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DECLARATION OF CONDOMINIUM
FOR
WASHINGTON PLACE LOFTS CONDOMINIUM ✓

November 13, 2001

OFFICE OF
BEVERLY B. KAUFMAN
COUNTY CLERK, HARRIS COUNTY, TEXAS

CONDOMINIUM RECORDS OF COUNTY

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WASHINGTON PLACE LOFTS CONDOMINIUM

THIS IS PAGE 1 OF 25 PAGES

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AFTER RECORDING RETURN
TO:

~~Mr. David Crawford
1702 Washington Avenue
Houston, Texas 77007~~

DECLARATION OF CONDOMINIUM

FOR

WASHINGTON PLACE LOFTS CONDOMINIUM

This Declaration of Condominium (this "Declaration") is made and executed effective, this 13th day of November, 2001, by Texas Brownstone- Washington Place Partners, I, L.L.P., a Texas limited partnership ("Developer"), pursuant to and in accordance with the provisions of the Texas Uniform Condominium Act, as now existing or hereafter amended, the same being Chapter 82 of the Property Code, Vernon's Texas Code Ann. (the "Act"), for the purpose of submitting the hereinafter described real property and the improvements located or to be located thereon to a condominium regime.

WITNESSETH

WHEREAS, Developer is the owner of certain real property (the "Land") and the improvements constructed and to be renovated thereon (collectively, "Washington Lofts" or the "Condominium"), situated in the County of Harris, State of Texas, consisting of or to consist of three (3) buildings containing up to eighteen (18) individual apartment-type units therein and up to six (6) commercial units and certain other improvements located thereon more particularly described in the Condominium Plan (hereinafter defined); and

WHEREAS, Developer desires by recording this Declaration to establish a condominium under the provisions of the Act with respect to the Condominium, and has on or about the date hereof caused to be incorporated a Texas nonprofit corporation known as Washington Place Lofts Condominium Association, Inc.;

NOW, THEREFORE, Developer does upon the recording hereof establish Washington Lofts as a condominium and does declare that Washington Lofts shall, after such establishment, be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved and in any other manners utilized, subject to the provisions of the Act and to the covenants, conditions, restrictions, uses, limitations and affirmative obligations set forth in this Declaration, all of which shall be deemed to run perpetually with all or any portion of Washington Lofts unless terminated as provided herein and shall be a burden and a benefit to, and binding on, Developer and any persons or entities acquiring or owning any interest in Washington Lofts, and their respective heirs, devisees, legal and personal representatives, successors and assigns. In furtherance of the establishment of the Condominium, it is provided as follows:

1. Definitions. Unless the context otherwise specifies or requires, the following words and phrases when used herein shall have the following meanings:

A. "Act": shall have the meaning ascribed thereto in the introductory

paragraph of this Declaration.

B. "Articles": mean the Articles of Incorporation of the Association, and all amendments thereto.

C. "Assessment": a share of the funds required for the payment of Common Expenses which from time to time are assessed against any Owner, including Regular Assessments and Special Assessments.

D. "Association": Washington Lofts Condominium Association, Inc., a nonprofit corporation organized pursuant to the Texas Non-Profit Corporation Act, its successors and assigns, of which all Owners shall be members, which corporation shall be the governing and administrative body for all Owners for the protection, preservation, upkeep, maintenance, repair, operation and replacement of the common elements, and the government, operation and administration of the Condominium and the Condominium hereby established.

E. "Balcony": means any balcony or terrace attached or contiguous to the Building and appurtenant to a Unit.

F. "Board" or "Board of Directors": the Board of Directors of the Association, as established in the Articles and the Bylaws.

G. "Book of Mortgages": shall have the meaning set forth in Paragraph 18.A. hereof.

H. "Building": Building shall collectively mean the three buildings consisting of the improvements situated on the Land containing or which will contain up to eighteen (18) Units and up to six (6) Commercial Units to be constructed by Developer, as shown on the Condominium Plan.

I. "Bylaws": the Bylaws of the Association attached hereto as Exhibit "B" and incorporated herein by reference for all purposes, which shall govern the administration of the Association, as such Bylaws may be from time to time hereafter lawfully amended.

J. "Casualty": a fire, storm, earthquake, flood, natural disaster or other occurrence of any kind or nature which causes damage or destruction to any part of the Condominium.

K. "Commercial Unit": Collectively means the Units 1722A; 1722B; 1716A; 1716B; 1708A and 1708B located on the first floor of the Building as shown on the Condominium Plan. To the extent the main purpose of the

Commercial Unit from time to time is residential use, the provisions of this Declaration and the Rules and Regulations specifically related to the Commercial Unit shall be inapplicable and the Commercial Unit shall be subject to all provisions of this Declaration and the Rules and Regulations applicable to the rest of the Units. Otherwise, each Commercial Unit will be subject to all provisions applicable to Units generally, as modified by those applicable specifically only to the Commercial Unit.

L. "Common Element Costs": shall have the meaning ascribed thereto in Paragraph 14.B. hereof.

M. "Common Elements": all of the General Common Elements and all of the Limited Common Elements as described in Paragraph 3 hereof (i.e., the Condominium exclusive of the Units).

N. "Common Expenses": expenses incurred after the date the first Deed conveying a Unit is recorded in the Real Property Records of Harris County, Texas, for the improvement, maintenance, repair, operation, management and administration of the Condominium; expenses declared Common Expenses either by the provisions of this Declaration or the Bylaws; and all sums lawfully assessed against the Common Elements by the Board. Common Expenses shall include sums assessed to maintain a reserve fund for the repair and replacement of the Common Elements.

O. "Common Expense Fund": shall mean the fund into which Regular Assessments for Common Expenses are collected, and out of which Common Expenses are paid.

P. "Condominium Documents": (i) this Declaration; (ii) the Articles; (iii) the Bylaws; (iv) the Rules and Regulations and (v) the Condominium Plan.

Q. "Condominium Plan": the plans or plats of the Condominium attached hereto as Exhibit "C", comprised of the following parts:

(i) Part I. a legal description of the Land;

(ii) Part II. a plat of the Condominium showing the location of the Building and related improvements; and

(iii) Part III. a plat of each floor of the Building showing, among other matters, each Unit, its boundaries (horizontal and vertical), area, floor and Unit number, and a plat of each floor of the Building and the location of the parking spaces located floor one.

R. "Condominium": Washington Lofts as a Condominium established in conformance with the provisions of the Act, including the Land, and

improvements, buildings, structures, facilities, fixtures and equipment constructed, placed or erected therein or thereon and to be renovated, and all easements, rights, hereditaments and appurtenances thereto in any wise belonging or appertaining thereto, subject to the reservations herein contained.

S. "Condominium Unit": a Unit together with the undivided share of or ownership interest in the Common Elements appurtenant thereto which interest in General Common Elements corresponds to its Percentage of Common Interest Ownership as more particularly described in Paragraph 6.E. hereof, together with the rights of that Unit in any Limited Common Elements designated for that Unit, whether exclusively or in conjunction with one or more of the Units.

T. "Declaration": this Declaration of Condominium.

U. "Deed": each Deed by which Units are conveyed by Developer to Owners other than Developer.

V. "Developer": TEXAS BROWNSTONE-- WASHINGTON PLACE PARTNERS I, L. L. P. , a Texas limited partnership, its successors and assigns (insofar as any rights or obligations of Developer are expressly assigned by it in whole, in part or by operation of law), including, but not limited to, a person, firm, corporation, limited liability company, partnership, association, trust or other legal entity, or any combination thereof, who or which acquires all or substantially all of the Units then owned by Developer, together with its rights hereunder, by conveyance or assignment from Developer, or by judicial or nonjudicial foreclosure, for the purpose of selling such Units to the public.

W. "Director": a member of the Board.

X. "Eligible Mortgagee": a Mortgagee holding a first lien mortgage on a Unit which has submitted a written request that the Association notify it on any proposed action requiring the consent of a specified percentage of Eligible Mortgagees.

Y. "First Mortgage": shall mean a Security Interest on a Condominium Unit which has priority over all other Security Interests on the Condominium Unit.

Z. "First Mortgagee": shall mean and refer to any person named as a mortgagee or beneficiary under any First Mortgage, or any successor to the interest of any such person under such First Mortgage.

AA. "General Common Elements": shall mean the Association's fee simple interest in the Land and all buildings and other improvements thereon except the Units and Limited Common Elements, and shall include, without limiting the generality of the foregoing, all of these items described or referenced in Paragraph 3 hereof.

BB. "Washington Lofts": the Condominium.

CC. "Land": 22,950 square feet of land, more or less, located in Harris County, Texas, situated in the John Austin League Grant Abstract No. 1, being all of the tract 11 as recorded in Volume 2836, Page 423 of the Harris County Deed Records part of tract 1, as recorded in Volume 1150, Page 498 Harris County Deed Records and part of Tract 111, as recorded in Harris County Clerk's file No. J288518 being described more completely described by metes and bounds in Part I of Exhibit C attached hereto, along with all appurtenant easement rights granted thereto.

DD. "Limited Common Elements": shall mean those Common Elements which are either limited to and reserved for the exclusive use of one Owner, or limited to and reserved for the common use of more than one, but fewer than all, of the Owners, and shall include, but not be limited to, all of those items described or referenced in Paragraph 3 hereof.

EE. "Maintenance Manual": shall mean the Maintenance Manual prepared by Developer with respect to the Condominium.

FF. "Majority of Unit Owners": means the Owner or Owners of Units whose aggregate undivided Percentages of Common Interest Ownership in the Common Elements is in excess of fifty percent (50%).

GG. "Managing Agent": shall mean any professional manager (whether a person or firm) who contracts with the Board to manage the Condominium for an agreed compensation.

HH. "Master Policy": the master insurance policy maintained by the Association pursuant to Paragraph 13 hereof.

II. "Mortgagee": a bank, savings and loan association, insurance company, mortgage company, real estate investment trust, recognized institutional-type lender or its loan correspondent, agency of the United States government, person, corporation, limited liability company, partnership, association, trust corporation or other legal entity (including, without limitation, Developer) which owns, holds, is the beneficiary of or collateral assignee of the beneficiary of a mortgage or deed of trust encumbering a Condominium Unit.

JJ. "Owner": a person or persons (or their estate(s), firm, corporation, limited liability company, partnership, association, trust or other legal entity, or any combination thereof) who or which jointly or collectively own aggregate fee simple title to one (1) or more Units, including, without limitation, Developer, but does not include a person or entity having an interest in a Unit solely as security for an obligation.

KK. "Percentage of Common Interest Ownership": the percentage of common interest ownership assigned to each Unit pursuant to Paragraph 6.E. hereof:

LL. "Person": a natural individual, corporation, limited liability company, partnership, trustee, association, personal representative or other legal entity capable of holding title to real estate.

MM. "President": the President of the Board.

NN. "Regular Assessments": Assessments which are described in Paragraph 11.A. hereof.

OO. "Rules and Regulations": the Rules and Regulations of the Association, the initial version of which are attached to the Bylaws as Schedule "A", as from time to time amended by the Board in accordance with the provisions of this Declaration and the Bylaws, concerning the use by Owners of the Common Elements and the administration of the Condominium.

PP. "Secretary": the Secretary of the Board.

QQ. "Special Assessments": Assessments other than those described in Paragraph 11. A. hereof.

RR. "Unit": one of the separate and individual units of space into which the Building is divided for individual and separate use and ownership, as provided for in the Act and described in this Declaration and the plats attached hereto, including the air space encompassed by the boundaries of the Units, and interior surfaces contained within the demising walls, closed doors and closed windows of the Unit and the structural floor and ceiling of such Unit as shown on the Condominium Plan, also including all fixtures and improvements therein contained, but not any of the structural components of the Building, and certain other construction and elements thereof or therein which are to be individually and separately owned, as hereinafter defined, described and established in this Declaration, encompassing an enclosed air space and appurtenant Balcony (if any) and one (1) or more rooms occupying all or part of one (1) or more floors in the Building and having direct access to a hallway or other thoroughfare, as such space may be further described and delineated in the Condominium Plan.

SS. "Unit Costs": shall have the meaning ascribed thereto in Paragraph 14.B. hereof.

2. The Condominium.

A. Units. The individual Units, more particularly described in Paragraph 6 hereof, are to be used only for the purposes permitted in Paragraph 15 hereof.

Each Owner shall own title in fee simple to his or her Unit and shall have the exclusive right to the use and occupancy of his or her Unit, subject to the provisions of this Declaration. There shall be appurtenant to each Unit:

(i) An undivided share of the General Common Elements corresponding to its Percentage of Common Interest Ownership and the exclusive right to use such Limited Common Elements as are appurtenant to such Unit; and

(ii) Membership of the Owner in the Association.

B. Development Rights. Subject to the provisions of Paragraph 6.F., the Developer reserves the right to (i) create Units, Common Elements, or Limited Common Elements within the Condominium and (ii) subdivide Units or convert Units into Common Elements. Developer retains right to develop Phase II property described in Exhibit A-1 as additional Units pursuant to a filed amendment to this Declaration.

3. Common Elements. The Common Elements of the Condominium are as follows:

A. General Common Elements. The General Common Elements consist of:

(i) The Land, including all drives, driveways, sidewalks, outside walkways, security facilities, landscaping and parking areas;

(ii) The foundations, main, common and bearing walls, girders, slabs, beams and columns (including any windows and doors therein), exterior walls to interior of studs, structural and supporting parts of the Building, roofs, ceilings, floors, halls, lobbies, mailroom, managerial offices, boiler rooms, mechanical rooms, areas used for storage of maintenance and janitorial equipment and materials, thoroughfares such as stairways, entrances, elevators, exits or communications ways, storage areas, service easements and any other portion of the Building not included within any Unit or designated hereby as a Limited Common Element;

(iii) The elevators and elevator shafts, utilities and, in general, all devices or installations existing for common use by the Owners;

(iv) Parking spaces, whether in a parking garage, open or underground, which are designated with the words "Service Parking" on the Condominium Plan;

(v) The premises, facilities and tangible personal property, if any, used for the common storage, maintenance, operation or repair of the Condominium;

(vi) The fire protection system and security system, and components

relating thereto;

(vii) To the extent that they serve more than one Unit, cable receivers, other telephone, cable, video and fiber optic facilities and all equipment appurtenant thereto (if any);

(viii) The components or installation of equipment and materials comprising central services such as electrical power, gas, cold and hot water, refrigeration, central air conditioning and central heating, reservoirs, waste collection, water tanks and pumps, and all similar devices and installations which serve more than one Unit;

(ix) All other elements necessary to the existence, upkeep and safety of the Condominium including any portion of the Building and the Land not specifically a Unit, appurtenant to a Unit or a Limited Common Element;

(x) All other structures, facilities and equipment owned by the Association and located in the Condominium; and

(xi) All replacements and additions to any of the foregoing.

B. Limited Common Elements. The Limited Common Elements, being those Common Elements which are hereby designated as reserved for the use by specified Owners to the exclusion of others, consist of the following:

(i) If any air handlers, pipes, ducts, electrical wiring, communication equipment, conduits, chutes, flues, ducts, wires, plumbing fixtures, bearing walls, bearing columns or other fixtures is partially within and partially outside the designated boundaries of a Unit, then the portion serving only that Unit is a Limited Common Element allocated solely to that Unit, and the portion serving more than one Unit or the Common Elements is a part of the General Common Elements;

(ii) Parking spaces designated by number on the Condominium Plan and assigned as an appurtenance to a Unit in Section 6.E.;

(iii) Each Balcony assigned as an appurtenance to a Unit in Section 6.E.

A parking space may be reallocated by amendment to this Declaration, executed by the Owners whose use of such parking space is or may be directly affected by the reallocation. The Owners executing the amendment shall deliver it to the Association, which shall record it at the expense of the reallocating Owners.

C. Use of the Common Elements. Each Owner shall have the right and non-exclusive easement to use and enjoy the Common Elements, in common with all other Owners, for the purposes for which they are intended and as may be required for the purposes of access and ingress and egress to and the use and occupancy and enjoyment of the respective Units owned by such Owners without

hindering or encroaching upon the lawful rights of other Owners; provided, however, that the Association may temporarily suspend an Owner's rights under the easement granted herein, other than for ingress and egress, for the failure to pay Assessments or to abide by the Rules and Regulations for use of the Common Elements. Such right to use and enjoy the Common Elements shall extend to each Owner, the members of his and/or her immediate family, the tenants or other lawful occupants of each Unit and their guests, visitors, invitees or permittees, and all such other persons as may be invited or permitted by the Board or its representative to use or enjoy the Common Elements or any part thereof. Such right to use the Common Elements shall be subject to and governed by the provisions of the Act and the Condominium Documents. The Common Elements are not subject to partition and any purported conveyance, judicial sale or other voluntary or involuntary transfer of an undivided interest in the Common Elements without the Unit to which such interest is allocated is void. Each Owner shall be deemed to have an easement in the interest of all other Owners in the Common Elements for the installation, maintenance, repair or replacement of all individually owned fixtures, equipment and appliances which are in any way affixed to, supported by or located in any space or structure constituting part of the Common Elements, and the cost of such installation, maintenance, repair or replacement shall be borne by such Owner and shall be subject to the rules and Regulations of the Association. The costs and expenses for the maintenance, repair, upkeep, operation and replacement of the Common Elements shall be a common expense of all Owners in proportion to their respective Percentages of Common Interest Ownership.

Parking spaces and Balconies shall be Limited Common Elements for the exclusive use of the Owner of the Unit to which they are appurtenant pursuant to this Declaration but only as and to the extent indicated in the Condominium Plan and/or each Deed. Any conveyance or encumbrances of a Unit shall be deemed to convey or encumber such Unit and all appurtenances thereto as set forth in Paragraph 2 hereof without specifically or particularly referring to any such appurtenances. Parking spaces, if any, designated as guest parking spaces or service parking on the Condominium Plan shall be under the control of the Board which shall promulgate rules and regulations for the use thereof. Until all of the Units have been conveyed by Developer, Developer expressly reserves the right at any time, and from time to time, to prohibit the use of any parking spaces appurtenant to unsold Units, to rent the same and to retain any rental received therefor.

D. Transfer of Interest in Common Elements. Any conveyance, encumbrance, judicial sale or other transfer (voluntary or involuntary) of an individual interest in the Common Elements will be void unless the Unit to which that interest is allocated is also transferred.

4. Maintenance Responsibilities.

A. Owner's Responsibilities.

- (i) Each Owner shall bear the cost of maintenance, repair and

replacement of the following items within such Owner's Unit: interior surfaces of all perimeter walls; interior surfaces of all structural or load bearing interior walls; interior surfaces of all ceilings and floors (including carpeting, tile, wallpaper, paint or other covering); nonstructural or non-load-bearing interior walls; heating, cooling and ventilation systems; garbage disposals, ranges, refrigerators, dishwashers and any and all other appliances of any nature whatsoever; interior and exterior doors; interior glass surfaces, window panes, mullions and light bulbs; plumbing and other fixtures of any nature whatsoever; "built-in" features; any decorative features; and any furniture and furnishings. All of the exteriors of the doors and all glass in windows and doors will remain in conformity with the original installation. In particular, the Owner shall have performed the inspections recommended in the Maintenance Manual for the property for which the Owner is responsible for maintenance, and all necessary maintenance when recommended as a result of these inspections. THE OWNER HEREBY WAIVES ALL CLAIMS IT MIGHT OTHERWISE HAVE AGAINST THE ASSOCIATION, THE DEVELOPER, ITS CONTRACTOR AND SUBCONTRACTORS, AND DESIGN CONSULTANTS AND SUBCONSULTANTS WITH RESPECT TO THE PROPERTY AS TO WHICH SUCH INSPECTIONS ARE NOT TIMELY PERFORMED, OR AS TO WHICH MAINTENANCE IS RECOMMENDED IF THE RECOMMENDATIONS FOR MAINTENANCE ARE NOT IMPLEMENTED. Should an Owner fail to maintain or repair its Unit or any portion of the Limited Common Elements appurtenant to such Unit, the Board may effectuate same and assess the Owner for the cost thereof .

(ii) The Owners of the Commercial Units shall maintain the Commercial Units in a state of cleanliness and repair similar to that of first class retail space located in downtown Houston.

