexico;

THENCE S. 52° 40' 30" W, along the meanders of the mean low water line of the Gulf of Mexico, a distance of 400.00 feet to a point for corner;

THENCE N. 37° 19' 30" W, a distance of 706.63 feet to the place of beginning and containing 6.49481 acres (282,914 square feet), more or less.

This conveyance is subject to the terms, conditions and stipulations contained in that certain judgment in Cause No. 97,893, styled Galveston East Beach, Inc. vs. The State of Texas, in the 10th Judicial District Court of Galveston County, Texas.

Grantor hereby reserves unto itself, its successors and assigns, all the oil, gas and other minerals in, on or under the property conveyed hereby and that may be produced from said land but without any right of ingress or egress for the purpose of exploring, producing, saving or transporting oil, gas or other minerals from said land.

TO HAVE AND TO HOLD the above described property and premises, together with all and singular the rights... and appurtenances thereto in anywise belonging unto the said Grantee, his successors and assigns, forever; and the said Grantor does hereby bind himself, its successors and assigns, to WARRANT and FOREVER DEFEND, all and singular the above described property and premises unto the said Grantee, his successors and assigns, against every person whomsoever lawfully claiming, or to claim the same or any part thereof.

But it is expressly agreed and stipulated that the vendor's lien and superior title are hereby retained on the above described property and premises in favor of the holder of the above described note, until said note and indebtedness, together with all renewals and extensions thereof, and all principal, interest and other charges therein stipulated are fully paid according to the face, tenor, effect and reading thereof, at which time this deed shall become absolute.

All ad valorem taxes assessed against the above described property and premises for the year 1980 have been pro-rated between Grantors and Grantee as of the date hereof, and Grantor assumes the payment of such taxes.

EXECUTED the 16 day of June, 1980.

GALVESTON EASTBEACH, INC.

ATTEST:

Carol T. Adriaens
Secretary

E. L. Norris
President
E. L. NORRIS

CAROL T. ADRIANCS

RECORDED
BOOK 3255 PAGE 859



DEED

THE STATE OF TEXAS)
COUNTY OF GALVESTON)

BOOK 3255 PAGE 860

Before me, the undersigned authority, on this day personally appeared E. L. NORRIS, President of Galveston East Beach, Inc., a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

Given under my hand and seal of office this the 20 day of June, 1980.



[Handwritten Signature]
Notary Public in and for
Galveston County, Texas.

CERTIFICATE OF CORPORATE RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

DEED
BOOK 3255 PAGE 861

I, CARROLL T. ADRIANCE , Secretary of Galveston

East Beach, Inc., a Texas corporation, do hereby certify that said corporation is duly organized and existing under the laws of the State of Texas; that all franchises and other taxes required to maintain its corporate existence have been paid when due and that no such taxes are delinquent; that no proceedings are pending for the forfeiture of its certificate of incorporation or for its dissolution, voluntary or involuntary; that it is duly qualified to do business in the State of Texas and is in good standing in such state; that there is no provision of the Articles of Incorporation or By-Laws of such corporation limiting the power of the board of directors to pass the resolution set out below and that the same is in conformity with the provisions of said Articles of Incorporation and By-Laws; that the secretary is the keeper of the records and minutes of the proceedings of the board of directors of said corporation and that on the 15th day of April, 1980, there was held a meeting of the board of directors of said corporation, which was duly called and held in accordance with the law and the By-Laws of the corporation, at which meeting all of the directors were present; and that at said meeting the following resolution was duly and legally passed and adopted and that the same has not been altered, amended, rescinded or repealed and is now in full force and effect:

*RESOLVED that Galveston East Beach, Inc. enter into a Sales Agreement with James C. Shindler, Trustee, to sell approximately 6.4 acres, more or less, of land belonging to the corporation for a price of

DEED
BOOK 3255 PAGE 862

Three Dollars (\$3.00) per square foot in accordance with the terms of the Sales Agreement attached hereto, and which is incorporated herein for all purposes.

