

RULES AND REGULATIONS FOR

**THE DAWN, A CONDOMINIUM
("Condominium")**

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Adopted by

Board of Directors

OCTOBER 10, 2005

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PART I

GENERAL PROVISIONS

These Rules and Regulations ("Rules") are established by the Board of Directors ("Board") of The Dawn Condominium Association, Inc. effective as of the 10th day of October, 2005, pursuant to the rule-making and rule-enforcement authority granted to the Board.

These Rules are in addition to rules contained in the Declaration and Bylaws. In the event of a conflict among documents, the order of governing authority shall be as follows: Declaration (highest), Articles, Bylaws, and then these Rules (lowest). The Board is empowered to interpret, enforce, amend, and repeal these Rules.

A. DEFINITIONS

The following terms are defined for use in these Rules and those capitalized terms not expressly defined herein have the same meaning as defined in the Declaration:

"Act" means the Uniform Condominium Act, Texas Property Code, Chapter 82, Section 82.001 et seq., as amended from time to time.

"Association" means The Dawn Condominium Association, Inc. and shall include the Manager to the extent the Association has delegated any right or duty to such Manager.

"Contractor" means any party performing construction, repair, remodeling or other services for the benefit of an Owner.

"County" means Galveston County, Texas.

"Declaration" means the Condominium Declaration for The Dawn, a Condominium, and all recorded amendments thereto, which Declaration contains an identifiable description of the Subject Property, and shall be recorded prior to the Closing Date in the County with the office responsible for maintaining land records in the jurisdiction in which the Subject Property is located.

"Governing Documents" means, individually and collectively, the Act, the Declaration, the Articles, the Bylaws and these Rules.

"Manager" means the Association's managing agent.

"Occupancy", "Occupy" or "Occupied" means occupancy of a Unit in excess of 30 continuous days or 60 days in any consecutive 12-month period.

"Owner" means the owner of each Unit in the Condominium and any other persons Occupying, using, visiting, or otherwise on the Property at the direction or invitation (express or implied) of the Owner of a Unit (including, but not limited to, the Owner's family, invitees, tenants, visitors, servants, agents, representatives and licensees).

"Posted Rules" means rules and signs posted by the Association from time to time or at any time on the Property.

"Property" means the Land and the Improvements as more fully described in the Declaration.

"Rules" means these rules and regulations, Posted Rules and Temporary Rules.

"Temporary Rules" means notices communicated to the Owners by the Association from time to time or at any time which rules are seasonal or temporary in nature or notices of change affecting the use of the Property.

B. COMPLIANCE

1. Compliance. Each Owner will comply with the provisions of the Governing Documents and any other policies or regulations adopted by the Board to supplement the Governing Documents, as any of these may be revised from time to time. Additionally, each Owner shall be responsible for ensuring compliance with the Governing Documents by all persons using or occupying such Owner's Unit. If a Rule requires or prohibits conduct by an "Owner" or "tenant," each of those terms shall be deemed to include the other, and applies to all persons for whom an Owner or tenant is responsible.

2. Additional Rules. Each Owner must comply with the Posted Rules and the Temporary Rules. The Posted Rules and the Temporary Rules are incorporated into these Rules by reference.

3. Waiver. Circumstances may warrant waiver or variance of these Rules. To obtain a waiver or variance, an Owner must make written application to the Board. The Board will consider such request and respond to the Owner in accordance with the Governing Documents. If the application is approved, the waiver or variance must be in writing, and may be conditioned or otherwise limited.

4. Right to Enforce. The Association has the right to enforce these Rules against any person on the Property.

C. OBLIGATIONS OF OWNERS

1. Safety. Each Owner is solely responsible for such Owner's own safety and for the safety, well-being and supervision of such Owner's guests and any person at the Condominium to whom the Owner has a duty of due care, control, or custody.

2. Unit Key. If requested by the Association, each Owner will provide the Association with a set of all keys required to enter such Owner's Unit through the front door, and will provide replacement keys to the Association each time a lock on the Unit is changed. The Association assumes no liability related to possession of the keys, beyond reasonable and prudent care to safeguard them.

3. Damage. An Owner is responsible for any loss or damage the Owner or the Owner's equipment causes to the Owner's Unit, other Units, the Common Elements or the personal property of other Owners.

4. Insurance. An Owner assumes full risk and sole responsibility for placing such Owner's personal property in or on the Property. Each Owner is solely responsible for insuring such Owner's personal property on the Property and any improvements or betterments made to the Unit. The Association recommends that all Owners and tenants purchase and maintain appropriate insurance coverage on their personal belongings and vehicles and on improvements and betterments made to the Units.

5. Risk Management. An Owner may not permit anything to be done or kept in such Owner's Unit or the Common Elements that is illegal or that may result in the cancellation or increase in any insurance premiums paid by the Association or any other Owner in connection with the Property.

6. Reimbursement for Enforcement. Each Owner shall promptly reimburse the Association on demand for any expense incurred by the Association to enforce the Governing Documents against such Owner or such Owner's Unit.

7. Reimbursement for Damage. Each Owner shall promptly reimburse the Association on demand for the cost of damage caused by the negligent or willful conduct or omission of such Owner.

8. No Estate Sales. Without the Association's prior written permission, an Owner may not conduct on the Property a sale or activity that is advertised or attractive to the public, such as "estate sales," "yard sales" or "garage sales." This section does not apply to marketing the sale or rental of a Unit, unless combined with a prohibited activity.

D. OCCUPANCY STANDARDS

1. Number of Occupants. Subject to any exception for familial status under any applicable fair housing law, no more than two persons may occupy any 1-bedroom Unit, no more than three persons may occupy any 2-bedroom Unit, and no more than four persons may occupy any 3-bedroom Unit.

2. Familial Status. The Association's occupancy standard for Owners or tenants who qualify for the familial status protection under any applicable fair housing law is a maximum of two persons per bedroom.

3. Minors. No person under the age of 18 years of age may Occupy a Unit unless such Occupancy is with an Owner or tenant who is a parent, legal guardian, or designee in writing of such minor's parent or legal guardian. An Owner must provide satisfactory proof of the ages and relationships among the Occupants of such Owner's Unit upon request of the Association.

4. Danger. No Unit may be Occupied by a person who constitutes a threat to the health or safety of other persons, or whose Occupancy could result in substantial physical damage to the property of others.

E. LEASES

1. Term and Conditions of Lease. An entire Unit (but not less than an entire Unit) may be leased or rented for private residential purposes only for any term.

2. Written Leases. Each lease for a term of thirty (30) days or longer must be in writing. At least 10 days before the start of any lease for a term of thirty (30) days or longer, the Owner will provide the Association with (a) a copy of the lease and (b) information about the tenant(s) in a form acceptable to the Association. As soon as practical after its receipt thereof, the Owner must notify the Association of any changes in tenant information during the lease term.

3. Subject to Documents. The mere execution of the lease for a Unit or occupancy (for any period of time) subjects a tenant to all pertinent provisions of the Governing Documents to the same extent as if tenant were an Owner; provided that notwithstanding the foregoing or any provision of the lease between Owner and its tenant, Owner shall not be relieved of any obligation under the Governing Documents and shall remain primarily liable thereunder. The Owner is responsible for providing such Owner's tenant with the Governing Documents and notifying the tenant of any changes. The Association may send notices of violations by a tenant to both the tenant and to the Owner of the Unit occupied by the tenant. Whether or not it is so stated in the lease, a tenant's violation of the Governing Documents is deemed to be a material default of the lease for which the leasing Owner has all available remedies at law or equity.