(iii) Within thirty (30) days after the date of acquiring an interest in a Unit, the Owner shall provide the Association with: (a) the Owner's mailing address, telephone number and driver's license number, if any; (b) the name and address of the holder of any lien against the Unit and any loan number; (c) the name and telephone number of any Person occupying the Unit other than the Owner or Owners; and (d) the name, address and telephone number of any Person managing the Unit as agent for the Owner. An Owner shall notify the Association within thirty (30) days after the Owner has notice of a change of any of the information set forth in (a) through (d) above, and shall provide that information on request by the Association from time to time.

B. Common Elements. The Common Elements shall be maintained in good condition by the Association, subject to reasonable wear and tear and Casualty. The costs and expense for the upkeep and maintenance of the Common Elements shall be a Common Expense of the Owners, and shall be included in the Assessments for the usual and ordinary costs and expenses for the maintenance, repair, upkeep and operation of the Common Elements, and each Owner shall pay

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his or her pro-rata share thereof. In particular, the Association shall have performed the inspections recommended in the Maintenance Manual for the property for which the Association is responsible for maintenance, and all necessary maintenance when recommended as a result of these inspections. The Association shall indemnify, defend and hold harmless Developer, its contractor and subcontractors, and design consultants and subconsultants with respect to all claims made concerning the property as to which such inspections are not timely performed, or as to which maintenance is recommended if the recommendations for maintenance are not implemented. Any unusual maintenance expense associated solely with the usage of the Commercial Unit, such as plumbing or exterior maintenance items, shall be the responsibility of the Commercial Owner.

C. Utilities. Each Owner shall bear the cost of any utility service for his or her Unit which is individually metered and billed directly by the utility company furnishing such service to such Owner. Telephone, electricity, and satellite television service shall be made available to each Unit and shall be individually metered. Additionally, gas and water service to the Commercial Unit shall be separately metered. Except to the extent such costs are borne by each Owner as set forth in the preceding sentence, the cost of water, electricity, gas, trash removal and any other utility service shall be a Common Expense. With the exception of common ownership with other Owners, no Owner shall be deemed to own the utilities which run through his or her Unit and serve one or more other Units.

5. Easements and Licenses. In addition to the easements and licenses recited in Exhibit "C" hereto, the ownership of each Condominium Unit shall be subject to the easements and licenses which are described in this Section 5.

A. For Owners. Each Owner shall have the following easements to, through and over the Common Elements to the extent necessary for such Owner's maintenance responsibilities:

(i) to paint, remove and replace any finish on the interior surface of any Common Element within his or her Unit;

(ii) to install, repair, maintain, remove and/or replace any plumbing, heating, cooling, lighting, cooking or other fixture or equipment which is a part of his or her Unit or which would become a part thereof when installed in any bearing wall, floor, ceiling or roof; provided, however, that such installation, repair, maintenance, removal and/or replacement shall not shall it impair the structural integrity of the Building, nor shall it adversely affect any adjacent Unit, nor shall it alter the external appearance of the Building, nor shall it be visible from the outside of the Building, nor shall it be performed on the roof of the Condominium without the written permission of the Association; and

(iii) to drive and remove nails, screws, bolts and the like into and from bearing walls, floors, ceiling and roof; provided, however, that such action shall not impair the structural integrity of the Building, nor shall it adversely affect any adjacent Unit, nor shall it alter the exterior appearance

of the Building, nor shall it be performed on the roof of the Condominium without the written permission of the Association.

An Owner has an unrestricted right of ingress and egress to his or her Unit. Such right of ingress and egress is perpetual and passes with the transfer of ownership of the Unit.

B. For Utilities. Municipalities and authorized public utilities (or private companies) furnishing services, lines, pipes, wires, conduits, facilities and equipment to the Condominium for common use such as water, electricity, gas, cable television or similar services, and/or telephone shall have access to the Common Elements and each Unit as may be necessary or desirable for the installation, repair, maintenance, removal and/or replacement of such services, and any costs incurred in opening and repairing any wall of the Condominium to install, repair, maintain, remove or replace such authorized services (except as otherwise provided herein) shall be a Common Expense. However, installed utility lines, public or private, shall be considered to be located in a valid easement and may remain in the installed location and be repaired and/or replaced in such location.

C. For the Developer and the Association. Developer and the Association (and their duly authorized representatives and agents) shall have a reasonable right of entry upon any Unit to (i) make emergency repairs, (ii) enforce the terms of the Condominium Documents, (iii) protect the property rights and welfare of other Owners, (iv) do other work reasonably necessary for the proper maintenance or operation of the Condominium, (v) perform any of the duties and obligations of Developer and the Association which are set forth in the Condominium Documents, (vi) prevent or terminate waste of water purchased by the Association as a Common Expense, and (vii) perform maintenance and repairs of the Unit that, if not performed, may result in increased damage by water to components of the Condominium that the Association maintains. Except in the event of an emergency, or in the event the Board or its agents are unable to contact any Owner or occupant of a Unit after reasonable effort, such right of entry shall be exercised only in the presence of the Owner or other occupant of the Unit entered. Such right of entry shall be exercised in a manner as to avoid unreasonable interference with the possession, use or enjoyment of the Unit and shall, whenever reasonably possible, be preceded by reasonable notice to the Owner or occupant thereof. In the event any damage is caused by such entry such damage shall be a Common Expense. The Association shall have duplicate keys sufficient to permit access to all sprinklered areas within each Unit. The Association shall have the right to grant permits, licenses and easements on, over, under and across the Common Elements for utility, access and other purposes reasonably necessary or useful for the proper maintenance, enjoyment and operation of the Condominium.

D. For Encroachments. If any portion of the Common Elements shall be situated or encroach upon any Unit, or if any Unit shall actually encroach upon any portion of the Common Elements, as the Units and Common Elements actually and physically exist, or as shown by the Condominium Plan, then there shall be deemed to be mutual valid easements for such encroachments and for the

maintenance of same so long as such encroachments exist, provided, however, such easement or easements shall not relieve an Owner of liability in case of the Owner's willful misconduct or failure to adhere to the Condominium Plan. In the event the Building or other structure is totally or partially damaged or destroyed and then repaired, restored or rebuilt, the Owners agree that all encroachments of or upon the Common Elements due to repair or reconstruction shall be permitted and that a valid easement for such encroachments and maintenance thereof shall exist.

6. Units.

A. Designation and Measurement of Units. On the Condominium Plan, the Units located in the Building are numbered by Unit number as set forth below. In determining dimensions and areas for purposes of establishing the Percentage of Common Interest Ownership assigned to each Unit, each enclosed space in a Unit is measured from: (i) the interior surface of each Unit's perimeter walls; (ii) the outside surfaces of exterior bearing walls (including all glass and glass substitutes), (iii) the interior surface of all other walls, (iv) the interior surfaces of finished, unpainted floors and ceilings, but (v) excluding all General Common Elements and all Limited Common Elements appurtenant to such Unit except those Common Elements which consist of chutes, flues, ducts, wires, conduits, bearing walls, bearing columns, or any other fixture to the extent located within the designated boundaries of a Unit determined as set forth above.

B. Description of Units. Each Unit shall consist of the following portions of the Building: (i) the interior surface of each Unit's perimeter walls; (ii) the interior surface of the ceiling; (iii) the upper surface of the concrete floor of each Unit; (iv) the interior surface (including all glass or glass substitutes) of the windows and doors set in each Unit's perimeter walls; (v) the interior surface of each Balcony appurtenant to a Unit, (vi) any and all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and other materials constituting part of the interior surfaces of (i) through (v) above; (vii) the air space enclosed within the area described and delimited in (i) through (v) above; (viii) any and all walls, ceilings, floors, partitions, dividers, fixtures and improvements wholly within such air space (but excluding any pipes, ducts, wires, cables, conduits, bearing beams or supports contained within such walls, ceilings, floors, partitions and dividers, or between chase walls or within such air space as per Paragraph 3.A. hereof); and (ix) all plumbing, heating, ventilating, air conditioning, lighting, cooking and other fixtures and equipment wholly within a Unit and serving only such Unit (exclusive of pipes, ducts, wires, cables or conduits located within such air space as per Paragraph 3. B. hereof).

C. Approximate Measurements. It is expressly stipulated, and each and every Owner, his or her heirs, devisees, legal and personal representatives, and successors and assigns accepting title to a Condominium Unit subject to this Declaration acknowledge that the square footage, size and linear dimensions of each Unit (as shown on the Condominium Plan), and each area constituting any part of the Common Elements as set out and shown in this Declaration or the plans and documents attached hereto, are approximate and are shown for descriptive purposes only and do not necessarily reflect or represent the precise percentage of

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square footage of any specific portion of the Condominium, and that Developer does not warrant, represent or guarantee that any Unit actually contains the square footage, size and linear dimensions and elevation reflected thereon or herein. Each Owner further acknowledges that he or she shall have had full opportunity and is under a duty to inspect and examine his or her Unit prior to the purchase thereof and agrees that the Unit is purchased as actually and physically existing, and expressly waives any claim or demand of any kind which he or she may have against Developer or any person whomsoever by reason of any difference, shortage or discrepancy between such Owner's Unit as actually and physically existing and as reflected on the Condominium Plan.

D. Boundaries of Units. In interpreting deeds, mortgages, deeds of trust and other instruments for any purpose whatsoever or in connection with any matter, the existing physical boundaries of the Units or of any Unit reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be the boundaries, regardless of settling, rising, or lateral movement of the Building, and regardless of variances between the boundaries shown on the Condominium Plan and those of the Building.

E. Percentage of Common Interest Ownership. The Percentage of Common Interest Ownership assigned to each Unit is set forth in Exhibit A in Column (d) and, subject to Paragraph 6.C., is based on the square footage in each Unit calculated pursuant to Paragraph 6.A. above relative to the square footage of all Units and shall be determinative of the weight assigned to such Owner's vote at meetings of the Association and the proportionate share of each respective Owner in: (i) the General Common Elements, (ii) the proceeds of the Condominium distributable pursuant to Paragraph 14 hereof, and (iii) the Assessments. The total of the Percentages of Common Interest Ownership assigned to all Units in the Condominium is one hundred percent (100%). Set forth below in separate lettered columns are:

- (i) Column (a): Floor level of Unit;
- (ii) Column (b): Each Unit as described by its corresponding number;
- (iii) Column (c): The number of square feet in each such Unit;
- (iv) Column (d): The Percentage of Common Interest Ownership assigned to each such Unit;
- (v) Column (e): The parking space assigned to each such Unit.

Each Percentage of Common Interest Ownership in the Common Elements so allocated pursuant to the foregoing paragraph was assigned by Developer to the designated Unit solely for purposes of this Declaration and, regardless of any other matter, such Percentage of Common Interest Ownership shall remain fixed and constant and the same cannot be changed except by the written consent of each and every Owner and Mortgagee of such Unit, duly executed, acknowledged and filed for record as a partial

amendment to this Declaration. The ownership interests in the Common Elements shall be undivided interests and the Common Elements shall remain undivided and shall not be the object of an action for partition or division of the ownership, so long as such ownership interests are suitable in the context of a condominium; and, in any event, all Mortgagees must be paid prior to the bringing of an action for partition, or the consent of all Mortgagees to such action must be obtained. The percentage of the Common Elements allocated to each Unit shall not be separated from such Unit or separately sold, conveyed, encumbered or otherwise separately disposed of, and each interest in the Common Elements shall follow the respective Unit to which it is allocated, and shall be deemed to be conveyed and/or encumbered with its respective Unit to which it is allocated even though the description in the instrument of conveyance or encumbrance shall refer only to the Unit.

F. Maximum Units. The maximum number of Units that Developer reserves the right to create within the Condominium shall be one hundred fourteen (114).

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7. Membership in the Association. Membership in the Association and voting by Owners shall be in accordance with Bylaws of the Association and the following provisions:

A. Members. Upon becoming an Owner, each Owner shall automatically become a member of the Association and shall remain a member thereof until such time as his or her ownership ceases for any reason, at which time his or her membership in the Association shall also automatically cease, and no other person or entity shall be entitled to membership in the Association, except as expressly provided herein or in the Bylaws. No Owner shall be required to pay any consideration whatsoever solely for his or her membership in the Association.


B. Transfer of Membership. The share of an Owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his or her Unit. Upon any transfer of ownership of any Unit, the new Owner acquiring or succeeding to such ownership interest shall likewise automatically succeed to such membership in the Association.

C. Votes. Except as otherwise provided herein or in the Bylaws, each Owner shall be entitled to a vote, the value of which shall equal the total of the Percentages of Common Interest Ownership assigned to the Units owned by such Owner as set forth in this Declaration; provided, however, that any Owner who has been given notice by the Board or by the President that he or she is in violation of the Condominium Documents, whether by virtue of delinquency in payment of Assessments or otherwise, shall not be entitled to vote at any meeting of the Association (unless otherwise required by the Act) until such default has been cured.

D. Who Can Vote. No Owner, other than Developer, shall be entitled

to vote at any meeting of the Association until such Owner has presented evidence of ownership of a Condominium Unit to the Association (and written proxy if voting by proxy). The vote of each Owner may only be cast by such Owner or by a written proxy given by such Owner to his or her duly authorized representative. If title to a Unit shall be in the name of two (2) or more Owners, any one (1) of such Owners may vote as the Owner at any meeting of the Association and such vote shall be binding on such other Owners who are not present at such meeting unless written notice to the contrary has been presented to the Officer presiding over the meeting being called to order, in which case the unanimous action of all such Owners (in person or by proxy) shall be required to cast their vote as Owners. If two (2) or more of such Owners are present at any meeting of the Association, then unanimous action shall be required to cast their vote as Owners. Developer or its representative may exercise all the votes allocated to the unsold Units while same are owned by Developer.

8. Association Administration and Management.



A. Books and Records. The Association or Managing Agent shall keep or cause to be kept detailed books and records showing all expenditures and receipts of the administration of the Condominium which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Owners. Such books and records shall be audited annually by qualified independent auditors in accordance with generally accepted accounting principals within ninety (90) days after the end of any fiscal year of the Condominium, or as soon thereafter as practicable. Unless the Board shall determine otherwise, the fiscal year of the Association shall be the calendar year. The cost of such audit shall be an expense of the administration of the Condominium, and copies of any such audit shall be made available to all Owners.

B. Mortgagee Access to Books and Records. A Mortgagee shall, upon written request, be entitled to: (i) inspect the Condominium Documents and the books and records of the Condominium, (ii) receive, free of charge, an annual financial statement of the Condominium, as soon as the same is available to the Owners.

C. Association Records. In addition to the financial records described in Paragraph 8.A., the Association or Managing Agent shall keep or cause to be kept: (i) the plans and specifications used to renovate the Condominium, (ii) the condominium information statement and any amendments thereto, (iii) the name and address of each Owner, (iv) voting records, proxies and correspondence relating to amendments to the Declaration, and (v) minutes of meetings of the Association and the Board of Directors. All financial and other records of the Association shall be available at its principal office for examination by an Owner and/or the Owner's authorized agent.

D. Access to Association Records. Any Unit Owner or Mortgagee shall

have the right to inspect the books and records of the Association, pursuant to the following restrictions:

- (i) A notice of intent to inspect must be submitted in writing to the Board of Directors or its duly authorized managing agent at least two business days prior to the planned inspection.
- (ii) The notice must specify with particularity which records are to be inspected.
- (iii) The notice must specify the purpose of the inspection.
- (iv) All records shall be inspected at the principal office of the Association between the hours of 9:00 a.m. and 5:00 p.m. Monday through Friday.
- (v) Records may only be inspected in the presence of the Managing Agent or a Board member.
- (vi) The person(s) requesting access shall not disrupt the ordinary business activities of the registered office or its employees during the course of inspection.
- (vii) No records may be removed from the Managing Agent's office without the express written consent of the Board of Directors.
- (viii) When applicable, all costs of inspection shall be borne by the person(s) requesting access. In the event the person reviewing the records is desirous of making photocopies, all costs of copying will be incurred by the person requesting same.
- (ix) Consistent with an individual's right to privacy and applicable law, the following records will not be made available without the express written consent of the Board of Directors.
 - (a) Minutes of Executive Sessions;
 - (b) Minutes of Administrative Hearings pertaining to the imposition of punitive measures;
 - (c) Where disclosure would violate a constitutional or statutory provision or applicable public policy;
 - (d) Where disclosure could result in a discernable harm to the Association or any of its members;
 - (e) Personnel records;
 - (f) Inter-office memoranda;
 - (g) Litigation files;
 - (h) Preliminary data, information or investigations which have not been formally approved by the Board of Directors, such as contractor bid prospects;

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COUNTY CLERK, HARRIS COUNTY, TEXAS
CONDOMINIUM RECORDS OF COUNTY CLERK
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- (i) Where disclosure may result in an invasion of personal privacy, breach of confidence or privileged information;
- (j) Where disclosure would unreasonably interfere with or disrupt the operation of the Association; and,
- (k) Where access results in a private harm or damage that outweighs the right to access.

E. Association Costs and Expenses. All costs incurred by the Association, including, but not limited to, any costs (including attorneys' fees) incurred in satisfaction of any liability arising herein, caused by or in connection with the Association's operation, maintenance or use of the Condominium, shall be an Association expense. All sums received by the Association, including, but not limited to, all sums received as proceeds of, or pursuant to, any policy of insurance carried by the Association, shall be the receipts of the Association.

F. Bylaws. The governance and administration of the Condominium shall be in accordance with the Bylaws which have been initially adopted by Developer as sole Owner of the Condominium, and which are attached hereto as Exhibit "B". The Bylaws may be amended by Developer as hereafter provided and from time to time by the Association in accordance with the provisions thereof.

G. Administration by Association/Managing Agent. The affairs of Washington Lofts shall be administered by the Association. Unless otherwise expressly stated in this Declaration or the Bylaws, the Association, acting through its board of directors, may:

- (i) adopt and amend the Bylaws;
- (ii) adopt and amend budgets for revenues, expenditures, and reserves, and collect Assessments from Owners;
- (iii) borrow money;
- (iv) hire and terminate Managing Agents and other employees, agents, and independent contractors, provided that any agreement for professional management of the Condominium, or any other contract providing for services of the Developer, may not exceed three years and must provide for termination by either party without cause and without payment of a termination fee on 90 days or less prior written notice;
- (v) institute, defend, intervene in, settle, or compromise litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Condominium;
- (vi) make contracts and incur liabilities relating to the operation of the Condominium;
- (vi) regulate the use, maintenance, repair, replacement,

modification, and appearance of the Condominium;

(viii) adopt and amend rules regulating the use, occupancy, leasing or sale, maintenance, repair, modification, and appearance of Units and Common Elements, to the extent the regulated actions affect Common Elements or other Units;

(ix) cause additional improvements to be made as a part of the Common Elements;

(x) acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, except Common Elements;

(xi) acquire, lease, encumber, exchange, sell, or convey a Unit;

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

(xiii) impose and receive payments, fees, or charges for the use, rental, or operation of the Common Elements and for services provided to Owners;

(xiv) impose interest and late charges for late payments of assessments, returned check charges, and, if notice and an opportunity to be heard are given, reasonable fines for violations of the Declaration, Bylaws, and Rules and Regulations;

(xv) adopt and amend rules regulating the collection of delinquent Assessments and the application of payments;

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

(xvii) impose reasonable charges for preparing, recording, or copying declaration documents, resale certificates, or statements of unpaid Assessments;

(xviii) enter a Unit for bona fide emergency purposes when conditions present an imminent risk of harm or damage to the Common Elements, another Unit, or the occupants;

(xix) assign its right to future income, including the right to receive Regular Assessments, but only to the extent this Declaration so provides;

(xx) suspend the voting privileges of or the use of certain

Common Elements by an Owner delinquent for more than thirty (30) days in the payment of Assessments;

(xxi) purchase insurance and fidelity bonds it considers appropriate or necessary;

(xxii) exercise any other powers conferred by this Declaration, the Articles or Bylaws;

(xxiii) exercise any other powers that may be exercised in the State of Texas by a corporation of the same type as the Association; and

(xxiv) exercise any other powers necessary and proper for the government and operation of the Association.

Any of the duties, powers and functions of the Board may be delegated to the Managing Agent.

H. Board of Directors. The affairs of the Association shall be managed by a Board of Directors. At or as soon as convenient after the organizational meeting of the Association, the Association shall elect the first Board of Directors which shall consist of not less than three (3) members, all of whom shall serve without pay or compensation (except as provided in the Bylaws), for such term as specified in the Bylaws.