RESOLVED further that the officers of this corporation be, and they are hereby authorized to sign and execute the Sales Agreement, a copy of which is attached hereto, and any other documents necessary in order to facilitate said transaction, the terms and provisions of which Sales Agreement and transaction are hereby approved."

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary of said corporation and have attached hereto the official seal of said corporation, this 15th day of April,



Carroll T. Adriance
Secretary
CARROLL T. ADRIANCE

THE STATE OF TEXAS)
COUNTY OF GALVESTON)

Before me, the undersigned authority, on this day personally appeared Carroll T. Adriance, Secretary of Galveston East Beach, Inc., a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and is the act and deed of said corporation.

Given under my hand and seal of office this the 15 day of April, 1980.



Mattie L. Baskin
Notary Public in and for
Galveston County, Texas.
MATTIE L. BASKIN

INDEXED
BOOK 3255 PAGE 863

241978 D E E D	VALVESTON EAST BEACH, INC. TO	JAMES C. SHINDLER, TRUSTEE	<i>1</i> <i>Stuart P. Allen</i> <i>Lee A. Kinner</i> <i>3401 Astor Parkway</i> <i>Hwy 77019</i>	<small>ATTORNEY AT LAW GARRETT, LAM, ECKHART, TULLOCH & ALLEN A PROFESSIONAL CORPORATION ONE FIRST BUTCHERS BEAT NATIONAL BANK BUILDING BALVESTON TEXAS 77804</small>
-------------------	----------------------------------	----------------------------	---	---

STATE OF TEXAS COUNTY OF GALVESTON
I hereby certify that the instrument was filed on the date and time stamped herein by me and was duly recorded in the volume and page of the record records of Galveston County Texas as stamped herein to wit:

JUN 20 1960



May Jane Edgington
COUNTY CLERK Galveston County, Texas

FILED
JUN 20 1960

State 108

9 6, 6 9 0 Ella Mae Williams, a feme sole vs. Charles E. Ravnell, et al - Damages
 Dismissed for want of prosecution, at Plaintiff's Costs.
 * * * * *

9 7, 8 7 8 Estate of Adeline Worlds, Deceased vs. The City of Galveston
 Each of the two Special Exceptions, set out in Paragraph I of
 Defendant's First Amended Original Answer is hereby overruled, to which
 action of the Court the Defendant in open court duly excepts.
 * * * * *

9 7, 8 9 3 GALVESTON EAST BEACH, INC.
 V.
 THE STATE OF TEXAS

JUDGMENT

On the 24th day of March, 1964, came on to be heard the above styled and numbered cause, and came the Plaintiff, Galveston East Beach, Inc., by its attorneys, Owen D. Barker and Robert G. Coltzer, of the firm of Barker, Barker and Coltzer, and Griffith D. Lambdin, of the firm of Armstrong, Bedford and Lambdin, and came the Defendant, The State of Texas, and the Attorney General of Texas, by Ben M. Harrison and J. Arthur Sandlin, Assistant Attorneys General of Texas, and Jules Damiani, Jr., Criminal District Attorney of Galveston County, Texas, representing the State of Texas and the public, pursuant to authority granted by Article 5415d, Vernon's Texas Civil Statutes, and such other authority as may be afforded by law, and a jury having been waived, the parties, plaintiff and defendant, announced ready for trial, and the court, after reading the pleadings and hearing the evidence and argument of counsel, is of the opinion and finds that plaintiff is the owner in fee simple of a good and indefeasible title, subject to the easement hereinafter mentioned, to all the land known and referred to as the 384 acre tract described in the deed from the United States of America to Plaintiff dated September 24, 1959, recorded in Book 1339, pages 44 to 47, inclusive, Deed Records of Galveston County, Texas, and accretions thereto, which land is more fully described as follows:

