

Welcome to paradise...



HOMEOWNER'S GUIDE

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PARADISE POINT

DECLARATION OF CONDOMINIUM

After Recording Return To:

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PARADISE POINT

DECLARATION OF CONDOMINIUM

STATE OF TEXAS	§	
	§	KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF MONTGOMERY	§	

THIS DECLARATION OF CONDOMINIUM is made on the date hereinafter set forth by Paradise Point Condos Development, Inc., a Texas Corporation, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of that certain property in Montgomery County, Texas more particularly described as Reserve "B" in that certain plat recorded in the office of the Counter Clerk of Montgomery County in Cabinet K, Sheet 186 of the Map Records of Montgomery County, Texas, and the improvements thereon hereinafter referred to as the "Property", desiring to submit such land and improvements to the Texas Uniform Condominium Act for the purpose of establishing a condominium regime, does hereby adopt, establish, and promulgate this Paradise Point Declaration of Condominium, hereinafter referred to as the "Declaration", upon such Property; and

WHEREAS, Declarant desires to develop the Property as a residential condominium regime, together with any other land and/or improvements which Declarant at its sole discretion may hereinafter add thereto, and to provide and adopt a uniform plan of development including assessments, conditions, covenants, easements, reservations, and restrictions designed to govern, control and preserve the values and amenities of the Property for the development, improvement, sale, use and enjoyment of the Property as a residential condominium regime; and

WHEREAS, Declarant desires to subject the Property, together with additional land as may hereinafter be made subject hereto, to the assessments, conditions, covenants, easements, reservations, and restrictions hereinafter set forth, for the benefit of the Property, additions thereto, and each Owner of any part thereof; and

WHEREAS, Declarant has deemed it desirable for the enforcement of the Declaration and the efficient preservation of the amenities in said condominium regime, to create an owners association (hereinafter defined) to which shall be delegated and assigned the power of administering and enforcing these assessments, conditions, covenants, easements, reservations and restrictions, including levying, collecting and disbursing the assessments; and

WHEREAS, there has been or will be incorporated, one or more non-profit corporations created under the laws of the State of Texas, including the first being the Paradise Point Owners' Association, Inc., (hereinafter the "Association") whose directors will establish By-Laws by which said Association shall be governed through its Board of Directors, for the purpose of exercising the functions aforesaid. No more than one such non-profit corporation shall be in existence at any one time.

NOW, THEREFORE, Declarant hereby declares that the Property shall be developed, improved, sold, used and enjoyed in accordance with, and subject to the Texas Uniform Condominium Act, including the assessments, conditions, covenants, easements, reservations, and restrictions hereinafter set forth, all of which are hereby adopted for, and placed upon said Property and shall run with the Property and be binding on all parties, now and at anytime hereinafter, having or claiming any right, title or interest in the Property or any part thereof, their heirs, executors, administrators, successors and assigns, regardless of the source of, or the manner in which any such right, title or interest is or may be acquired, and shall inure to the benefit of each Owner of any part of the Property.

ARTICLE I. DEFINITION OF TERMS

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

- A. "Allocated Interests": means the undivided interest in the Common Elements, the common expense liability, and votes in the Association allocated to each Residence Unit as set forth on Exhibit "A" attached hereto and made a part hereof for all purposes. The Allocated Interest of each Residence Unit was established by dividing

the number of square feet in such Residence Unit by the total number of square feet of all Residence Units in the Buildings.

- B. "Appointed Board": means the initial Board of Directors who shall be appointed by the Declarant. The Declarant shall retain the unilateral right to appoint all Directors until such time as Declarant no longer owns any portion of the Property. From and after the time when Declarant no longer owns any portion of the Property, the Appointed Board shall serve until an election can be conducted to elect the Fully Elected Board, pursuant to Article VII, Section 7.1 of the Bylaws.
- C. "Association": means the Paradise Point Owners' Association, Inc., a Texas non-profit corporation, its successors, assigns and/or replacements, the members of which shall be the Owners of Residence Units during the period of their respective ownerships, and the successors and assigns of such Owners.
- D. "Board of Directors, or Board": means the Board of Directors of the Paradise Point Owners' Association, Inc., whether such Board be appointed by Declarant or elected by the Association in accordance with the provisions of this Declaration, or the body, regardless of name, designated to act on behalf of the Association.
- E. "Boat Slip or Boat Slips": means the physical portion of the Condominium (whether or not located on the Property) designated as a Limited Common Element, the boundaries of which are described in this Declaration on the attached Exhibit "C", as same may be amended from time to time by Declarant without the joinder of any Owner, which individual Boat Slip shall be assigned by the Declarant and/or the Association for the exclusive use of an Owner of a Residence Unit for the purpose of storing and/or docking boats owned by the respective Residence Unit Owner. The number of Boat Slips may change from the number as shown on Exhibit "C". Boat Slips shall be a Limited Common Element for so long as they are existing and for so long as a governmental entity does not require their removal. An Owner of a Residence Unit, by accepting the assignment of a Boat Slip, hereby acknowledges that said Owner is receiving only the right to use said Boat Slip subject to Rules and Regulations which may be promulgated by the Association. The right to use the Boat

Slip may not be assigned or transferred by any Owner without the prior written approval of the Board.

- F. "Buildings": The Buildings are four (4) residential buildings of three (3) stories each, designed for residential occupancy. The location of the Buildings on the Property is more particularly described on Exhibit "C" attached hereto and made a part hereof for all purposes as same may be amended from time to time by Declarant, prior to conveyance to any other Owner and upon such amendment, a revised exhibit shall be substituted in place of Exhibit "C". The Buildings, Residential Units, and Storage Closets are more completely described on the plans that are attached hereto as Exhibit "B" and made a part hereof for all purposes.
- G. "By-Laws": means the By-Laws of the Association, as they may be amended from time to time.
- H. "Common Area(s) or Common Element(s)": The Common Elements shall be and include all of the Property and Buildings except the Residence Units and shall include both general and Limited Common Elements (as hereafter defined), without limiting the generality of the foregoing, all improvements located or to be located on the Property; Boat Slips, Parking Spaces, foundations, supporting columns; girders, beams, slabs, supports, load-bearing walls, exterior glass walls, dividing walls between one or more Residence Units or between such Residence Unit and Common Elements, roofs, walkways, stairs, stairways, fire escapes, entrances and exits of the Buildings; grounds, gardens, the parking lot and all approaches, entrances and exits thereon and therefrom; managerial and other offices, mailrooms, areas used for storage of janitorial supplies, maintenance equipment and materials, cable television lines, converters, conduit and facilities, electrical lines and cables up to and including the point of entry into the breaker boxes of a Residence Unit, plumbing fixtures, pipes and lines installed in the walls of the Buildings or of a Residence Unit that do not exclusively service such Residence Unit, installation of all central services that do not exclusively service a particular Residence Unit, including power, light, water, water lines, heating, air conditioning (including "air handlers" and fan coil units not located

- within a Residence Unit), water collection facilities, elevators, tanks, pumps, motors, fans, compressors, ducts, driveways, and in general all apparatus and installations existing for the common use or necessary or convenient to the operation, maintenance and use of the Property (as hereafter defined), the Buildings and all other improvements located or to be located on the Property as a condominium building including the Common Areas; and all repairs and replacements of or additions to any of the foregoing. The hallways, stairs, elevators, gardens, and those portions of the Property and other Common Elements intended to be used for passages or temporary occupancy by persons are sometimes referred to herein as "Common Areas."
- I. "Common Expense Charge": means the annual assessment made and levied by the Board against each Owner and its Residence Unit for administration, management and operation of the Condominium and the Condominium Regime and for repairs, maintenance, insurance, additions, alterations, reconstruction and operation of all or any portion of the Common Elements (including reserves for replacements) and other expenses provided by the terms of this Declaration to be paid by the Association, in accordance with the provisions hereof.
- J. "Common Expense Fund": means the accumulated Common Expense Charges and other amounts collected or received by the Association.
- K. "Condominium": means a form of real property with portions of the real property designated for separate ownership or occupancy, and the remainder of the real property designated for common ownership or occupancy solely by the Owners of those portions. The Property, Buildings and all other improvements located or to be located on the Property and all other rights appurtenant to the Property, the Buildings and all other improvements located or to be located on the Property. The components of the Condominium are further herein classified as "Common Elements," "Limited Common Elements," "Parking Spaces," "Boat Slips," "Storage Closets" and "Residence Units" as defined herein.
- L. "Condominium Regime": means the legal rights and duties of ownership, maintenance, and administration created by the terms of the Texas Uniform

- Condominium Act and all amendments thereto (to the extent that such amendments are applicable in this Declaration and the Condominium), this Declaration of Condominium, and the By-Laws and Rules and Regulations promulgated thereunder.
- M. “Custom Design Criteria”: The Custom Design Criteria, as same may be amended or modified from time to time in accordance with this Declaration, may be promulgated by the Board for custom modifications made to Residence Units from time to time by Owners.
- N. “Declarant”: means Paradise Point Condos Development, Inc., a Texas corporation, and its successors and assigns, that have been designated as such by Declarant pursuant to a written instrument duly executed by Declarant and recorded in the Office of the County Clerk of Montgomery County, Texas.
- O. “Family”: shall mean a single nuclear family. For purposes of this Declaration, a single nuclear family shall be defined as any number of persons related within the first degree of consanguinity or affinity, living with not more than one (1) person who is not so related as a single household unit and one household employee of such household unit. It is not the intent of the Declarant to exclude from a Residential Unit any individual who is authorized to so remain by any local, state or federal law. If it is found that this definition, or any other provision contained in this Declaration is in violation of any applicable law, then this term shall be interpreted to be as restrictive as possible to preserve as much of the original intent of the Declarant as allowed by law.
- P. “Fully Elected Board”: means the Board of Directors who shall be elected by the Members at such time as the Declarant no longer owns any portion of the Property. Such election is to be held as set out herein below.
- Q. “Hot Water Heater Closets”: means the hot water heater closets shown on the attached Exhibit B (and labeled with the corresponding Unit of which they are a part), which are set approximately across from the Residence Unit of which they are a part, and service only the Residence Unit to which they correspond as indicated on Exhibit

- B. The Hot Water Heater Closets are conveyed with each corresponding Residence Unit.
- R. “Limited Common Elements”: means those portions of the Common Elements reserved for the exclusive use of the Owners of certain Residence Units to the exclusion of the Owners of all other Residence Units, same being, by way of illustration but not limitation, Boat Slips under the exclusive control and administration of the Association, Boat Slips assigned to specific Residence Units, Terraces, Parking Spaces, and the Storage Closets. When used herein the term “Common Elements” includes the Limited Common Elements unless otherwise expressly indicated.
- S. “Managing Agent”: means the person(s), firm or entity that may be selected by the Board in accordance with the provisions hereof for the purposes of performing any duties, powers or functions of the Board in connection with the administration, management and operation of the Condominium.
- T. “Member” means an Owner, as defined in this article, pursuant to this Declaration.
- U. “Mortgage”: means a security interest, mortgage, deed of trust or lien granted by an Owner and covering a Residence Unit and any Storage Closet and/or Boat Slip assigned to the Owner (which assignment shall be subject to the right of the Association to reassign the Boat Slip and Storage Closet and to rules and regulations, if any, promulgated by the Association and which assignment shall run with and may not be severed from the ownership of the Residence Unit) to secure the repayment of a loan made to an Owner, duly filed for record in the Office of the County Clerk of Montgomery County, Texas.
- V. “Mortgagee”: means the person or entity who holds a Mortgage as security for the payment of a debt.
- W. “Owner”: means any person or persons, firm, corporation or other entity that owns, of record, a Residence Unit, or legal interest therein, including the Declarant, but the

term "Owner" as in a particular Residence Unit shall not include any Mortgagee of that Residence Unit.

- X. "Parking Spaces": means the spaces for the parking of vehicles shown on the attached Exhibit "C". Parking Spaces are unassigned and available to all Unit Owners and their guests subject to Rules and Regulations which may be promulgated by the Declarant and/or the Association.
- Y. "Replacement Reserve Fund": means the fund established pursuant to Article IV hereof for maintenance, repairs and replacements.
- Z. "Replacement Reserve Fund for Boat Slips": means the fund established pursuant to Article IV hereof for administration, maintenance, repairs and replacements of the Boat Slips.
- AA. "Residence Unit, Residence Units, Unit, or Units": means those condominium units created pursuant to this Declaration each of which is assigned an Allocated Interest as shown on Exhibit "A". Each Hot Water Heater Closet shall be part of the Residence Unit that corresponds to such Hot Water Heater Closet as indicated on Exhibit B. The Residence Units shall mean the physical portion of the Condominium designated for separate ownership or occupancy, the boundaries of which are described in this Declaration as the condominium units located on floors one (1) through three (3) of the Buildings as shown on Exhibit "B" attached hereto, the boundaries of which shall be the interior surfaces of the perimeter walls, floors, ceilings, windows and window frames, doors and door frames that provide access to and egress from Common Areas and the exterior surfaces of Terraces, the interior surfaces of the perimeter walls, floors, ceilings, doors and door frames, which shall include the portions of the Buildings and the air space within such boundaries as shown on said Exhibit "B" excepting Common Elements. Included within the boundaries of each Residence Unit, without limitation, shall be any finishing materials applied or affixed to the interior surfaces of the interior walls, floors or ceilings (such as, but without limitation, paint, wallpaper, wall or floor coverings and carpets) interior walls and doors separating rooms within a Residence Unit and all utility pipes, lines, systems,

fixtures and appliances servicing only that Residence Unit including, without limitation, hot water heaters, water pipes, air handlers, fan coil units and all visible and exposed plumbing fixtures, lines and pipes whether or not within the boundaries of a Residence Unit. It is expressly stipulated, and each and every purchaser of a Residence Unit, its heirs, executors, administrators, assigns, successors and grantees hereby agree, that the square footage area and dimensions of each Residence Unit, Parking Space, and/or Boat Slip if applicable, as set out and shown in this Declaration or in the plats attached as exhibits hereto, are approximate and are shown for descriptive purposes only, and that the Declarant does not warrant, represent or guarantee that any Residence Unit actually contains the area, square footage or dimensions shown by the plats attached hereto. Each purchaser and Owner of a Residence Unit or interest therein has had full opportunity and is under a duty to inspect and examine the Residence Unit purchased by it prior to the purchase thereof (if constructed prior to purchase), and agrees that the Residence Unit is purchased as actually and physically existing and/or planned. Each purchaser of a Residence Unit hereby expressly waives any claim or demand which it may have against the Declarant on account of any difference, shortage or discrepancy between the Residence Unit and/or Storage Closet as actually and physically existing and/or planned, and as it is shown on the plats attached hereto.

- BB. "Rules and Regulations": means the Rules and Regulations which may be adopted by the Association concerning the management and administration of the Condominium and the use of the Common Elements (including the Limited Common Elements) and the enforcement of the terms and provisions of this Declaration and the Rules and Regulations governing the Condominium in order to assure to all Owners the benefits of ownership of a Residence Unit and use of the Common Elements. The initial Rules and Regulations may be promulgated and amended by the Declarant.
- CC. "Special Assessment": means any assessment, approved by the Association as hereinafter set forth, over and above the Common Expense Charge and Boat Slip Charge deemed by the Board to be necessary for the preservation, repair, maintenance, improvement, management and administration of the Condominium.

- DD. “Storage Closets”: means the spaces for the storage of personal items shown on the attached Exhibit “B”, which are assigned to the Residential Unit Owners. Storage Closets are Limited Common Elements. The right to utilize a Storage Closet may not be assigned or transferred without prior written approval of the Board.
- EE. “Terrace”: means the Limited Common Element attached to and allocated exclusively to each Residence Unit on the lakeside, that is designated “Terrace” on Exhibit “B” attached hereto and made a part hereof for all purposes, which improvement may also be referred to as a “Balcony” and/or “Patio”.
- FF. “Texas Uniform Condominium Act”: means Chapter 82 of the Texas Property Code, enacted in 1993 and effective January 1, 1994, which permits the creation of condominium regimes and provides the basic rules for their operation, together with all amendments thereto to the extent such amendments affect this Declaration or anything covered hereby.

ARTICLE II. GENERAL PROVISIONS

Section 2.1 Use Restrictions

A. Residential Use

No portion of the Condominium shall be used by an Owner, the Board, or the Association for any commercial activity or purpose.

B. No Business Use

No trade or business may be conducted in or from any Residence Unit, except that an Owner or occupant may conduct business activities that are merely incidental to the Owner’s residential use within a Residence Unit so long as (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Residence Unit; (b) the business activity conforms to all zoning requirements and other restrictive covenants applicable to the Property; (c) the business activity does not involve visitation of the Residence Unit by clients, customers, suppliers or other business invitees or door-to-door solicitation of residents of Paradise Point; and (d) the business activity is consistent with the residential character of the Property and does not constitute a nuisance, or a hazardous or offensive use, or threaten the

security of other residents of Paradise Point, as may be determined in the sole discretion of the Board. By way of illustration but not limitation, a day-care facility, church, nursery, home day care facility, beauty parlor, barber shop, pre-school, or other similar facilities are expressly prohibited.

The terms "business" and "trade" as used in this provision shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis that involves the manufacture or provision of goods for or to persons other than the provider's family, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does not generate a profit; or (iii) a license is required therefor. Notwithstanding the above, the leasing of a Residence Unit shall not be considered a trade or business within the meaning of this Section. This Section does not apply to any activity conducted by the Declarant with respect to its development and sale of the Property.

C. Nuisance

No noxious or offensive activities of any sort shall be permitted, nor shall anything be done in any Residence Unit, nor shall a nuisance be permitted to exist, or in or about any Common Element, that shall be or may become an annoyance or nuisance to the other Owners, nor shall any loud or disturbing noises be emitted from any Residence Unit and/or Terrace in such a manner as to be an annoyance to or objectionable to another Owner. Owners are hereby put on notice that the installation of hard surface floors within a Residence Unit may be limited and will be subject to Rules and Regulations which may require a certain percentage of coverage by noise-abating material. Owners are hereby put on notice that the installation of hard surface floors within a Residential Unit may be limited and will be subject to Rules and Regulations which may require a certain percentage of coverage with noise abatement material. No speaker, horn, whistle, bell or other sound device, except alarm devices used exclusively for residential monitoring purposes, shall be installed or operated on the Property, unless required by federal, state or local regulation.

D. Declarant's Use for Sales

Notwithstanding any other provisions of this Article II, the Declarant may make such use of the Common Elements and Units as is reasonably necessary to facilitate and complete the improvements to the Property, construction of the Buildings, the operation of Declarant's sales efforts and the showing of the Condominium and any unsold Residence Units therein (including, without limitation, maintaining up to twenty (20) model units, four (4) sales offices, one (1) design center for selection of allowance items (either or both of which may be located in a Residence Unit), providing space for the closing of sales transactions covering other unsold Residence Units owned by Declarant and the placing of signs or other advertising material in or about such unsold Residence Units and the Common Areas). The provisions of this subsection shall not prohibit the use by the Association of all Common Elements in any reasonable manner necessary in connection with the operation and maintenance of the Condominium.

E. Insurance – Liability for Increase

Nothing shall be done in or kept in or on any Residence Unit, Terrace, Parking Space, Storage Closet, Boat Slip, or Common Element that will increase the rate of insurance on the Condominium or any other Residence Unit over that applicable to residential buildings, or result in uninsurability of the Condominium or any part thereof, or the cancellation, suspension, modification or reduction of insurance in or on or covering the Condominium or any part thereof. If, by reason of the occupancy of any Residence Unit, Terrace, Boat Slip, Parking Space, Storage Closet, or Common Area by any Owner in contravention of the restrictions set forth in this Section 2.1, the rate of insurance on all or any portion of the Condominium shall be increased, such Owner shall immediately cease any such use and shall be personally liable to the Association for such increase caused thereby and such sum shall be payable to the Association upon presentation to such Owner by the Association of a statement thereof.

F. Electrical Installations

No Owner shall install, attach or hang or allow to be installed, attached or hung any equipment or wiring or electrical installations, television or radio transmitting or receiving antennas, air conditioning units or any other equipment, item, or wiring on, in or across any portion of any Common Element or Terrace railing or other portion of a Terrace that is a

Common Element not reserved for the exclusive use of the Owner to whose Residence Unit the Terrace is attached, or through any wall, floor, ceiling, window or door that is a Common Element, except as approved by the Association. All radios, television, electrical equipment or appliances of any kind or nature and the wiring thereof installed or used in a Residence Unit shall fully comply with all rules, regulations or requirements of all state and local public authorities having jurisdiction. The Declarant by promulgating this Section is not attempting to violate the Telecommunications Act of 1996, as same may be amended from time to time. This Section shall be interpreted to be as restrictive as possible while not violating said act.

Each Owner shall promptly and fully comply with any and all applicable laws, rules, ordinances, statutes, regulations or requirements of any governmental agency or authority with respect to the occupancy and use of its Residence Unit, Storage Closet, and Boat Slip and with the provisions hereof, and the By-Laws and Rules and Regulations promulgated hereunder. The Declarant by promulgating this Section II is not attempting to violate applicable laws, rules, ordinances, statutes, regulations or requirements of any governmental agency or authority, as same may be amended from time to time. This Section II shall be interpreted to be as restrictive as possible while not violating applicable laws, rules, ordinances, statutes or regulations or requirements of any governmental agency or authority.

G. Window Treatments

Within three (3) months of occupying a Residence Unit, an Owner shall install appropriate window treatments in keeping with the aesthetics of Paradise Point. Appropriate window treatments would include, by way of illustration, curtains and draperies with backing material of white, light beige, cream, light tan, or light gray; blinds or miniblinds of the same colors or natural wood; and/or shutters of the same colors or natural wood. Any window treatment or covering visible from the exterior of the Residence Unit shall be subject to Rules and Regulations, if any, and/or the Custom Design Criteria.

Expressly prohibited both before and after the initial three (3) months of occupancy are any temporary or disposable coverings not consistent with the aesthetics of Paradise Point, such as reflective materials, newspapers, shower curtains, fabric not sewn into finished curtains or draperies, other paper, plastic, cardboard, or other materials not expressly made for or commonly

used by the general public for window coverings in a condominium of the same caliber as Paradise Point.

Section 2.2 Decorations, Maintenance of Residence Units and Common Elements

Provided the same do not violate the current Custom Design Criteria, every Owner shall have the right to decorate and redecorate their Residence Unit and may make any non-structural improvements or non-structural alterations within its Unit (but not to Common Elements, Terraces, or Boat Slips) and the right to paint, repaint, tile, wallpaper, or otherwise finish or decorate any interior of walls, partitions, ceilings and floors within the Residence Unit.

Each Owner shall, at its own cost and expense, maintain their Residence Unit in good condition and repair. Each Owner shall be obligated to clean the exterior glass surface of all windows which can be accessed from their Residence Unit, Terrace, or any other glass surface accessible from adjoining Common Areas.

The Association shall maintain all Common Elements and Limited Common Elements (except as specifically set out herein), the cost of which shall be an expense for which a Common Expense Charge may be assessed and levied (except to the extent that repair to Common Elements is made necessary by the negligence or misuse of a particular Owner, in which event such Owner shall be responsible to the Association for the cost of such repair), and such Common Expense Charge shall be due and payable upon presentation to each Owner by the Association of a statement thereof. The Association has the right, without the obligation, to enter into and inspect any Residence Unit as necessary to determine the need for maintenance to plumbing or utility service lines, or other items affecting the Common Areas or other Units.

Unless part of a building-wide renovation, maintenance, repair and/or replacement of light fixtures, light bulbs, glass (including window panes), and hardware (including, but not limited to, door knobs and exterior doors in each Residence Unit) shall be the obligation of the Owner. In the event any Owner of any Residence Unit fails to maintain the glass, hardware, exterior doors light fixtures and/or light bulbs in a manner consistent with the overall standard established within the Condominium and satisfactory to the Board of Directors of the Association, the Association, after ten (10) days' notice to the Owners of the Residence Unit, setting forth the action intended to be taken by the Association and after approval by a two-thirds

(2/3) vote of the Board of Directors, shall have the right but not the obligation, through its agent, contractors and/or employees, to enter upon said Residence Unit and to maintain and/or replace such glass, hardware, exterior doors, light fixtures and light bulbs at the Owner's expense.

Neither the Association nor its agents, contractors, or employees shall be liable, and are expressly relieved from any liability, for trespass or other tort in connection with the performance of the exterior maintenance or other work authorized in this Article. The cost of such exterior maintenance, interior hazard diminution and other work shall be the personal obligation of the Owner of the Residential Unit on which it was performed and shall become part of the Assessment payable by the Owner and secured by the lien retained in the Declaration. Alternately, the Association or any Owner of a Residence Unit may bring an action at law or in equity to cause the Owner to bring said Residence Unit into compliance with these restrictions.

Section 2.3 Terraces

No Owner shall paint, change the Terrace light fixtures or the type and wattage of light bulbs in the Terrace light fixtures, remodel or enclose any Terrace or store or place any objects or things of any description whatsoever on such Terrace or dry clothing or place materials on such Terrace without the prior written approval of the Board. Any Owner may furnish its Terrace with outdoor furniture upon prior written approval of the Board, in keeping with the provisions of this Declaration and the Rules and Regulations. The Owners of each Residence Unit and its Terrace shall, at each of such Owners' sole risk and expense, perform all repairs upon any approved floor covering of each such Terrace and shall maintain same in a good and safe condition. Floor covering installed by an Owner on a Terrace may be required to be removed, at the Owner's expense, in the event repairs or maintenance must be performed on the Terrace floor.

Section 2.4 Alterations to Common Elements

No Owner shall do any act or permit any act to be done in, on or to any Residence Unit, Terrace, any Parking Space, , and/or any portion of the Common Element that will impair the structural integrity, weaken the support or otherwise adversely affect the Buildings, the Boat Slips or any Common Elements. No Owner shall do or cause any work to be done on and to the Storage Closet and/or Boat Slip without the Board's prior written consent.

Decorative wall items such as lights, shelves and art work may be affixed to or installed on the walls of any Residence Unit that are not Common Elements without prior approval of the Association provided such affixation or installation is done in a good and workmanlike manner. No Owner shall make any alterations to any of the Common Elements (including walls, windows and doors that are Common Elements) nor install, attach, affix or nail any article thereto without the prior approval of the Association. No Owner shall place, affix, attach or install any item, including without limitation decorative items, such as lights, shelves, artwork, plants, furniture, accessories, rugs, carpets or any other item of whatsoever nature in any Common Area without the prior approval of the Association.

A Residence Unit Owner may not change or otherwise alter the hardware on the entry door of a Residence Unit without prior approval of the Association.

Section 2.5 Additional Provisions

The Association, by provision of its By-Laws or by Rules and Regulations enacted pursuant to the provisions hereof, may provide such additional rules and regulations for use of the Common Elements and Limited Common Elements, Terraces, Parking Spaces, Storage Closets, Boats Slips, and Residence Units as are necessary or desirable in the judgment of the Association for the operation of the Condominium provided such Rules and Regulations and By-Laws are not in conflict with the provision of this Declaration of Condominium.

Section 2.6 Custom Design Criteria

In addition to any other provisions hereof relating to the alteration, maintenance, decoration or repair of any Residence Unit, each Owner shall comply with the standards set by the Custom Design Criteria in effect at the time any alteration or modifications are made to such Owner's Residence Unit or such Owner otherwise decorates its Residence Unit. The object of the Custom Design Criteria is to insure the design integrity of the Buildings and to set standards for the alteration, maintenance, decoration or repair of any Residence Unit by an Owner after construction by the Declarant of the Base Building Improvements. The term "Base Building Improvements" shall mean the original improvements constituting the Residence Unit constructed by Declarant, if any. The Custom Design Criteria are not intended to control the construction of the Base Building Improvements by the Declarant. The Board may promulgate

the Custom Design Criteria and shall have the sole right to enforce same with respect to Residence Units. Approval by the Board of any modification, alteration or decoration of a Residence Unit shall be conclusive as to compliance with the standards set by the Custom Design Criteria unless the representations made to the Board by the Owner of such Residence Unit with respect to such modification, alteration or decoration are incorrect or unless the facts upon which the Board makes its decisions shall materially change. Amendment or modification of the Custom Design Criteria shall be in the sole control and at the sole discretion of the Board and may be made from time to time without notice to any Owner. No amendment of the Custom Design Criteria, however, shall be retroactive or shall be applicable to any modification, alteration or decoration of a Residence Unit made upon the approval of the Board or made or undertaken in good faith based upon the Custom Design Criteria in effect immediately prior to the date of enactment of such amendment and in progress at the date the amendment is voted on.

ARTICLE III. OWNERS' ASSOCIATION

Section 3.1 Authority to Manage

A. The affairs of the Condominium and Condominium Regime shall be administered by the Association. The Association shall have all rights, powers and duties of an "Association", as that term is used in the Texas Uniform Condominium Act. The Association shall have the right and power to provide for the management, maintenance, and care of the Condominium and Condominium Regime as provided herein, in the By-Laws and in the Rules and Regulations. The business and affairs of the Association shall be managed by its Board of Directors. The Declarant shall determine the number of directors and appoint, dismiss and re-appoint all of the members of the Board of Directors to ensure the stability of the Association's and the Condominium's affairs, until the Fully Elected Board is elected. The Board appointed by Declarant pursuant to the provision of this Section 3.1(A) is hereinafter referred to as the "Appointed Board".

B. The Appointed Board may engage the Declarant or any entity, whether or not affiliated with Declarant, as the Managing Agent to perform the day to day functions of the Association and to provide for the maintenance, repair, replacement, administration and operation of the Condominium and Condominium Regime under a contract terminable by either

party upon thirty (30) days prior written notice. The members of the Board shall not be liable for any acts or omissions of the Managing Agent.

Section 3.2 Membership in the Association

Each Owner (and only an Owner) shall be a Member of the Association so long as it shall be an Owner, and such membership shall automatically terminate when such ownership ceases. Upon the transfer of ownership of a Residence Unit however achieved, including, without limitation, by foreclosure of a Mortgage or a deed in lieu of, the new Owner succeeding to such ownership shall likewise succeed to membership in the Association. The Association may issue certificates evidencing membership therein.

Section 3.3 Administration of the Condominium

The Association, acting through its Directors, its officers or other duly authorized management representatives (including, but not by way of limitation, a Managing Agent), shall manage the business and affairs of the Condominium without limitation, shall have the powers of collection and enforcement set forth herein; and on behalf of all the Owners in the Condominium, shall provide, perform, cause to be performed, maintained, acquired, constructed and paid for out of the Common Expense Fund, to the extent available, the cost of, including, without limitation, the following:

- A. Utility services used in or for the Common Elements, water and sewer services used by or consumed by the Residence Units, charges for cable television systems and, if not separately metered or charged, other utility service for the Residence Units. Electricity, telephone, utility services separately metered or charged (including without limitation, charges for water as allocated to each Residence Unit by the Board for the use of water in excess of the amount contemplated for such Residence Unit under the Common Expense Charge) shall be paid for by the Owner of the Residence Unit served by such utility service.
- B. The insurance required by Article V hereof and such policies of casualty, liability and/or other insurance covering persons, property and risks as are determined by the Board to be in the best interest of the Condominium.

- C. The services of a Managing Agent and such persons as the Board shall, from time to time, determine are necessary or proper for the management, operation and maintenance of the Condominium.
- D. All supplies, tools, and equipment reasonably required in the management, operation, maintenance, and cleaning of the Condominium.
- E. The cleaning, maintenance, repairing, reconstruction and replacement of the Common Elements as the Board shall determine is necessary unless otherwise provided in this Declaration.
- F. The services of employees or contractors which may include but shall not be limited to gardeners, parking attendants, doormen, courtesy personnel, valets and such other persons utilized in the operation of the Condominium in the manner determined by the Board.
- G. The removal of all trash, garbage and rubbish from the central garbage receptacle or receptacles of the Buildings including the employment of the services of a garbage collection company or agency, public or private.
- H. Costs of bookkeeping of the accounts of the Association and the annual audit provided for in the By-Laws; costs of legal, accounting and other professional services engaged by the Board; premiums of fidelity bonds; taxes or assessments of whatever type assessed or imposed against any of the Common Elements.
- I. All other costs of management, operation and maintenance of the Condominium.

The Board shall not, without the prior authorization of a majority of the Members of the Association present at a meeting (in person or by proxy) of the Members, contract to pay or pay for any such item of capital addition or improvement (other than replacement of existing Common Elements having an aggregate cost exceeding an amount equal to ten percent (10%) of the amount of the then applicable annual budget referred to in Article IV, Section 4.3.

Nothing herein shall authorize the Board to furnish to any person services primarily for the benefit of or a convenience to any Owner or Owners or any occupant or occupants of any

Residence Unit other than services customarily available to all Owners and occupants of Residence Units. The Board shall have the exclusive right and obligation to contract for all goods, services and insurance in connection with the administration of the Condominium, payment for which is to be made from the Common Expense Fund.

Section 3.4 Right of Entry

The Board, or its duly authorized representative (including any then acting Managing Agent), shall have the right and authority to enter any Residence Unit for the purposes of:

- A. Making necessary repairs to Common Elements;
- B. Performing necessary maintenance to the Common Elements (including, without limitation, cable television facilities), for which the Association is responsible;
- C. Abating any nuisance or any dangerous, unauthorized, prohibited or unlawful activity being conducted or maintained in such Residence Unit or any appurtenance thereto (including, without limitation, removal of objects placed upon or stored on any Terrace without the prior written approval of the Board);
- D. Protecting the property rights and welfare of other Owners;
- E. Enforcing the provisions of this Declaration, the By-Laws or the Rules and Regulations promulgated thereunder, and;
- F. Gaining access to any Terrace for any of the purposes set forth in Section 3.4 (A) through (E), and to permit authorized personnel to maintain, repair and/or replace the perimeter windows (which are the responsibility of the Association) and walls of the Buildings and to store temporarily on any Terrace such equipment as is reasonably necessary to accomplish the purposes set forth in this Section 3.4.

Except in the event of an emergency or, as to Terraces and Storage Closets, when the periodic cleaning and maintenance of the perimeter walls of the Buildings have been scheduled, such right of entry shall be exercised only in the presence of the Owner or other occupant, or the express approval of the Owner or other occupant, of the Residence Unit that is entered and in the

presence of the Managing Agent or its agent. Such right of entry shall be exercised in such manner as to avoid any unreasonable or unnecessary interference with the possession, use or enjoyment of the Resident Unit by the Owner or occupant thereof and shall, whenever possible, be preceded by a notice to the Owner or occupant thereof. The rights of entry herein granted to the Association or its duly authorized representative may be accomplished by and exercised subject to such methods and procedures as may be set forth in Rules and Regulations.

Section 3.5 Notices

Any notice permitted or required to be given to a Member of the Association and to an Owner may be delivered personally, by mail, email, facsimile or other electronic means, or by placing such notice in the mail or in the Residence Unit message center facilities for each Owner if such facilities are present in the Buildings. If delivery is made via mail, it shall be deemed to have been delivered when deposited in the U. S. mail postage prepaid, addressed to an Owner at its Residence Unit or to such other address as the Owner may have given in writing to the Association for the purpose of service of notices. Any address for purposes of notice may be changed from time to time by notice in writing to the Association.

Section 3.6 Disputes

In addition to the other powers conferred by law or hereunder, the Board is hereby empowered to create procedures for resolving disputes between Owners and the Board or the Association, including appointment of committees to consider and recommend resolution of or to resolve any such dispute. Mediation of disputes shall be conducted as set out herein.

Section 3.7 Board Action in Good Faith

An officer, director, or committee member of the Board shall not be liable to the Association or any Owner for any action or omission occurring in such person's capacity as an officer, director, or committee member so long as such action or omission is made or taken in good faith or pursuant to the business judgment rule (as same is defined in the Bylaws).

ARTICLE IV. COMMON EXPENSE FUND; ASSESSMENTS; COLLECTION

Section 4.1 Common Expense Charges

Except as provided in Section 4.2 hereof, all Owners are bound to contribute to the Common Expense Fund by the Common Expense Charge in proportion to their Allocated Interest. The Common Expense Charge, and Special Assessments shall be assessed in accordance with the provisions hereinafter set forth. Additionally, each Owner shall pay, upon demand, for any services rendered to such Owner by the Association or arising as the obligation of such Owner to the Association.

Section 4.2 Payment of Common Expense Charges by Declarant

Recognizing that, to some degree, the cost of administration and maintenance of the Condominium and the Common Elements is related to the use of the Common Elements which is in turn related to the number of Residence Units that are occupied, the Declarant may pay to the Association, until the date that is the earliest of: (i) the election of the Fully Elected Board; or (ii) five (5) years after Declarant's first conveyance of a Residence Unit (the "Termination Date"), in lieu of any Common Expense Charge, Boat Slip Charge, or Special Assessment with respect to all Residence Units that the Declarant continues to own, an amount, if any, by which the "Actual Operating Expenses" (as hereinafter defined) incurred for any fiscal year (or portion thereof) of the Association ending prior to the Termination date, exceeds the aggregate of the Common Expense Charges (without any obligation to fund reserves) payable during such period by other Owners of Residence Units. Declarant shall establish a reserve fund (the "Replacement Reserve Fund") and so long as Class "B" Membership exists, shall contribute to such fund. Additionally, Declarant shall establish a Replacement Reserve Fund for Boat Slips and so long as Class "B" Membership exists, shall contribute to such fund. Upon expiration and/or termination of Class "B" Membership, the Owners shall contribute to the Replacement Reserve Fund and the Replacement Reserve Fund for Boat Slips. For the purposes of this provision, the term "Actual Operating Expense" shall mean those expenses reasonably necessary for the normal maintenance and operation of the Condominium and shall not include (i) capital expenditures (determined in accordance with generally accepted accounting principles); (ii) any amount paid into the Replacement Reserve Fund and/or the Replacement Reserve Fund for Boat Slips; or (iii) prepaid items, inventory items or similar expenses to the extent attributable to the period after

such fiscal year (or part thereof). After the Termination Date, the Common Expense Charges to be paid by each Owner (including the Declarant) shall be determined as provided in this Article IV. The Declarant, by notice in writing to the Association, may waive the benefits of the first sentence of this Section and in the event of such waiver, shall thereafter be obligated to contribute to the Common Expense Fund, the Common Expense Charge, and Special Assessments amounts in proportion to the Allocated Interests attributable to the Residence Units owned by the Declarant.

Section 4.3 Budget, Establishment of Common Expense Charges, and Special Assessments

Until the commencement of the first full fiscal year after the election of the Fully Elected Board, the Appointed Board shall have the right and obligation to establish the annual budgets for each fiscal year projecting all expenses for the forthcoming year that may be required for the proper operation, management and maintenance of the Condominium and Condominium Regime. Such budget, and all successive budgets, shall contain a reasonable allowance for contingencies, maintenance, repairs and replacements to Common Elements, including those that must be replaced on a periodic basis.

Commencing with the first full fiscal year after the election of the Fully Elected Board, the Board of Directors of the Association shall establish an annual budget in advance for each calendar year and such budget shall project all expenses for the forthcoming year that may be required for the proper operation, management and maintenance of the Condominium and the Condominium Regime, including a reasonable allowance for contingencies and a reasonable addition to the Replacement Reserve Fund. The Common Expense Charge for each year shall be established by the Board after calculation of such annual budget by the Board of Directors. Copies of each such budget and the Common Expense Charge for each particular Residence Unit for each year shall be made available to each Owner on or before the first day of the applicable fiscal year by such reasonable means as the Board of Directors may provide. If the Board of Directors at any time determines that the Common Expense Charges so levied are or may prove to be insufficient to pay the costs of operation, management, or maintenance of the Condominium for such fiscal year or in the event of casualty losses, condemnation losses or other events (including non-payment of Common Expense Charges by Owners) that require that additional funds be supplied for the management, maintenance and operation of the

Condominium, the Board of Directors shall have authority, in its discretion, any time or from time to time to increase such Common Expense Charges or to levy such Special Assessments as it shall deem necessary for that purpose. Except as otherwise specifically provided in this Declaration, such Special Assessment in excess of twenty percent (20%) of the Common Expense Charge shall not be levied, however, without the prior approval of Owners having at least a majority of the votes in the Association, unless a greater number of votes is required by law applicable to the Condominium.