I. Developer Control of the Association. There shall be a period of Developer control of the Association during which the Developer, or persons designated by the Developer, may appoint and remove the officers and members of the Board of Directors. The period of Developer control terminates not later than the earlier of the 120th day after conveyance of seventy-five percent (75%) of the Units that may be created to Owners other than the Developer or three (3) years after the first Unit is conveyed. Not later than the 120th day after conveyance of fifty percent (50%) of the Units that may be created to Owners other than the Developer, not less than one-third of the members of the Board of Directors must be elected by Owners other than the Developer. Not later than the termination of the period of Developer control, the Owners shall elect a Board of Directors of at least three (3) members (which may include the Developer), all of whom shall be Owners. If any Unit is owned by a partnership or corporation, any officer, partner or employee of that Owner shall be eligible to serve as a Director and shall be deemed to be an Owner for purposes of the preceding sentence. The Board of Directors shall elect the officers of the Association before the 31st day after the date the period of Developer control terminates. The persons elected shall take office on election.

J. Termination of Contracts and Leases of Developer. The Association may terminate, without penalty, contracts or leases between the Association and the Developer or an affiliate of Developer if:

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(i) the contract or lease is entered into by the Association when the Association is controlled by the Developer;

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(ii) the Association terminates the contract or lease before the first anniversary of the date a Board of Directors elected by the Owners takes office; and

(iii) the Association gives at least ninety (90) days' notice of its intent to terminate the contract or lease to the other party.

K. Management Certificate. The Association shall record in the Office of the County Clerk of Harris County, Texas, a certificate, signed and acknowledged by an officer of the Association, stating: (i) the name of the Condominium, (ii) the name of the Association, (iii) the location of the Condominium, (iv) the recording date of this Declaration, and (v) the mailing address of the Association, or the name and mailing address of the Managing Agent. The Association shall record an updated management certificate within thirty (30) days after the date the Association has notice of a change in any of the information set forth in (i) through (v) above as set forth in the recorded management certificate.

L. Resale Certificate. In connection with the sale of any Unit (other than a sale by Developer), the Association shall furnish to the selling Owner or the Owner's agent, within ten (10) days after the date of receiving a written request from the Owner, a resale certificate containing the following information: (i) the current operating budget of the Association; (ii) any right of first refusal or other restraint contained in the Declaration that restricts the right to transfer a Unit; (iii) the amount of the periodic Regular Assessments and the unpaid Regular Assessments or Special Assessments currently due and payable by the selling Owner; (iv) other unpaid fees or amounts payable to the Association by the selling Owner; (v) capital expenditures, if any, approved by the Association for the next twelve (12) months; (vi) the amount of reserves, if any, for capital expenditures and of portions of those reserves designated by the Association for a specified project; (vii) any unsatisfied judgments against the Association; (viii) the nature of any pending suits against the Association; (ix) whether the Board of Directors has knowledge that any alterations or improvements to the Unit or the Limited Common Elements assigned to that Unit violate the Declaration, the Bylaws or the Rules and Regulations; (x) whether the Board of Directors has received notice from a governmental authority concerning violations of health or building codes with respect to the Unit, the Limited Common elements assigned to that Unit, or any other portion of the Condominium; (xi) the remaining term of any leasehold estate that affects the Condominium and the provisions governing an extension or renewal of the lease; (xii) the name, mailing address, and telephone number of the Managing Agent, if any; and (xiii) such other information as the Association may deem appropriate. The Association shall not be liable to a selling Owner or such Owner's prospective purchaser for delay or failure to furnish a resale certificate, and an officer or agent of the Association is not liable for a delay or failure to furnish a resale certificate unless the officer or agent willfully refuses to furnish

the resale certificate or is grossly negligent in not furnishing the resale certificate.

In the event that a properly executed resale certificate incorrectly states the total of delinquent sums owed by the selling Owner to the Association, the purchaser shall not be liable for payment of additional delinquencies that are unpaid on the date the resale certificate is prepared and that exceed the total sum stated in the resale certificate; provided, however, in no event shall a resale certificate affect: (i) the Association's right to recover debts or claims that arise or become due after the date the certificate is prepared; or (ii) the Association's lien on a Unit securing payment of future Assessments.

M. Maintenance Manual. In connection with the sale of any Unit (other than a sale by Developer), the Association shall furnish to the purchasing Owner, within ten (10) days after the date of receiving a written request from the Owner, a copy of the Maintenance Manual.

N. Restrictions on Alienation of Common Elements. Notwithstanding any other provision of this Declaration, the Association may not seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements, or any part thereof, by act or omission, without first receiving the prior written approval thereof by Owners holding at least sixty-seven percent (67%) of the Common Interest Ownership (other than that held by the Developer, any other developer or builder) or First Mortgagees holding sixty-seven percent (67%) of the First Mortgages (based on one vote for each First Mortgage held). Nothing in this Paragraph 8.M. shall limit the authority of the Association to grant an easement for the use of any public utility(ies) or for any other public purpose(s) consistent with the intended use of the Common Elements by the Condominium.

9. Meetings of Owners.

A. First Meeting. The first meeting of Owners shall be held not later than (i) one hundred twenty (120) days following the conveyance by Developer of more than seventy-five percent (75%) of the Units or (ii) three (3) years after the first Unit is conveyed by Developer. Until the first meeting of Owners, the affairs of the Association shall be managed by the first Board named in the Articles or their successors, and during such period it shall have the right to exclusively represent, act as and constitute the Board of Directors, and shall have the right to exclusively exercise and perform all of the rights, powers, authority, functions and duties herein or in the Act or Bylaws given to the Association or the Board; provided, however, not later than one hundred twenty (120) days following the conveyance by Developer of more than fifty percent (50%) of the Units, not less than one-third of the members of the Board of Directors shall be elected by Owners other than the Developer.

B. Annual Meetings. Following the first meeting of Owners, there shall be an annual meeting of Owners at which the Board, or a portion thereof, shall be elected, and other meetings as provided for herein or in the Bylaws. Special meetings of Owners shall be called by the President, a majority of the

Directors or any individual Owner or collection of Owners having twenty percent (20%) of the Percentages of Common Interest Ownership entitled to be cast at such special meeting. Notice of time, place and subject matter of all meetings shall be personally delivered or mailed to each Owner or to the individual representative designated by such Owner at the last address given by such Owner to the Association. If any Owner shall fail to give an address to the Association for the mailing of notices, all notices shall be personally delivered or mailed to the Unit of such Owner, and such Owner shall be deemed to have been given notice of any such meeting irrespective of the actual receipt of the same.

10. Directors.

A. Number of Directors. The initial number of Directors has been set by the Articles at three (3). Any expansion or subsequent contraction (to not less than three (3) of the number of Directors shall be effected by an amendment to the Bylaws. Each Director must be an Owner with the exception of the first Board (and any replacement Directors selected by Developer prior to the first meeting of Owners) designated in the Articles, which Board and any replacement Directors selected by Developer may remain or be reelected as Directors following the first meeting of Owners. If any Unit is owned by a partnership or corporation, any officer, partner or employee of that Owner shall be eligible to serve as a Director and shall be deemed to be an Owner for purposes of the preceding sentence. Notwithstanding anything contained herein to the contrary, this Paragraph 10 may not be amended without the prior written consent of Developer, until one hundred twenty (120) days following the conveyance by Developer of more than seventy-five percent (75%) of the Units.

B. Terms of Directors. At the initial meeting of Owners, one (1) Director shall be elected for a term of three (3) years, one (1) Director shall be elected for a term of two (2) years and one (1) Director shall be elected for a term of one (1) year. Thereafter, at the annual meeting of Owners, the Owners shall elect a Director to serve for a term of three (3) years to fill the position of the Director whose term has expired at the time of the annual meeting.

C. Election of Officers. The officers of the Association shall be elected by the Board.

D. Indemnity of Board. The Association shall indemnify each member of the Board and each of its officers against expenses and liabilities (including the cost and expenses of defending against any such alleged liability) as and to the extent set forth in the Bylaws. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which a Director, officer, or employee may be entitled by law or under any Bylaw, agreement, vote of members or otherwise.

E. Authority of Officers. The Board may authorize any officer or agent to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association whether or not a Director or such officer is

interested in the transaction (as and to the extent set forth in the Bylaws). Such authority may be general or confined to specific instances. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or agent of the Association and in such manner as shall, from time to time, be determined by resolution of the Board. All funds of the Association shall be deposited, from time to time, to the credit of the Association in such banks, trust companies or other depositories as the Board may select.

11. Assessments.

A. Regular Monthly Assessments for Common Expenses. There shall be monthly assessments (the "Regular Assessments") of each Owner for payments to the Common Expense Fund. Both Regular Assessments and Special Assessments shall be computed on the basis of the individual Owner's Percentage of Common Interest Ownership. The Regular Assessments shall commence as to each Owner on the date of delivery of a Deed to the Condominium Unit from Developer to the purchaser thereof, and Regular Assessments shall be due on the first (1st) day of each subsequent calendar month thereafter, without notice.

B. Common Expenses. Assessments. Each Owner shall be bound and obligated and agrees to pay, as assessments therefor are made during his tenure of ownership, (i) his or her pro-rata part and share of the utilities and the expenses of administration, maintenance, repair, upkeep, protection, replacement, and operation of the Common Elements, (ii) assessments made by the Board of Directors and/or the Association, and (iii) any other expenses lawfully agreed to by the Association or the Board, as authorized by the Act, this Declaration or the Bylaws, all of which expenses are included in the term "Common Expenses." The Board of Directors shall be responsible for levying and collecting Special Assessments and Regular Assessments for the Common Expenses.

C. Reserves for Assessments. The Board shall establish an annual budget in advance for each fiscal year and such budget shall project all Common Expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium, together with a reasonable allowance for contingencies and reserves. Such reserves shall include, without limitation, an adequate reserve fund for the maintenance, repair and replacement of those Common Elements that must be replaced on a periodic basis, and shall be payable in regular installments fixed by the Board rather than by Special Assessments. The Assessments for each year shall be established by the adoption of an annual budget by the Board. Copies of the budget shall be delivered to each Owner, although the delivery of a copy of the budget to each Owner shall not affect the liability of any Owner for any existing or future Assessments. Should the Board at any time determine, in the sole discretion of the Board, that the Assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium in any fiscal year (including a deficiency resulting from the nonpayment of Assessments by certain Owners) or in the event of a casualty loss, then the Board shall have the authority

at any time and from time to time to levy an additional Assessment in an amount it shall deem to be necessary for that purpose. Upon purchasing a Unit, the Owner will deliver to the Association an amount equal to one (1) month's Assessments, which will be added to the replacement reserve.

D. 1. Special Assessments. Special Assessments may be made by the Board at any time, and from time to time, to meet other needs or requirements of the Association and the Condominium including, but not limited to, Special Assessments for costs of capital improvements. However, any Special Assessment of One Thousand and No/100 Dollars (\$1,000.00) or more against any Owner, whether in one sum or in total, during any calendar year (except for repair or replacement following casualty, as contemplated in paragraph 14.B.(iv), as to which no Owner approval shall be necessary), shall not be levied without the prior approval of either said Owner or more than fifty percent (50%) of the Percentages of Common Interest Ownership of all Owners. Notice of Special Assessments shall be sent by the Association to each Owner. The due date of any Special Assessments shall be the due date specified by the Association in such notice; provided, however, that such due date shall in no event be less than thirty (30) days subsequent to such notice.

2. Individual Purpose Assessments. In addition to Regular and Special Assessments as hereinabove provided for, the Association may, at any time, and from time to time, determine, levy and collect assessments against any one or more, but fewer than all, of the Units, for any matters of maintenance of repair, replacement or improvement reasonably applicable only to such Units (or Limited Common Elements appurtenant exclusively to such Units) and not all the Units. Such individual purpose assessments may be levied against individual Units to pay or reimburse the Association for any costs, expenses, fees, and other charges, incurred or reasonably anticipated to be incurred by the Association, for maintenance, repair, replacement and improvement, or any other purpose, of or with respect to the Unit against which such individual purpose assessment is levied which are not applicable to all the Units. The amounts determined, levied and assessed pursuant to this paragraph shall be due and payable as determined by the Association provided that written notice setting forth the amount of such individual purpose assessment for each Unit and the due date(s) for payment thereof shall be given to the Owners of the affected Units not less than thirty (30) days prior to the due date. All individual purpose assessments shall be considered Special Assessments for purposes of the other provisions of this Declaration besides this Paragraph 11 .D.

E. Assessments as Capital Contributions. Assessments levied by the Association against each Owner pursuant to this Paragraph 11 which are expended on capital expenditures, or which are set aside as a reserve for future repairs or improvements within the Condominium (whether or not such repairs or improvements would otherwise be considered capital in nature pursuant to Section 263 of the Internal Revenue Code of 1986, as amended, the "Code"), shall be treated as capital contributions by such Owner to the Association and shall be shown on the books of the Association as such. The Association may elect to be

governed by the provisions of Section 528 of the Code for a taxable year by filing Form 1120-H (U.S. Income Tax Return for Home Owners Association) if such election would allow the Association to reduce its federal income tax liability for such taxable year. The provisions of this Paragraph 11 .E. may be amended by a majority of the Board if, in the sole discretion of the Board, such action is necessary to conform to any change in the Code, or any Treasury regulation or ruling promulgated thereunder. Notwithstanding anything contained in this Declaration to the contrary, any amendment to this Paragraph 11 .E. duly authorized by the Board shall not require the consent of any Owner or Mortgagee.

F. Computation and Apportionment of Assessments. Except as otherwise provided in this Declaration, all Assessments levied against Owners to cover expenses of the Association and the Condominium shall be computed and apportioned among and paid by Owners in accordance with the Percentage of Common Interest Ownership assigned to such Owner's Unit without increase or decrease for the existence of any rights with respect to the use, existence or lack of existence of Limited Common Elements appurtenant to such Unit. The amount of Common Expenses assessed against each Unit shall be the debt and obligation of the Owner of said Unit at the time the Assessment is made, and the subsequent transfer of his or her ownership of said Unit shall not terminate the outstanding obligation. Assessments shall be due and payable at such times as the Association shall determine, commencing (as to Owners other than Developer) on the date of delivery of a Deed to a Condominium Unit from Developer to the purchaser thereof. After the one (1) year period set forth in Paragraph 11 .G., Developer shall bear all Assessments levied against Units owned by Developer in accordance with the aggregate Percentage of Common Interest Ownership assigned thereto.

G. Payments by Developer in Lieu of Assessments. From the date of the initial Assessment until the period of Developer control terminates, or three years from the Developer's first conveyance of a Unit, whichever is earlier, the Developer shall periodically pay to the Association either (i) the amount equal to all Actual Operating Expenses (as hereinafter defined) of the Association, less the Actual Operating Expense portion of the Assessments paid by Owners other than Developer, or (ii) the Common Expense liability allocated to each Unit owned by the Developer. For purposes of this Paragraph 11 .G., the term "Actual Operating Expenses" shall mean those expenses reasonably necessary for the normal maintenance and operation of the Condominium in order to provide the level and quality of services set forth in the budget initially prepared by Developer and shall include capital expenditures, reserves, prepaid items, inventory items or similar expenses to the extent attributable to periods after such fiscal year, or any increase in the level and/or quality of services set forth in such initial budget prepared by Developer.

H. Default for Failure to Pay Assessments. An Owner shall be in default for failure to pay a Regular Assessment or a Special Assessment if the same, or any part thereof, is not paid to the Association in full on or before ten (10) days after the due date for such payment, and such Owner shall be subject to a late fee as determined by the Board. Regular Assessments and Special Assessments in default

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shall bear interest at the lesser of the maximum lawful rate or the rate of eighteen percent (18%) per annum from the date due until paid. Each Owner shall be, and remain, personally liable for the payment of all Regular Assessments and Special Assessments which may be levied against such Owner by the Association in accordance with the Condominium Documents, and any unpaid Regular Assessments and Special Assessments, together with late fees and accrued interest thereon, owed with respect to a Condominium Unit may, at the option of the Association, be collected out of the sale proceeds of such Condominium Unit in accordance with the Act. No successor in title to a Unit shall be deemed to have assumed personal liability for any obligation to pay Regular Assessments or Special Assessments which were due and owing at the time of conveyance to such successor unless such successor agreed to assume such obligation, but this shall not affect or impair the validity of the lien hereinafter provided for. In addition, to the extent permitted by law, Developer hereby grants to the Association, without recourse, a lien against each Condominium Unit in accordance with Section 51.002, Property Code, Vernon's Texas Code Ann., as the same may be amended from time to time, to secure the payment of any Regular Assessment or Special Assessment, which may be levied hereunder, which lien may be enforced by power of sale as provided in such Section 51.002, and the expenses incurred in connection therewith, including late fees, interest, costs and attorneys' fees, shall be chargeable to the Owner in default. In no event shall the Association foreclose a lien securing the payment of Assessments consisting solely of fines. Each Owner, by acceptance of the Deed to his or her Condominium Unit, agrees that the Association and its designated agents have the authority, right and power to enforce the above-described liens for Assessments by all legal methods available for the enforcement of liens, including nonjudicial foreclosure pursuant to Section 51.002 of the Texas Property Code, as amended. Such liens shall be subordinate, secondary and inferior to: (i) assessments, liens and charges in favor of the State of Texas and any political subdivision thereof for taxes that are due and unpaid on such Condominium Unit; (ii) any First Mortgage filed for record prior to the date payment of such Assessment for Common Expenses became due and payable provided they become due and payable prior to the date the holder of the First Mortgage acquires title to the Condominium Unit; and (iii) all liens securing any loan (including loans made by Developer) made to a purchaser for any part of the purchase price of any Unit when such Unit is purchased from Developer. The Board or Managing Agent may, but shall not be obligated to, elect to prepare and execute a notice of assessment (a "Notice of Assessment") which sets forth the amount of the unpaid indebtedness, the name of the Owner, and a description of the Condominium Unit, and may record the Notice of Assessment in the Real Property Records of Harris County, Texas. Notice of an unpaid Regular Assessment or Special Assessment and such lien in favor of the Association, may be recorded in the Official Records of Harris County, Texas. Recordation of this Declaration shall be deemed constructive notice of the inception and creation of the lien described above.

The lien for Common Expenses herein provided for may be enforced by the Association by foreclosure of and on the Condominium Unit owned by the defaulting Owner, without prejudice and subject to the aforesaid prior and superior liens, in the same manner as nonjudicial foreclosures under mortgages on real

property located in the State of Texas; provided, however, at any time prior to the foreclosure sale, the Owner of the Condominium Unit to be sold at such foreclosure sale may avoid foreclosure by paying all amounts due to the Association. No foreclosure suit or sale thereunder shall affect or impair any of the prior liens above mentioned. The Board of Directors or any person authorized by it, acting on behalf of the Association, shall have power to bid on the Condominium Unit being foreclosed at the foreclosure sale, and to acquire, hold, lease, mortgage or convey the same on behalf of the Association; provided, however, the Owner of the Condominium Unit purchased by the Association at the foreclosure sale may redeem the Condominium Unit within ninety (90) days after the date of the foreclosure sale in accordance with Section 82.113(g) of the Act. All funds realized from any foreclosure sale shall be applied first to the costs and expenses of filing and prosecuting the foreclosure, including all trustee's and attorneys' fees, and then towards payment of the indebtedness, and the remainder, if any, shall be paid over to the Owner or Owners as their interest may appear. In the event the proceeds realized from the foreclosure sale, applied as aforesaid, shall be insufficient to pay off and discharge the whole amount of the assessments sued on, then the purchaser acquiring title to such Condominium Unit at such foreclosure sale, whoever he or she may be, other than the Owner sued, shall not be liable for the deficiency, but such deficiency shall be deemed a Common Expense, collectible from all Owners, including the purchaser at the foreclosure sale, on a pro-rata basis as in the case of other Common Expenses. The defaulting Owner shall remain personally liable to the other Owners paying such deficiency, and the Association may pursue recovery of such deficiencies from the defaulting Owner.

I. Additional Remedies. The Association may, in addition to its rights under Paragraph 11 .H. above and the Act, enforce collection of delinquent Assessments by suit at law for a money judgment, and the expenses incurred in collecting unpaid Assessments, including interest, costs and attorneys' fees shall be chargeable to the Owner in default. The Board may resolve that an Owner in default shall not be entitled to vote at any meeting of the Association so long as such default is in existence, unless otherwise provided in the Act.

