

Cameron County
Sylvia Garza-Perez
County Clerk
Brownsville, TX 78520



70 2016 00011982

Instrument Number: 2016-00011982

As

Real Property

Recorded On: April 08, 2016

Billable Pages: 59

Number of Pages: 60

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Real Property 268.00

Total Recording: 268.00

***** DO NOT REMOVE. THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2016-00011982

Receipt Number: 769609

Recorded Date/Time: April 08, 2016 12:15:48P

Book-Vol/Pg: BK-OR VL-21684 PG-1

User / Station: M Pena - Cash Station #6

Record and Return To:

MICHELLE SANCHEZ

717 N EXPWY

BROWNSVILLE TX 78520



I hereby certify that this instrument was filed on the date and time stamped hereon and was duly recorded in the Official Public Records in Cameron County, Texas.

Sylvia Garza-Perez
Cameron County Clerk

DECLARATION OF
CONDOMINIUM
OF
LAS VELAS
CONDOMINIUMS

South Padre Island, Texas

DECLARATION OF CONDOMINIUM
OF

LAS VELAS CONDOMINIUMS

TABLE OF CONTENTS

I.	DEFINITIONS	p. 1
II.	NAME	p. 3
III.	THE REAL PROPERTY	p. 3
IV.	PURPOSE	p. 4
V.	DEVELOPMENT PLAN	p. 4
	5.01. Plans.	p. 4
	5.02. Amendment.	p. 4
	5.03. Agreement.	p. 5
	5.04. Easements.	p. 5
	A. Utilities and Drainage.	p. 5
	B. Encroachments.	p. 5
	C. Support.	p. 5
	D. Access.	p. 5
	5.05. Units (Private Easements)	p. 6
	5.06. General Description of Improvements.	p. 6
	5.07. Unit Floor Plans.	p. 6
	5.08. Unit Ownership.	p. 6
	5.09. Surfaces.	p. 6
	5.10. Changes.	p. 7
	5.11. Common Elements.	p. 7
	5.12. Limited Common Areas.	p. 7
	5.13. Development Rights and Special Declarant Rights	p. 8
	A. Special Declarant Rights	p. 8
	B. Special Developer Rights	p. 8
VI.	COMMON ELEMENTS	p. 8
	6.01. Ownership.	p. 8
	6.02. Use.	p. 8
	6.03. Share of Common Expenses and Limited Common Expenses.	p. 9
	6.04. Late Payment of Assessments.	p. 9
	6.05. Liens for Assessments.	p. 9
	6.06. Priority of Lien.	p. 9

6.07. Foreclosure of Lien.	p. 10
6.08. Status after Sale.	p. 11
6.09. Status after Foreclosure.	p. 11
6.10. Certificate of Assessment.	p. 11
6.11. Board Authorization to Adopt or Amend Rules.	p. 11
6.12. Disposition of Surplus.	p. 12
VII. THE ASSOCIATION	p. 12
7.01. Powers and Duties.	p. 12
7.02. Name.	p. 12
7.03. Members.	p. 12
7.04. Voting Rights.	p. 12
7.05. Designation of Voting Representative.	p. 12
7.06. Restraint Upon Assignment of Shares in Assets.	p. 13
7.07. Board of Directors.	p. 13
7.08. Indemnification.	p. 13
7.09. Limitation of Liability.	p. 13
7.10. By-Laws.	p. 13
7.11. Proviso.	p. 13
7.12. Contracts for Management and/or Maintenance	p. 14
7.13. Availability of Records.	p. 14
7.14. Reserves for Replacements.	p. 14
7.15. Preventative Maintenance Program	p. 14
VIII. MAINTENANCE	p. 14
8.01. Maintenance by the Association.	p. 14
8.02. Maintenance by Unit Owner.	p. 14
8.03. Addition, Alteration and Improvement of the Common Elements.	p. 14
8.04. Unit Owner's Covenants.	p. 14
8.05. Exterior Surface.	p. 15
IX. INSURANCE	p. 15
9.01. Purchase of Insurance.	p. 15
9.02. Individual Insurance.	p. 15
9.03. Liabilities and Responsibilities of Unit Owners	p. 16
9.04. Distribution of Proceeds.	p. 16
A. Reconstruction or Repair.	p. 16
B. Failure to Reconstruct or Repair.	p. 16
X. RECONSTRUCTION OR REPAIR AFTER CASUALTY	p. 16
10.01. Determination to Reconstruct or Repair.	p. 16
10.02. Plans.	p. 16

	10.03. Responsibility.	p. 16
	10.04. Estimate of Cost.	p. 16
	10.05. Assessments.	p. 16
	10.06. Construction Funds.	p. 17
XI.	EMINENT DOMAIN	p. 17
	11.01. Proceeds.	p. 17
XII.	USE RESTRICTIONS	p. 17
	12.01. Units.	p. 17
	12.02. Miscellaneous Restrictions.	p. 18
	12.03. Use of Common Elements.	p. 18
	12.04. Regulations	p. 19
	12.05. Parking	p. 19
XIII.	AMENDMENT	p. 19
XIV.	TRANSFER OF CONDOMINIUM UNIT	p. 19
	14.01. No Severance of Ownership.	p. 19
	14.02. Sales, Mortgages and Right of First Refusal.	p. 19
	14.03. Exceptions.	p. 19
	14.04. Sales Voidable.	p. 20
	14.05. Consent of Owners to Purchase Unit by Board.	p. 20
	14.06. Release by Board of Right of First Refusal.	p. 20
	14.07. Certificate of Termination of Right of First Refusal.	p. 20
	14.08. Financing of Purchase of Units by Association.	p. 20
	14.09. Limitation.	p. 20
XV.	NOTICE OF LIEN OR SUIT	p. 21
	15.01. Notice of Lien.	p. 21
	15.02. Notice of Suit.	p. 21
	15.03. Failure to Comply.	p. 21
XVI.	RULES AND REGULATIONS	p. 21
	16.01. Compliance.	p. 21
	16.02. Enforcement.	p. 21
	16.03. Right of Abatement.	p. 21
	16.04. Fines, Penalties and Creation of Liens.	p. 22
	16.05. Specific Performance.	p. 22
	16.06. Collection of Fines and Penalties and Enforcement of Liens	p. 22
	16.07. No Waiver.	p. 22
	16.08. Negligence.	p. 23
XVII.	GENERAL PROVISIONS PERTAINING TO MORTGAGES	p. 23
	17.01. Lender's Notices.	p. 23

XVIII.	TERMINATION	p. 23
XIX.	COVENANT AGAINST PARTITION	p. 23
XX.	DISPUTE RESOLUTION	p. 23
	20.1 Owner Claims for Alleged Defects, Personal Injury, Survival, Wrongful Death, or Damage to Goods-Arbitration.	p. 23
	20.1.1 Binding Arbitration.	p. 24
	a. Governing Rules	p. 24
	b. Exceptions to Arbitration: Preservation of Remedies	p. 24
	c. Statute of Limitations	p. 24
	d. Arbitrators	p. 24
	e. Scope of Award Modification or Vacation of Award	p. 24
	f. Other Matters	p. 25
	20.2 Declarant's Right to Cure Alleged Defects - Claims by the Association.	p. 25
	20.3 Mandatory Arbitration – Claims by the Association	p. 25
XXI.	MISCELLANEOUS	p. 26
	21.01. Intent.	p. 26
	21.02. Covenants, Conditions and Restrictions.	p. 26
	21.03. Severability.	p. 26
	21.04. Notice.	p. 26
	21.05. Governing Law and Arbitration of Disputes.	p. 27
	21.06. Waiver.	p. 27
	21.07. Ratification.	p. 27
	21.08. Captions.	p. 27
	21.09. Costs and Attorney's fees.	p. 27

EXHIBIT A -	Legal Description of Condominium Regime Property
EXHIBIT A1 -	As Built Survey
EXHIBIT A2 -	Specific Title Exceptions
EXHIBIT B -	Site Plan, Floor Plans of Units and Building Elevations
EXHIBIT B2 -	Depiction of Limited Common Green Space/Lawn area
EXHIBIT C -	Allocation of Percentage Held by Each Unit in Common Elements, Common Expenses and Votes.
EXHIBIT D -	By-Laws of Las Velas Owners Association, Inc.

**DECLARATION OF CONDOMINIUM
OF
LAS VELAS CONDOMINIUMS**

THIS DECLARATION, made this 7th day of April, 2016, by LAS VELAS SPL, LLC., a Texas limited liability company, (hereafter "Declarant,") whose address is P.O. Box 40195, South Padre Island, Texas 78597.

PREAMBLE

1. LAS VELAS SPL, LLC. ("Declarant") is a Texas limited liability company which owns certain real property on South Padre Island, Cameron County, Texas, which tract is more specifically described as follows: Lot One (1), Block One (1), LAS VELAS CONDOMINIUMS OF PADRE BEACH ESTATES, according to the Map of said Condominiums recorded in Cabinet 1, Slot 3080B, Map Records of Cameron County, Texas (hereafter the Development Tract") .
2. The Declarant, as the owner of the underlying fee simple title to the Tract, hereby establishes a Condominium on the real property (the "Real Property") as more particularly described on Exhibit "A" attached hereto and made a part hereof for all purposes, pursuant to the provisions of the Texas Uniform Condominium Act (Section 82.001 et seq. Texas Property Code) (the "Act") and subject to the provisions of this Declaration. The Condominium shall be known as LAS VELAS CONDOMINIUMS.
3. Declarant may develop and build the Condominium in several phases on the Tract and as such phases are built and completed they will be incorporated into this condominium regime.
4. The total number of residential Units which may be built on the Tract is projected to be 36 Units; *however*, Declarant (i) shall not be obligated to build all 36 Units or may, instead, (ii) build up to 50 Units if it can comply with the parking restrictions and other municipal and county building requirements. The Development will initially consist of 11 residential Units and all access, parking and appurtenant facilities herein described. As stated above, Declarant retains and has the option of either (i) building additional Units as it may, in its sole discretion, deem necessary, but in no event more than 50 Units or (ii) not building any more than the initial 11 Units and not incorporating the balance of the real property consisting of Tracts 4, 5 and 6 (hereinafter "the Reserve Property") into the condominium regime. In addition to the Units, the Condominium will consist of amenities consisting of a swimming pool, green area, boat ramp, and boat docks.

NOW, THEREFORE, the Declarant hereby makes the following Declaration.

**ARTICLE I
DEFINITIONS**

The terms used in this Declaration and in the By-Laws shall have the meanings stated in the Texas Uniform Condominium Act, and as follows, unless the context otherwise requires:

- 1.01. "ACT" means the Texas Uniform Condominium Act; Texas Statutes (1994), Section 82.001 PROP., et seq.
- 1.02. "ARTICLES" means the Articles of Incorporation of the Association, recorded in the Office of the Texas Secretary of State, Corporations Filing Division, Austin, Texas.
- 1.03. "ASSESSMENT" means the proportionate share of the funds required for the payment of the Association's expenses which from time to time may be levied against each Unit Owner.
- 1.04. "ASSOCIATION" means Las Velas Owners Association, Inc., a Texas Non-Profit Corporation, and its successors, and is the corporation organized under the Act.

1.05. "BOARD" means the Board of Directors of the Association.

1.06. "BUILDING" means all structures or structural improvements located on the Real Property and having been incorporated into and forming part of the Condominium.

1.07. "BY-LAWS" means the duly adopted By-Laws of the Association.

1.08. "COMMON ELEMENTS" means all portions of the Condominium other than the Units and includes both general and limited common elements.

1.09. "COMMON EXPENSES" means expenditures made by or financial liabilities of the Association together with any allocations to reserves.

1.10. "COMMON FURNISHINGS" means all furniture, fixtures, furnishings, and all other personal property from time to time owned, leased or held for use by the Association.

1.11. "COMMON SURPLUS" means the excess of all receipts of the Association over the amount of the Common Expenses.

1.12. "CONDOMINIUM" means Las Velas Condominiums, a condominium regime, and consists of the Condominium Property submitted to the Condominium form of ownership by this Declaration.

1.13. "CONDOMINIUM DOCUMENTS" means this Declaration, By-Laws, Articles, and all Rules and Regulations adopted by the Association and all exhibits attached thereto as the same may be amended from time to time.

1.14. "CONDOMINIUM PROPERTY" or "PROPERTY" means all property (real, personal or mixed) which is submitted to the Condominium form of Ownership as provided for herein and includes all improvements now existing or hereafter placed thereon and all easements, rights, interests or appurtenances thereto, and all personal property now or hereafter used in connection therewith.

1.15. "DECLARANT" means LAS VELAS SPI, LLC, a Texas limited liability company, and its successors and assigns.

1.16. "DECLARATION" means this Declaration of Condominium and any amendments thereto which may be made from time to time.

1.17. "DEVELOPMENT" shall have the same meaning as "Condominium Property."

1.18. "DEVELOPMENT RIGHTS" shall have the same meaning as defined and set out in Section 82.003(12) of the Act.

1.19. "GENERAL COMMON ELEMENTS" means common elements that are not Limited Common Elements.

1.20. "GOVERNING INSTRUMENTS" means this Declaration and all amendments thereto, the Articles of Formation of the Association, the Bylaws of the Association and all rules, regulations and procedures established by the Association or the Board.

1.21. "LIMITED COMMON ELEMENT" or "LIMITED COMMON AREAS" means a portion of the common elements allocated by the declaration or by the operation of Section 82.052 of the Act for the exclusive use of one or more but less than all of the Units.

1.22. "MEMBER" means a member of the Association, membership in which is confined to Unit Owners.

1.23. "OCCUPANT" or "UNIT OCCUPANT" means a person or persons in possession of a Unit, including but not limited to the Unit Owner, family members, guests, tenants, and invitees.

1.24. "PERSON" or "PERSONS" means a natural person, a corporation, a partnership, a limited partnership, the Association, a Trustee, or other legal entity.

1.25. "PLANS" shall have the meaning as defined and set out in Section 82.003(18) of the Act. The Plans in this Declaration consist of the site plan of the Condominium, which is marked **Exhibit B-1**, the Limited Common Element Areas cross-hatched on Exhibit B-2, the Unit floor plans which are marked Exhibit B-3 through Exhibit B-6 and the elevations of the building, **which are marked Exhibit "B-7 through B-9"**. The assigned parking areas are identified in **Exhibit B-1** and the berthing boat slips are also identified in **Exhibit B-1**.

1.26. "REAL PROPERTY" means the property described in **Exhibit A**, the underlying fee simple title to which is owned by Declarant and which is hereby being dedicated to the Condominium Regime. Declarant shall retain the right, but not the obligation, to add additional real property, referred to as Reserve Tract 4 and Reserve Tract 5, as depicted in **Exhibit A-1**, as part of the Real Property.

1.27. "SPECIAL DECLARANT RIGHTS" shall have the meaning as defined and as set out in Section 82.003(22) of the Act.

1.28. "UNIT" or "PRIVATE ELEMENT" shall have the same meaning as defined and as set out in Section 82.003(23) of the Act. The Units are designated on the Plans. All Units shall have designated parking areas and some Units may have designated boat slips. The designated parking areas and designated boat slips are Limited Common Elements.

1.29. "UNIT OWNER" shall have the same meaning as defined and as set out in Section 82.003(24) of the Act.

1.30. "UTILITY SERVICES" shall include but not be limited to electrical power, gas, garbage and sewage disposal.

When the context permits, use of the plural shall include the singular, use of the singular shall include the plural and the use of any gender shall be deemed to include all genders.

ARTICLE II NAME

2.01. The name by which this Condominium is to be known is **Las Velas Condominiums**. The Condominium is located in the Town of South Padre Island, Cameron County, Texas.

ARTICLE III THE REAL PROPERTY

3.01. The Real Property is herewith submitted to the Condominium form of ownership, along with the improvements situated thereon or to hereafter be constructed or situated thereon.

The Real Property is subject to the following:

1) Zoning, planning, subdivision regulations and other restrictions, regulations, statutory rights or easements upon the use of the Real Property as may be imposed by the City of South Padre Island, Texas, or any other governmental authorities, including Laguna Madre Water District, having jurisdiction over the Real Property.

2) Development Rights and Special Declarant Rights retained by or granted to the Declarant by this Condominium Declaration and by the Act.

- 3) All ad valorem taxes and assessments.
- 4) Rights of eminent domain.
- 5) Visible and apparent easements as well as any easements, or claims of easements, now shown by the public records.
- 6) Encroachments, overlaps, boundary line disputes, and any other matter which would be disclosed by an accurate survey and inspection of the Real Property.
- 7) Terms and conditions of all permits and licenses of Federal, state, and local government, including applicable agencies and departments and private and quasi governmental agencies having jurisdiction over the Real Property.
- 8) Rights of other parties, the United States of America or State of Texas, in and to the shore, littoral or riparian rights to the property described above lying adjacent to the Laguna Madre.
- 9) Adverse claims, if any, based upon the assertion that some portion of the land described herein is tide or submerged land, or has been created by artificial means or has accreted to such portion so created.
- 10) Mineral reservations, rights of way of record, use restrictions and easements filed of record as well as all unrecorded visible and apparent easements.
- 11) All boundary agreements, ingress/egress agreements, and Easements created, reserved or retained in this instrument by the Declarant as well as all easements, building set back requirements, access rights, covenants, conditions and restrictions filed of record in the Official Records of Cameron County, Texas.
- 12) This Declaration and the covenants, conditions, restrictions and easements and contained herein which Declaration provides for certain rules, regulations and assessments to be levied against the Units.
- 13) Those specific title exceptions set out on Exhibit "A-2".

ARTICLE IV PURPOSE

4.01. The Declarant hereby submits the Real Property together with all improvements, buildings, structures, and all other permanent fixtures thereon or to be constructed thereon, and all rights and privileges belonging or in any way pertaining thereto, to the Condominium form of ownership and use in the manner provided for by the Texas Uniform Condominium Act, Texas Statutes (1994), Section 82.001, et seq. of the Act.

ARTICLE V DEVELOPMENT PLAN

5.01. Plans. The improvements will be substantially completed in accordance with the Plans. The construction of the improvements will take place in phases. Phase One consists of the construction of 11 Units on the Real Property. Thereafter, Declarant may elect to (i) build additional Units and (ii) add the Reserve Property to the Condominium Declaration by adding Reserve Tract 4, Reserve Tract 5 and/or Reserve Tract 6. Declarant shall have the absolute right to incorporate any or all of the Reserve Tracts by filing an Amended Declaration describing the Reserve Tract being incorporated into the Condominium Property and modifying the Plat and Plans and Exhibits to this Declaration. In no event, however, shall the total number of Units within the Condominium Real Property exceed 50 Units. Completion of the Units will be evidenced by a Certificate of Occupancy issued by the Town Of South Padre Island.

5.02 Amendment. This Declaration may be amended by the Declarant without the consent of any Unit Owner, Mortgagee, or other Person in order to exercise any Development rights or Special Declarant Rights so long as said amendment complies with the requirements of the Act.