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

Section 4.4 Payment of Common Expense Charges, Special Assessments and Other Sums

The Common Expense Charge shall be allocated among those Owners obligated by the Declaration to pay same according to their respective Allocated Interests. Common Expense Charges shall be due and payable monthly in advance on the first day of each calendar month (or such other day as the Board may designate by written notice to all Owners) during the year for which such Common Expense Charge has been assessed. Special Assessments, Common Expense Charges and other sums for which an Owner may be liable hereunder (including, without limitation, charges for water allocated to a Residence Unit by the Board and other sums incurred by the Association at the request of or on behalf of an Owner) shall be payable on or before ten (10) days after the date on which an invoice has been sent to an Owner. Payment of Common Expense Charges, Special Assessments, and other sums due hereunder shall be in default if such Common Expense Charges, Special Assessments and other sums or any part thereof, are not paid to the Association on or before ten (10) days from the due date for such payment. Common Expense Charges, Special Assessments and other sums due hereunder in default shall bear interest, from the date due at the lesser of (1) eighteen percent (18%) or (2) the highest non-usurious rate permitted by law from and after the date of delinquency until paid, due credit being given for all charges or fees theretofore contracted for, charged or received that shall

be deemed to be interest under applicable law. The Board shall also have the right, in its discretion, by appropriate resolution of the Board, to establish late fees or delinquency charges to be imposed in addition to the interest to which such delinquent Common Expense Charges, Special Assessments and other sums due hereunder are subject. Each Owner (whether one or more persons) shall be personally liable for the payment of all Common Expense Charges, Special Assessments and other sums due hereunder, interest and late fees (or delinquency charges) that may be levied against such Owner and its Residence Unit(s) pursuant to the provisions hereof.

Section 4.5 Enforcement

In order to secure the payment of the Common Expense Charges, and Special Assessments levied hereunder and other sums due hereunder (including interest, late fees, legal fees, collection costs, reimbursements, delinquency, and other charges made by the Association), an assessment lien and superior title shall be and is hereby reserved in and to each Residence Unit and to any Storage Closet and/or Boat Slip assigned to the Owner (which assignment shall be subject to the right of the Association to reassign the Boat Slip and Storage Closet and to rules and regulations, if any, promulgated by the Association and which assignment shall run with and may not be severed from the ownership of the Residence Unit) and assigned to the Association, without recourse, which lien shall be enforceable as hereinafter set forth by the Association, or the Board on behalf of the Association. The liens described in this Section 4.5 and the superior title herein reserved shall be deemed subordinate to any Mortgage for the purchase or improvement of any Residence Unit and any renewal, extension, rearrangement or refinancing thereof. The collection of such Common Expense Charges, Special Assessments and other sums due hereunder may, in addition to any other applicable method at law or in equity, may be enforced by suit for a money judgment and in the event of such suit, the expense incurred in collecting such delinquent amounts, including interest, costs and attorney's fees, shall be chargeable to and be a personal obligation of such defaulting Owner. The right to use the Common Elements and the voting rights of any Owner in default more than thirty (30) days in the payment of the Common Expense Charge, any Special Assessment or any other charges owing hereunder for which an Owner is liable may be revoked by action of the Board of Directors for the period during which such default exists.

Notice of the lien referred to in the preceding paragraph may, but shall not be required to, be given by the recordation in the Official Public Records of Real Property of Montgomery County, Texas of an affidavit, duly executed, sworn to and acknowledged by an officer of the Association or its duly authorized employee or agent, setting forth the amount owed, the name of the Owner (or Owners) of such Residence Unit, according to the books and records of the Association, the legal description of such Residence Unit, or in such other manner as may be specified by the Texas Uniform Condominium Act.

Each Owner, by acceptance of a deed to its Residence Unit, grants a power of sale to the Association to sell such property upon default in payment of any amount owed, and hereby expressly recognizes the existence of such lien as being prior to its ownership of such Residence Unit. Each Owner, by acceptance of a deed to its Residence Unit, hereby vests in the Board or its agents the right and power to bring all actions against such Owner (or Owners) personally for the collection of such unpaid Common Expense Charges, Special Assessments, and other sums due hereunder as a debt and to enforce the aforementioned lien by all methods available for the enforcement of such liens, both judicially and by non-judicial foreclosure pursuant to Section 51.002 of the Texas Property Code (as same may be amended or revised from time to time hereafter). In addition to and in connection therewith, by acceptance of the deed to its Residence Unit, each Owner expressly GRANTS, BARGAINS, SELLS AND CONVEYS in the President of the Association from time to time serving as trustee (and to any substitute or successor trustee as hereinafter provided for) such Owner's Residence Unit, and all rights appurtenant thereto, for the purpose of securing the said Common Expense Charges, Special Assessments, and other sums due hereunder remaining unpaid hereunder by such Owner from time to time.

The trustee herein designated may be changed at any time and from time to time by execution of an instrument in writing signed by the President or Vice President of the Association and attested to by the Secretary of the Association and filed in the Official Public Records of Real Property of Montgomery County, Texas. In the event of the election by the Board to foreclose the lien herein provided for nonpayment of sums secured to be paid by such lien, it shall be the duty of the trustee, or his successor, as hereinabove provided, at the request of the Board (which request shall be presumed) to enforce this trust and to sell such Unit, and all

rights appurtenant thereto, at the door of the county courthouse of Montgomery County, Texas on the first Tuesday in any month between the hours of 10:00 a.m. and 4:00 p.m. to the highest bidder for cash at public venue after the Trustee and the Board, respectively, shall have given notice of the proposed sale in the manner hereinafter set forth and to make due conveyance to purchaser or purchasers, with general warranty of title to such purchaser or purchasers binding upon the Owner (or Owners) of such Residence Unit and their heirs, executors, administrators and successors. The trustee shall serve notice of such proposed sale by posting a written notice of the time, place and terms of the sale at least twenty-one (21) consecutive days preceding the date of sale at the courthouse door of Montgomery County, Texas and, in addition, the Board shall serve written notice at least twenty-one (21) days preceding the sale or the proposed sale by certified mail on each of such Owner or Owners according to the records of the Association. Service of such notice shall be completed upon depositing the notice, enclosed in a postpaid wrapper, properly addressed to such Owner or Owners at the most recent address as shown by the record of the Association, in a post office or official depository under the care and custody of the United States Postal Service. The affidavit of any person having knowledge of the facts to the effect that such service was completed shall be prima facie evidence of the fact of such service.

At the foreclosure, judicial or non-judicial, the Association shall be entitled to bid for and purchase the Residence Unit as a Common Expense, and to apply as a cash credit against its bid all sums due to the Association covered by the lien foreclosed, together with costs and attorney's fees. From and after any such foreclosure, the occupants of such Residence Unit shall be required to pay a reasonable rent for the use of such Residence Unit, and such occupancy shall constitute a tenancy-at-sufferance, and the purchaser at such foreclosure sale shall be entitled to sue for recovery of possession of the Residence Unit by forcible detainer without further notice.

It is the intent of the provisions of this Section to comply with the provisions of Section 51.002 of the Texas Property Code, relating to non-judicial sales by power of sale and, in the event of the amendment of said Section 51.002 hereafter, which amendment is applicable hereto, the President of the Association, acting without joinder of any other Owner or Mortgagee or other person may but is not obligated to, by amendment to this Declaration filed in the Official

Public Records of Real Property of Montgomery County, Texas amend the provisions hereof so as to comply with said amendments to Section 51.002.

Section 4.6 Common Expense Fund

The Common Expense Charges collected shall be paid into the Common Expense Fund to be held and used for the benefit, directly or indirectly, of the Condominium; and such Common Expense Fund may be expended by the Board for the purposes set forth herein, including, without limitation, providing for the enforcement of the provisions of this instrument, the By-Laws of the Association and Rules and Regulations promulgated thereunder, for the maintenance, insurance, utilities, operation, repair, benefit and welfare of the Common Elements, and generally for doing those things necessary or desirable in the opinion of the Board to maintain or improve the Condominium. The use of the Common Expense Fund for any of these purposes, except as provided herein, is permissive and not mandatory, and the decision of the Board with respect thereto shall be final, so long as made in good faith.

Section 4.7 Reserve Assessment

Upon the sale of a Residence Unit, the purchaser shall pay to the Association Five Hundred and No/100 Dollars (\$500.00) (hereinafter referred to as the "Reserve Assessment") to be paid into a Reserve Account. The Declarant shall match such Five Hundred and No/100 Dollars (\$500.00) Reserve Assessment paid by the purchaser at the closing of the first sale of a Residential Unit, to be paid into the Reserve Account of the Association. The Reserve Assessment shall be due and payable on the date the deed conveying the Residence Unit to the new Owner is recorded, or in the case of a contract for deed or similar instrument, the date the contract for deed is executed. Payment of the Reserve Assessment shall be in default if the Reserve Assessment is not paid on or before the due date for such payment. Reserve Assessments in default shall bear interest at the rate of ten percent (10%) per annum from date of delinquency until paid. All Reserve Assessments collected by the Association shall be deposited into the Replacement Reserve Fund. No Reserve Assessment paid by an Owner shall be refunded to the Owner by the Association. Further, the Association may enforce payment of the Reserve Assessment in the same manner in which the Association may enforce the payment of Common Expense Charges and Special Assessments pursuant to Section 4.5 of this Article IV.

This Section 4.7 shall not apply in the case of a conveyance to a bona fide Mortgagee, foreclosure purchaser, or judicial sale of a Residence Unit or to any conveyance made by the Owner of a Residence Unit to a bona fide Mortgagee in lieu of foreclosure, provided that the sale of such Residence Unit by such Mortgagee to any other purchaser shall meet the requirements of this Section. Further, this Section 4.7 shall not apply to the following: (i) transfers of any Residence Unit by one spouse to or for the benefit of the other spouse; (ii) sales to the Association or its nominee pursuant to the Declaration; or (iii) transfers provided for in Article IX of the Declaration.

ARTICLE V. INSURANCE

Section 5.1 General Provisions

The Board of Directors shall have authority to and shall purchase insurance for the Condominium as follows:

- A. Insurance on the Buildings, including the Residence Units (except as set forth in Section 5.2 below) and the Common Elements, against loss or damage by fire and loss or damage by all risks now or hereafter embraced by the so-called all-risk fire and extended coverage policy and any other extended coverage policy, policies, or endorsements thereto, designed for insuring condominium regimes in the State of Texas (with vandalism and malicious mischief endorsements), in amounts sufficient to prevent the Association of the Owners from acting as a co-insurer within the terms of the applicable policies, but in any event in an amount not less than the full insurable replacement cost thereof and which policy shall contain a replacement cost endorsement so long as the policy is commercially reasonably available. The "full insurable replacement cost" of the Buildings, including the Residence Units and the Common Elements, shall be determined from time to time but not less than once in a twelve-month period by the Board and the Board shall have the authority to obtain and pay for an appraisal by a person or organization selected by the Board in seeking such determination. The cost of any and all such appraisals shall be borne by the Common Expense fund.
- B. Insurance on the Buildings against all loss or damage from explosion of boilers, heating apparatus, pressure valves and pressure pipes installed in, on or about said Buildings,

without co-insurance clause, so long as commercially reasonably available, in such amount as the Board may deem desirable.

- C. Comprehensive general liability and property damage insurance (including “umbrella” or “excess” coverage) against claims for personal injury or death or property damage suffered by the public or any Owner, the family, agent, employee or invitee of any Owner, occurring in, on or about the Common Elements or upon, in or about the driveways, roadways, walkways and passageways, on or adjoining the Condominium, which general liability and property damage insurance shall be in a minimum amount of \$1,000,000 combined single limit, or such greater amounts as the Board shall deem desirable. Such general liability and property damage insurance policy shall include medical payments insurance and shall contain a cross-liability endorsement wherein the rights of named insureds under the policy or policies shall not prejudice its, his, her or their action or actions against another named insured.
- D. Such worker’s compensation insurance as may be necessary to comply with applicable laws.
- E. Employer’s liability insurance in such amount as the Board may deem desirable.
- F. Fidelity bonds indemnifying the Association, the Board and the Owners from loss of funds resulting from fraudulent or dishonest acts of any employee of the Association or of any other person handling the funds of the Association in such an amount as the Board may deem desirable.
- G. Liability insurance insuring the Board and officers of the Association against any claims, losses, liabilities, damages or causes of action arising out of or in conjunction with or resulting from any act or omission in their representative capacity.
- H. Such other insurance in such reasonable amount as the Board shall deem desirable.

The premiums for all insurance required on behalf of the Association or the Owners pursuant to the provisions hereof shall be borne by the Common Expense Fund.

All insurance provided for in this Section shall be effected under valid and enforceable policies issued by insurers of recognized responsibility authorized to do business in the State of Texas if available. Policies of insurance of the character described in Subsections (A), (B) and (C) of this Section 5.1, if commercially reasonably available shall contain an endorsement naming as insureds the Association and each Owner as their interests may appear, shall contain standard mortgagee clause endorsements in favor of the Mortgagee or Mortgagees of each Residence Unit, if any, as their respective interests may appear, shall be without contribution with regard to any other such policies of insurance carried individually by any Owner, whether such other insurance covers the Residence Unit owned by such Owner and/or the additions and improvements made by such Owner to its respective Residence Unit shall waive the right of the insurer of subrogation under the policy against any Owner or the Association; shall provide that such policy shall not be terminated for non-payment of premiums or for any other cause without at least thirty (30) days prior written notice to the Association and at least ten (10) days prior written notice to the Mortgagee of each Residence Unit, if possible. All policies of insurance of the character described in Subsection (A), Section 5.1 shall contain an endorsement extending coverage to include the payment of Common Expense Charges, Special Assessments, and other sums due hereunder with respect to Residence Units damaged during the period of reconstruction for such loss covered by such insurance policies shall be adjusted and settled for the benefit of the affected Owner(s) by the Board acting on behalf of, and as trustee for, the Owners, and the proceeds of such claim shall be paid to the Board as trustee for the Owners and their Mortgagees, as their interests may appear. Subject to Article XI, Section 6.3, the proceeds paid under a policy must be disbursed first for the restoration of the damaged Common Elements and Residence Units and Owners and Mortgagees 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 Regime is terminated.

Section 5.2 Individual Insurance

Each Owner shall be responsible for insurance on the Owner's Residence Unit and the furnishings, interior walls (non-load bearing or non-shear), appliances and any portion of the Residence Units that are not Common Elements, and personal property therein, including rugs and floor coverings to the extent not covered by the policies of casualty insurance obtained by

the Association for the benefit of all Owners as above provided. The Association shall have the authority, without the obligation, to obtain insurance on all or any portion of the above-described contents of an Owner's Residence Unit. All policies of insurance carried by each Owner shall be without contribution with respect to the policies of insurance obtained by the Association for the benefit of all the Owners as above set forth. Owners may carry individual policies of liability, at their own cost and expense, to provide for additional coverages and/or deductibles allocated to any loss.

Section 5.3 Subrogation

Each Owner and the Association hereby agree to waive any rights of subrogation against the Declarant and each other.

ARTICLE VI. FIRE OR CASUALTY, RESTORATION

Section 6.1 Duty to Restore

Any portion of the Condominium for which insurance is required under Section 82.111 of the Texas Uniform Condominium Act that is damaged or destroyed must be repaired or replaced promptly by the Association unless:

- A. the Condominium Regime is terminated by a vote of Owners of an aggregate Allocated Interests of eighty percent (80%) or more of the Condominium;
- B. repair or replacement would be illegal under any state or local health or safety statute or ordinance; or
- C. at least eighty percent (80%) of the Owners, including each Owner of a Unit or assigned Limited Common Element that will not be rebuilt or repaired, vote to not rebuild.

Section 6.2 Cost

The cost of repair or replacement in excess of insurance proceeds and reserves shall be paid out of the Common Expense Fund. However, the costs of deductibles may be allocated by resolution of the Board.

Section 6.3 Partial Restoration

If the entire Condominium is not repaired or replaced, any insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition comparable with the remainder of the Condominium. The insurance proceeds attributable to Residence Units and Limited Common Elements that are not rebuilt shall be distributed to the Owners of those Residence Units and the Owners of the Residence Units to which the Limited Common Elements were assigned, or to their Mortgagees, as their interests may appear. If the Owners vote not to rebuild any Residence Unit, that Residence Unit's Allocated Interest shall be reallocated automatically as if the Residence Unit had been condemned, and the Association shall prepare, execute and record an amendment to the Declaration reflecting the reallocation.

Section 6.4 Repair of Residence Units

Following any such fire or other casualty where there is no termination of the Condominium Regime as provided above, each Owner shall be responsible for the reconstruction, repair, and replacement of all personal property and other property not a Common Element, in or part of its Residence Unit, including, but not limited to, the floor coverings, wall coverings, interior walls, furniture, furnishings, decorative light fixtures and appliances located therein, to the extent each Owner wishes said reconstruction, repair, and replacement to be accomplished in compliance with the Custom Design Criteria and/or the Rules and Regulations; the Association shall have no responsibility for any of same.

ARTICLE VII. EMINENT DOMAINSection 7.1 Taking of Units

If a Residence Unit is acquired by condemnation, or if part of a Residence Unit is acquired by condemnation leaving the Owner of the Residence Unit with a remnant that may not practically and lawfully be used for any purpose permitted by this Declaration, the condemnation award must compensate the Owner for the Residence Unit and its Common Element interest, whether or not any Common Element interest is acquired. On acquisition, unless the condemnation award provides otherwise, the condemned Residence Unit's entire Allocated Interest shall be automatically reallocated to the remaining Residence Units in proportion to the

respective Allocated Interests of those Residence Units before the taking, and the Association acting without joinder of any other Owner or Mortgagee or other person, shall promptly prepare, execute and record an amendment to the Declaration reflecting the reallocations. A remnant of a Residence Unit remaining after part of a Residence Unit is taken under this subsection is a Common Element.

Section 7.2 Partial Taking of a Unit

Except as provided by Section 7.1, if part of a Residence Unit is acquired by condemnation, the award must compensate the Owner for the reduction in value of the Residence Unit and its Common Element interests. On acquisition, the condemned Residence Unit's Allocated Interest shall be reduced in proportion to the reduction in size of the Residence Unit, and the portion of the Allocated Interest divested from the partially acquired Residence Unit shall automatically be reallocated to that Residence Unit and reallocated in proportion to the respective Allocated Interests of those Residence Units before the partially acquired Residence Unit participating in the reallocation on the basis of its reduced interest.

Section 7.3 Partial Taking of Common Elements

If part of the Common Elements is lost in condemnation, the award must be paid to the Association, as trustee for the Owners, and the holders of liens on the condemned property, as their interests may appear. The part of the award not used for any restoration or repair of the remaining Common Element shall be distributed the Owners in proportion to their respective Allocated Interests before the taking. The portion of the award attributable to the acquisition of a Limited Common Element shall be allocated among the Owners of the Residence Units in which that Limited Common Element was allocated at the time of acquisition.

Section 7.4 Recordation

The court decree in the condemnation proceedings shall be filed in Montgomery County.

ARTICLE VIII. RENOVATION

Section 8.1 Decision to Renovate

When it has been determined by the vote of Owners of an aggregate Allocated Interests of eighty percent (80%) or more of the Condominium, that substantially all of the Common

Elements can and should be renewed, reconstructed, renovated, replaced (other than as may be called for under Article VI and VII), the expenses shall be borne by the Common Expense Fund and a Special Assessment may be assessed not subject to the limitations set forth in Article IV.

Section 8.2 Renovation

Upon approval by the vote of Owners of an aggregate Allocated Interests of eighty percent (80%) or more of the Condominium to improve, renew, reconstruct, renovate, or replace (hereinafter the "Renovation") substantially all of the Common Element, the details of such Renovation will be determined by the Board of the Association. Provided however, that prior to entering into any contract for such Renovation or otherwise beginning such Renovation, the Board shall call no less than one meeting of the Owners to seek their input as to the details of the Renovation.

ARTICLE IX. TRANSFER OF UNITS; RIGHT-OF-FIRST-REFUSAL

Section 9.1 Right-of-First-Refusal With Respect to Residence Units

Except as provided below, should the Owner of any Residence Unit be desirous of leasing (which term shall be deemed to include all types of leases, rental or other occupancy agreements) or selling such Residence Unit, the Association is hereby given and granted the right-of-first-refusal to lease or purchase such Residence Unit, as the case may be, on the terms and conditions herein stated, and no Owners of a Residence Unit shall lease or sell the same to any party without first giving the Association notice in writing of such proposed lease or sale as herein provided and giving the Association the opportunity to determine whether it will exercise the right-of-first-refusal to lease or purchase said Residence Unit on the same terms and conditions as those contained in any bona fide offer that the Owner of such Residence Unit may have received for the lease or purchase of the Residence Unit, which offer the Owner wishes to accept. The right-of-first-refusal shall be exercised, if at all, in writing by the Board. Any leasing or sale of a Residence Unit without compliance with the terms contained herein, shall be void and of no force or effect and shall confer no title or interest in a Residence Unit to a purchaser or lessee.

Section 9.2 Notice and Exercise of Option

Whenever the Owner of any Residence Unit receives a bona fide offer to lease or purchase its Residence Unit and is desirous of accepting said bona fide offer, the Owner of such Residence Unit shall give the Board written notice of its desire to accept such offer for the lease or purchase of his Residence Unit, including the name, address, telephone number occupation or employment of the offeror, and furnish the Board an executed copy of a bona fide offer/proposal for said lease or purchase. If the Association desires to exercise its option to lease or purchase said Residence Unit on the same terms and conditions as are contained in said offer then the Association shall notify the Owner of said Residence Unit of the exercise of its option, such notice to be in writing and delivered by registered or certified mail to said Owner within ten (10) days from the date of receipt by the Board of the Owner's notice to the Board as hereinabove required, or such notice may be personally delivered, receipt of which to be acknowledged in writing by Owner, to said Owner within said period. If the Board has elected to lease or purchase the Residence Unit, then, within a reasonable time after the giving of written notice to the Owner of such Residence Unit of its election, the Board shall execute a lease or contract evidencing such intent, and shall consummate such lease or contract to purchase on all the same terms and conditions as those contained in said bona fide offer. When any Owner of a Residence Unit has notified the Association as above provided of its desire to lease or sell its Residence Unit, such Owner shall be free to consummate such lease or sale of its Residence Unit unless within ten (10) days of receipt of Owner's notice by the Board, the Board has notified said Owner of its intention to exercise its right-of-first-refusal as set out herein. In the event that the Association elects not to exercise its right-of-first-refusal, or fails to respond to the Owner within said ten (10) day period, the Owner of said Residence Unit shall be free to lease or sell said Residence Unit only to the party and pursuant to the terms described in the required notice. In the event that the proposed transaction with such offeror, which the Board has declined or failed to exercise its right-of-first-refusal, is not consummated by the transfer of the corresponding deed or execution of a lease, as the case may be, within sixty (60) days of the date of the giving of the required notice, the Owner of such Residence Unit shall again give notice to the Association and the Association shall again have a right-of-first-refusal as herein provided. The right-of-first-refusal to lease or purchase herein set forth shall be a continuing right and the non-exercise of the right in any instance shall not be deemed a waiver in any other instance or against any other

Owner or leases. In the event that the Board does not elect to lease or purchase such Residence Unit, the Board, upon written request, shall provide a written instrument stating that the Board has declined to lease or purchase such Residence Unit.

Section 9.3 Purchase by Nominee of Association

If the Association shall so elect, it may cause its right-of-first-refusal to lease or purchase any Residence Unit to be exercised in its name or for a party approved by the Board, or the Board may elect to cause said Residence Unit to be leased or purchased directly in the name of a party approved by it, which party shall enter into said lease or contract to purchase and consummate the contract to purchase in the same manner as the Board upon its exercise of said right-of-first-refusal to lease or purchase said Residence Unit.

Section 9.4 Terms of Lease

Notwithstanding that the Board may have declined or failed to exercise its right-of-first-refusal with respect to any leasing of any Residence Unit, no Residential Unit shall be leased for a term of less than six (6) full consecutive calendar months, nor shall any lease be for less than the entire Residence Unit. No Residence Unit shall be leased unless the terms and provisions of such lease specifically provide that such Residence Unit may not be sublet to or be occupied by persons other than those named in the required notice provided for in Section 9.2 above without the prior written approval of the Board being first obtained, and any lease shall provide that the lessee or occupant and any guest or invitee of such lessee or occupant shall comply with and abide by all of the restrictions pertaining to the use of Residence Units and the Common Elements set forth in this Declaration, the By-Laws, Rules and Regulations and the Custom Design Criteria promulgated hereunder and the laws of the State of Texas applicable to the Condominium now or hereafter established governing the use of such Residence Units and the Common Elements. Should any lessee or occupant not comply with such lease provision, then the Board shall have the right to cancel and terminate such lease, without any obligation or liability imposed upon the Owner, and for such purpose, the Board shall be regarded as the Owner's agent fully authorized to take such steps as may be necessary to effect the cancellation and termination of such lease and the eviction of the tenant under such lease. The Board shall have the right to collect rents from any tenant of an Owner that is more than sixty (60) days

delinquent in the payment of any amount due to the Association. It is not the intent of the Declarant to exclude from a Residence Unit any individual who is authorized to so remain by any state or federal law. If it is found that any provision contained in this Declaration is in violation of any law, then this section shall be interpreted to be as restrictive as possible to preserve as much of the original section as allowed by law.

Notwithstanding anything contained herein to the contrary, no Residence Unit may be used as a Timeshare Unit or put to Timeshare Use, as those terms are defined in Chapter 221 of the Texas Property Code, or its successor statute.

Section 9.5 Exceptions to Right-Of-First-Refusal

Provided that the Board has received prior written notice (except as to the lease, purchase or sale of any Residence Unit to or by the Declarant or by the Association or its nominee and any transfers covered by Article IX, in all of which cases no prior written notice shall be required) the right-of-first-refusal herein granted to the Association shall not apply to or be operative with respect to (i) transfers of ownership of any Residence Unit by one spouse to or for the benefit of the other spouse and/or members of the Owner's family (as that term is defined in Article I); (ii) transfers by one Owner to another Owner; (iii) transfers provided for in Article XII hereof; (iv) any foreclosure or judicial sale of a Residence Unit; (v) the sale or leasing of a Residence Unit by the Association or its nominee pursuant to Section 9.3 after the Association has acquired such Residence Unit or a leasehold space therein pursuant to the terms of this Article; (vi) any conveyance made by the Owner of a Residence Unit to a bona fide Mortgagee in lieu of foreclosure, provided that the title of a purchase from such Mortgagee or the title of any purchaser that obtains its title at any foreclosure or judicial sale shall thereafter be subject to the terms and provisions of this Article with respect to any further lease or sale of any such Residence Unit; (vii) any lease, rental or occupancy arrangement for any Residence Unit the Owner of which is a corporation, limited partnership, trust or other legal entity other than a natural person for the housing of its officers, directors, partners, trustees, beneficiaries or other designated agent or employee or a bona fide corporate agent or client, provided that such entity is engaged in substantial business endeavors other than the renting or leasing of Residence Units in the Condominium; (viii) the creation of a Mortgage; or (ix) the lease, sublease or sale of any Residence Unit to or by the Declarant.

Section 9.6 Application of Proceeds of Any Sale

Upon the sale or conveyance of a Residence Unit other than by the Declarant, the proceeds of such sale or conveyance shall be applied as follows:

- A. First, to assessments, liens and charges in favor of the State and any political subdivision thereof for taxes past due and unpaid on the Resident Unit;
- B. Secondly, to amounts due under any Mortgage;
- C. Thirdly, to the payment of all unpaid Common Expense Charges, and Special Assessments or other sums due and owing hereunder against the Residence Unit or the Owner thereof;
- D. Fourthly, to the Owner of such Unit.

In the event said Common Expense Charges, Special Assessment or other sums due and owing against the Residence Unit or the Owner thereof are not paid or collected at the time of sale or conveyance of a Residence Unit, the grantee of such sale or conveyance shall be jointly and severally liable with the Owner for all unpaid Common Expense Charges, and Special Assessments and all other sums due and owing hereunder against the Residence Unit or the Owner thereof as to the date of grant or conveyance, without prejudice to the grantee's right to recover from the selling Owner the amounts paid by the grantee therefore.

In the event of a foreclosure of a Mortgage for the purchase or improvement of any Residence Unit, the purchaser at such foreclosure sale and any successor in title to such Residence Unit from the purchaser at such sale (except the Owner upon whom such lien was foreclosed) shall not be liable for the Common Expense Charges, or Special Assessments chargeable to such Residence Unit or other sums due and that become due prior to such foreclosure or conveyance in lieu thereof.

ARTICLE X. AMENDMENTS, CONFLICTS BETWEEN PROVISIONS**Section 10.1 Amendment of Declaration**

Except as otherwise provided by law and elsewhere in this Declaration, the provisions of this Declaration, except for the specific matters described in 10.2 below, may be amended only by vote or agreement of an aggregate number of members having not less than sixty-seven percent (67%) of the total voting power of the Association and entitled to vote on such amendment, such agreement to be evidenced by written ballot or by vote at a meeting of the Association called for that purpose. Any amendment to this Declaration of Condominium shall become effective only upon the recordation in the Official Public Records of Real Property of Montgomery County, Texas of a written amendment signed and certified by the duly authorized officers of the Association, attesting to the proper adoption of such amendment and containing the text thereof. An action to challenge the validity of an amendment to the Declaration adopted by the Association under this Article X must be brought before the first anniversary of the date the amendment is recorded.

The Declarant hereby reserves the unilateral right to amend this Declaration at any time if such amendment is (a) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on the Residence Units; (c) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Residence Units; or (d) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Residence Units; or (e) as necessary to clarify or resolve ambiguities or conflicts or to correct any inadvertent misstatements, errors or omissions in this Declaration as same may be amended from time to time; provided, however, any such amendment shall not adversely affect the title to any Residence Unit unless the Owner shall consent thereto in writing.

The Declarant further reserves the unilateral right to amend this Declaration at any time prior to the election of the Fully Elected Board.

Section 10.2 Exceptional Matters

Except as specifically permitted elsewhere in this Declaration, an amendment to this Declaration may not create or increase special Declarant rights, increase the number of Residence Units, change the boundaries of a Unit (without the agreement of those Unit Owners effected), alter or destroy a Residence Unit or Limited Common Element without the approval of one hundred percent (100%) of affected Unit Owners, change a Residence Unit's Allocated Interest (except in cases of combining), or change the use restrictions on a Residence Unit unless the amendment is approved by agreement of an aggregate number of members having not less than 100% of the total voting power of the Association. The Board or the Declarant, if the Declarant owns a Residence Unit that has never been occupied, may without a vote of the Owners or approval of the Association, amend the Declaration in any manner necessary to meet the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, or the Veterans Administration.

Section 10.3 Amendment of By-Laws

The By-Laws of the Association may be amended from time to time as set out in the By-Laws.

Section 10.4 Amendment of Rules and Regulations

The Rules and Regulations may be amended from time to time by the Board as set out in the By-Laws.

Section 10.5 Conflict Between Provisions

In the event of any conflict among the terms and provisions of this Declaration, the Articles of Incorporation of the Association, the By-Laws, the Rules and Regulations or applicable law, or between any of them, the By-Laws shall control over the Rules and Regulations; the Articles of Incorporation shall control over both the By-Laws and the Rules and Regulations; this Declaration shall control over the Articles of Incorporation, the By-Laws and the Rules and Regulations; and applicable law shall control over all of the foregoing.

ARTICLE XI. ALTERNATE DISPUTE RESOLUTION**Section 11.1 Dispute Resolution**

Except as set out in Section 11.4, no lawsuit between any of the following entities or individuals shall be commenced until the parties have submitted to non-binding mediation: Owners; Members; the Board of Directors; officers in the Association; the Association; or the Managing Agent, if any.

Disputes between Owners that are not regulated by the Declaration shall not be subject to the dispute resolution process.

Section 11.2 Outside Mediator

In a dispute between any of the above entities or individuals, the parties must voluntarily submit to the following mediation procedures before commencing any judicial or administrative proceeding. Each party will represent himself/herself individually or through an agent or representative, or may be represented by counsel. The dispute will be brought before a mutually selected mediator. Such mediator will either be an attorney-mediator skilled in community association law, a Professional Community Association Manager ("P.C.A.M.") as certified by the Community Associations Institute, or a Certified Property Manager ("C.P.M.") as certified by the Institute of Real Estate Managers. In order to be eligible to mediate a dispute under this provision, a Mediator may not reside in Paradise Point, work for any of the parties, represent any of the parties, nor have any conflict of interest with any of the parties. The Board shall maintain a list of no less than five (05) potential mediators, but the parties will be in no way limited to their choice by this list. Costs for such mediator shall be shared equally by the parties. If the parties cannot mutually agree upon the selection of a mediator after reasonable efforts (not more than thirty (30) days), each party shall select their own mediator and a third will be appointed by the two selected mediators. If this selection method must be used, each party will pay the costs of their selected mediator and will share equally the costs of the third appointed mediator.

Section 11.3 Mediation is Not a Waiver

By agreeing to use this Dispute Resolution process, the parties in no way waive their rights to extraordinary relief including, but not limited to, temporary restraining orders or

temporary injunctions, if such relief is necessary to protect or preserve a party's legal rights before a mediation may be scheduled.

Section 11.4 Enforcement by Board

The provisions of this Declaration dealing with Alternate Dispute Resolution shall not apply to the collection of assessments, enforcement of the Declaration, and/or Rules and Regulations by the Association.

ARTICLE XII. MISCELLANEOUS

Section 12.1 Estoppel Certificate

Any Mortgagee and any prospective purchaser of a Residence Unit shall be entitled upon written request therefore to a statement from the Board (or any party designated by the Board) setting forth the amount of any unpaid Common Expense Charges, Boat Slip Charge, Special Assessments or other sums due and owing to the Association against the Residence Unit or the Owner thereof. The prospective purchaser shall not be liable for, nor shall the Residence Unit conveyed be subject to the lien created in this Declaration of Condominium for any unpaid Common Expense Charges, or Special Assessments made by the Board against the particular Residence Unit involved or other sums due and owing against the Residence Unit or the Owner thereof in excess of the amount set forth in such statement. The purchaser shall, however, be liable for any Special Assessments, Common Expense Charge, Boat Slip Charge and any other sums owing hereunder against such Residence Unit or the Owner thereof becoming due after the date of any such statement and shall be subject to the liens securing same as provided in this Declaration.

Section 12.2 No Partition

Except as may be otherwise specifically provided in this Declaration, the Common Elements shall remain undivided and shall not be subject to an action for partition or division of the co-ownership thereof so long as the Condominium is maintained as a Condominium Regime in accordance with the provisions hereof, and, in any event, all Mortgagees having an interest in the Common Elements must be paid in full prior to bringing any action for partition or division of the Common Elements, the consent of all holders of such Mortgages must be obtained;

provided however, that if a Residence Unit shall be owned by two (2) or more Owners as tenants-in-common or as joint tenants, they shall be deemed to have agreed to not permit a judicial partition of such Residence Unit as between such co-owners.

Section 12.3 Alteration of Boundaries of Residence Units

(a) If one person, firm or entity (including Declarant) is the Owner of all or part of two (2) Residence Units which are adjoining horizontally (on the same floor of the Buildings) or if two (2) Owners of adjoining Residence Units so agree, then such Owner or Owners shall have the right, upon the Board's prior written consent, to remove all or any part of any intervening partition (which is not load bearing) or to create doorways or other openings in such partition or floor which may in whole or in part be a common Element, so long as no portion of any load bearing wall or load bearing column or structural slab is weakened or removed and no portion of any Common Element other than that partition is damaged, destroyed or endangered. In any of such events, the Owner or Owners involved may relocate the boundaries between adjoining Residence Units by causing an appropriate instrument of amendment to this Declaration to be prepared and executed by such Owners, which instrument, in order to be binding, must first be approved by the Board, in writing and shall be joined in by the President of the Association (and the Mortgagees, if any, of such Residence Units) and filed for record in the Real Property Records of Montgomery County, Texas. The instrument of amendment (i) shall show the boundaries between those Residence Units which are being relocated, (ii) shall recite the occurrence of any conveyance between the Owners of such adjacent Residence Units, and (iii) shall specify any reasonable reallocation as agreed upon between the Owners of the Residences Units involved of the aggregate Ownership Interests in the Common Elements pertaining to those Residence Units. Such plats and floor plans as may be necessary to show the altered boundaries between the Residences Units involved shall be certified as to their accuracy by a registered architect or engineer. Any Owners taking any of the actions permitted by this subsection 12.3 shall do so at their sole cost, risk and expense and shall agree, in form satisfactory, to the Board, to indemnify and hold all other Owners and the Association harmless from any cost, expense, damage or liability arising or occurring as a result thereof, which obligation shall be secured or bonded in such amount and form as the Board shall determine.

(b) At any time prior to election of the Fully Elected Board, the Declarant shall have the right, at its option and sole cost and expense, without the consent of other Owners or the representative or representatives of any Mortgagee, to (i) make alterations, additions or improvements in, to and upon Residence Units owned by the Declarant (hereinafter called "Declarant-Owned Units or "Declarant-Owned Residence Units"), whether structural or non-structural, interior or exterior, ordinary or extraordinary; (ii) change the layout or number of rooms in any Declarant-Owned Unit; (iii) change the size and/or number of Declarant-Owned Units; (including those resulting from such subdivision or otherwise) into one or more Residence Units, combining separate Declarant-Owned Units (including those resulting from such subdivision or otherwise) into one or more Residence Units, altering the boundary walls between any Declarant-Owned Units, or otherwise; and (iv) reapportion among the Declarant-Owned Units affected by such change in size or number pursuant to the preceding clause their appurtenant interest in the Common Elements; provided, however, that the percentage ownership interest in the Common Elements of any Residence Unit (other than Declarant-Owned Units) shall not be changed by reason thereof. Notwithstanding anything to the contrary in paragraphs (a) and (b) of this Section 12.3, no amendment of this Declaration shall be made pursuant to the provisions of this Section 12.3 unless such amendment is approved in accordance with Section 10.1 hereof unless the Owners and Mortgagees, if any, of such Residence Units shall comply with all laws applicable thereto and shall agree to hold all other Owners and the Association harmless from any liability arising there from. Notwithstanding the terms of Section 10.1 hereof, the provisions of this Section may not be added to, amended or deleted without the prior written consent of the Declarant. The Declarant shall also have the authority, at its sole option, cost and expense, to make improvements to the Common elements without the prior consent of the Board, other Owners or the representative or representatives of holders of any Mortgage. No Owner shall ever be assessed for any such changes or improvements done by the Declarant pursuant to this provision. In the event of any such alteration, combination or improvement, the Declarant, at its sole cost and expense, shall file any amendment to this Declaration necessary to reflect such change or improvement. If Declarant exercises its rights hereunder, Declarant shall record such amendment evidencing such change in Units and reallocation of percentage of ownership in the Common Area without the joinder of any other Owner.