J. No Exemptions From Liability for Common Expenses. No Owner may be exempt from liability for his or her contribution toward the Common Expenses of the Association and the Condominium by waiver of the use or enjoyment of any of the Common Elements or any part thereof, by reason of any grievance against the Association, Developer, or any other Owner, or by the abandonment of such Owner's Condominium Unit or his or her interest therein.

K. Statement of Assessments. The Association or its representative shall, upon payment to the Association of a reasonable fee as set by the Board from time to time, furnish to any prospective purchaser or Mortgagee of any Unit, at the written request of the Owner, a written statement as to the amount of the assessments for Common Expense which have become due and are unpaid up to a given date with respect to the Unit to be sold or mortgaged; and, in the case of a sale, the purchaser shall not be liable nor shall the Unit purchased be liable or subject to any lien for any unpaid assessment which has become due and is not

shown on such statement for the period of time covered thereby; however, the selling Owner shall remain liable for same and in case of his or her failure or refusal to pay, then the same shall be collectible from all other Owners on a pro-rata basis in proportion to their ownership interest in the Common Elements, and they shall have recourse against the selling Owner; but in the event of a Mortgagee, then the unpaid assessments not shown on the statement for the period of time covered thereby shall remain the obligation of the Owner mortgaging his or her Unit, but the assessment liens securing same as provided for in this Declaration shall be and remain inferior and secondary to the mortgage and liens held by the Mortgagee to whom or for whose information the statement was furnished.

L. Common Expense Fund. The Common Expense Fund shall be based upon the aggregate sum which the Board shall from time to time determine is to be paid by all of the Owners (including Developer) to defray estimated Common Expenses.

M. Failure to Provide Notice of Regular Assessments. In the event of a failure of the Board to issue the annual notice setting forth the amount of the Regular Assessments, the Regular Assessments then in effect shall continue until the Board issues a new notice of Regular Assessments, and said failure shall not be deemed a waiver of any of the provisions of this Paragraph 11 nor shall it operate to release any Owner from his or her obligations to pay the assessments provided for hereunder.

N. Notice to Owners. Notwithstanding anything to the contrary contained in this Declaration, before the Association may charge an Owner for property damage for which such Owner is liable, or levy a fine for violation of this Declaration, the Bylaws or Rules and Regulations, the Association shall give such Owner a written notice that:

(i) describes the violation or property damage and states the amount of the proposed fine or damage charge;

(ii) states that not later than the 30th day after the date of the notice, the Owner may request a hearing before the Board to contest the fine or damage charge; and

(iii) allows the Owner a reasonable time, by a specified date, to cure the violation and avoid the fine, unless the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding year.

The above described notice may be given by the Association delivering a copy of the notice to an occupant of the Unit. In addition, the Association shall give notice of a levied fine or damage charges to the Owner within thirty (30) days after the date of levy.

12. Obligations of Owners and Owner Action. Without limiting the

obligations of an Owner, each Owner shall: (i) pay all Assessments, late fees, interest, and other charges properly levied by the Association against the Owner or the Owner's Unit, and shall pay all Regular Assessments without demand by the Association; (ii) comply with this Declaration, the Bylaws, the Rules and Regulations, and any amendments thereto; (iii) pay for damage to the Condominium caused by the negligence or willful misconduct of the Owner, an occupant of the Owner's Unit, or the Owner's or occupant's family, guests, employees, contractors, agents or invitees; and (iv) be liable to the Association for violations of the Declaration, the Bylaws, the Rules and Regulations, and any amendments thereto, by the Owner, an occupant of the Owner's Unit, or the Owner's or occupant's family, guests, employees, agents, or invitees, and for costs incurred by the Association to obtain compliance, including attorneys' fees, whether or not suit is filed.

Without limiting the other legal rights of any Owner or the Association, legal action may be brought by the Association, in its sole discretion, on behalf of two (2) or more Owners as their respective interests may appear with respect to any cause of action relating to the Common Elements appurtenant to more than one Condominium Unit. All costs incurred by the Association as a result of such legal action shall be borne in their entirety by the Association.

13. Insurance.

A. Owner's Insurance. Each Owner shall be responsible, at his or her cost and expense, for his or her own personal insurance on the contents of his or her Unit (specifically including glass and windows appurtenant to the Unit) and his or her additions and improvements thereto, and his or her decorations and furnishings and personal property therein to the extent not covered by the insurance obtained by the Association, as well as his or her personal liability to the extent not covered by the liability insurance for all of the Owners which may be obtained by the Association as a Common Expense.

In addition, the Owner of the Commercial Unit shall maintain the following additional insurance coverage on the Commercial Unit, at its own cost and expense:

(i) fire and extended coverage, vandalism, malicious mischief and special extended coverage insurance for all decorations and improvements, in an amount adequate to cover the cost of replacement of all decorations and improvements in the Commercial Unit in the event of a loss, and Fifty Thousand Dollars (\$50,000) for water or other damage;

(ii) for the Commercial Unit generally for any act or omissions of Owner of the Commercial Unit, its agents, contractors, employees, servants, licensees, successors or assigns, Owner shall maintain, commercial general liability insurance on all-occurrence basis, with minimum amounts of liability in an amount of One Million Dollars (\$1,000,000) for bodily injury, personal injury, or death with respect to any one person. and Two

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Million Dollars (\$2,000,000) for bodily injury, personal injury, or death with respect to any one accident; and

(iii) business interruption insurance with terms reasonably acceptable to the Association.

B. Association's Insurance. The Association shall purchase and maintain policies of insurance and fidelity bond coverage in accordance with the requirements of the Act and the requirements of the Federal Home Loan Mortgage Corporation, as they may be amended from time to time. To the extent not inconsistent with the foregoing, the Association shall obtain and continuously keep in effect, to the extent reasonably available, the Master Policy of fire and extended coverage, vandalism, malicious mischief and liability insurance, and, if required by law or deemed necessary or desirable by the Board, work~~er~~'s compensation insurance, with respect to the Condominium and the Association's administration thereof in accordance with the following provisions:

(i) Parties Covered. The Master Policy shall be purchased by the Association for the benefit of the Association, Managing Agent (if any), and each and every Owner and their respective Mortgagees, as their interests may appear (subject to the provisions of the Condominium Documents and the Act), the cost of which shall be a Common Expense, and provision shall be made for the issuance of appropriate mortgagee endorsements to Mortgagees.

(ii) Coverage.

(a) To the extent such insurance is reasonably available, the Building and all Common Elements shall be insured against fire, vandalism and malicious mischief, and other perils covered by a standard extended coverage endorsement (with appropriate endorsement to cover fixtures, installations or additions comprising a part of the Building within the unfinished interior surfaces of the perimeter walls, floors and ceilings of individual Units initially installed, or replacements thereof, in accordance with the original plans and specifications for the Condominium, specifically referring to and including the interior walls of each Unit), in an amount equal to the replacement cost thereof, excluding the costs of excavations, foundations and footings, as determined annually by the Board. The Board may obtain an appraisal in determining insurable value and the cost thereof shall be an expense of the Association. The Association may, in its sole discretion, elect to carry insurance to cover such other perils as from time to time shall be customarily covered with respect to buildings and improvements similar in construction, location and use.

(b) The Association shall also maintain, to the extent reasonably available, commercial general liability insurance,

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PAGE 8 OF 25 PAGES

CAMERA DESIGNATION MRG1

including medical payments insurance, in an amount determined by the Board of Directors, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements and shall contain, if available, cross-liability endorsements or appropriate provisions for the benefit of Owners, individually and as a group, Directors, and Managing Agent (if any) insuring each insured against liability to each other insured.

(c) If the property insurance and/or the liability insurance described above is not reasonably available, the Association shall cause notice of that fact to be delivered or mailed to all Owners and Mortgagees.

(d) The property and liability insurance policies obtained by the Association shall provide that: (i) each Owner is an insured Person under the policy with respect to liability arising out of such Owner's Percentage of Common Interest Ownership or membership in the Association; (ii) the insurer waives its right to subrogation under the policy against an Owner or the Association; (iii) no action or omission of an Owner, unless within the scope of the Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; (iv) if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same property covered by the policy, the Association's policy shall provide the primary insurance; and (v) the insurer issuing the policy may not cancel or refuse to renew the policy less than thirty (30) days after written notice of the proposed cancellation or non-renewal has been mailed to the Association.

(e) The Association shall also carry, if available, fidelity coverage against dishonest acts on the part of Directors, Owners, the Managing Agent (if any), security officers, and any other person (including volunteers, with an appropriate endorsement if required) handling funds belonging to or administered by the Association. Such fidelity coverage shall be in the amount of not less than \$100,000.

(iii) Premiums. All premiums upon insurance purchased by the Association shall be included in the Association's budget in accordance with Paragraph 11 .C. hereof, except that the amount of increase over such premiums occasioned by the use, misuse, occupancy or abandonment of a Unit or the Common Elements by an Owner shall be assessed only against such Owner. Any incremental premium associated with the Commercial Unit's usage shall be the responsibility of and payable by the Commercial Unit Owner.

(iv) Proceeds of Insurance. Proceeds of all insurance policies owned by the Association shall be payable to the Association, shall be deposited

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by the Association in a federally insured bank, shall be held in a separate account and shall be distributed to the Association, Owners and their Mortgagees (subject to the provisions of the Condominium Documents and the Act) as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Paragraph 14 hereof, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction under this Declaration shall be administered by the Association and shall be applied to such repair or reconstruction.

(v) Appointment of Attorney-in-Fact. Each Owner, by acceptance of a deed or other instrument of conveyance from Developer or from any Owner or grantor resulting in ownership of a Condominium Unit, shall be deemed to appoint the Association as his or her true and lawful attorney-in-fact (which shall be deemed to be an irrevocable power of attorney coupled with an interest and not voidable due to the incapacity or disability of an Owner) to act in connection with all matters concerning the maintenance of the Master Policy and the destruction, repair or obsolescence of the Condominium, in whole or in part. Without limiting the generality of the foregoing, the Association, by and through its President or Vice President, shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefor, to collect proceeds, to institute and prosecute litigation or arbitration, to pay all costs associated with its activities as Common Expenses (to the extent the proceeds received from such insurance are not adequate to pay such costs), to administer the distribution of such proceeds in connection with any reconstruction or repair, to distribute any remaining proceeds to Owners and their Mortgagees (subject to the provisions of the Condominium Documents and the Act) as their interests may appear, to execute releases of liability, and to execute all documents and to do all things on behalf of the Owners and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Association in regard to such matters (other than exercising any voting rights in determining whether to repair or reconstruct). The Association shall not be responsible for procurement or maintenance of any insurance covering the contents or the interior of any Unit (except to the extent available by endorsement as herein provided) or covering the liability of any Owner for occurrences not caused by or connected with the Association's operation, maintenance or use of the Condominium.

(vi) Priority as to Proceeds. Notwithstanding anything contained herein to the contrary, no provision contained herein or in the Condominium Documents shall give an Owner or any other party priority over any Mortgagee with respect to the distribution of proceeds of insurance to which such Owner or other party would not otherwise be entitled.

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(vii) Waiver of Subrogation. The Association and the Owners shall use their best efforts to see that all insurance carried by an Owner or the Association shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against Owners or the Association and the respective tenants, servants, agents, and guests of Owners or the Association, as the case may be, and the Association and the Owners, by their acceptance or recordation of a Deed, hereby waive any and all claims and rights of subrogation against each other to the extent of any damage or injury for which insurance is required to be maintained under this Declaration.

14. Termination of Condominium: Reconstruction or Repair: Condemnation

A. Termination of Condominium Project.

(i) The Condominium shall continue indefinitely unless and until it is terminated as provided in this Declaration or by agreement of the Owners holding at least eighty percent (80%) of the votes in the Association (other than those held by the Developer, or any other developer or builder) or First Mortgagees holding eighty percent (80%) of the First Mortgages (based on one vote for each First Mortgage held). The agreement of the Owners or First Mortgagees to terminate (and, if the Project is to be sold, the terms of sale) must be evidenced by their execution of a Termination Agreement (or a ratification thereof) in the same manner as a deed, by the requisite number of Owners and First Mortgagees. The Termination Agreement and all ratification thereof must be recorded in the Real Property Records of the County of Harris and is effective only upon recordation. After the recording of the Termination Agreement, the Project may be sold, and the Association, on behalf of the Owners, may contract for such sale, on the terms set forth in the Termination Notice. The Association has all power necessary and appropriate to effect the sale and until the sale has concluded and the proceeds have been distributed, the Association continues in existence with all the powers it had before termination. Proceeds of the sale must be distributed to the Owners and lienholders as their interest may appear, in accordance the provisions set forth below. Unless otherwise specified in the Termination Agreement, until title to the Project has been transferred pursuant to a sale, each Owner and its successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted the Unit. During the period of that occupancy, each Owner and the Owner's successors in interest remain liable for all assessments and other obligations imposed upon the Owners by the Act or this Declaration. Following termination of the Condominium, the proceeds of any sale of real estate, together with any insurance proceeds (if the termination occurs in connection with a damage or destruction) and the assets of the Association are held by the Association as trustee for the Owners and the holders of the liens on the Condominium Units as their interest may appear. If the Project is not to be sold following termination, on termination title to the Project vests in the Owners as

tenants in common in proportion to their respective interests, and liens on the Units shift accordingly. While the tenancy in common exists, an Owner and the Owner's successors in interest have an exclusive right to occupy the portion of the Project that formerly constituted the Owner's Unit.

(ii) The respective interests of the Owners are as follows:

(a) except as provided in subparagraph (b) immediately below, the respective interests of the Owners are the fair market values of their Units, interest in the General Common Elements, and any Limited Common Elements before termination, as determined by one or more independent appraisers selected by the Association. The decision of the independent appraisers shall be distributed to the Owners and becomes final unless disapproved within 30 days after distribution by Owners holding at least 25% of the total votes in the Association. The proportion of any Owner's interest to that of all Owners is determined by dividing the fair market value of that Owner's Condominium Unit by the fair market value of all Condominium Units;

(b) if any Unit or any Limited Common Element is destroyed to the extent that an appraisal of the fair market value thereof prior to destruction cannot be made, the proportionate interest of each Owner shall be their Common Interest Ownership immediately before termination.

(iii) The proceeds available for distribution to the holders of interests in the Condominium Units after a termination shall be allocated to each Condominium Unit in accordance with its proportionate interest as provided above and each Condominium Unit's share of such proceeds shall be deposited into a separate account identified by the Condominium Unit designation and the name of the Owner and First Mortgagee thereof. From each separate account, the Association, as attorney-in-fact, shall forthwith use and disburse the total amount of such account, without contribution from one account to another, toward payment of the liens encumbering the Condominium Unit represented by such separate account, in the following order: (a) for the payment of taxes and special assessment liens in favor of any assessing entity; (b) for the payment of any Association common expense assessments which take priority over the lien of a First Mortgage pursuant to Paragraph 11.H. of this Declaration and the Act; (c) for the payment of the lien of any First Mortgage; (d) for the payment of unpaid Association common expense assessments, other assessments, charges and fees, and all cost, expenses and fees incurred by the Association, including customary expenses of sale; (e) for payment of junior liens and encumbrances in the order of and to the extent of their priority; and (f) the balance remaining, if any, shall be paid to the Owner(s) of the Condominium Unit.

B. Damage or Destruction. "Repair and Reconstruction" of the improvements, as used in the succeeding subparagraphs, means restoring the improvement(s) to substantially the same condition in which they existed prior to their damage or destruction, with each Condominium Unit and the General and

Limited Common Elements having substantially the same vertical and horizontal boundaries as before, and all improvements being reconstructed or repaired in substantial conformance with the Project's original architectural plan and scheme, to the extent then reasonably and economically feasible. The proceeds of any insurance collected shall be available to the Association for the purpose of repair, reconstruction, restoration, or replacement, in accordance with the provisions hereinafter set forth:

(i) Any loss covered by the property insurance policy maintained by the Association must be adjusted with the Association, and the insurance proceeds will be paid to the Association or an insurance trustee designated for such purpose and not to the holder of any Security Interest. The insurance trustee or the Association shall hold such insurance proceeds in trust for the Owners and lienholders as their interest may appear. Subject to the provisions of subparagraph (ii) immediately below, the proceeds must be disbursed first to the repair or restoration of the damaged property, and the Association. Owners and lienholders shall not be entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Condominium is terminated in accordance with Paragraph 14.A, in either of which events the surplus shall be distributed as provided in Paragraph 14.A.iii. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submission of claims, and such other matters of claims adjustment. The Association shall have full authority, right and power as attorney-in-fact to cause the repair and reconstruction of the improvements. Assessments for common expenses shall not be abated during the period of insurance adjustments and repair and reconstruction.

(ii) Any portion of the Project for which insurance is required under this Declaration must be repaired or replaced promptly by the Association unless (a) the Condominium Project is terminated in accordance with Paragraph 14.A., in which case the provisions of that Paragraph apply; or (b) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety.

(iii) Estimates. As soon as possible after the occurrence of a casualty which causes damage to any part of the Condominium for which the Association has insurance coverage, the Association shall obtain reliable and detailed cost estimates of the following:

(a) The cost of restoring all damage caused by the casualty to the Common Elements (collectively, the "Common Element Costs"); and

(b) The cost of restoring that part of the damage caused by the Casualty to each Unit which is or would be covered by insurance held by the Association, without regard to the policy limits of such insurance (collectively, the "Unit Costs").

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(iv) If the insurance proceeds are insufficient to repair and reconstruct the improvements, such damage or destruction shall be promptly repaired and reconstructed by the Association as attorney-in-fact, using the proceeds of insurance and the proceeds of a Special Assessment. Such Special Assessment (to be known as an "Allocation Assessment") shall be assessed against all Condominium Units in accordance with Paragraph 11.D. hereof. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair, replacement or restoration of the improvements, using all of the insurance proceeds for such purpose, notwithstanding the failure of an Owner to pay the aforesaid Allocation Assessment. Notwithstanding the foregoing, the Association shall have authority to assess negligent Unit Owners causing any loss all deductibles paid by the Association and any amount by which the insurance proceeds are insufficient to pay the costs of repair and reconstruction, as further set forth in the second sentence of Paragraph 14.B.(v).

(v) Owner's Responsibilities. Each Owner shall be responsible for the reconstruction, repair or replacement of the interior of his or her Unit, including, but not limited to, furniture, furnishings, floor coverings, wall coverings, window shades, draperies, interior walls, decorative light fixtures, all appliances located therein, and other items of personal property within the Unit. Each Owner shall also be responsible for the costs not otherwise covered by insurance carried by such Owner or the Association for any reconstruction, repair or replacement of any portion of the Condominium necessitated by his or her negligence or misuse, or the negligence or misuse by his or her family, tenants, guests, agents, servants, employees or contractors, as determined by the Board, in its sole discretion (whether or not a Special Assessment is made against other Owners initially to cover such costs). In the event damage to all or any part of the interior of an Owner's Unit is covered by insurance held by the Association for the benefit of such Owner, then such Owner shall, subject to the provisions of subsection (iv) immediately above, begin construction or repair of such damage upon receipt of the insurance proceeds or any portion thereof from the Association, subject to the rights of the Association and such Unit's First Mortgagee to supervise, approve or disapprove such reconstruction or repair during the course thereof. In the event damage to all or any pan of the interior of any Owner's Unit is not covered by insurance held by the Association for the benefit of such Owner, then such Owner shall, subject to the provisions of subsection (iv) immediately above, begin reconstruction or repair of his Unit within sixty (60) days after the date of such damage, subject to the right of the Association to supervise, approve or disapprove such reconstruction or repair during the course thereof.

C. Obsolescence. Owners holding at least sixty-seven percent (67%) of the votes in the Association (other than those held by the Developer, any other developer or builder) or First Mortgagees holding sixty-seven percent (67%) of the First Mortgages (based on one vote for each First Mortgage held) may agree that the

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Common Elements are obsolete and adopt a plan for the renewal and reconstruction thereof. If a plan for renewal or reconstruction is adopted, notice of such plan shall be recorded in Real Property Records of Harris County, Texas, and the expenses of renewal and reconstruction shall be payable by all of the Owners as a Common Expense, whether or not they have previously consented to the plan of renewal and reconstruction. The aforesaid Common Expense assessment for the renewal and reconstruction of the Common Elements shall be a debt of each Owner and a lien on its Condominium Unit, and may be enforced and collected as provided in Paragraph 11 hereof.