5.03. Agreement. Each Person or entity who shall acquire any Unit in the Condominium or interest in or lien upon any such Unit shall be deemed, by accepting a conveyance of or otherwise acquiring such Unit or lien, to have agreed and consented, within the meaning of this Declaration and of the Act to be bound by the terms and provisions hereof and to have further agreed and consented that any amendment to this Declaration executed by the Declarant alone pursuant hereto shall be binding and effective as written notwithstanding the fact that the undivided interest of the Unit Owners in the Common Elements will be changed thereby.

5.04. Easements. Easements are reserved to the Declarant throughout the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or exercising any Development Rights or Special Declarant Rights. Each of the following easements is reserved to the Association for the benefit of the Unit Owners, their guests and lessees and Declarant, its successors and assigns:

a. Utilities and Drainage. Easements are reserved throughout the Condominium Property as may be required for Utility Services and drainage in order to adequately serve the Condominium; provided, however, such easements to a Unit shall be only in accordance with the Plans or as the improvements are constructed, unless approved in writing by the Unit Owner. Each Unit shall have an easement as may be required to drain the Condominium Property adequately. Each Unit Owner shall have an easement in common with the Owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the Owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit. The Association shall have a right of access to each Unit to inspect the same, to remove violations therefrom, and to maintain, repair or replace the Common Elements contained therein or elsewhere on the Condominium Property; provided such right of access, except in the event of an emergency, shall not unreasonably interfere with the Unit Owners permitted use of the Unit, and except in the event of emergency, entries shall not be made without prior notice to the Unit Owner.

b. Encroachments. If any portion of the Common Elements encroaches upon any Unit, or if any Unit encroaches upon any other Unit or upon any portion of the Common Elements as a result of the construction of any Building, or if any such encroachment shall occur hereafter as a result of settling or shifting of any Building, a valid easement for the encroachment and for the maintenance of the same shall exist so long as such Building stands. In the event any Building, any Unit, any adjoining Unit, or any adjoining Common Element shall be partially or totally destroyed as a result of fire, or other casualty or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of parts of the Common Elements upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Elements due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as such Building or Buildings shall stand.

c. Support. Each Unit shall have an easement of support and of necessity and shall be subject to an easement of support and of necessity in favor of all other Units, and the Common Elements.

d. Access. Each Unit shall have an easement for pedestrian traffic over, through, and across sidewalks, paths, walks, lobbies, elevators (if any), stairways, walkways and lanes, and light passage ways, as the same may from time to time exist in the Common Elements; and for ingress and egress over, through and across such portions of the Common Elements as may from time to time be paved and intended for such purposes, but the same shall not give or create in any Person the right to park on any portion of the Condominium Property not designated as a parking area, nor shall it give or create in any Person the right to use or occupy a Limited Common Element designated for the exclusive use of others. This easement shall be nonexclusive and shall include the right of ingress

and egress to a public street or highway upon and over Common Elements providing such access and as shown on the Plans.

5.05. Units. (Private Elements). Each Unit is assigned a number, which is indicated on the Plans so that no Unit bears the same designation as any other Unit. The legal description of each Unit shall consist of the identifying number as shown on the Plans, the name of the Condominium, the name of the County in which the Unit is situated, the name of the office in which this Declaration is recorded, and the book and page number where the first page of this Declaration is recorded, the description and location of the particular Units and the appurtenances are determined with the aid of the Exhibits hereto.

5.06. General Description of Improvements. The initial Condominium Property shall consist of eleven (11) residential Units, together with automobile parking areas, swimming pool, lawn and landscaping, boat docks, and other facilities as more particularly set forth in the Plans. If fully built, the Condominium Property (with the addition of Reserve Tracts 4, 5 and 6) *may* consist of up to fifty (50) residential Units, together with automobile parking areas, swimming pool, lawn and landscaping, boat ramp, boat docks, and other facilities as more particularly set forth in the Plans.

5.07. Unit Floor Plans.

There will be two basic (2) types of residential units as shown on the plans and generally described as follows, with square footage representing measurement from the center line of the common (party) walls to the outside of the exterior walls:

- a. Type A Units (Units 101, 104, 201, 204, 301 & 303) shall contain approximately 1,561 square feet of living area with 3 bedrooms and 2.5 bathrooms.
- b. Type B Units (Units 102, 103, 202, 203, & 302) shall contain approximately 1,499 square feet of living area with 3 bedrooms and 2.5 bathrooms.

5.08. Unit Ownership. Each Unit Owner who holds fee title shall be entitled to the exclusive ownership and possession of his Unit. Each Unit Owner shall have the unrestricted right of ingress and egress to his Unit, which right shall be an appurtenance to his Unit. The boundaries of the Units are defined and specified in Section 82.052 of the Act shall consist of the following:

- a. The air space of the area of the Building lying within the Unit boundaries.
- b. The surfacing materials on the interior of the exterior walls and on interior walls separating one Unit from another Unit. This is intended to include the sheet rock on any common-party walls falling between Units.
- c. The structural components and surfacing materials of all interior walls located within the boundaries of the Unit.
- d. The structural components and surfacing materials of the floors and ceilings of the Unit and all interior trim and finishing materials.
- e. All bathtubs, toilets and sinks, the range, refrigerator, dishwasher, hot water heater, air conditioning and heating units, lighting fixtures and all hardware and interior and exterior wall fixtures except those exterior lighting fixtures assigned to the common use of the Condominium, and the power meter and its appurtenances.

5.09. Surfaces. A Unit Owner shall not be deemed to own the structural components of the perimeter and/or load-bearing walls, nor the windows and doors bounding the Units. A Unit Owner, however, shall be deemed to own and shall have the exclusive right *and duty* to repair and maintain, paint, repaint, tile, wax, paper, or otherwise finish and decorate the surfacing materials on the interior of exterior walls and on interior walls separating a Unit from other Units, and the surfacing materials of the floors of his Unit; all window screens; and all appurtenant installations, including all pipes, ducts, wires, cables, and conduits used in connection therewith, for services such as power, light, telephone, sewer, water, heat and air conditioning, whether located in the boundaries of the Unit or in Common Elements, which are for the exclusive use of the Unit; and all ceilings and partition walls.

A Unit Owner shall have the exclusive right *and duty* to wash and keep clean the interior and exterior surfaces of windows and doors bounding his Unit.

5.10 Changes. The Declarant reserves the right to change the arrangement of any or all Units owned by it. The Declarant further reserves the right to alter the boundaries between Units, which said change shall be reflected by an amendment of this Declaration, which may be executed by the Declarant alone, notwithstanding the procedures for amendment described herein. However, no such change of boundaries shall increase the number of Units, nor alter the boundaries of the Common Elements without amendment of this Declaration in the manner described herein. If the boundaries of more than one (1) Unit are altered, the Declarant shall appropriately reapportion the shares of the Common Elements which are allocated to the altered Unit. No assurance is made concerning whether or not any Unit will be or will not be changed by the Declarant nor is any assurance made concerning the nature, character, or quality of said change. The exercise by the Declarant of the Special Development Right to change a Unit does not obligate the Declarant to exercise said right in any other Unit in the Condominium.

5.11 Common Elements. Any right, title or interest in a Unit shall automatically carry with it as an appurtenance and without the necessity of specific reference thereto its respective undivided share of the Common Elements and a right to use the Common Elements in conjunction with the other Unit Owners. The Common Elements of the Condominium are all portions of the Condominium other than the Units and will include the Common Elements and facilities located substantially as shown on the Plans. Such Common Elements and facilities will include the following:

- a. All of the land described in the Exhibit "A".
- b. All improvements and parts of the Real Property which are not a Unit.
- c. All parking areas (even though assigned to the exclusive use of a Unit as Limited Common Elements), driveways and other means of ingress and egress.
- d. The mechanical systems and installations providing service to more than one Unit, such as electrical power, gas, light, water, sanitary and storm sewer facilities, and including all lines, pipes, ducts, flues, chutes, conduits, cables, wires, and all other apparatus and installations in connection therewith, whether located in the Common Elements or in the Units, except when situated entirely within a Unit for service only of that Unit.
- e. All tangible personal property required for the maintenance and operation of the Condominium and for the common use and enjoyment of the Unit Owners.
- f. All foundations, slabs, columns, beams and supports of the Building and such component parts of exterior walls and walls separating Units, roofs, floors and ceilings as are not described herein as Private Elements.
- g. Lawn areas, landscaping, walkways, sidewalks, curbs, steps, recreation areas and all other parts of the Condominium Property existing for the common use or necessity of the existence, maintenance and safety of the Condominium.
- h. Exterior steps, ramps, handrails, stairs, stairwells, boat docks, walkways, outdoor and exterior lights not metered to individual Units and all entrance and related type signs.
- i. The patios, balconies, terraces, porches, storage areas, doorsteps or stoops affixed to each Unit and the assigned boat slip assigned, even though designated as Limited Common Elements.

5.12. Limited Common Elements. The Limited Common Elements located on the Condominium Property and the Unit to which they are assigned are as follows:

The patio, balcony, assigned parking area, assigned boat slip, storage closet or area (if any), terrace or porch abutting each Condominium Residential Unit, located on said balcony, are Limited Common Elements appurtenant to those Units to which they attach and whose use is restricted to Units they are appurtenant. Doors, windows, doorsteps, and stoops (if any) providing access to a patio, balcony, terrace, or porch are assigned as a Limited Common Element to the Unit to which the

patio balcony, terrace, or porch serves. The green space/lawn area in front of each unit as cross-hatched on Exhibit B-2, shall also be a Limited Common Area. The maintenance, repair, upkeep and replacement of the Limited Common Elements appurtenant to the Units consisting of patio, balcony, assigned parking area, assigned boat slips, storage closet or area (if any), lawn, terrace, or porch shall be the responsibility of the Association, but shall be funded from Assessments to the Owners of such Units for any extra expenses incurred by the Association in the maintenance, repair, upkeep, or replacement of such Limited Common Elements. As a matter of emphasis and as hereafter described, the maintenance, repair, and upkeep, or replacement of the Limited Common Elements appurtenant to the Units shall be the financial responsibility of the applicable Unit Owners; however, the actual repairs, maintenance or replacement of such shall be determined and assessed by and through the Association as an additional assessment against the applicable Unit Owner. The boundary lines of each patio, balcony, terrace, porch, and storage area attached to a Unit are the interior vertical surfaces thereof and the exterior surface of the perimeter baluster or railing abutting the patio, balcony, terrace, or porch and shall include the interior of the storage area, if any. The boundary lines of the green space/lawn area are depicted on **Exhibit B-2** attached hereto. No Unit Owner shall have the right to block off, fence or barricaded the green space/lawn area attached to such Unit or to modify or place any improvements on same.

5.13. Development Rights and Special Declarant Rights.

a. Special Declarant Rights. Declarant reserves the right to exercise all Special Declarant Rights as provided by this Declaration and the Act for a period of ten (10) years from the date of the filing of this Declaration or for the period of time specified in the Act, whichever is greater. The Special Declarant Rights include the right to exercise any Special Development right and the right to remove real property from the Condominium Property.

b. Special Developer Rights. Declarant reserves the right to exercise all Special Developer Rights as provided by this Declaration and the Act for a period of ten (10) years from the date of the filing of this Declaration or for the period of time specified in the Act, whichever is greater. The Special Developer Rights include the right to exercise any Special Declarant Right and the right to add real property to the Condominium Property.

ARTICLE VI
COMMON ELEMENTS

6.01. Ownership. A schedule setting forth the percentage of undivided interest of each Unit in the Common Elements is attached hereto, marked **EXHIBIT C** and by reference made a part hereof. The percentage of undivided interest of each Unit in the Common Elements is determined by dividing *the total number of square feet of living area of each Unit by the total number of square feet of living area of all Units*. The ownership interest in the Common Elements shall be an undivided interest, and except as provided in the Act and this Declaration shall remain undivided. No Unit Owner shall bring any action for partition or division of the Common Elements. The ownership interest in the Common Elements shall not be conveyed, transferred, encumbered or otherwise affected separate from the ownership of the Unit, and any agreement to the contrary shall be void. Each Unit Owner, and the holder of any Mortgage or lien on or other interest in any Unit, shall be deemed by the acceptance of a conveyance of, title to, or Mortgage or lien on such Unit, to have agreed and consented, within the meaning of this Declaration and the Act to such change or changes in the Unit's interest in the Common Elements and Common Surplus and each Unit's share of the Common Expenses as may result from the addition, if any, of further phases, and to have so agreed and consented to any amendment or amendments to this Declaration effectuating the same.

6.02. Use. Each Unit Owner shall have the right to use the Common Elements (except any portions thereof designated as a Limited Common Element and restricted to the exclusive use of and as an appurtenance to a Unit, but subject to any portion determined necessary by the Board for the purposes of access, ingress to, egress from, use, occupancy, and enjoyment of the Condominium Property by the other Unit Owners). The right to use the Common Elements shall be subject to and governed by the provisions of the Act, Condominium Documents, and the Rules and Regulations of the Association. The Association shall not, however, have the authority to lease, grant concessions,

or grant easements with respect to parts of the Common Elements (i) without the approval of the Declarant and (ii) any such authority of the Association shall be subject to the provisions of the Declaration and By-Laws.

6.03. Share of Common Expenses and Limited Common Expenses.

- a. Each Unit Owner, including the Declarant, shall be assessed and is individually liable for a proportionate share of the Common Expenses and its share of the Limited Common Expenses. The proportionate share of the Common Expenses shall be the same ratio as the Unit Owner's fractional ownership in the Common Elements. The Units Owner's share of the Limited Common Expenses shall be determined by the Board based on the expenses incurred in maintaining or replacing the items within Limited Common Elements attributable to such Unit. Therefore, each Unit Owner shall be assessed and is individually liable for the Limited Common Expenses in connection with its/her/his Limited Common Elements as set out in Paragraph 5.12 above. Payment of Common Expenses and Limited Common Expenses shall be in such amounts and at such times as determined in the By-Laws. Assessments shall be collected by the Association on at least a quarterly basis. No Unit Owner shall be exempt from payment of his proportionate share of the Common Expenses or Limited Common Expenses by waiver or non-use or non-enjoyment of the Common Elements or Limited Common Elements, or by abandonment of his Unit. Common Expenses and Limited Common Expenses shall include but shall not necessarily be limited to expenditures made or liabilities incurred by the Association, together with payments or obligations to reserve accounts.
- b. No obligation shall begin to accrue against any Unit or Unit owner unless and until Declarant has obtained a certificate of Occupancy for such Unit.

6.04. Late Payment of Assessments for Common Expenses and Limited Common Expenses. Assessment for Common Expenses and Limited Common Expenses, and installments thereon, paid on or before fifteen (15) days after the date when due shall bear no interest, but all sums not paid on or before fifteen (15) days after the date when due shall bear such late charges, penalties, interest and other costs and expenses, at a rate set by the Board, but not to exceed the maximum legal rate, together with all expenses, including attorney's fees incurred by the Association in any undertaking to collect such unpaid Assessments and expenses. All payment upon account shall be first applied to such late charges, penalties, interests and other costs and expenses, including attorney's fees, and then to the Assessment payment due. The Association may, in the manner provided for in the By-Laws, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, By-Laws, and Rules and Regulations of the Association.

6.05. Liens for Assessments. The Association is hereby granted a lien upon each Unit and its appurtenant undivided interest in Common Elements and upon the goods, furniture and effects belonging to the Unit Owner and located in such Unit, which lien shall secure and does secure the moneys due for all Assessments now or hereafter levied or subject to being levied against the Unit Owner which lien shall also secure such late charges, penalties and interest, if any, which may be due on the amount of any delinquent Assessment owing to the Association, and which lien shall also secure all costs and expenses, including reasonable attorney's fees, which may be incurred by the Association in enforcing this lien upon said Unit and its appurtenant undivided interest in the Common Elements.

6.06. Priority of Lien. The Association shall have a lien for nonpayment of Common Expenses and Limited Common Expenses as is provided by the Act. In any suit for the foreclosure of a lien for Assessments, the Association shall be entitled to rental from the Unit Owner from the date on which the payment of any Assessment or installment thereof becomes delinquent and shall be entitled to the appointment of a receiver for said Unit, without notice to the Unit Owner. The rental required to be paid shall be equal to the rental charged on comparable types of dwelling Units in the area in which the Condominium is located. The lien granted to the Association shall further secure such advances for taxes and other payments which may be required to be advanced or paid by the Association in order to preserve and protect its lien, and the Association shall further be entitled to

interest at a rate set by the Board of the Association, but in no case shall said interests exceed the maximum legal rate on any such advances made for such purposes. All persons, firms or corporations who shall acquire, by whatever means, any interests in the ownership of any Unit, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien granted to the Association. A lien for Common Expenses or Limited Common Expenses shall not be affected by any sale or transfer of a Unit, except as herein provided. A sale or transfer pursuant to a foreclosure of a first mortgage or first vendor's lien shall not extinguish a subordinate lien for Assessments which became payable prior to such sale or transfer; provided, however, a sale or transfer pursuant to a foreclosure of a first mortgage or first vendor's lien shall not extinguish the lien of the Association to the extent of the Common Expense Assessments and Limited Common Expense Assessments based on the periodic budget adopted by the Association pursuant to the Act. Any such sale or transfer pursuant to foreclosure does not relieve the purchaser or transferee of a Unit from liability for, nor the Unit from the lien of, any Assessments made thereafter.

6.07 Foreclosure of Lien.

a. The Association shall have a lien for assessments and all other matters permitted under the Act and such lien may be enforced pursuant to Texas Property Code Section 82.113. The Association is therefore authorized to enforce the lien, either judicially or non-judicially, through any available remedies, including non-judicial foreclosure pursuant to the procedures established in Texas Property Code Section 51.002. The Unit Owners expressly grant to the Board a power of sale, through a trustee designated in writing by the Board, in connection with any such liens. The Association's lien for assessments is created by the recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of lien is required, however, to evidence such lien. The Board of Directors may at its option prepare a written notice of lien assessment setting forth the amount of such unpaid indebtedness, the name of the Unit Owner and description of the Unit. Such notice of lien may be signed by one of the Board members or Officers and may be recorded in the office of the County Clerk of Cameron County, Texas. In any collection proceedings, the Unit Owner in default shall be required to pay the costs, expenses and attorney's fees incurred by the Association. Suit to recover a money judgment for unpaid assessments may also be maintained by the Association without foreclosing or waiving the Association's lien. In addition to all other remedies, the Association may terminate furnishing utility services to a Unit, the owner of which is delinquent in payment of an assessment that is used, in whole or in part, to pay the cost of that utility, after giving fifteen (15) days' written notice of its intent to do so.

b. If there is a default by Unit Owner(s) in any payment of assessments or part thereof pursuant to this Declaration, then the Trustee, when requested so to do by the President or the Board of Directors after such default, shall follow the procedures set forth in Texas Property Code Section 51.002.

c. The Association shall have the additional right, upon the commencement of any action to enforce the lien herein given (which is not required but only an option) to have appointed by the court in which said action is instituted, a receiver to take possession of the premises and collect the said rents, issue, and profits arising from the condominium unit. This provision is a right created by this Declaration and is cumulative of, and is not to affect in any way, the right of the Association to the appointment of a receiver given the Association by law.

d. In case of any sale hereunder, all prerequisites to the sale shall be presumed to have been performed, and in any conveyance given hereunder, all statements of facts, or other recitals therein made as to the nonpayment of assessments secured, or as to the request to the Trustee to enforce this trust, or as to the proper and due appointment of any substitute trustee, or as to the advertisement of sale, or time, place, and manner of sale, or as to any other preliminary fact or thing, shall be taken in all courts of law or equity as prima facie evidence that the facts so stated or recited are true.

e. At the option of the Board of Directors, with or without any reason, a successor substitute trustee may be appointed by the Board of Directors without any formality other than a designation in writing of a successor or substitute trustee, who shall thereupon become vested with and succeed to all the powers and duties given to the Trustee herein named, the same as if the successor or substitute trustee had been named original Trustee herein, and such right to appoint a successor or substitute trustee shall exist as often and whenever the Board of Directors desires. The Board of Directors may act through any authorized officer, or by any agent or attorney in fact properly authorized by any such officer.

f. Neither the exercise of, nor the failure to exercise, any option given under the terms of this Section shall be considered as a waiver of the right to exercise the same, or any other option given herein, and the filing of a suit to foreclose this Lien upon the unit, either on any matured portion of the obligation or for the whole obligation, shall never be considered an election so as to preclude foreclosure under the power of sale after a dismissal of the suit; nor shall the filing of the necessary notices for foreclosure, as provided herein, preclude the prosecution of a later suit thereon.

g. Any sale of the Unit under these provisions shall, without further notice, create the relation of landlord and tenant at sufferance between the purchaser and Unit Owner(s) or any person holding possession of the unit through Owner(s), and upon failure of Unit Owner(s) or such person to surrender possession thereof immediately, Unit Owner(s) or such person may be removed by a writ of possession of the purchaser, either in the Justice Court having venue or in any other Court hereafter having venue.

h. If the Lien of the Association provided for herein is invalid or unenforceable as to any part of the obligation, or if the Lien is invalid or unenforceable as to any part of the unit, the unsecured or partially secured portion of the obligation shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the obligation, and all payments made on the obligation, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the obligation which is not secured or fully secured by the Lien.

i. The Association shall have the right, through its Board of Directors, to become the purchaser at all sales to enforce this Lien and to have the amount for which such property is sold credited on the obligation then owing.

