

DECLARATION
OF

MEMORIAL COVE LOFTS

04/11/01 101544219 U982153

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Article I
Submission: Defined Terms

Section 1.1 Submission of Real Estate: MEMORIAL LOFTS PARTNERS, LTD., a Texas limited partnership, owner in fee of the real property described in Section 3.1 (the "Property"), hereby submits such real property, together with all easements, rights and appurtenances thereto and the building and improvements erected or to be erected thereon, to the provisions of the Uniform Condominium Act (Texas Property Code, Chapter 82).

Section 1.2 Defined Terms: As used in this Declaration, the following terms have the meanings specified in this Section 1.2. Other terms not defined herein or in the Plats and Plans shall have the meaning specified or used in the Act.

"Act" means the Uniform Condominium Act (Texas Property Code, Chapter 82), as amended from time to time.

"Association" means the Memorial Lofts Homeowners Association, a Texas nonprofit corporation and condominium association organized under Section 82.101 of the Texas Property Code.

"Declarant" means MEMORIAL LOFTS PARTNERS, LTD., a Texas limited partnership, or its successors or assigns, provided such successors or assigns are designated in writing by MEMORIAL LOFTS PARTNERS, LTD, as a successor or assign of the rights of Declarant set forth herein.

"Eligible Insurer" means an insurer or guarantor of a first mortgage secured by a Unit (defined in Article V, below) in the Condominium. An Eligible Insurer must notify the Association in writing of its name and address and inform the Association that it has insured or guaranteed a first security interest in a Unit. It must provide the Association with the Unit number and address of the Unit on which it is the insurer or guarantor of a security interest. Such notice may include a request that the Eligible Insurer be given the notices and other rights described in Article XVI.

"Eligible Mortgagee" means a holder of a first mortgage secured by a Unit in the Condominium. An Eligible Mortgagee must notify the Association in writing of its name and address and inform the Association that it holds a first security interest in a Unit. It must provide the Association with the Unit number and address of the Unit on which it holds a security interest. Such notice may include a request that the Eligible Mortgagee be given the notices and other rights described in Article XVI.

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"Governing Documents" means the Declaration, Plats and Plans recorded and filed pursuant to the provisions of the Act, the Articles of Incorporation of the Association, the Bylaws of the Association, and the Rules of the Association as they may be amended from time to time. Any exhibit, schedule or certification accompanying a Governing Document is a part of that Governing Document.

"Limited Common Element" means a portion of the Common Elements, designated in this Declaration, or on the Plats and Plans, by the Act, for the exclusive use of one or more but fewer than all of the Units.

"Property" means the real property described in Section 3.1, together with all easements, rights and appurtenances thereto and the buildings and improvements erected or to be erected thereon, submitted to the provisions of the Act.

"Unit" means a physical portion of the Condominium designated for separate ownership or occupancy, the boundaries of which are described by this Declaration, being more fully described in Article V, below. Except as otherwise provided herein, the term "Unit" shall have the same meaning as that set out in the Act.

Article II

Names

Section 2.1 **Condominium:** The name of the Condominium is "MEMORIAL COVE LOFTS" (the "Condominium").

Section 2.2 **Association:** The name of the Association is Memorial Lofts Homeowners Association, a Texas nonprofit corporation.

Article III

Description of Real Property

Section 3.1 **Real Property:** The Condominium is located in Harris County, Texas. The real property of the Condominium (the "Property") is more fully described in the legal description attached hereto as Exhibit "A" hereto.

Article IV

The Association

Section 4.1 **Authority:** The business and affairs of the Condominium shall be managed by the Association acting by and through its Board of Directors. The Association shall be governed by its governing documents, including (without limitation) its articles and bylaws, as amended from time to time.

Section 4.2 **Powers:** The Association shall have all of the powers provided herein, in its governing documents, and in the Act.

Article V REDUCTION 16x CAMERA DESIGNATION MR
Units

Section 5.1 Number: The number of Units in the Condominium is TWENTY (20).