The boundaries between adjoining Residence Units may be relocated by an amendment to the Declaration on written application to the Association by the Owners of those Residence Units. If the Owners of the adjoining Residence Units have specified a reallocation between their Residence Units of their allocated interests, the application must state the proposed reallocations. Unless the Board determines that the reallocation is unreasonable, the Association shall prepare an amendment at the expense of the applying Residence Units Owners involved, that identifies the Residence Units involved, states the reallocation, is executed by the applying Residence Unit Owners, and contains words of conveyance between them. At the expense of the applying Residence Unit Owners, the Association, without the joinder of any other Owner, shall prepare and record the amendment and plats or plans necessary to show the altered boundaries between adjoining units, and the units' dimensions and identifying numbers.

A combined Residence Unit may be subdivided back to its original configuration as originally platted, into two or more Residence Units. Subject to the conditions contained in this Declaration, on written application of a Residence Unit Owner to subdivide a Residence Unit and after payment by the Residence Unit Owner of the cost of preparing and recording amendments and plats, the Association shall prepare, execute, and record an amendment to the Declaration, including the plats and plans, subdividing the Residence Unit. The amendment to the Declaration must be executed by the Owner(s) of the Residence Unit to be subdivided, assign an identifying number to each subsequent Residence Unit created, and reallocate the allocated interests formerly allocated to the subdivided Residence Unit to the new Residence Units in any reasonable manner prescribed by the Owner of the subdivided Residence Unit.

Other than consolidation pursuant to this Section 12.3, all other amendments to the Declaration must be made in accordance with Section 10.1 hereof.

Section 12.4 Correction of Errors

In addition to those rights set out in Article X, Section 10.1 of this Declaration, Declarant reserves, and shall the continuing right until election of the Fully Elected Board, without the consent of other Owners or the representatives of any Mortgagee, to amend this Declaration or the By-Laws for the purposes of clarifying or resolving any ambiguities or conflicts herein, for correcting any misstatements, errors or omissions herein, provided that no such amendment shall

change the stated number of Residence Units nor the Allocated Interest in the Common Elements attributable thereto (except as set forth in Section 10.1).

Section 12.5 Enforcement

The Board or any Owner shall have the right to enforce, by an action at law or in equity, all terms and provisions hereof. Failure by the Board or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed to be a waiver of the right to enforce such covenant or restriction thereafter.

Section 12.6 Severability

The provisions hereof shall be deemed independent and the invalidity or partial invalidity or unenforceability of any one provision or portion shall not effect the validity or enforceability of any other provision hereof.

Section 12.7 Easements

Prior to the election of the Fully Elected Board (and the Association thereafter) the Declarant shall have the right to grant to utility companies and other entities, such easements, rights-of-way, and other rights as may be reasonably necessary to service the Condominium and establish, operate or maintain the same as a viable condominium regime, without the approval or joinder of any other Owners or any Mortgagee.

Each Owner is hereby granted an easement in common with each other Owner for ingress and egress through all Common Elements subject to this Declaration and the Rules and Regulations promulgated from time to time by the Association. Such easement shall be used jointly and in common with the other Owners and tenants of any Owners, each Mortgagee, and the agents, employees, guests, licensees and invitees of each Owner, tenant of each Owner, and each such Mortgagee. Nothing contained herein shall be construed to create any rights of any nature in the public, nor shall any portion of the Common Elements be deemed to be dedicated for public use.

The Board and parties authorized by the Board are hereby granted an easement over, across and upon each of the Terraces and/or Storage Closets for the purpose of maintenance and upkeep of the Buildings.

Section 12.8 Declarant's Right to Lease or Rent Residence Units

The Declarant shall have the right to rent or lease Residence Units owned by the Declarant to such parties and upon such terms and conditions as the Declarant in its sole and absolute discretion desires. All tenants or lessees of the Declarant shall have access to the Condominium Common Elements in the same manner as the Owners, and shall be bound by the terms of this Declaration, the By-Laws, and the Rules and Regulations.

Section 12.9 Declarant's Right to Reallocate Residence Units

The Declarant shall have the right to reallocate Residence Units, increase the number of Residence Units, and/or decrease the number of Residence Units thereby reallocating the percentage of ownership of Common Element for each Residence Unit within the Condominium without the joinder of any Owner upon such terms and conditions as the Declarant in its sole and absolute discretion desires.

Section 12.10 Declarant's Restriction Upon Sale of Residence Units

During the first five (5) years after the sale of the first Residence Unit by Declarant, the Declarant hereby reserves the right to restrict the sale of a Residence Unit by an Owner, such that said Residence Unit offered by an Owner shall not be offered for sale at a price below the current purchase price established by Declarant for Residence Units owned by Declarant.

Section 12.11 No Amendment Without Prior Written Consent of Declarant

For so long as Declarant is the Owner of a Residence Unit, the provisions of Sections 2.1, 2.6, 9.5, 12.3, and 12.4 may not be added to, amended or deleted without prior written consent of the Declarant.

Section 12.12 Security

NEITHER THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, NOR THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SECURITY WITHIN THE PROPERTY. NEITHER SHALL THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, DECLARANT OR SUCCESSOR DECLARANT BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY

OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND OCCUPANTS OF ANY UNIT, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, DECLARANT OR ANY SUCCESSOR DECLARANT DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP OR OTHERWISE, NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER AND OCCUPANT OF ANY UNIT AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, DECLARANT OR ANY SUCCESSOR DECLARANT ARE NOT INSURERS AND THAT 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 FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, DECLARANT OR ANY SUCCESSOR DECLARANT HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTY.

Section 12.13

Notices

Owners of Residence Units are advised that Declarant, or Declarant's related entities, own land adjacent to the Property. Owners of Residence Units hereby agree to hold harmless the Declarant and the Association (as defined herein below), and their successors and assigns, and release them from any liability for the placement, construction, design, operation, maintenance and replacement of any improvement and/or any use Declarant may chose for said adjacent property. Owners further grant an easement to the Declarant and the Association for any incidental noise, lighting, odors, parking and/or traffic which may occur in the normal operation

of any improvement and/or use which may be placed upon said adjacent property. Owners further grant an easement to the Declarant and the Association for access to said adjacent property. Owners hereby acknowledge that Declarant has made no representations, warranties, agreements, statements, or expressions of opinion, oral or written, nor has Owner received from any person or entity whatsoever, including, without limitation, Declarant, any real estate agent or broker, property manager, tenant, governmental official, or seller, its fiduciaries, agents, attorneys, principals, or personal representatives any representations, warranties, agreements, statements, or expressions of opinion, oral or written, as to any future use of said adjacent property upon which any Owner has relied to base the decision to purchase a Residential Unit. Owners further acknowledge that Declarant has no definitive plan(s) as to any expected use of said adjacent property, and Owners are purchasing Residence Units with the understanding that said adjacent property may be used in any number of ways, including without limitation, a use that is not presently contemplated by Declarant on the date this Declaration is recorded in the Real Property Records of Montgomery County, Texas.

Owners of Residence Units are advised that the bulkhead constructed by the Declarant was designed based upon lake bottom elevation of Lake Conroe at the bulkhead of approximately 197 MSL and at a distance of twelve feet (12') out from the bulkhead a lake bottom elevation of approximately 195 MSL with the lake bottom being an approximate six (6) to one (1) slope from the bulkhead until it reaches the 195 MSL twelve feet (12') out from the bulkhead. Based upon a normal Lake Conroe pool elevation of 201 MSL, this design would provide four feet (4') of water at the bulkhead and six feet (6') of water at a distance of twelve feet (12') out from the bulkhead. Due to construction and/or dredging techniques, erosion and sedimentation in Lake Conroe, the present Lake Conroe bottom adjacent to the bulkhead may not meet the design standards for bulk headed Lake Conroe bottom elevations. The Declarant shall have no obligation to conduct any dredging to restore the depth of the water, said dredging being a right and not an obligation of the Declarant. In the event an assignee of a Boat Slip elects to conduct such dredging to cause the lake bottom in the area of their assigned Boat Slip to conform to the above-described standards and dispose of the dredged materials at the Owner's sole expense, the Owner shall obtain the prior written approval of the Declarant and/or the Association, and the San Jacinto River Authority. No right is granted by this Declaration to dredge and/or remove any dredged materials over, on, or through the Property.

Section 12.14 Indemnity

The Association shall indemnify every Director, and Officer, and committee member of the Association against, and reimburse and advance to every Director, and Officer, and committee member for, all liabilities, costs and expenses incurred in connection with such directorship, or office, or committee membership and any actions taken or omitted in such capacity to the greatest extent permitted under the Texas Nonprofit Corporation Act and all other applicable laws at the time of such indemnification, reimbursement or advance payment. The Association shall also obtain directors and officers insurance coverage for the Directors, Officers, and committee members in amounts approved by a majority vote of the Board of Directors.

Section 12.15 Severability

The invalidity of any one or more of the provisions of this Declaration shall not affect the validity of the other provisions thereof. The provisions of this Declaration shall be interpreted to be as restrictive as possible while not violating any federal, state, or local laws or regulations.

Section 12.16 Service Mark

Declarant is the prior and exclusive owner and proprietor of, and reserves all rights with respect to the service mark for Paradise Point ("Service Mark"). Unless and until a written license agreement has been sought and obtained from Declarant (and in this connection Declarant may withhold consent in its sole and absolute discretion), no person or entity may at any time and/or for any reason whatsoever, use, depict, draw, demonstrate, reproduce, infringe, copy or resemble, directly or indirectly, the Service Mark.

[SIGNATURE PAGE FOLLOWS]

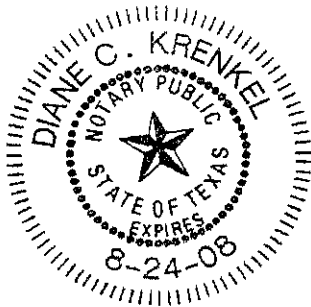
IN WITNESS WHEREOF, Declarant has executed this instrument on this the 14th day of SEPTEMBER, 2004.

PARADISE POINT CONDOS DEVELOPMENT,
INC., a Texas corporation

By: [Signature]
JAMES R. WINKLER, PRESIDENT

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 14th day of August, 2004 by James R. Winkler, President of Paradise Point Condos Development, Inc., on behalf of said corporation.



[Signature]
Notary Public - State of Texas

LIENHOLDER CONSENT AND SUBORDINATION

Woodforest National Bank a(n) Texas state banking corporation, being the sole beneficiary of a mortgage lien and other liens, assignments and security interests encumbering all or a portion of the Property hereby consents to the terms and provisions of this Paradise Point Declaration of Condominium to which this Lienholder Consent and Subordination is attached and acknowledges that the execution thereof does not constitute a default under the lien document or any other document executed in connection with or as security for the indebtedness above described, and subordinates the liens of the lien document and any other liens and/or security instruments securing said indebtedness to the rights and interests created under said Declaration, and acknowledges and agrees that a foreclosure of said liens and/or security interests shall not extinguish the rights, obligations and interests created under this Declaration. No warranties of title are hereby made by lienholder, lienholder's joinder herein being solely limited to such consent and subordination.

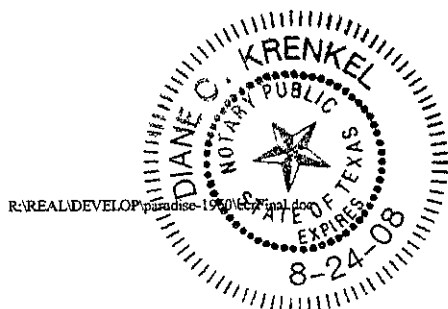
BY: [Signature]
Print Name: Herbert V. Hildebrand
Print Title: Senior Vice President

STATE OF TEXAS §
 §
COUNTY OF Montgomery §

BEFORE ME, the undersigned authority, on this day personally appeared Herbert V. Hildebrand, Sr. V.P. of Woodforest Nat. Bank, known by me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed and in his/her representative capacity.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 14th day of September, 2004.

[Signature]
Notary Public - State of Texas



LIENHOLDER CONSENT AND SUBORDINATION

Nauman Trust, a Texas state trust, being the sole beneficiary of a mortgage lien and other liens, assignments and security interests encumbering all or a portion of the Property hereby consents to the terms and provisions of this Paradise Point Declaration of Condominium to which this Lienholder Consent and Subordination is attached and acknowledges that the execution thereof does not constitute a default under the lien document or any other document executed in connection with or as security for the indebtedness above described, and subordinates the liens of the lien document and any other liens and/or security instruments securing said indebtedness to the rights and interests created under said Declaration, and acknowledges and agrees that a foreclosure of said liens and/or security interests shall not extinguish the rights, obligations and interests created under this Declaration. No warranties of title are hereby made by lienholder, lienholder's joinder herein being solely limited to such consent and subordination.

By: [Signature]
Print Name: JAMES WINKLER
Print Title: TRUSTEE

STATE OF TEXAS §
 §
COUNTY OF Montgomery §

BEFORE ME, the undersigned authority, on this day personally appeared James Winkler, Trustee of Nauman Trust, known by me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed and in his/her representative capacity.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 13 day of September, 2004.

[Signature]
Notary Public - State of Texas

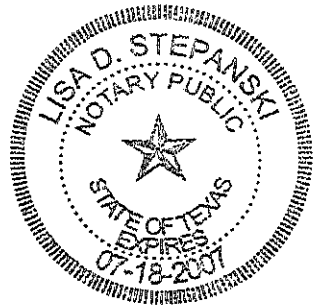


EXHIBIT A

Paradise Point Condos
Allocated Interest

Building A

Unit A101	2.5315%
Unit A102	2.0276%
Unit A103	1.7463%
Unit A104	2.0276%
Unit A201	2.5315%
Unit A202	2.0276%
Unit A203	1.7463%
Unit A204	2.0276%
Unit A301	2.5325%
Unit A302	2.0276%
Unit A303	1.7463%
Unit A304	2.0276%

Building B

Unit B101	2.5315%
Unit B102	2.0276%
Unit B103	1.7463%
Unit B104	2.0276%
Unit B201	2.5315%
Unit B202	2.0276%
Unit B203	1.7463%
Unit B204	2.0276%
Unit B301	2.5325%
Unit B302	2.0276%
Unit B303	1.7463%
Unit B304	2.0276%

Building C

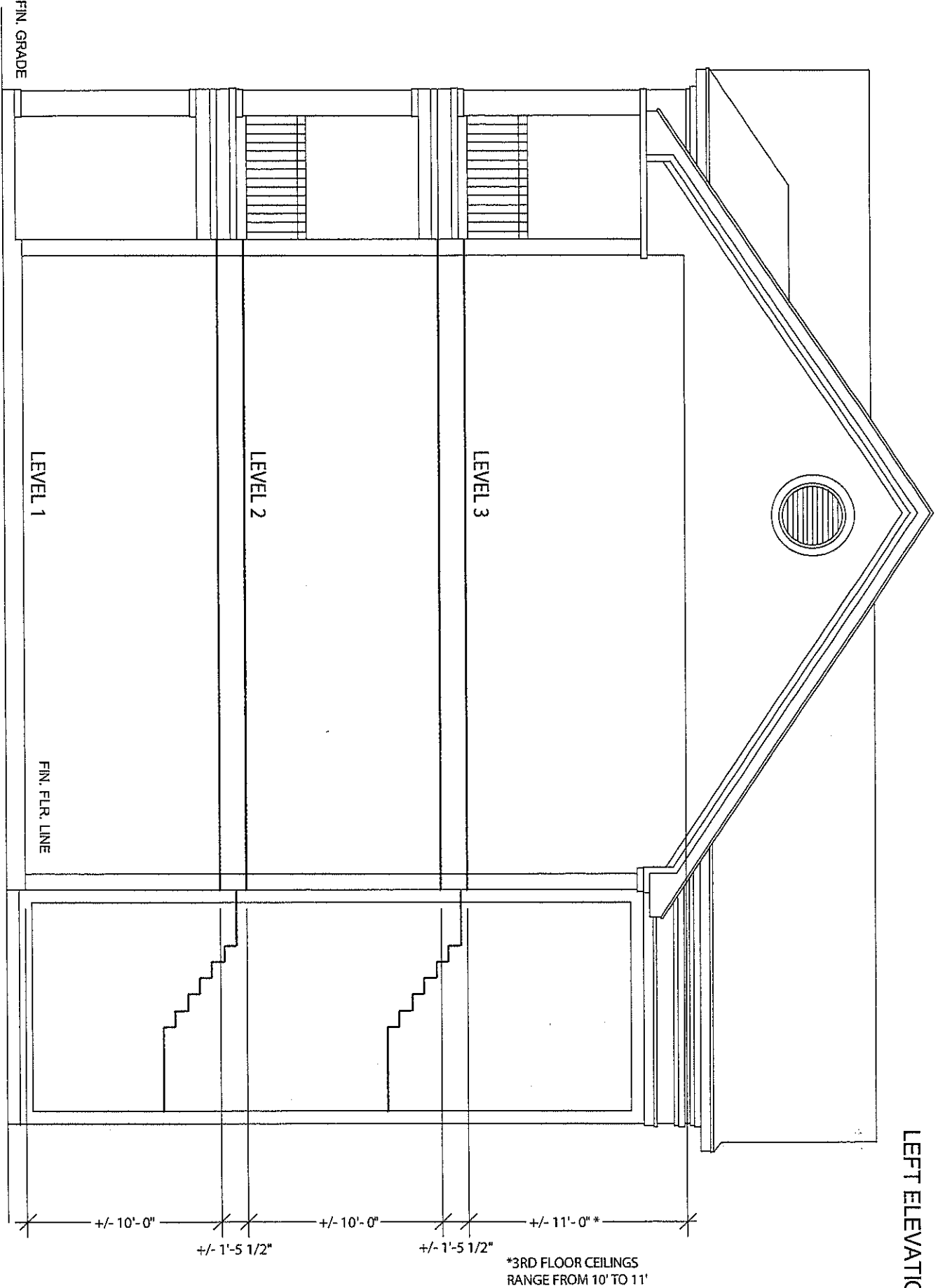
Unit C101	2.5315%
Unit C102	2.0276%
Unit C103	1.7463%
Unit C104	2.0276%
Unit C201	2.5315%
Unit C202	2.0276%
Unit C203	1.7463%
Unit C204	2.0276%
Unit C301	2.5325%
Unit C302	2.0276%
Unit C303	1.7463%
Unit C304	2.0276%

Building D

Unit D101	2.5315%
Unit D102	2.0276%
Unit D103	1.7463%
Unit D104	2.0276%
Unit D201	2.5315%
Unit D202	2.0276%
Unit D203	1.7463%
Unit D204	2.0276%
Unit D301	2.5325%
Unit D302	2.0276%
Unit D303	1.7463%
Unit D304	<u>2.0276%</u>

48 Units**100.0000%**

EXHIBIT B



FIN. GRADE

LEVEL 1

LEVEL 2

LEVEL 3

FIN. FLR. LINE

+/- 10'-0"

+/- 1'-5 1/2"

+/- 10'-0"

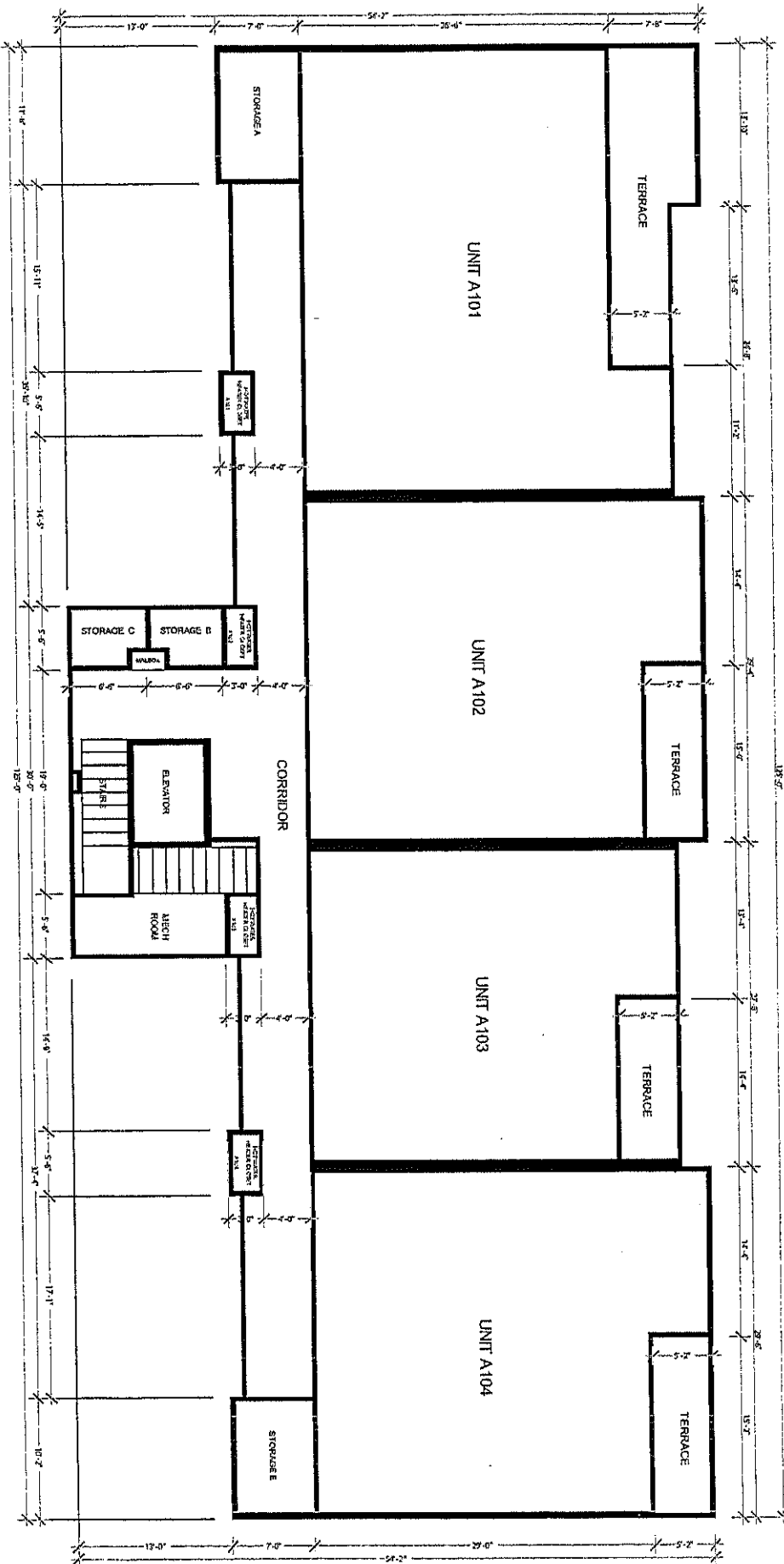
+/- 1'-5 1/2"

+/- 11'-0" *

*3RD FLOOR CEILINGS RANGE FROM 10' TO 11'

LEFT ELEVATION

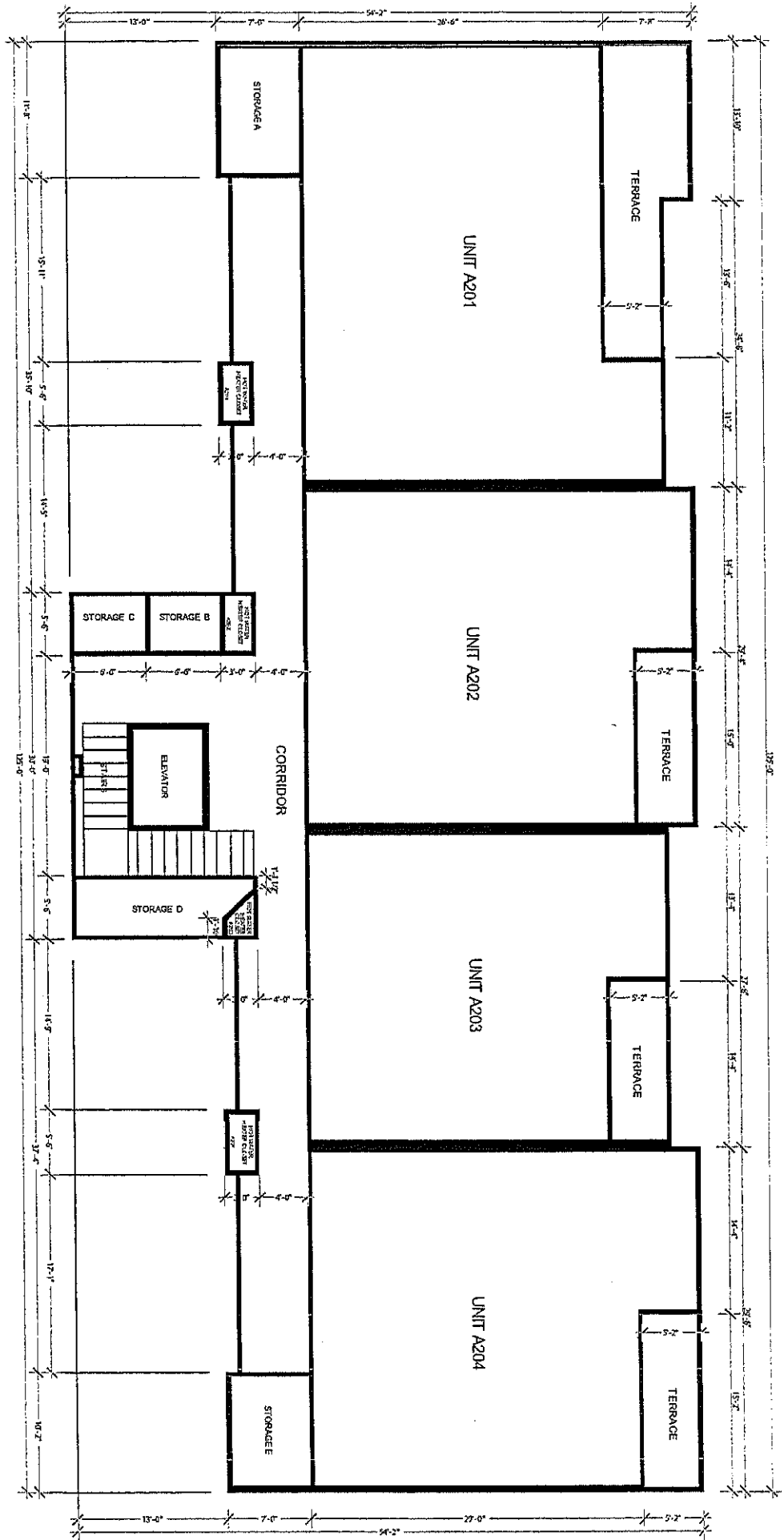
PARADISE POINT
CONDOMINIUMS



BUILDING: A
LEVEL: 1

- 1. STORAGE AREAS "A" THOROUGH "E" ARE "LIMITED COMMON ELEMENTS"
- 2. TERRACES AND HOT WATER HEATER CLOSETS ARE "LIMITED COMMON ELEMENTS"

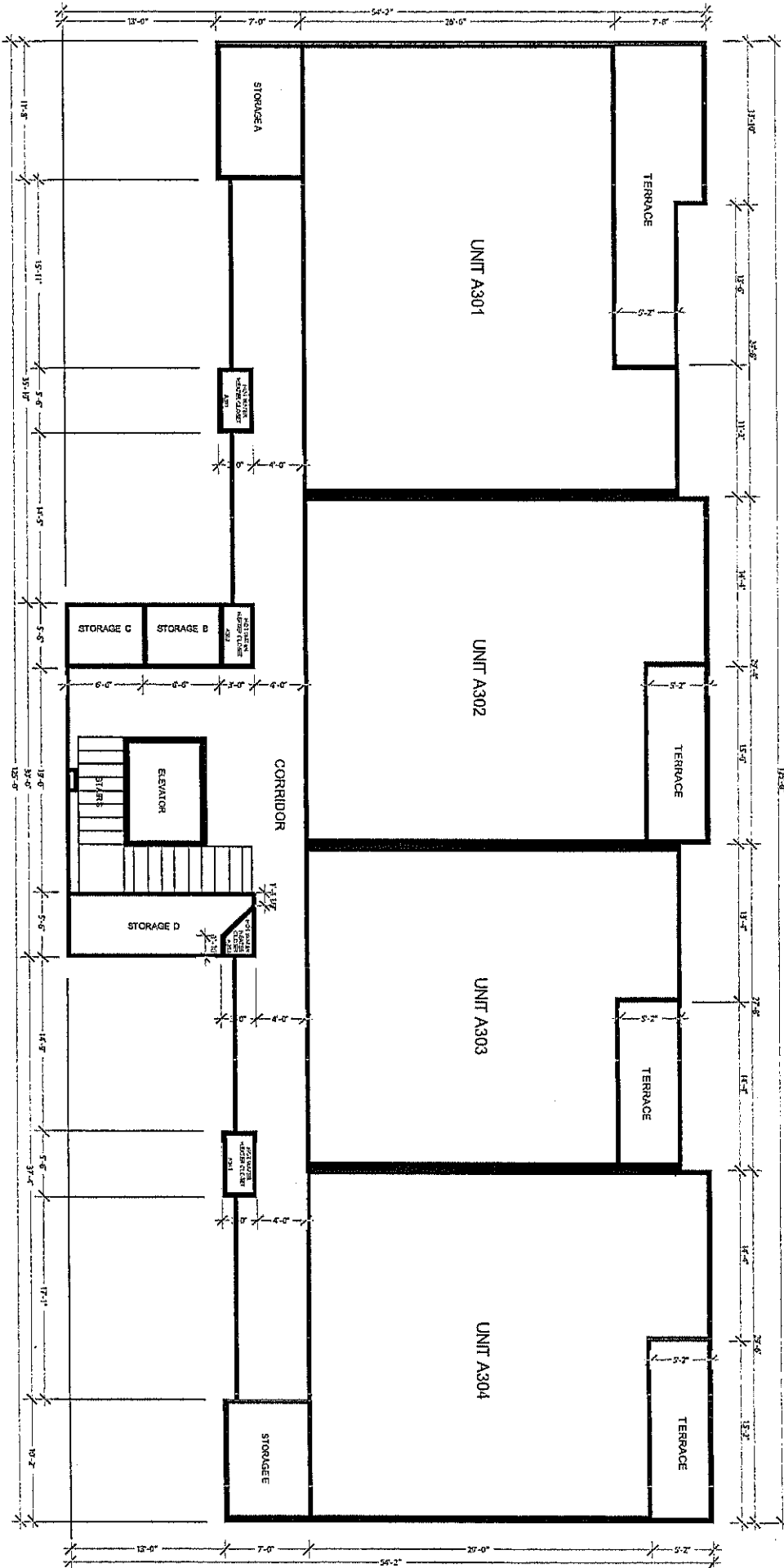
PARADISE POINT
CONDOMINIUMS



BUILDING: A
LEVEL: 2

- 1. STORAGE AREAS "A" THROUGH "E" ARE "LIMITED COMMON ELEMENTS"
- 2. TERRACES AND HOT WATER HEATER CLOSETS ARE "LIMITED COMMON ELEMENTS"

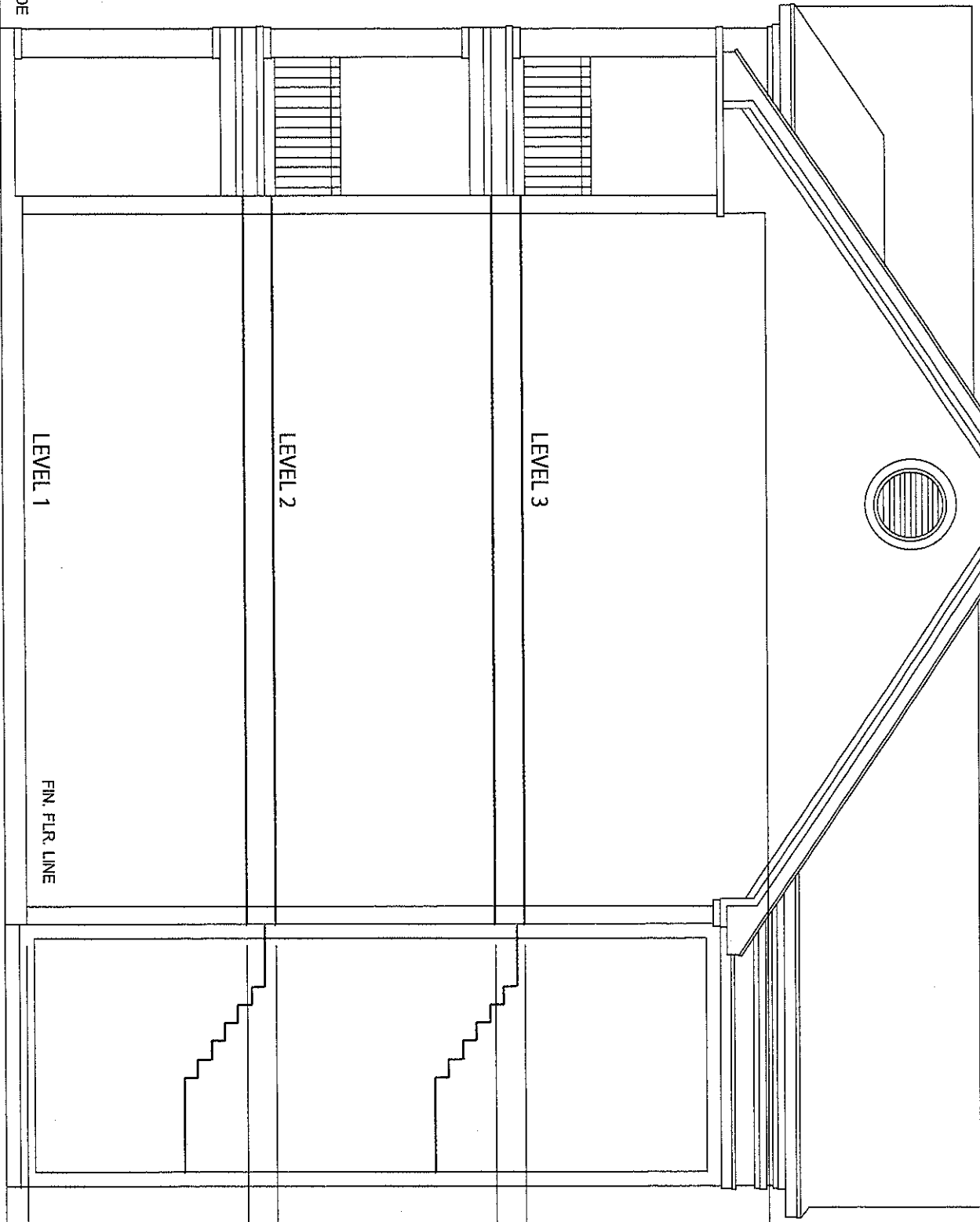
PARADISE POINT
CONDOMINIUMS



BUILDING: A
LEVEL: 3

1. STORAGE AREAS "A" THROUGH "E" ARE "LIMITED COMMON ELEMENTS."
2. TERRACES AND HOT WATER HEATER CLOSETS ARE "LIMITED COMMON ELEMENTS."