6.08 Status after Sale. Upon the sale or conveyance of a Unit, all unpaid assessments outstanding against the selling Unit Owner(s) for such Unit Owner's pro rata share of the common expenses and charges shall be first paid out of the sale price or by the purchaser in preference over any other liens, mortgages, claims, assessments or charges of whatever nature.

6.09 Status after Foreclosure. Upon the sale or conveyance of a Unit, including sales at foreclosure, all unpaid assessments against the selling Unit Owner for such Unit Owner's pro rata share of the common expenses and charges shall be first paid out of the sales price in preference over any other assessments or charges of whatever nature.

6.10 Certificate of Assessment. Any prospective purchaser or encumbrancer of a Unit, upon written request being made, shall be entitled to a certificate from the Board as to the amount of unpaid common expenses, if any, of the subject Unit, and such Unit shall not be liable or subject to any lien for any unpaid assessment in excess of the amount set forth in said certificate for the period of time specified therein. The certificate shall be furnished by the Association within ten (10) days of its receipt of such request.

6.11. Board Authorization to Adopt or Amend Rules. The Board is fully authorized to adopt or amend reasonable rules for the collection of delinquent assessments, to include the imposition of interest for late payment of assessments, returned check charges, and late charges or reasonable fines for late payments.

6.12. Disposition of Surplus. Each Unit shall carry with it a proportionate share of Common Surplus or Limited Common Surplus, as the case may be, and the proportionate share of Common Surplus or Limited Common Surplus shall be the same ratio as that Unit Owner's percentage ownership of the Common Elements or Limited Common Elements; or in the alternative, such surplus or any portion thereof may be added to a reserve fund for maintenance, repair, and replacement of the Common Elements or the Limited Common Elements, as the case may be, at the sole discretion of the Association.

ARTICLE VII THE ASSOCIATION

7.01. Powers and Duties.

The operation and administration of the Condominium shall be by the Association of the Unit Owners, pursuant to the provisions of the Act. The Association shall be a not-for-profit Texas corporation incorporated pursuant to the laws of the State of Texas. The Association shall be an entity which shall have the capability of bringing suit and being sued with respect to the exercise or non-exercise of its powers. The Association shall have exclusive authority and power to maintain a class action and to settle a cause of action on behalf of Unit Owners of the Condominium with reference to the Common Elements or the Limited Common Elements, the roof and structural components of a Building or other improvement, and mechanical, electrical and plumbing elements serving an improvement or a Building as distinguished from mechanical elements serving only a Unit; and with reference to any and all other matters in which all the Unit Owners have a common interest. The Association shall have all the powers and duties set forth in the Act (including Section 82.102), as well as all the powers and duties granted to or imposed on it under the By-Laws and other Condominium Documents as they may be amended from time to time. The Association is specifically authorized to enter into agreements by which its powers and duties, or some of them, may be exercised or performed by some other Person, Persons or entity. That Person, Persons or entity may be referred to as the Management Firm.

7.02. Name. The name of the Association shall be **Las Velas Owners Association, Inc.**

7.03. Members. Each Unit Owner shall be a Member of the Association so long as he is a Unit Owner. A Unit Owner's membership shall immediately terminate when he ceases to be a Unit Owner. The membership of a Unit Owner cannot be assigned or transferred in any manner except as an appurtenance to his Unit.

7.04. Voting Rights. Each Unit shall be entitled to one (1) vote of its assigned Unit interest, which vote is not divisible and the numerical value of which shall be the percentage of undivided interest in the Common Elements assigned to that Unit. The vote for a Unit interest shall be cast by the Owner thereof in the manner provided for herein and in the By-Laws. However, should the Association be a Unit Owner, it shall not have the voting right for the Unit. The Declarant shall retain the right to vote those Unit Interests that it owns until it has delivered a deed to a Unit.

7.05. Designation of Voting Representative. In the event a Unit is owned by one (1) Person, his right to vote shall be established by the record title to his Unit. If a Unit is owned by more than one (1) Person, the Person entitled to cast the vote for the Unit shall be designated by a certificate signed by all of the record Owners of the Unit and filed with the Secretary of the Association. If a Unit is owned by a corporation, partnership or limited partnership, the officer, employee or individual entitled to cast the vote for the Unit shall be designated by a certificate of appointment signed by the president or vice president and attested by the secretary or assistant secretary of the corporation (in the case of a corporation) or by the general partner or partners if more than one (in the case of a partnership or limited partnership), which certificate shall be filed with the Secretary of the Association. If such a certificate is not on file with the Secretary of the Association for a Unit owned by more than (1) Person or by a corporation, partnership or limited partnership, the membership or vote of the Unit concerned may be cast in accordance with the Act. Such certificate shall be valid until revoked or until superseded by a subsequent certificate or until a change in the

ownership of the Unit is effected. A certificate designating the Person entitled to cast the vote of a Unit may be revoked by any Owner thereof.

7.06. Restraint Upon Assignment of Shares in Assets. The share of a Member in the funds and assets of the Association cannot be assigned, hypothecated, or transferred in any manner except as an appurtenance to his Unit.

7.07. Board of Directors. The affairs of the Association shall be conducted by a Board of Directors which shall consist of such number as may be specified in the By-Laws of the Association.

7.08. Indemnification. Every Director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, or any settlement thereof, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or officer of the Association, whether or not he is a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled.

7.09. Limitation of Liability. Notwithstanding the liability of the Association to maintain and repair parts of the Condominium Property, the Association shall not be liable for injury or damage caused by a latent condition of any Property to be maintained and repaired by the Association or for injury or damage caused by the elements, or other Owners or Persons.

7.10. By-Laws. The Association and its Members shall be governed by the By-Laws. The initial By-Laws of the Association are attached hereto as **Exhibit D**.

7.11. Proviso. Subject to the provisions of Section 82.103 of the Act, until one hundred twenty (120) days after conveyance of seventy five percent (75%) of the Units which are hereby created to Unit Owners other than the Declarant, the By-Laws and rules adopted by the Declarant shall govern and the Declarant shall have the exclusive right to appoint, remove, and designate the officers and members of the Board of Directors, and neither the Unit Owners nor the Association nor the use of the Condominium Property by Unit Occupants shall interfere with the completion of the contemplated improvements and the sale of the Units. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board; but, in that event, the Declarant may require, for the duration of the period of Declarant control, that specified actions of the Association or Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective. Provided, however, not later than one hundred twenty (120) days after conveyance of fifty percent (50%) of the Units which may be created to Unit Owners other than the Declarant, not less than one third (33-1/3 %) of the members of the Board must be elected by Unit Owners other than the Declarant.

Subject to the provisions of Section 82.065 of the Act, the Declarant may make such use of the unsold Units and of the Common Areas and facilities as may facilitate such completion and sale, including but not limited to showing of the Property and the display of signs. The Declarant may maintain sales offices, management offices, leasing and operations offices, and models in any Unit or on Common Elements in the Condominium without restriction as to the number, size, or location of said sales offices, management offices, leasing and operations offices, and models. The Declarant shall be permitted to relocate said sales offices, management offices, leasing and operations offices, and models from one Unit location to another or from one area of the Common Elements to another area of the Common Elements in the Condominium. The Declarant may maintain signs on the Common Elements advertising the Condominium. The aforesaid rights of the Declarant shall expire on the earlier of (i) ten (10) years from the date of the filing of this document or (ii) the sale of all Units by Declarant.

7.12. Contracts for Management and/or Maintenance. The Association may enter into a contract with any firm, Person or corporation, or may join with other entities in contracting for the maintenance and repair of the Condominium Property, and may delegate to such agent all or any portion of the powers and duties of the Association, except such as are specifically required by the Condominium Documents to have the approval of the Members of the Association.

7.13. Availability of Records. The Association shall keep financial records in compliance with the provisions of Section 82.114 of the Act.

7.14. Reserves for Replacements. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Elements and Limited Common Elements. The fund shall be maintained out of regular Assessments for Common Expenses and Limited Common Expenses.

7.15. Preventative Maintenance Program. The Association shall initiate and maintain a preventative maintenance program which will require (i) the mandatory annual inspection of the Common Elements and Limited Common Elements and (ii) the performance of annual maintenance procedures (e.g. caulking, painting, repainting). On an annual basis the Association shall require the inspection of the Common Elements and Limited Common Elements by a third party engineer or certified property inspector, shall receive a written report of such inspection and shall provide such inspection report at the annual meeting of the Association to the Members for discussion and action, if any.

ARTICLE VIII MAINTENANCE

8.01. Maintenance by the Association. The Association is responsible for maintenance, repair, and replacement of the Common Elements.

8.02. Maintenance by Unit Owner. Each Unit Owner is responsible for the maintenance, repair, and replacement of his Unit. Each Unit Owner is responsible for the maintenance, repair, and replacement of the Limited Common Elements, if any, attached to his Unit as provided in Paragraph 5.12 above.

8.03. Addition, Alteration and Improvement of the Common Elements. Except as may be required by the Act, and except as to the Development Rights and Special Declarant Rights provided for in this Declaration, after the completion of the improvements included in the Common Elements or Limited Common Elements which are contemplated by this Declaration, there shall be no addition, alteration, change, or further improvement of Common Elements or Limited Common Elements without prior approval of the Association.

8.04. Unit Owner's Covenants. Each Unit Owner covenants and agrees as follows:

- a. To perform all maintenance, repairs, and replacements which are the Unit Owner's obligations under this Declaration and the Act.
- b. To pay for all the Unit Owner's utilities, including electricity, gas, and telephone used within the Unit and all taxes levied against the Unit Owner's Unit.
- c. Not to make, or cause to be made, any repairs to any plumbing, heating, ventilation or air conditioning systems located outside the Unit Owner's Unit but required to be maintained by the Unit Owner pursuant to the provisions hereof, except by licensed plumbers or electricians authorized to do such work by the Association or its agent.
- d. Not to make any addition or alteration to a Unit or to the Common Elements or to the Limited Common Elements or to do any act that would impair the structural soundness or safety of any part of the Condominium Property. Structural alterations within a Unit may be made only with the written consent of the Association.

e. To make no alterations, additions, improvements, repairs, replacements, or changes to the Common Elements or the Limited Common Elements or to any outside or exterior portion of the Building, specifically including, but not limited to screening or enclosing balconies, installing garage or other exterior doors or affixing outside shutters to windows, without the prior written consent of the Association. If consent is granted, the Unit Owner shall use only a licensed contractor who shall comply with the Rules and Regulations with respect to the work which may be adopted by the Association. The Unit Owner shall be liable for all damages to another Unit and to the Common Elements or Limited Common Elements caused by any contractor employed by such Unit or by the subcontractor or employees of such contractor, whether said damages are caused by negligence, accident, or otherwise.

f. To allow the Association, its delegates, agents, or employees at all reasonable times to enter into any Unit or Limited Common Element for the purpose of maintaining, inspecting, repairing, or replacing Common Elements or Limited Common Elements or for repairing, maintaining or replacing any plumbing, heating, ventilation or air conditioning system located within such Unit but serving other parts of the Condominium Property; or to determine, in case of emergency, the circumstances threatening Units or Common Elements or Limited Common Elements and to correct the same; or, to determine compliance with the provisions of the Condominium Documents.

g. To promptly report to the Association any defects or needed repairs for which the Association is responsible.

h. To reimburse the Association for any repairs or replacements which are made necessary because of abuse or negligent use by a Unit Owner of the Condominium Property, the cost of such repair or replacement may be assessed against such Unit Owner.

i. To comply with all of the obligations of a Unit Owner under the Act.

8.05. Exterior Surface. The Association shall determine the exterior color scheme of the Condominium Property and shall be responsible for the maintenance thereof, except as may be otherwise provided for herein. No Unit Owner shall paint any exterior surface or add or replace any thing thereon or affix thereto without the written consent of the Association.

ARTICLE IX INSURANCE

9.01. Purchase of Insurance. Commencing not later than the time of the first conveyance of a Unit to a person other than the Declarant, the Association shall maintain insurance upon the Condominium Property to the extent reasonably available as provided for in Section 82.111 of the Act and should include: property and casualty insurance, commercial general liability insurance, flood insurance, to extent reasonably available, personnel coverages required by law (including workman's compensation), fidelity bonds, directors and officers insurance, and such other insurance as it deems desirable, in such amounts, from such sources and in such forms as it deems desirable. Insurance coverage, if reasonably available, must comply with the requirements of the Act and this Declaration. The premiums for such insurance shall be a Common Expense.

Insurance policies identified above must provide that each Unit Owner is an insured person under the policy with respect to liability arising out of the Person's ownership of an undivided interest in the Common Elements or Membership in the Association.

If the insurance described above which is required to be maintained is not reasonably available, the Association promptly shall give notice of that fact to be hand delivered or sent prepaid by United States Mail to all Unit Owners.

9.02. Individual Insurance. Nothing contained herein shall be construed to prevent a Unit Owner from obtaining insurance for his own benefit.

9.03. Liabilities and Responsibilities of Unit Owner. A Unit Owner shall be liable for any claim, damage, or judgment entered as a result of the use or operation of his Unit caused by his conduct or the conduct of the occupants of the Unit. Each Unit Owner shall be responsible for obtaining insurance for his own benefit.

9.04. Distribution of Proceeds. Proceeds of insurance policies received by the Association as Insurance Trustee shall be distributed to or for the benefit of the beneficial Owners:

a. Reconstruction or Repair. First, if the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof. Any proceeds remaining after defraying such costs shall be distributed to the beneficial Owners, with remittances to Unit Owners and Mortgagees being payable jointly to them. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

b. Failure to Reconstruct or Repair. If it is determined that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial Owners with remittances to Unit Owners and their Mortgagee being payable jointly to them. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by any such Mortgagee.

ARTICLE X RECONSTRUCTION OR REPAIR AFTER CASUALTY

10.01. Determination to Reconstruct or Repair. In the event of damage or destruction to any portion of the Condominium for which insurance is required under this Declaration, the determination of whether to reconstruct or repair shall be determined pursuant to Section 82.111 of the Act.

10.02. Plans. Any reconstruction or repair must be substantially in accordance with Section 82.111 of the Act and in accordance with the Plans for the original improvements or as the Condominium Property was last constructed; or if not, then according to Plans approved by the Board of Directors of the Association and by eighty percent (80%) of the Unit Owners.

10.03. Responsibility. If the damage is only to those parts of a Unit or Limited Common Elements for which the responsibility of maintenance and repair is that of the Unit Owner, then the Unit Owner shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

10.04. Estimate of Cost. Immediately after a casualty causing damage to the Condominium Property for which the Association has the responsibility of maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair.

10.05. Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair of the Unit and Limited Common Elements by the Association, Assessments shall be made against the Unit Owners who own the damaged Property or have the exclusive right to use the Limited Common Element attached to his Unit, and against all Unit Owners in the case of damage to Common Areas and facilities in sufficient amounts to provide funds to pay the estimated costs. If any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, Assessments shall be made against the Unit Owners who own the damaged Unit and have exclusive right to use the Limited Common Elements attached to his Unit, and against all Unit Owners (in the case of damage to Common Areas and facilities) in sufficient amounts to provide funds for the payment of such costs. Such Assessments against Unit Owners for reconstruction and/or repair of damage to Units and Limited Common Elements shall be in proportion to the cost of reconstruction and repair of their respective Units or Limited Common Elements. Such Assessments for reconstruction and/or repair of damage to Common Areas and facilities shall be in proportion to the Owner's share in the

Common Elements. Assessments for reconstruction and repair may be collected, and the collection enforced, in the same manner as provided for Assessments elsewhere herein.

10.06. Construction Funds. The funds for payment of costs of reconstruction and repair after casualty for which, the Association is responsible, which shall consist of proceeds of insurance held by the Association as Insurance Trustee and funds collected by the Association from Assessment against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair. The construction fund shall be disbursed in payment of such costs in the order and in the manner provided by the Board of the Association. Thereafter, if there is a balance of insurance proceeds after the payment of the cost of reconstruction and repair that are the responsibility of the Association, this balance shall be distributed to Unit Owners of damaged Units or damaged Limited Common Elements who are responsible for the reconstruction and repair of the damaged portions of their Units or Limited Common Elements. The distribution to each Unit Owner shall be made in the proportion that the estimated costs of reconstruction and repair of such damage to his Unit or Limited Common Element bears to the total of such estimated costs in all damaged Units and Limited Common Elements. However, no Unit Owner shall be paid an amount in excess of such estimated cost for his Unit or Limited Common Element. If there is a first Mortgagee, the distribution shall be paid to the Unit Owner and to the first Mortgagee jointly.

ARTICLE XI EMINENT DOMAIN

11.01. Proceeds. The taking of a portion of a Unit or of the Common Elements by eminent domain shall be deemed to be a casualty and the determination as to whether the Condominium will be reconstructed or repaired or continued after condemnation will be determined in the manner provided for in Section 82.007 of the Act.

ARTICLE XII USE RESTRICTIONS

The use of the Condominium Property shall be in accordance with the provisions of this Declaration and with the following provisions so long as the Condominium exists.