The following described tract or parcel of land in Galveston County, Texas, being part of a tract of land conveyed to the United States Government by Maco Stewart by deed dated May 11, 1917, which deed is recorded in Book 303, pages 265-266, Deed Records of Galveston County, Texas, said tract formerly being part of the Fort San Jacinto Reservation, and further described by metes and bounds and courses and distances as follows:

Start at a point in the South boundary of the Fort San Jacinto Military Reservation marked by a drift bolt in the center of the shore branch of the Galveston South Jetty at Station 69 plus 02:6 whence the former Fort Point Lighthouse bears North 35° 27' 35" East 3179.3 feet (1144.55 varas):

June 5th, 1964 (cont'd)

Thence, parallel with the numbered Streets in the City of Galveston, Texas, approximately South $16^{\circ} 43' 09''$ East to the Southeasterly boundary of the Galveston seawall right of way, said Southeasterly boundary line being parallel to and 225 feet perpendicular distance on the seaward side from the center line of the top of the seawall structure, which center line is 2 feet 6 inches landward of the seaward edge of said top of the seawall structure, for the place of beginning of this description;

Thence, continuing South $16^{\circ} 43' 09''$ East to the high water line on the shore of the Gulf of Mexico;

Thence, Northerly and Easterly with the meanders of the said high water shore line of the Gulf of Mexico, to the intersection of this line with the present South boundary of a tract of land deeded to the United States of America by the Galveston City Company by Special Warranty Deed dated March 17, 1898, which deed is recorded in Vol. 245, page 187, Deed Records of Galveston County, Texas;

Thence, with the said South boundary of the said tract North 82° West to a point 1400 feet South 82° East of the Southeasterly right-of-way boundary of the Galveston seawall, said Southeasterly boundary line being parallel to and 225 feet perpendicular distance on the seaward side from the center line of the top of the seawall structure, which center line is 2 feet 6 inches landward of the seaward structure, which center line is 2 feet 6 inches landward of the seaward edge of said top of the seawall structure;

Thence, South $27^{\circ} 09'$ West parallel to the Galveston Seawall a distance of 4400 feet;

Thence, North 82° West a distance of 1400 feet, more or less, to the Southeasterly right-of-way boundary of the Galveston seawall, said Southeasterly boundary line being parallel to and 225 feet perpendicular distance on the seaward side from the center line of the top of the seawall structure, which center line is 2 feet 6 inches landward of the seaward edge of said top of the seawall structure;

Thence, South $27^{\circ} 09'$ West with the Southeasterly boundary of said seawall right of way 1100 feet, more or less, to an angle point in said seawall right-of-way boundary.

Thence, continuing along the said seawall right-of-way boundary South $35^{\circ} 21'$ West 1500 feet, more or less, to the point of beginning together with the Government's interest in and to the land between the said high water shore line and the low water shore line extending from

extended, to the most Northerly boundary, extended,
the most Southerly boundary/ of the above described tract,
including all future accretions and accumulations as a result
of nature, or the construction of public works for the improve-
ment and defense of the Harbor, and containing 384 acres, more
or less.

and the court further finds that the plaintiff's land aforesaid fronts upon the Gulf of Mexico for a distance of two miles, more or less, and that the public owns an easement upon and over the beach area on the said seaward border of said land, running from the line of mean low tide to the line of vegetation, which beach area shall now and hereafter be taken to be a strip along the seaward side of the said land at all times adhering to the shore, extending from the line of mean low water (as it may exist from time to time taking into account changes therein caused by the natural processes of accretion and erosion) inland a distance of three hundred fifty (350) feet at all points along the Gulf of Mexico boundary line of plaintiff's said land; and the court further finds that defendant is entitled to a permanent injunction against plaintiff prohibiting the barricading of the beach area aforesaid and ordering the removal at plaintiff's expense of any existing barricades on said property.