D. Condemnation. If at any time during the continuance of condominium ownership pursuant to this Declaration, all or any part of the Project shall be taken or condemned by any public authority, or sold or otherwise disposed of in lieu of or in avoidance thereof, the provisions of this Paragraph 14.D. shall apply:

(i) All compensation, damages or other proceeds therefrom, the sum of which is hereafter called the "Condemnation Award," shall be payable to the Association.

(ii) In the event that the entire Condominium is taken, condemned, sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant to this Declaration shall terminate. The Condemnation Award shall be apportioned among the Owners by the Board the same as if there had been a termination of the Condominium Project under Paragraph 14.A.; provided, however, that if a standard different from the value of the Condominium as a whole is employed as the measure of the Condemnation Award in the negotiation, judicial decree or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. The Association shall, as soon as practicable, determine the share of the Condemnation Award to which each Owner is entitled. Such shares shall be paid into separate accounts and disbursed, as soon as practicable, in the same manner as provided in Paragraph 14.A. hereof

(iii) Subject to the rights of First Mortgagees provided in this Declaration, in the event that less than the entire Project is taken, condemned, sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereunder shall not terminate. Each Owner shall be entitled to a share of the Condemnation Award, to be determined in the following manner: As soon as practicable, the Association shall reasonably, and in good faith, allocate the Condemnation Award between compensation, damages or other proceeds and shall apportion the amounts so allocated among the Owners, as follows: (a) the total amount allocated to taking of or injury to the Common Elements (less any portion used for restoration or repair of the remaining Common Elements) shall be apportioned among the Owners in accordance with the Common Interest Ownership assigned to each Unit (but the portion of the award attributable to the acquisition of a Limited Common Element shall be equally divided

Elements whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, the Unit's interest in the Common Elements shall be reduced and determined by dividing the square footage of the remainder of the Unit by the total square footage of all Units in the Project after the taking, but the Unit's vote and share of assessments for common expenses shall remain the same. The reallocation of Common Elements pursuant to this Section shall be confirmed by an Amendment to this Declaration prepared, executed and recorded by the Association.

E. Notice to First Mortgagees. In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, any First Mortgagee shall be entitled to timely written notice of any such damage or destruction at the address appearing in the Book of Mortgages, and no provision hereof shall entitle an Owner or any other party to the priority granted to such First Mortgagee with respect to the distribution of any insurance proceeds attributable thereto. In the event any Unit or portion thereof, or the Common Elements or any portion thereof, is made the subject matter of any condemnation or eminent domain proceedings or is otherwise sought to be acquired by a condemning authority, any First Mortgagee shall be entitled to timely written notice of any such proceeding or proposed acquisition at the address appearing in the Book of Mortgages, and no provision hereof shall entitle an Owner or any other party to the priority granted to such First Mortgagee with respect to the distribution of the proceeds of any award or settlement attributable thereto.

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15. Restrictions on Use. The Board may and is authorized to, from time to time, institute, invoke, amend, and terminate nondiscriminatory Rules and Regulations which the Board may deem necessary or convenient to insure compliance with the general guidelines of this Declaration.

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In that regard, the following restrictions, covenants and conditions are placed upon each Unit in the Condominium as a general plan or scheme of restrictions for the benefit of each Unit.

THIS

A. Permitted Uses of Units.

REDUCTION

(i) Units Other Than Commercial Unit. After the initial sale or transfer by Developer, the primary use of each Unit (other than the Commercial Unit) shall be single-family residence purposes, with occupancy not to exceed two (2) adult persons per bedroom, unless higher occupancy is mandated by public agencies that enforce compliance with the familial status protection of the Fair Housing Act; provided, however, the Owner, Owners or tenants of a Unit may use such Unit for a limited business purpose consistent with the Rules and Regulations. In addition, consultation with clients or customers at a Unit shall be permitted only between 9:00 a.m. and 5:00 p.m. on regular working days (excluding weekends and holidays). Notwithstanding anything contained to the contrary in this Paragraph 15.A., the use of a Unit for the maintenance of a personal or professional library; for the keeping of personal, business or

*except
and visitors
for business*

professional record, of accounts; or for the handling of personal business or professional telephone calls or correspondence shall not be deemed to be a violation of these provisions.

(ii) Commercial Unit. After the initial sale or transfer by Developer, the primary use of each Commercial Unit shall be for non-residential retail or commercial use. In no event shall such limited business use unreasonably interfere with the quiet enjoyment of the other Owners of their Unit. No such commercial use shall be a sexually-oriented business or business that involves loud music or other loud sound and the use shall not cause noxious odors or smells or similar negative impacts on the adjacent areas, either common elements or Units, within any areas of the Building other than the Commercial Unit.

NO
live
music
NO open
flames
above

It is expressly acknowledged by all parties to this Declaration that each Commercial Unit:

9PM

(i) may be open to the public daily from the hours of 6:00 a.m. to 2:00 a.m., at which time all food and beverage operations must cease and no new customers admitted, a period of 20.0 hours (but shall not be open outside of such hours);

OFFICE OF
B. KAUFMAN
CLERK
TARRANT COUNTY, TEXAS

CLERK OF COUNTY
182025

(ii) may be partitioned so that the Commercial Unit can be used for any number of Commercial Unit Purposes at any time;

(iii) may use the sidewalks adjacent to the Commercial Unit for any Commercial Unit Purposes, so long as such use complies with law;

(iv) shall have access at all times to the plumbing or a small, self-contained, manually-cleaned grease trap for the purpose of maintenance, cleaning or repair (and shall keep same free of debris from the Commercial Unit).

LOFTS CONDOMINIUM

11 OF 25 PAGES

CONDOMINIUM DESIGNATION INSTRUMENT

3. All Units. Notwithstanding the generality of the foregoing, so long as Developer owns any of the Units which are for sale, Developer and its employees, representatives and agents may maintain business, leasing and/or sales offices, sales models and other sales facilities within the Condominium as Developer shall deem appropriate. In addition, Developer or its nominees may temporarily use the Common Elements and unsold Units to facilitate the construction and selling of Units in the Building.

B. Alterations, Additions and Improvements. No alterations of any portion of the Common Elements or additions or improvements thereon shall be made by any Owner without the prior written approval of the Board of Directors or the Association. No Owner shall make any structural modification or substantial improvement to or alteration of or to his or her Unit, except in a manner authorized in writing by the Board or the Association. In that respect, to the extent deemed necessary by the Board, all payment and performance bonds required by the

among the Owners of the Units to which that Limited Common Element was allocated at the time of acquisition); (b) the total amount allocated to severance damages shall be apportioned to those Units which were not taken or condemned and which in the sole judgment of the Association were damaged; (iii) the respective amounts allocated to the taking of or damage to a particular Unit, and to the improvements an Owner has made within his Condominium Unit, shall be apportioned to the particular Unit involved; and (iv) the total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances, or as determined by the judicial decree. Notwithstanding anything to the contrary contained in this Declaration except the preceding sentence, the allocation of the Condemnation Award to each affected Unit shall be based on the comparative values of the affected Units as they existed immediately prior to the condemnation, using such evidence of the appraised values as is then available, including, but not limited to, recent MAI appraisals of the affected property or comparable property. If the allocation of the Condemnation Award is already established in negotiations, judicial decree or otherwise, then in allocating the Condemnation Award, the Association shall employ such allocation to the extent it is relevant and applicable. Apportioned proceeds shall be disbursed, as soon as practicable, in the same manner as provided in Paragraph 14.B. hereof

(iv) Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Section 14.B. hereof.

(v) If a Unit is acquired by eminent domain or part of a Unit is acquired by eminent domain leaving the Owner with a remnant which may not practically or lawfully be used for any purpose permitted by the Declaration, the Owner(s) thereof shall automatically cease to be a member(s) of the Association, shall cease to hold any right, title or interest in the remaining Common Elements, and shall execute any and all documents necessary to accomplish the same and the award will include compensation to the Owner for that Unit and its undivided interest in the Common Elements whether or not any Common Elements are acquired. The Condemnation Award as to each such completely taken Condominium Unit shall be paid into a separate account and disbursed, as soon as practicable, to the Owner of such Condominium Unit and its First Mortgagee in the same manner as provided in Paragraph 14.A. hereof. Upon acquisition, unless the decree otherwise provides, that Unit's undivided interest in the Common Elements shall be reallocated to the remaining Units in proportion to the respective Common Elements of those Units before the taking. Any remnant of a Unit remaining after a part of a Unit is taken pursuant to this subsection (vi) is thereafter a Common Element.

(vi) Except as provided in subsection (vi) above, if part of a Unit is acquired by eminent domain, the award must compensate the Owner for the reduction in value of the Unit and its undivided interest in the Common

Association or Developer, names of all contractors, subcontractors and other parties which will be involved therewith, plans, specifications, mechanical and engineering drawings and renderings for any proposed structural modification or substantial alteration, improvement to or modification of a Unit must be submitted, no less than thirty (30) days prior to the date of commencement of such work, by such Owner to the Board for review and approval. The Board may impose such specifications and requirements as it may reasonably deem necessary in connection therewith, and has the right to approve or deny any of such alterations, additions, modifications or improvements, or the contractors, subcontractors or other personnel performing same, so that, among other reasons, the quality, integrity and safety of the Condominium can be promoted and in order to insure that the alterations, additions, improvements and modifications (i) comply with all applicable governmental requirements, (ii) are consistent and compatible with the existing Building, and (iii) do not encourage or involve a violation of the Condominium Documents. In the event any Owner constructs or causes to be constructed any alteration, addition, improvement or other modification to his or her Unit which encroaches on any Common Element or any other Unit, the Board may require such Owner, at his or her sole cost and expense, to remove such encroachment and to restore and repair any damage caused by same or attributable thereto. No approval by the Board of any such alterations, additions, modifications or improvements, or the plans, specifications, mechanical and engineering drawings and renderings, or the contractors, subcontractors or other personnel performing same, will be or constitute any representation or warranty by the Board as to the adequacy or sufficiency thereof, or of the compliance of same with any applicable laws, codes or ordinances. All alterations, additions, modifications or improvements must be performed in a prompt, diligent and professional manner, must comply with the plans, specifications, mechanical and engineering drawings and renderings submitted to the Board (with any requisite changes, additions, modifications or alterations thereto which may be imposed by the Board), and must comply with all applicable codes, ordinances, laws and regulations applicable thereto.

No Owner shall erect antennae, aerials, awnings or other exterior attachments, or place any reflective material in the windows of a Unit or on the Balcony thereof. Except as expressly provided herein, no Unit shall be altered, remodeled, subdivided or converted into more than one dwelling unit. All draperies, blinds or shutters installed in a Unit shall be subject to the Rules and Regulations. No Owner shall install colored lights or light fixtures presenting the same effect which are visible from outside the Building. No Owner shall make any alteration or modification involving plumbing, electricity and fire protection systems, and/or heating, ventilating, air conditioning systems, or the mechanical or structural systems within such Owner's Unit or the Common Elements, without first ensuring that any proposed alteration or modification complies with all applicable governmental requirements, submitting plans and specifications therefor and the name, address and telephone number of any contractor to the Association and securing the prior written approval of the Association. Such prior written approval is required to insure that the alterations or modifications: (i) are consistent and compatible with the existing Building, and (ii) do not encourage or involve a violation of the Condominium Documents. No Owner shall enclose or make any

alteration or modification of any nature whatsoever to such Owner's Balcony which shall alter the external appearance of the Balcony. The furnishings on each Balcony shall be subject to the approval of the Association so as to insure a uniform appearance of the Building. No objects or things shall be stored on a Balcony and no item shall be placed temporarily on or hung from a Balcony which shall impair the uniform appearance of the Building. No outside clothes or drying lines shall be installed or permitted to be installed from a Balcony or the Common Elements. No Owner may alter the floor assembly, which is designed to mitigate sound transmission, without approval of the Board and, in the Board's sole discretion, certification by a qualified engineer that such alternative floor system has equal or greater sound transmission mitigation properties (as measured by the STC Rating of the alternative floor system). Any wood, tile or other hard surface flooring within a Unit shall have such sub-flooring as the Association may require to insure that such wood, tile or other hard surface flooring shall not create a nuisance or disturbance to other Owners.

C. Leases. An Owner (including Developer) may lease his or her Unit for any of the purposes permitted in Paragraph 15.A. No Owner shall lease less than such Owner's entire Unit. Any such lease must be in writing and shall be subject in all respects to the provisions of the Condominium Documents, as they may be amended from time to time, and all instruments affecting title to the Land. Any failure by a tenant to comply with the terms of any such documents shall constitute a default under such lease enforceable by the Association as the intended third-party beneficiary of the same.

D. Offensive Activities. No unlawful, noxious or offensive activity shall be conducted or carried on in any Unit, or upon the Common Elements or anywhere else in the Condominium, nor shall anything be done therein or thereon which may be or become an annoyance or a nuisance to other Owners or the neighborhood or cause unreasonable noise or disturbance to others, or which shall interfere in any manner with any Owner's quiet enjoyment of his or her Unit. No Owner shall do or permit anything to be done or keep anything or permit anything to be kept in his or her Unit or on the Common Elements that would increase the rate of or invalidate the coverage afforded by insurance on the Condominium. No Owner shall store any environmentally hazardous, dangerous, explosive or inflammable liquids or other like materials either in his or her Unit or upon the Common Elements.

E. Signage. No signs or other advertising devices which are visible from the exterior of any Unit or upon the Common Elements shall be displayed on any portion of the Condominium or any portion of any Unit, including "For Sale" signs, except signs erected by the Association identifying all or a portion of the Condominium or providing information to Owners or their invitees; provided, however, that nothing contained herein shall be deemed to prohibit or restrict in any manner the right of Developer to construct and maintain such promotional signs and other sales aids on any portion of the Condominium (other than Units which have been sold) which, in the reasonable judgment of Developer are necessary or helpful for its sales program. Commercial Unit Owner shall have the right to have external signage adjacent to its Unit subject to the approval of all aspects of such signage by

no
resale
or lease

Declarant or the Association.

F. Pets/Animals. An Owner may keep up to two (2) small domestic animals such as birds, fish, dogs and cats within a Unit. Household dogs shall not exceed twenty (20) pounds each without the written approval of the Association. Such animals shall be registered with the Association in such manner as it shall require, may not be kept or bred for any commercial purpose and shall have the care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary condition. No animals shall remain on Balconies. No savage or dangerous animal shall be kept in the Building or any Unit. Any Owner who causes any animal to be brought or kept upon the premises of the Condominium shall always keep such animal on a leash (if not within such Owner's Unit), and shall indemnify and hold the Association harmless from and against any loss, damage, cost or liability which the Association may sustain as a result of the presence of such animal on the premises, whether or not the Association has given its permission. The Association may levy a fine, not to exceed One Hundred and No/100 Dollars (\$100.00) per occurrence or per day (as the case may be), for violations of this provision. Notwithstanding the generality of the foregoing, if after (i) three (3) violations of this provision, (ii) ten (10) days' prior written notice to the Owner of such animal, if such Owner can be located, and (iii) an opportunity for such Owner to have a hearing before the Board, such animal is found to be in violation of this Paragraph 15.F. the Owner of such animal shall give such animal to whomever such Owner desires (not within the Condominium), failing which such animal may be taken from such Owner and given to the Society for the Prevention of Cruelty to Animals of Harris County, Texas. If such Owner cannot be located, such animal may be given to the Society for the Prevention of Cruelty to Animals of Harris County, Texas. Should the Board elect to disallow all keeping of pets in any Unit or elect to further restrict or expand the rights and obligations set forth herein regarding pets, it may do so by enacting Rules outlining such changes and conditions.

G. Storage/Refuse/Obstructions. The Common Elements shall not be used for storage of supplies, personal property, garbage or refuse of any kind (except common garbage receptacles, storage spaces which are Limited Common Elements, storage buildings or other similar structures which may from time to time be placed upon the Common Elements at the discretion of the Developer or the Board), nor shall the Common Elements or Balconies be used in any way for the drying, shaking or airing of clothing or other items. Stairs, entrances, hallways, sidewalks, drives and parking areas shall not be obstructed in any way nor shall unauthorized persons or animals play therein or thereon or use such areas for other than their intended purposes. In general, no activities shall be conducted nor conditions maintained by any Owner either in his or her Unit or upon the Common Elements which detracts from the uniform appearance of the Condominium.

H. Maintenance. Each Owner shall maintain his or her Unit and any Limited Common Elements appurtenant thereto in a clean, safe and sanitary condition. Each Owner shall also use due care to avoid damaging any of the Common Elements, including, but not limited to, telephone, water, gas, cable,

television, plumbing, power or other utility systems throughout the Condominium and each Owner shall be responsible for his or her negligence or misuse of any of the Common Elements or his or her own facilities resulting in damage to the Common Elements.

I. Compliance with Laws. Each Owner shall promptly and fully comply with all applicable laws, rules, ordinances, statutes, regulations, or requirements or any governmental agency or authority with respect to the occupancy and use of his or her Unit.

J. No Right of First Refusal. Any Owner (including Developer) may sell, transfer or otherwise convey such Owner's Condominium Unit free from, and such sale, transfer or other conveyance shall not be subject to, any right of first refusal or any similar restriction in favor of the Association.

K. Vehicles. Vehicles not in operating condition shall not be parked, repaired or stored (on blocks or otherwise) upon the Condominium. Boats, trailers, campers, motor homes, recreational vehicles, commercial vehicles, trucks (other than standard-size pick-up trucks), and the like shall not be parked on the Condominium. No noisy or smoky vehicles may be operated on the Condominium. No motorcycles without mufflers shall be permitted in the Condominium. No parking space shall be converted for living, recreational or business purposes, nor shall anything be stored in any parking space. Each Owner shall require his or her construction and household employees, including cleaning and maintenance personnel, to park in the parking spaces which are allocated to such Owner, unless Owner's personal vehicle occupies such parking space, in which event the Owner will require the employees to park in the area, if any, designated by the Association.

L. Fireworks. The use or discharge of firearms, firecrackers or fireworks is expressly prohibited within or from the Condominium.

M. Guest Parking. Parking for guests of any Owner or Unit occupant shall not be within the Condominium unless said Owner or occupant notifies Association of such temporary use within the parking space(s) designated for such Unit.

N. Business and Sales Office. None of the restrictions contained in this Paragraph 15 shall apply to the business, management, sales and/or leasing office or offices, sales and/or leasing model Units, other commercial activities, or signs or billboards, if any, of Developer during the sales and/or leasing period of the Condominium (it being understood that Developer may maintain a sales/leasing office in the lobby of the Building or elsewhere on the Condominium and one or more sales/leasing model Units in the Condominium during such period and the number, size, location and relocation of such offices and models shall be entirely within the discretion of Developer) or of the Association in furtherance of its power and purposes set forth herein and in the Condominium Documents, as the same may be amended from time to time, including, without limitation, the power of the Association to own a Unit for the use and enjoyment of a resident manager of the

Condominium.

O. Garbage, Trash and Rubbish. All garbage, trash, rubbish, and other waste shall be regularly removed from the Condominium and shall not be allowed to accumulate thereon. No garbage, trash, rubbish, waste, or waste bins or receptacles therefor shall be permitted to remain on any portion of the Common Elements, except on those days specifically scheduled for collection thereof and in areas specifically designated therefor. All garbage, trash, rubbish, and other waste shall be kept only in sanitary containers. Notwithstanding anything to the contrary contained in this Declaration, Owner and Owner's contractors, subcontractors, agents, employees and other parties involved in any construction to or on such Owner's Unit shall confirm that any and all refuse, waste, trash, garbage, rubbish, remains, scraps, and other materials and supplies which are brought onto the Condominium by such parties, or any of them, is removed, at such Owner's expense, at such times, manners and locations as may be required by the Association or the Managing Agent (if any).

16. Sale and Ownership.

A. Condominium. The elements of each Condominium Unit shall be inseparable, and may be sold, assigned, leased, devised or encumbered only as a single Condominium.