12.01. Units.

- a. Each Condominium Residential Unit shall be occupied and used by a family, its employees, and guests only as a residence. The foregoing restrictions as to residence, however, shall not be construed in such manner as to prohibit a Unit Owner from (i) maintaining his personal professional libraries; (ii) keeping his personal business or professional records or accounts; and (iii) handling his personal business or professional telephone calls or correspondence. Such uses are declared expressly customarily incidental to the principal residential use and not in violation of said restrictions. Provided however, nothing in this Section 12.01 shall be construed to prohibit the use of a Unit for leases or rentals, as provided for herein.
- b. No Unit or any interest therein shall ever be subjected to any time-sharing or time interval ownership arrangement; provided, however, that fractional ownership of a Unit is allowed so long as the Unit is not divided into more than four units of ownership or four periods/portions of use.
- c. **Units may be rented or leased by the Unit Owners, but in no event for a period less than three nights; provided, however, that the Association is specifically empowered, by a vote of 67% in interest of the Members of the Association, to amend this Declaration, the Articles of Formation or Bylaws of the Association to (i) impose rules and regulations relating to the lease and rental of Units (including a minimum or maximum rental period) and to enforce the same directly against such tenant or other occupant by the exercise of such remedies as the Board deems appropriate, including eviction and (ii) require that all rentals and leases be handled by**

through a mandatory Rental Agency established or authorized by the Association. In no event shall individual rooms within a Unit be rented or leased.

d. The Association shall establish the number limits, times and all other conditions regarding the use of the Common Elements by Unit Owners and their guests.

e. If a Unit Owner desires to utilize the common elements for the purposes of having a party, permission must first be obtained from the Association and the property manager.

12.02. Miscellaneous Restrictions.

a. Nothing shall be stored in or upon the Common Elements or Limited Common Elements without prior consent of the Board except in storage closets or areas or as otherwise herein expressly provided. Except as expressly provided hereinabove, nothing shall be altered or constructed in or removed from the Common Elements, except upon the written consent of the Board. No structure of a temporary character, trailer, tent, shack, garage, barn, or other outbuildings shall be permitted on the Property at any time temporarily or permanently, except with the prior written consent of the Board.

b. Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance for the Property without the prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in his Unit or in or on the Common Elements which will result in the cancellation of insurance of any Unit or any part of the Common Elements or which will be in violation of any law.

c. Offensive Use. No Unit Occupant shall cause or permit any unlawful, improper or offensive use of any Unit, Common Element, Limited Common Element or Common Furnishings, nor shall any Unit Occupant permit any portion of the Property to be used in any manner contrary to or not in accordance with the provisions of the Condominium Documents. Furthermore, no Unit Occupant shall cause or permit anything to be done or kept in a Unit, Common Elements, or the Limited Common Elements which might adversely affect the safety or soundness thereof, or which is reasonably likely to increase the rate of any of the Association's insurance coverage or obstructor interfere with the rights of other Unit Occupants or annoy them by unreasonable noises, odors or otherwise, nor shall any Unit Occupants commit or permit any nuisance, objectionable or disruptive behavior, or illegal acts in or about the Property.

d. Subject to Development Rights under this Declaration, no sign of any kind shall be displayed to the public view on or from any Unit or the Common Elements without the prior written consent of the Board or the written consent of the Managing Agent acting in accordance with the Board's direction.

e. Hazards to Health and Safety. Any violation of the Condominium Documents which is deemed by the Board or the Management Firm to constitute a hazard to health or safety shall be corrected immediately. The responsible Unit Owner shall be liable for any uninsured expense of correcting such violation.

f. Maximum Occupancy Restriction. No Unit Occupant shall cause or permit his Unit to be occupied overnight by a number of persons in excess of such occupancy limits as are imposed by law and/or set forth in the then-current Rules and Regulations of the Association.

12.03. Use of Common Elements. The Common Elements shall be used in accordance with this Declaration and only by the Unit Owners and their agents, tenants, family members, invitees, and licensees for access to, ingress to, and egress from the respective Units and for such other purposes incidental to the use of the Units. However, other areas designated for a specific use shall be used for the purposes approved by the Board. The use, maintenance and operation of the Common Elements shall not be obstructed, damaged, or unreasonably interfered with by any Unit Owner, and shall be subject to any lease, concession, or easement, presently in existence or entered into by the Board at some future time, affecting any part or all of said Common Elements.

12.04. Regulations. Reasonable regulations concerning the use of the Condominium Property have been made by the Declarant and may be amended from time to time by the Declarant or the Board of Directors of the Association or by a majority of the members of the Association attending a regular meeting or as may be provided in the Bylaws. Copies of such regulations or amendments thereto shall be furnished by the Association to all Unit Owners and residents of the Condominium upon request.

12.05. Parking. At least One (1) automobile parking space shall be assigned to each Unit Owner. The balance of the parking shall be made on a first come, first served basis, subject to such limitations and restrictions as may be established by the Board of Directors of the Association in its sole discretion.

ARTICLE XIII AMENDMENT

13.01. This Declaration and the By-Laws of the Association may be amended as provided in the Act.

ARTICLE XIV TRANSFER OF CONDOMINIUM UNIT

14.01. No Severance of Ownership. The appurtenant interests including interests in the general and limited common elements shall not be severable from the ownership of the Unit to which appurtenant, and no attempted or purported severance of such ownership shall be effective. Any such deed, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest so omitted, even though the latter shall not be expressly mentioned or described therein, or even if a portion thereof shall be purported to have been expressly excluded. No part of the appurtenant interests of any Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the appurtenant interests of Units.

14.02 Sales, Mortgages and Right of First Refusal. If any Unit Owner is desirous of selling his Unit and receives an offer for the purchase of same which he would be willing to accept, such owner shall not sell such Unit without first giving the Association the right of first refusal to purchase such Unit, in behalf of the Association, for the same price and on the same terms and conditions as stipulated in such offer received. Such right of first refusal shall be given by written notice to the Board of Directors which shall be transmitted by U.S. regular or certified mail, with return receipt requested, and shall set out the price, terms and conditions stipulated in said offer received and the name and address of the person making such offer; and such notice shall be deemed given as the date of such registered or certified mailing as evidenced by the post office receipt thereof. If such Board of Directors shall not elect to purchase said Unit for such price and on such terms and conditions specified in said notice within twenty (20) days from date such notice is given, then such owner may sell said Unit to the person or persons making such offer, and in such case it shall be the duty and obligation of said Board of Directors to certify in writing, to be duly acknowledged and in recordable form that said selling owner has complied with all the provisions hereof and that such Board of Directors has declined to purchase such Unit.

14.03 Exceptions. The provisions of Section 14.02 shall not apply with respect to any gift, sale or conveyance by an owner of his condominium Unit to his spouse or to any of his issue, antecedents, siblings, or the spouse of any such person, or any one or more of them, or to the owner of any other Unit in Las Vegas Condominiums or to the Association, nor to any sale of a Unit owned by the Association, nor to the initial sale of each Unit by Declarant, nor to the acquisition or sale of a condominium Unit, by a mortgagee herein authorized who shall acquire title to such unit by foreclosure or by deed in lieu of foreclosure. However, the provisions of this section shall apply with respect to any purchaser of any such Unit from such mortgagee and to any resale thereafter. Any

Unit owner shall be free to devise his Unit by will, or to pass the same by intestacy, without compliance with Section 14.02.

14.04 Sales Voidable. Any purported sale of a Unit in violation of Section 14.02 shall be voidable at the election of the Board, or at its election the Association shall have the right and option to purchase the Unit from the purchaser in any such purported sale in violation of these restrictions at the same price and upon the same terms at which such purported purchaser shall have acquired any such interest in such Unit; but if no action is taken within one year after a sale is completed, then said sale will be valid and final.

14.05 Consent of Owners to Purchase Unit by Board. The Board shall not exercise any option hereinabove set forth to purchase any Unit without the prior approval of a majority of the owners, or such greater number as shall be specified in Bylaws of the Association.

14.06 Release by Board of Right of First Refusal. The right of first refusal contained in Article 14.02 may be released or waived by the Board (without consent of owners) in which event the apartment, together with the appurtenant interests, may be sold, conveyed, free and clear of the provisions of such section.

14.07 Certificate of Termination of Right of First Refusal. A certificate, executed and acknowledged by the Secretary of Las Velas Owners Association, Inc., stating that the provisions of Article 14.02 have been met by a Unit owner, or have been duly waived by the Board and that the rights of the Association thereunder have terminated, shall be conclusive upon the Association and its Board and members in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to any apartment owner who has in fact complied with the provisions of Article 14.02 or in respect to whom the provisions of such section shall have been waived, upon request.

14.08 Financing of Purchase of Units by Association. Acquisition of Units by the Association may be made from the assets, if any, or on the credit of, the Association, as such, or from the common fund (if on behalf of the Co-Owners as such) or if such funds are insufficient, the Board may levy an assessment against each Unit owner in proportion to this ownership in the common elements, as a common charge, which assessments shall be enforceable in the same manner as provided herein; or the Board, in its discretion, may cause the Association to borrow money to finance the acquisition of such Unit, provided, however, that no financing may be secured by an encumbrance or hypothecation of any property other than the condominium Unit, so to be acquired by the Association, or as may be required in the acquisition of Real Property above described.

14.09 Limitation. If at any time the Association is already the Owner of or has agreed to purchase one or more Condominium Units, it may not purchase any additional Condominium Units without the prior written approval of Members holding eighty percent (80%) of the votes of those Members eligible to vote thereon, except as provided in this Article. A Member whose Condominium Unit is the subject matter of the proposed purchase shall be ineligible to vote thereon. Notwithstanding the foregoing, however, the foregoing limitations shall not apply to a Condominium Unit either to be purchased at public sale resulting from a foreclosure of the Association's lien for delinquent Assessments where the bid of the Association does not exceed the amount found due the Association, or to be acquired by the Association in lieu of foreclosure of such lien if the consideration therefor does not exceed the cancellation of such lien. In any event, the Board of Directors or a designee thereof, acting on behalf of the Association, may only purchase a Condominium Unit in accordance with this Article, or as the result of a sale pursuant to the foreclosure of:

- a. A lien on the Condominium Unit for unpaid taxes;
- b. A deed of trust lien, security interest lien or mortgage lien;
- c. The lien for unpaid Assessments; or
- d. Any other judgment lien or lien attaching to such Condominium Unit by operation of law.

ARTICLE XV NOTICE OF LIEN OR SUIT

15.01. Notice of Lien. A Unit Owner shall give notice in writing to the Secretary of the Association of every lien on his Condominium Unit, other than liens for first mortgages, taxes, and special Assessments, within five (5) days after he receives notice of the attaching of the lien.

15.02. Notice of Suit. A Unit Owner shall give notice in writing to the Secretary of the Association of every suit or other proceeding that may affect the title to his Condominium Unit, with such notice to be given within five (5) days after the Unit Owner obtains knowledge thereof.

15.03. Failure to Comply. Failure to comply with this section will not affect the validity of any judicial proceeding.

ARTICLE XVI RULES AND REGULATIONS

16.01. Compliance. Each Unit Owner and the Association shall be governed by and shall comply with the terms of the Condominium Documents and the Rules and Regulations applicable to the Condominium Property. Ownership of a Unit subjects the Unit Owner to compliance with provisions of the Declaration, the Articles, the By-Laws, the Rules and Regulations of the Association, and any contracts to which the Association is a party, as well as to any amendments to any of the foregoing. Failure of the Unit Owner to comply therewith shall entitle the Association or other Unit Owners to an action for damages or injunctive relief, or both, in addition to other remedies provided in the Condominium Documents and the Act.

16.02. Enforcement. The Association, through the Board of Directors, is hereby empowered to enforce the Condominium Documents and all Rules and Regulations of the Association by such means as are provided by the Act, including the imposition of reasonable fines (after reasonable notice and opportunity to be heard) from time to time as set forth in the By-Laws. In the event a Unit Owner fails to maintain his Unit in the manner required in the Condominium Documents and any Rules and Regulations of the Association, the Association, through the Board of Directors, shall have the right to assess the Unit Owner and the Unit for the sums necessary to do the work required to effect compliance and to collect, and enforce the collection of, a Special Assessment therefor as provided in this Declaration. In addition, the Association shall have the right, for itself and its employees and agents, to enter such Owner's Unit and perform the necessary work to effect compliance.

16.03 Right of Abatement.

(a) Except where different notice provisions are provided for herein, in the event of a violation or breach of any Rule, regulation or Restriction contained in this Declaration or in the Rules and Regulations promulgated and enacted hereafter by the Association, the Association shall give written notice by certified mail to the Unit Owner setting forth in reasonable detail the nature of such violation or breach and the specific action or actions needed to be taken to remedy such violation or breach. If the Unit Owner shall fail to take reasonable steps to remedy such violation or breach within fifteen (15) days after the mailing of such written notice, then the Association shall have the Right of Abatement. If any assessment, interest, cost or charge required by this Declaration is not paid within thirty (30) days after such assessment is due or such charge is imposed, the Association shall have the right to notify any or all Mortgagees having a security interest in the Owner's Unit that such Unit Owner is in default in the performance of his obligations under these Restrictions, and of those actions taken or proposed to be taken by the Association as a result of the default.

(b) The Right of Abatement, as used in this Section, means the right of the Association, through its agents and employees, to enter at all reasonable times in the Unit, as to which a violation, breach or other condition to be remedied exists, and to take the actions specified in the notice to the Unit Owner to abate, extinguish, remove, or repair such

violation, breach or other condition which may exist thereon contrary to the provisions of this Declaration or the Rules and Regulations adopted by the Association, without being deemed to have committed a trespass or wrongful act solely by reason of such entry and such actions, provided such entry and such actions are carried out in accordance with the provisions of this Section, and with the cost thereof, including the costs of collection and reasonable attorneys' fees, together with interest thereon at the lower of the highest rate permitted by law or twelve percent (12%) to be a binding personal obligation of such Unit Owner enforceable in law, as well as a lien on such Unit Owner's Unit enforceable pursuant to the provisions of Section 14.02 hereof. Such lien shall be superior to any and all charges, liens or encumbrances which may in any manner arise or be imposed upon the Unit after such entry whether arising from or imposed by judgment or decree or by any agreement, contract, Mortgage, deed to secure debt, or other instrument, excepting only (i) such liens for taxes or other public charges as are by applicable law made superior, (ii) the lien of any Mortgage recorded prior to the recording of the Declaration, and (iii) the lien or charge of all first and second Mortgages of record (meaning any recorded Mortgages covering the Unit with first or second priority over other Mortgages) made in good faith and for value.

16.04 Fines and Penalties and Creation of Lien.

(a) Except for nonpayment of any annual or special assessments, which violation is controlled by Article VI, in addition to all other remedies set forth in this Declaration, the Association, acting through its Board of Directors, may establish fines and penalties for any or all violations of the Restrictions and may enforce such fines pursuant to Section 82.102 (12) of the Act, as it may be amended from time to time.

(b) The Association, acting through its Board of Directors, shall have the authority to establish different degrees or categories of violations and to further establish fines or penalties which vary in amount, or method of application, from category to category. All fines within any one category shall be set at a standard amount and shall be applied by a standard method.

(c) Due to the recognition that fines and penalties are often not established until after a violation has occurred, the Association, acting through its Board of Directors, shall have the authority to assess any fines or penalties established in accordance with these provisions against any and all violations of the Restrictions referred to herein, regardless of when the violation occurred; however, no fines or penalties can begin accruing until after they are adopted and notice of the penalty has been given to the Owner.

16.05 Specific Performance. Nothing contained in this Declaration shall be deemed to affect or to limit the rights of the Declarant, the Association or any Unit Owner to enforce any Rules, Regulations or any provisions of this Declaration. However, it is hereby declared that it may be impossible to measure accurately in money the damages which will accrue to a beneficiary hereof, its transferees, successors or assigns, by reason of a violation of or failure to perform any of the obligations provided by this Declaration; and therefore, any beneficiary hereof shall be entitled to relief by way of injunction or specific performance, as well as any other relief available at law or in equity, to enforce the provisions hereof.

16.06 Collection of Fines and Penalties and Enforcement of Lien. If any assessment, interest, fine, cost or other charge is not paid as required by this Declaration, the Association may bring either an action at law against the Unit Owner personally obligated to pay the same, or a non-judicial or judicial action, at the Association's sole discretion and in compliance with the provisions of Section 82.113 of the Act.

16.07 No Waiver. The failure of the Declarant, the Association, or the Unit Owner, his or its respective legal representatives, heirs, successors and assigns, to enforce any Restrictions herein contained shall in no event be considered a waiver of the right to do so thereafter, as to the same violation or breach or as to any violation or breach occurring prior or subsequent thereto.

16.08. Negligence. A Unit Owner shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his act, neglect, or carelessness or by that of any member of his family, lessees, their guests, invitees, employees, or agents, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire and casualty insurance rates occasioned by the use, misuse, occupancy or abandonment of a Unit, or the Common Elements. The liability for such increases in insurance rates shall equal five (5) times the first resulting increase in the annual premium rate for such insurance.

ARTICLE XVII GENERAL PROVISIONS PERTAINING TO MORTGAGES

17.01. Lender's Notices. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Unit number or address, any mortgage holder, insurer, or guarantor will be entitled to timely written notice of:

- a. Any condemnation or casualty loss that affects either a material portion of the Condominium Property or the Unit securing its mortgage.
- b. Any sixty (60) day delinquency in the payment of Assessments or charges owed by the Owner of any Unit on which it holds the mortgage.
- c. A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.
- d. Any proposed action that requires the consent of a specified percentage of mortgage holders.

ARTICLE XVIII TERMINATION

18.01. The termination of the Condominium may be effected in accordance with the provisions of the Act and by agreement of Unit Owners of Units to which at least eighty percent (80%) of the votes in the Association are allocated. The agreement shall be evidenced by a written instrument executed in the manner required for a deed and recorded in the public records of Cameron County, Texas. After termination of the Condominium the Unit Owners shall own the Condominium Property and all assets of the Association as tenants in common in undivided shares.

ARTICLE XIX COVENANT AGAINST PARTITION

19.01. There shall be no judicial or other partition of the Condominium Property or any part thereof, nor shall Declarant or any Person acquiring any interest in the Property or any part thereof seek any such partition unless the Property has been removed from the provisions of the Act.

ARTICLE XX DISPUTE RESOLUTION

If any statute now existing or hereafter adopted provides a warranty and/or prescribes a process related to a Unit, the terms of the statute and any related claim process shall govern and take priority over any provision in this Article XX.

20.1. Owner Claims for Alleged Defects, Personal Injury, Survival, Wrongful Death, or Damage to Goods - Arbitration. It is Declarant's intent that each Unit and Improvement will be constructed in compliance with all applicable building codes and ordinances and that such Unit and Improvements be of a quality that is consistent with good construction and development practices for similar projects. Nevertheless, disputes may arise concerning the existence of defects within a Unit. It is Declarant's intent that all such disputes and claims pertaining to construction defects be resolved amicably, and without the necessity of time-consuming and costly litigation. Declarant hereby

reserves the right and easement for itself and any successor or assign, to inspect, repair, and/or replace defects in any General Common Elements, Limited Common Elements, Unit, or any Improvement.