It is, accordingly, ORDERED, ADJUDGED AND DECREED by the Court as follows:

1. That plaintiff is the owner in fee simple of a good and indefeasible title in and to the land above described by metes and bounds, together with any accretions which may have extended or which may hereafter extend said land seaward, and including the beach area aforesaid seaward to the line of mean high water, subject to the public easement hereinafter mentioned.
2. For purposes of this judgment, the area of the beach shall be all of the area along the entire seaward side of said land along the Gulf of Mexico, lying within a strip 350 feet wide at all points on the two-mile shoreline aforesaid, measured from mean low water inland, in accordance with the applicable datum of the United States Coast and Geodetic Survey. It is intended and decreed that as and when the line of mean low water changes from time to time by the natural processes of accretion and/or erosion, the public easement decreed herein along the seashore aforesaid shall always follow the sea, and cover the area from mean low water to 350 feet inland.
3. The public owns and shall have an easement to, upon, across and over the entire beach area above described as a public way for pedestrian and vehicular travel, and for swimming, fishing, boating, camping and other like uses and recreational purposes, and for ingress and egress to the waters of the Gulf of Mexico,
4. The Court finds and holds that the parties hereto have by written stipulation on file herein agreed that immediately prior to the execution of the deed conveying the 384 acre tract here involved from Maco Stewart to the United States of America in 1917, the public had acquired by long use, an easement over the said beach where same then existed, which agreement is adopted by the court, and the court finds and holds that such easement followed the beach as it moved seaward to its present location. The court further holds that such easement also exists by virtue of an implied reservation of a public easement for use as aforesaid of the beach area in the original grant of said land from the Republic of Texas to M. B. Menard.
5. The plaintiff shall not have the right to erect barriers or in any way to interfere with or impair the rights of the public to the free use of such beach area for vehicular and pedestrian travel and recreation as aforesaid, and plaintiff is hereby

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ordered at its expense forthwith to remove any and all obstructions and barriers upon such premises which interfere with the free use of such beach area by the public as aforesaid and plaintiff is permanently enjoined from erecting other barriers or obstructions upon such beach area and from in any way interfering with the use of said beach area by the public for pedestrian and vehicular travel and recreation. Nothing in this judgment shall be deemed to require the removal of any improvements erected above the vegetation line as herein defined and landward of the public easement on the beach herein provided for in event an avulsive erosion results in such improvements being located within the three hundred fifty (350) foot area of the public easement herein provided, and the rights of the parties in relation to such improvements is left for future adjudication by the court.

6. It is further declared, ordered, adjudged and decreed that the area of such easement as it may now or may hereafter exist shall be subject to such lawful regulation for health, sanitation and safety that may be within the lawful power and discretion of government agencies having jurisdiction thereof.

7. Costs of suit incurred herein are adjudged one-half against plaintiff and one-half against defendant, for which execution may issue in favor of the proper officers of the court.

8. To the action, judgment and decree of the court, finding that the public owns an easement upon and over the beach area on the said seaward border of said land, and the finding that defendant is entitled to a permanent injunction prohibiting the barricading of the beach area, and in adjudging and decreeing the ownership in fee simple of plaintiff in and to the land in controversy to be subject to such public easement and in adjudging and decreeing the existence of the easement as set forth in paragraphs 2, 3, and 4 of the foregoing judgment, plaintiff Galveston East Beach, Inc. duly excepts.

9. To the action, judgment and decree of the court in finding that plaintiff is the owner in fee simple of the said beach area, and in adjudging that such ownership is in plaintiff and in overruling the claim of the State of Texas that it is the full fee simple owner of such beach area because same was added to the upland through the process of artificial accretion, defendant, The State of Texas, duly excepts.

SIGNED, RENDERED AND ENTERED on this the 5th day of June, 1964.

(Sgd.) Donald M. Markle
Judge, District Court of
Galveston County, Texas,
10th Judicial District.

APPROVED AS TO FORM:
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