4. Landlord Owners. Owners of tenant-occupied Units are advised to stay informed of and to comply with federal and state laws and local ordinances regulating residential rental properties and relations between landlords and tenants. The Association has no duty to notify Owners about landlord/tenant laws and ordinances.

5. Tenant Communications. Owners shall instruct their tenants to channel all communications (including non-emergency repair requests) through the Owner. Owners will further instruct their tenants that the Association does not manage or repair the Unit, and that the tenant should not contact the Association (except as may be required by the Governing Documents or to report emergencies that are within the Association's scope of responsibility pursuant to Governing Documents).

6. Right to Use Storage Units. No person shall have the right to use a Storage Unit except the Owner of the Storage Unit or a tenant of such Owner.

7. Right to Use Parking Units. No person shall have the right to use a Parking Unit except the Owner of the Parking Unit or a tenant of such Owner.

8. Assignment of Parking Spaces. An Owner shall hold any parking space appurtenant to such Owner's Unit in accordance with the Governing Documents. No person

shall have the right to use a parking space not specifically identified as a "visitor" space except the Owner or a tenant of a Unit to which that space is assigned.

F. GENERAL USE AND MAINTENANCE OF UNIT

1. Residential Use. Each Condominium Unit must be used solely for private residential use, and may not be used for any commercial or business purposes. This restriction does not prohibit an Owner from using the Condominium Unit for personal, business, or professional purposes, provided that: (a) such use is incidental to the Condominium Unit's residential use; (b) such use conforms to all applicable laws and ordinances; (c) there is no external evidence of such use; and (d) such use does not entail visits to the Condominium Unit by the public, employees, suppliers, or clients.

2. Annoyance. An Owner may not use a Unit in a way that: (a) annoys Owners of other Units; (b) reduces the desirability of the Condominium as a residential community; (c) endangers the health or safety of other Owners; or (d) violates any law or any provision of the Governing Documents.

3. Right of Entry. The Association may enter a Unit in case of an emergency originating in or threatening the Unit, other Units, or Common Elements, whether or not the Owner is present at the time. This right of entry may be exercised by the Association's Manager, directors, officers, agents, and employees, and by all police officers, firefighters, and other emergency personnel in the performance of their respective duties. Also, the Association may enter a Unit to perform installations, alterations, or repairs to the mechanical, electrical, or utility services which, if not performed, would affect the use of other Units or the Common Elements; provided that, if possible, requests for any entry shall be made in advance and at a time convenient to the Owner. In case of an emergency, the right of entry is immediate and if the Owner has failed to provide a door key or refuses to provide entry, the Owner is liable for the cost of repairs to the Unit or Common Elements caused by the Association's chosen method of access under such circumstances.

4. Maintenance. Each Owner, at such Owner's sole cost and expense, will maintain such Owner's Unit and keep it in good repair at all times.

5. Balcony/Patio. Each Owner will maintain such Owner's balcony and/or patio in a clean manner at all times. Each Owner will take care that the cleaning of such Owner's balcony and/or patio does not annoy or inconvenience other Owners. A balcony and/or patio may not be enclosed or used for storage purposes. Open post balcony railings may not be closed or screened with wire, mesh, or other material. Hanging items from all awnings is not permitted. In addition, the weight of items such as hanging plants or patio furniture is subject to the Association's approval. If the Association determines that a balcony and/or patio is unsightly (including the need for any cleaning of windows or doors) or that any hanging items or patio furniture poses a safety risk to anyone on the Property, the Association may give the Owner notice of such condition and a reasonable time period in which to correct it, after which the Association may take corrective action at the Owner's expense.

6. Hot Tubs. The use or installation of hot tubs, whirlpools, or jacuzzis (portable or permanently installed) in a Unit or on a balcony and/or patio is prohibited without prior written consent of the Association. This rule does not apply to a customary bathtub fixture with water jets located within the Unit that is installed pursuant to all applicable plumbing codes.

7. Prohibition of Outdoor Cooking or Heating Equipment. The use of outdoor cooking or heating equipment is prohibited anywhere on the Property, including, but not limited to, charcoal grills, electric or gas grills, hibachis and space heaters, unless the Owner has received prior written approval of the Association. The Association shall take into consideration the requirements and limitations of the respective insurance carriers and insurance policies in any decision to approve such activities.

8. Stoves. Each Owner, at such Owner's expense, shall keep the ventilation hood above the stove or range in such Owner's Unit clean and in operating condition.

9. Washers/Dryers. Each Owner, at such Owner's expense, shall keep lint traps and ventilation ducts clean.

10. Smoke Detectors. Must be operational at all times. Owner shall maintain, at Owners expense, all smoke detectors within the unit, including, but not limited to, battery replacement.

11. Combustibles. Except those retail products sold for exclusive use as household cleaning products, an Owner may not store or maintain, anywhere on the Property -- including within a Unit or storage space -- explosives or other combustible materials.

12. Water Problems. An Owner is responsible for water damage to Common Elements and adjoining Units which emanates from the Owner's Unit, including leaks or overflows of sinks, tubs, showers, shower pans, toilets, dishwashers, and clothes washers. In case of continuous water overflow, the Owner should immediately turn off water and turn the shut-off valves, e.g. behind the toilet or under the sink, to "Off" position.

13. Water Cut-Off. Except in the case of an emergency, no person may interfere with or interrupt the Property's water lines, including water lines to an individual Unit, without the prior knowledge and cooperation of the Association. An Owner who requires a water cut-off for the purpose of remodeling shall submit a written request to the Manager at least 5 days prior to the requested water cut-off.

14. Report Malfunctions. An Owner will immediately upon discovery report to the Association any leak, break, or malfunction in any portion of the Property which the Association has a duty to maintain. An Owner who fails to promptly report a problem may be deemed negligent and may be liable for any additional damage caused by the delay.

15. Cable. An Owner who subscribes directly to cable or satellite service is solely responsible for the cost and maintenance of the subscription and the appurtenant equipment; provided that no antennas or satellite dishes may be installed except in compliance with paragraph 18 of this part F below. An Owner who obtains cable or satellite service through the Association (in the event the Association were to provide such service, at its sole discretion) is

responsible for the proper use, maintenance, and return of cable connections or equipment. No additional exterior cable lines may be connected to the Unit.

16. Utilities. An Owner will conserve the use of utilities furnished through the Association, including water consumption within the Unit.

17. No Right to Vent or Cut Into, Chases, etc. Notwithstanding any provision hereof to the contrary, under no circumstances whatsoever, may any Owner, directly or indirectly, vent or cut into any chute, duct, conduit or vertical chase or any plumbing that serves a Unit.

18. Signage; Advertising. No sign, advertisement or notice shall be inscribed, painted, affixed or placed on any part of the inside or outside of the Unit whatsoever, without the prior written consent of the Association.