B. Deed/Description of Unit. Every deed, lease, mortgage, deed of trust, will or other instrument may legally describe a Condominium Unit by its identifying Unit Stet followed by the words "Washington Lofts Condominium," and reference to the volume and beginning page number of the Condominium Records of Harris County, Texas, in which this Declaration and any amendments thereto are recorded. Every such description shall be good and sufficient for all purposes to sell, convey, transfer, encumber or otherwise affect not only the Unit but also the Common Elements appurtenant thereto. The initial Deeds conveying each Condominium Unit to each Owner may contain reservations, restrictions, exceptions and exclusions which Developer deems to be consistent with and in the best interests of all Owners (including Developer) and the Association.

C. Capacity of Owners. A Condominium Unit may be held and owned by more than one person in any real property relationship recognized under the laws of the State of Texas.

17. Uniform Applicability of Condominium Documents. In general, each Owner shall be subject to all the rights and duties assigned to Owners in general under the terms of the Condominium Documents. To the extent there are unsold Units owned by Developer, Developer shall enjoy the same rights and assume the same duties as any other Owner would as they relate to each individual unsold Unit. So long as Developer owns one or more Units, Developer shall be subject to the provisions of the Condominium Documents.

18. Mortgages and Mortgagee Protections.

DESIGNATION MRG1

A. Book of Mortgages. Any Owner who mortgages his or her interest in a Condominium Unit shall, within ten (10) days after the execution of such mortgage, give notice to the Association in writing of the name and address of his or her Mortgagee and of any eligible insurer, guarantor, or collateral assignee of his or her Mortgagee, and the amount secured by the mortgage, and the Association shall maintain such information in a book (the "Book of Mortgages") entitled "Mortgages of Condominium Units." The Book of Mortgages shall be separately maintained by the Association or by a person designated by the Association. Each Owner shall, in the same manner, notify the Association as to the release or discharge of any such mortgage.

B. Notices to Mortgagees. The Association shall, at the written request of any Mortgagee, insurer, guarantor, or collateral assignee of a Mortgagee appearing in the Book of Mortgages, notify such Mortgagee, insurer, guarantor, or collateral assignee of a Mortgagee of: (i) any unpaid assessments due from the Owner of such Condominium Unit to the Association, (ii) the name of each company insuring the Condominium under the Master Policy and the amounts of the coverages thereunder, and of any lapse, cancellation or material modification thereof, (iii) any monetary default by an Owner, (iv) the Association's intent to foreclose its lien in accordance with Paragraph 11.H. (v) any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders, and (vi) any casualty to, or taking of, either a material portion of the Condominium or the Condominium Unit securing its loan.

C. Effect on Mortgagees. Any First Mortgagee, upon foreclosure of its lien on a Condominium Unit, or upon acceptance of a deed in lieu of foreclosure thereon, shall not be required to pay any unpaid assessments owing thereon which accrue after the date of recordation of its First Mortgage and prior to the acquisition of title to such Condominium Unit by any such First Mortgagee, but shall be liable for such unpaid assessments accruing from and after the date that such First Mortgagee or its assignee acquires title to such Condominium Unit. Any assessment lien created or claimed hereunder as to any Condominium Unit shall be subject and subordinate to the rights of any holder of any duly recorded First Mortgage upon such Condominium Unit made in good faith and of value as to assessments due and payable after the date of recordation of such mortgage and prior to the date such First Mortgagee acquires title to such Condominium Unit. Except as expressly set forth herein, no lien created under the provisions of this Declaration shall in any way defeat, invalidate or impair the rights of any First Mortgagee under any such duly recorded First Mortgage unless such First Mortgagee thereunder shall expressly subordinate its interest, in writing, to such lien.

D. Subordination Agreements. Notwithstanding anything contained in this Declaration to the contrary, the Association may, upon the affirmative vote of Owners entitled to vote and holding in the aggregate more than fifty percent (50%) of the Percentages of Common Interest Ownership assigned to all Units, execute a subordination agreement or agreements to extend the benefits of the two preceding paragraphs to mortgages, deeds of trust and Mortgagees not otherwise entitled thereto.

E. Binding on Mortgagees. No breach of any provision of this Declaration shall impair or invalidate the lien of any duly recorded mortgage or deed of trust made in good faith and for value encumbering one (1) or more Condominium Units; provided, however, that all the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes contained in this Declaration shall be binding upon and effective against any person who acquires title to or any beneficial interest in any Condominium Unit by way of foreclosure or otherwise.

F. Financial Statements. To the extent the Association does not have an audited financial statement, any First Mortgagee shall have the right to have an audited financial statement prepared at its own expense.

G. Working Capital Requirements. Developer shall establish a working capital fund to meet unforeseen expenditures or to purchase any additional equipment or services. The initial working capital fund established by Developer shall be in an amount that is at least equal to two (2) months of estimated Common Expenses for each Unit. Each Unit's share of the working capital fund may be collected from each Owner either at the time the sale of the Unit is closed or when control of the Condominium is transferred to the Owners, whichever is earlier. Any amounts paid into the working capital fund shall not be considered as advance payments of regular Common Expense assessments. The working capital fund shall be transferred to the Association for deposit to a segregated fund when control of the Association is transferred to the Owners.

Developer shall not use working capital funds to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association. Upon the sale of any unsold Unit, Developer shall be entitled to reimburse itself for any funds it paid to the Association for any unsold Unit's share of the working capital fund by using funds collected at closing when the Unit is sold.

19. Boundaries. In the event that any portion of a Unit or a Common Element changes boundaries and thereby encroaches upon another Unit or Common Element due to the shifting, settling or moving of the Building, such changed boundaries shall be deemed to constitute the boundaries of the Units and the Common Elements so affected.

20. Amendments and Modifications.

A. Amendments. No purported amendment of any Condominium Document or any action or inaction of the Association shall:

(i) vacate, waive, revoke, abandon or terminate (other than by fire or other casualty or a taking of all Units by condemnation) the Condominium or the Declaration;

(ii) be deemed to have changed the Percentage of Common Interest

Ownership assigned to any Unit, except as provided in Paragraphs 14 or 20.B. or D. hereof, or the dimensions or boundaries of any Unit (including, without limitation, any change resulting from subdivision or partition), except pursuant to Paragraph 19 hereof; or

(iii) be deemed to have changed or amended any material provision of the Condominium Documents (with the express exception of the provisions of the Bylaws which may be amended in accordance therewith or unless such change or amendment is done pursuant to Paragraphs 20.B. or 20.D) including, but not limited to, voting rights, Assessments, reserves, insurance or fidelity bonds, rights to use of or interests in, or sale or transfer (apart from the Units to which they relate), abandonment, partition, subdivision or encumbrance of, the Common Elements (the granting by the Association of easements for public utilities or other public purposes consistent with the intended use of the Common Elements not being deemed a transfer within the meaning of the foregoing) the Common Elements, responsibility for the maintenance and repair of the Condominium, expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium, convertibility of Units into Common Elements or vice versa, leasing of Units, imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey such Owner's Condominium Unit, or any other provision which is for the express benefit of any Mortgagee, insurer or guarantor of any first mortgage or deed of trust secured by a lien on any Condominium Unit, including, without limitation, provisions concerning the disposition of insurance proceeds and condemnation awards;

unless: (a) as to item (ii) above, all Owners or Eligible Mortgagees vote pursuant to Paragraph 6. E, above, for such action at a meeting of the Association duly called and reflected in an instrument to such effect duly recorded in the Real Property Records of Harris County, Texas; or (b) as to items (i) and (iii) above, Owners (other than Developer) holding in the aggregate at least sixty-seven percent (67%) of the Percentages of Common Interest Ownership assigned to all Units (other than those owned by Developer) and Eligible Mortgagees which represent at least sixty-seven percent (67%) of the votes of Units that are subject to mortgages held by Eligible Mortgagees vote or otherwise agree to such action at a meeting of the Association duly called and reflected in an instrument to such effect duly recorded in the Real Property Records of Harris County, Texas; provided, however, unanimity of each Owner and each Eligible Mortgagee shall be required to the extent set forth in the Act and that no amendment shall discriminate against any Owner or against any Unit or against any group or class of Owners or Units without the prior written consent of such Owners, nor shall any amendment make any change in the provisions herein, relating to insurance and/or repair or reconstruction in the event of casualty or damage without the prior written consent of all Eligible Mortgagees secured by a lien upon one (1) or more of the Units affected. In addition, the Limited Common Elements and the provisions of this Declaration relating to the right to use the Limited Common Elements may not be altered without the consent of each affected Owner and the Eligible Mortgagee, if any,

holding a mortgage lien on such Unit.

B. Subdivision of Units. Except as provided in Paragraph 20.D. hereof, no Unit shall be subdivided or partitioned unless: (i) the Owner of such Unit, (ii) the Eligible Mortgagee, if any, holding a mortgage lien on such Unit and (iii) the Association agree to such subdivision by an instrument to such effect duly recorded in the Real Property Records of Harris County, Texas. In the event of a subdivision pursuant to this Paragraph 20.B., the Owner so dividing a Unit shall bear all costs and expenses of amending this Declaration to reflect the same. The Association may not subdivide or partition any Unit unless it otherwise has a legal right to subdivide or partition said Unit and the Association has received the approval of Owners holding at least sixty-seven percent (67%) of the Common Interest Ownership assigned to all Units (other than those owned by the Developer, any other developer or builder) or that of First Mortgagees holding sixty-seven percent (67%) of the First Mortgages (based on one vote for each First Mortgage held)

C. Approval by Mortgagees of Amendments. Any Mortgagee who receives by certified or registered mail, with a "return receipt" requested, a written request to approve an amendment, modification or supplement hereto, and who does not deliver or post to the Association a negative response within thirty (30) days thereafter, shall, to the extent permitted by the Act, be deemed to have approved such request.

D. Amendments by Developer. Notwithstanding the generality of the foregoing, and notwithstanding anything in this Declaration to the contrary, Developer expressly retains the right and shall at all times have the right, to the extent permitted by the Act, to amend this Declaration without the consent or approval of any other person in order to:

(i) correct survey or other errors made herein prior to the first meeting of Owners;

(ii) change the Percentage of Common Interest Ownership assigned to, and the dimensions of, Units owned by Developer so long as such changes do not affect the Percentage of Common Interest Ownership assigned to, or the dimensions of, the Units not owned by Developer;

(iii) make this Declaration comply with the mandatory provisions of the Act, if it be deficient in any such respect, or, as long as Developer owns any Unit which has not been occupied, conform this Declaration to the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Housing Administration or the Veterans Administration, with respect to condominium documentation; and

(iv) change the assignment and allocation of parking spaces which are assigned to Units owned by Developer;

each by written instrument to such effect executed by Developer, only and duly

recorded in the Real Property Records of Harris County, Texas.

The right of Developer to change the Percentage of Common Interest Ownership assigned to, and the dimensions of, Units owned by Developer shall include, without limitation, the following rights: (i) to physically combine the space within one (1) Unit with the space within one (1) or more laterally or vertically adjoining Units; (ii) to combine a part of the space within one (1) or more laterally or vertically adjoining Units; (iii) to combine a part of the space within one (1) Unit with part of the space within one (1) or more laterally or vertically adjoining Units; (iv) to divide into separate Units the space of one (1) or more Units; and (v) to modify or remodel one (1) or more Units into larger or smaller Units, or any combination thereof. In any such event, Developer may construct, alter, relocate or remove any walls or floors or do any other work which may be necessary to complete such combination, division, modification or remodeling. Such combined, divided, modified and remodeled Units shall be subject to the terms and provisions of this Declaration, and the total of the Percentages of Common Interest Ownership assigned to all Units as they may be adjusted by Developer as provided above, shall continue to equal one hundred percent (100%).

Developer expressly retains the right to make such amendments without permission of the Association or any other person or entity, whether said amendment or amendments occur before or after the Association takes over administration of the Condominium. Each Owner, by acceptance of a deed covering his or her Unit, authorizes and empowers Developer, as such Owner's agent and attorney-in-fact for said purposes only, to execute, deliver and record any such amendment or amendments either in the name of Developer, or in the name and as the act of such Owner and all other Owners, and this power and authorization shall be irrevocable.

E. Special Rights Applicable When All Units on floor Owned by Same Owner. Notwithstanding anything in this Declaration to the contrary, if and for so long as any Owner owns all of the Units on a floor (except the first floor) of the Building:

(i) Upon approval of the Association (which shall not be denied if the structural integrity, the mechanical, electric and plumbing systems and all Common Elements that pass through the floor and benefit other Units are not adversely affected and all other reasonable requirements of the Association generally applicable and consistently required with respect to construction in the Building are met), the Owner may remove any or all of the non-load-bearing walls on the floor that separate Units from each other and from Common Elements such as hallways, and the flooring, entrances and other improvements or fixtures located in such hallways, provided such work is accomplished in a good and workmanlike manner and in a manner designed to create the look and feel of one single unit of space as if all of the Units and hallways were combined as one unit.

(ii) The hallways and walls on such floor, to the extent constituting

General Common Elements otherwise, and other General Common Elements located on such floor that benefit only the Units located on such floor, shall be considered Limited Common Elements without the necessity of amending this Declaration.

(iii) To the extent the Owner has taken any of the actions described in (i) above, then prior to conveying any Unit on the floor to another party with the result that all Units on the floor shall no longer be owned by the same Owner, such Owner shall undertake such work as shall be necessary to place in their original condition and position those improvements or fixtures that were removed or altered as a result of such actions. In the case of improvements and fixtures that were never installed but would be required to be installed for scheme of Common Elements on the floor to be consistent with the scheme of Common Elements on each of the floors in the building [other than the first floor] in which the Units are owned by separate Owners, prior to conveying any Unit on the floor to another party with the result that all Units on the floor shall no longer be owned by the same Owner, such Owner shall install such improvements and fixtures. All work required pursuant to this subparagraph (iii) shall be done in a good and workmanlike manner, and so as not to adversely affect the structural integrity, the mechanical, electric and plumbing systems or any Common Elements that pass through the floor and benefit other Units. All such work shall be subject to the approval of the Association, which shall not be withheld if the foregoing standards and all other reasonable requirements of the Association generally applicable and consistently required with respect to construction in the Building are met.

21. Taxation.

A. Of Units After Separate Assessment. Each Unit shall be assessed and taxed for all purposes as a separate parcel of real estate entirely independent of the Building, and independent of the Condominium or the Common Elements thereof, and each Owner shall be solely responsible for the payment of all taxes, municipal claims, charges and assessments of any nature whatsoever assessed against such Unit. The valuation of the General Common Elements and the Limited Common Elements shall be assessed separately to each Owner in accordance with his or her Percentage of Common Interest Ownership in the Common Elements. Such payment shall be made prior to the due date of such taxes, municipal claims, charges and assessments.

B. Of Units Prior to Separate Assessment. Prior to the time the respective taxing authorities shall have assessed and taxed each Unit as a separate parcel of real estate as provided above, any such taxes, municipal claims, charges and assessments assessed against the Condominium as a whole shall be a Common Expense.

22. Remedies. In the event any default is made by any Owner under the Act, this

Declaration, the Bylaws, or the Rules or Regulations, the Board or the Association or their representative shall have all of the rights and remedies which may be provided by the Act, this Declaration, or the Bylaws, or which may be available at law or in equity, and may prosecute any action or other proceeding against any defaulting Owner and/or Owners for enforcement of any lien or to enforce compliance with the matter with respect to which default has been made, by injunctive relief or otherwise, or for the collection of any sums, debts, or damages in default or arising from any default. The Board or its authorized representative shall be further empowered and authorized to correct and cure any matter in default and to do whatever may be necessary for such purpose. All expenses incurred in connection with any such action or proceeding shall be a part of the Common Expenses of this condominium and collectible from each Owner as in the case of other Common Expenses. Notwithstanding the foregoing, in the enforcement by Developer or the Association of restrictions against a Unit or its use, the party seeking to enforce the restriction must institute judicial proceedings before any items of construction may be altered or demolished.

23. Miscellaneous.

A. Effect of Acceptance or Recordation of a Deed. The acceptance or recordation of a Deed to a Condominium Unit or the entering into occupancy of a Unit shall constitute an agreement by the Owner and his or her tenants, servants, visitors or occupants that: (i) this Declaration and the Condominium Documents, as they may be amended from time to time, and all items affecting title to the Land are accepted, agreed to and ratified by the Association and each such Owner, tenant, visitor, servant or occupant, and their respective heirs, executors, administrators, successors, legal representatives, assigns, purchasers, grantees, mortgagees and all others having or claiming an interest in any Unit, and all of such provisions shall be deemed to be covenants running with the land to bind any person having at any time any interest or estate in such Condominium Unit, as though such provisions were cited and stipulated in each and every Deed to a Condominium Unit, and (ii) violations of the terms of the Condominium Documents by any such person shall be deemed to be a substantial violation of the duties of the Owner.

B. Severability, Interpretation. If any provision of this Declaration or the Bylaws, or any section, sentence, paragraph, clause, phrase or word, or the application thereof in any circumstance shall be invalid or unenforceable, the validity or enforceability of the remainder of the Condominium Documents and the application of any such provisions, section, sentence, paragraph, clause, phrase, or word in any other circumstance shall not be affected thereby. If anything in the Condominium Documents shall be susceptible to two or more interpretations, then the interpretation which shall most nearly be in accord with the intent of the Act, and the general purposes and intent of the Condominium Documents, shall govern.

C. No Waiver. No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

D. Separation of Estates. The separate and common estates created by

this Declaration shall continue until this Declaration is terminated in the manner and to the extent as is provided herein.

E. No Gift or Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Land or the Building to the public or for any public use.

F. Mechanic's and Materialmen's Liens. No labor performed or materials furnished and incorporated in a Unit with the consent or at the request of an Owner or his or her agent or his or her contractor or subcontractor shall be the basis for the filing of a lien against the Condominium or the Unit of any other Owner not expressly consenting to or requesting the same, or against the Common Elements. Each Owner shall indemnify and hold harmless the Condominium and each of the other Owners from and against any loss, cost or expense in connection with construction performed or for labor, materials, services or other products incorporated in the Owner's Unit at such Owner's request.

G. Security. THE ASSOCIATION SHALL NOT IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SECURITY WITHIN THE PROPERTY. NEITHER SHALL THE ASSOCIATION BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. THE ASSOCIATION DOES NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES, OR OTHER SECURITY SYSTEMS (IF ANY ARE PRESENT) WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP OR OTHERWISE, NOR THAT FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. THE ASSOCIATION IS NOT AN INSURER AND EACH OWNER AND OCCUPANT OF ANY UNIT AND EACH TENANT, GUEST AND INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO UNITS AND TO THE CONTENTS OF UNITS AND ACKNOWLEDGES THAT THE ASSOCIATION HAS MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS THE ASSOCIATION, ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OR MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTY.

H. Exhibits. All exhibits, attachments, annexed instruments and addenda referred to herein shall be considered a part hereof for all purposes with the same force and effect as if copied verbatim herein.

I. Notices. Notices provided for in the Act, this Declaration or the Bylaws shall be in writing and shall be addressed to the Board or the Association at the address of the Board, the Association or their respective representatives which may be established from time to time and of which the Owners shall be notified. Notice to the Owners may be sent to the mailing address of their respective Units or to such other address which any Owner may in writing designate by notice thereof to the Board, the Association or their respective representatives. Any notice which is required to be sent, given or delivered pursuant to the terms of this Declaration, the Bylaws or the Rules and Regulations shall be deemed sent, given and delivered on the earlier of (i) the date actually received or (ii) three (3) business days after deposit for delivery by the U.S. Postal Service, postage prepaid, certified mail, return receipt requested. Attendance by a Unit Owner at any meeting shall constitute a waiver of the required notice.

J. Omissions. In the event of the omission from the Condominium Documents of any word, sentence, clause, provision or stipulation which shall be necessary for the accomplishment of the intent and purposes hereof or any part hereof, then such omitted matter shall be applied by inference and/or by reference to the Act.

K. Captions and Exhibits. Captions used in the various articles and sections of this Declaration are for convenience only and they are not intended to modify or affect the meaning of any of the substantive provisions hereof.

L. Use of Number and Gender. Wherever used herein and unless the content shall otherwise provide, the singular number shall include the plural, the plural number shall include the singular, and the use of any gender shall include all genders.

M. Conflicting or Inconsistent Provisions. If at any time, a provision of the Rules and Regulations or Bylaws, as then existing, conflicts with or is inconsistent with the provisions of this Declaration, the provisions of this Declaration shall control. If at any time, a provision of the Rules and Regulations conflicts with or is inconsistent with the provisions of the Bylaws, the provision of the Bylaws shall control.