FIN. GRADE



LEVEL 1

LEVEL 2

LEVEL 3

FIN. FLR. LINE



+/- 10'-0"

+/- 1'-5 1/2"

+/- 10'-0"

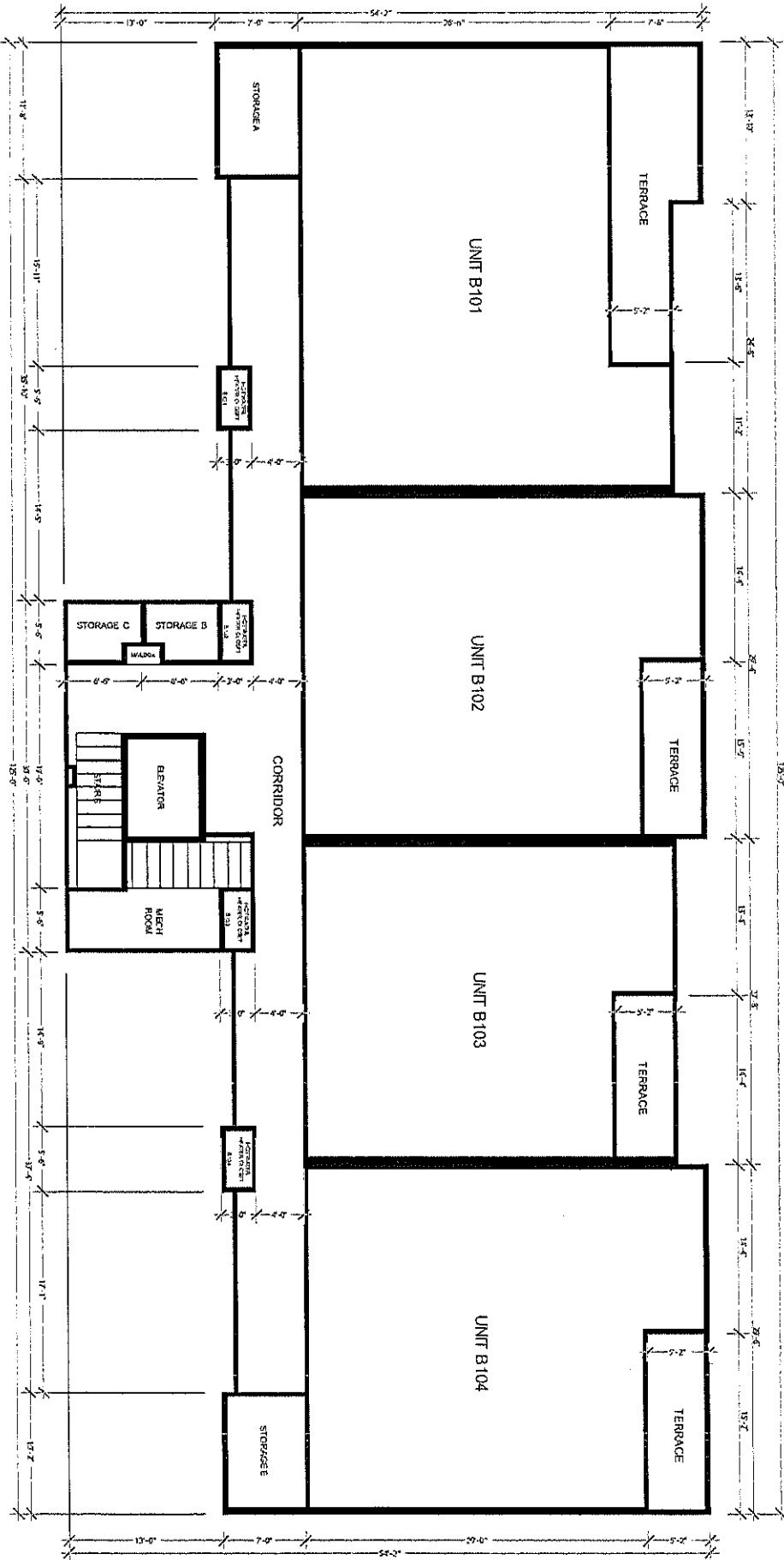
+/- 1'-5 1/2"

+/- 11'-0"*

*3RD FLOOR CEILINGS
RANGE FROM 10' TO 11'

LEFT ELEVATION

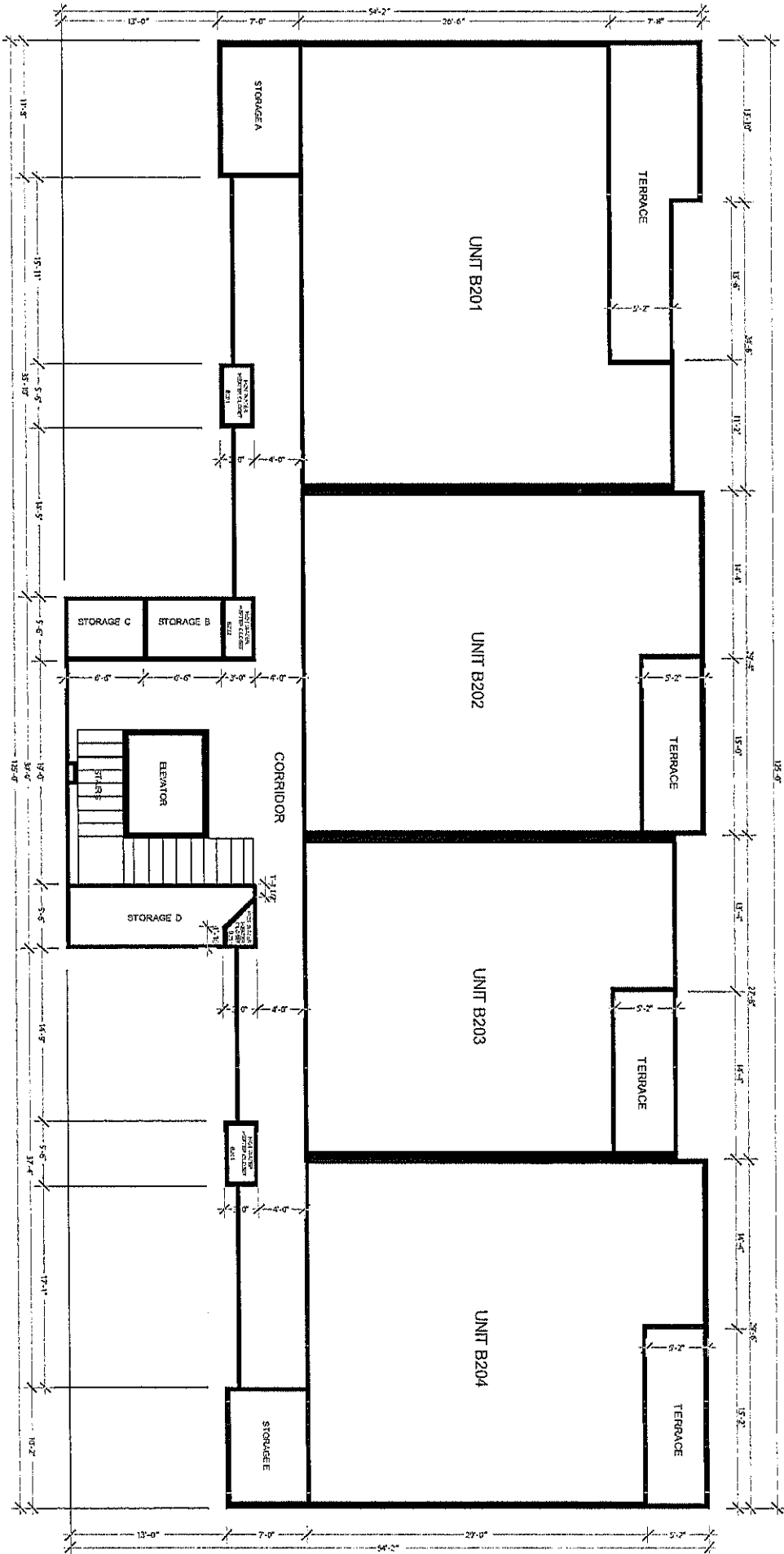
PARADISE POINT
CONDOMINIUMS



BUILDING: B
LEVEL: 1

- 1. STORAGE AREAS "A" THROUGH "E" ARE "LIMITED COMMON ELEMENTS"
- 2. TERRACES AND HOT WATER HEATER CLOSETS ARE "LIMITED COMMON ELEMENTS"

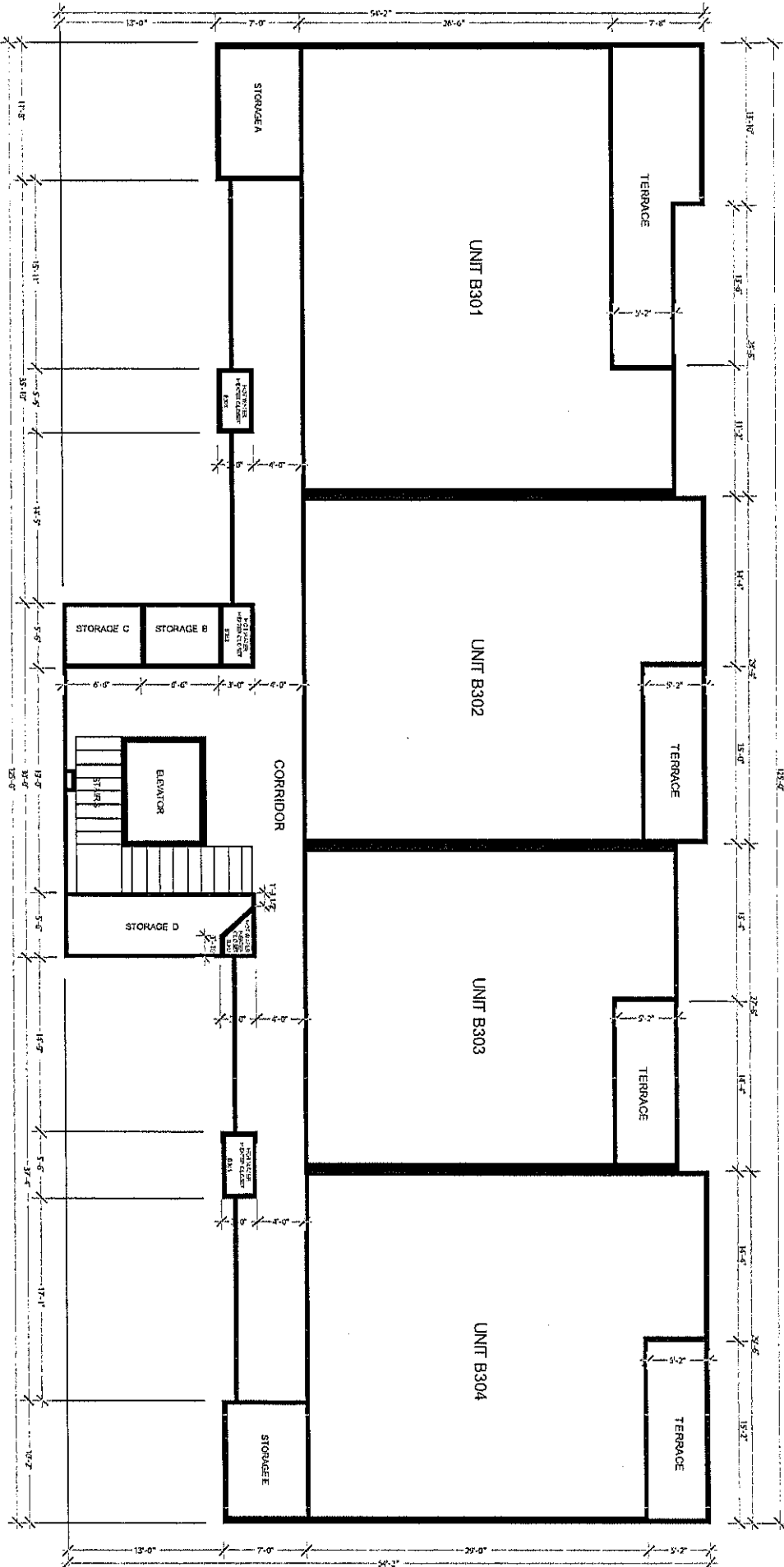
PARADISE POINT
CONDOMINIUMS



BUILDING: B
LEVEL: 2

1. STORAGE AREAS "A" THOROUGH "E" ARE "LIMITED COMMON ELEMENTS"
2. TERRACES AND HOT WATER HEATER CLOSETS ARE "LIMITED COMMON ELEMENTS"

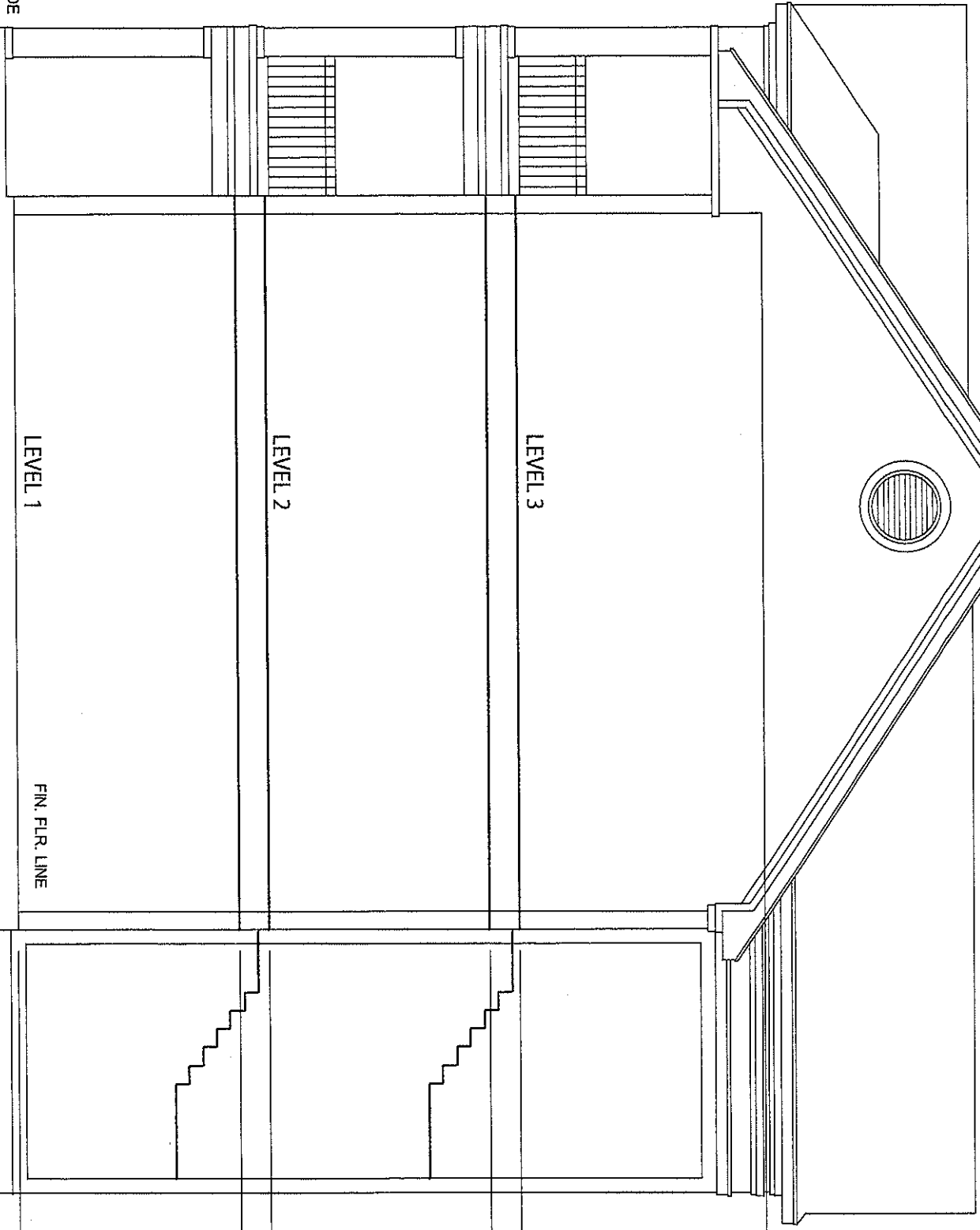
PARADISE POINT
CONDOMINIUMS



BUILDING: B
LEVEL: 3

1. STORAGE AREAS "A" THROUGH "E" ARE "LIMITED COMMON ELEMENTS"
2. TERRACES AND HOT WATER HEATER CLOSETS ARE "LIMITED COMMON ELEMENTS"

FIN. GRADE



LEVEL 1

LEVEL 2

LEVEL 3

FIN. FLR. LINE

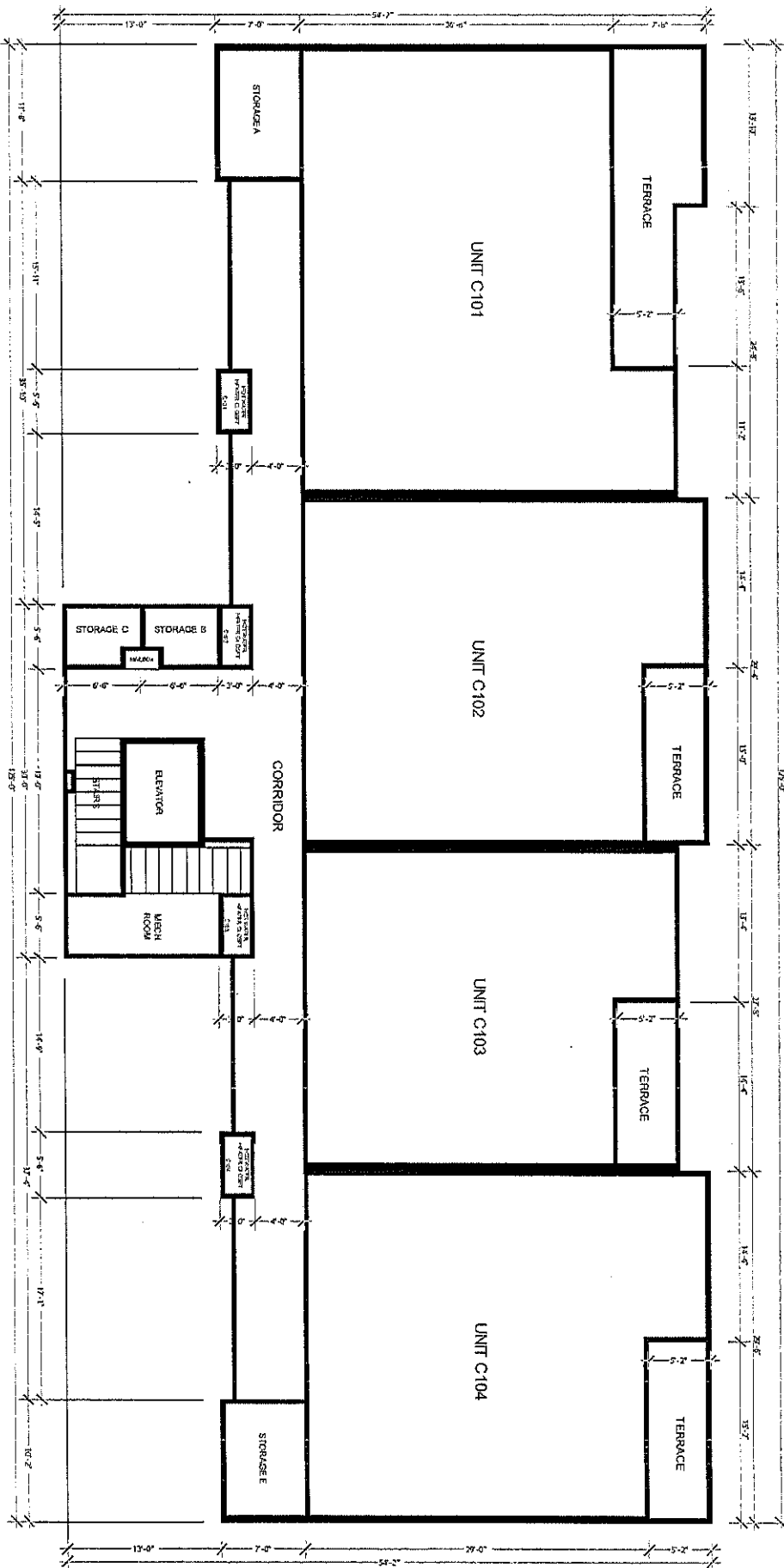
+/- 10'-0" +/- 1'-5 1/2" +/- 10'-0" +/- 1'-5 1/2" +/- 11'-0"*

*3RD FLOOR CEILINGS
RANGE FROM 10' TO 11'

LEFT ELEVATION



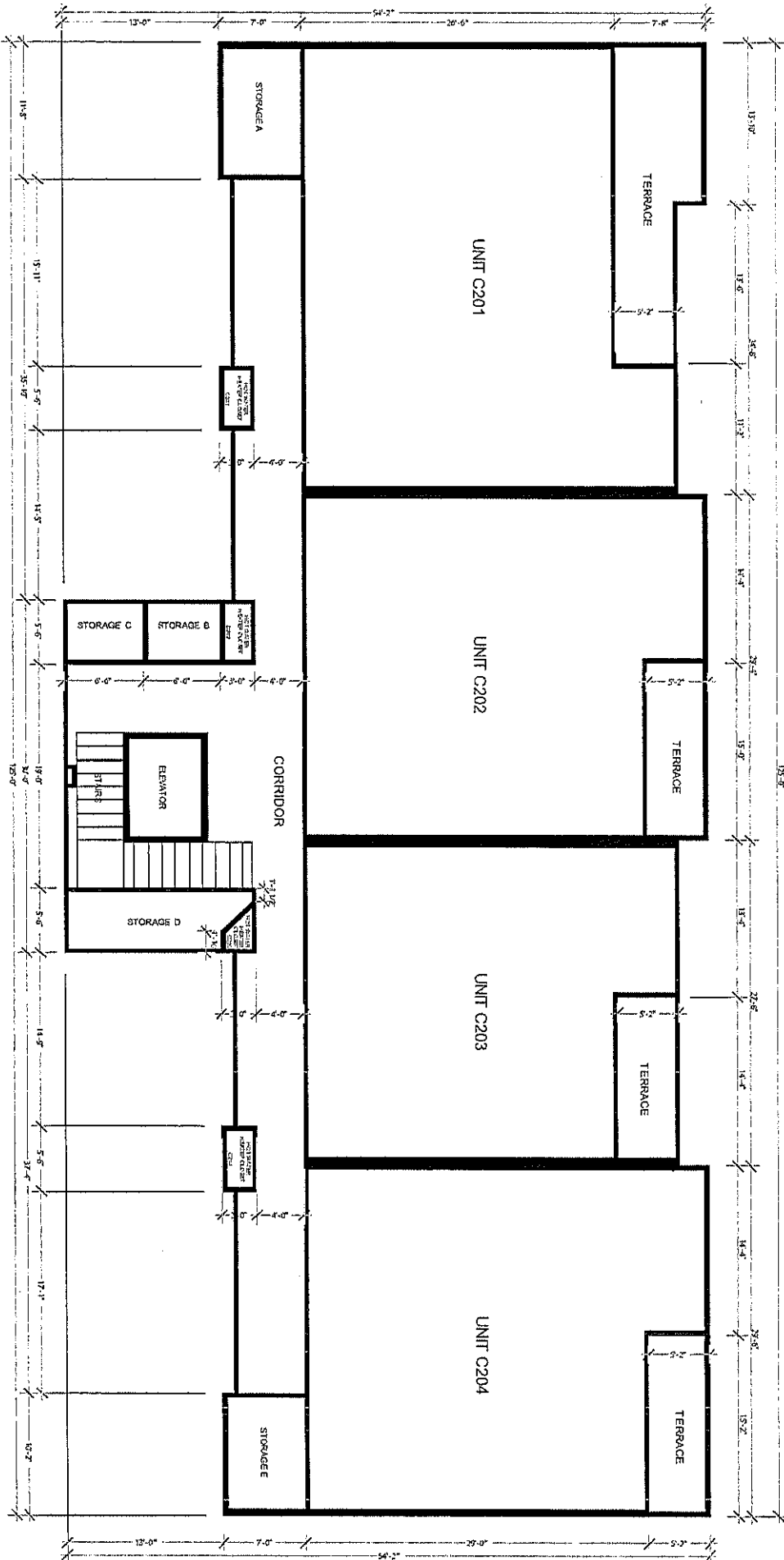
PARADISE POINT
CONDOMINIUMS



BUILDING: C
LEVEL: 1

- 1. STORAGE AREAS "A" THOROUGH "E" ARE "LIMITED COMMON ELEMENTS"
- 2. TERRACES AND HOT WATER HEATER CLOSETS ARE "LIMITED COMMON ELEMENTS"

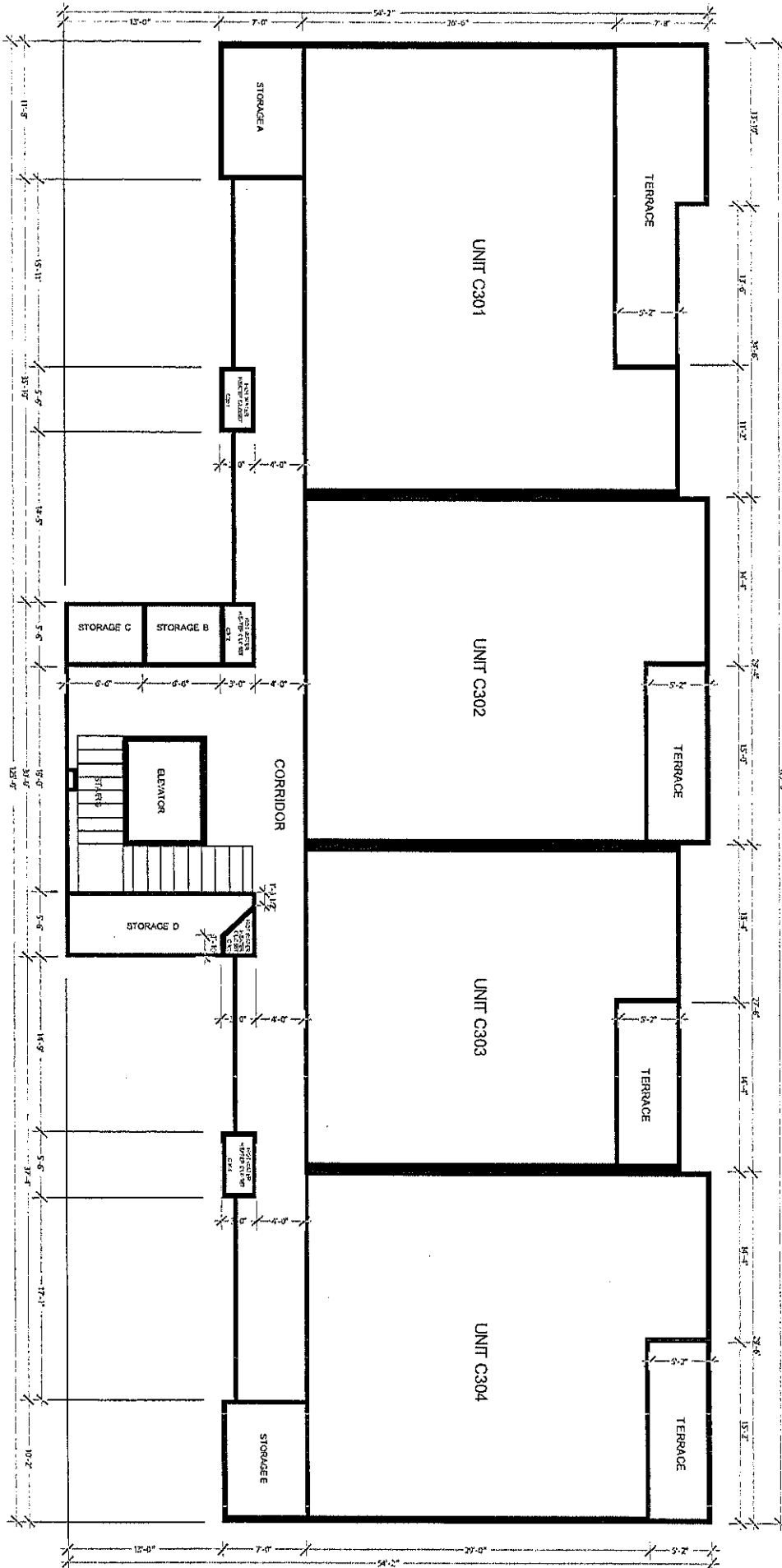
PARADISE POINT
CONDOMINIUMS



BUILDING: C
LEVEL: 2

1. STORAGE AREAS "A" THOROUGH "E" ARE "LIMITED COMMON ELEMENTS"
2. TERRACES AND HOT WATER HEATER CLOSETS ARE "LIMITED COMMON ELEMENTS"

PARADISE POINT
CONDOMINIUMS



BUILDING: C
LEVEL: 3

1. STORAGE AREAS "A" THOROUGH "E" ARE "LIMITED COMMON ELEMENTS"
2. TERRACES AND HOT WATER HEATER CLOSETS ARE "LIMITED COMMON ELEMENTS"

FIN. GRADE

LEVEL 1

LEVEL 2

LEVEL 3

FIN. FLR. LINE

+/- 10'-0"

+/- 1'-5 1/2"

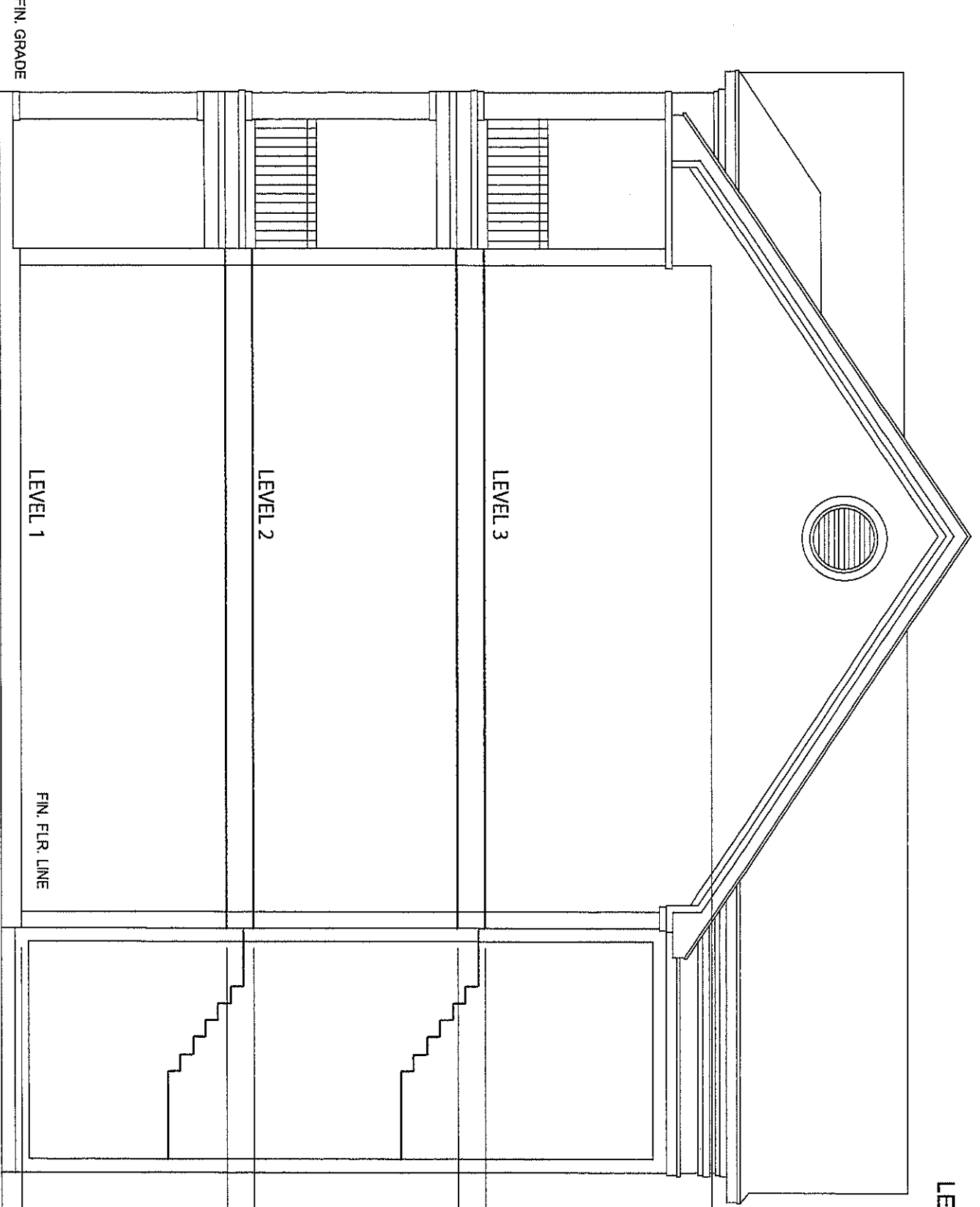
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+/- 1'-5 1/2"

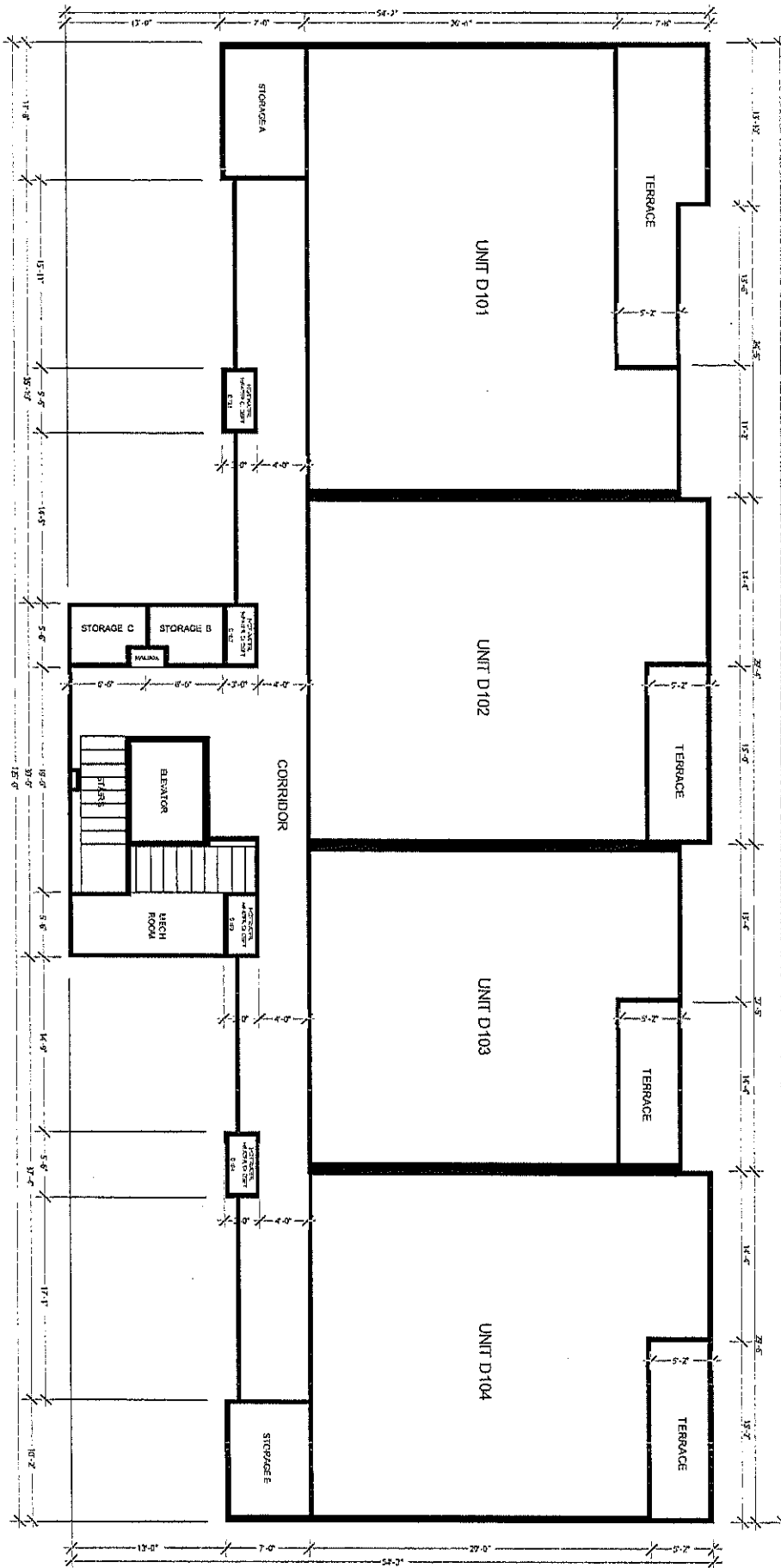
+/- 11'-0"*

*3RD FLOOR CEILINGS
RANGE FROM 10' TO 11'

LEFT ELEVATION



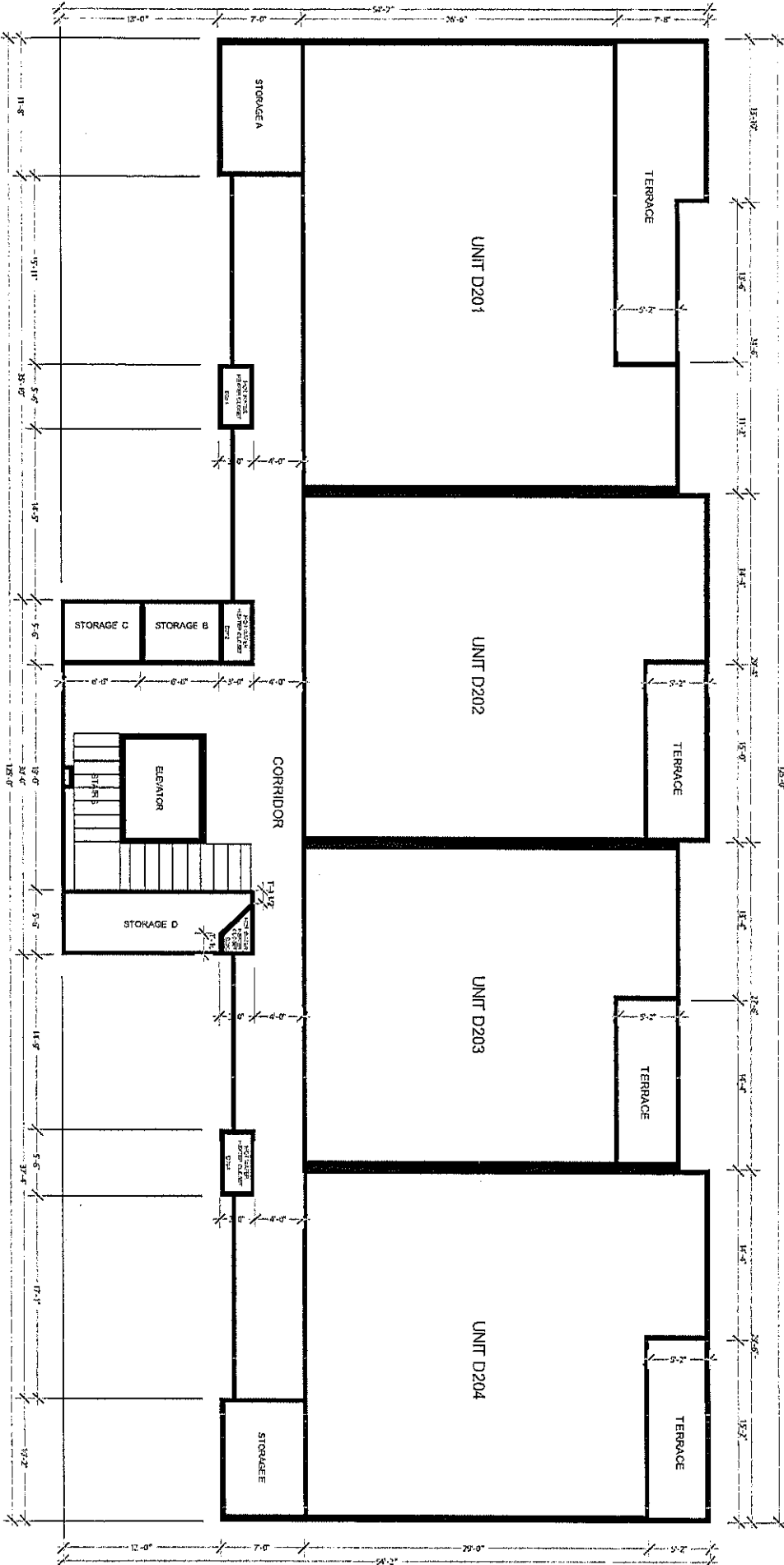
PARADISE POINT
CONDOMINIUMS



BUILDING: D
LEVEL: 1

- 1. STORAGE AREAS "A" THOROUGH "E" ARE "LIMITED COMMON ELEMENTS"
- 2. TERRACES AND HOT WATER HEATER CLOSETS ARE "LIMITED COMMON ELEMENTS"

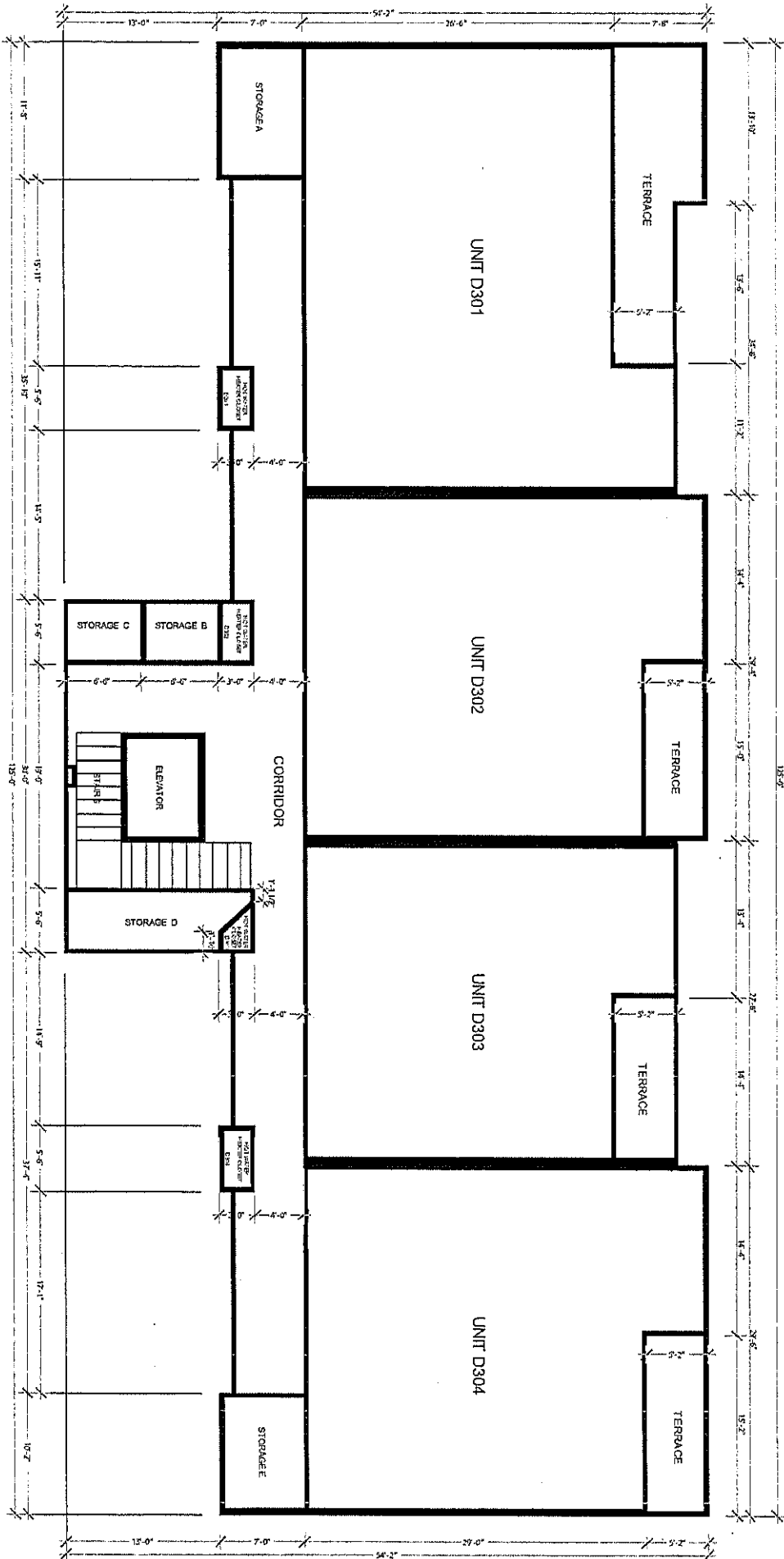
PARADISE POINT
CONDOMINIUMS



BUILDING: D
LEVEL: 2

1. STORAGE AREAS "A" THOROUGH "E" ARE "LIMITED COMMON ELEMENTS"
2. TERRACES AND HOT WATER HEATER CLOSETS ARE "LIMITED COMMON ELEMENTS"

PARADISE POINT
CONDOMINIUMS



BUILDING: D
LEVEL: 3

1. STORAGE AREAS "A" THROUGH "E" ARE "LIMITED COMMON ELEMENTS"
2. TERRACES AND HOT WATER HEATER CLOSETS ARE "LIMITED COMMON ELEMENTS"

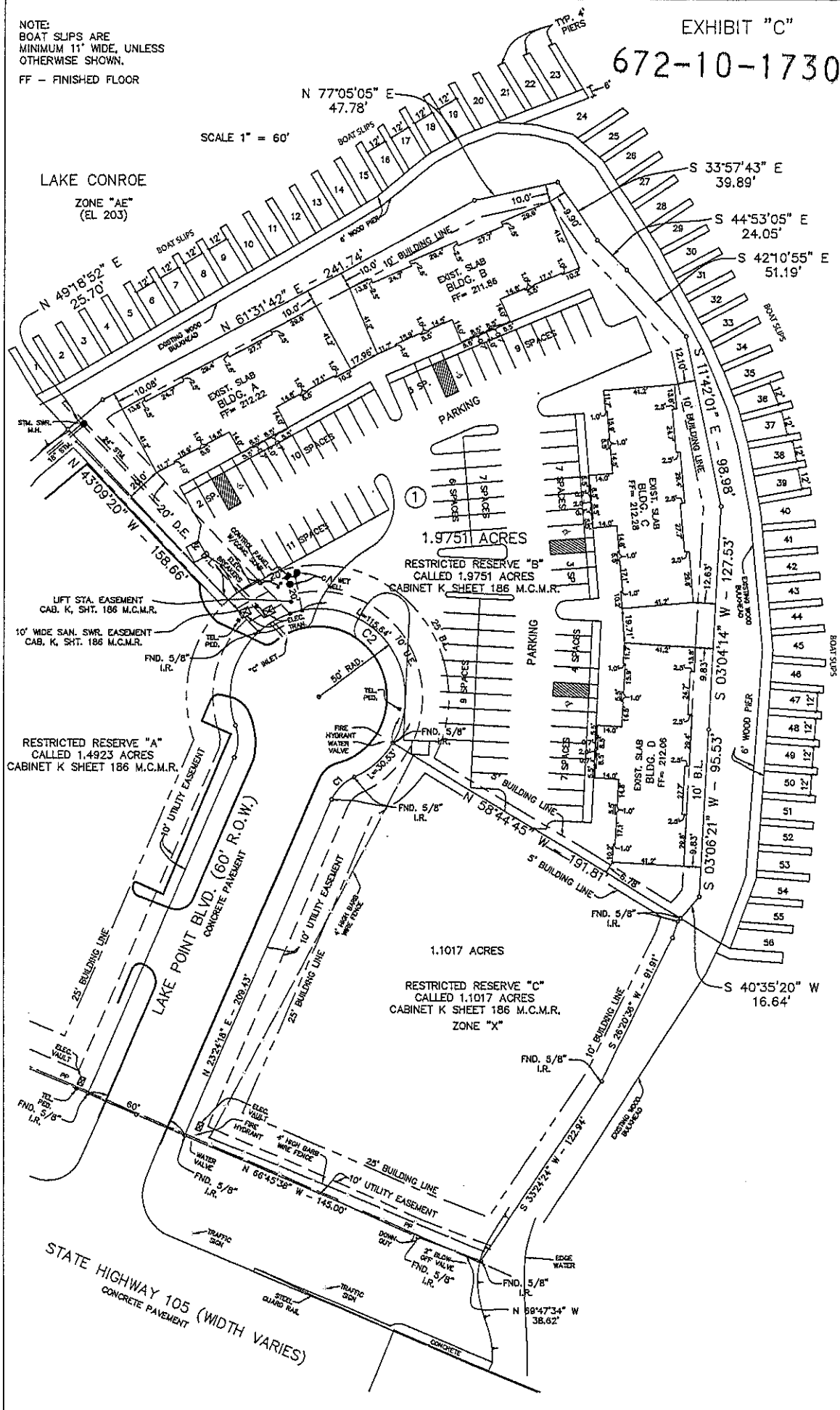
EXHIBIT C

NOTE:
 BOAT SLIPS ARE
 MINIMUM 11' WIDE, UNLESS
 OTHERWISE SHOWN.
 FF - FINISHED FLOOR

EXHIBIT "C"
 672-10-1730

SCALE 1" = 60'

LAKE CONROE
 ZONE "AE"
 (EL 203)



RESTRICTED RESERVE "A"
 CALLED 1.4923 ACRES
 CABINET K SHEET 186 M.C.M.R.