20.1.1. Binding Arbitration. In the event an Owner asserts or alleges a claim against Declarant (or its Architect or General Contractor) for damages for any alleged defect in the construction or design of the General Common Elements, Limited Common Elements, Unit, or any Improvement; or any personal injury, survival, wrongful death, or damage to goods that was caused by any defect associated with construction or design of the General Common Elements, Limited Common Elements, Unit, or any Improvement (collectively, an "Owner Dispute"), then such Owner shall be obligated to arbitrate such Owner Dispute unless Declarant (and its Architect and General Contractor) specifically waive arbitration in writing. Declarant (or its Architect or General Contractor) may, by summary proceedings (e.g., a plea in abatement or motion to stay further proceedings), bring an action in court to compel arbitration of any Owner Dispute not referred to arbitration as required by this Section 20.1.1.

a. Governing Rules. Each Owner Dispute shall be resolved by binding arbitration in accordance with the terms of this Section 20.1.1, the Commercial Arbitration Rules of the American Arbitration Association, and, to the maximum extent applicable, the Federal Arbitration Act (Title 9 of the United States Code). In the event of any inconsistency between this Section 20.1.1 and such statute and rules, this Section 20.1.1 shall control. Judgment upon the award rendered by the arbitrators shall be binding and not subject to appeal, but may be reduced to judgment in any court having jurisdiction.

b. Exceptions to Arbitration; Preservation of Remedies. No provision of, nor the exercise of any rights under, this Section 20.1.1 shall limit the right of Declarant (or its Architect or General Contractor) or any Owner, and Declarant (and its Architect and General Contractor) and such Owner shall have the right during any Owner Dispute, to seek, use, and employ ancillary or preliminary remedies, judicial or otherwise, for the purposes of realizing upon, preserving, or protecting upon any property, real or personal, that is involved in an Owner Dispute, including, without limitation, rights and remedies relating to: (i) exercising self-help remedies (including set-off rights); or (ii) obtaining provisions or ancillary remedies such as injunctive relief, sequestration, attachment, garnishment, or the appointment of a receiver from a court having jurisdiction before, during, or after the pendency of any arbitration. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self-help remedies shall not constitute a waiver of the right of any party, including the plaintiff, to submit the Owner Dispute to arbitration nor render inapplicable the compulsory arbitration provisions hereof.

c. Statute of Limitations. All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding under this Section 20.1.1.

d. Arbitrators. Unless the parties to the arbitration agree in writing to the contrary, all arbitration proceedings shall be arbitrated by a panel of three arbitrators, which shall be appointed by the American Arbitration Association in accordance with its procedures.

e. Scope of Award Modification or Vacation of Award. The arbitrators shall resolve all Owner Disputes in accordance with the applicable substantive law. The arbitrators may grant any remedy or relief that the arbitrators deem just and equitable and within the scope of this Section 20.1.1; provided, however, that in no event shall the arbitrator's award damages which exceed the damages for construction defects the Owner or Declarant would be entitled to under Chapter 27 of the Texas Property Code. The arbitrators may also grant such ancillary relief as is necessary to make effective the award. In all arbitration proceedings in which the amount in controversy exceeds \$50,000.00, in the aggregate, the arbitrators shall make specific, written findings of fact and conclusions of law. In all arbitration proceedings in which the amount in controversy exceeds \$50,000.00, in the aggregate, the parties shall have the right to seek vacation or modification of any award that is based in whole, or in part,

on an incorrect or erroneous ruling of law by appeal to an appropriate court having jurisdiction; provided, however, that any such application for vacation or modification of an award based on an incorrect ruling of law must be filed in a court having jurisdiction over the Owner Dispute within fifteen (15) days from the date the award is rendered. The arbitrator's findings of fact shall be binding on all parties and shall not be subject to further review except as otherwise allowed by applicable law.

f. Other Matters. To the maximum extent practicable, an arbitration proceeding hereunder shall be concluded within 180 days of the filing of the Owner Dispute for arbitration by notice from either party to the other. Arbitration proceedings hereunder shall be conducted in Cameron County, Texas. Each party agrees to keep all Owner Disputes and arbitration proceedings strictly confidential except for disclosures of information required in the ordinary course of business of the parties or by applicable law or regulation. In no event shall any party discuss with the news media or grant any interviews with the news media regarding an Owner Dispute or issue any press release regarding any Owner Dispute without the written consent of the other parties to the Owner Dispute.

20.2. Declarant's Right to Cure Alleged Defects-Claims by the Association.

In the event that the Association claims, contends, or alleges that any portion of the General Common Elements, Limited Common Elements, Unit, or any other Improvement is defective or claims, contends, or alleges that Declarant or a Builder, its agents, consultants, contractors, or subcontractors (collectively, "Agents") were negligent or are otherwise liable for defects in the planning, design, engineering, grading, construction, or other development of all or any portion of the General Common Elements, Limited Common Elements, Unit, or any other Improvement (collectively, an "Alleged Defect"), then the Association shall comply with the provisions of Section 82.119 of the Act.

20.3. Mandatory Arbitration-Claims by the Association.

a. Binding Arbitration. In the event a claim is asserted by the Association against the Declarant for damages caused by a defect in the design or construction of any General Common Elements, Limited Common Elements, Unit, or any other Improvement, or for any personal injury, survival, wrongful death, or damage to goods that was caused by such defect (collectively, the "Group Dispute"), then after the Association has complied with the provisions of Section 20.2, the Association and the Declarant shall be obligated to arbitrate such Group Dispute unless Declarant specifically waives arbitration in writing. Declarant may, by summary proceedings (e.g., a plea in abatement or motion to stay further proceedings), bring an action in court to compel arbitration of any Group Dispute not referred to arbitration as required by this Section 20.3.

b. Governing Rules. Each Group Dispute shall be resolved by binding arbitration in accordance with the terms of this Section 20.3, the Commercial Arbitration Rules of the American Arbitration Association, and, to the maximum extent applicable, the Federal Arbitration Act (Title 9 of the United States Code). In the event of any inconsistency between this Section 20.3 and such statute and rules, this Section 20.3 shall control. Judgment upon the award rendered by the arbitrators shall be binding and not subject to appeal, but may be reduced to judgment in any court having jurisdiction.

c. Exceptions to Arbitration; Preservation of Remedies. No provision of, nor the exercise of any rights under, this Section 20.3 shall limit the right of Declarant or the Association, and Declarant and the Association shall have the right during any Group Dispute, to seek, use, and employ ancillary or preliminary remedies, judicial or otherwise, for the purposes of realizing upon, preserving, or protecting upon any property, real or personal, which is involved in a Group Dispute, including, without limitation, rights and remedies relating to (i) exercising self-help remedies (including set-off rights) or (ii) obtaining provisions or ancillary remedies such as injunctive relief, sequestration, attachment, garnishment, or the appointment of a receiver from a court having jurisdiction before, during, or after the pendency of any arbitration. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self-help remedies shall

not constitute a waiver of the right of any party, including the plaintiff, to submit the Group Dispute to arbitration nor render inapplicable the compulsory arbitration provisions hereof.

d. Statute of Limitations. All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding.

e. Arbitrators. Unless the parties to the arbitration agree in writing to the contrary, all arbitration proceedings shall be arbitrated by a panel of three arbitrators, which shall be appointed by the American Arbitration Association in accordance with its procedures.

f. Scope of Award Modification or Vacation of Award. The arbitrators shall resolve each Group Dispute in accordance with the applicable substantive law; provided, however, that in no event shall the arbitrator's award damages which exceed the damages for construction defects the Association or Declarant (and its Architect and General Contractor) would be entitled to under Chapter 27 of the Texas Property Code.

ARTICLE XXI MISCELLANEOUS

21.01. Intent. It is the intent of the Declarant to create a Condominium pursuant to the Act. In the event that the Condominium created by this Declaration shall fail in any respect to comply with the Act, then the common law as the same exists on the filing date of this Declaration shall control, and the Condominium hereby created shall be governed in accordance with the laws of the state of Texas, the By-Laws, the Articles, and all other instruments and exhibits attached to or made a part of this Declaration.

21.02. Covenants, Conditions and Restrictions. All provisions of the Condominium Documents shall, to the extent applicable and unless otherwise expressly therein provided to the contrary, be perpetual and be construed to be covenants running with the land and with every part thereof and interest therein; and all of the provisions of the Condominium Documents shall be binding on and inure to the benefit of any Owner of all or any part thereof, or interest therein, and his heirs, executors, administrators, legal representative, successors, and assigns, but said provisions are not intended to create nor shall they be construed as creating any rights in or for the benefit of the general public. All Unit Owners and Occupants shall be subject to and shall comply with the provisions of the Condominium Documents and any Rules and Regulations promulgated thereunder.

21.03. Severability. The invalidity in whole or in part of any covenant or restriction or any paragraph, subparagraph, sentence, clause, phrase, word or other provision of this Declaration, the Articles, the By-Laws, any Rules and Regulations of the Association promulgated pursuant thereto, and any exhibits attached hereto, as the same may be amended from time to time, or the Act, or the invalidity in whole or in part of the application of any such covenant, restriction, paragraph, subparagraph, sentence, clause, phrase, word or other provision shall not affect the remaining portion thereof.

21.04. Notice. The following provisions shall govern the construction of the Condominium Documents, except as may be specifically provided to the contrary herein: All notices required or desired under the Condominium Documents to be sent to the Association at the address as may be designated from time to time by notice in writing to all Unit Owners. Except as provided specifically to the contrary in the Act, all notices to any Unit Owner shall be delivered in person or sent by first class mail to the address of such Unit Owner at the Condominium, or to such other address as he may have designated from time to time, in a writing to the Association. Proof of such mailing or personal delivery to a Unit Owner by the Association may be provided by the affidavit of the Person or by a post office certificate of mailing. All notices to the Association of a Unit Owner shall be deemed to have been given when delivered to the addressee in person or by a post office certificate of mailing.

21.05. Governing Law and Arbitration of Disputes. All disputes, including those described in Article XX above, that arise between any of the parties whose rights or duties are affected or determined by the Condominium Documents, shall be governed by the laws of the State of Texas, and such disputes, disagreements, or questions between the parties, including any between the Association and Declarant, except a dispute concerning the filing or enforcement of a lien, or as otherwise provided for elsewhere in this Declaration, shall be submitted to arbitration under the Rules of the American Arbitration Association or as the concerned parties may later agree in writing. The arbitration shall render a decision which shall be binding on all parties to the arbitration, based on traditional and standard interpretation of the laws of the State of Texas. All parties subject to this Declaration forego all right to take legal action thereunder except to enforce any arbitration award, which award shall be a condition precedent to any right of legal action that any party may have against the other. It shall be deemed that each party who takes title subject to the terms of this Declaration stipulates that this Development and contracts relating to same have a substantial effect on interstate commerce.

21.06. Waiver. No provisions contained in the Condominium Documents shall be deemed to have been waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

21.07. Ratification. Each Unit Owner, by reason of having acquired ownership of his Unit, whether by purchase, gift, operation of law, or otherwise, shall be deemed to have acknowledged and agreed that all the provisions of the Condominium Documents and any Rules and Regulations promulgated thereunder are fair and reasonable in all material respects.

21.08. Captions. The captions used in the Condominium Documents are inserted solely as a matter of convenience and reference and shall not be relied on and/or used in construing the effector meaning of any of the text of the Condominium Documents.

21.09. Costs and Attorney's fees. In any proceeding arising because of an alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of the proceedings and such reasonable attorney's fees as may be awarded by the Court.

IN WITNESS WHEREOF, Las Velas SPI, LLC, a Texas limited liability company, has caused this instrument to be executed on this the 7TH day of April, 2016.

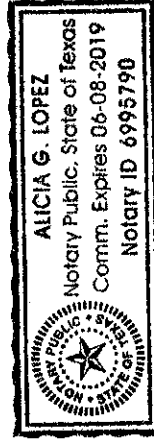
DECLARANT:
LAS VELAS SPI, LLC.

By: *Michele Sanchez*
MICHELE SANCHEZ, Authorized Agent

STATE OF TEXAS §
COUNTY OF CAMERON §

BEFORE ME, the undersigned authority, on this day personally appeared **MICHELE SANCHEZ, Authorized Agent of LAS VELAS SPI, LLC.**, known to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed same as the act of the said **LAS VELAS SPI, LLC.**, a Texas limited liability company, and that he was duly authorized to perform the same by resolution of the company and that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated on behalf of said **LAS VELAS SPI, LLC.**

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 7TH day of April, 2016.



Alicia G. Lopez
Notary Public, State of Texas

MORTGAGEE'S CONSENT

THE STATE OF TEXAS

COUNTY OF CAMERON

INTERNATIONAL BANK OF COMMERCE, by and through the undersigned officer, as the Mortgagee under that certain Deed of Trust dated October 14, 2014, recorded in Volume 20530, Page 252, etc., Official Public Records of Cameron County, Texas, does hereby **approve and consent** to the **"DECLARATION OF CONDOMINIUM OF LAS VELAS CONDOMINIUMS"**.

IN WITNESS THEREOF, the undersigned has executed this instrument as the act and deed of the said **INTER NATIONAL BANK**, this 7th day of April, 2016.

INTERNATIONAL BANK OF COMMERCE

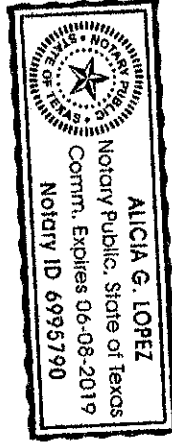
by: *Al Villarreal*

Name: AL VILLARREAL

Title: Senior Executive Vice-President

THE STATE OF TEXAS
COUNTY OF CAMERON

This instrument was acknowledged before me on the 7th day of April, 2016, by AL VILLARREAL, SENIOR EXECUTIVE VICE-PRESIDENT of INTERNATIONAL BANK OF COMMERCE, a banking institute on behalf of said institute and in the capacity therein stated.



Alicia G. Lopez
Notary Public, State of Texas

EXHIBIT A

Legal Description of Real Property dedicated to this Condominium Regime

Mejia & Rose, Incorporated

Engineering

Surveying

Las Velas SPI, LLC

EXHIBIT A

April 1, 2016

Job No. 19795

METES AND BOUNDS DESCRIPTION

All of Lot 1, Block 1, Las Velas Condominiums of Padre Beach Estates, City of South Padre Island, Cameron County, Texas, according to the map or plat thereof recorded in Cabinet I, Slot 3080-B, Map Records of Cameron County, Texas; Save and Except the following described Reserve Tract 4 and Reserve Tract 5;

Reserve Tract 4 being a 0.177 acre tract being more particularly located and described as follows;

COMMENCING, at the northwest corner of Lot 1, Block 1, Las Velas Condominiums of Padre Beach Estates, **THENCE**, along the west line of said Lot 1, South 00 Deg. 20 Min. 52 Sec. West, a distance of 131.26 feet to the northwest corner and **POINT OF BEGINNING** of this tract;

THENCE, along the south line of a brick pool area and a concrete walk, South 89 Deg. 58 Min. 46 Sec. East, a distance of 59.17 feet to an angle point in said concrete walk, for a corner of this tract;

THENCE, continuing along the south line of said concrete walk, North 56 Deg. 21 Min. 36 Sec. East, a distance of 5.56 feet to an angle point in said concrete walk, for a corner of this tract;

THENCE, continuing along the south of said concrete walk, North 89 Deg. 48 Min. 55 Sec. East, a distance of 29.37 feet to the west line of a concrete drive, for the northeast corner of this tract;

THENCE, along the west line of a concrete drive, South 00 Deg. 00 Min. 23 Sec. West, a distance of 27.20 feet to the corner of said concrete drive, for a corner of this tract;

THENCE, North 89 Deg. 54 Min. 35 Sec. East, a distance of 1.16 feet to a corner of a concrete boat ramp, for a corner of this tract;

THENCE, along the west line of said boat ramp, South 00 Deg. 09 Min. 37 Sec. East, a distance of 28.81 feet to a corner of a concrete walk, for the southeast corner of this tract;

THENCE, along the north line of said concrete walk, West, a distance of 145.09 feet to a point on the west line of said Lot 1, for the southwest corner of this tract;

THENCE, along the west line of Lot 1, North 00 Deg. 20 Min. 52 Sec. East, a distance of 52.80 feet, to the **POINT OF BEGINNING**;

CONTAINING, 0.177 Acre of land, more or less.

Reserve Tract 5 being a 0.666 acre tract being more particularly located and described as follows;

COMMENCING, at the northeast corner of Lot 1, Block 1, Las Velas Condominiums of Padre Beach Estates, **THENCE**, along the east line of said Lot 1, South, a distance of 48.5 feet to the northeast corner and the **POINT OF BEGINNING** of this tract;

THENCE, continuing along the east line of Lot 1, South, a distance of 136.96 feet, for the southeast corner of this tract;

THENCE, along a concrete walk, West, a distance of 214.86 feet, for the southwest corner of this tract;

THENCE, along the east line of a boat ramp, North 00 Deg. 03 Min. 31 Sec. West, a distance of 30.25 feet to the northeast corner of said boat ramp, for a corner of this tract;

THENCE, North 89 Deg. 54 Min. 29 Sec. East, a distance of 1.84 feet to the corner of a concrete drive, for a corner of this tract;

THENCE, along the east line of said concrete drive, North 00 Deg. 05 Min. 44 Sec. East, a distance of 87.88 feet to a curve in said concrete drive, being a curve to the right with a radius of 5.26 feet, for a corner of this tract;

THENCE, along said curve to the right, an arc distance of 4.24 feet (Chord: North 34 Deg. 25 Min. 37 Sec. East, a distance of 4.13 feet), to a curve to the left with a radius of 35.06 feet, for a corner of this tract;

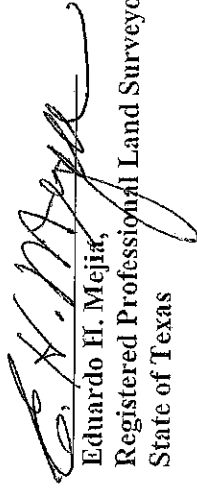
THENCE, along said curve to the left, an arc distance of 20.71 feet (Chord: North 53 Deg. 58 Min. 07 Sec. East, a distance of 20.41 feet), to a curve to the right with a radius of 6.04 feet, for a corner of this tract;

THENCE, along said curve to the right, an arc distance of 5.91 feet (Chord: North 51 Deg. 25 Min. 11 Sec. East, a distance of 5.68 feet), for a corner of this tract;

THENCE, along the south edge of said concrete drive, South 89 Deg. 57 Min. 48 Sec. East, a distance of 189.64 feet, to the **POINT OF BEGINNING**;

CONTAINING, 0.666 Acre of land, more or less.

THIS METES AND BOUNDS IS ACCOMPANIED BY A PLAT OF SURVEY.


Eduardo H. Mejia,
Registered Professional Land Surveyor No. 3900
State of Texas

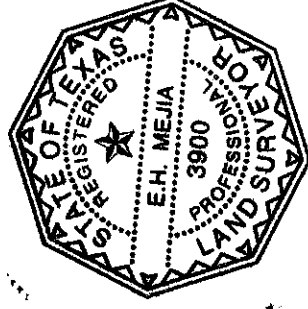


EXHIBIT A-1

As Built Survey

MERIDIAN OF
LAS VELAS CONDOMINIUMS
OF PADRE BEACH ESTATES

NOTES:

1. MONUMENTATION FOUND ALONG THE NORTH LINE OF BLOCK 5 WAS HELD FOR BASIS OF BEARING.
2. THIS TRACT LIES IN FLOOD ZONE "AE" (ELEV. 6) AS PER THE F.I.A. FLOOD INSURANCE RATE MAP OF COMMUNITY NO. 480115, PANEL NO. 0001D, EFFECTIVE MARCH 9, 1999.