Section 5.2 Identification: The identification number of each Unit is shown on the Plats or Plans or both.

Section 5.3 Unit Owner Interest: Each Unit Owner shall own title in fee simple to his or her Unit and shall have the exclusive right to the use and occupancy of his or her Unit, subject to the provisions of this Declaration. There shall be appurtenant to each Unit an individual, undivided share of the General Common Elements and the exclusive right to use such Limited Common Elements as are appurtenant to such Unit.

Section 5.4 Boundaries: The boundaries of each Unit are shown on the Plats and Plans and are more particularly described as the perimeter walls, floors, ceilings, and balcony of a Unit. All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting part of the finished surfaces are a part of the Unit, and all other portions of the perimeter walls, floors, ceilings or balcony are a part of the Common Elements. Subject to Section 6.1 (b), below, the spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

Article VI
Common Elements

Section 6.1 Limited Common Elements: The following portions of the building are designated as Limited Common Elements:

- a. If any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture is partially within and partially outside the designated boundaries of a Unit, then the portion serving only that Unit is a Limited Common Element allocated solely to that Unit, and the portion serving more than one Unit or the Common Elements is a part of the General Common Elements.
- b. Any shutters, awnings, window boxes, doorsteps, stoops, porches, patios, and exterior doors and windows or other fixtures designed to serve a single Unit, but located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit.
- c. Stairways, the use of which is limited to certain Units as shown on the Plans, are Limited Common Elements allocated exclusive to those Units.
- d. Parking spaces shall be Limited Common Elements for the exclusive use of the Unit Owner of the Unit to which they are assigned by the Association, subject to the Rules and Regulations of the Association.

e. The area improved by the Declarant as storage facilities for Units shall be a Limited Common Element, the use of which is limited exclusively to the Owner of the Unit to which the storage space has been assigned by the Association, subject to the Rules and Regulations of the Association.

f. Storm windows and storm doors, if any, will be Limited Common Elements of the Unit which they serve.

g. Certain courtyards, patios, and decks at the entrances to each Unit, the use of which is limited to the Unit, as shown on the Plats and Plans.

h. Any Common Expenses associated with the maintenance, repair, or replacement of components or elements attached to, planted on, or a part of yards, patios, decks, exterior surfaces, trim, siding, doors, windows, storage area, and elevators shall be assessed against the Unit or Units to which the Limited Common Element is assigned, as a Common Expense assessment. If any such Limited Common Element is assigned to more than one Unit, the Common Expense assessment attributable to the Limited Common Element shall be allocated among the Units to which it is assigned, as provided in Section 17.2, below, or on such reasonable basis (such as estimate of use, benefit, square footage, or other basis) as shall be determined by the Association. If the method of allocating such Common Expenses is not provided in this Declaration and the Association does not make a special allocation of such Common Expenses, then those Common Expenses shall be allocated equally among the Units to which it is assigned.

i. Mailboxes, name plates and exterior lighting affixed to the building, if any, will be Limited Common Elements allocated to the Units served.

Section 6.2 Allocation of Specified Common Elements: The Board of Directors may designate parts of the Common Elements from time to time for use by less than all of the Unit Owners or by non-owners for specified periods of time or by only those persons paying fees or satisfying other reasonable conditions for use as may be established by the Board of Directors. Any such designation by the Board Directors shall not be a sale or disposition of such portions of the Common Elements.

Section 6.3 Transfer of Common Elements: Any conveyance, encumbrance, judicial sale, or other transfer (voluntary or involuntary) by an individual of any interest in the Common Elements will be void unless the Unit to which that interest is allocated is also transferred; provided, however, that the Association (separate and apart from the transfer of a Unit) may assign, sell or transfer a portion of or interest in the General Common Elements for easements, right-of-ways, as part of a condemnation or transfer in lieu thereof, or for other purposes permitted hereunder in connection with the operation of the Condominium and as otherwise permitted hereunder.