N. Governing Law. THE CONDOMINIUM DOCUMENTS SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS. VENUE FOR ANY ACTION BROUGHT IN CONNECTION WITH THE CONDOMINIUM SHALL BE IN HARRIS COUNTY, TEXAS.

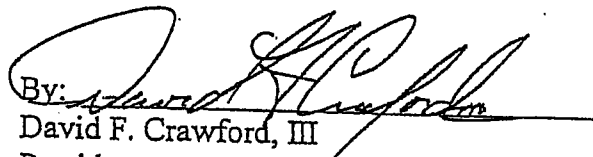
IN WITNESS WHEREOF, Developer has caused this Declaration to be executed the day and year first written above.

DEVELOPER

TEXAS BROWNSTONE-WASHINGTON PLACE
PARTNERS I, L.L.P.; a Texas limited partnership

General Partner:

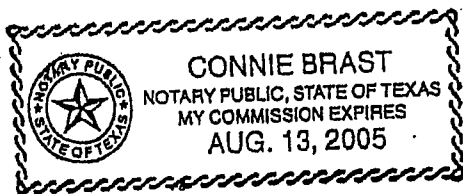
Sabine Street Builders, Inc.

By: 
David F. Crawford, III
President

State of Texas

County of Harris

This instrument was acknowledged before me on November 13, 2001, by David F. Crawford, III, President of Sabine Street Builders, Inc., General Partner, on behalf of Texas Brownstone-Washington Place Partners, I, L.L.P., a Texas limited partnership.



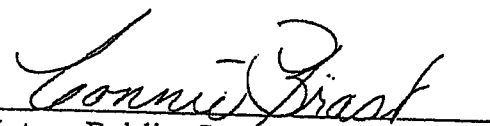

Notary Public, State of Texas

Exhibit A Common Area - Percent of Common Interest Ownership

Exhibit B Bylaws of Washington Lofts Condominium Association, Inc.

Exhibit C Condominium Plan

Part I legal description of the Land
Part II plat of the Condominium
Part III plat of each floor of the Building

Exhibit A-1 Phase II Land

OFFICE OF
BEVERLY B. KAUFMAN
COUNTY CLERK, HARRIS COUNTY, TEXAS
CONDOMINIUM RECORDS OF COUNTY
FILM CODE 182029

EXHIBIT "A"
Common Area

(a) Floor	(b) Unit	(c) Size (sq. ft.)	(d) % of Common Interest Ownership	(e) Parking Space	(f) Balcony (sq. ft.)
1	1722 A	565	1.52%		
1	1722 B	551	1.48%		
2	1722 C	1,691	4.55%	1722 C Garage	164
2	1722 D	1,691	4.55%	1722 D Garage	164
3	1722 E	1,691	4.55%	1722 E Garage	164
3	1722 F	1,691	4.55%	1722 F Garage	164
4	1722 G	2,236	6.02%	1722 G Garage	164
4	1722 H	2,236	6.02%	1722 H Garage	164
1	1716 A	566	1.52%		
1	1716 B	577	1.55%		
2	1716 C	1,692	4.55%	1716 C Garage	211
2	1716 D	1,692	4.55%	1716 D Garage	211
3	1716 E	1,692	4.55%	1716 E Garage	138
3	1716 F	1,692	4.55%	1716 F Garage	138
4	1716 G	2,237	6.02%	1716 G Garage	138
4	1716 H	2,237	6.02%	1716 H Garage	138
1	1708 A	552	1.51%		
1	1708 B	562	1.51%		
2	1708 C	1,700	4.58%	1708 C Garage	185
2	1708 D	1,700	4.58%	1708 D Garage	185
3	1708 E	1,700	4.58%	1708 E Garage	135
3	1708 F	1,700	4.58%	1708 F Garage	135
4	1708 G	2,245	6.04%	1708 G Garage	135
4	1708 H	2,245	6.04%	1708 H Garage	135
TOTAL		37,151	100%		

EXHIBIT C
PART I

LEGAL DESCRIPTION OF LAND

A FIELD NOTE DESCRIPTION OF 22,950 SQUARE FOOT TRACT OF LAND LOCATED IN HARRIS COUNTY, TEXAS, SITUATED IN THE JOHN AUSTIN LEAGUE GRANT, ABSTRACT NO. 1, BEING ALL OF TRACT 11 AS RECORDED IN VOLUME 2836, PAGE 423 OF THE HARRIS COUNTY DEED RECORDS PART OF TRACT 1, AS RECORDED IN VOLUME 1150, PAGE 498 HARRIS COUNTY DEED RECORDS AND PART OF TRACT 111, AS RECORDED IN HARRIS COUNTY CLERK'S FILE NO. J288518 BEING DESCRIBED AS FOLLOWS:

BEGINNING at a point (called for an "X" in concrete, not found, survey found a ½ inch iron rod with cap bearing North 74°37'50" West, 0.14 feet) at the intersection of the North right-of-way line of Washington Avenue (60.00 feet of right-of-way) and the East line of Sabine Street;

THENCE North, along said East line, a distance of 110.00 feet to a point (called for a ½ inch iron rod with cap, not found, survey found a ½ inch iron rod with cap bearing South 75°38'06" West, 0.15 feet) for corner;

THENCE South 82°44'00" East, a distance of 210.33 feet to a ½ inch rod with cap found for corner (said point being on the West line of a called 0.7580 acre tract recorded under Harris County Clerk's File No. D928967);

THENCE South (along the West line of said called 0.7580 acre tract and the West line of a called 0.11478 acre tract recorded under Harris County Clerk's File No. E369219) 110.00 feet to a point (called for a 5/8 inch iron rod, not found, survey found a 3/4 inch iron rod) on the North right-of-way line of Washington Avenue;

THENCE North 82°44'00" West, along said North right-of-way line, a distance of 210.33 feet to the POINT OF BEGINNING and containing 0.5269 acres or 22,950 square feet of land, more or less.

JANUARY 4, 2001

STATE OF TEXAS

HARRIS COUNTY

METES AND BOUNDS DESCRIPTION

1702 WASHINGTON AVENUE
HOUSTON, TEXAS

All that certain 0.344 acre tract of land previously described in Harris County Clerk's Film Code Number 137 - 72 - 0979 and Harris County Clerk's File Number E369219, said tract being out of Lot 14, in Block 3, of the Hollingsworth Subdivision in the John Austin Two League Grant in the City of Houston, on the North Side of Buffalo Bayou, in Harris County, Texas, said 0.344 acre tract also described as being out of the Westside of the A. Brunner Subdivision, in the Baker Addition to the City of Houston, on the North Side of the Buffalo Bayou, Harris County, Texas, said tract being more particularly described by metes and bounds as follows:

COMMENCING at a 5/8 inch iron rod found at the intersection of the North R.O.W. line of Washington Avenue and the East R.O.W. line of Sabine Street;

THENCE South 82° 30' 00" East, along the North line of Washington Avenue, a distance of 210.33 feet to a 5/8 inch iron rod found for the POINT OF BEGINNING, of the herein described 0.344 acre tract of land;

THENCE North 00° 14' 00" East, parallel to the East line of Sabine Street, a distance of 100.00 feet to a 1/2 inch iron rod with cap set for the Northwest corner of the herein described tract of land;

THENCE South 82° 30' 00" East, parallel to the North line of Washington Avenue, a distance of 150.00 feet to a 1/2 inch iron rod with cap set for corner;

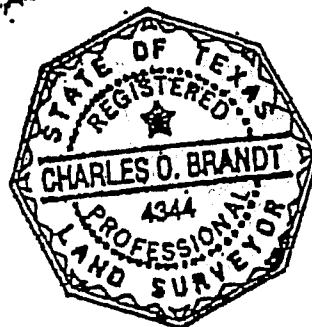
THENCE South 00° 14' 00" West a distance of 100.00 feet to a 1/2 inch iron rod with cap set in the North line of Washington Avenue for corner;

THENCE North 82° 30' 00" West, along the North line of Washington Avenue, a distance of 150.00 feet to the POINT OF BEGINNING, containing 0.344 acre of land, more or less.

Charles O. Brandt 1-4-2001

Charles O. Brandt R.P.L.S. #4344

GULLETT & ASSOCIATES, INC.
WORD\DOCS\SUBDMR\00122901.M&B.



SABINE STREET

1 ACRES
OR EASEMENT

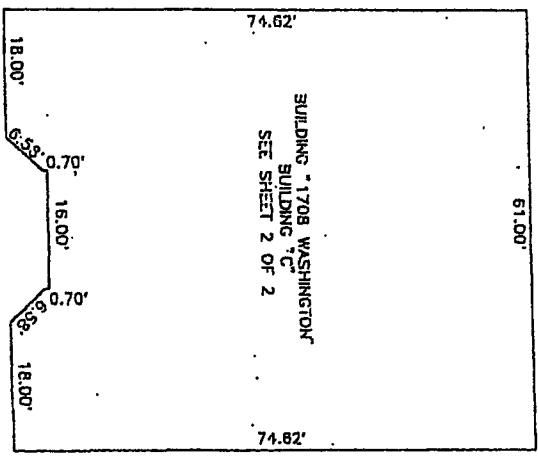
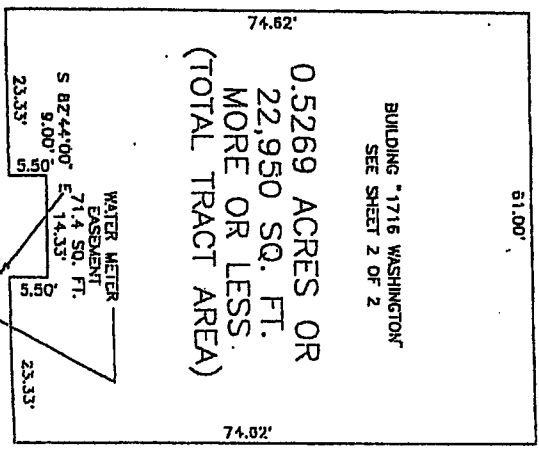
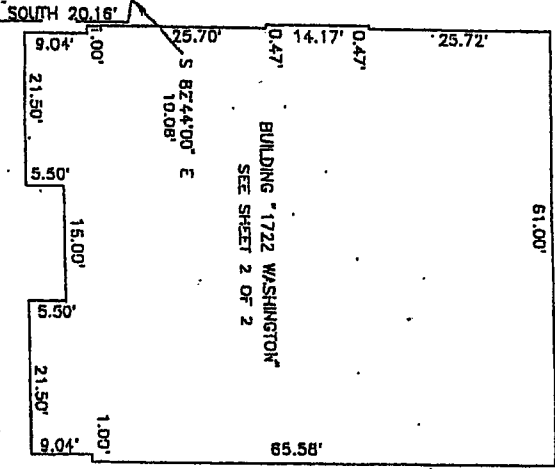
SERVICE
POLE

SERVICE
POLE

NORTH

110.00'

SOUTH



H.L. & P. EASEMENT
2,303 SQ. FT.
COMMON AREA
9,591 SQ. FT.

S 82°44'00" E

210.33'

SERVICE
POLE

SERVICE
POLE

SERVICE
POLE

H.L. & P. 1
900

WATER METER
WATER METER
D W/ CAP
0.14'

WATER METER
WATER METER
STREET LAMP

N 82°44'00" W

210.33'

97.75'

WATER METER
WATER METER
STREET LAMP

110.00'

WASHINGTON AVENUE (EAST SIDE)

EXHIBIT C Part II

SABINE STREET

FND. 1/2" IRON ROD
W/ CAP

10.00'

NORTH 90.00'

H.L.&P. EASEMENT
630 SQ. FT.

72'

61.00'

S 82°44'00" E

SERVICE
POLE

TRACT "E"
0.4311 ACRES OR
18,778 SQ. FT.
MORE OR LESS
SUBJECT TO DEVELOPMENT & RIGHTS

SERVICE
POLE

210.33'

SERVICE
POLE

H.L.&P. EASEMENT
900 SQ. FT.

SOUTH 90.00'

CENTER STREET (60' R.O.W.)

FND

FND

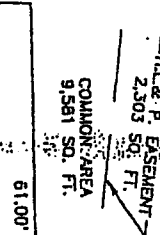
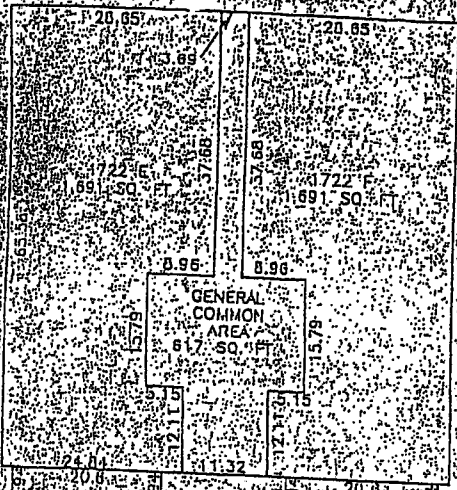


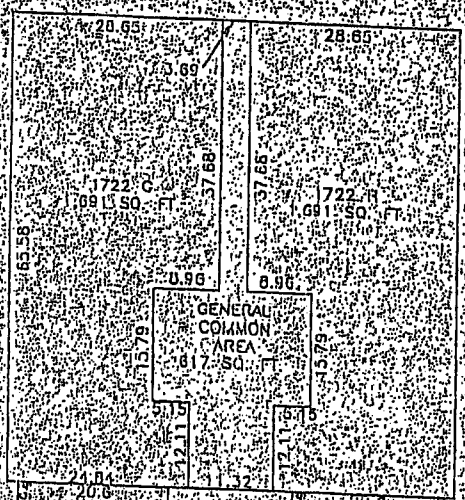
EXHIBIT C PART II



BALCONY
118 SQ. FT.
(LIMITED COMMON ELEMENT)

BALCONY
161 SQ. FT.
(LIMITED COMMON ELEMENT)

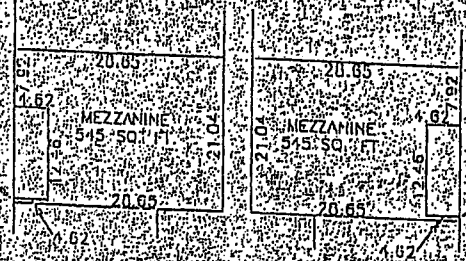
FOURTH FLOOR



BALCONY
118 SQ. FT.
(LIMITED COMMON ELEMENT)

BALCONY
161 SQ. FT.
(LIMITED COMMON ELEMENT)

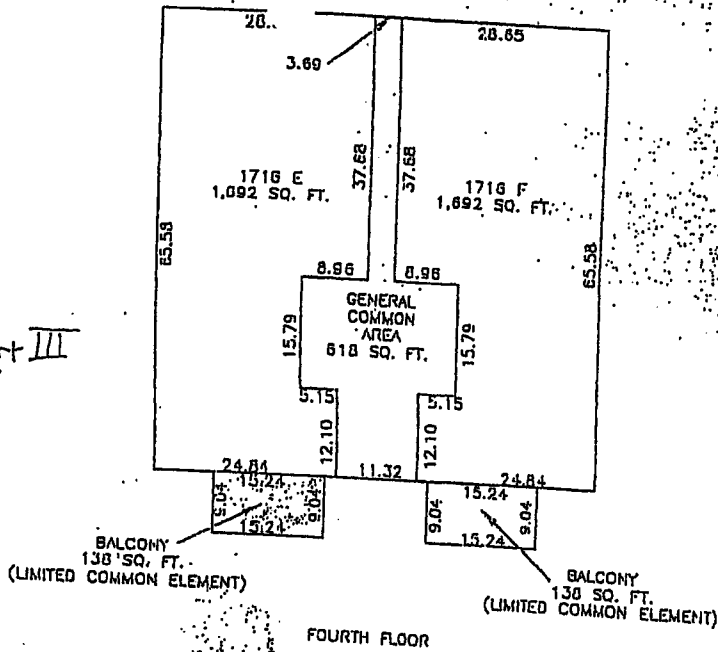
MEZZANINE



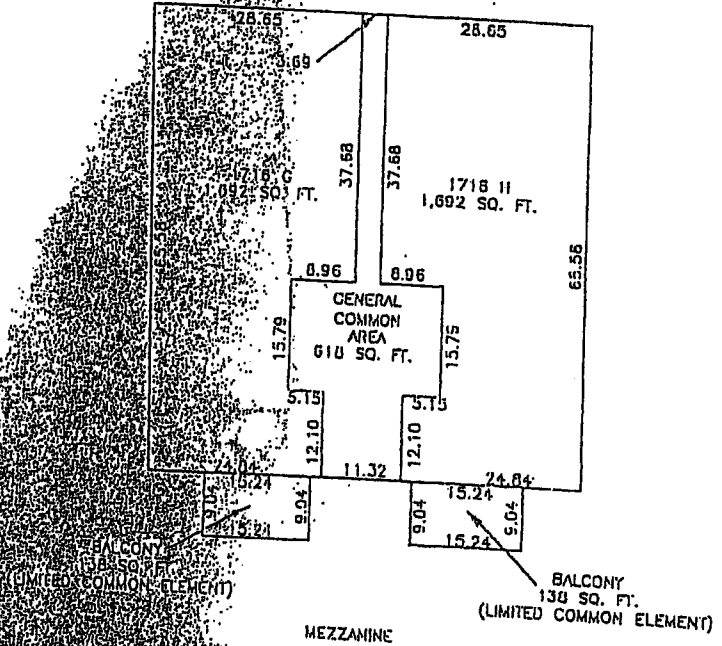
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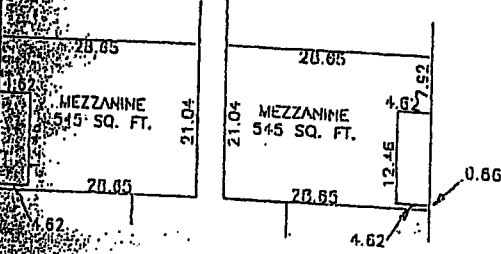
EXHIBIT C Part III



FOURTH FLOOR



MEZZANINE



BUILDING "A"

FIRST FLOOR

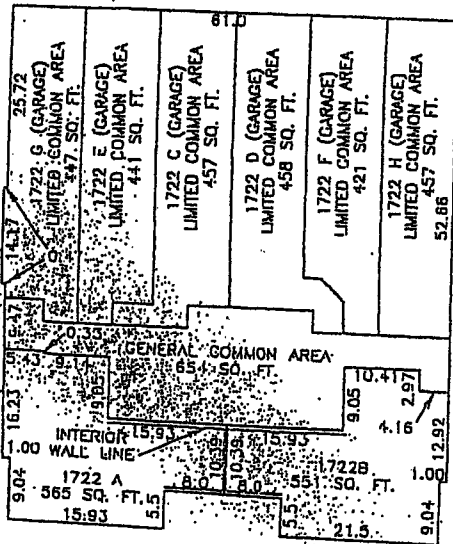
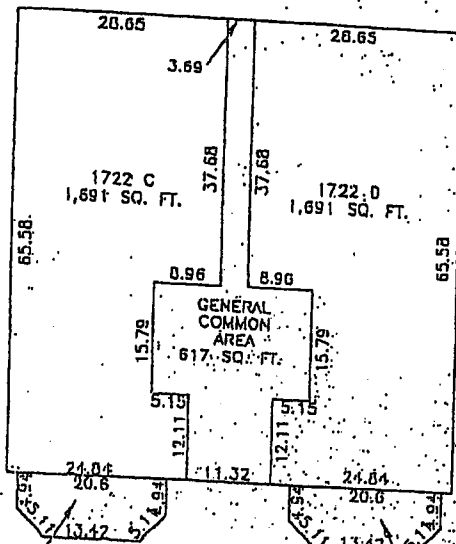


EXHIBIT C Part III

EXTERIOR WALL LINE

OFFICE OF
 BEVERLY B. KAUFMAN
 COUNTY CLERK, HARRIS COUNTY, TEXAS
 CONDOMINIUM RECORDS OF COUNTY CLERK
 FILM CODE 182035

SECOND FLOOR



BALCONY:
 164 SQ. FT.
 (LIMITED COMMON ELEMENT)

BALCONY:
 164 SQ. FT.
 (LIMITED COMMON ELEMENT)