1.9751 ACRES
 RESTRICTED RESERVE "B"
 CALLED 1.9751 ACRES
 CABINET K SHEET 186 M.C.M.R.

1.1017 ACRES
 RESTRICTED RESERVE "C"
 CALLED 1.1017 ACRES
 CABINET K SHEET 186 M.C.M.R.
 ZONE "X"

STATE HIGHWAY 105 (WIDTH VARIES)
 CONCRETE PAVEMENT

672-10-1731

FILED FOR RECORD

2004 SEP 16 PM 4:30

Mark Turnbull
COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF MONTGOMERY

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

SEP 16 2004



Mark Turnbull
County Clerk
Montgomery County, Texas

RECORDS MEMORANDUM

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

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FIRST AMENDMENT TO THE
PARADISE POINT DECLARATION OF CONDOMINIUM

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

THIS FIRST AMENDMENT TO THE PARADISE POINT DECLARATION OF CONDOMINIUM (the "First Amendment") is made on the date hereinafter set forth by Paradise Point Condos Development, Inc., a Texas corporation, hereinafter referred to as Declarant.

WITNESSETH:

WHEREAS, the Declarant filed that certain PARADISE POINT DECLARATION OF CONDOMINIUM which is recorded under Clerk's File Number 2004-104856 in the Official Public Records of Real Property of Montgomery County, Texas (the "Declaration"); and

WHEREAS, reference is hereby made to the Declaration for all purposes, and any and all capitalized terms used herein shall have the meanings set forth in the Declaration, unless otherwise specified in this First Amendment; and

WHEREAS, pursuant to Article X of the Declaration, the Declarant has the unilateral right to amend the Declaration at any time prior to the election of the Fully Elected Board; and

WHEREAS, a Fully Elected Board has not yet been elected; and

WHEREAS, pursuant to the Declaration, Exhibit C attached to the Declaration may be amended by the Declarant prior to conveyance to any other Owner and upon such amendment, a revised exhibit shall be substituted in place of Exhibit "C"; and

WHEREAS, pursuant to Article XII, Section 12.3 of the Declaration, the Declarant has the authority, at its sole option, cost and expense, to make improvements to the Common Elements without the prior written consent of the Board, other Owners, or the representative or representatives of holders of any mortgage.

NOW THEREFORE, pursuant to the authority granted in the Declaration, Declarant, hereby amends the Declaration as follows:

Article XII of the Declaration is hereby amended by adding Section 12.17, which reads as follows:

Exhibit C: Notwithstanding anything contained herein to the contrary, Exhibit "C" may be amended by the Declarant at any time, without joinder of any Owner with reference to the Common Elements and upon such amendment, a revised exhibit shall be substituted in place of Exhibit "C".

The revised Exhibit "C," attached hereto is hereby substituted in place of Exhibit "C," which was attached to the Declaration.

Declarant, pursuant to Article XII, Section 12.3 of the Declaration, hereby exercises its right to make improvements to the Common Elements by installing, at its cost and expense, a swimming pool in the Paradise Point Condominium, which swimming pool shall be part of the Common Elements, if, as or when constructed; the location and approximate dimensions of such proposed swimming pool are reflected on the revised Exhibit C.

In case of conflict between this First Amendment and the Declaration, this First Amendment shall control.

Invalidation of any one or more the covenants, restrictions conditions or provisions contained in this First Amendment shall in no wise affect any of the other covenants, restrictions, conditions or provisions which shall remain in full force and effect.

The Declaration, except as expressly amended hereby, shall remain in full force and effect, and is hereby ratified and confirmed.

IN WITNESS WHEREOF, this First Amendment to the Paradise Point Declaration of Condominium is executed as of the 15 day of OCTOBER, 2004.

DECLARANT:

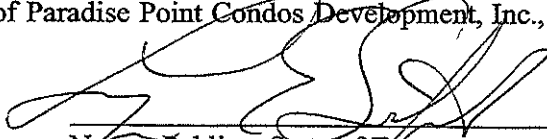
PARADISE POINT CONDOS DEVELOPMENT,
INC., a Texas corporation

By: 

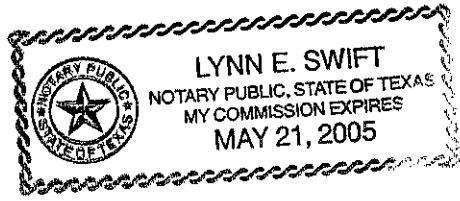
JAMES R. WINKLER, PRESIDENT

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 15th day of OCTOBER, 2004 by James R. Winkler, President of Paradise Point Condos Development, Inc., on behalf of said corporation.



Notary Public - State of Texas



LIENHOLDER CONSENT AND SUBORDINATION

Woodforest National Bank, a Texas state banking corporation, being the beneficiary of a mortgage lien and other liens, assignments and security interests encumbering all or a portion of the Property hereby consents to the terms and provisions of this First Amendment to the Paradise Point Declaration of Condominium to which this Lienholder Consent and Subordination is attached and acknowledges that the execution thereof does not constitute a default under the lien document or any other document executed in connection with or as security for the indebtedness above described, and subordinates the liens of the lien document and any other liens and/or security instruments securing said indebtedness to the rights and interests created under the Declaration, and acknowledges and agrees that a foreclosure of said liens and/or security interests shall not extinguish the rights, obligations and interests created under the Declaration. No warranties of title are hereby made by lienholder, lienholder's joinder herein being solely limited to such consent and subordination.

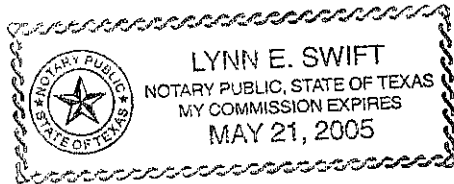
By: [Signature]
Print Name: HERB HILDEBRAND
Print Title: V. PRESIDENT

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

BEFORE ME, the undersigned authority, on this day personally appeared HERB HILDEBRAND, the V. PRESIDENT of Woodforest National Bank, known by me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed and in his/her representative capacity.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 15 day of OCTOBER, 2004.

[Signature]
Notary Public - State of Texas



LIENHOLDER CONSENT AND SUBORDINATION

Nauman Trust, a Texas state trust, being the beneficiary of a mortgage lien and other liens, assignments and security interests encumbering all or a portion of the Property hereby consents to the terms and provisions of this First Amendment to the Paradise Point Declaration of Condominium to which this Lienholder Consent and Subordination is attached and acknowledges that the execution thereof does not constitute a default under the lien document or any other document executed in connection with or as security for the indebtedness above described, and subordinates the liens of the lien document and any other liens and/or security instruments securing said indebtedness to the rights and interests created under the Declaration, and acknowledges and agrees that a foreclosure of said liens and/or security interests shall not extinguish the rights, obligations and interests created under the Declaration. No warranties of title are hereby made by lienholder, lienholder's joinder herein being solely limited to such consent and subordination.

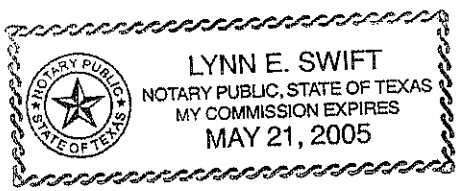
By: [Signature]
Print Name: James Winkler
Print Title: Trustee

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

BEFORE ME, the undersigned authority, on this day personally appeared James Winkler, the Trustee of the Nauman Trust, known by me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in his representative capacity.


GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 15 day of OCTOBER, 2004.

[Signature]
Notary Public -- State of Texas



JOINDER & CONSENT:

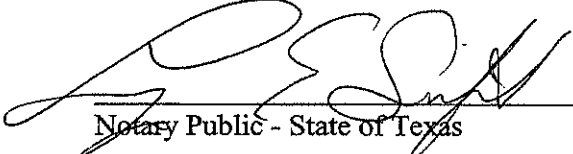
**PARADISE POINT OWNERS'
ASSOCIATION, INC.**, a Texas non-profit
corporation

By: 
Name: JAMES WINKLER
Title: PRESIDENT

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

BEFORE ME, the undersigned authority, on this day personally appeared JAMES WINKLER the PRESIDENT of Paradise Point Owner's Association, Inc. known by me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed and in the capacity therein and herein stated, and as the act and deed of said corporation.

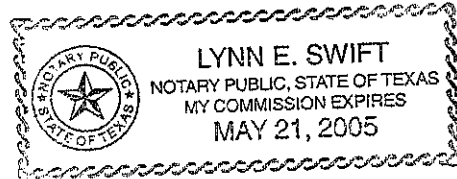
Given under my hand and seal of office, this 15 day of OCTOBER, 2004.


Notary Public - State of Texas

R:\REAL\DEVELOP\Paradise-1960\FirstAmend-CCR.doc

After Recording Return To:

Marc D. Markel
Roberts Markel Guerry, P.C.
2500 City West Blvd., Suite 1350
Houston, Texas 77042



NOTE:
 BOAT SLIPS ARE
 MINIMUM 11' WIDE, UNLESS
 OTHERWISE SHOWN.

FF - FINISHED FLOOR

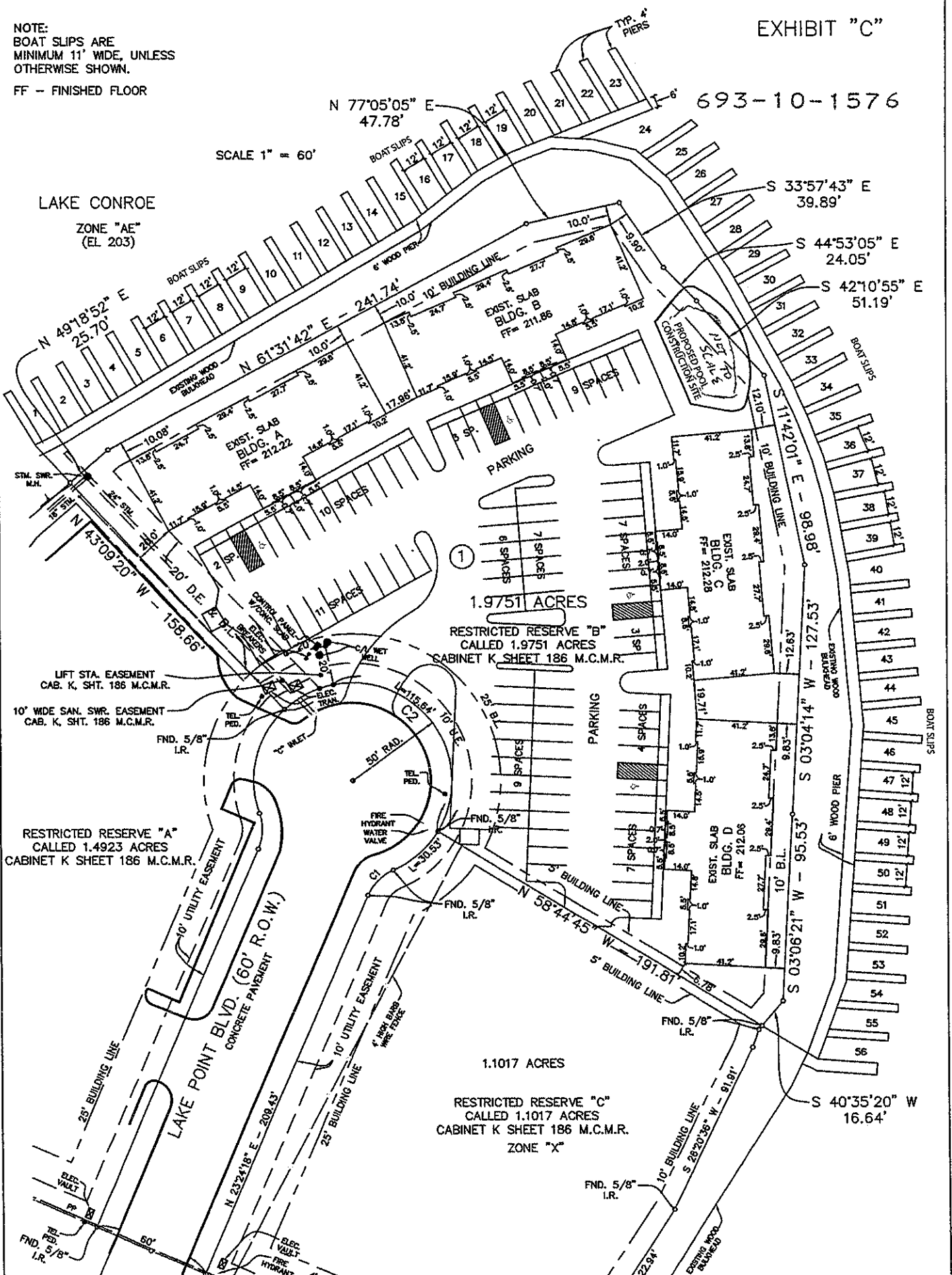
EXHIBIT "C"

693-10-1576

SCALE 1" = 60'

LAKE CONROE

ZONE "AE"
 (EL 203)



1.9751 ACRES

RESTRICTED RESERVE "B"
 CALLED 1.9751 ACRES
 CABINET K SHEET 186 M.C.M.R.

RESTRICTED RESERVE "A"
 CALLED 1.4923 ACRES
 CABINET K SHEET 186 M.C.M.R.

1.1017 ACRES

RESTRICTED RESERVE "C"
 CALLED 1.1017 ACRES
 CABINET K SHEET 186 M.C.M.R.
 ZONE "X"

LAKE POINT BLVD. (60' R.O.W.)
 CONCRETE PAVEMENT

693-10-1577

FILED FOR RECORD

2004 OCT 20 PM 12:42

Mark Turball
COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF MONTGOMERY

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

OCT 20 2004



Mark Turball
County Clerk
Montgomery County, Texas

14
10

SECOND AMENDMENT TO THE
PARADISE POINT DECLARATION OF CONDOMINIUM

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

THIS SECOND AMENDMENT TO THE PARADISE POINT DECLARATION OF CONDOMINIUM (the "First Amendment") is made on the date hereinafter set forth by Paradise Point Condos Development, Inc., a Texas corporation, hereinafter referred to as Declarant.

WITNESSETH:

WHEREAS, the Declarant filed that certain PARADISE POINT DECLARATION OF CONDOMINIUM, which is recorded under Clerk's File Number 2004-104856 in the Official Public Records of Real Property of Montgomery County, Texas (the "Original Declaration"); and

WHEREAS, the Declarant filed that certain FIRST AMENDMENT TO THE PARADISE POINT DECLARATION FOR CONDOMINIUM, which is recorded under Clerk's File Number 2004-117553 in the Official Public Records of Real Property of Montgomery County, Texas (the "First Amendment"); and

WHEREAS, the Original Declaration and the First Amendment are hereinafter collectively referred to as the "Declaration."

WHEREAS, reference is hereby made to the Declaration for all purposes, and any and all capitalized terms used herein shall have the meanings set forth in the Declaration, unless otherwise specified in this Second Amendment; and

WHEREAS, pursuant to Article X of the Declaration, the Declarant has the unilateral right to amend the Declaration at any time prior to the election of the Fully Elected Board; and

WHEREAS, a Fully Elected Board has not yet been elected.

NOW THEREFORE, pursuant to the authority granted in the Declaration, Declarant, hereby amends the Declaration as follows:

Article I, Section B., which reads as follows:

"Appointed Board": means the initial Board of Directors who shall be appointed by the Declarant. The Declarant shall retain the unilateral right to appoint all Directors until such time as Declarant no longer owns any portion of the Property. From and after the time when Declarant no longer owns any portion of the Property, the Appointed Board shall serve until an election can be conducted to elect the Fully Elected Board, pursuant to Article VII, Section 7.1 of the Bylaws.

shall be amended to read as follows:

“Appointed Board”: means the initial Board of Directors who shall be appointed by the Declarant. The Declarant shall retain the unilateral right to appoint all Directors until the earlier to occur of the following: (i) four (4) months after Declarant owns twenty-five percent (25%) or less of the Allocated Interest within the Property; or (ii) three (3) years from the date the first Unit within the Property is conveyed to an end-user. From and after such time, the Appointed Board shall serve until an election can be conducted to elect the Fully Elected Board, pursuant to Article VII, Section 7.1 of the Bylaws.

Article I, Section P. of the Original Declaration, which reads as follows:

“Fully Elected Board”: means the Board of Directors who shall be elected by the Members at such time as the Declarant no longer owns any portion of the Property. Such election is to be held as set out herein below.

shall be amended to read as follows”

“Fully Elected Board”: means the Board of Directors who shall be elected by the Members on the earlier to occur of the following: (i) four (4) months after Declarant owns twenty-five percent (25%) or less of the Allocated Interest within the Property; or (ii) three (3) years from the date the first Unit within the Property is conveyed to an end-user. Such election is to be held as set out herein below.

Article IV, Section 4.2 of the Original Declaration, which reads as follows:

Recognizing that, to some degree, the cost of administration and maintenance of the Condominium and the Common Elements is related to the use of the Common Elements which is in turn related to the number of Residence Units that are occupied, the Declarant may pay to the Association, until the date that is the earliest of: (i) the election of the Fully Elected Board; or (ii) five (5) years after Declarant’s first conveyance of a Residence Unit (the “Termination Date”), in lieu of any Common Expense Charge, Boat Slip Charge, or Special Assessment with respect to all Residence Units that the Declarant continues to own, an amount, if any, by which the “Actual Operating Expenses” (as hereinafter defined) incurred for any fiscal year (or portion thereof) of the Association ending prior to the Termination date, exceeds the aggregate of the Common Expense Charges (without any obligation to fund reserves) payable during such period by other Owners of Residence Units. Declarant shall establish a reserve fund (the “Replacement Reserve Fund”) and so long as Class “B” Membership exists, shall contribute to such fund. Additionally, Declarant shall establish a Replacement Reserve Fund for Boat Slips and so long as Class “B” Membership exists, shall contribute to such fund. Upon expiration and/or termination of Class “B” Membership, the Owners shall contribute to the Replacement Reserve Fund and the Replacement Reserve Fund for Boat Slips. For the purposes of this provision, the term “Actual Operating Expense” shall mean those expenses reasonably necessary for the normal maintenance and operation of the Condominium and shall not include (i) capital expenditures (determined in accordance with generally accepted accounting principles); (ii) any amount paid into the

Replacement Reserve Fund and/or the Replacement Reserve Fund for Boat Slips; or (iii) prepaid items, inventory items or similar expenses to the extent attributable to the period after such fiscal year (or part thereof). After the Termination Date, the Common Expense Charges to be paid by each Owner (including the Declarant) shall be determined as provided in this Article IV. The Declarant, by notice in writing to the Association, may waive the benefits of the first sentence of this Section and in the event of such waiver, shall thereafter be obligated to contribute to the Common Expense Fund, the Common Expense Charge, and Special Assessments amounts in proportion to the Allocated Interests attributable to the Residence Units owned by the Declarant.

shall be amended to read as follows:

Recognizing that, to some degree, the cost of administration and maintenance of the Condominium and the Common Elements is related to the use of the Common Elements which is in turn related to the number of Residence Units that are occupied, the Declarant may pay to the Association, until the date that is the earliest of: (i) the election of the Fully Elected Board; or (ii) three (3) years after Declarant's first conveyance of a Residence Unit (the "Termination Date"), in lieu of any Common Expense Charge, Boat Slip Charge, or Special Assessment with respect to all Residence Units that the Declarant continues to own, an amount, if any, by which the "Actual Operating Expenses" (as hereinafter defined) incurred for any fiscal year (or portion thereof) of the Association ending prior to the Termination date, exceeds the aggregate of the Common Expense Charges (without any obligation to fund reserves) payable during such period by other Owners of Residence Units. Declarant shall establish a reserve fund (the "Replacement Reserve Fund") and so long as Class "B" Membership exists, shall contribute to such fund. Additionally, Declarant shall establish a Replacement Reserve Fund for Boat Slips and so long as Class "B" Membership exists, shall contribute to such fund. Upon expiration and/or termination of Class "B" Membership, the Owners shall contribute to the Replacement Reserve Fund and the Replacement Reserve Fund for Boat Slips. For the purposes of this provision, the term "Actual Operating Expense" shall mean those expenses reasonably necessary for the normal maintenance and operation of the Condominium and shall not include (i) capital expenditures (determined in accordance with generally accepted accounting principles); (ii) any amount paid into the Replacement Reserve Fund and/or the Replacement Reserve Fund for Boat Slips; or (iii) prepaid items, inventory items or similar expenses to the extent attributable to the period after such fiscal year (or part thereof). After the Termination Date, the Common Expense Charges to be paid by each Owner (including the Declarant) shall be determined as provided in this Article IV. The Declarant, by notice in writing to the Association, may waive the benefits of the first sentence of this Section and in the event of such waiver, shall thereafter be obligated to contribute to the Common Expense Fund, the Common Expense Charge, and Special Assessments amounts in proportion to the Allocated Interests attributable to the Residence Units owned by the Declarant.

The portion of Article IV, Section 4.4 of the Original Declaration, which reads as follows:

Commencing with the first full fiscal year after the election of the Fully Elected Board, the Board of Directors of the Association shall establish an annual budget in advance for each calendar year and such budget shall project all expenses for the forthcoming year that may be required for the proper operation, management and maintenance of the Condominium and the Condominium Regime, including a reasonable allowance for contingencies and a reasonable addition to the Replacement Reserve Fund. The Common Expense Charge for each year shall be established by the Board after calculation of such annual budget by the Board of Directors. Copies of each such budget and the Common Expense Charge for each particular Residence Unit for each year shall be made available to each Owner on or before the first day of the applicable fiscal year by such reasonable means as the Board of Directors may provide. If the Board of Directors at any time determines that the Common Expense Charges so levied are or may prove to be insufficient to pay the costs of operation, management, or maintenance of the Condominium for such fiscal year or in the event of casualty losses, condemnation losses or other events (including non-payment of Common Expense Charges by Owners) that require that additional funds be supplied for the management, maintenance and operation of the Condominium, the Board of Directors shall have authority, in its discretion, any time or from time to time to increase such Common Expense Charges or to levy such Special Assessments as it shall deem necessary for that purpose. Except as otherwise specifically provided in this Declaration, such Special Assessment in excess of twenty percent (20%) of the Common Expense Charge shall not be levied, however, without the prior approval of Owners having at least a majority of the votes in the Association, unless a greater number of votes is required by law applicable to the Condominium.

shall be amended to read as follows:

Commencing with the first full fiscal year after the election of the Fully Elected Board, the Board of Directors of the Association shall establish an annual budget in advance for each calendar year and such budget shall project all expenses for the forthcoming year that may be required for the proper operation, management and maintenance of the Condominium and the Condominium Regime, including a reasonable allowance for contingencies and a reasonable addition to the Replacement Reserve Fund. The Common Expense Charge for each year shall be established by the Board after calculation of such annual budget by the Board of Directors. Copies of each such budget and the Common Expense Charge for each particular Residence Unit for each year shall be made available to each Owner on or before the first day of the applicable fiscal year by such reasonable means as the Board of Directors may provide. If the Board of Directors at any time determines that the Common Expense Charges so levied are or may prove to be insufficient to pay the costs of operation, management, or maintenance of the Condominium for such fiscal year or in the event of casualty losses, condemnation losses or other events (including non-payment of Common Expense Charges by Owners) that require that additional funds be supplied for the management, maintenance and operation of the Condominium, the Board of

Directors shall have authority, in its discretion, any time or from time to time to increase such Common Expense Charges or to levy such Special Assessments as it shall deem necessary for that purpose. Except as otherwise specifically provided in this Declaration, such Special Assessment in excess of twenty percent (20%) of the Common Expense Charge shall not be levied, however, without the prior approval of Owners having at least a majority of the votes in the Association, unless a greater number of votes is required by law applicable to the Condominium. The Common Expense Charge may not be increased by more than twenty-five percent (25%) over the preceding year's Common Expense Charge without the approval of Owners holding at least sixty-seven percent (67%) of the total voting power of the Association and consent and joinder of eligible mortgage holders that hold mortgages on Units that represent at least 51% of the total voting power of the Association.

The portion of Article IV, Section 4.4 of the Original Declaration that reads as follows:

In order to secure the payment of the Common Expense Charges, and Special Assessments levied hereunder and other sums due hereunder (including interest, late fees, legal fees, collection costs, reimbursements, delinquency, and other charges made by the Association), an assessment lien and superior title shall be and is hereby reserved in and to each Residence Unit and to any Storage Closet and/or Boat Slip assigned to the Owner (which assignment shall be subject to the right of the Association to reassign the Boat Slip and Storage Closet and to rules and regulations, if any, promulgated by the Association and which assignment shall run with and may not be severed from the ownership of the Residence Unit) and assigned to the Association, without recourse, which lien shall be enforceable as hereinafter set forth by the Association, or the Board on behalf of the Association. The liens described in this Section 4.5 and the superior title herein reserved shall be deemed subordinate to any Mortgage for the purchase or improvement of any Residence Unit and any renewal, extension, rearrangement or refinancing thereof. The collection of such Common Expense Charges, Special Assessments and other sums due hereunder may, in addition to any other applicable method at law or in equity, may be enforced by suit for a money judgment and in the event of such suit, the expense incurred in collecting such delinquent amounts, including interest, costs and attorney's fees, shall be chargeable to and be a personal obligation of such defaulting Owner. The right to use the Common Elements and the voting rights of any Owner in default more than thirty (30) days in the payment of the Common Expense Charge, any Special Assessment or any other charges owing hereunder for which an Owner is liable may be revoked by action of the Board of Directors for the period during which such default exists.

shall be amended to read as follows:

In order to secure the payment of the Common Expense Charges, and Special Assessments levied hereunder and other sums due hereunder (including interest, late fees, legal fees, collection costs, reimbursements, delinquency, and other charges made by the Association), an assessment lien and superior title shall be and is hereby reserved in and to each Residence Unit and to any Storage Closet and/or Boat Slip assigned to the Owner (which assignment shall be subject to the

right of the Association to reassign the Boat Slip and Storage Closet and to rules and regulations, if any, promulgated by the Association and which assignment shall run with and may not be severed from the ownership of the Residence Unit) and assigned to the Association, without recourse, which lien shall be enforceable as hereinafter set forth by the Association, or the Board on behalf of the Association. The liens described in this Section 4.5 and the superior title herein reserved shall be deemed subordinate to any Mortgage for the purchase or improvement of any Residence Unit and any renewal, extension, rearrangement or refinancing thereof. A Mortgage holder who acquires a Residence Unit in a foreclosure sale shall not be required to pay assessments charged under this Declaration. The collection of such Common Expense Charges, Special Assessments and other sums due hereunder may, in addition to any other applicable method at law or in equity, may be enforced by suit for a money judgment and in the event of such suit, the expense incurred in collecting such delinquent amounts, including interest, costs and attorney's fees, shall be chargeable to and be a personal obligation of such defaulting Owner. The right to use the Common Elements and the voting rights of any Owner in default more than thirty (30) days in the payment of the Common Expense Charge, any Special Assessment or any other charges owing hereunder for which an Owner is liable may be revoked by action of the Board of Directors for the period during which such default exists.

Article V, Section 5.2.B. of the Original Declaration, which reads as follows:

Insurance on the Buildings against all loss or damage from explosion of boilers, heating apparatus, pressure valves and pressure pipes installed in, on or about said Buildings, without co-insurance clause, so long as commercially reasonably available, in such amount as the Board may deem desirable.

shall be amended to read as follows:

Insurance on the Buildings against all loss or damage from explosion of heating apparatus, pressure valves and pressure pipes installed in, on or about said Buildings, without co-insurance clause, so long as commercially reasonably available, in such amount as the Board may deem desirable.

Article VI, Section 6.1 of the Original Declaration, which reads as follows

Section 6.1 Duty to Restore

Any portion of the Condominium for which insurance is required under Section 82.111 of the Texas Uniform Condominium Act that is damaged or destroyed must be repaired or replaced promptly by the Association unless:

- A. the Condominium Regime is terminated by a vote of Owners of an aggregate Allocated Interests of eighty percent (80%) or more of the Condominium;
- B. repair or replacement would be illegal under any state or local health or safety statute or ordinance; or
- C. at least eighty percent (80%) of the Owners, including each Owner of a Unit or assigned Limited Common Element that will not be rebuilt or repaired, vote

to not rebuild and consent and joinder of eligible mortgage holders that hold mortgages on Units that represent an aggregate Allocated Interest of fifty-one percent (51%) or more of the Condominium.

shall be amended to read as follows:

Any portion of the Condominium for which insurance is required under Section 82.111 of the Texas Uniform Condominium Act that is damaged or destroyed must be repaired or replaced promptly by the Association unless:

- A. the Condominium Regime is terminated by a vote of Owners of an aggregate Allocated Interests of eighty percent (80%) or more of the Condominium and consent and joinder of eligible mortgage holders that hold mortgages on Units that represent an aggregate Allocated Interest of fifty-one percent (51%) or more of the Condominium;
- B. repair or replacement would be illegal under any state or local health or safety statute or ordinance; or
- C. at least eighty percent (80%) of the Owners, including each Owner of a Unit or assigned Limited Common Element that will not be rebuilt or repaired, vote to not rebuild Condominium and consent and joinder of eligible mortgage holders that hold mortgages on Units that represent an aggregate Allocated Interest of fifty-one percent (51%) or more of the Condominium.

Article X, Section 10.1 and 10.2 of the Original Declaration, which read as follows:

Section 10.1 Amendment of Declaration

Except as otherwise provided by law and elsewhere in this Declaration, the provisions of this Declaration, except for the specific matters described in 10.2 below, may be amended only by vote or agreement of an aggregate number of members having not less than sixty-seven percent (67%) of the total voting power of the Association and entitled to vote on such amendment, such agreement to be evidenced by written ballot or by vote at a meeting of the Association called for that purpose. Any amendment to this Declaration of Condominium shall become effective only upon the recordation in the Official Public Records of Real Property of Montgomery County, Texas of a written amendment signed and certified by the duly authorized officers of the Association, attesting to the proper adoption of such amendment and containing the text thereof. An action to challenge the validity of an amendment to the Declaration adopted by the Association under this Article X must be brought before the first anniversary of the date the amendment is recorded.

The Declarant hereby reserves the unilateral right to amend this Declaration at any time if such amendment is (a) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on the Residence Units; (c) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or

Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Residence Units; or (d) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Residence Units; or (e) as necessary to clarify or resolve ambiguities or conflicts or to correct any inadvertent misstatements, errors or omissions in this Declaration as same may be amended from time to time; provided, however, any such amendment shall not adversely affect the title to any Residence Unit unless the Owner shall consent thereto in writing.

The Declarant further reserves the unilateral right to amend this Declaration at any time prior to the election of the Fully Elected Board.

Section 10.2 Exceptional Matters

Except as specifically permitted elsewhere in this Declaration, an amendment to this Declaration may not create or increase special Declarant rights, increase the number of Residence Units, change the boundaries of a Unit (without the agreement of those Unit Owners effected), alter or destroy a Residence Unit or Limited Common Element without the approval of one hundred percent (100%) of affected Unit Owners, change a Residence Unit's Allocated Interest (except in cases of combining), or change the use restrictions on a Residence Unit unless the amendment is approved by agreement of an aggregate number of members having not less than 100% of the total voting power of the Association. The Board or the Declarant, if the Declarant owns a Residence Unit that has never been occupied, may without a vote of the Owners or approval of the Association, amend the Declaration in any manner necessary to meet the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, or the Veterans Administration.

shall be amended to read as follows:

Section 10.1 Amendment of Declaration

Except as otherwise provided by law and elsewhere in this Declaration, the provisions of this Declaration relating to the following, except for the specific matters described in 10.2 below, may be amended only by vote or agreement of an aggregate number of members having not less than sixty-seven percent (67%) of the total voting power of the Association and entitled to vote on such amendment, such agreement to be evidenced by written ballot or by vote at a meeting of the Association called for that purpose and consent and joinder of eligible mortgage holders that hold mortgages on Units that represent at least 51% of the total voting power of the Association:

1. voting rights in the Association;
2. amendment to the Declaration providing for an increase in the Common Expense Charge that raise the previously assessed amount by more than twenty-five percent (25%);
3. reductions in reserves for maintenance, repair, and replacement of Common Element.
4. assessment liens, or the priority of assessment liens;

5. responsibility for maintenance and repairs;
6. convertibility of units into Common Elements or vice-versa;
7. expansion or contraction of the project, or the addition, annexation, or withdrawal of property to or from the condominium regime;
8. requirements regarding hazard of fidelity insurance;
9. imposition of any restrictions on the leasing of Units;
10. imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit; and
11. restoration or repair of the Property (after damage or partial condemnation) in a manner other than that specified in the dedicatory instruments.

Any amendment to this Declaration of Condominium shall become effective only upon the recordation in the Official Public Records of Real Property of Montgomery County, Texas of a written amendment signed and certified by the duly authorized officers of the Association, attesting to the proper adoption of such amendment and containing the text thereof. An action to challenge the validity of an amendment to the Declaration adopted by the Association under this Article X must be brought before the first anniversary of the date the amendment is recorded.

The Declarant hereby reserves the unilateral right to amend this Declaration at any time if such amendment is (a) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on the Residence Units; (c) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Residence Units; or (d) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Residence Units; or (e) as necessary to clarify or resolve ambiguities or conflicts or to correct any inadvertent misstatements, errors or omissions in this Declaration as same may be amended from time to time; provided, however, any such amendment shall not adversely affect the title to any Residence Unit unless the Owner shall consent thereto in writing.

The Declarant further reserves the unilateral right to amend this Declaration at any time prior to the election of the Fully Elected Board.

Section 10.2 Exceptional Matters

Except as specifically permitted elsewhere in this Declaration, an amendment to this Declaration may not create or increase special Declarant rights, increase the number of Residence Units, change the boundaries of a Unit (without the agreement of those Unit Owners effected), alter or destroy a Residence Unit or Limited Common Element without the approval of one hundred percent (100%) of affected Unit Owners, change a Residence Unit's Allocated Interest (except in

cases of combining), or change the use restrictions on a Residence Unit unless the amendment is approved by agreement of an aggregate number of members having not less than 100% of the total voting power of the Association and consent and joinder of eligible mortgage holders that hold mortgages on Units that represent at least 51% of the total voting power of the Association. The Board or the Declarant, if the Declarant owns a Residence Unit that has never been occupied, may without a vote of the Owners or approval of the Association, amend the Declaration in any manner necessary to meet the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, or the Veterans Administration.