19. Electrical and Plumbing Facilities. Owners shall not overload existing electrical circuits and plumbing facilities in such Owners' Units.

20. Antennas. Except as hereinafter provided, no television antenna, satellite dish, aerial, tower or similar structure shall be erected on, or fastened to, any Unit or on any portion of the Common Elements except for the Roof Easement (as defined in the Declaration), without the prior written consent of the Association. Notwithstanding this Paragraph 18, the following antennas may be erected on, or fastened to a location on an Owner's balcony or patio that does not protrude above or outside of the balcony or patio:

(a) An antenna that is designed to receive direct broadcast satellite service, including direct-to-home satellite services, that is one meter or less in diameter,

(b) An antenna that is designed to receive video programming services via multipoint distribution services, including multichannel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, and that is one meter or less in diameter or diagonal measurement, or

(c) An antenna that is designed to receive television broadcast signals.

21. Window Air Conditioning Units. No window heating or air conditioning unit shall be installed within any Unit or Common Element.

22. Infestation. No Owner shall permit or suffer the infestation of the Owner's Unit by pests, insects, rodents, or other vermin. Failure to comply with the foregoing, or the failure to report such infestation to the Association as soon as the Owner is aware of same, will render such Owner liable for all costs and expenses incurred in having to eradicate such infestation.

23. Compliance with Laws. 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 A UNIT.

G. GENERAL USE AND MAINTENANCE OF COMMON ELEMENTS

1. Intended Use. Each area on the Property may be used only for its intended and obvious purpose. For example, walkways, stairways, sidewalks, and driveways are used exclusively for purposes of access, not for social congregation or recreation.

2. Access Cards or Other Access Controls. Admittance to a Building may require use of a coded access card, in which case an appropriate card will be issued to Owners by the Manager. To obtain an access card, an Owner must provide the Manager with evidence of ownership of a Unit. Access cards are personal to the person to whom they are issued, and may not be transferred or assigned except to tenants. Any person in possession of an access card will, upon request of the Association, produce a valid driver's license or other picture identification. An access card found in the possession of a person to whom it is not issued will be confiscated. Replacement of a lost or confiscated access card, or the purchase of an additional access card, requires payment of a fee set by the Board. The Manager shall issue no more than two cards per Unit without the special consent of the Board.

3. Hallways. No item or object of any type, including floormats, furniture, plants, and decorative items, may be stored, placed, or maintained anywhere on the General Common Elements, including hallways and stairwells, except as authorized by the Association or with the Association's prior written consent. Items of personal property found on General Common Elements are deemed abandoned and may be disposed of by the Association or the Manager.

4. Storage Units. Upon request, each Owner must provide the Association with access to his or her Storage Unit so the Association can enter the storage space as needed to maintain and protect the Property. The following items may not be stored in a Storage Unit: paint, highly inflammable materials, food products, and any item that attracts vermin or produces an odor.

5. Fire and Safety. No person may use, tamper with, pry open, or modify any fire or safety equipment on the Property, including alarms, extinguishers, monitors, and self-closing doors.

6. Landscaping. No one shall harm, mutilate, alter, litter, uproot or remove any of the landscaping work on or within the General Common Elements, or place or affix any planters, statues, fountains, ornamental objects or artificial plants upon any portion of the General Common Elements, without the prior written consent of the Association. Digging, planting, pruning, and climbing in any landscaped areas are expressly prohibited.

7. Clotheslines. No hanging or drying of clothes shall be allowed on the patio or balcony of any Condominium Unit or any portion of the Common Elements, and no pulley clothesline or similar device shall be affixed to or used in connection with any Unit or Common Element.

8. Waste Disposal; Plumbing Damage. No one shall place, leave or permit to be placed or left in or upon the Common Elements any waste, debris, refuse or garbage except in

those areas designated by the Association or the Manager as a central garbage depository, and only on those days and times as are designated by the Association or the Manager from time to time. Water shall not be left running unless in actual use; and no waste, garbage, rubbish, or noxious or unusual substances shall be disposed into any toilet, sink or drain. Any damage to plumbing pipes, drains and apparatus resulting from misuse, or from unusual or unreasonable use, shall be borne by the Owner causing such damage.

H. COMMUNITY ETIQUETTE

1. Courtesy. Each Owner will endeavor to use such Owner's Unit and the Common Elements in a manner calculated to respect the rights and privileges of other Owners. Each Owner will refrain from conduct that may reasonably be expected to inconvenience, embarrass, or offend the average Owner of a Unit in the Condominium.

2. Visitors. Each Owner is responsible for guests' compliance with these Rules.

3. Code of Conduct. Owners will conduct themselves in a civil manner when dealing with the Association's officers, directors, committee members, Manager, employees, contractors, agents, and other Owners. In return, the Owners are due the same courtesy and civility. The following actions are expressly prohibited: (a) verbal abuse; (b) insults and derogatory name-calling; (c) cursing; (d) aggressive or threatening behavior; (e) hostile touching or physical contact; (f) sexual harassment; (g) posting correspondence on the doors of directors and officers; and (h) phone calls that are designed - by their tone, time, or frequency -- to harass or intimidate. No person has the right to abuse another or the duty to tolerate abuse.

4. Employees of Manager. Owners may not instruct, direct, or supervise the Manager's employees and agents, unless directed to do so by the Board. Owners may not interfere with the performance of duties by the Manager's employees, and will refrain from monopolizing the time or attention of the Manager's employees.

5. No Hiring of Employees. The employees and agents of the Manager are not permitted or authorized to render personal services to Owners. The Owners will not request or encourage employees or agents to violate this provision. The Association may provide a repair service to an Owner at such Owner's expense.

6. Communications among Owners. The Association feels a duty to balance the right of members to communicate with each other against the desire of the Condominium's members and tenants to be free of uninvited solicitations and misleading communications. To achieve that balance, oral and written communications that are intended for delivery to more than one Owner are subject to this section.

(a) Without the Board's prior written permission, Owners may not communicate with others in a manner that may give the impression of having been approved or sanctioned by the Association. In communicating with other Owners, the issuer should identify himself and state that the communication has not been sanctioned by the Association.

(b) Without the Board's prior written permission, a person may not distribute handbills or hand-deliver written communications to mailboxes, Unit doors, or car windshields.

(c) Without the Board's prior written permission, a person may not solicit information, endorsements, or money from tenants, or circulate petitions, except via the U.S. mail.

7. Attire. Owners must wear neat and clean street attire in the elevators, lobby, and other Common Elements. Owners are prohibited from wearing lingerie and pajamas as outerwear, or being barefoot in the Common Elements other than the Pool. A person en route to or from the swimming pool shall wear a shirt or beach robe over swimming attire.

8. Annoyance. Owners will avoid doing or permitting anything to be done that will annoy, harass, embarrass, or inconvenience other Owners, their guests, or the Association's employees and agents.

9. Noise and Odors. Each Owner will exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises or noxious odors that are likely to disturb Owners of other Units.

10. Quiet Hours. Between the hours of 10:00 p.m. and 6:00 a.m., Owners will refrain from activities that are likely to create a noise disturbance for Owners of adjoining Units. Examples of such activities include the operation of dishwashers, garbage disposals, vacuum cleaners, hammering, musical instruments, and aerobic exercise. During these hours, Owners will also try to modulate their conversations and entertainment equipment to avoid disturbing Owners in adjoining Units.