WASHINGTON PLACE LOFTS CONDOMINIUM

THIS IS PAGE 21 OF 25 PAGES

REDUCTION 16x CAMERA DESIGNATION MR

BUILDING "B"

FIRST FLOOR

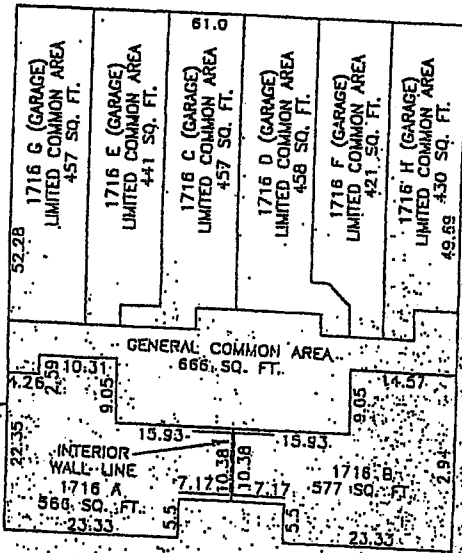
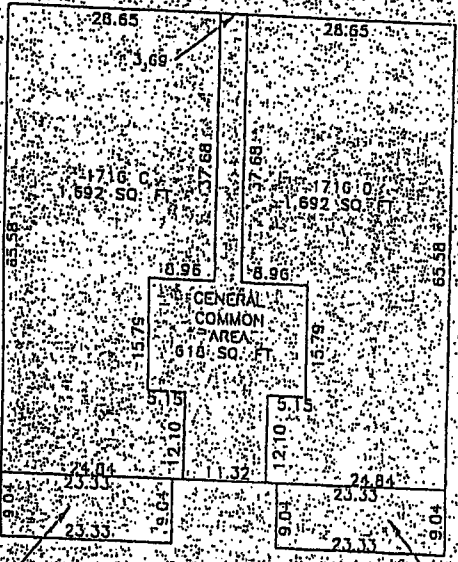


EXHIBIT C Part III

EXTERIOR WALL LINE

SECOND FLOOR



BALCONY 211 SQ. FT. (LIMITED COMMON ELEMENT)

BALCONY 211 SQ. FT. (LIMITED COMMON ELEMENT)

BUILDING "C"

FIRST FLOOR

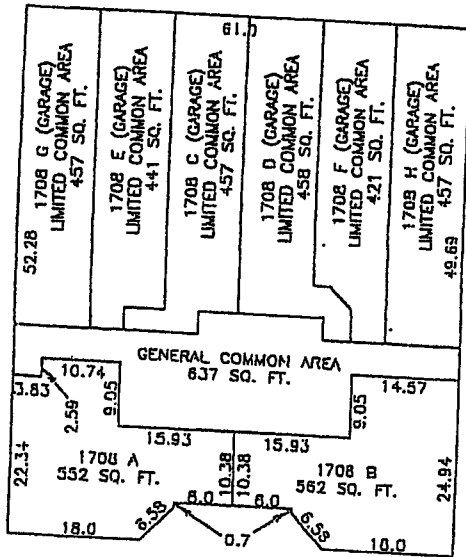
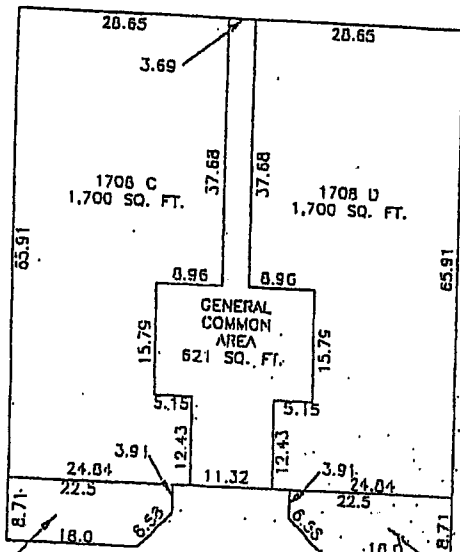


EXHIBIT C Part III

OFFICE OF
 BEVERLY B. KAUFMAN
 COUNTY CLERK, HARRIS COUNTY, TEXAS
 CONDOMINIUM RECORDS OF COUNTY CLERK
 FILM CODE 182036

WASHINGTON PLACE LOFTS CONDOMINIUM

SECOND FLOOR



THIS IS PAGE 22 OF 25 PAGES

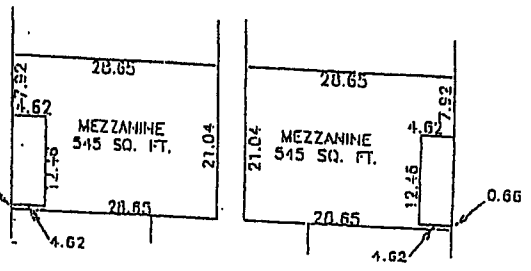
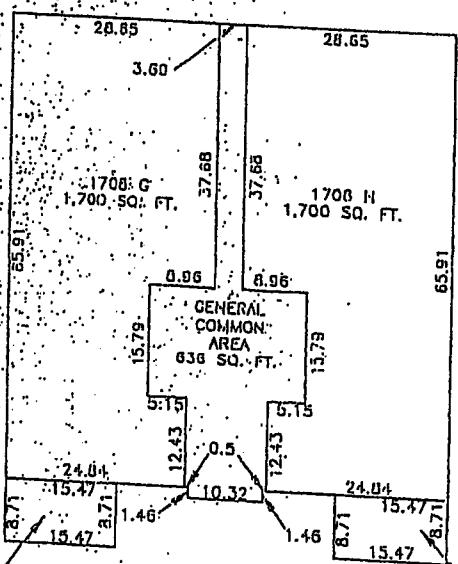
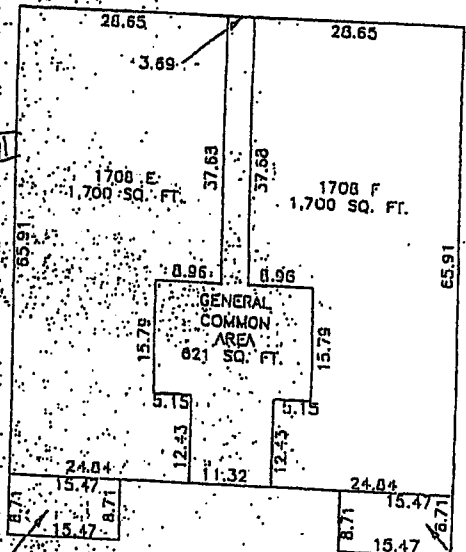
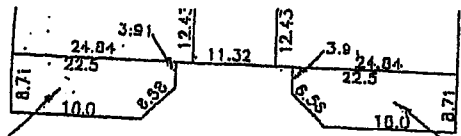
REDUCTION 16x CAMERA DESIGNATION MR

BALCONY
 185 SQ. FT.
 (LIMITED COMMON ELEMENT)

BALCONY
 185 SQ. FT.
 (LIMITED COMMON ELEMENT)



REVISI
PER. CL



SC

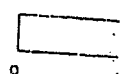


EXHIBIT "A-1"
DEVELOPMENT RIGHTS

PHASE II

A fieldnote description of a 18778 square foot tract of land located in Harris County, Texas, situated in the John Austin League Grant, Abstract No. 1, being part of Tract 1, as recorded in Volume 1150, Page 498 HCDR and part of Tract 111 as recorded in HCCFN J288518 being described as follows:

COMMENCING at an "X" found in concrete at the intersection of the North line of Washington Avenue (60.00 foot ROW) and the East line of Sabine Street;

THENCE North along said East line, a distance of 110.00 feet to a ½ inch iron rod w/cap set for the POINT OF BEGINNING;

THENCE North along said East line, a distance of 90.00 feet to a ½ inch iron rod w/cap found for corner in the South line of Center Street (60.00 foot ROW);

THENCE South 82° 44 Min. 00 Sec. East, along said South line, a distance of 210.33 feet to a ½ inch iron rod w/cap found for corner;

THENCE South 90.00 feet to a ½ inch iron rod w/cap set for corner;

THENCE West 82° 44 Min. 00 Sec. West, a distance of 210.33 feet to the POINT OF BEGINNING.

EXHIBIT "A-1"
DEVELOPMENT RIGHTS

PHASE II

1702 WASHINGTON AVENUE LEGAL DESCRIPTION

All that certain 0.344 acre tract of land previously described in Harris County Clerk's Film Code Number 137-72-0979 and Harris County Clerk's File Number E369219, said tract being out of Lot 14, in Block 3, of the Hollingsworth Subdivision in the John Austin Two League Grant in the City of Houston, on the North Side of Buffalo Bayou, in Harris County, Texas, said 0.344 acre tract also described as being out of the West side of the A. Brunner Subdivision, in the Baker Addition to the City of Houston, on the North side of the Buffalo Bayou, Harris County, Texas, said tract being more particularly described by metes and bounds as follows:

COMMENCING at a 5/8 inch iron rod found at the intersection of the North R.O.W. line of Washington Avenue and the East R.O.W. line of Sabine Street;

THENCE South 82°30'00" East, along the North line of Washington Avenue, a distance of 210.33 feet to a 5/8 inch iron rod found for the POINT OF BEGINNING, of the herein described 0.344 acre tract of land;

THENCE North 00°14'00" East, parallel to the East line of Sabine Street, a distance of 100.00 feet to a 1/2 inch iron rod with cap for the Northwest corner of the herein described tract of land;

THENCE South 82°30'00" East, parallel to the North line of Washington Avenue, a distance of 150.00 feet to a 1/2 inch iron rod with cap set for corner;

THENCE South 00°14'00" West a distance of 100.00 feet to a 1/2 inch iron rod with cap set in the North line of Washington Avenue for corner;

THENCE North 82°30'00" West, along the North line of Washington Avenue, a distance of 150.00 feet to the POINT OF BEGINNING, containing 0.344 acre of land, more or less.

OFFICE OF
BEVERLY B. KAUFMAN
COUNTY CLERK, HARRIS COUNTY, TEXAS
CONDOMINIUM RECORDS OF COUNTY CLERK

FILM CODE 182037

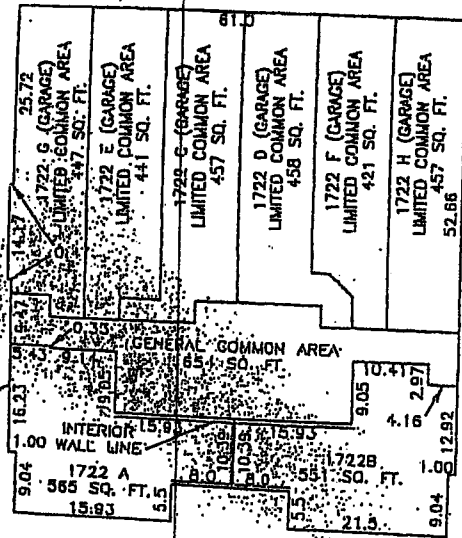
WASHINGTON PLACE LOFTS CONDOMINIUM

THIS IS PAGE 23 OF 25 PAGES

REDUCTION 16x CAMERA DESIGNATION MRG1

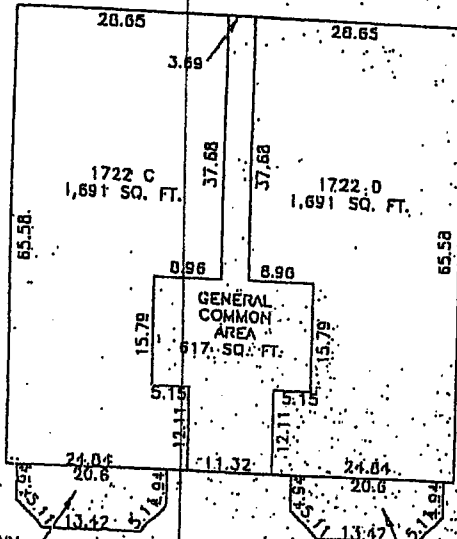
BUILDING "A"

FIRST FLOOR



EXTERIOR WALL LINE

SECOND FLOOR



BALCONY 184 SQ. FT. (LIMITED COMMON ELEMENT)

BALCONY 184 SQ. FT. (LIMITED COMMON ELEMENT)

EXHIBIT C Part III

OFFICE OF BEVERLY B. KAUFMAN COUNTY CLERK, HARRIS COUNTY, TEXAS

CONDOMINIUM RECORDS OF COUNTY CLERK

FILM CODE 182035

WASHINGTON PLACE LOFTS CONDOMINIUM

THIS IS PAGE 21 OF 25 PAGES

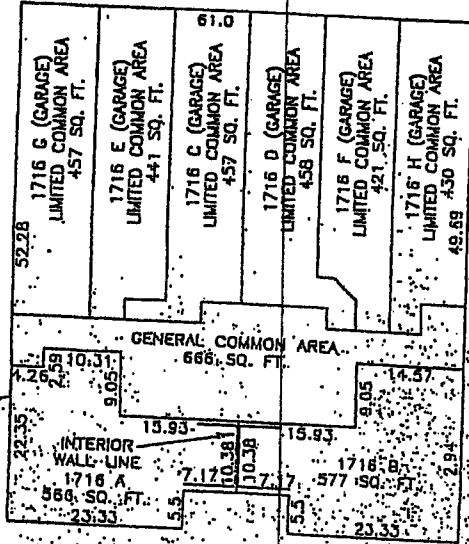
REDUCTION 16x CAMERA DESIGNATION M

BUILDING "B"

FIRST FLOOR

EXHIBIT C Part III

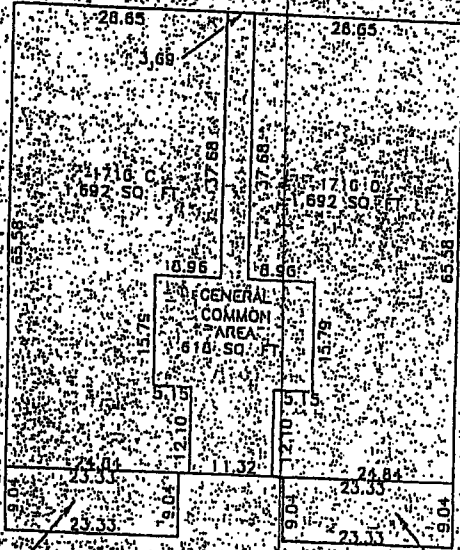
EXTERIOR WALL LINE.



SECOND FLOOR

BALCONY
21.1 SQ. FT.
(LIMITED COMMON ELEMENT)

BALCONY
21.1 SQ. FT.
(LIMITED COMMON ELEMENT)



This survey appears to be 24,967 of the 100 year flood 64' one ft in having rate map year 70
 03 per FCC 4870 (CE79)
 dates 11-28-85
 To a determination to be used for flood insurance rate purposes ONLY and a NOT to be relied upon for ANY other purpose. Survey for NOT distributed and/or property less in a Floodway area unless the representation as to whether property lies within a FLOODWAY area.

CENTER STREET
 (60' R.O.W.)

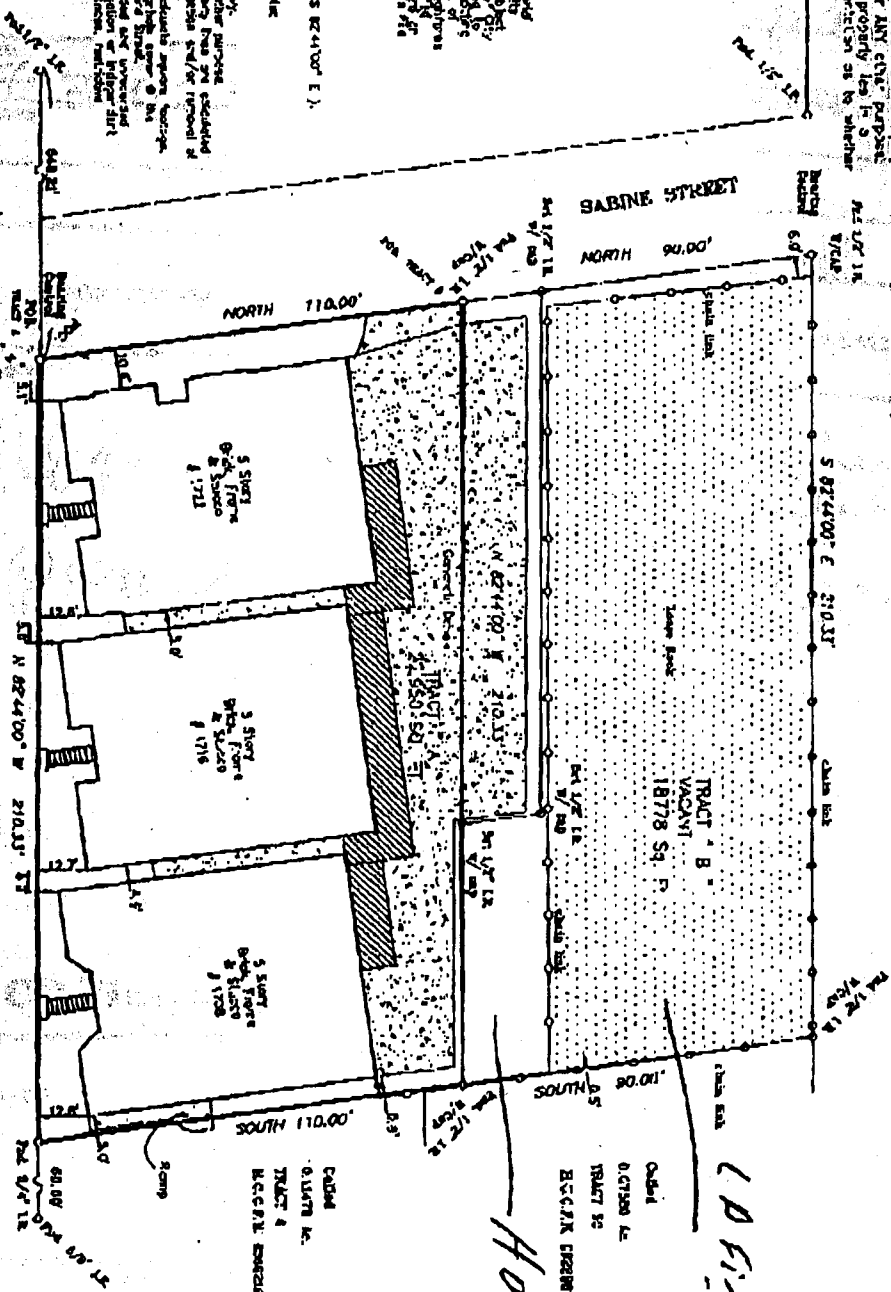
Scale: 1" = 30'

The subject property is located within the City of Houston and within the Floodway Area (Floodway Area) as shown on the Floodway Map (Floodway Map) of the City of Houston, Texas, and is subject to the Floodway Ordinance of the City of Houston, Texas. The Floodway Ordinance of the City of Houston, Texas, requires that the Floodway Area be maintained in a floodway condition and that no structure be erected or placed in the Floodway Area without the approval of the City of Houston, Texas. The Floodway Ordinance of the City of Houston, Texas, also requires that the Floodway Area be maintained in a floodway condition and that no structure be erected or placed in the Floodway Area without the approval of the City of Houston, Texas.

NOTES:
 - Bound by bearings and distances.
 - Bearings from the Survey Station.
 - All figures are in feet unless otherwise noted.
 - All bearings are true bearings.
 - The survey was made by the Surveyor General of the State of Texas, Houston, Texas.

I hereby certify that this survey was made in accordance with the laws of the State of Texas and that I am a duly qualified Surveyor General of the State of Texas. This survey was made on the 11th day of August, 1985, at Houston, Texas. My commission expires on the 11th day of August, 1990.

GEORGE E. GALE, R.L.S. No. 4578
 Surveyor General of the State of Texas



WASHINGTON AVENUE
 (60' R.O.W.)

BEING MORE PARTICULARY DESCRIBED BY NOTES AND COLOURS ATTACHED.

A.C.	3	HOLDINGS	RECORD
John Auld's The League Club Add. A-1			
1708 1716, 1721 Washington Ave. S. Houston			

G. QUILLIN & ASSOCIATES, INC.
 Surveyors

MAILED BY J.P.
 1985 AUG 27 4:44 PM
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