Article XII of the Original Declaration shall be amended by adding Section 12.17, which reads as follows:

Section 12.17 Notice to Mortgage Holders and Insurers and/or Guarantors of a Mortgage

Upon written request from a mortgage holder, insurer, or guarantor of a mortgage on a Unit (which request provides the name and address of the mortgage holder, insurer or guarantor of a mortgage requesting such information, the Unit number and/or address of the unit on which the mortgage is held, and the name of the Unit Owner), the Declarant and/or the Association shall provide to mortgage holder, insurer, or guarantor of such mortgage, the following information, if and when requested:

1. information regarding a condemnation or casualty loss that affects either a material portion of the Property or the Unit affecting a mortgage;
2. any 60-day delinquency in the payment of assessments or charges owed by the Owner of any Unit on which the requesting party holds a mortgage;
3. a lapse, cancellation, or material modification of any insurance policy maintained by the Association; or
4. any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

Article XII of the Original Declaration shall be amended by adding Section 12.18, which reads as follows:

12.18 Termination Termination of the Condominium

Except as otherwise provided in Section 6.1 of this Declaration, the Condominium may be terminated by agreement of Owners holding an aggregate Allocated Interest of eighty percent (80%) or more of the Condominium and the joinder and consent of eligible mortgage holders that hold mortgages on Units that represent an aggregate Allocated Interest of sixty-seven percent (67%) or more of the Condominium.

In case of conflict between this Second Amendment and the Declaration, this Second Amendment shall control.

Invalidation of any one or more of the covenants, restrictions conditions or provisions contained in this Second Amendment shall in no wise affect any of the other covenants, restrictions, conditions or provisions which shall remain in full force and effect.

The Declaration, except as expressly amended hereby, shall remain in full force and effect, and is hereby ratified and confirmed.

IN WITNESS WHEREOF, this Second Amendment to the Paradise Point Declaration of Condominium is executed as of the 1st day of DECEMBER, 2004.

DECLARANT:

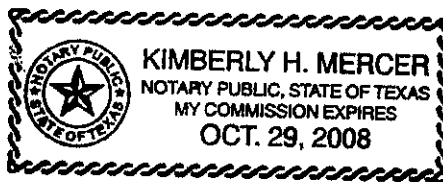
PARADISE POINT CONDOS DEVELOPMENT,
INC., a Texas corporation

By: [Signature]
JAMES R. WINKLER, PRESIDENT

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 1st day of DECEMBER, 2004 by James R. Winkler, President of Paradise Point Condos Development, Inc., on behalf of said corporation.

[Signature]
Notary Public – State of Texas



LIENHOLDER CONSENT AND SUBORDINATION

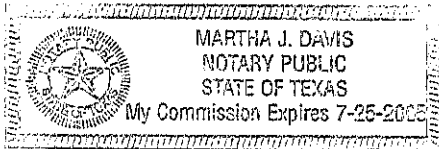
Woodforest National Bank, a Texas state banking corporation, being the beneficiary of a mortgage lien and other liens, assignments and security interests encumbering all or a portion of the Property hereby consents to the terms and provisions of this Second Amendment to the Paradise Point Declaration of Condominium to which this Lienholder Consent and Subordination is attached and acknowledges that the execution thereof does not constitute a default under the lien document or any other document executed in connection with or as security for the indebtedness above described, and subordinates the liens of the lien document and any other liens and/or security instruments securing said indebtedness to the rights and interests created under the Declaration, and acknowledges and agrees that a foreclosure of said liens and/or security interests shall not extinguish the rights, obligations and interests created under the Declaration. No warranties of title are hereby made by lienholder, lienholder's joinder herein being solely limited to such consent and subordination.

By: [Signature]
Print Name: Benny F. Pitzer
Print Title: Regional President

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

BEFORE ME, the undersigned authority, on this day personally appeared Benny F. Pitzer, the Regional Pres. of Woodforest Nat. Bank, known by me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed and in his/her representative capacity.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 6th day of December, 2004.



[Signature]
Notary Public - State of Texas

LIENHOLDER CONSENT AND SUBORDINATION

Nauman Trust, a Texas state trust, being the beneficiary of a mortgage lien and other liens, assignments and security interests encumbering all or a portion of the Property hereby consents to the terms and provisions of this Second Amendment to the Paradise Point Declaration of Condominium to which this Lienholder Consent and Subordination is attached and acknowledges that the execution thereof does not constitute a default under the lien document or any other document executed in connection with or as security for the indebtedness above described, and subordinates the liens of the lien document and any other liens and/or security instruments securing said indebtedness to the rights and interests created under the Declaration, and acknowledges and agrees that a foreclosure of said liens and/or security interests shall not extinguish the rights, obligations and interests created under the Declaration. No warranties of title are hereby made by lienholder, lienholder's joinder herein being solely limited to such consent and subordination.

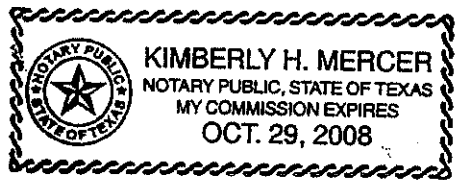
By: [Signature]
Print Name: James Winkler
Print Title: Trustee

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

BEFORE ME, the undersigned authority, on this day personally appeared James Winkler, the Trustee of the Nauman Trust, known by me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in his representative capacity.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 1ST day of DECEMBER, 2004.

[Signature]
Notary Public – State of Texas



JOINDER & CONSENT:

PARADISE POINT OWNERS' ASSOCIATION, INC., a Texas non-profit corporation

RECORDS MEMORANDUM

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

By: [Signature]
Name: JAMES WINKLER
Title: PRESIDENT

STATE OF TEXAS §
COUNTY OF BEXAR §

BEFORE ME, the undersigned authority, on this day personally appeared JAMES WINKLER the PRESIDENT of Paradise Point Owner's Association, Inc. known by me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed and in the capacity therein and herein stated, and as the act and deed of said corporation.

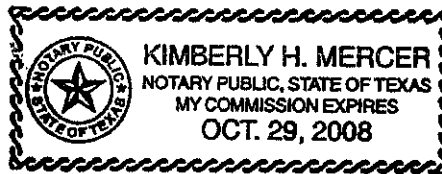
Given under my hand and seal of office, this 1st day of DECEMBER, 2004.

[Signature]
Notary Public - State of Texas

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After Recording Return To:

Marc D. Markel
Roberts Markel Guerry, P.C.
2500 City West Blvd., Suite 1350
Houston, Texas 77042



FILED FOR RECORD

2004 DEC -7 AM 10:16

[Signature]
COUNTY CLERK
MONTGOMERY COUNTY TEXAS

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

DEC 07 2004



[Signature]
County Clerk
Montgomery County, Texas

74

THIRD AMENDMENT TO THE
PARADISE POINT DECLARATION OF CONDOMINIUM

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

THIS THIRD AMENDMENT TO THE PARADISE POINT DECLARATION OF CONDOMINIUM (the "Third Amendment") is made on the date hereinafter set forth by Paradise Point Condos Development, Inc., a Texas corporation, hereinafter referred to as Declarant.

WITNESSETH:

WHEREAS, the Declarant filed that certain PARADISE POINT DECLARATION OF CONDOMINIUM, which is recorded under Clerk's File Number 2004-104856 in the Official Public Records of Real Property of Montgomery County, Texas (the "Original Declaration"); and

WHEREAS, the Declarant filed that certain FIRST AMENDMENT TO THE PARADISE POINT DECLARATION OF CONDOMINIUM, which is recorded under Clerk's File Number 2004-117553 in the Official Public Records of Real Property of Montgomery County, Texas (the "First Amendment"); and

WHEREAS, the Declarant filed that certain SECOND AMENDMENT TO THE PARADISE POINT DECLARATION OF CONDOMINIUM, which is recorded under Clerk's File Number 2004-134456 in the Official Public Records of Real Property of Montgomery County, Texas (the "Second Amendment"); and

WHEREAS, the Original Declaration, the First Amendment and the Second Amendment are hereinafter collectively referred to as the "Declaration."

WHEREAS, reference is hereby made to the Declaration for all purposes, and any and all capitalized terms used herein shall have the meanings set forth in the Declaration, unless otherwise specified in this Third Amendment; and

WHEREAS, pursuant to the Declaration, the Declarant has the unilateral right, without the joinder of Owners to amend Exhibit C to the Declaration; and

NOW THEREFORE, pursuant to the authority granted in the Declaration, Declarant, hereby amends the Declaration to delete Exhibit "C" attached to the Original Declaration and replace it with Exhibit "C" attached hereto, which attached Exhibit "C" does not change the location or boundaries of the Buildings on the Property.

In case of conflict between this Third Amendment and the Declaration, this Third Amendment shall control.

Invalidation of any one or more of the covenants, restrictions conditions or provisions contained in this Third Amendment shall in no wise affect any of the other covenants, restrictions, conditions or provisions which shall remain in full force and effect.

The Declaration, except as expressly amended hereby, shall remain in full force and effect, and is hereby ratified and confirmed.

IN WITNESS WHEREOF, this Third Amendment to the Paradise Point Declaration of Condominium is executed as of the 2nd day of JUNE, 2005.

DECLARANT:

PARADISE POINT CONDOS DEVELOPMENT,
INC., a Texas corporation

By: [Signature]
JAMES R. WINKLER, PRESIDENT

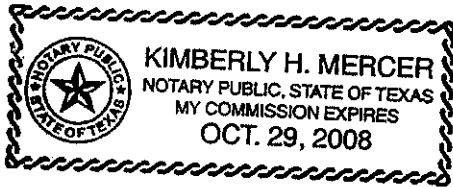
STATE OF TEXAS

§
§
§

COUNTY OF MONTGOMERY


This instrument was acknowledged before me on the 3 day of June, 2005 by James R. Winkler, President of Paradise Point Condos Development, Inc., on behalf of said corporation.

[Signature]
Notary Public - State of Texas



LIENHOLDER CONSENT AND SUBORDINATION

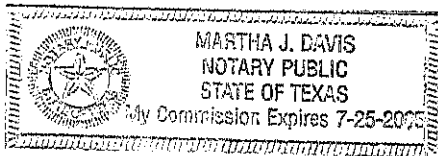
Woodforest National Bank, a national banking corporation, being the beneficiary of a mortgage lien and other liens, assignments and security interests encumbering all or a portion of the Property hereby consents to the terms and provisions of this Third Amendment to the Paradise Point Declaration of Condominium to which this Lienholder Consent and Subordination is attached and acknowledges that the execution thereof does not constitute a default under the lien document or any other document executed in connection with or as security for the indebtedness above described, and subordinates the liens of the lien document and any other liens and/or security instruments securing said indebtedness to the rights and interests created under the Declaration, and acknowledges and agrees that a foreclosure of said liens and/or security interests shall not extinguish the rights, obligations and interests created under the Declaration. No warranties of title are hereby made by lienholder, lienholder's joinder herein being solely limited to such consent and subordination.

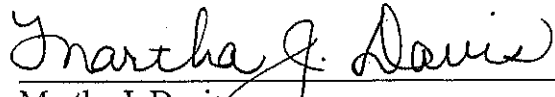
By: 
 Print Name: Benny F. Pitzer
 Print Title: Regional President

STATE OF TEXAS §
 §
 COUNTY OF MONTGOMERY §

BEFORE ME, the undersigned authority, on this day personally appeared Benny F. Pitzer, the Regional President of Woodforest National Bank, known by me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in his representative capacity.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 6th day of June, 2005.




 Martha J. Davis
 Notary Public - State of Texas

ORIGINAL DIM

LIENHOLDER CONSENT AND SUBORDINATION

Nauman Trust, a Texas state trust, being the beneficiary of a mortgage lien and other liens, assignments and security interests encumbering all or a portion of the Property hereby consents to the terms and provisions of this Third Amendment to the Paradise Point Declaration of Condominium to which this Lienholder Consent and Subordination is attached and acknowledges that the execution thereof does not constitute a default under the lien document or any other document executed in connection with or as security for the indebtedness above described, and subordinates the liens of the lien document and any other liens and/or security instruments securing said indebtedness to the rights and interests created under the Declaration, and acknowledges and agrees that a foreclosure of said liens and/or security interests shall not extinguish the rights, obligations and interests created under the Declaration. No warranties of title are hereby made by lienholder, lienholder's joinder herein being solely limited to such consent and subordination.

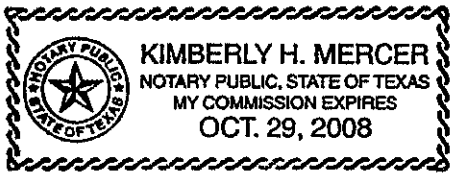
By: [Signature]
Print Name: James Winkler
Print Title: Trustee

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

BEFORE ME, the undersigned authority, on this day personally appeared James Winkler, the Trustee of the Nauman Trust, known by me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in his representative capacity.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 3 day of June, 2005.

[Signature]
Notary Public - State of Texas



JOINDER & CONSENT:

PARADISE POINT OWNERS' ASSOCIATION, INC., a Texas non-profit corporation

By: [Signature]
Name: JIM WINKLER
Title: PRESIDENT

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

BEFORE ME, the undersigned authority, on this day personally appeared JIM WINKLER the PRESIDENT of Paradise Point Owner's Association, Inc. known by me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed and in the capacity therein and herein stated, and as the act and deed of said corporation.

Given under my hand and seal of office, this 2nd day of JUNE, 2005.

[Signature: Kimberly H. Mercer]
Notary Public - State of Texas

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After Recording Return To:
Marc D. Markel
Roberts Markel Guerry, P.C.
2500 City West Blvd., Suite 1350
Houston, Texas 77042

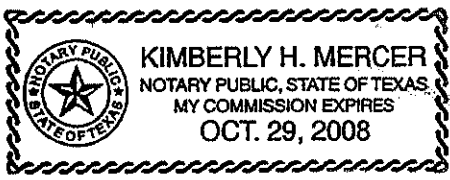


EXHIBIT C

(EXHIBIT C FOLLOWS THIS PAGE)

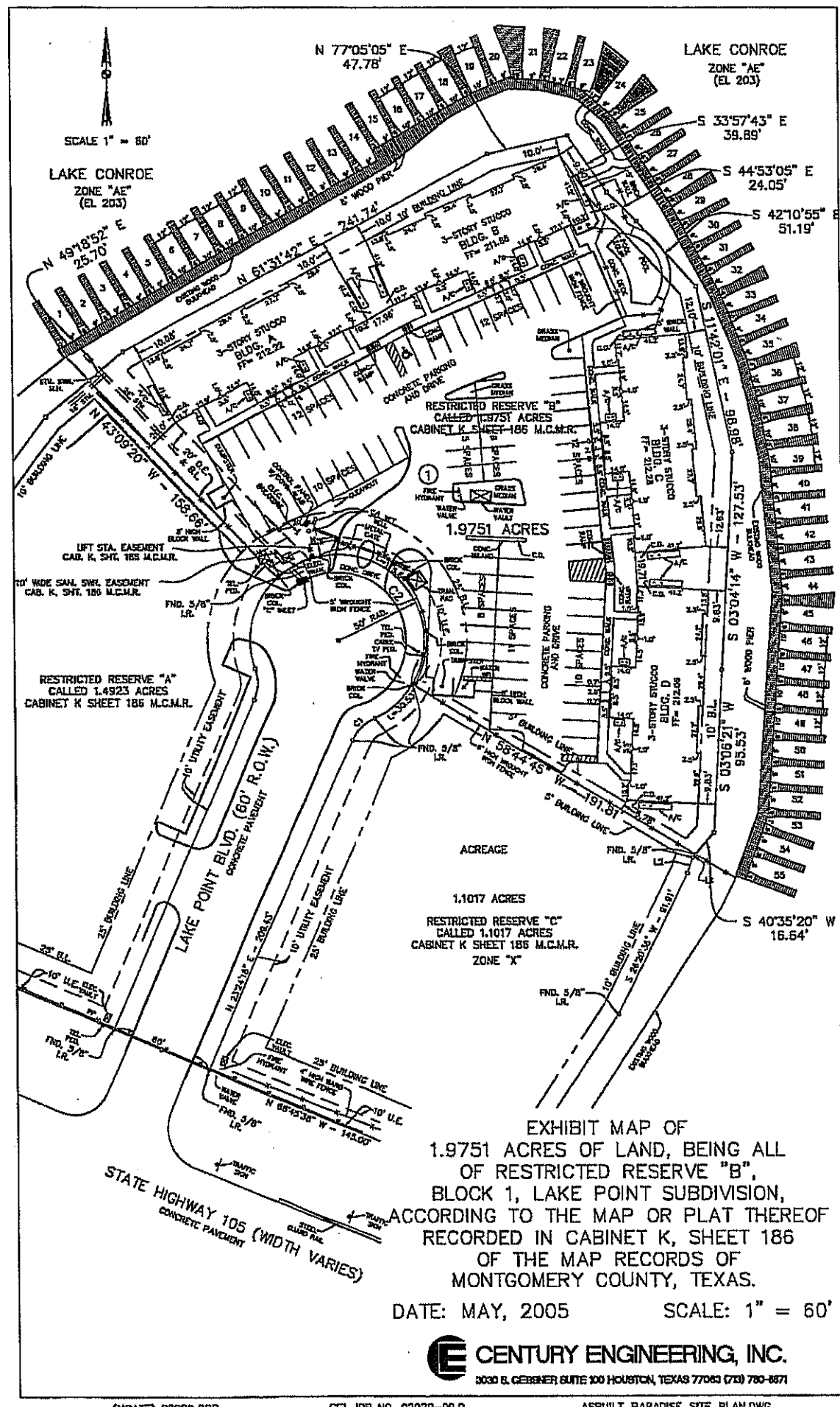


EXHIBIT MAP OF
 1.9751 ACRES OF LAND, BEING ALL
 OF RESTRICTED RESERVE "B",
 BLOCK 1, LAKE POINT SUBDIVISION,
 ACCORDING TO THE MAP OR PLAT THEREOF
 RECORDED IN CABINET K, SHEET 186
 OF THE MAP RECORDS OF
 MONTGOMERY COUNTY, TEXAS.

DATE: MAY, 2005 SCALE: 1" = 60'

CE CENTURY ENGINEERING, INC.
 3030 E. GEBNER SUITE 100 HOUSTON, TEXAS 77063 (713) 780-8871

FILED FOR RECORD

2005 JUN 14 PM 3:12

Mark Tumball
COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

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

JUN 14 2005



Mark Tumball
County Clerk
Montgomery County, Texas

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

707-10-2042

1963-00109

2004-125985

PARADISE POINT CONDOMINIUMS
168 Lake Point Blvd, Montgomery, Texas 77356
RULES AND REGULATIONS

After recording return to:

Marc D. Markel
ROBERTS ♦ MARKEL ♦ GUERRY P.C.
2500 City West Blvd., Suite 1350
Houston, Texas 77042

Copyright © 2004 by Roberts ♦ Markel ♦ Guerry P.C. All rights reserved.

PARADISE POINT CONDOMINIUMS

RULES AND REGULATIONS

Pursuant to Article I, of the Paradise Point Declaration of Condominium recorded under Montgomery County Clerk's File No. 2004104856, the Board of Directors (hereinafter the "Board") of the Paradise Point Owners' Association, Inc. (hereinafter the "Association"), has adopted the following Rules and Regulations concerning the management and administration of the Paradise Point Condominiums and the use of the Common Elements.

Enforcement of these Rules and Regulations shall be by the Board of the Association or its assigns. The Board, at its discretion, may delegate the power to interpret and the duty to enforce these Rules and Regulations to a duly appointed committee or agent. The Board shall have the right to impose reasonable fines for violations of these Rules and Regulations.

These Rules and Regulations may be amended from time to time by the Board of the Association. Amendments shall be made available to members in a manner determined by the Board.

I. FINES

1.1 The Board shall give ten (10) days written notice to any Owner violating any of the Dedicatory Instruments of the Association. If a request for an opportunity to be heard is received by the Board from the violator within ten (10) days of the date the written notice is sent, a hearing shall be scheduled before the Board, such hearing to take place within thirty (30) days of the date a hearing is requested, at a date, time, and location set by the Board. After an affirmative decision by the Board, or after the expiration of the written notice, the Board may impose fines according to the following schedule for violations of any provisions of the Dedicatory Instruments as that term is defined in the Texas Property Code:

FINES FOR VIOLATIONS OF THE DEDICATORY INSTRUMENTS

NOT AFFECTING THE USE AND ENJOYMENT OF OTHER RESIDENCE UNIT OWNERS AND/OR RESIDENTS

First Violation	\$ 50.00
Second Violation	\$ 100.00
Subsequent Violations	\$250.00

1.2 For violations of the Dedicatory Instruments affecting the use and enjoyment of Residence Unit Owners and/or residents, the Board may reasonably set the amount of the

fine as it relates to the violation of the Dedicatory Instruments and the number of Residence Unit Owners and/or residents affected by the violation.

1.3 The Board may impose lesser fines or no fine at all for violation of the Bylaws, Rules and Regulations, Condominium Declaration, or other Dedicatory Instruments of the Association as determined by the Board in its sole and absolute discretion.

II. COLLECTIONS

Application of payments of Common Expense Charges, Special Assessments, and/or Boat Slip Charges, regardless of how identified by Residence Unit Owners shall be credited to the remitting Residence Unit Owners as follows:

- First to interest and/or penalties;
- Second, to attorneys' fees incurred in the collection of same;
- The balance shall be credited to the Common Expense Charge, and/or Special Assessment due and owing.

III. BOAT SLIPS

3.1 Use of Boat Slips

All Residence Unit Owners who have been assigned the use of a particular Boat Slip, and their guests, subject to these Rules and Regulations and any other posted Rules and Regulations, shall be allowed access to and the usage of an assigned Boat Slip. Access to and the usage of an assigned Boat Slip shall be for recreational purposes only. No person who is not a member in good standing of the Association (or their guests), shall be allowed access or use of an assigned Boat Slips. "Members in Good Standing" are members of the Association who have paid all current dues, assessments and fees. Any member of the Association who has not paid all current dues, assessments, and fees and/or is being pursued for any deed restriction violations by the Association shall not be a Member in Good Standing.

3.2 Boat Slips, Dock and Pier

All members should exercise care when entering or exiting a Boat Slip with a water craft. Any damage to the dock, piers and/or Boat Slip(s) shall be the responsibility of the person who causes the damage, and if not a Residence Unit Owner it shall be the responsibility of the Residence Unit Owner for any guests, invitees, licensees, and/or family members who cause the damage.

3.3. Garbage and Refuse Disposal

Trash, garbage or other waste shall not be disposed of in or around Lake Conroe.

3.4. Firearms

THE DISCHARGE OF ANY FIREARM FOR ANY PURPOSE IS PROHIBITED.

3.5. Pumps

No manual, electric or gas powered pumps will be allowed to draw lake water for the private use of Boat Slip users.

3.6. Nuisances

No noxious or offensive activity shall be permitted in the waterfront and/or Boat Slip area, nor shall anything be done thereon which may be or may become an annoyance to other persons using the Boat Slips and/or Lake Conroe. Any action or use of the Boat Slips, not specifically mentioned but which is deemed by the Board in its sole and absolute discretion to be a nuisance, injurious or hazardous, shall be prohibited.

3.7. Piers and Docks

No piers or docks will be permitted save and except those installed by the Declarant or Association.

3.8. Alcohol Consumption

All persons using the Boat Slips shall act in a courteous and neighborly manner at all times. No person shall use the Boat Slips while consuming or while under the influence of drugs or alcoholic beverages.

3.9. Boat Lifts

Low profile undermount type boat lifts are permitted, and must be kept in good operating order and clean and neat condition at all times. Boat lift motors must be concealed in a wood material to match the dock and with the prior approval of the Association. The wood material concealing the boat lift motors may not encroach on the 6' wood walkway along the shoreline by more than 2'. A Residence Unit Owner must obtain the prior written approval of the Association before beginning installation of any type of boat lift, jet ski lifts and/or platforms. The Association may promulgate additional rules and regulations pertaining to boat lifts.

3.10. Utilities

Excessive use of electricity and/or water may result in a charge for utilizing excessive utilities.

3.11. Daily Use Only

Boat slips are intended for daily use only and no person is permitted to remain on a boat overnight.

IV. BALCONIES

4.1 Awnings and other projections may not be installed. Auxiliary light of a balcony is not permitted except low light lamps placed below railing height and facing inward, as approved by the Association. No additional lighting may be installed without the Association's prior written consent.

4.2 Special care must be exercised in watering plants on the balcony so that the water does not overflow to any balcony or Residential Unit below.

4.3 Heavy and/or large statues or plants may not be placed on a balcony. Plants in pots or planter boxes must have containers below them to catch drainage when watered. A balcony may not be lined with plants or statuary no more than two (2) statues not exceeding thirty-six inches 36" in height and no more than four (4) potted plants with not more than twelve inch (12") diameter shall be permitted on a balcony. The Board reserves the right to limit the weight of such statuary.

4.4 Laundry or linens (or laundry racks) of any kind may not be hung on or over a balcony.

4.5 Birds and/or other animals or pets may not be fed on a balcony.

4.6 Christmas or other holiday lights and/or decorations are not permitted on a Balcony, except pursuant to Holiday Decoration Rules which may be promulgated by the Association. If not so promulgated such lights and/or decorations shall not be permitted.

4.7 No floor coverings, or furnishings may be placed or installed on a balcony without the prior approval of the Association except conservative attractive patio furniture which is maintained in first class condition. Said furnishings shall be removed from the balcony when any storm with high winds is anticipated.

4.8 Nothing is to be shaken from the balcony, or hung from the balcony.

4.9 No pets shall be permitted to remain without an adult on any balcony.

V. GOOD NEIGHBOR RULES

5.1. Loitering in any Common Area is prohibited. Playing, riding bikes, skates, skateboards, or scooters, or other similar devices in the corridors, halls, vestibules, driveways, parking lot, stairways, elevators, or the pier, dock, and boat slip area are prohibited.

5.2. Owners should use their exhaust fan system on stoves to eliminate most cooking odors. 5.3. Entrances to the building, stairways, halls, and elevators are not to be obstructed by bicycles, toys, carts, containers or equipment. Personal property of the Residence Unit Owners cannot be placed in the hallways or other Common Areas. Any damage that is done to the Common Area resulting from such use by a Residence Unit Owner, their tenants, guests, and/or domestic employees and/or health care professionals is the responsibility of the Residence Unit Owner.

5.4 Any moving in or out must be scheduled in advance with the Association, and done between 8:00 a.m. and 4:30 p.m. Monday through Friday (excluding holidays) and 8:00 a.m. to noon on Saturday. No move-in or move-out is permitted at other times of the week. Care should be taken to place appropriate pads or to otherwise protect the walls of the elevators. All vehicles to be used for moving in or out must be parked in the area designated by the Association for access to the elevators.

5.5 A quiet decorous atmosphere is to be maintained at all times in the Residence Units, patios, Common Areas, Balconies, Boat Slips, piers and docks. Volume of radios, TV sets, etc. must be moderate, particularly prior to 9:00 a.m. and after 9:00 p.m. Sounds must never penetrate into the corridors or into other Residence Units. Music and vocal lessons in the Residence Units or Common Areas are not permitted.

5.6 Signs, banners, flags and/or notices are not to be affixed to any part of the building or grounds.

5.7 All residents and their tenants and/or guests must comply with these Rules and Regulations. A copy shall be attached to all leases and made a condition of all leases.

5.8 Workmen and/or Residence Unit Owners may work in a Residence Unit only between 8:00 a.m. and 4:30 p.m. Monday through Friday. Individual residents may engage painters or repairmen, or conduct repairs themselves, Saturday mornings (8:00 a.m. to noon) provided the work does not generate noise or disturb neighbors. No work is to be done in any Residence Unit outside the above listed times. No work is to be done on holidays.

5.9 No Modification to flooring materials which would change carpet for any hard materials such as wood, stone, laminate, tile, etc. may be performed without prior consent of Association subject to approval for sound deadening to surrounding Residence Units and Residence Units below

VI. PETS

6.1 The size and type of pet permitted to be kept by the residents is subject to the prior approval of the Board.

6.2 No pet weighing more than 25 pounds is allowed in Paradise Point.

6.3 Pets are not permitted in the passenger elevators or in corridors unless they are carried by the resident, tenant, or guest.

- 6.4 Pets are not permitted in the gardens or swimming pool areas at any time.
- 6.5 Each resident shall assume full responsibility for personal injury and property damage caused by his/her pet or any pet of his/her tenant and/or guest.
- 6.6 A form must be signed and registered with the Association for each pet. The resident must agree in writing to indemnify the Association against any loss, claim, or liability of any kind or character whatsoever arising from or growing out of the privilege of having a dog, cat, or other permitted animal of any kind in the building.
- 6.7 The behavior of pets is the responsibility of the pet owner and the pet privilege may be revoked if the pet rules are violated.
- 6.8 When walking pets, all pets must be kept on a leash and in control by their Owner. Additionally, owners must carry a bag to pick-up after their pets and properly dispose of all pet waste.

VII. RESIDENCE UNIT INFORMATION

- 7.1 Emergency contact information should be on file with the Association.
- 7.2 The Residence Unit files kept by the Association are based on information provided by the Residence Unit Owner and should be kept current by advising the office of any necessary changes in the records.

VIII. SWIMMING POOL

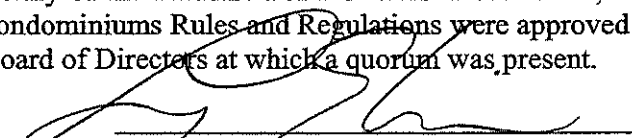
- 8.1 Persons in swimming attire using elevators, hallways, and entering the pool area must wear appropriate beach robes of sufficient length to provide adequate coverage. All swimming attire (male or female) should be of conservative standard.
- 8.2 Children under 12 must be accompanied by an adult.
- 8.3 Glass containers are not permitted in the pool or garden area.
- 8.4 Radios are permitted if headsets are worn.
- 8.5 Running and/or rough housing is prohibited in the pool area.
- 8.6 The pool facility is used by each Residence Unit Owner, resident, tenant and/or guest entirely at his/her own risk.
- 8.7 The pool is for the use of our residents. Any guest must be accompanied by a resident.
- 8.8 Persons in swimming attire shall dry off before entering the lobby or elevator.
- 8.9 For health reasons, babies in diapers must wear swim diapers at all times while in the water.

IX. Parking Spaces

Residents, guests, and invitees of each Resident Unit shall be limited to two (2) unassigned parking spaces.

CERTIFICATE OF SECRETARY

I hereby certify that as secretary of the Paradise Point Owners' Association, Inc. that the foregoing Paradise Point Condominiums Rules and Regulations were approved at a properly noticed meeting of the Board of Directors at which a quorum was present.


Lynn Winkler, Secretary

STATE OF TEXAS

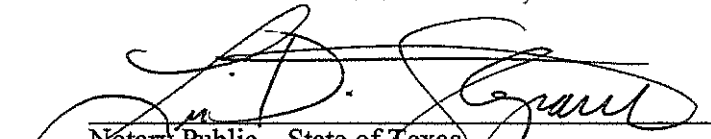
§

COUNTY OF MONTGOMERY

§

§

This instrument was acknowledged before me on the 25 day of October, 2004, by Lynn Winkler, the Secretary of the Paradise Point Owners' Association, Inc.


Notary Public - State of Texas

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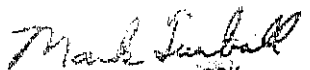


RECORDS MEMORANDUM

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

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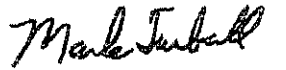

COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF MONTGOMERY

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

NOV 10 2004




County Clerk
Montgomery County, Texas

2005-127705

957-10-1126

10

PARADISE POINT CONDOMINIUMS

168 Lake Point Blvd, Montgomery, Texas 77356

FIRST AMENDED & RESTATED RULES AND REGULATIONS

After recording return to:

Marc D. Markel
ROBERTS ♦ MARKEL ♦ GUERRY P.C.
2500 City West Blvd., Suite 1350
Houston, Texas 77042

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PARADISE POINT CONDOMINIUMS

FIRST AMENDED & RESTATED RULES AND REGULATIONS

Pursuant to Article I, of the Paradise Point Declaration of Condominium recorded under Montgomery County Clerk's File No. 2004104856, the Board of Directors (hereinafter the "Board") of the Paradise Point Owners' Association, Inc. (hereinafter the "Association"), has adopted the following First Amended and Restated Rules and Regulations concerning the management and administration of the Paradise Point Condominiums and the use of the Common Elements.

Paradise Point Condominiums Rules and Regulations were recorded under Clerks' File Number 2004125985 in the Montgomery County Real Property Records (the "Original Rules and Regulations"). These First Amended and Restated Rules and Regulations shall replace and supercede the Original Rules and Regulations.

The Association has caused to be given notice of the amendments contained in these First Amended and Restated Rules and Regulations to owner(s) of each Unit within Paradise Point Condominiums.

Enforcement of these First Amended and Restated Rules and Regulations shall be by the Board of the Association or its assigns. The Board, at its discretion, may delegate the power to interpret and the duty to enforce these First Amended and Restated Rules and Regulations to a duly appointed committee or agent. The Board shall have the right to impose reasonable fines for violations of these First Amended and Restated Rules and Regulations.

These First Amended and Restated Rules and Regulations may be amended from time to time by the Board of the Association. Amendments shall be made available to members in a manner determined by the Board.

I. FINES

1.1 The Board shall give ten (10) days written notice to any Owner violating any of the Dedicatory Instruments of the Association. If a request for an opportunity to be heard is received by the Board from the violator within ten (10) days of the date the written notice is sent, a hearing shall be scheduled before the Board, such hearing to take place within thirty (30) days of the date a hearing is requested, at a date, time, and location set by the Board. After an affirmative decision by the Board, or after the expiration of the written notice, the Board may impose fines according to the following schedule for violations of any provisions of the Dedicatory Instruments as that term is defined in the Texas Property Code:

FINES FOR VIOLATIONS OF THE DEDICATORY INSTRUMENTS

**NOT AFFECTING THE USE AND ENJOYMENT OF
OTHER RESIDENCE UNIT OWNERS AND/OR RESIDENTS**

First Violation	\$ 50.00
-----------------	----------

Second Violation \$ 100.00

Subsequent Violations \$250.00

1.2 For violations of the Dedicatory Instruments affecting the use and enjoyment of Residence Unit Owners and/or residents, the Board may reasonably set the amount of the fine as it relates to the violation of the Dedicatory Instruments and the number of Residence Unit Owners and/or residents affected by the violation.

1.3 The Board may impose lesser fines or no fine at all for violation of the Bylaws, Rules and Regulations, Condominium Declaration, or other Dedicatory Instruments of the Association as determined by the Board in its sole and absolute discretion.

II. COLLECTIONS

Application of payments of Common Expense Charges, Special Assessments, and/or Boat Slip Charges, regardless of how identified by Residence Unit Owners shall be credited to the remitting Residence Unit Owners as follows:

- First to interest and/or penalties;
- Second, to attorneys' fees incurred in the collection of same;
- The balance shall be credited to the Common Expense Charge, and/or Special Assessment due and owing.

III. BOAT SLIPS

3.1 Use of Boat Slips

All Residence Unit Owners who have been assigned the use of a particular Boat Slip, and their guests, subject to these First Amended and Restated Rules and Regulations and any other posted Rules and Regulations, shall be allowed access to and the usage of an assigned Boat Slip. Access to and the usage of an assigned Boat Slip shall be for recreational purposes only. No person who is not a member in good standing of the Association (or their guests), shall be allowed access or use of an assigned Boat Slips. "Members in Good Standing" are members of the Association who have paid all current dues, assessments and fees. Any member of the Association who has not paid all current dues, assessments, and fees and/or is being pursued for any deed restriction violations by the Association shall not be a Member in Good Standing.

3.2 Boat Slips, Dock and Pier

All members should exercise care when entering or exiting a Boat Slip with a water craft. Any damage to the dock, piers and/or Boat Slip(s) shall be the responsibility of the person who causes the damage, and if not a Residence Unit Owner it shall be the responsibility of the Residence Unit Owner for any guests, invitees, licensees, and/or family members who cause the damage.

3.3. Garbage and Refuse Disposal

Trash, garbage or other waste shall not be disposed of in or around Lake Conroe.

3.4. Firearms

THE DISCHARGE OF ANY FIREARM FOR ANY PURPOSE IS PROHIBITED.

3.5. Pumps

No manual, electric or gas powered pumps will be allowed to draw lake water for the private use of Boat Slip users.

3.6. Nuisances

No noxious or offensive activity shall be permitted in the waterfront and/or Boat Slip area, nor shall anything be done thereon which may be or may become an annoyance to other persons using the Boat Slips and/or Lake Conroe. Any action or use of the Boat Slips, not specifically mentioned but which is deemed by the Board in its sole and absolute discretion to be a nuisance, injurious or hazardous, shall be prohibited.

3.7. Piers and Docks

No piers or docks will be permitted save and except those installed by the Declarant or Association.

3.8. Alcohol Consumption

All persons using the Boat Slips shall act in a courteous and neighborly manner at all times. No person shall use the Boat Slips while consuming or while under the influence of drugs or alcoholic beverages.

3.9. Boat Lifts

Low profile undermount type boat lifts are permitted, and must be kept in good operating order and clean and neat condition at all times. Boat lift motors must be concealed in a wood material to match the dock and with the prior approval of the Association. The wood material concealing the boat lift motors may not encroach on the 6' wood walkway along the shoreline by more than 2'. A Residence Unit Owner must obtain the prior written approval of the Association before beginning installation of any type of boat lift, jet ski lifts and/or platforms. The Association may promulgate additional rules and regulations pertaining to boat lifts.

3.10. Utilities

Excessive use of electricity and/or water may result in a charge for utilizing excessive utilities.

3.11. Daily Use Only

Boat slips are intended for daily use only and no person is permitted to remain on a boat overnight.

IV. BALCONIES

4.1 Awnings and other projections may not be installed. Auxiliary light of a balcony is not permitted except low light lamps placed below railing height and facing inward, as approved by the Association. No additional lighting may be installed without the Association's prior written consent.

4.2 Special care must be exercised in watering plants on the balcony so that the water does not overflow to any balcony or Residential Unit below.

4.3 Heavy and/or large statues or plants may not be placed on a balcony. Plants in pots or planter boxes must have containers below them to catch drainage when watered. A balcony may not be lined with plants or statuary no more than two (2) statues not exceeding thirty-six inches 36" in height and no more than four (4) potted plants with not more than twelve inch (12") diameter shall be permitted on a balcony. The Board reserves the right to limit the weight of such statuary.

4.4 Laundry or linens (or laundry racks) of any kind may not be hung on or over a balcony.

4.5 Birds and/or other animals or pets may not be fed on a balcony.

4.6 Christmas or other holiday lights and/or decorations are not permitted on a Balcony, except pursuant to Holiday Decoration Rules which may be promulgated by the Association. If not so promulgated such lights and/or decorations shall not be permitted.

4.7 No floor coverings, or furnishings may be placed or installed on a balcony without the prior approval of the Association except conservative attractive patio furniture which is maintained in first class condition. Said furnishings shall be removed from the balcony when any storm with high winds is anticipated.

4.8 Nothing is to be shaken from the balcony, or hung from the balcony.

4.9 No pets shall be permitted to remain without an adult on any balcony.

V. GOOD NEIGHBOR RULES

5.1. Loitering in any Common Area is prohibited. Playing, riding bikes, skates, skateboards, or scooters, or other similar devices in the corridors, halls, vestibules, driveways, parking lot, stairways, elevators, or the pier, dock, and boat slip area are prohibited.

5.2. Owners should use their exhaust fan system on stoves to eliminate most cooking odors.

5.3. Entrances to the building, stairways, halls, and elevators are not to be obstructed by bicycles, toys, carts, containers or equipment. Personal property of the Residence Unit Owners cannot be placed in the hallways or other Common Areas. Any damage that is done to the Common Area resulting from such use by a Residence Unit Owner, their tenants, guests, and/or domestic employees and/or health care professionals is the responsibility of the Residence Unit Owner.