11. Reception Interference. Owners will avoid doing or permitting anything to be done that may unreasonably interfere with the television, radio, telephonic, or electronic reception on or about the Property.

12. Packages. Each Owner agrees that the Association is not responsible for any item or article left with or delivered to the Association's employees or agents on behalf of such Owner.

13. Wildlife. Feeding of birds, squirrels, or any wildlife is prohibited on the Property.

14. Smoking. The smoking of tobacco products is permitted in the individual Units, on balconies and patios; provided, however, that the Association may require the purchase and use of air purifiers by individual Units if the Association determines, in the Association's sole and absolute discretion, that such individual Units are the cause of smoke infiltrating the Common Elements or other Units. Except for the immediate pool area, smoking is prohibited in the General Common Elements, including without limitation, hallways and entry foyers. It is also prohibited outside of building entrances.

15. Resolution by Arbitration. In the event of a disagreement between an Owner of a Unit, on the one hand, and the Association as a representative of another Owner of another Unit

on the other hand, with regard to whether or not noises, odors or particular conduct are loud, disturbing, objectionable or otherwise annoying as contemplated in these Rules, the Board alone may, in its sole discretion, refer the matter to binding arbitration at the sole cost of the prevailing Owner or tenant. The arbitration will be conducted in accordance with the rules of the American Arbitration Association. Arbitration shall be binding upon all parties involved in the controversy, provided, however, the award of attorneys' fees shall never be charged against the Association or the Board, but only against the Owner(s) involved, as the arbitrator(s) shall determine in accordance with this section. Judgment upon the award rendered by the arbitrator(s) may be entered in any court in the County having jurisdiction thereof.

I. USE OF RECREATIONAL FACILITIES

1. Access to Recreational Facilities. The Association may, in its sole and absolute discretion, designate the hours of access to the recreational facilities and amenities (the "Facilities"), as well as restrict the use thereof, by requiring pre-scheduling and limiting the amount of time available to each Owner to ensure fair access. The use of all Facilities is subject to compliance with these Rules and any other Posted Rules at the Facility. Persons using the Facilities must, at all times, respect the rights and privileges of others using the Facilities.

2. Recreational Facilities. The Facilities consist of two (2) swimming pools, a spa, an exercise room and the Club House.

3. Guests. Except for tenants under leases pursuant to Section E above, a non-owner may not use the Facilities unless accompanied at all times by an Owner. Each Owner agrees to assume all responsibility for the care, safety and well-being of such Owner's guest or invitee relating to the use of the Facilities. The right of an Owner to share the use of Facilities with such Owner's guests or invitees is at all times subject to the immediate termination by the Board if the Rules or Governing Documents are violated, or if such termination is deemed by the Board to be in the Association's best interests.

4. Number of Guests. The Owners of a Unit, collectively, at any one time, may not have more than six guests using the Facilities. By reservation through the Management Office, functions involving a larger number of guests may be permitted. Reserved functions must be confined to the specific Facility reserved, and the host Owner must ensure that such Owner's guests do not use the other Facilities.

5. Age Restrictions for Health and Safety. In addition to the general requirement that the use of Facilities by minors or legal incompetents be with the knowledge and consent of their parent or guardian, no person under the age of 16 years may be permitted in or around a swimming pool at any time unless accompanied by a parent or legal guardian.

6. Animals Prohibited. No animals or pets are permitted in any Facility at any time unless authorized by the Association.

7. Disturbances Prohibited. No loud sounds or boisterous conduct is permitted in any Facility at any time. The reasonable use of a radio, television, tape player or similar device is permitted in any Facility only during periods when an Owner and such Owner's guests are the sole users of that Facility.

8. Glass Containers Prohibited. Containers made of glass are not permitted at any time in the swimming pool, health club, pavilions and screening room.

9. Suspension of Privileges. The Board may suspend use of a Facility by any Owner or guest who violates these Rules in relation to any Facility more than two times within a 12-month period. The length of the suspension will be determined solely by the Board, taking into consideration the Facility in question and the nature and frequency of the violations. Notice of such suspension will be delivered in writing and will entitle the suspended Facility user to a hearing before the Board.

10. Suspension for Nonpayment. The Board may suspend use of a Facility by an Owner or by the occupants of that Owner's Unit for any period during which Assessments against that Unit are unpaid.

11. Swimming Pools. In addition to the Rules and Posted Rules at a swimming pool, the following rules will condition any use of the swimming pool: (a) customary bathing attire must be worn in the swimming pool; (b) street clothes, cutoffs, underwear and nude bathing are not allowed in the pool; (c) no floats or beach balls are permitted; (d) pool furniture may not be removed from the swimming pool area; (e) running, rough play, wrestling, excessive splashing and loud behavior are prohibited in the pool area; (f) no person under the age of 16 years may be permitted in or around the swimming pool except pursuant to paragraph 5(a) above; and (g) children who are not toilet trained are not permitted in the swimming pool.

12. Cleaning. An Owner who has exclusive use of a Facility must restore the Facility to a neat and clean condition within two hours after the end of the period reserved or no later than 8:00 a.m. the next day following an evening use. If the condition of the Facility is not satisfactory upon Manager's inspection, the cost of cleaning or repair will be deducted from the security deposit. A minimum deduction by the Association for cleaning or repairs may be set by the Board.

13. Release. Although all Owners, guests and invitees are required to sign releases of liability releasing and holding harmless the Association, Board, employees and Manager from any and all liability, claims, losses, and actions arising out of or in connection with the use of any of the Facilities, the mere use of such Facilities, in and of itself, by any person shall constitute a full and complete release and indemnification of the Association, Board, employees and Manager arising out of and in connection with any such activities. **The Association expressly disclaims and disavows any and all representations or warranties, expressed or implied, including any warranty of fitness or safety for any particular purpose, relative to any of the Facilities or any equipment associated with the Facilities.**

14. Risk. Each Owner uses the Facilities and other Common Elements at such Owner's own risk. The Facilities are unattended and unsupervised. Each Owner is solely responsible for such Owner's own safety and that of such Owner's guests. The Association disclaims any and all liability or responsibility for property damage, injury or death occurring from use of the Facilities.

J. HEALTH AND WELL-BEING

For the health, well-being and enjoyment of all Owners, the following limitations and restrictions will be observed, in addition to any Rules, Posted Rules and other warnings or notices that may be posted at the Facilities.

1. **Supervision of Minors.** For their own well-being and protection, persons who are legally incompetent or younger than 16 years must be under the general control and supervision of their parents or guardians at all times while on the Property. A person under 13 years may not be left unattended in a Unit at any time. After nightfall, unless accompanied by a parent or legal guardian, persons under 16 years may not be on the General Common Elements.

2. **Safety Disclaimer.** The Association may, but is not obligated to, maintain or support certain activities within the Property designed to make the Condominium less attractive to intruders than it otherwise might be. The Association, its directors, committees, members, agents, employees, and the Manager will not in any way be considered an insurer or guarantor of security within the Property, and may not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. Each Owner, guest and invitee on the Property assumes all risk for loss or damage to person, such Owner's Unit, to the contents of such Owner's Unit, and to any other property on the Property. The Association expressly disclaims and disavows any and all representations or warranties, expressed or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any security systems, equipment, or measures recommended, installed, or undertaken within the Property.