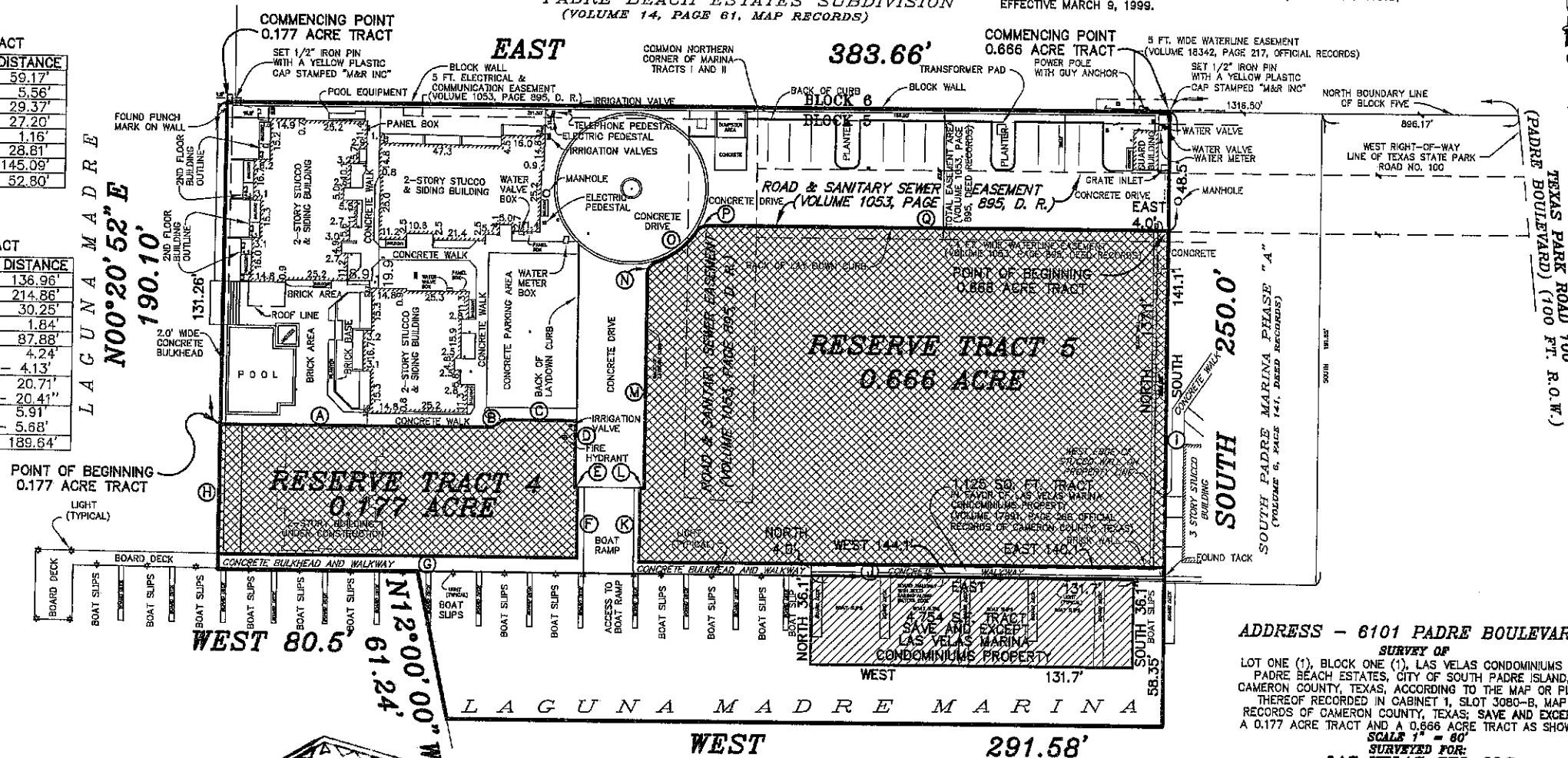
BLOCK 6 PADRE BEACH ESTATES SUBDIVISION (VOLUME 14, PAGE 61, MAP RECORDS)

0.177 ACRE TRACT

LINE	BEARING	DISTANCE
A	S89°58'46"E	59.17'
B	N56°21'36"E	5.56'
C	N89°48'55"E	29.37'
D	S00°00'23"W	27.20'
E	N89°54'36"E	1.16'
F	S00°09'37"E	28.81'
G	WEST	145.09'
H	N00°20'52"E	52.80'

0.666 ACRE TRACT

LINE	BEARING	DISTANCE
I	SOUTH	136.96'
J	WEST	214.86'
K	N00°03'31"W	30.25'
L	N89°54'29"E	1.84'
M	N00°05'44"E	87.88'
N	R = 5.26'	4.24'
	CH: N34°25'37"E	- 4.13'
O	R = 35.06'	20.71'
	CH: N53°58'07"E	- 20.41'
P	R = 6.04'	5.91'
	CH: N51°25'11"E	- 5.68'
Q	S89°57'48"E	189.64'



The undersigned hereby certifies that the survey described hereon was made on the ground on MARCH 29, 2016; that the only improvements on the ground are as shown; that there are no visible encroachments, visible overlappings, apparent conflicts, or visible easements except as shown hereon. THIS CERTIFICATION IS ONLY VALID WITH AN ORIGINAL SIGNATURE AND IF THE DRAWING CONTAINS NO ERASURES OR ADDITIONS.

[Signature]
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 3900



RESIDUE OF BLOCK 3
PADRE BEACH ESTATES SUBDIVISION
(VOLUME 14, PAGE 61, MAP RECORDS)

LAS VELAS CONDOMINIUMS EXHIBIT A-1

ADDRESS - 6101 PADRE BOULEVARD

SURVEY OF
LOT ONE (1), BLOCK ONE (1), LAS VELAS CONDOMINIUMS OF PADRE BEACH ESTATES, CITY OF SOUTH PADRE ISLAND, CAMERON COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN CABINET 1, SLOT 3080-B, MAP RECORDS OF CAMERON COUNTY, TEXAS; SAVE AND EXCEPT A 0.177 ACRE TRACT AND A 0.666 ACRE TRACT AS SHOWN.

SCALE 1" = 80'
SURVEYED FOR:
LAS VELAS SPI, LLC
MARCH 29, 2016

Mejia & Rose, Incorporated

Engineering Surveying
T.B.P.E. Reg. No. F-002670
T.B.P.L.S. Reg. No. 10023900
1643 West Price Road (956) 544-3022
P.O. Box 3761 Brownsville, Texas 78520
Fax (956) 544-3088
email: mandrinc@engmail.com

G.F. NO. N/A JOB NO. 19795
S.TROWBRIDGE

EXHIBIT A-2

Specific Title Exceptions

- a) Restrictive Covenants recorded in Volume 673, Page 47, Deed Records of Cameron County, Texas.
- b) Reservation of all oil, gas and other minerals, except proportionate part of 1/2 of 1/8 non-participating royalty interest, described in instrument dated October 12, 1951, executed by South Padre Island Corporation to John L. Tompkins, Trustee, recorded in Volume 527, Page 129, Deed Records of Cameron County, Texas.
- c) Reservation of all oil, gas and other minerals except proportionate part of 1/4 of 1/8 a non-participating royalty interest, described in instrument recorded in Volume 673, Page 17, Deed Records of Cameron County, Texas.
- d) Reservation of all oil, gas and other minerals, except proportionate part of 1/4 of 1/8 non-participating royalty interest described in instrument dated March 24, 1959, executed by John L. Tompkins, Trustee to Milton Woodard and wife, Margaret H. Woodard, recorded in Volume 673, Page 47, Deed Records of Cameron County, Texas.
- e) Easement as described in instrument dated June 8, 1984, executed by McAllen State Bank, Trustee to Janet L. Klancke, recorded in Volume 1370, Page 349, Deed Records of Cameron County, Texas.
- f) Reservation of 1/2 remaining (1/8 of 1/8 of oil, gas and minerals) recorded in Volume 891, Page 367, Official Records of Cameron County, Texas; reference to which instrument is here made for all purposes.
- g) Boundary Agreement dated July 21, 2009, by and between the State of Texas and Tatos Island Properties, LP, recorded in Volume 16316, Page 238, Official Records of Cameron County, Texas.
- h) Ingress/Egress Walkway Easement Agreement dated December 2, 2009, by and between Tatos Island Properties, LTD., a Texas limited partnership and Las Vegas Marina Association, Inc. a Texas non profit company, recorded in Volume 17891, Page 268, Official Records of Cameron County, Texas.
- i) Easement Agreement as described in instrument dated February 22, 2012, executed by Sabrina A. Brashear to Tatos Island Properties, Ltd., a Texas limited partnership, recorded in Volume 18342, Page 217, Official Records of Cameron County, Texas.
- j) Five foot (5') electrical and communication easement across most of the Northerly boundary of said lot as shown on map of said subdivision above referred to and in instrument dated June 17, 1976, from Condell, a Texas corporation to SHWC, Inc., a Texas corporation, recorded in Volume 1053, Page 895, Deed Records of Cameron County, Texas.
- k) Road and sanitary sewer easements as shown on map of said subdivision above referred to and in instrument dated June 17, 1976, from Condell, a Texas corporation to SHWC, Inc., a Texas corporation, recorded in Volume 1053, Page 895, Deed Records of Cameron County, Texas.
- l) Four foot (4') waterline easement on the Easterly portion of property as shown on map of said subdivision above referred to and in instrument dated June 17, 1976, from Condell, a Texas corporation to SHWC, Inc., a Texas corporation, recorded in Volume 1053, Page 895, Deed Records of Cameron County, Texas.
- m) Concrete bulkhead across the Southerly boundary and along the Westerly boundary of said lot as shown on map of said subdivision.
- n) Laguna Madre across portion of the Southerly boundary of said lot as shown on map of said subdivision.
- o) Visible and apparent easements on or across the property herein described in which a survey and/or physical inspection would disclose.

EXHIBIT B

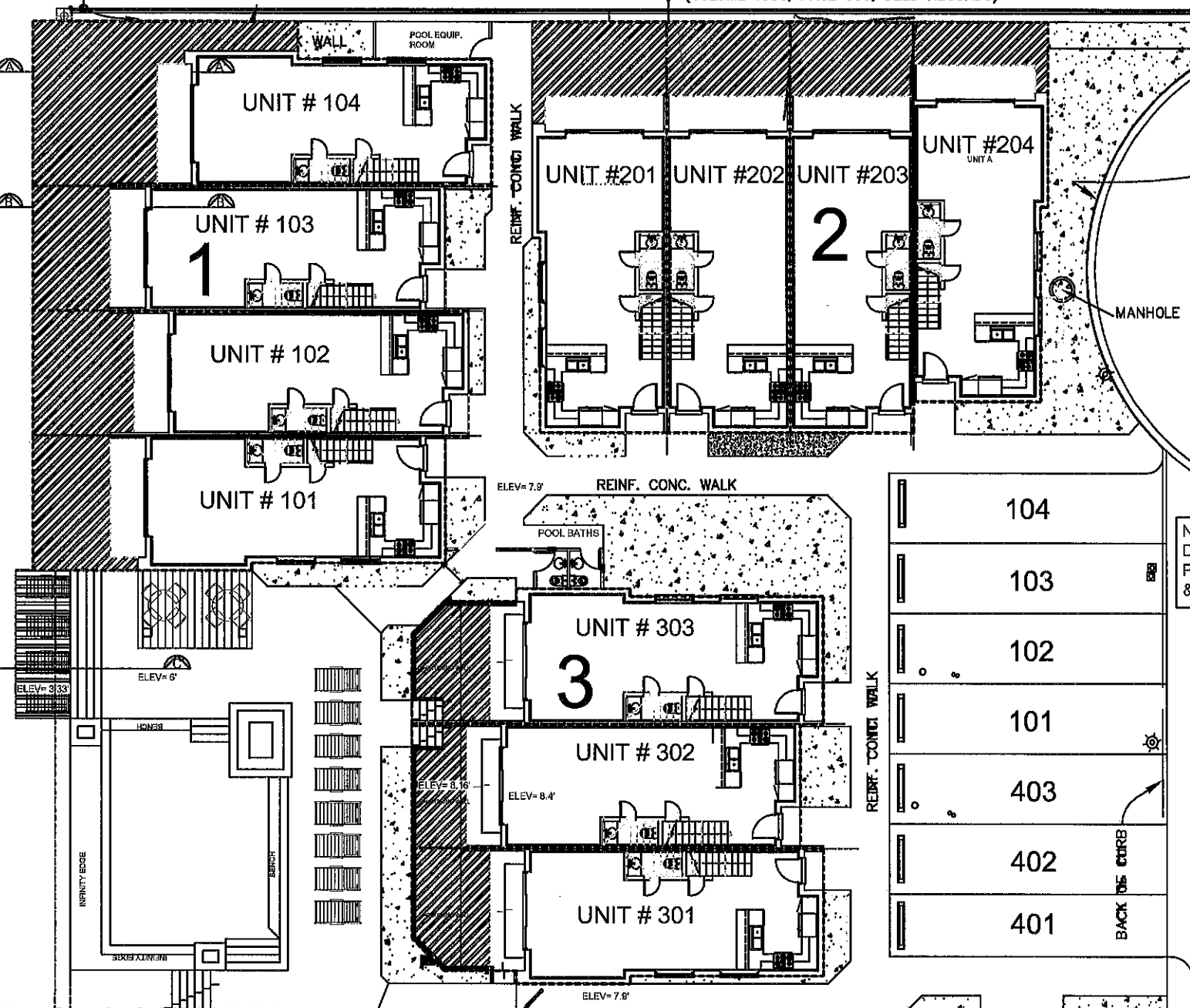
EXHIBITS B-1 thru B-8

Site Plan, Floor Plans of Units and Elevations of the Buildings

EXHIBIT B-2

Depiction of Limited Common Green Space/Lawn Areas

190.10' N 20° 52' E



LISTI ARCHITECTS

Sam A. Listi, Architect
 P.O. Box 2220
 Santa Fe, New Mexico 87507
 505-345-9960

DATE REVISIONS

LISTI ARCHITECTS - CONSULTANT
 These drawings are the sole property of LISTI ARCHITECTS. No part of these drawings shall be used, copied, or distributed by any person without the prior written permission of LISTI ARCHITECTS.

ISSUE DATE

REVISIONS

PROJECT NO.

PLAT DATE

DRAWN BY

CHECKED BY

SHEET

V2

EXHIBIT B-2

Total Living Area: 1'561.38 Sq. Ft.

LIST
ARCHITECTS

Sam A. Listi, Architect
P.O. Box 2220
South Padre Island, Texas
78597
956-345-9960



DATE SIGNED	EXPIRES
List Architects - Confidential These drawings are the sole property of List Architects. No part of these drawings shall be used, copied, or distributed by any person including the client without the prior written permission of Sam List.	

NOTES

Level 2 Living Area:
676.72 Sq. Ft.

Level 3 Living Area:
251.38 Sq. Ft.

* Area calculated from outside face of exterior wall to center line of party walls.

SCALE

SHEET 56

EXHIBIT B-3

Unit Type A Rev.

Total Living Area: 1'561.38 Sq. Ft.

Unit #: 101, 201 & 301

LISTI
ARCHITECTS

Sam A. Listi, Architect
P.O. Box 2242
South Padre Island, Texas
78597
956-345-9969



Sam A. Listi

DATE REVISION
EXHIBIT B-4

NOTES

Listi Architects - Confidential
These drawings are the sole property of
Listi Architects. No part of these drawings
shall be used, copied, or distributed by any
person including the client without the prior
written permission of Sam Listi.

ISSUE DATE

REVISIONS

PROJECT NO. PLAT DATE

DRAWN BY CHECKED BY

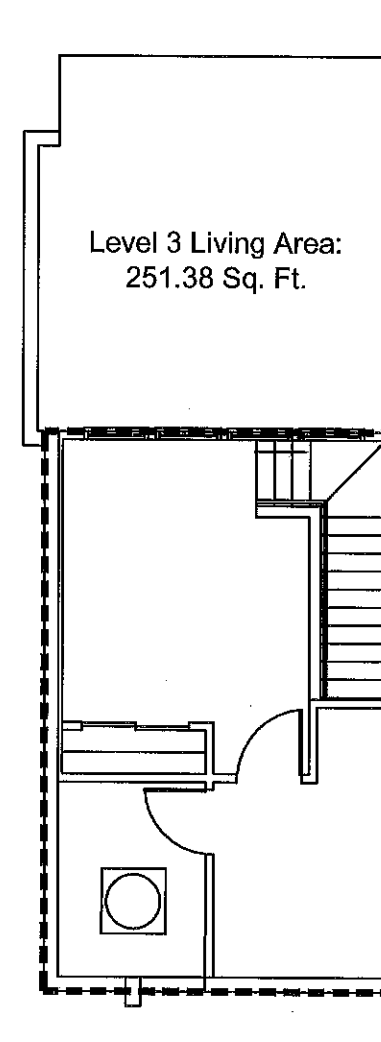
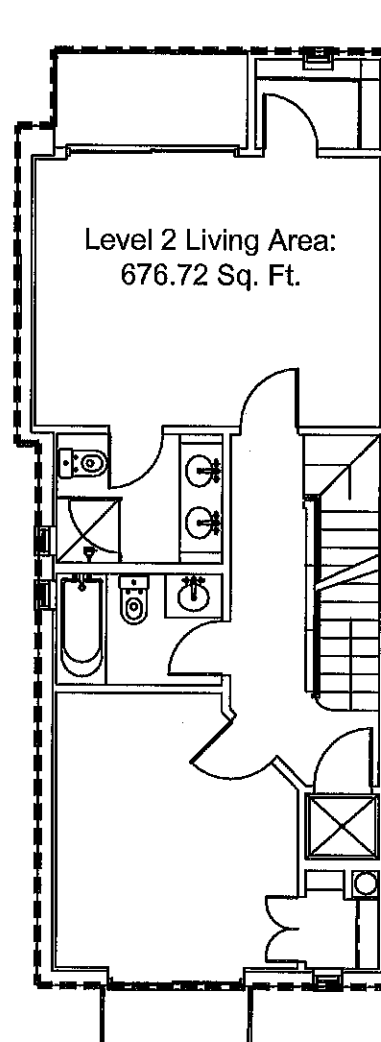
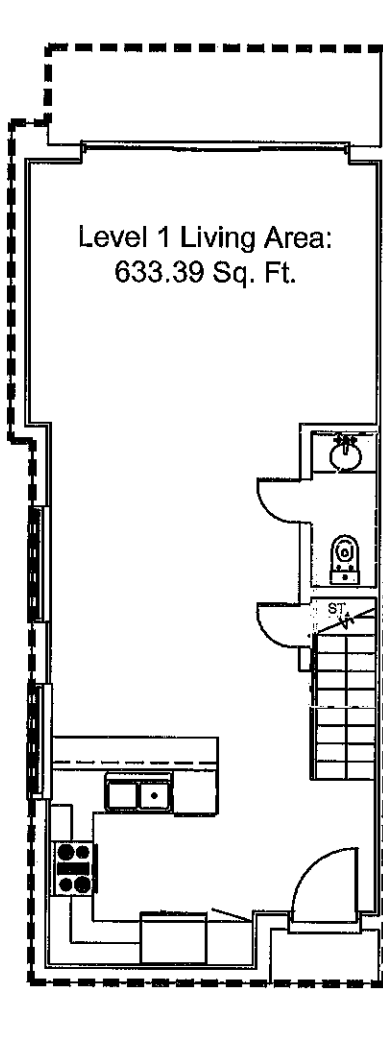
SL SL

SHEET TITLE

Las Vegas
Unit A Rev.