5.4 Any moving in or out must be scheduled in advance with the Association, and done between 8:00 a.m. and 4:30 p.m. Monday through Friday (excluding holidays) and 8:00 a.m. to noon on Saturday. No move-in or move-out is permitted at other times of the week. Care should be taken to place appropriate pads or to otherwise protect the walls of the elevators. All vehicles to be used for moving in or out must be parked in the area designated by the Association for access to the elevators.

5.5 A quiet decorous atmosphere is to be maintained at all times in the Residence Units, patios, Common Areas, Balconies, Boat Slips, piers and docks. Volume of radios, TV sets, etc. must be moderate, particularly prior to 9:00 a.m. and after 9:00 p.m. Sounds must never penetrate into the corridors or into other Residence Units. Music and vocal lessons in the Residence Units or Common Areas are not permitted.

5.6 Signs, banners, flags and/or notices are not to be affixed to any part of the building or grounds.

5.7 All residents and their tenants and/or guests must comply with these First Amended and Restated Rules and Regulations. A copy shall be attached to all leases and made a condition of all leases.

5.8 Workmen and/or Residence Unit Owners may work in a Residence Unit only between 8:00 a.m. and 4:30 p.m. Monday through Friday. Individual residents may engage painters or repairmen, or conduct repairs themselves, Saturday mornings (8:00 a.m. to noon) provided the work does not generate noise or disturb neighbors. No work is to be done in any Residence Unit outside the above listed times. No work is to be done on holidays.

5.9 No Modification to flooring materials which would change carpet for any hard materials such as wood, stone, laminate, tile, etc. may be performed without prior consent of Association subject to approval for sound deadening to surrounding Residence Units and Residence Units below

VI. PETS

6.1 The size and type of pet permitted to be kept by the residents is subject to the prior approval of the Board.

6.2 No pet weighing more than 25 pounds is allowed in Paradise Point.

6.3 Pets are not permitted in the passenger elevators or in corridors unless they are carried by the resident, tenant, or guest.

- 6.4 Pets are not permitted in the gardens or swimming pool areas at any time.
- 6.5 Each resident shall assume full responsibility for personal injury and property damage caused by his/her pet or any pet of his/her tenant and/or guest.
- 6.6 A form must be signed and registered with the Association for each pet. The resident must agree in writing to indemnify the Association against any loss, claim, or liability of any kind or character whatsoever arising from or growing out of the privilege of having a dog, cat, or other permitted animal of any kind in the building.
- 6.7 The behavior of pets is the responsibility of the pet owner and the pet privilege may be revoked if the pet rules are violated.
- 6.8 When walking pets, all pets must be kept on a leash and in control by their Owner. Additionally, owners must carry a bag to pick-up after their pets and properly dispose of all pet waste.
- 6.9 Animals (including, dogs and cats) are prohibited in the barbeque grill area.

VII. RESIDENCE UNIT INFORMATION

- 7.1 Emergency contact information should be on file with the Association.
- 7.2 The Residence Unit files kept by the Association are based on information provided by the Residence Unit Owner and should be kept current by advising the office of any necessary changes in the records.

VIII. SWIMMING POOL

- 8.1 Persons in swimming attire using elevators, hallways, and entering the pool area must wear appropriate beach robes of sufficient length to provide adequate coverage. All swimming attire (male or female) should be of conservative standard.
- 8.2 Children under 12 must be accompanied by an adult.
- 8.3 Smoking and/or chewing tobacco is prohibited in the pool area.
- 8.4 Glass containers are not permitted in the pool or garden area.
- 8.5 Radios are permitted if headsets are worn.
- 8.6 Running and/or rough housing is prohibited in the pool area.
- 8.7 The pool facility is used by each Residence Unit Owner, resident, tenant and/or guest entirely at his/her own risk.
- 8.8 The pool is for the use of our residents. Any guest must be accompanied by a resident.
- 8.9 Persons in swimming attire shall dry off before entering the lobby or elevator.

8.10 For health reasons, babies in diapers must wear swim diapers at all times while in the water.

8.11 Animals (including, dogs and cats) are prohibited in the pool area.

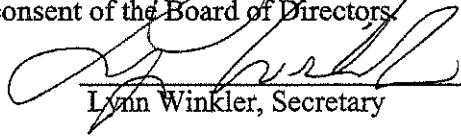
IX. Parking Spaces

Residents, guests, and invitees of each Resident Unit shall be limited to two (2) unassigned parking spaces.

Except as provided herein or in the Declaration, no boats, jet skis, other watercraft, and/or trailers may be parked in the parking spaces, the parking lot, or on the Property. Subject to the provisions of these First Amended and Restated Rules and Regulations, Boats, jet skis, and/or other watercraft may only be stored in the Boat Slip(s) assigned to the owner of such boat.

CERTIFICATE OF SECRETARY

I hereby certify that as secretary of the Paradise Point Owners' Association, Inc. that the foregoing Paradise Point Condominiums First Amended and Restated Rules and Regulations were approved at either a properly noticed meeting of the Board of Directors at which a quorum was present or by unanimous written consent of the Board of Directors.



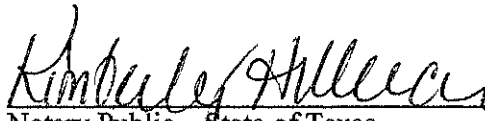
Lynn Winkler, Secretary

STATE OF TEXAS

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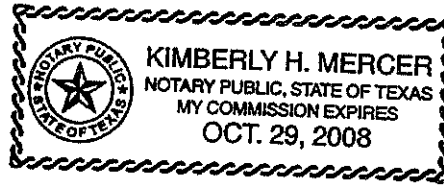
COUNTY OF MONTGOMERY

This instrument was acknowledged before me on the 27 day of OCTOBER, 2005, by Lynn Winkler, the Secretary of the Paradise Point Owners' Association, Inc.



Notary Public - State of Texas

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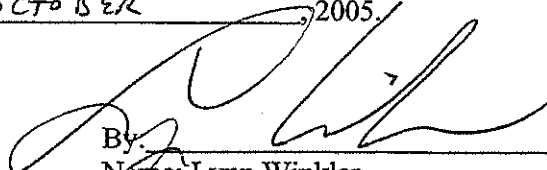
CERTIFICATE OF CORPORATE RESOLUTION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of the Paradise Point Owners' Association, Inc., a Texas non-profit corporation;

That the foregoing resolutions were duly adopted by resolution of the Board of Directors, on the 27th day of OCTOBER, 2005.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this the 27th day of OCTOBER, 2005.

By: 
Name: Lynn Winkler
Title: Secretary

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

BEFORE ME, on this day personally appeared Lynn Winkler, the Secretary of Paradise Point Owners' Association, Inc., known by me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein and herein stated, and as the act and deed of said corporation.

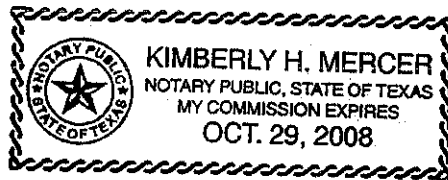
Given under my hand and seal of office, this 27th day of OCTOBER, 2005.


Notary Public – State of Texas

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After Recording Return To:

Marc D. Markel
Roberts Markel Guerry, P.C.
2500 City West Boulevard, Suite 1350
Houston, Texas 77042



957-10-1136

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Mark Tubball
COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF MONTGOMERY

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

NOV 16 2005



Mark Tubball
County Clerk
Montgomery County, Texas

MONTGOMERY COUNTY CLERK
ZIO W. DAVIS
CONROE, TX 77301
936-539-7885

ISSUED TO: ROBERTS MARKEL

RECEIPT # 511281
DATE 11/16/2005 TIME 10:02 AM

INST #	DOC TYPE	PGS	FEE
2005127705	AMEND	10	47.00
2005127705	COPIES	4	4.00

=====
Total Amount Due 51.00

CHECK 2701 51.00
=====

Total Payments: 51.00

THANK YOU !
Mark Turnbull COUNTY CLERK
Deputy: ECOLLINS

2007-081491

391-11-2733

4

PARADISE POINT CONDOMINIUMS

168 Lake Point Blvd, Montgomery, Texas 77356

FIRST AMENDMENT TO

FIRST AMENDED & RESTATED RULES AND REGULATIONS

After recording return to:

Marc Markel/Richa Himani
Roberts Markel Bale P.C.
2800 Post Oak Blvd., 57th Floor
Houston, Texas 77056

FIRST AMENDMENT TO THE FIRST AMENDED AND RESTATED RULES AND REGULATIONS OF PARADISE POINT CONDOMINIUMS

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

THIS FIRST AMENDMENT TO THE FIRST AMENDED AND RESTATED RULES AND REGULATIONS OF THE PARADISE POINT CONDOMINIUMS (the "First Amendment") is made on the date hereinafter set forth by the Board of Directors (the "Board") of the Paradise Point Owners' Association, Inc. (the "Association").

WITNESSETH:

WHEREAS, the Paradise Point Declaration of Condominium was recorded under Montgomery County Clerk's File No. 2004104856, as from time to time may be amended (the "Declaration"); and

WHEREAS, the First Amended and Restated Rules and Regulations concerning the management and administration of the Paradise Point Condominiums Owners' Association, Inc. (the "Association") and the use of the Common Elements were recorded under Clerks' File Number 2005127705 in the Montgomery County Real Property Records (the "Regulations"); and

WHEREAS, pursuant to the Bylaws and the Regulations, the Regulations may be amended at any time by the Board; and

WHEREAS, the Board desires to amend the Regulations on behalf of the Association; and

WHEREAS, the Association has caused to be given notice of the amendments contained in this First Amendment to the Owner(s) of each Unit within Paradise Point Condominiums; and

WHEREAS, reference is hereby made to the Regulations for all purposes, and any and all capitalized terms used herein shall have the meanings set forth in the Regulations, unless otherwise specified in this First Amendment.

NOW THEREFORE, pursuant to the authority granted to the Board in the Bylaws and the Regulations, the Board hereby amends the Regulations as follows:

- 1. Article IX. Parking Spaces, which reads as follows:

Residents, guests, and invitees of each Resident Unit shall be limited to two (2) unassigned parking spaces.

Except as provided herein or in the Declaration, no boats, jet skis, other watercraft, and/or trailers may be parked in the parking spaces, the parking lot, or on the Property. Subject to the provisions of these First Amended and Restated Rules and Regulations, Boats, jet skis, and/or other watercraft may only be stored in the Boat Slip(s) assigned to the owner of such boat.

shall be amended to read as follows:

Residents, guests, and invitees of each Residence Unit shall be entitled to one (1) unassigned parking space. One (1) additional unassigned parking space shall be available to each Residence Unit on a first come, first serve basis, until such time as no additional parking spaces are available.

Except as provided herein or in the Declaration, no boats, jet skis, other watercraft, and/or trailers may be parked in the parking spaces, the parking lot, or on the Property. Subject to the provisions of these First Amended and Restated Rules and Regulations, Boats, jet skis, and/or other watercraft may only be stored in the Boat Slip(s) assigned to the owner of such boat.


- 2. The Regulations, as amended hereby, shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this First Amendment to the First Amended and Restated Rules and Regulations of Paradise Point Condominiums, on the 2 day of JULY, 2007.

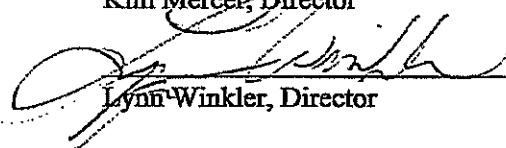
DIRECTORS:



James R. Winkler, Director



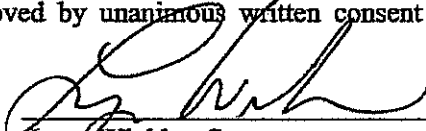
Kim Mercer, Director



Lynn Winkler, Director

CERTIFICATE OF SECRETARY

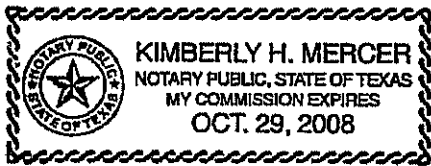
I hereby certify that as secretary of the Paradise Point Owners' Association, Inc. that the foregoing First Amendment to the First Amended and Restated Rules and Regulations of Paradise Point Condominiums was approved by unanimous written consent of the Board of Directors.



Lynn Winkler, Secretary

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

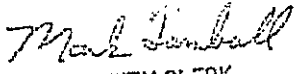
This instrument was acknowledged before me on the 2nd day of JULY, 2007, by Lynn Winkler, the Secretary of the Paradise Point Owners' Association, Inc.





Notary Public – State of Texas

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FILED FOR RECORD
07 JUL 12 PM 4:15

COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

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

JUL 12 2007




County Clerk
Montgomery County, Texas

2004-117559

693-10-1578

23

BYLAWS

OF

PARADISE POINT OWNERS' ASSOCIATION, INC.

After Recording Return To:

Marc D. Markel
Roberts Markel Guerry, PC
2500 City West Blvd., Suite 1350
Houston, Texas 77042

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BYLAWS
OF
THE PARADISE POINT OWNERS' ASSOCIATION, INC.

ARTICLE I. NAME AND ADDRESS

Section 1.1 Name

The name of this association shall be **PARADISE POINT OWNERS' ASSOCIATION, INC.** (the "Association").

Section 1.2 Address

The office of the Association shall be at the place to be designated by the Board of Directors, subject to transfer upon notice to the Members of the Association.

Section 1.3 Registered Agent

The Association shall have and continuously maintain in the State of Texas a registered agent whose office is identical with such registered office, as required by the Texas Nonprofit Corporation Act. The registered office may be, but need not be, identical to the principal office in the State of Texas, and the registered office may be changed from time to time by the Board of Directors.

ARTICLE II. APPLICABILITY

These Bylaws shall be applicable to the Association. In accordance with the terms of the Declaration, Declarant (for such time as Declarant is the owner of any portion of the Property), and all present and future Owners shall be Members of the Association and all Owners and any other persons permitted to use the Common Elements shall be subject to these Bylaws and to any Rules and Regulations adopted from time to time by the Board of Directors. Ownership, rental or occupancy of any Residence Unit in the Property shall be conclusively deemed to mean that the Owner, tenant or occupant has accepted, ratified and will comply with these Bylaws, the Declaration and the Rules and Regulations.

ARTICLE III. PURPOSE

The purpose of the Association is to administer the Paradise Point Condominium Regime and to protect and enhance the value of the Property, including, without limitation, providing for the management, maintenance, repair and replacement of the Common Elements, as provided in the Declaration. The Association does not contemplate pecuniary gain or profit to its Members as a result of membership in the Association.

ARTICLE IV. DEFINITIONS AND INTERPRETATION

Section 4.1 Definitions

The words used in these Bylaws shall have the same meaning as set forth in the Paradise Point Declaration of Condominium recorded in the Montgomery County, Texas Official Public Records of Real Property under Clerk's File No. 2004104856 (said Declaration, as amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the "Declaration").

"Appointed Board" means the initial Board of Directors who shall be appointed by the Declarant. The Declarant shall retain the unilateral right to appoint all Directors until such time as Declarant no longer owns any portion of the Property. From and after the time when Declarant divests itself of title to any portion of the Property, the Appointed Board shall serve until an election can be conducted to elect the Fully Elected Board.

"Fully Elected Board" means the Board of Directors who shall be elected by the Members at such time as the Declarant no longer owns any portion of the Property. Such election to be held as set out herein below.

Section 4.2 Interpretation

In the event that a conflict exists between the provisions of the Declaration, the Bylaws, the Articles and/or the Rules and Regulations, the documents shall control in the following order:

1. The Declaration
2. The Articles
3. The Bylaws
4. The Rules and Regulations

In the event that the Internal Revenue Code of 1986, as amended, (the "Code") is hereafter amended or changed, both the Declaration and these Bylaws shall be interpreted in a manner which conforms to the provisions of the Code with respect to nonprofit entities, it being the intention to preserve the status of the Association as a bona fide nonprofit entity.

ARTICLE V. MEMBER

Section 5.1 Membership

(a) Each Owner shall automatically be a member of the Association. Each Member in Good Standing shall be entitled to cast a number of votes equal to such member's undivided interest in and to the Common Area as set forth as each Residence Unit's percentage of Common Area pursuant to the Declaration. For example, if a member's percentage interest in and to the Common Area is two percent (2%), such Owner, assuming it is a Member in Good Standing (as same is defined below), shall have the right to cast 2 votes on each matter voted upon.

(b) A member shall be considered to be a "Member in Good Standing" and eligible to vote if such member:

(i) Has, at least five (5) days prior to the taking of any vote by the Association, fully paid all Assessments or other charges levied by the Association, as such Assessments or charges are provided for under the Declaration;

(ii) Does not have anything filed of record showing unpaid Assessments in the County, by the Association against the Residence Unit owned by such Owner;

(iii) Is, at least five (5) days prior to the taking of any vote by the Association, not in default under the Declaration or these Bylaws (after the expiration of all cure periods granted hereunder or under the Declaration); and

(iv) Has discharged all other obligations to the Association as may be required of Members under the Declaration.

At least thirty (30) days prior to any member meeting, the Board shall determine whether a member is a Member in Good Standing. If the Board determines that a member is not a Member in Good Standing, the Board shall promptly notify that member. Upon receipt of such notification, the member has the right to cure the default that has resulted in the loss of good standing. If a member disputes the Board's determination that such member is not a Member in Good Standing, the member may mediate that issue pursuant to the mediation provision in the Declaration provided the member initiates the mediation procedure within three (3) business days after the member receives notice of the Board's determination. If mediation fails, a member has the right to pursue any and all legal rights. The Board shall have the right and authority, in its sole discretion, to waive the five-day prior payment requirement under clause (i) above and require only that such payment be made at any time before such vote is taken if the Board determines, in its own judgment, that extenuating circumstances exist which have prevented prior payment. Any member not conforming with the provisions of this paragraph (b) shall not be a Member in Good Standing and shall not be entitled to vote on matters before the Association until such time as Member in Good Standing status is attained and so declared by the Board. Notwithstanding the preceding, so long as Declarant owns any portion of the Property, the Residence Unit Owners may not make any Major Decision, without the Declarant's consent. As used herein, "Major Decision" shall mean any decision which has the effect of directly or indirectly doing any of the following:

- a. Adopt and amend budgets for revenues, expenditures, reserves or incur any expenses in variance thereof;
- b. Institute, defend, intervene, settle or compromise litigation or administrative proceedings;
- c. Make contracts and incur liabilities relating to the operation of the Association which are not provided for in any approved budget;
- d. Change or adopt Rules and Regulations concerning the use, maintenance, repair, replacement, modification, and appearance of the Condominium;
- e. Cause additional improvements to be made;

- f. Impose and receive payments, fees, or charges for the use, rental or operation of the Common Elements, except as otherwise provided for in the budget or customary charges under leases;
- g. Adopt and amend rules regulating the collection of the delinquent Assessments and the application of payments other than as set forth in an approved budget;
- h. Change any policy or policies of insurance and fidelity bonds as are required by the Declaration;
- i. Transfer or convey any property interests in the Common Elements other than in connection with a transfer of an entire Residence Unit;
- j. Change or employ a manager or contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association; and
- k. Waive compliance by any Residence Unit Owner with the terms of the Declaration, the Rules and Regulations, the Articles and/or the Bylaws.

(c) In cases where more than one Person owns an interest in a Residence Unit, (i) such persons shall collectively be deemed one member and (ii) such persons shall arrange among themselves for one of their number to exercise their member voting rights. If only one of the multiple Owners of a Residence Unit is present at a meeting or the Association, that person may cast the vote or votes allocated to that Residence Unit. If more than one of the multiple Owners is present, the vote or votes allocated to that unit may be cast only in accordance with the Owners' unanimous agreement. Multiple Owners are in unanimous agreement if one of the multiple Owners casts the votes allocated to a Residence Unit and none of the other Owners makes prompt protest to the person presiding over the meeting.

Votes allocated to a Residence Unit may be cast under a written proxy duly executed by a Residence Unit Owner. If a Residence Unit is owned by more than one person, each Owners of the Residence Unit may vote or register protest to the casting of votes by the other Owners of the Residence Unit through a proxy duly executed by the Residence Unit Owner. A Residence Unit Owner may not revoke a proxy given under this Section except by giving actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or if it purports to be revocable without notice. A proxy terminates one year after its date unless it specifies a shorter or longer time. Proxies may be submitted via facsimile or in any other electronic form allowed by law.

For example, if three persons jointly own a Residence Unit and, as the Owner of such Residence Unit, the three persons are collectively entitled to a 2.5315% interest in the Common Elements under the Declaration, then the person acting on behalf of the three Owners as one member, shall have the right to cast, in the aggregate, 2.5315 votes on behalf of all Owners of the Residence Unit.

Section 5.2 Affirmative Vote

Except as otherwise provided herein or in the Declaration, the Members shall be entitled to vote upon any decision or resolution and the majority of votes cast shall determine the passage of any decision or resolution. A vote may be cast either in person or by written proxy. Cumulative voting shall not be permitted. Any member whose voting rights have been suspended under any provision of the Declaration or these Bylaws shall not be entitled to vote. In the case of multiple Owners of the same Residence Unit, all Owners must be Members in Good Standing to be entitled to vote the votes allocated to that Residence Unit.

Section 5.3 Membership List

The Secretary shall be responsible for maintaining, at the principal office of the Association, an updated list of Members and their last known addresses as provided by each member. The list shall also show opposite each member's name the address of the Residence Unit(s) owned. The list shall be revised by the Secretary to reflect changes in the ownership of Residence Units occurring prior to the date of any annual or special meeting. The list shall be open to inspection by all Members and other persons lawfully entitled to inspect the list during regular business hours up to the date of the annual or special meeting. The Secretary shall also keep current and retain custody of the minute book of the Association, which shall contain the minutes of all annual and special meetings of the Association and the Board of Directors and all resolutions of the Board of Directors (the "Minute Book").

Section 5.4 Proxies and Absentee Ballot

Votes may be cast by written proxy or by ballot. Written proxies shall be submitted by United States or Canadian mail, delivered to the office of the Association, delivered directly to the Secretary or delivered in such other manner as directed by the Association prior to the applicable vote. Additionally, proxies may be submitted via facsimile or in any other electronic form allowed by law. Notice and quorum requirements shall be as set forth herein. A proxy vote shall be defined as a written vote submitted by a member which either states the specific vote of the member with respect to the issues, resolutions or election being voted on by the Members at the annual or special meeting or which is written permission for the Board of Directors or a specific Director or any other named proxy holder, to exercise the member's vote(s) as the Board of Directors or the specific Director sees fit.

ARTICLE VI. MEETINGS OF THE ASSOCIATION**Section 6.1 Place of Annual and Special Meetings**

All annual and special meetings of the Association shall be held at the principal office of the Association or at another suitable and convenient place permitted by law and fixed by the Board of Directors from time to time and designated in the notices of the meetings.

Section 6.2 Date of Annual Meetings

Annual meetings of the Association shall be held in the first quarter of each year on a date as shall be fixed by the Board of Directors by written notice to the Members. The Members may transact any business which may properly come before the meeting.

Section 6.3 Notice of Annual Meetings

The Secretary shall mail or personally deliver notices of annual meetings to each member directed to the most recent post office address provided to the Association by such member, as shown on the records of the Association, by regular mail, postage prepaid, and/or via facsimile, email, or other electronic means. This notice shall be mailed or delivered not less than ten (10) or more than sixty (60) days before the date of the meeting and shall state the date, time and place of the meeting, the purpose or purposes thereof and the items on the agenda. If the purpose of the meeting is to adopt an amendment or other change to the Declaration, Articles, or Bylaws of the Association, that information must be given to each Owner not less than ten (10) or more than twenty (20) days before the date of the meeting, including the specific nature of any proposed amendment or change to the Declaration, the Articles or these Bylaws.

Section 6.4 Special Meeting

A special meeting of the Association may be called by the President, a majority of the Directors, or upon presentation to the Secretary of a petition stating the specific purpose of the special meeting, which petition has been signed by Members in Good Standing having not less than thirty percent (30%) of the votes entitled to be cast at such meeting.

Section 6.5 Notice of Special Meetings

The Secretary shall mail or personally deliver notices of special meetings to each member directed to the most recent post office address provided to the Association by such member, as shown on the records of the Association, by regular mail, postage prepaid, and/or via facsimile, email, or other electronic means. The notice shall state the same items required by Section 6.3 of these Bylaws for notices of annual meetings. No business shall be transacted at any special meeting except as stated in the notice thereof unless consented to at such meeting by Members holding at least two-thirds (2/3) of the aggregate votes of those Members present.

Section 6.6 Member Quorum

At any duly convened meeting of the Association, a quorum shall be present if Members owning, in the aggregate, at least twenty percent (20%) of the votes entitled to be cast are present in person or by proxy at the beginning of the meeting.

Section 6.7 Action Without Meeting by Written Ballot

Any action which may be taken by the vote of the Members at a regular or special meeting, may be taken without a meeting if done in compliance with relevant provisions of the Texas Business Corporation Act and the Texas Nonprofit Corporation Act. If an action is taken without a meeting, the Board of Directors shall distribute a written ballot to every member entitled to vote on the matter. The ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association. Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the proposal at a regular or special meeting authorizing the action.

Section 6.8 Administration of Affairs

Subject to the provisions of the Texas Uniform Condominium Act, the Texas Nonprofit Corporation Act, the Declaration, the Rules and Regulations and these Bylaws, the Association shall be governed by the Board of Directors.

ARTICLE VII. BOARD OF DIRECTORS**Section 7.1 Authority; Number of Directors**

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one (1) vote. After the Appointed Board ceases to exist, all directors must be Members. However, so long as the Appointed Board exists, Board members are not required to be Members. In the case of a member that is a corporation or partnership, the person designated in writing by either proxy or a resolution to the Secretary of the Association as the representative of such corporation or partnership shall be eligible to serve as a director.

Section 2. Directors During Appointed Board Existence.

(a) During the existence of the Appointed Board, directors shall be selected pursuant to Article III, Section 3.1A of the Declaration, as incorporated herein by reference.

(b) Except for directors selected by the Declarant, Directors shall be elected by a majority vote of the Members.

(c) Election of directors by the membership may be by any mail ballot, by vote of a majority of the Members in person or by proxy at a properly called meeting at which a quorum is present, or by any combination of the same.

Section 3. Right To Disapprove Actions. This Section 3 may not be amended without the express, written consent of the Declarant as long as the Declarant owns any portion of the Property.

So long as the Declarant owns any portion of the Property, the Declarant shall have a right to disapprove actions of the Board and any committee, as is more fully provided in this Section. This right shall be exercisable only by the Declarant, its successors, and assigns who specifically take this power in a recorded instrument. The right to disapprove shall be as follows:

No action authorized by the Board of Directors of a Fully Elected Board elected by the Members, or any committee shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) The Declarant shall have been given written notice of all meetings and proposed actions approved at meetings of the Board or any committee thereof by certified mail, return receipt requested, or by personal delivery at the address the Declarant has registered with the Secretary of the Association, as it may change from time to time; and

(b) The Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program to be implemented by the Board or the Association. The Declarant, its representative or agents shall make its concerns, thoughts, and suggestions known to the members of the Board. The Declarant shall have and is hereby granted a right to disapprove any such action, policy, or program authorized by the Board of Directors and to be taken by the Board, the Association, or any individual member of the Association, if Board, or Association approval is necessary for such action. This right may be exercised by the Declarant, its representatives, or agents at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. The Declarant shall not use its right to disapprove to reduce the level of services that the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

Section 4. Number of Directors. The number of directors in the Association shall be not less than three (3) nor more than seven (7), provided that the number of directors shall always be an odd number; and as further provided in Section 6 below. The initial Board shall consist of three (3) Members as identified in the Articles of Incorporation, who shall be appointed by the Declarant.

Section 5. Term of Office of Directors. The term of office of each Director shall be for three (3) years.

At the first annual meeting following the sale of one hundred percent (100%) of the Residence Units or January 1, 2012, whichever occurs first, the Members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years and one (1) director for a term of three (3) years and at annual meetings thereafter, the Members shall elect directors for three-year terms.

In the event the number of directors increases as provided for in Section 4, at no time shall more than one-third (1/3) of the total number of Directors be added to the same elected term.

Section 6. Nomination of Directors. Except for directors appointed by the Declarant, nominations for election to the Board of Directors after the election of the first Fully Elected Board shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and three (3) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members to serve a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine but in no event less than the number of positions to be filled.

Section 7.2 Term of Directors and Compensation

Except as otherwise set forth herein, each Director elected by the Members shall serve for a term of three (3) years, with the understanding that a Director may be reelected for additional

three-year terms. Each Director shall continue to hold office until his successor is appointed and qualified. The Directors shall serve without compensation for such service.

Section 7.3 Vacancies on Board of Directors

Any vacancy created during the initial term of the Fully Elected Board may be filled by the remaining directors.

Any director elected by the Members who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment or other charge due the Association or not in compliance with the recorded restrictions for more than thirty (30) days, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term. In the event of the death, disability, or resignation of a director, a vacancy may be declared by the Board, and it may appoint a successor.

Section 7.4 Removal of Directors

Any director elected by the Members may be removed, with or without cause, by the vote of Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall then and there be elected by the Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Section 7.5 Organizational Meeting of the Board of Directors

The first meeting of the Appointed Board of Directors shall be held within sixty (60) days of incorporation at such time and place as shall be fixed by the Board.

No later than twenty (20) days following each of (a) the establishment of the Association and (b) each annual meeting of the Members of the Association, the Board of Directors shall hold a regular meeting for the purposes of organization, election of officers and transaction of other business. Notice of this meeting shall be given to all Directors in accordance with these Bylaws, except for the initial meeting, which shall be called by Declarant.

Section 7.6 Place of Meetings

All meetings of the Board of Directors shall be held at the principal office of the Association or at any other place or places designated at any time by resolution of a majority of the Board of Directors or by written consent of a majority of the Directors. A special meeting of the Board of Directors may be held by any method of communication, including electronic and telephonic, by which each Director may hear and be heard by every other Director, and any such meeting may involve consideration of any action, including any action involving a vote on a fine, damage assessment, appeal from a denial of architectural control approval, or suspension of a right of a particular member before the member has an opportunity to attend a meeting of the Board of Directors to present the member's position on the issue.

Section 7.7 Regular Board of Directors Meetings

Regular meetings of the Board of Directors may be held at any time and place permitted by law as from time to time may be determined by the Board of Directors. Notice of regular meetings of the Board of Directors shall be given to each Director personally, by telegram, telephone, facsimile, e-mail or by United States or Canadian mail, with postage prepaid, directed to him at his last known post office address, as the same appears on the records of the Association, at least three (3) but not more than twenty (20) days before the date of the meeting. This notice shall state the date, time, place and purpose of the meeting. Special meetings of the Board of Directors may be held by conference telephone.

Section 7.8 Special Board of Directors Meetings

Special meetings of the Board of Directors may be called by the President on his own accord or by the President or the Secretary upon the written request of any two (2) Directors, on three (3) days' prior notice to each Director.

Section 7.9 Waiver of Notice

Before any meeting of the Board of Directors, whether regular or special, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to giving the required notice. All written waivers shall be filed in the minute book of the Association or made a part of the minutes of the meeting. Attendance by a Director at any meeting of the Board of Directors shall likewise constitute a waiver by him of the required notice. If all Directors are present at any meeting of the Board of Directors, no notice of the meeting shall be required and any business may be transacted at the meeting except as prohibited by law or these Bylaws.

Section 7.10 Directors Quorum

At all duly convened meetings of the Board of Directors, Directors present (in person) at the meeting of at least fifty-one percent (51%) of the votes on the Board are present at the beginning of the meeting shall constitute a quorum for the transaction of business, except as otherwise expressly provided in these Bylaws. The acts of a majority of the Directors present at the meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, the Directors present may adjourn the meeting from time to time and, at the adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice to any Director.

Section 7.11 Consent in Writing

Any action by the Board of Directors, including any action involving a vote on a fine, damage assessment, appeal from a denial of architectural control approval, or suspension of a right of a particular member before the member has an opportunity to attend a meeting of the Board of Directors to present the member's position on the issue, may be taken without a meeting if all of the Directors shall unanimously consent in writing to the action. Such written consent shall be filed in the minute book. Any action taken by such written consent shall have the same force and effect as a unanimous vote of the Directors.

Section 7.12 Records

The Board of Directors shall cause a complete record of all of its acts and the corporate affairs of the Association to be kept and to present a general report thereof to the Members at each annual meeting of the Association or at any special meeting where a general report is requested in writing by twenty percent (20%) of the Members entitled to vote.

Section 7.13 Powers and Duties

Subject to the Texas Uniform Condominium Act (the "Act"), the Board of Directors shall have and exercise all powers and duties necessary for the proper administration of the affairs of the Association. In the performance of its duties as the governing body of the Association, the Board of Directors shall have all powers enumerated in Section 82.102 of the Act, and in addition to those powers and duties set forth in the Act and the Declaration, the Board of Directors shall have the powers and duties including, but not limited to, the following:

(a) Duties:

(i) each Director individually and the Board of Directors collectively shall perform the duties of the Board of Directors in good faith as a fiduciary of the Association, in accordance with the requirements of the Declaration, in a manner in which the Director believes to be in the best interest of the Association and with the care of a person of ordinary prudence under similar circumstances, including, but not limited to, reasonable inquiry, skill and diligence;

(ii) provide for the operation, maintenance, management, insurance, cleaning, sanitation, renewal, replacement, care and upkeep of the Common Elements and all property, real or personal, of the Association;

(iii) determine the Common Expense Charge and any other charges comprising the operating expenses of the Association, establish the amount of monthly assessments, as the same may increase or decrease, and assess the same against the Owners in accordance with the provisions of the Declaration;

(iv) levy and collect, in addition to the Common Expense Charge, Special Assessments whenever the Board of Directors is of the opinion it is necessary to do so in order to meet increased operating or maintenance costs or additional capital expenses or because of emergencies subject to the requirements contained in the Declaration;

(v) use and expend any sums collected from Common Expense Charge, and Special Assessments for the operation, maintenance, renewal, care and upkeep of the Common Elements;

(vi) maintain the Common Elements;

(vii) maintain a reserve fund out of the Common Expense Charge for Common Elements adequate for the periodic maintenance, repair and replacement of the Common Elements;

(viii) pay all taxes and assessments levied or assessed against any property that may be owned by the Association, exclusive of any taxes or assessments levied against any Owner or otherwise properly chargeable to the Owner;

(ix) collect delinquent Assessments against any Owner's Residence Unit and the Owner thereof, whether by suit or otherwise and to abate any nuisance and enforce the terms of the Declaration and the observance of the Rules and Regulations by injunction or other legal action or means which the Board of Directors may deem necessary or appropriate;

(x) establish operating, escrow and other accounts in the name of the Association as the Board of Directors may deem appropriate from time to time and as may be consistent with generally accepted accounting principles;

(xi) adopt a budget for each fiscal year which shall contain estimates of the costs and expenses of the Association and the proposed Common Expense Charge;

(xii) cause a complete review of the books and accounts of the Association to be made by a competent independent public accountant at the end of each fiscal year and at any other time or times deemed necessary;

(xiii) maintain accounting records in accordance with generally accepted accounting principles; and

(xiv) make and enforce compliance with the Rules and Regulations relative to the operation, use and occupancy of the Common Elements. A copy of the Rules and Regulations and copies of any amendments thereto shall be delivered or mailed to each Owner and any tenant or occupant of an Owner's Residence Unit promptly upon the adoption thereof.

(b) Powers:

(i) employ and dismiss personnel of the Association, and purchase or arrange for those services, machinery, equipment, tools, materials and supplies as, in the opinion of the Board of Directors, may from time to time be necessary for the proper operation and maintenance of the Common Elements;

(ii) employ or retain and receive advice from professional counsel and consultants, including, but not limited to, landscape architects, architects, engineers, planners, biologists, lawyers and accountants, which the Board of Directors may deem necessary for any proper purposes of the Association, and fix the compensation for professional advice or services, including, but not limited to, those hereinbefore or hereinafter referred to in these Bylaws. The Board of Directors shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following: (A) one or more officers or employees of the Association whom the Board of Directors reasonably believes to be reliable and competent in the matter presented; (B) counsel, public accountants or other persons as to the matters which the Board of Directors

reasonably believes to be within the professional or expert competence of this person; and (C) a committee of the Board of Directors duly designated in accordance with law, as to matters within its designated authority, which committee the Board of Directors reasonably believes to merit confidence;

(iii) name as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with which the Association may enter into any insurance trust agreement or any successor to this trustee (each of which shall be referred to herein as the "Insurance Trustee"), to be given exclusive authority to negotiate losses under any policy providing property or liability insurance coverage maintained by the Association. The Association or any Insurance Trustee or substitute Insurance Trustee designated by the Association shall have the exclusive power to act as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including the collection and appropriate disposition of the proceeds thereof as provided in the Declaration, the negotiation of losses, execution of releases of liability and the execution of all documents and the performance of all other acts necessary to accomplish these purposes;

(iv) establish depositories for the funds of the Association with the bank or banks as shall be designated from time to time by the Board of Directors and in which monies of the Association shall be deposited. Withdrawal of monies shall be only by check signed by those persons who are authorized by the Board of Directors to sign checks on behalf of the Association;

(v) invest monies of the Association in any investments which the Board of Directors deems to be reasonably prudent;

(vi) borrow and repay monies and, subject to any restrictions under a first mortgage, give notes, mortgages or other security upon the terms which are deemed reasonable by the Board of Directors;

(vii) acquire by purchase, gift, annexation or lease, real or personal property, if, at any time in the future, the Board of Directors deems it to be proper and not inconsistent with the terms hereof to do so;

(viii) grant and reserve easements, leases, licenses or concessions where necessary or desirable for utilities, routes of ingress and egress, or any other purpose, over the Common Elements and to amend the map of the Condominium Regime to show such interests;

(ix) exercise all rights, remedies, powers, duties, responsibilities and obligations under the Declaration; and

(x) do all things incidental and necessary to the accomplishment of the foregoing and the purpose of the Association.

Section 7.14 Annual Budget and Assessments

Copies of the proposed budget setting forth the proposed annual Common Expense Charges, proposed reserves and proposed Special Assessments for the next fiscal year of the

Association shall be prepared by the Board of Directors and distributed to all Members at least thirty (30) days prior to the beginning of each fiscal year of the Association and shall be available to all Members for inspection during regular business hours at the Association's office. If the proposed budget is subsequently amended before the assessments or charges are made, a copy of the amended budget shall also be distributed and made available for inspection. Annual Common Expense Charges shall include, without limiting the generality of the foregoing, the estimated amounts necessary for maintenance and operation of the Common Elements, and any and all other expenses related to the operation thereof, including, but not limited to, the cost of common utility services, casualty and liability insurance, professional management expenses, administrative and office expenses, reserves and the costs associated with the administration of the Association. Reserves shall include a reserve for reasonable amounts to be credited, allocated or accumulated for replacement of those Common Elements or facilities that require replacement, renovation or rehabilitation periodically.

Section 7.15 Management Certificate

The Association shall record in the County a certificate, signed and acknowledged by an officer of the Association stating all matters required by the Uniform Condominium Act and may contain any other information as desired by the Association.

Such certificate shall be recorded within thirty (30) days after the Association receives notice of a change in any of the information listed in (a) through (e) herein.