K. CONSTRUCTION AND ARCHITECTURAL CONTROL

1. **Prohibited Changes to Common Elements.** An Owner may not change, remodel, decorate, destroy, or improve the Common Elements, or do anything to change the appearance of the Common Elements, including without limitation the hallway entry door, or hallway.

2. **Prohibited Changes to Unit.** Without prior written approval of the Board, an Owner may not make structural alterations or modifications to the Unit or any alterations or modifications to its balcony and/or patio.

3. **Removing Carpet.** It is prohibited (a) to replace carpeting with any flooring material other than padded carpeting and (b) to replace cushioned vinyl with any material other than carpeting or cushioned vinyl, without prior written authorization of the Board. The Board will require the applicant to install an acoustical cushion, separation, or sub-floor beneath the uncushioned flooring.

4. **Windows and Doors.** The front doors of Units must conform to the building standard unless otherwise approved in advance by the Board. An Owner may not decorate or customize the hallway-side of such Owner's front door. No awnings, shades or shutters shall be erected over and/or outside any windows, patios and/or balconies appurtenant to any Unit, and no exterior doors shall be removed, replaced or changed in any way, without the prior written consent of the Association. All window treatments visible from the exterior of the Unit shall be

white in color. Nothing shall be placed on the outside of window sills or projections, or upon any patio railings, without the prior written consent of the Association. Nothing shall be thrown or swept out of any windows or doors, and no mops, brooms, dusters, rugs or bedding shall be shaken or beaten from any windows or doors, or any portion of the Common Elements. No screen or storm doors or windows shall be installed within any existing door or window openings which form part of the Common Elements. If applicable, window mullions -- the strips that divide a glass into smaller panes -- may not be removed. An Owner may not alter the color or appearance of the glass surfaces in the Unit's windows from the building standard.

5. Balcony Floors. Because certain materials trap moisture which deteriorates the balcony structure, balcony floors may not be covered or resurfaced without the Association's prior written permission. The Association prohibits the use of carpeting on balconies.

6. Screen Doors. Subject to provisions of paragraph 4 above, an Owner is permitted to install screen doors over the Unit's sliding glass doors, provided the screen door is obtained and maintained solely at the Owner's expense. Color of screen material must conform to building standard.

7. Application for Board Approval. As part of the application to the Board for its written consent for any alteration or modification, an Owner must submit to the Manager complete plans and specifications showing the nature, kind, shape, size, materials, colors, connection to condominium systems and location for all proposed work, and any other information reasonably requested by the Board.

8. Construction Hours. Without the Association's prior permission, no construction may be performed in any Unit by any person except between the hours of 8:30 a.m. and 5:00 p.m. on business days. This rule is intended to prevent disturbances by construction-related utility cutoffs, noise, odors, workmen, and activity between 5:00 p.m. and 8:30 a.m. and on Saturday, Sunday or holidays.

L. VEHICLE RESTRICTIONS

1. Authorized Vehicles. To be permitted on the Property, a vehicle must be operable, and must display a current license tag and current inspection sticker. For purposes of these Rules, vehicles include automobiles, motorcycles, motorized bikes, passenger trucks, small vans, and similar passenger vehicles.

2. Motorized Vehicles. No commercial vehicle, truck, trailer, van, recreational vehicle, bus, boat, personal water craft, machinery, or equipment, other than a private passenger automobile, motorcycle, station wagon, minivan or truck not exceeding seven feet in length, shall be parked on any portion of the Common Elements other than in a parking space designated for such, without the prior written consent of the Board. No servicing or repairs shall be made to any motor vehicle either on or within the Common Elements, or in any Unit except for emergency repairs as necessary to enable movement of the vehicle to a repair facility. No motor vehicle shall be driven on or within any part of the Common Elements other than on a driveway or designated parking area. Visitors' motor vehicles may be parked only in those parking spaces clearly marked or designated for visitors.

3. Prohibition of Car Washing. Car washing is prohibited anywhere on the Property.
4. Bicycles and Rollerblades. Bicycles, skateboards, rollerblades, and other non-motorized wheeled devices may not be ridden and must be walked on the sidewalks, driveways, garage, and other Common Elements in the Condominium.
5. Proper Use of Parking. Each vehicle must be parked straight-in (not angled or sideways), so that it does not occupy more than one parking space. Parking spaces must be used for vehicle parking purposes only.
6. Proper Placement. No vehicle, including motorcycles, may be driven, parked, or placed anywhere on the Property except in designated areas. Motorcycles or bicycles may not be chained to buildings, fences, or any other part of the Property, unless designated for that purpose.
7. Nuisances. Each vehicle must be muffled and must be maintained and operated to minimize noise, odor and oil emissions. The use of car horns on the Property is discouraged, except for the judicious use of a horn for right of way. Signs advertising a vehicle "for sale" are prohibited. No vehicle may be kept on the Property if the Board deems it to be unsightly, inoperable, inappropriate, or otherwise violative of these Rules.
8. Firelanes/Obstructions. No vehicle may be parked in a manner that impedes or prevents ready access to the Property, driveways, parking spaces, or garage. No vehicle may obstruct the flow of traffic, constitute a nuisance or otherwise create a safety hazard. No vehicle may be parked, even temporarily, in spaces reserved for others, in firelanes or in any area designated as "No Parking."
9. Violations. A vehicle in violation of these Rules may be stickered, wheel-locked, towed or otherwise removed from the Property by the Manager, at the expense of the vehicle's owner. The Association expressly disclaims any liability for damage to vehicles occasioned by the exercise of these remedies.

M. REFUSE DISPOSAL

1. General Duty. Owners will endeavor to keep the Property clean and will dispose of all refuse in receptacles for that purpose and may not litter Common Elements. Garbage shall be disposed of through the use of the garbage dumpsters located on the Property.
2. Hazards. Trash may not be left anywhere on the Property other than in the designated receptacles. Owners may not place lighted or smoldering items, including cigarettes, in the designated receptacles. Owners may not store trash inside or outside an Owner's Unit in a manner that may permit the spread of fire, odors, or seepage, or encouragement of vermin. Refuse dumpsters may not be used to dispose of building materials.
3. Glass. Owners may not discard glass items except in containers and areas expressly designated for glass disposal.
4. Refuse. Owners must place refuse in a sealed or tied container or bag before putting it in the refuse container. Large boxes and bulky objects must be placed neatly in

secured containers at a place designated for such items. Construction material, solvents, paints, and other toxic waste must be removed from the Property by the Owner or such Owner's contractor. If provided, a separate receptacle for newspapers should be used.

5. Excess Refuse. An Owner will place refuse entirely within a container, and may not place refuse outside, next to, or on top of a container. If a container is full, the Owner should locate another container or hold the refuse. Boxes and large objects should be crushed or broken down before placed in a container. An Owner must arrange privately for removal of discarded furnishings or any unusually large volume of debris.

N. PETS

1. Subject to Rules. Owners may not keep or permit on the Property a pet or animal of any kind, at any time, except as permitted by these Rules and the Governing Documents. Additionally, all pets must conform to any applicable animal control ordinances or laws, a copy of which may be made available in the Manager's office.