SHEET V 7

SCALE



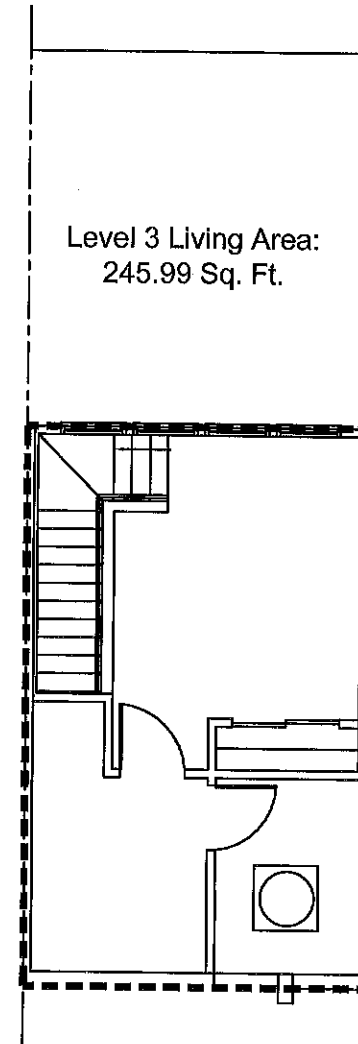
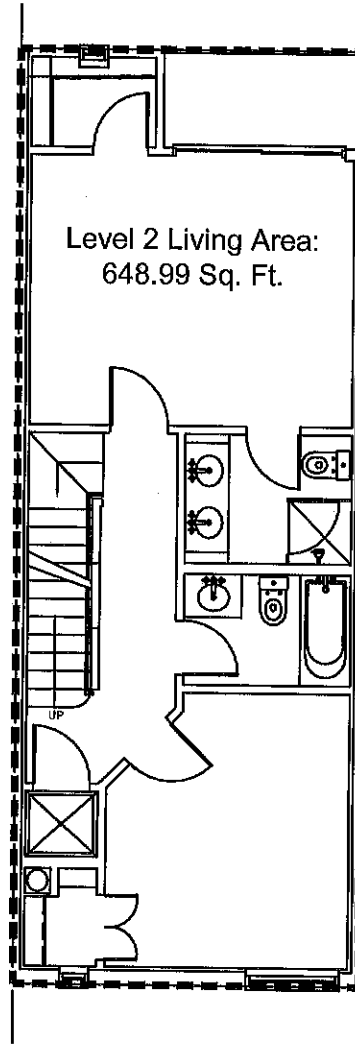
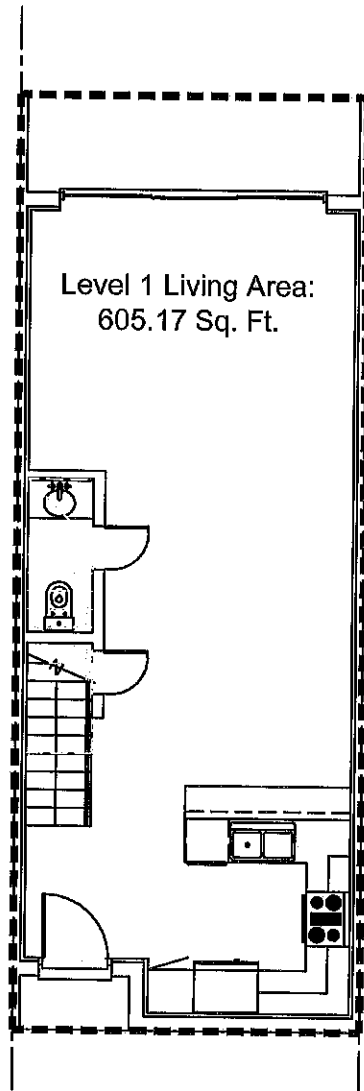
* Area calculated from outside face of exterior wall to center line of party walls.

EXHIBIT B-4

Unit Type B

Total Living Area: 1'499.66 Sq. Ft.

Unit #: 102, 103, 202 & 302



* Area calculated from outside face of exterior wall to center line of party walls.

LISTI
ARCHITECTS

Sam A. Listi, Architect
F.O.B. No. 2240
South Padre Island, Texas
78597
956-345-0900



DATE SIGNED: _____ DRAWN BY: _____

Listi Architects - Confidential
These drawings are the sole property of
Listi Architects. No part of these drawings
shall be used, copied, or distributed by any
person without the express written con-
sent of Listi Architects.

NOTES:

ISSUE DATE

REVISIONS

PROJECT NO. _____

DATE _____

DRAWN BY: _____

CHECKED BY: _____

SHEET TITLE

Los Volas
Unit B

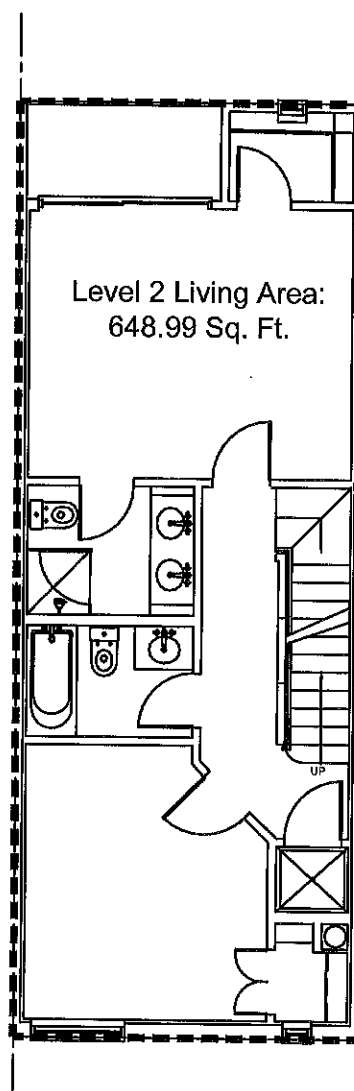
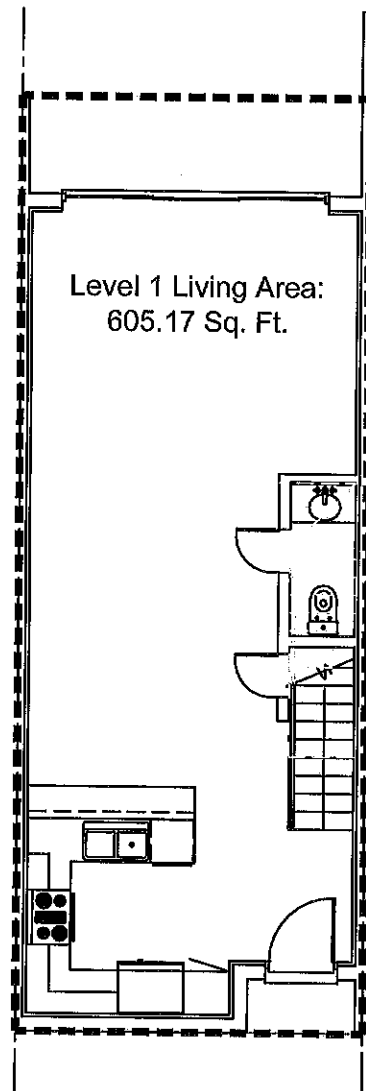
SHEET V 8

SCALE

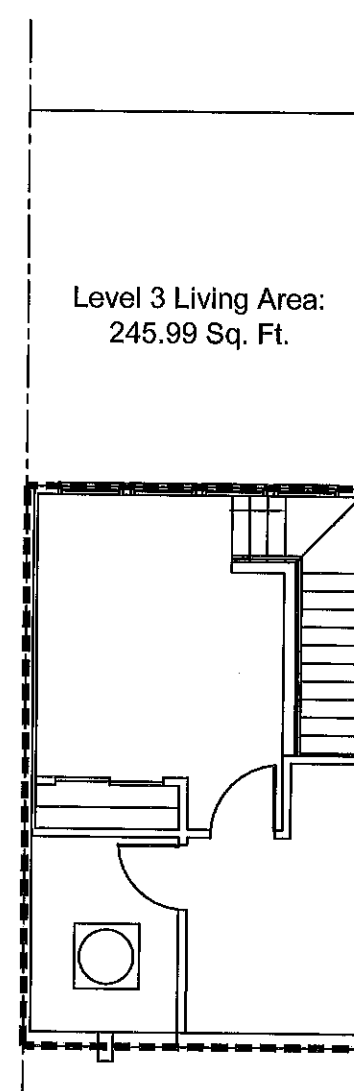
EXHIBIT B-5

Unit Type B Rev.

Total Living Area: 1'499.66 Sq. Ft.



Unit #: 203



* Area calculated from outside face of exterior wall to center line of party walls.

LISTI
ARCHITECTS

Sam A. Listi, Architect
P.O. Box 2220
Springtown, Texas
78197
956-343-9980



Sam A. Listi

DATE ISSUED: _____

REVISIONS: _____

These drawings are the sole property of LISTI ARCHITECTS. No part of these drawings shall be used, copied, or distributed by any person without the express written permission of Sam A. Listi.

NOTES:

ISSUE DATE: _____

REVISIONS:

PROJECT NO: _____

PLOT DATE: _____

DRAWN BY: _____

CHECKED BY: _____

DATE: _____

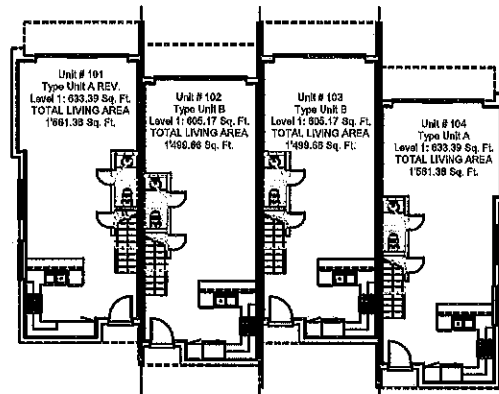
SHEET TITLE:

Las Vegas
Unit 13 Rev.

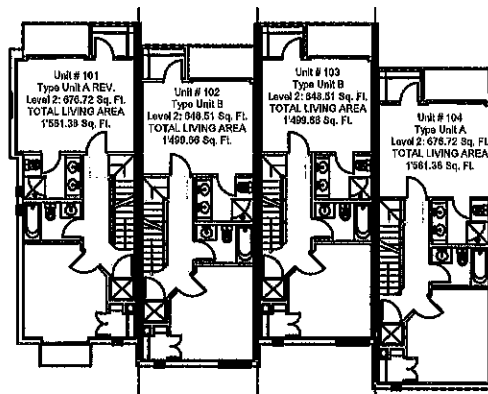
SCALE:

SHEET: V 9

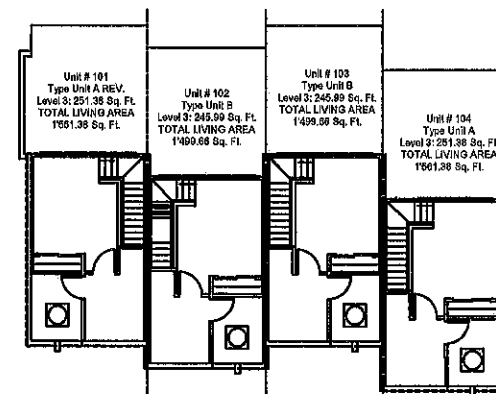
EXHIBIT B-6



FIRST FLOOR PLAN



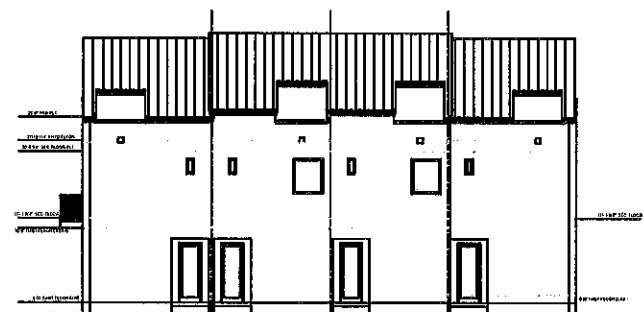
SECOND FLOOR PLAN



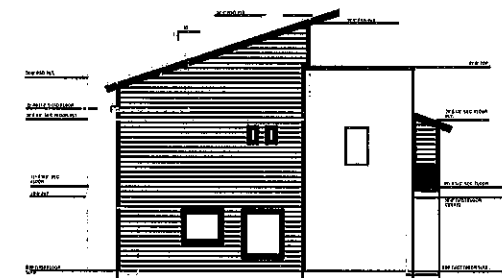
THIRD FLOOR PLAN



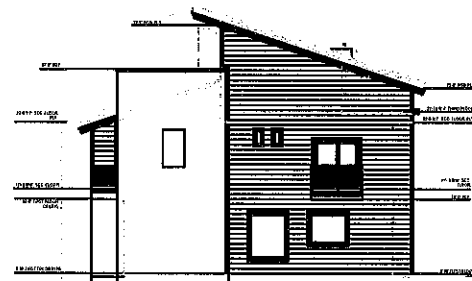
FRONT ELEVATION



REAR ELEVATION



LEFT ELEVATION



RIGHT ELEVATION

BUILDING 1
0' 5' 10' 20'

SCALE

LISTI
ARCHITECTS

Sam A. Listi, Architect
P.O. Box 2220
South Padre Island, Texas
78597
956-345-9960



DATE SIGNED: 10/15/2018

These drawings are the sole property of LISTI ARCHITECTS. No part of these drawings shall be used, copied, or distributed for any purpose not intended by the architect without the prior written permission of Sam Listi.

NOTES:

ISSUE DATE

REVISIONS

PROJECT NO. 1001

DATE: 10/15/2018

DRAWN BY: JAL

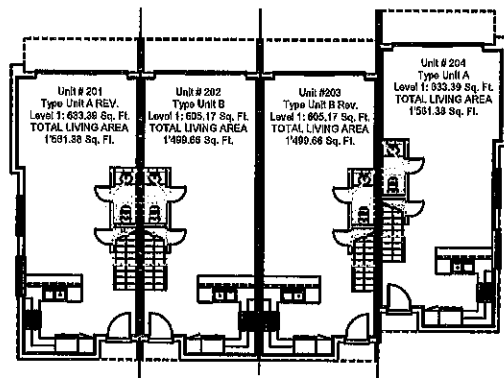
CHECKED BY: JAL

SHEET TITLE

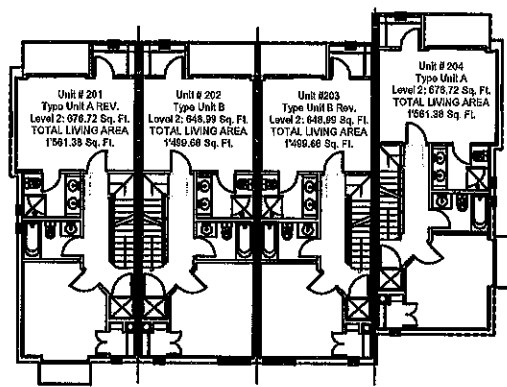
Les Voles Building 1

SHEET V3

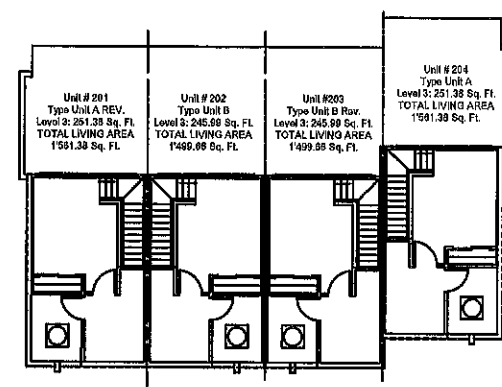
EXHIBIT B-7



FIRST FLOOR PLAN



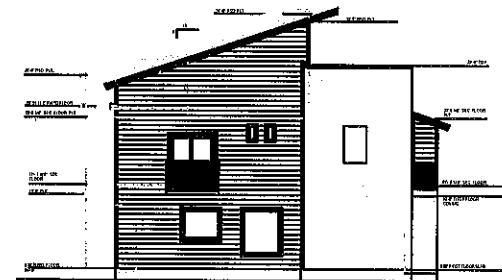
SECOND FLOOR PLAN



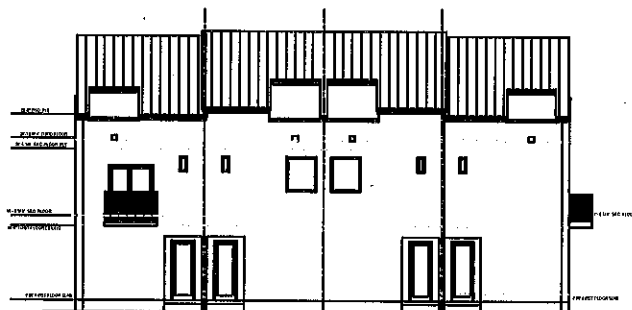
THIRD FLOOR PLAN



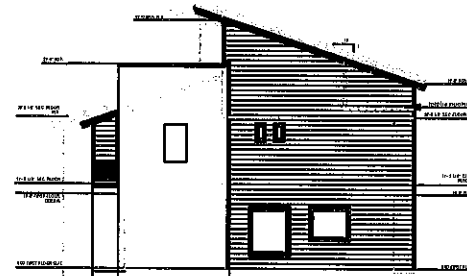
FRONT ELEVATION



LEFT ELEVATION

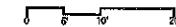


REAR ELEVATION



RIGHT ELEVATION

BUILDING 2



SCALE

LISTI
ARCHITECTS

Sam A. Listi, Architect
P.O. Box 2220
South Padre Island, Texas
78597
956-345-9960



DATE SIGNED: 10/08/2018
DRAWN BY: J. Listi
CHECKED BY: J. Listi
These drawings are the property of LISTI ARCHITECTS. No part of these drawings shall be used, copied, or distributed by any person without the written consent of Sam A. Listi.