Section 7.16 Open Meeting

Meetings of the Association and the Board of Directors may be open to all Members. Subject to applicable law, the Board of Directors shall have the right to adjourn a meeting and reconvene in private, closed executive session to consider any actions involving personnel, pending litigation, contract negotiations, enforcement actions, or the invasion of privacy of individual Owners, or upon the request of an affected party, or to consider matters that are confidential in the opinion of the Board of Directors; provided, however, the Board of Directors shall announce the general nature of the business to be considered in such executive session prior to adjourning the meeting.

ARTICLE VIII. OFFICERS

Section 8.1 Officers

The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the Members of the Board. The Board of Directors may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

Section 8.2 Election, Term of Office and Vacancies

The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members. A

vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 8.3 Removal

Any officer may be removed, with or without cause, by a majority vote of the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

Section 8.4. Powers and Duties

The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 8.5 Resignation

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

Section 8.6 Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or such other person or persons as may be designated by resolution of the Board of Directors.

Section 8.7 Compensation

The officers of the Association shall serve without compensation except that they shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties.

ARTICLE IX. INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHER AUTHORIZED REPRESENTATIVES

The Association shall indemnify every Director, Officer, and committee member of the Association against, and reimburse and advance to every Director, Officer, and committee member for, all liabilities, costs and expenses incurred in connection with such directorship, office, or committee membership and any actions taken or omitted in such capacity to the greatest extent permitted under the Texas Nonprofit Corporation Act and all other applicable laws at the time of such indemnification, reimbursement or advance payment. The Association shall also obtain directors and officers insurance coverage for the Directors, Officers, and committee members in amounts approved by a majority vote of the Board of Directors.

ARTICLE X. ASSOCIATION BOOKS AND RECORDS

The Association shall keep or cause to be kept (a) detailed financial records of the Association in sufficient detail to enable the Association to prepare a resale certificate in accordance with the provisions of Section 82.157 of the Act, (b) the plans and specifications used to construct the Condominium, (c) the Condominium Information Statement and any amendments thereto, (d) the name and mailing address of each Owner of a Residence Unit; (e) voting records, proxies and correspondence relating to all amendments to the Declaration, and (f) the minutes of all meetings of the Association and the Board of Directors. All books and records of the Association shall be available for inspection by the Owners, the Mortgagees, and their respective agents and representatives, during normal business hours. All books and records of the Association shall be kept in accordance with generally accepted accounting principles, consistently applied, and shall be audited at least once a year by an independent certified public accountant. If requested in writing by an Owner or Mortgagee, the Association shall furnish such requesting Owner or Mortgagee copies of the financial statements of the Association (audited or otherwise) within ninety (90) days following the end of each fiscal year of the Association. The Board of Directors shall further make available for the inspection by Owners, their Mortgagees, and their respective agents and representatives, during normal business hours, the current version of the Declaration, these Bylaws, the Articles, the Rules and Regulations and all other documents affecting the Association, the Owners or the Property, as well as all amendments thereto and revisions thereof. Declarant shall furnish copies of the information set forth in this Section to the Association on the date the first Residence Unit is conveyed to an Owner. The cost of any copies shall be reimbursed to the Association at a rate set by the Board of Directors.

ARTICLE XI. DISSOLUTION AND TERMINATION

Upon dissolution of the Association, the real and personal property of the Association shall be distributed pursuant to the Declaration.

ARTICLE XII. INSURANCE

Section 12.1 Types of Insurance

Commencing upon the first conveyance of any Residence Unit to an Owner other than Declarant, the Association shall obtain and maintain, as a common expense, insurance coverage required pursuant to Section 82.111 of the Act, the Declaration and such additional coverage as the Association deems appropriate.

Section 12.2 Named Insured

The name of the insured under the foregoing described policies shall be set forth substantially as follows:

“Paradise Point Owners’ Association, Inc., for the use and benefit of the individual owners (which owners may be designated by name if required by law).”

Notwithstanding the foregoing, the policies may be issued in the name of an authorized representative of the Association, including any Insurance Trustee with which the Association has entered into an insurance trust agreement for the use and benefit of the Owners. Loss payable provisions shall be in favor of the Association (or such Insurance Trustee) as a trustee for each Owner and each such Owner's Mortgagee. Each Owner and such Owner's Mortgagee, if any, shall be additional insureds and beneficiaries of such policies in the percentage set forth as to such Owner's Residence Unit on Exhibit "A" of the Declaration.

Section 12.3 Mortgagee Coverage

Insurance policies shall contain such Mortgagee protection clauses as may be required by the Mortgagees (and with the understanding that holders of mortgages subordinate to the lien of the first mortgage shall be recognized under insurance policies "to the extent their interests appear"). No such policies or the constituent documents of the company issuing them shall contain any provisions requiring contributions or making assessments against the Association, the Owners, any Mortgagee (or any successor or assign of any Mortgagee) or any permitted subordinate mortgage and none of such policies or such constituent documents shall provide that loss payments are contingent upon any action by such company's board of directors, policy holders or Members. None of such policies shall contain any limiting clauses (other than insurance conditions) which could prevent any Owner or Mortgagee or the holder of any permitted second mortgage from collecting insurance proceeds.

Section 12.4 Waiver of Subrogation

Without in any way limiting the preceding provision, each member and the Association hereby waives any rights they may have against each other (including, but not limited to, a direct action for damages) on account of any loss or damage occasioned, to their respective property, and the contents of each arising from any risk (without regard to the amount of coverage or the amount of deductible) covered by the all risk full replacement cost property insurance required to be carried by such Members and Association as specified above and as specified in the Declaration. The Association and each Owner immediately shall give to each insurance company which has issued policies of insurance to such Owner, written notice of the terms of this mutual waiver, and cause such policies to be endorsed, if necessary, to prevent the invalidation of such coverages by reason hereof. If a party waiving rights under this Section is carrying an all risk full replacement cost insurance policy in the promulgated form used in the State or Texas and an amendment to such promulgated form is passed, such amendment shall be deemed not a part of such promulgated form until it applies to the policy being carried by the waiving party. **SAID WAIVER SHALL APPLY EVEN IF SUCH LOSS OR DAMAGE IS CAUSED BY THE FAULT, NEGLIGENCE OR OTHER TORTIOUS CONDUCT, ACTS OR OMISSIONS OF THE RELEASED PARTY OR THE RELEASED PARTY'S DIRECTORS, EMPLOYEES, AGENTS OR INVITEES OR IF THE RELEASED PARTY OR THE RELEASED PARTY'S DIRECTORS, EMPLOYEES, AGENTS OR INVITEES WOULD OTHERWISE BE LIABLE UNDER STRICT LIABILITY.**

ARTICLE XIII. MISCELLANEOUS**Section 13.1 Fiscal Year**

The fiscal year of the Association shall be the calendar year unless the Board of Directors shall determine otherwise.

Section 13.2 Amendments to Bylaws

These Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of a majority of the Board of Directors and the consent of the Declarant, so long as the Declarant owns any portion of the Property, or by two-thirds (2/3) of the votes of the Association present, in person or by proxy, at any regular or special meeting. Notwithstanding the above, the percentage of votes or other approval necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

Section 13.3 Inspection of Bylaws

The Association shall keep in its principal office the original or a copy of these Bylaws or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members during normal business hours.

Section 13.4 Construction

Number and gender as used in these Bylaws shall extend to and include both singular and plural and all genders as the context and construction require. These Bylaws shall be liberally construed to give effect to their purposes and intent.

Section 13.5 Business Judgment Rule

Any act or thing done by any Director, Officer, or committee member taken in furtherance of the purposes of the corporation, and accomplished in conformity with the procedures set forth in the Declaration, Articles of Incorporation, the laws of the State of Texas, and/or these Bylaws, shall be reviewed under the standard of the Business Judgment Rule as established by the common law of Texas, and such act or thing done shall not be a breach of duty on the part of the Director, Officer, or committee member if they have been done within the exercise of their discretion and judgment.

The Business Judgment Rule means that a court shall not substitute its judgment for that of the Director, Officer or committee Member. A court shall not re-examine the quality of the decisions made by the Director, Officer, or Committee Member by determining the reasonableness of the decision as long as the decision is made in good faith in what the Director, Officer, or Committee Member believes to be the best interest of the corporation.

Section 13.6 Conflict

If an Owner is involved in litigation with the Association as to a conflict of interpretation of the Declaration, the Articles of Incorporation, Rules and Regulations promulgated by the Association, or these Bylaws, and/or the amount of delinquent assessments, that Owner may not participate in any Association meeting or activity.

Adopted as of October 15, 2004.



Print Name: James R. Winkler
Print Title: President of the Association

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of the Paradise Point Owners' Association, Inc., a Texas corporation;

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, at which a quorum was present, held on the 15 day of October, 2004.

IN WITNESS WHEREOF, I have hereunto subscribed my name on this the 15 day of ~~September~~ ^{October}, 2004.

[Signature]
Print Name: Lynn Winkler
Title: Secretary

THE STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 15 day of October 2004, by Lynn Winkler, Secretary of the Paradise Point Owners' Association, Inc., a Texas nonprofit corporation, on behalf of said corporation.

[Signature]
Notary Public - State of Texas

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

FILED FOR RECORD
2004 OCT 20 PM 12:44
Mark Turnbull
COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

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

OCT 20 2004



Mark Turnbull
County Clerk
Montgomery County, Texas

5

**FIRST AMENDMENT TO THE BYLAWS OF
PARADISE POINT OWNERS' ASSOCIATION, INC.**

After Recording Return To:
Stephanie L. Quade
Roberts Markel P.C.
2800 Post Oak Blvd., 57th Floor
Houston, Texas 77056

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made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and three (3) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members to serve a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine but in no event less than the number of positions to be filled."

shall be amended to read as follows:

"Nominations for election to the Board of Directors may be made by a Nominating Committee. It is in the Board of Directors sole and absolute discretion whether to use a Nominating Committee. If a Nominating Committee is used, the Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and three (3) or more Members of the Association. The Nominating Committee may be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members to serve a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine."

3. That portion of Article XIII, Section 13.2 of the Bylaws, which reads as follows:

"These Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of a majority of the Board of Directors and the consent of the Declarant, so long as the Declarant owns any portion of the Property, or by two-thirds (2/3) of the votes of the Association present, in person or by proxy, at any regular or special meeting

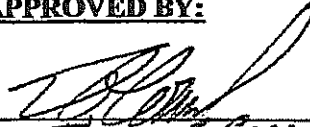
shall be amended to read as follows:

"These Bylaws may be amended by the affirmative vote or written consent, or any combination thereof, of a majority of the Board of Directors in person or by proxy, at any regular or special meeting of the Board."

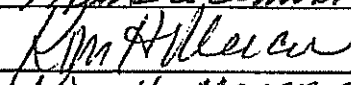
4. If any provision of this First Amendment is found to be in conflict with the Bylaws, as amended, this First Amendment shall control.

IN WITNESS WHEREOF, this First Amendment to the Bylaws of Paradise Point Owners' Association, Inc. is effective as of the 25 day of January, 2008. 2009

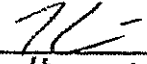
APPROVED BY:



THOMAS G. CONWAY, Director



Kim H. Mercer, Director



Jim Winkler, Director

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Paradise Point Owners' Association, Inc., a Texas non-profit corporation;

That the foregoing First Amendment to the Bylaws was duly adopted by unanimous written consent of the Board of Directors on the 28 day of January, ~~2008~~: 2009

IN WITNESS WHEREOF, I have hereunto subscribed my name on this the 28 day of January, 2008: 2009.

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

Kim Hillerow
Print Name: Kim Mercer
Title: Secretary

STATE OF TEXAS

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§
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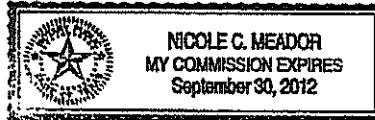
COUNTY OF MONTGOMERY

BEFORE ME, on this day personally appeared Kim H. Mercer, the Secretary of the Paradise Point Owners' Association, Inc. known by me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed and in the capacity therein and herein stated, and as the act and deed of said corporation.

Given under my hand and seal of office, this 28 day of January, ~~2008~~: 2009.

N Meador
Notary Public - State of Texas

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FILED FOR RECORD

09 FEB - 3 PM 4: 12

Mark Turnbull
COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

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

FEB - 3 2009



Mark Turnbull
County Clerk
Montgomery County, Texas

**SECOND AMENDMENT TO THE BYLAWS OF
PARADISE POINT OWNERS' ASSOCIATION, INC.**

After Recording Return To:
Stephanie L. Quade
Roberts Markel P.C.
2800 Post Oak Blvd., 57th Floor
Houston, Texas 77056

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shall be deleted in its entirety and replaced with the following:

At the 2009 annual meeting the Members shall elect one (1) director for a term of two (2) years and one (1) director for a term of three (3) years and at annual meetings thereafter, the Members shall elect directors for three-year terms.

That portion of Article VII, Section 7.2 that reads as follows:

Each Director shall continue to hold office until his successor is appointed and qualified.


shall be deleted in its entirety and replaced with the following:

Each Director shall continue to hold office until his successor is elected or appointed and qualified.


If any provision of this Second Amendment is found to be in conflict with the Bylaws, as amended, this Second Amendment shall control.

IN WITNESS WHEREOF, this Second Amendment to the Bylaws of Paradise Point Owners' Association, Inc. is effective as of the date last subscribed below.


APPROVED BY:



THOMAS CONNARD, Director
Date: May 29, 2009



JIM WINKLER, Director
Date: 6/17/09



KIM H. MERCER, Director
Date: 6/17/2009



Office of the Secretary of State

CERTIFICATE OF INCORPORATION OF

Paradise Point Owners' Association, Inc,
Filing Number: 800392300

The undersigned, as Secretary of State of Texas, hereby certifies that Articles of Incorporation for the above named corporation have been received in this office and have been found to conform to law.

Accordingly, the undersigned, as Secretary of State, and by virtue of the authority vested in the Secretary by law, hereby issues this Certificate of Incorporation.

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

Dated: 09/21/2004

Effective: 09/21/2004



A handwritten signature in black ink, appearing to read "G. Connor".

Geoffrey S. Connor
Secretary of State

ARTICLES OF INCORPORATION
OF THE
PARADISE POINT OWNERS' ASSOCIATION, INC.

SEP 21 2004

Corporations Section

I, the undersigned natural person of the age of eighteen (18) years or more, citizen of the State of Texas, acting as the incorporator of a corporation under the Texas Non-Profit Corporation Act, do hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE I

The name of the corporation is Paradise Point Owners' Association, Inc. (hereinafter the "Association").

ARTICLE II

The corporation is a non-profit corporation, and shall have all the powers and duties specified in and allowable under the Texas Non-Profit Corporation Act and the Texas Uniform Condominium Act. No part of the assets or net earnings of this corporation shall inure to the benefit of, or be distributable to, its members, directors, trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distribution in furtherance of the purposes set forth in Article IV below. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in or intervene in (including publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501 (c)(4) of the Internal Revenue Code or corresponding section of any future federal tax code.

ARTICLE III

The period of this corporation's duration is perpetual.

ARTICLE IV

The purposes for which this corporation is formed are:

(a) The enforcement of the Paradise Point Declaration of Condominium (hereinafter the "Declaration"), a condominium regime located in Montgomery County, Texas, as described under Clerk's File No. 2004104856 in the Real Property Records of Montgomery County, Texas or any subsequent amendments thereto filed of record affecting such condominium regime. In order to carry out such general purposes, the corporation shall have the general power to:

(1) Fix assessments (or charges) to be levied against Units and establish services, without the obligation to so provide, for the benefit of the Members;

(2) Enforce any and all covenants, conditions, restrictions and agreements applicable to the Property;

(3) Insofar as permitted by law, these Articles of Incorporation, the By-Laws, the Declaration or any other dedicatory instruments, to do any other thing of a similar nature that will promote the common benefit and enjoyment of the Owners of the Property, as authorized by these Articles of Incorporation, the By-Laws, the Declaration, and/or any other dedicatory instrument or permitted by law.

(b) Without limiting the foregoing general statement of purposes and powers, the corporation shall have the powers set forth in §82.102 of the Texas Condominium Act, and by way of illustration and not limitation, shall have the power to:

(1) Cause to be kept a complete record of all its receipts and disbursements hereunder and maintain a statement thereof and a summary of the major activities on an annual basis;

(2) Supervise all agents and employees of the Association hereunder and to see that their duties are properly performed;

(3) Fix, levy and collect the amount of the assessments and other charges to be levied against each Residence Unit;

(4) Send written notice of each assessment to every Residence Unit Owner subject thereto at least thirty (30) days in advance of each annual assessment;

(5) Buy or otherwise acquire, sell, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, hold, use, operate, and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the corporation, which shall include the power to foreclose its lien on any Property subject to the Declaration by judicial or nonjudicial means;

(6) Procure and maintain adequate liability insurance upon the Board of Directors, its agents and employees, and insurance as deemed appropriate by the Board of Directors on Association assets or any other proper purpose;

(7) Exercise all powers reasonably necessary to effectuate the purposes of this corporation;

(8) Manage, control, operate, maintain, preserve, repair and improve the Common Areas and any Property subsequently acquired by the corporation, or

any other property owned by another for which the corporation, by rule, regulation, Declaration, or contract, has a right or duty to provide such services;

(9) Borrow money for any purpose subject to such limitations as may be contained in the dedicatory instruments;

(10) Enter into, make, perform and enforce contracts of every kind and description, and to do all other acts necessary, appropriate or advisable in carrying out any purpose of the Association, including enforcement of the provisions contained in the Declaration;

(11) Provide or contract for services benefiting the Property including, without limitation or obligation, garbage removal and any and all supplemental municipal services as may be necessary or desirable;

(12) Contract with other associations, organizations, or groups to provide for the maintenance of the Property; or property adjacent or adjoining the Property;

(13) Spend money for the improvement or maintenance of property in the vicinity of the Property subject to the Declaration, or adjacent or adjoining such property;

(14) Suspend the rights of any Residence Unit Owner to vote or use the Common Areas pursuant to the Declaration;

(15) Implement a document retention policy as to the books and records of the Association;

(16) Promulgate reasonable Rules and Regulations and implement fines for violation of said Rules and Regulations as set out in the Declaration;

(17) Spend money on things in the vicinity of the Condominium property that affect the Condominium property.

The foregoing enumeration of powers shall, except where otherwise expressed, be in no way limited or restricted by any reference to or inference from the terms or provisions of any other clause, but shall be regarded as independent powers.

This corporation shall not engage in any activities or exercise any powers that are not in furtherance of the purposes of this corporation as set forth above in Paragraphs (a) and (b) of this Article IV. This corporation is organized pursuant to the Texas Non-Profit Corporation Act and does not contemplate pecuniary gain or profit to the members thereof and is organized for non-profit purposes and nothing contained in the foregoing statement of purposes shall be construed to authorize this corporation to carry on any activity for the profit of its members, or to distribute any gains, profits or dividends to its members as such.

ARTICLE V.

The corporation shall be a membership corporation without certificates or shares of stock. All Residence Unit Owners, by virtue of their ownership of a Residence Unit subject to the Declaration, are Members of the Association. The Members shall be entitled to vote in accordance with the provisions contained in the By-Laws and the Declaration. Every person or entity who is a record owner of any Residence Unit is entitled to membership and voting rights in the Association. Membership is appurtenant to, and inseparable from, ownership of a Residence Unit.

ARTICLE VI

The mailing address of the initial registered office of the corporation is 9795 Walden Road, Suite 126, Montgomery, Texas 77356, and the name of its initial registered agent at such address is James R. Winkler.

ARTICLE VII

The business and affairs of the corporation shall be conducted, managed and controlled by a Board of Directors. The Board may delegate such operating authority to such companies, individuals or committees as it, in its discretion, may determine. The initial Board of Directors shall consist of the following three (3) members and shall serve an initial term until the election of the Fully Elected Board pursuant to Article III of the Declaration:

Name	Address
1. James R. Winkler	9795 Walden Road Suite 126 Houston, Texas 77356
2. Kim Mercer	9795 Walden Road Suite 126 Houston, Texas 77356
3. Lynn Winkler	9795 Walden Road Suite 126 Houston, Texas 77356

The number of directors may be changed by the Association or the Board of Directors as set forth in the By-Laws.

ARTICLE VIII.

These Articles of Incorporation may be amended at a meeting of the Members by the affirmative vote of at least two-thirds (2/3) of the votes which Members present at such meeting in person or by proxy are entitled to cast.

ARTICLE IX.

To the fullest extent permitted by Texas statutes, as the same exist or as they may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits broader limitation than permitted prior to such amendment), a director of the corporation shall not be liable to the corporation for monetary damages for an act or omission in the director's capacity as a director. Any amendment of these Articles of Incorporation shall be prospective only and shall not adversely effect any limitation on the personal liability of a director of the corporation existing at the time of such repeal or amendment.

- (a) Subject to the exceptions and limitations contained in Article IX
(b) hereof:

(1) Every Person who is or has been a director, officer, or managing agent of the Association shall be indemnified by the Association to the fullest extent permitted by law against liability and against all expenses reasonably incurred or paid by same in connection with any demand, claim, action, suit (or threat thereof) or proceeding in which said Person becomes involved as a party or otherwise by virtue of being or having been a director or officer and against amounts paid or incurred by said Person in the settlement thereof;

(2) The words "claim," "action," "suit," or "proceeding" shall apply to all claims, actions, suits, or proceedings (civil, criminal, or other, including appeals), actual or threatened, made or commenced subsequent to the adoption of these Articles of Incorporation; and the words "liability" and "expenses" shall include, without limitation, attorneys' fees, costs, judgments, amounts paid in settlement, fines, penalties, and other liabilities.

- (b) No indemnification shall be provided hereunder to a director or officer or any other individual:

(1) Against any liability to the Association by reason of willful misfeasance, bad faith, gross negligence, breach of fiduciary duty, criminal misconduct or reckless disregard of the duties involved in the conduct of his/her office;

(2) With respect to any matter as to which s/he shall have been finally adjudicated not to have acted in good faith in the reasonable belief that his/her action was in the best interest of the Association;

- (c) The rights of indemnification herein provided may be insured against by policies maintained by the Association, shall be severable, shall not affect any other rights to which any director or officer now or hereafter may be entitled, shall continue as to a Person who has ceased to be a director or officer

and shall inure to the benefit of the heirs, executors, successors, assigns, and administrators of such a Person.

(d) Expenses in connection with the preparation and presentation of a defense to any claim, action, suit, or proceeding of the character described in Article IX hereof may be advanced by the Association before final disposition thereof upon receipt of an undertaking by or on behalf of the director or officers, secured by a surety bond or other suitable insurance issued by a company authorized to conduct such business in the State of Texas, to repay such amount if it is ultimately determined that s/he is not entitled to indemnification under Article IX.

ARTICLE X.

THE ASSOCIATION, ITS BOARD OF DIRECTORS AND OFFICERS, THEIR MANAGER(S), EMPLOYEES, AGENTS AND/OR THEIR ATTORNEYS (COLLECTIVELY THE "ASSOCIATION AND RELATED PARTIES") SHALL NOT IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SECURITY WITHIN THE PROPERTY. NEITHER SHALL THE ASSOCIATION AND RELATED PARTIES BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. RESIDENCE UNIT OWNERS AND LESSEE(S) ON BEHALF OF THEMSELVES, ALL OCCUPANTS OF THE RESIDENCE UNIT BEING LEASED, GUESTS AND INVITEES OF ANY RESIDENCE UNIT OWNER OR RESIDENT, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION AND RELATED PARTIES DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES, OR 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. RESIDENCE UNIT OWNERS AND THEIR LESSEE(S), ON BEHALF OF THEMSELVES, ALL OCCUPANTS OF THE RESIDENCE UNIT BEING LEASED, GUESTS AND INVITEES OF A RESIDENCE UNIT OWNER OR LESSEE, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION AND RELATED PARTIES ARE NOT AN INSURER AND THAT EACH RESIDENCE UNIT OWNER, LESSEE AND OCCUPANT OF ANY RESIDENCE UNIT ON BEHALF OF THEMSELVES AND THEIR GUESTS AND INVITEES ASSUMES THE RISKS FOR LOSS OR DAMAGE TO PERSONS, THEIR PERSONAL PROPERTY, TO RESIDENCE UNITS AND TO THE CONTENTS OF RESIDENCE UNITS AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION AND RELATED PARTIES HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY RESIDENCE UNIT OWNER OR LESSEE ON BEHALF OF THEMSELVES AND THEIR GUESTS OR INVITEES RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF 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.

ARTICLE XI.

The corporation may be dissolved only as provided in the By-Laws and by the laws of the State of Texas. If the corporation is dissolved, the assets shall be distributed as set forth in the Declaration.

ARTICLE XII.

ARTICLE XIII The names and street addresses of the incorporator is:

Name	Address
JAMES R. WINKLER	9795 Walden Road Suite 126 Houston, Texas 77356

In case of the resignation, death, failure, incapacity, removal or refusal to serve of any of the said members of the Appointed Board prior to the election of the Fully Elected Board, replacement shall be as authorized by the By-Laws. The judgment of the directors, whether the directors are the directors of the Appointed Board or their successors, in the expenditure of funds of this corporation shall be final and conclusive, so long as such judgment is exercised in good faith or the Business Judgment Rule.

ARTICLE XIV

The Bylaws of this corporation shall be adopted by the Board of Directors of this corporation and shall thereafter be amended pursuant to the amendment provision contained therein at Article XIII, Section 13.2.

ARTICLE XV

All capitalized terms used in these Articles of Incorporation shall be defined in the same manner as defined in the Declaration and/or the Bylaws, which definitions are incorporated herein by this reference.

IN WITNESS WHEREOF, for the purpose of forming this Association under the laws of the State of Texas, we, the undersigned, constituting the incorporators of this Association, have executed these Articles of Incorporation this 20th day of September, 2004.



JAMES R. WINKLER, Incorporator



Office of the Secretary of State

September 22, 2004

Lawyer's Aid Service, Inc.
P. O. Box 848
Austin, TX 78767 USA

RE: Paradise Point Owners' Association, Inc,
File Number: 800392300

It has been our pleasure to file the articles of incorporation and issue the enclosed certificate of incorporation evidencing the existence of the newly created corporation.

Corporations organized under the Texas Non-Profit Corporation Act do not automatically qualify for an exemption from federal and state taxes. Shortly, the Comptroller of Public Accounts will be contacting the corporation at its registered office for information that will assist the Comptroller in setting up the franchise tax account for the corporation. If you need to contact the Comptroller about franchise taxes or exemption therefrom, you may contact the agency by calling (800) 252-1381, by e-mail to tax_help@cpa.state.tx.us or by writing P. O. Box 13528, Austin, TX 78711-3528. Telephone questions regarding other business taxes, including sales taxes, should be directed to (800) 252-5555. Information on exemption from federal taxes is available from the Internal Revenue Service.

Non-profit corporations do not file annual reports with the Secretary of State, but do file a report not more often than once every four years as requested by the Secretary. It is important for the corporation to continuously maintain a registered agent and office in Texas as this is the address to which the Secretary of State will send a request to file a periodic report. Failure to maintain a registered agent or office in Texas, failure to file a change to the agent or office information, or failure to file a report when requested may result in involuntary dissolution of the corporation. Additionally, a non-profit corporation will file documents with the Secretary of State if the corporation needs to amend one of the provisions in its articles of incorporation.

If we can be of further service at any time, please let us know.

Sincerely,

Corporations Section
Statutory Filings Division
(512) 463-5555
Enclosure

**COLLECTION POLICY FOR
PARADISE POINT OWNERS' ASSOCIATION, INC.**

The property encumbered by this Collection Policy is that property initially restricted by the Paradise Point Condominium Declaration, recorded under Montgomery County Clerk's File No. 2004-104856, the First Amendment to the Paradise Point Condominium Declaration, recorded under Montgomery County Clerk's File No. 2004-117558, the Second Amendment to the Paradise Point Condominium Declaration, recorded under Montgomery County Clerk's File No. 2004-134456, the Third Amendment to the Paradise Point Condominium Declaration, recorded under Montgomery County Clerk's File No. 2005-063288 (referred to collectively as the "Declaration"), and any other property which is subsequently annexed thereto and made subject to the authority of the Paradise Point Owners' Association, Inc. (the "Association").

Pursuant to the authority vested in the Association by the Bylaws at Article III, Section 3.1, the Board of Directors (the "Board") of the Association has duly adopted the following Collection Policy. Any capitalized term not specifically defined herein shall have the meaning as provided for in the Declaration.

I. NOTICE

A. Common Expense Charge

Per the terms of the Declaration, the authority to set, determine, assess, and collect the Common Expense Charge, and the authority to exercise remedies for the nonpayment thereof, is delegated and assigned to the Association.

B. Special Assessment

Pursuant to the Article IV, Section 4.3 of the Declaration, if the Board determines that the Common Expense Charges are or may prove to be insufficient to pay the costs of operation, management, or maintenance of the Condominium for any fiscal year or in the event of casualty losses, condemnation losses or other events (including non-payment of Common Expense Charges by Owners) that require that additional funds be supplied for the management, maintenance and operation of the Condominium, the Board shall have authority, in its discretion, any time or from time to time to levy a Special Assessment as it shall deem necessary for that purpose. Except as otherwise specifically provided in the Declaration, such Special Assessment in excess of twenty percent (20%) of the Common Expense Charge shall not be levied, without the prior approval of Owners having at least a majority of the votes in the Association, unless a greater number of votes is required by law applicable to the Condominium.

C. Reserve Assessment

Upon the sale of a Residence Unit, the purchaser shall pay to the Association Five Hundred and No/100 Dollars (\$500.00) to be paid into the Reserve Account.

D. Address of Owner

An Owner shall not escape liability or be entitled to a deferral of interest, fines or collection costs with regard to delinquent Common Expense Charges, Special Assessments, Reserve Assessments, and/or other sums due the Association (collectively referred to as the "Assessments") on the basis of such Owner's failure to receive notice, if such notice was sent via regular mail to the most recent address of the Owner according to the records of Association. Each Owner shall have the obligation to notify the Association in writing of any change in address which shall become effective five days after written notice has been received.

II. DUE DATE

A. Common Expense Charge

Common Expense Charges shall be due and payable monthly in advance on the first day of each calendar month (or such other day as the Board may designate by written notice to all Owners) during the year for which such Common Expense Charge has been assessed. Payment of the Common Expense Charge shall be in default if such Common Expense Charge is not paid to the Association on or before ten (10) days from the due date for such payment.

B. Special Assessment

Special Assessments shall be payable on or before ten (10) days after the date on which an invoice has been sent to an Owner.

C. Reserve Assessment

The Reserve Assessment shall be due and payable on the date the deed conveying the Residence Unit to the new Owner is recorded, or in the case of a contract for deed or similar instrument, the date the contract for deed is executed. Payment of the Reserve Assessment shall be in default if the Reserve Assessment is not paid on or before the due date for such payment.

D. Delinquency

If any Assessment or other sum due the Association is not paid in full and received by the Association by 5:00 p.m. on the date when due, then such Assessment shall become delinquent.

E. Disputed Charges

Charges disputed by an Owner shall be verified by the Association and are considered delinquent until such time as they are paid in full.

III. INTEREST

Common Expense Charges, Special Assessments and other sums in default excepting Reserve Assessments shall bear interest, from the date due at the lesser of (1) eighteen percent

(18%) or (2) the highest non-usurious rate permitted by law from and after the date of delinquency until paid. Reserve Assessments in default shall bear interest at the rate of ten percent (10%) per annum from date of delinquency until paid.

IV. LATE CHARGE

If any Assessment or any part thereof remains unpaid after ten (10) days from and after the due date, a late charge may be assessed against the non-paying Owner for each month or any part thereof, that any portion of any Assessment or other sums due the Association pursuant to the Declaration remains unpaid. The late charge shall be in an amount determined by the Board.

V. COLLECTION COSTS

The Association may charge an Owner for any administrative costs and fees related to the collection of the Assessments and other sums due the Association pursuant to the Declaration ("Collection Cost").

VI. SERVICE CHARGE

An Owner will be assessed a service charge for any check that is returned or Automatic Clearing House (ACH) debit that is not paid for any reason, including but not limited to Non-Sufficient Funds (NSF) or stop payment order. The amount of the service charge assessed will be determined by the Board.

VII. DELINQUENCY NOTIFICATION

The Association may cause to be sent one or more of the following notification(s) to delinquent Owners:

A. PAST DUE NOTICE

In the event that an Assessment account balance remains unpaid thirty (30) days from the due date, a Past Due Notice may be sent via regular mail to each Owner with a delinquent account setting forth all Assessments, interest and other amounts due.

B. FINAL NOTICE

In the event that an Assessment account balance remains unpaid sixty (60) days from the due date, a Final Notice may be sent via certified mail to each delinquent Owner. A charge of twenty dollars (\$20.00) will be added to each delinquent Owner's account balance as a Collection Cost to cover administrative and postage costs. The Final Notice will set forth the following information and results of failure to pay, including an explanation of:

- 1) AMOUNTS DUE: All delinquent Assessments, interest and other amounts due;
- 2) COMMON AREA SUSPENSION: Subject to notice and a right to a hearing, if required by law, the Owner's use of Common Areas may be suspended;
- 3) VOTING RIGHTS SUSPENSION: Subject to notice and a right to a hearing, if required by law, the Board may suspend an Owner's right to vote; and

- 4) ATTORNEY FEES: Explanation that the delinquent account will be turned over to legal counsel for collection and that the Association will incur reasonable attorney's fees, for which reimbursement from the Owner will be sought.

C. DELINQUENCY NOTICE RECORDED

The Association may execute and record a document setting forth as to any Unit, the amount of delinquent sums due the Association at the time such document is executed and the fact that a lien exists to secure payment thereof.

VIII. APPLICATION OF PAYMENTS

All payments received shall be applied in the following order: costs, attorney fees, fines, interest, and delinquent Assessments (as to each category, payment shall be applied to the most-aged charge first). The acceptance of a partial payment on an Owner's account does not constitute a waiver of the Association's right to collect the full outstanding balance due on said Owner's account.

IX. REFERRAL OF ACCOUNT TO ASSOCIATION ATTORNEY

Upon referral of the account to the Association attorney, the attorney is authorized to take whatever action is necessary, in consultation with the Board, including but not limited to: sending demand letters, filing a lawsuit against the delinquent Owner for a money judgment, instituting a judicial and/or non-judicial foreclosure action; and, filing necessary claims, objections and motions in the bankruptcy court and monitoring the bankruptcy case in order to protect the Association's interests.

X. ATTORNEY PROCESS

Unless contrary instructions are given by the Board or advised by the Association's attorney, one or more of the following actions may be taken upon referral to the Association attorney with regard to a delinquent Co-Owner not protected by federal bankruptcy law. The Board, at its sole discretion and after consideration of circumstances regarding the Co-Owner's account, may direct the Association attorney to alter the order of, or eliminate, certain of the following actions:

- 1) Initial Demand Letter – allowing thirty (30) days to pay the delinquency.
- 2) Final Demand Letter – allowing thirty (30) days to pay the delinquency if said delinquency was not paid in full pursuant to the Initial Demand Letter.
- 3) Demand for Rents – Pursuant to Article IX, Section 9.4 of the Declaration, the Board may direct the Association attorney to collect rents from any tenant of an Owner that is more than sixty (60) days delinquent in the payment of any amount due to the Association. Any such amounts received by the Association, after deducting any expenses of operating the Residential Unit and the expenses of such collection and enforcement, shall be applied on account of any such lien for unpaid Assessments.
- 4) Notice of Lien – notice to the Owner that a Notice of Assessment Lien shall be filed in the Official Public Records of Real Property of Montgomery County, Texas.

- 5) Notice to Lienholder(s) – Pursuant to Section 82.113(h) of the Texas Uniform Condominium Act, if an Owner defaults in Owner's monetary obligations to the Association, the Association may notify other lien holders of the default and the Association's intent to foreclose its lien. The Association's attorney may prepare and send to any and all lien holders said notice.
- 6) Initial Notice of Foreclosure – notifying the Owner that the Association intends to nonjudicially foreclose the Owner's Unit pursuant to the powers granted to the Association by the laws of the State of Texas and the Declaration.
- 7) Final Notice of Foreclosure and Notice of Sale - notifying the Owner that the Association is posting the Owner's Unit for foreclosure sale and including therewith a true and correct copy of said notice, which shall be posted pursuant to the laws of the State of Texas and the Declaration.
- 8) Post-Foreclosure Demand for Rents – From and after any foreclosure the occupants of such Unit shall be required to pay a reasonable rent for the use of the Unit. The Association may direct the Association attorney to make such demand upon the occupant of any foreclosed Unit.
- 9) Forcible Detainer – At any time after the foreclosure of an Owner's Unit, the Association attorney may notice and proceed with the forcible detainer of any occupants of the Owner's Unit.
- 10) Alternately, if instructed by the Board, judicial foreclosure and/or pursuit of any other legal remedy available to the Association will be commenced.
- 11) After obtaining a judgment, post-judgment remedies will be considered on a case by case basis to be determined in the sole discretion of the Board.

XI. BANKRUPTCIES.

Upon receipt of any notice of a bankruptcy of an Owner, the account shall be turned over to the Association's attorney so that the Association's interests may be protected.

XII. WAIVER/MODIFICATION OF POLICY.

The Board, in its sole and absolute discretion, may grant a waiver of any provision or otherwise modify any of the procedures contained herein upon a petition of an Owner showing a personal hardship or just cause. Granting a waiver, or modifying the procedure contained herein by the Association, shall not be relied on by any Owner, or any other person or entity, as a precedent in requesting or assuming waivers or modifications as to any other Owner or matter. Action by the Board in granting or denying a waiver or modifications is a decision based expressly on one unique set of circumstances and need not be duplicated for any other request by any Owner or the same Owner for any reason whatsoever.

XIII. REQUIRED ACTION.

Nothing contained herein, not otherwise required by the Declaration, shall require the Association to take any of the specific actions contained herein. The Board of the Association shall have the right, but not the obligation, to evaluate each delinquency on a case-by-case basis as in its best judgment deems reasonable.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of the Paradise Point Owners' Association, Inc., a Texas non-profit corporation;

That the foregoing Collection Policy for Paradise Point Owners' Association, Inc. was duly adopted by the unanimous written consent of the Board of Directors to become effective upon the date this document is recorded in the Official Public Records of Real Property of Montgomery County, Texas.

IN WITNESS WHEREOF, I have hereunto subscribed my name this the 28 day of January, ~~2008~~ 2009

Kim Mercer
Kim Mercer, Secretary

STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

BEFORE ME, on this day personally appeared Kim H. Mercer the Secretary of the Paradise Point Owners' Association, Inc. known by me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed and in the capacity therein and herein stated, and as the act and deed of said corporation.

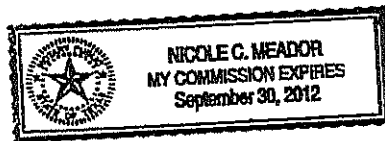
Given under my hand and seal of office, this 28 day of January, ~~2008~~ 2009

Nicole Meador
Notary Public – State of Texas

After Recording Please Return To:

Brady E. Ortego
Roberts Markel PC
2800 Post Oak Blvd., 57th Floor
Houston, TX 77056

R:\12-137-ParadisePoint\001-General\Collection Policy.docx



FILED FOR RECORD
09 FEB -3 PM 4:10

Mark Tumball
COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

RECORDER'S MEMORANDUM: STATE OF TEXAS
At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All black-outs, additions and changes were present at the time the instrument was filed and recorded. I hereby certify this instrument was filed in File Number Sequence on the date and at the time stamped herein by me and was duly RECORDED in the Official Public Records of Real Property at Montgomery County, Texas.

FEB - 3 2009



Mark Tumball
County Clerk
Montgomery County, Texas