2. Pet Agreement. Owners must complete a pet registration form furnished by the Manager when a pet is acquired or within 7 days after taking up occupancy on the Property.

3. Pets Banned in Rental Units. Permitted pets may be kept in Units that are Owner occupied. Pets are not allowed in any Unit that is not occupied by an Owner.

4. Permitted Pets. Subject to these Rules, an Owner may keep in such Owner's Unit up to two housepets (other than aquarium fish) which, at maturity, may not exceed 30 pounds each in weight. Permitted housepets are limited to domesticated dogs, cats, caged birds, and aquarium fish. If required by any law, ordinance, government rule or regulation, any such pet(s) must be appropriately vaccinated, to include rabies, and licensed through the appropriate municipal or city department.

5. Prohibited Animals. No Owner may keep a dangerous or exotic animal, pit bull terrier, trained attack dog, or any other animal determined by the Board in its sole discretion to be a potential threat to the well-being of people or other animals. No animal or housepet may be kept, bred, or maintained for any commercial purpose. Pets or animals belonging to guests, friends, or relatives of Owners are prohibited, even for short visits or temporary stays.

6. Indoors/Outdoors. A permitted pet must be maintained inside the Unit, and may not be kept on a balcony and/or patio. No Owner may confine a pet to a balcony and/or patio when the Owner is absent from the Property, and no Owner may use a balcony and/or patio as a latrine area for a pet.

7. Leashes. Pets must be leashed or carried while in Common Elements of the Property. No pet may be leashed to a stationary object on the Common Elements.

8. Disturbance. Pets must be kept in a manner that does not disturb another Owner's rest or peaceful enjoyment of such Owner's Unit or the Common Elements. No pet may be permitted to bark, howl, whine, screech, or make other loud noises for extended or repeated periods of time.

9. Damage. Owners are responsible for any property damage, injury, or disturbance such Owner's pet may cause or inflict and must compensate any person injured or otherwise damaged by such Owner's pet. An Owner who keeps a pet at the Condominium is deemed to indemnify and agrees to hold harmless the Board, the Association, and other Owners and tenants, from any loss, claim, or liability of any kind or character whatever resulting from any action of such Owner's pet or arising by reason of keeping or maintaining the pet at the Condominium.

10. Dog Walk and Pooper Scooper. Pets must only use designated areas to relieve themselves. Owners are responsible for the removal of pet's wastes from the Property. The Board may levy a fine against a Unit and its Owner each time feces or urine are discovered on the Common Elements and attributed to an animal in the custody of that Unit's Owner.

11. Removal. If an Owner or such Owner's pet violates these Rules, or if a pet creates a nuisance, odor, unreasonable disturbance, or noise, the Owner or person having control of the animal may be given a written notice by the Board to correct the problem. After the first written warning, a fine in the amount of at least \$25 shall be levied for all future violations. If violations occur repeatedly, the Owner, upon written notice from the Board, may be required to remove the pet. Each Owner agrees to permanently remove the violating animal of such Owner from the Condominium within 10 days after receipt of such removal notice from the Board.

12. Complaints. Any complaints about pets or Owners violating these Rules shall be made in writing and identify the type of infraction, the date of infraction, and must be signed by the witness to the infraction.

13. Compliance. Pets with a physical handicap or, to the extent permitted by applicable law, Owners who have a physical handicap which would prevent them from complying with these rules, must receive a variance by the Board or Manager.

O. MOVING

1. Notice. The time and date of all moves must be scheduled in advance with the Manager. An Owner must give the Manager at least three (3) days prior written notice of any move of furniture, appliances, or other large or heavy objects to or from the Property.

2. Times. Moves must be performed between 8:30 a.m. and 5:30 p.m. on business days. It is the Owner's duty to notify such Owner's movers about this Rule.

P. MISCELLANEOUS

1. Right to Hearing. An Owner may request in writing a hearing by the Board regarding an alleged breach of these Rules by the Owner or any person for whom the Owner is responsible. The Board will schedule a hearing within 30 days after receiving the Owner's written request. At the hearing, the Board will consider the facts and circumstances surrounding the alleged violation. The Owner may attend the hearing in person, or may be represented by another person or written communication.

2. Mailing Address. An Owner who receives mail at an address other than the address of such Owner's Unit is responsible for maintaining with the Association such Owner's

current mailing address. An Owner who changes such Owner's name or mailing address must notify the Manager in writing within 30 days after the change. Notifications of change of name or change of address should be clearly marked as such. All notices required to be sent to Owners by the Governing Documents will be sent to an Owner's most recent address as shown on the records of the Association. If an Owner fails to provide a forwarding address, the address of that Owner's Unit is deemed effective for purposes of delivery.

3. No Waiver. The failure of the Association to enforce a provision of these Rules does not constitute a waiver of the right of the Association to enforce such provision in the future.

4. Severability. If any term or provision of these Rules is held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding will not affect any other term or provision of these Rules.

5. Amendment of Rules. These Rules are subject to being revised, replaced, amended or supplemented by the Board. Upon any such revision, a copy of the revisions will be delivered to each Owner. Owners are urged to contact the Manager to verify the Rules currently in effect on any matter of interest. These Rules will remain effective until 10 days after the Association delivers to an Owner of each Unit notice of amendment to or revocation of these Rules. The notice may be published and distributed in an Association newsletter or other community-wide publication.

6. Other Rights. These Rules are in addition to all rights of the Association under the other Governing Documents and the laws of the State of Texas.

PART II

RULES GOVERNING COLLECTION AND FINING

A. COLLECTION RULES AND PROCEDURES

To the extent permitted by applicable law:

1. Due Date. An Owner will timely and fully pay Monthly Assessments and Special Assessments in accordance with the provisions of the Declaration. Monthly Assessments are due and payable on the first calendar day of each month. Special Assessments are due at the reasonable direction of the Board.

2. Delinquent. Any Assessment that is not fully paid when due is delinquent. When the account of a Unit becomes delinquent, it remains delinquent until paid in full. The defaulting Owner is liable to the Association for the cost of title reports, credit reports, certified mail, long distance calls, court costs, filing fees and other reasonable costs and attorneys' fees incurred by the Association in collecting the delinquency.

3. Late Fees and Interest. If the Association does not receive full payment of an assessment by 5:00 p.m. on the fifth calendar day following the due date, the Association may

charge a late fee in an amount determined by the Board or collect interest at the Past Due Rate until the delinquency is paid in full.

4. Insufficient Funds. The Association may levy a charge of at least \$25 or the actual bank charge, whichever is greater, against an Owner if the check on which payment is made is returned to the Association marked "insufficient funds" or the equivalent.

5. Delinquency Notices. If the Association has not received full payment of an Assessment by the due date, the Association may send one or more written notices of nonpayment to the defaulting Owner stating the amount delinquent. Such delinquency-related correspondence may state that if full payment is not timely received, the Association may pursue any or all of the Association's remedies under state law at the sole cost and expense of the defaulting Owner.

6. Collection by Association's Attorney. After giving the Owner notice of the delinquency, the Association may refer the delinquent account to an attorney for collection. In that event, the defaulting Owner will be liable to the Association for its legal fees and expenses.