NOTES:

ISSUE DATE

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

PROJECT NO. 10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

SHEET TITLE

Las Vegas Building 2

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

10/08/2018

SHEET V4

10/08/2018

10/08/2018

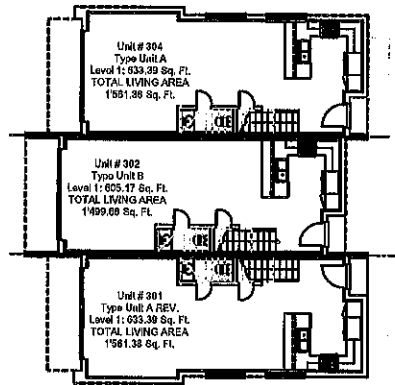
10/08/2018

10/08/2018

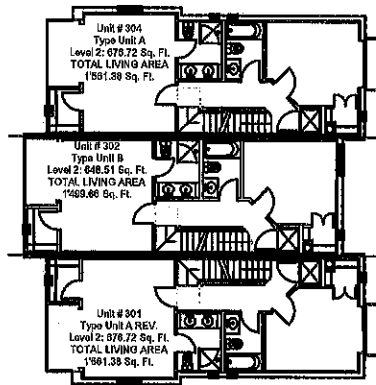
10/08/2018

10/08/2018

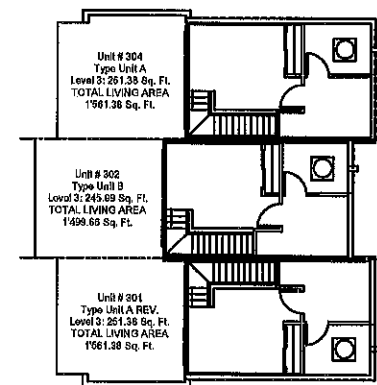
10/08/2018



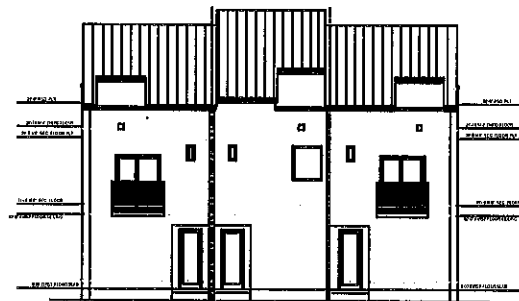
FIRST FLOOR PLAN



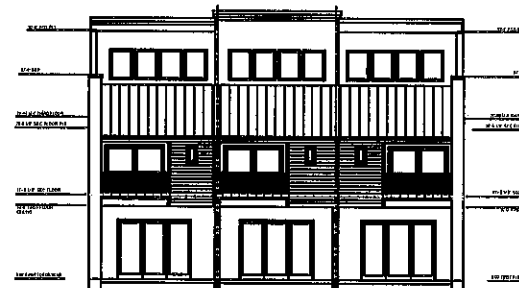
SECOND FLOOR PLAN



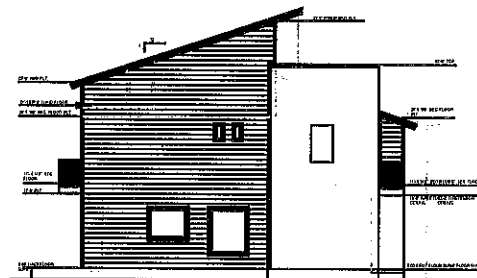
THIRD FLOOR PLAN



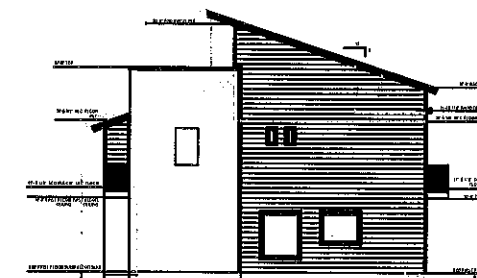
REAR ELEVATION



FRONT ELEVATION

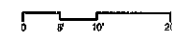


LEFT ELEVATION



RIGHT ELEVATION

BUILDING 3



SCALE

LISTI ARCHITECTS

Sam A. Listi, Architect
P.O. Box 2226
South Padre Island, Texas
78597
956-345-9960



DATE SIGNED: _____

NOTES:
List Architects - Consultants
These drawings are the sole property of
List Architects. No part of these drawings
shall be used, copied, or distributed by any
person including the client without the prior
written permission of Sam A. Listi.

NOTES:

ISSUE DATE

REVISIONS

PROJECT NO. _____

DRAWN BY _____

CHECKED BY _____

SHEET TITLE
Las Vegas
Building 3

SHEET V 5

EXHIBIT B-8

EXHIBIT C

Allocation of Percentage Held by Each Unit in Common Elements, Common Expenses, and
Votes in LAS VELAS OWNERS ASSOCIATION, INC.

<u>Unit</u>	<u>Square feet (w/o Patio)</u>	<u>% of Vote and Undivided Interest In Association</u>
101	1,561	9.258 %
102	1,499	8.890 %
103	1,499	8.890 %
104	1,561	9.258 %
201	1,561	9.258 %
202	1,499	8.890 %
203	1,499	8.890 %
204	1,561	9.258 %
301	1,561	9.258 %
302	1,499	8.890 %
303	<u>1,561</u>	<u>9.258 %</u>
TOTAL	16,861 Square Feet	100.00 %

In the event that more than the original eleven condominium Units are constructed by Declarant and such Units are added to this condominium regime, then the incorporated Units and the original Units will receive a new allocation of a percentage of rights and responsibilities in the (a) undivided interests in the Common Elements as defined in this condominium regime; (b) undivided interest in the Common expenses pertaining to the Common Elements, and (c) a portion of the votes in LAS VELAS OWNERS ASSOCIATION, INC.

In such new allocation, all of the new additional square footage of the additional Units will be added to the existing Units and all of the allocations pertaining to all Units (original and newly added) will then be recomputed and reassessed on the basis that the square footage of living space which each Unit bears to the square footage of living space of all Units within the Condominium Property, including the Units newly incorporated into the Condominium Property.

The square footages are based upon the living area square footage and do not include the patio areas and Limited Common Elements assigned to that Unit. The Limited Common Elements of the respective Units will be assessed by the Association to the Owner pursuant to the amount of maintenance, repair or replacement of the Limited Common Elements of such Owners Unit.

EXHIBIT D

BYLAWS OF LAS VELAS OWNERS ASSOCIATION, INC.

**BYLAWS OF
LAS VELAS OWNERS ASSOCIATION, INC.**

ARTICLE 1

DEFINITIONS

1.01. PROJECT shall mean all of the real property located in the City of South Padre Island, County of Cameron, State of Texas, including the land; all improvements and structures on the land; and all easements, rights, and appurtenances to the land, more particularly described as follows:

TRACTS 1, 2, and 3, as more particularly described on Exhibit "A" to the Condominium Declaration of LAS VELAS CONDOMINIUMS.

1.02. DECLARATION shall mean the Declaration applicable to the Project and filed in the Office of the County Clerk of Cameron Official Records, to which these Bylaws were attached as **Exhibit "D"** at the time of recording, including any amendments to the Declaration as may be made from time to time in accordance with the terms of the governing statute.

1.03. Other terms used in these Bylaws shall have the meaning given them in the Declaration, incorporated by reference and made a part of these Bylaws.

ARTICLE 2

APPLICABILITY OF BYLAWS

2.01. The provisions of these Bylaws constitute the Bylaws of the nonprofit corporation known as LAS VELAS OWNERS ASSOCIATION, INC., referred to as the "Association".

2.02. The provisions of these Bylaws are applicable to the Project as defined in Paragraph 1.01 of these Bylaws.

2.03. All present or future owners, present or future tenants, their employees, or other persons that use the facilities of the Project in any manner are subject to the regulations set forth in these Bylaws. The acquisition of any of the Units of the Project, or the act of occupancy of any of the Units, will signify that these Bylaws are accepted and ratified and will be complied with by the purchaser, tenant, or occupant.

ARTICLE 3

OFFICES

3.01. The principal office of the Association shall be located at _____, South Padre Island, Texas 78597.

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

ARTICLE 4

QUALIFICATIONS FOR MEMBERSHIP

4.01. The membership of the Association shall consist of all of the Owners of the Units within the Project.

4.02. The rights of membership shall not be exercised by any person until satisfactory proof has been furnished to the Secretary of the Association that the person is qualified as a Member. Such proof may consist of a copy of a duly executed and acknowledged deed or title insurance policy evidencing ownership of a Unit in the Project. Such deed or policy shall be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.

4.03. The sole qualification for membership shall be the ownership of a Unit in the Project. No initiation fees, costs, or dues shall be assessed against any person as a condition of membership except such assessments, levies, and charges as are specifically authorized under the Articles of Incorporation or the Declaration.

4.04. The Board of Directors may provide for the issuance of certificates evidencing membership in the Association that shall be in such form as may be determined by the Board. All certificates evidencing membership shall be consecutively numbered. The name and address of each Member and the date of issuance of the certificate shall be entered on the records of the Association and maintained by the Secretary at the registered office of the Association.

ARTICLE 5

VOTING RIGHTS

5.01. Voting rights shall be allocated among the Members on the basis of the formulas and allocations set forth in the Declaration. The Owner of each unit shall be entitled to vote the percentage of allocation attributable to such Unit as determined by the formula established in Exhibit C to the Declaration.

5.02. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease on conveyance by the Member of the Member's Unit or on receipt of notice by the Secretary of the death or judicially declared incompetence of such Member. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise specifically provided in the proxy.

5.03. The presence, either in person or by proxy, at any meeting, of Members entitled to cast at least 67 percent of the total voting power of the Association shall constitute a quorum for any action, except as otherwise provided in the Governing Instruments. In the absence of a quorum at a meeting of Members, a majority of those Members present in person or by proxy may adjourn the meeting to a time not less than five (5) days or more than thirty (30) days from the meeting date.

5.04. The vote of the majority of the votes entitled to be cast by the Members present, or represented by proxy, at a meeting at which a quorum is present shall be the act of the meeting of members, unless the vote of a greater number is required by statute or by the Declaration, by the Articles of Incorporation of this Association, or by these Bylaws.

5.05. Cumulative voting is not permitted.

ARTICLE 6

MEETINGS OF MEMBERS

6.01. The first meeting of the Members of the Association shall be held within one hundred twenty (120) days after the closing of the sale of the Unit that represents fifty percent (50%) of the units. After the first meeting, the annual meeting of the Members of the Association shall be held on the third Saturday of June of each succeeding calendar year at the hour of 10:00 A.M., or any other date and time which may be designated by the Association. If the day for the annual meeting of the Members is a legal holiday, the meeting shall be held at the same hour on the first day following that is not a legal holiday or a Sunday.

6.02. Special meetings of the Members may be called by the President, the Board of Directors, or by Members representing at least twenty percent (20%) of the total voting power of the Association.

6.03. Meetings of the Members shall be held within the Project or at a meeting place as close to the Project as possible, as the Board may specify in writing.

6.04. Written notice of all Members, meetings shall be given by or at the direction of the Secretary of the Association or such other persons as may be authorized to call the meeting, by mailing or personally delivering a copy of such notice at least ten (10) but not more than forty-five (45) days before the meeting to each Member entitled to vote at the meeting. The notice must be addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. The notice shall specify the place, day, and hour of the meeting and, in the case of a special meeting, the nature of the business to be undertaken.

6.05. The order of business at all meetings of the Members shall be as follows:

- (a) Roll call and establishment of quorum.
- (b) Proof of notice of meetings or waiver of notice.
- (c) Reading of Minutes of preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of directors.
- (g) Unfinished business.
- (h) New business.

ARTICLE 7

BOARD OF DIRECTORS

7.01. The affairs of this Association shall be managed by a Board of Directors consisting of three (3) persons, all of whom, must be Members of the Association. The terms of the Directors shall be staggered as provided in Section 7.02 below.

7.02. At the first meeting of the Association, the Member shall elect the initial Directors. The initial Directors shall be classified with respect to the time for which they hold office by dividing them into three classes, each class consisting of one Director, and each Director of the Association shall hold office until his successor is elected and qualified. At the first meeting of the Association, the Director of the first class shall be elected for a term of one year; the Director of the second class shall be elected for a term of two years; and the Director of the third class shall be elected for a term of three years; and at each annual election of the Members thereafter the successor to the class of Directors whose term expires that year shall be elected to hold office for a term of three (3) years, so that the term of office of one class of Directors shall expire each year.

7.03. Directors may be removed from office without cause by a majority vote of the Members of the Association.

7.04. In the event of a vacancy on the Board caused by the death, resignation, or removal of a Director, the remaining Directors shall, by majority vote, elect a successor who shall serve for the unexpired term of the predecessor.

Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting of Members or at a special meeting of Members called for that purpose.

7.05. A Director may be reimbursed by the Board for actual expenses incurred by the Director in the performance of the Director's duties; provided, however, that such expenses are approved by the Board of Directors.

7.06. The Board shall have the powers and duties, and shall be subject to limitations on such powers and duties, as enumerated in the Governing Instruments of the Project.

ARTICLE 8

NOMINATION AND ELECTION OF DIRECTORS

8.01. Nomination for election to the Board of Directors shall be made from the floor at the annual meeting of the Members.

8.02. Directors are elected at the annual meeting of Members of the Association. Members, or their proxies, may cast, in respect to each vacant directorship, as many votes as they are entitled to exercise under the provisions of the Declaration. The nominees receiving the highest number of votes shall be elected.

ARTICLE 9

MEETINGS OF DIRECTORS

9.01. Regular meetings of the Board of Directors shall be held quarterly at a place within the Project and at a time as may be fixed from time to time by resolution of the Board. Notice of the time and place of regular meetings shall be posted at a prominent place or places within the Common Elements.

9.02. Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by any two (2) Directors other than the President. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Notice of a special meeting must be given to each Director not less than three (3) days or more than fifteen (15) days prior to the date fixed for such meeting by written notice either delivered personally, sent by mail, or sent by telegram to each Director at the Director's address as shown in the records of the Association. A copy of the notice shall be posted in a prominent place or places in the Common Elements of the Project not less than three (3) days prior to the date of the meeting.

9.03. A quorum for the transaction of business by the Board of Directors shall be the lesser of either a majority of the number of Directors constituting the Board of Directors as fixed by these Bylaws or two (2).

9.04. The act of the majority of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless any provision of the Declaration, the Articles of Incorporation of this Association or these Bylaws requires the vote of a greater number.

9.05. Regular and special meetings of the Board shall be open to all Members of the Association, provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly authorized to do so by the vote of a majority of a quorum of the Board.

9.06. The Board may, with the approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote on personnel matters, litigation in which

the Association is or may become involved, contract negotiations, enforcement actions, other business of a confidential nature involving a Member, and matters requested by the involved parties to remain confidential. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE 10

OFFICERS

10.01. The Officers of this Association shall be a President, a Secretary, and a Treasurer, who shall at all times be members of the Board of Directors. The Board of Directors may, by resolution, create such other offices as it deems necessary or desirable.

10.02. The Officers of this Association shall be elected annually by the Board of Directors, and each shall hold office for one (1) year, unless the Officer shall sooner resign, be removed, or be otherwise disqualified to serve.

10.03. Any Officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect at the date of receipt of the notice or at any later time specified in the notice. Any officer may be removed from office by the Board whenever, in the Board's judgment, the best interests of the Association would be served by such removal.

10.04. Any two or more offices may be held by the same person, except the offices of President, Treasurer and Secretary.

10.05. Officers shall receive such compensation for services rendered to the Association as determined by the Board of Directors and approved by a majority of the voting power of the Association.

ARTICLE 11

PRESIDENT

11.01. At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect one of their number to act as President.

11.02. The President shall perform the following duties:

- (a) Preside over all meetings of the members and of the Board.
- (b) Sign as President all deeds, contracts, and other instruments in writing that have been first approved by the Board, unless the Board, by duly adopted resolution, has authorized the signature of another Officer.
- (c) Call meetings of the Board whenever he or she deems it necessary in accordance with rules and on notice agreed to by the Board. The notice period shall, with the exception of emergencies, in no event be less than three (3) days.
- (d) Have, subject to the advice of the Board, general supervision, direction, and control of the affairs of the Association and discharge such other duties as may be required of him or her by the Board.
- (e) Prepare, execute, certify, and have recorded all amendments to the Declaration required by statute to be recorded by the Association.

ARTICLE 12

VICE-PRESIDENT

12.01. At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect one of its Members to act as Vice-President.

12.02. The Vice-President shall perform the following duties:

- (a) Act in the place and in the stead of the President in the event of the President's absence, inability, or refusal to act.
- (b) Exercise and discharge such other duties as may be required of the Vice-President by the Board. In connection with any such additional duties, the Vice-President shall be responsible to the President.

ARTICLE 13

SECRETARY

13.01. At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect a Secretary.

13.02. The Secretary shall perform the following duties:

- (a) Keep a record of all meetings and proceedings of the Board and of the Members.
- (b) Keep the seal of the Association, if any, and affix it on all papers requiring the seal.
- (c) Serve notices of meetings of the Board and the Members required either by law or by these Bylaws.
- (d) Keep appropriate current records showing the Members of the Association together with their addresses.
- (e) Sign as Secretary all deeds, contracts, and other instruments in writing that have been first approved by the Board if the instruments require a second Association signature, unless the Board has authorized another Officer to sign in the place and stead of the Secretary by duly adopted resolution.
- (f) Prepare, execute, certify, and have recorded all amendments to the Declaration required by statute to be recorded by the Association.

ARTICLE 14

TREASURER

14.01. At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect a Treasurer.

14.02. The Treasurer shall perform the following duties:

- (a) Receive and deposit in a bank or banks, as the Board may from time to time direct, all of the funds of the Association.
- (b) Be responsible for and supervise the maintenance of books and records to account for the Association's funds and other Association assets.
- (c) Disburse and withdraw funds as the Board may from time to time direct, in accordance with prescribed procedures.

(d) Prepare and distribute the financial statements for the Association required by the Declaration.

ARTICLE 15

BOOKS AND RECORDS

15.01. Complete and correct records of account and minutes of proceedings of meetings of Members, Directors, and committees shall be kept at the registered office of the corporation. A record containing the names and addresses of all Members entitled to vote shall be kept at the registered office or principal place of business of the Association.

15.02. The Governing Instruments of the Project, the membership register, the books of account, and the minutes of proceedings shall be available for inspection and copying by any Member of the Association or any Director for any proper purpose at any reasonable time.

ARTICLE 16

GENERAL PROVISIONS

16.01. **Amendment.** These Bylaws may be amended, altered, or repealed at a regular or special meeting of the Members of the Association by the affirmative vote in person or by proxy or by written ballot of Members representing the holders of at least sixty-seven percent (67%) of the ownership interests in the Project. The written ballot shall state the exact wording or substance of the amendment and shall specify the date by which the ballot must be received to be counted. Notwithstanding the above, the percentage of affirmative votes necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

16.02. **Alternative Dispute Resolution.** Any dispute regarding interpretation or performance hereunder will be submitted to alternative dispute resolution, 1) first to mediation, and if such dispute is not resolved thereby, 2) then, to final and binding arbitration pursuant to the applicable rules of the American Arbitration Association ("AAA"), except that such arbitration will be conducted by a single arbitrator who is knowledgeable in the subject matter of such dispute. Regarding selection of the arbitrator, the parties may do so by agreement, or use the applicable AAA rules. If the parties are unable to agree upon terms and conditions of mediation, then mediation is to be conducted pursuant to the applicable rules of the American Arbitration Association. Venue shall be in Cameron County, Texas.