7. Collection Agency. The Board may employ or assign the delinquency to one or more collection agencies.

8. Notification of Mortgage Lender. The Association may notify the Owner's mortgage lender of the default in payment of any Assessment.

9. Notification of Credit Bureau. The Association may file a report on the defaulting Owner with one or more credit reporting services.

10. Notice of Lien. The Association may cause a notice of the Association's assessment lien against the Unit to be publicly recorded. A copy of the notice of lien will be sent to the defaulting Owner, and may be sent to such Owner's First Mortgagee.

11. Right to Accelerate. If an Assessment is payable in installments and if an Owner defaults in the payment of any installment, the Association may declare the entire Assessment in default and accelerate the due date on all remaining installments of that Assessment.

12. Notice to Owner. A Special Assessment payable in installments may be accelerated only after the Association gives the Owner at least 15 days prior notice of the default and the Association's intent to accelerate the unpaid balance if the default is not cured within such notice period.

13. No Duty to Reinstate. Following acceleration of an Assessment payable in installments, the Association has no duty to reinstate the installment program upon payment by the Owner of any delinquent installment.

14. Foreclosure of Lien -- Nonjudicially. The Board may instruct an attorney, officer or agent of the Association to notify the defaulting Owner of the Association's intent to foreclose its assessment lien, to post the property for sale at public auction, and to conduct a public auction

of the Unit on the steps of the county courthouse in accordance with the Act, the Governing Documents and all other requirements of state law.

15. Foreclosure of Lien -- Judicially. The Association may file suit against the Owner for judicial foreclosure of the Association's assessment lien. This action may be combined with a claim against the Owner for recovery of a money judgment.

16. Suit Against Owner. Whether or not the Association forecloses the Association's assessment lien, the Board may elect to file suit to recover delinquent assessments against the defaulting Owner and the Owner shall be personally liable for any judgment obtained by the Association.

17. Possession Following Foreclosure. If the Association purchases the Unit at public sale, the Board may immediately institute appropriate actions to recover possession of the Unit.

18. Application of Payments. All payments received by the Association may be applied in the following order, starting with the oldest charge in each category, until that category is fully paid, regardless of the amount of payment, notations on checks, and the date the obligations arose: (a) collection costs and attorneys fees; (b) fines; (c) reimbursable expenses; (d) late charges and interest; (e) delinquent special assessments; (f) delinquent monthly assessments; (g) current special assessments; and (h) current monthly assessments.

19. Form of Payment. The Association may require that payment of delinquent Assessments be made only in the form of cash, cashier's check, or certified funds.

20. Partial and Conditioned Payment. The Association may refuse to accept partial payment (i.e., less than the full amount due and payable) and payments to which the payor attaches conditions or directions contrary to the Board's policy for applying payments. The Association's endorsement and deposit of a payment does not constitute acceptance. Instead, acceptance by the Association occurs when the Association posts the payment to the Unit's account. If the Association does not accept the payment at that time, it will promptly refund the payment to the payor. A payment that is not refunded to the payor within 30 days after being deposited by the Association may be deemed accepted. The acceptance by the Association of partial payment of delinquent Assessments does not waive the Association's right to pursue or to continue pursuing its remedies for payment in full of all outstanding obligations or the Association's right to apply payments pursuant to any rights herein granted.

21. Notice of Payment. If the Association receives full payment of the delinquency after recording a notice of lien, the Association will cause a release of notice of lien to be publicly recorded, a copy of which will be sent to the Owner; provided, however, the Owner prepays the reasonable cost of preparing and recording the release.

22. Notification of Credit Reporting Agency. If the Association receives full payment of the delinquency after reporting the defaulting Owner to a credit reporting service, the Association will report receipt of payment to that credit reporting service.

23. Limited Right of Redemption. If the Association buys a Unit at the non-judicial foreclosure sale of its assessment lien, the Association's ownership is subject to a 90 day right of redemption by the Owner as provided by the Act and the Declaration.

24. Utility Shut-Off. Pursuant to Part III hereof, the Association may terminate utility service to the Unit for which Assessments used to pay the cost of that utility are delinquent.

B. FINING RULES AND PROCEDURE

1. Policy. The Association uses fines to discourage violations of the Governing Documents and to encourage present and future compliance when a violation does occur -- not to punish violators or generate revenue for the Association.

2. Owners Liable. An Owner is liable for fines levied by the Association for violations of the Governing Documents whether the Owner commits the violation or guests or other invitees of such Owner commit the violation. Regardless of who commits the violation, the Association will direct its communications to the Owner, although the Association may also send copies of its notices to the actual violator.

3. Violation Notice. Before levying a fine, the Association will give the Owner a written violation notice and an opportunity for a hearing. The Association's written violation notice will contain the following items: (a) the date the violation notice is mailed or prepared; (b) a description of the violation; (c) a reference to the rule being violated; (d) a description of the action required to cure the violation; (e) the amount of the fine; (f) a statement that not later than the 30th day after the date of the violation notice, the Owner may request a hearing before the Board to contest the fine; and (g) the date the fine attaches or begins accruing.

4. New Violation. If the Owner was not given notice and a reasonable opportunity to cure a similar violation within the preceding 12 months, the notice will state a specific date by which the violation must be cured to avoid the fine, if the violation is ongoing or continuous. If the violation is not ongoing, but is instead sporadic or periodic, the notice must state that any future violation of the same rule may result in the levy of a fine.

5. Repeat Violation. In the case of a repeat violation, the notice will state that, because the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding 12 months, the fine attaches from the date of the violation notice.

6. Right to Hearing. An Owner may request in writing a hearing by the Board regarding the alleged breach of the Governing Documents. The Board has 10 days after receiving the Owner's request for a hearing to give the Owner notice of the time, place and date of the hearing. The hearing must be scheduled for a date within 45 days from the date the Association receives the Owner's request and should be scheduled to provide a reasonable opportunity for both the Board and the Owner to attend. The Owner's request for a hearing suspends only the levy of a fine. The hearing will be held in a closed or executive session of the Board. At the hearing the Board will consider the facts and circumstances surrounding the violation and the Owner may attend in person, or may be represented by another person or written communication.

7. Levy of Fine. Within 30 days after levying the fine, the Association must give the Owner notice of the levied fine. If the fine is levied at the hearing at which the Owner is actually present, the notice requirement will be satisfied if the Board announces its decision to the Owner at the hearing; otherwise, the notice must be in writing.

8. Amount. The Association may set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency, and effects of the violation. The Association may establish a schedule of fines for certain types of violations. The amount and cumulative total of a fine must be reasonable in comparison to the violation and should be uniform for similar violations of the same provision of the Governing Documents.

9. Type of Levy. If the violation is ongoing or continuous, the fine may be levied on a periodic basis beginning on the start date. If the violation is not ongoing, but is instead sporadic or periodic, the fine may be levied on a per occurrence basis.

10. Collection of Fines. The Association is not entitled to collect a fine from an Owner to whom it has not given notice and an opportunity to be heard.

11. Effective Date. These fining rules will become effective 10 days after the Association delivers, or causes to be delivered, a copy of these Rules to an Owner of each Unit as shown on the records of the Association.

12. Amendment of Policy. These fining rules will remain effective until 10 days after the Association delivers, or causes to be delivered, to an Owner of each Unit notice of amendment to or revocation of these Rules. The notice may be published and distributed in an Association newsletter or other community-wide publication.

PART III

UTILITY RULES

1. Background. These utility shut-off rules are based on any applicable requirements of the Governing Documents, the rules of the governing public utility commission for discontinuance of master-metered utilities, and any applicable state or local law. The Association intends for these rules to comply with state laws and local ordinances relating to discontinuance of utilities to a dwelling Unit.

2. Content of Notices. Before terminating utility service to a Unit, the Association will give three written notices to the Unit Owner. Two of those notices will also be given to the Unit tenant, if any. All notices will prominently display "UTILITY SHUT-OFF," "TERMINATION NOTICE," or similar language. All notices will also contain the following: (a) the amount of past due Assessments, interest, late fees, and collection costs; (b) the form and place of payment; (c) the date by which payment must be received to avoid utility shut-off; (d) a statement that the utility will be shut-off on or after a stated date; and (e) the exact location where the tenant or Owner may go during normal working hours to make arrangements for payment of the delinquency and for reconnection of the Unit utility.

3. First Notice. In addition to the above requirements, the first notice must invite the Owner to a scheduled hearing before the Board. The notice must state the time, date, and place of the hearing to which the Owner is invited. The hearing date must be at least 10 days after the date the notice is given.

4. Hearing. Pending the hearing, the Association may continue to exercise its other rights and remedies for collection of the delinquency, as if the declared default were valid. The invitation to a hearing suspends only the termination of service. The hearing will be held in a closed or executive session of the Board. At the hearing, the Board will consider the facts and circumstances surrounding the delinquency. The Owner may attend the hearing in person, or may be represented by another person or written communication. The minutes of the hearing must contain (a) a copy of the invitation notice, (b) proof of delivery to the Owner, or a statement by the person handling delivery of its time, date, and method; and (c) a statement of the results of the hearing. If the Owner appears at the hearing, the notice requirements will be deemed satisfied.

5. Second Notice. If full payment is not received by the date of the hearing, the Board will give a second written notice to the Unit Owner and Unit tenant, if any, as provided in paragraph 2 above. The second notice must be given at least five days before the scheduled shut-off.

6. Third Notice. At least one day prior to the scheduled termination, the Board will give a third and final written notice to the Unit Owner and Unit tenant, if any, if full payment has not been received. The third notice will contain the same information as the second notice.

7. Delivery of Notices to Owner. The Association will deliver all three notices to the Unit's Owner. If the Owner lives at the Condominium, the notices may be hand-delivered to the Owner or posted on the Owner's door in a sealed envelope, provided the first notice is also sent by certified mail return receipt requested. If the Owner does not live at the Condominium, all three notices will be sent by certified mail return receipt requested. Additional copies may be delivered by regular mail, e-mail, or fax transmission.

8. Delivery of Notices to Non-Owner Tenant. If the Unit is not occupied by the Owner, the Association will deliver copies of the second and third notices to the Owner's tenant. The notices may be hand-delivered to the tenant or posted on the Unit door in a sealed envelope. Additional copies may be delivered by regular mail, e-mail, or fax transmission.

9. Calculating Days. In calculating days, the day after the date on which a notice is post-marked or posted on the door, as the case may be, is deemed "Day 1."

10. Shut-Off Fees. At the time of the second notice, a charge of \$75 will be assessed against the Owner and such Owner's Unit for costs related to the shut-off. To avoid the shut-off after the second notice is given, the Owner must immediately pay all utility-related Assessments owed to the Association, including the \$75 shut-off fee. The Owner solely bears the cost of discontinuing and restarting any Unit utility.

11. Form of Payment. Payment to forestall a Unit utility shut-off or to restore service after a shut-off must be in the form of cash or a cashier's check, payable to the Association, and received by the Association's Manager or a designated officer.

12. Limitations on Disconnection. As a collection remedy, the Association may not disconnect a Unit utility on a day, or on a day immediately preceding a day, when authorized personnel of the Association are not available to receive payment and reconnect service. Further, the Association may not disconnect a Unit utility if the Association has knowledge or reason to believe that the disconnection is likely to be life-threatening for an Owner of the Unit.

13. Effectiveness. These Rules will remain effective until 10 days after the Association delivers to an Owner of each Unit notice of amendment to or revocation of these Rules. The notice may be published and distributed in an Association newsletter or other community-wide publication.

Adopted by unanimous written consent of the Board on the 10th day of October, 2005.

**THE DAWN CONDOMINIUM
ASSOCIATION, INC.**

By: Reely Thomas

Its: Secretary

AMENDMENT TO
RULES AND REGULATIONS
FOR
THE DAWN, a CONDOMINIUM

This Amendment to the Rules and Regulations for The Dawn, a Condominium, (this "Amendment") entered into on February 1, 2006 and made effective by the Board of Directors:

WHEREAS, by agreement, The Board of Directors of The Dawn, a Condominium, desire to amend the Rules and Regulations adopted on October 10, 2005; and

WHEREAS, the Rules and Regulations may be amended in accordance with Part I, Section D., Occupancy Standards;

NOW, THEREFORE, it is agreed by the Board of Directors hereto that the Rules and Regulations is hereby amended in the following respects:

Part I, Section D will be replaced in it's entirety with the following:

D. OCCUPANCY STANDARDS

1. Number of Occupants – Long Term Rental or Lease (30 days or more). Subject to any exception for familial status under any applicable fair housing law, no more than two persons may occupy any 1-bedroom Unit and no more than three persons may occupy any 2-bedroom Unit.

2. Familial Status. The Association's occupancy standard for Owners or tenants who qualify for the familial status protection under any applicable fair housing law is a maximum of two persons per bedroom.

3. Number of Occupants – Short Term Rental or Lease (less than 30 days). No more than five persons may occupy any 1-bedroom Unit and no more than seven persons may occupy any 2-bedroom Unit.

4. Minors. No person under the age of 18 years of age may Occupy a Unit unless such Occupancy is with an Owner or tenant who is a parent, legal guardian, or designee in writing of such minor's parent or legal guardian. An Owner must provide satisfactory proof of the ages and relationships among the Occupants of such Owner's Unit upon request of the Association.

5. Danger. No Unit may be Occupied by a person who constitutes a threat to the health or safety of other persons, or whose Occupancy could result in substantial physical damage to the property of others.

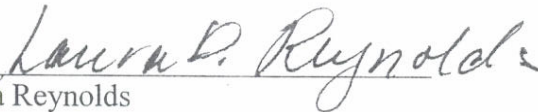
This consent is executed pursuant to Article 9.10(B) of the Texas Business Corporation Act and the Bylaws of this Corporation, which authorized the taking of action by the Board of Directors by unanimous consent.

Effective as of February 1, 2006

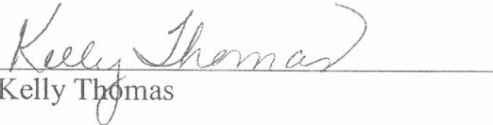
DIRECTORS



Kentner P. Shell



Laura Reynolds



Kelly Thomas