Section 6.4 Assignment of Limited Common Elements: A Limited Common Element may be reassigned upon the written application to the Association by the Owner(s) whose use of

the Limited Common Element is or may be directly affected by the reassignment and by the affirmative vote of Owners holding seventy percent (70%) of the total Association vote at a meeting duly called for such purpose. Upon such application and approval of the Owners, the Association shall prepare and execute an amendment to this Declaration reassigning the Limited Common Element. This amendment shall be delivered to the Owners of the Units affected by the reassignment upon payment by them of all costs for the preparation, execution and recordation of the amendment. The amendment shall become effective upon the execution of the amendment by the Association and the Owner(s) directly affected by such reassignment and the recordation of such amendment in the Deed Records of Harris County, Texas.

Article VII Maintenance, Repair, and Replacement

Section 7.1 Common Elements: The Common Elements shall be maintained in good condition by the Association, subject to reasonable wear and tear and casualty. Subject to Section 17.2, the costs and expense for the upkeep and maintenance of the Common Elements shall be a Common Expense of the Unit Owners, and shall be included in the Common Expense Assessments for the usual and ordinary costs and expenses for the maintenance, repair, upkeep and operation of the Common Elements, and each Owner shall pay his or her pro-rata share thereof.

Section 7.2 Units: Each Unit Owner shall maintain, repair, and replace, at his or her own expense, all portions of his or her Unit, except those portions of the Unit required by the Declaration or the Act to be maintained, repaired, or replaced by the Association.

Section 7.3 Right of Access: Each Unit Owner shall afford to the Association and the other Unit Owners, and the agents and employees of each of the Association and the Unit Owners, access through such Unit Owner's Unit reasonably necessary for the proper maintenance of the Condominium. In case of an emergency, no request or notice is required and the right of entry shall be immediate, and with as much force as is reasonably necessary to gain entrance, whether or not the Unit Owner is present at the time.

Article VIII Special Declarant Rights, and the Declarant Control Period

Section 8.1 Special Declarant Rights: The Declarant reserves the following Special Declarant Rights:

- a. to complete or make improvements indicated on the Plats and Plans filed with this Declaration;
- b. to maintain sales, management, or leasing offices, and models in Units or on the Common Elements for as long as the Declarant Owns a Unit, subject to the following limitations:

(1) no more than four Units owned by the Declarant may be used at any one time as sales, management or leasing offices, or models;

(2) offices and models may be located in any Unit of or location within the Condominium and may consist of multiple Units with the same floor plan or any combination of floor plans; and

(3) offices and models may be relocated at any time provided the Declarant takes reasonable steps to minimize any disruption to the Unit Owners caused by such relocation;

c. to maintain signs on the Condominium to advertise the Condominium;

d. to use, and to permit others to use, easements through the Common Elements as may be reasonably necessary for the purpose of exercising its rights or discharging the Declarant's obligations under the Act and this Declaration;

e. to appoint or remove any officer of the Association or any director during the period of Declarant control, subject to the provisions of Section 8.3 of this Declaration; and

f. to amend the Declaration as provided in Section 13.2, below.

Section 8.2 Limitations on Special Declarant Rights: Unless sooner terminated by a recorded instrument signed by the Declarant, any Special Declarant Right may be exercised by the Declarant for the period of time specified in the Act.

Section 8.3 Declarant Control of the Association:

a. Subject to Section 8.3 (b), there shall be a period of Declarant control of the Association during which the Declarant, or persons designated by the Declarant, may appoint and remove the officers and members of Board of Directors. The period of Declarant control terminates not later than the earlier of the 120th day after conveyance of seventy-five percent (75%) of the Units (that exist or may be created) to Unit Owners other than the Declarant or three years after the first Unit is conveyed to a Unit Owner other than the Declarant.

b. No later than the 120th day after conveyance of fifty percent (50%) of the Units (that exist or may be created) to unit Owners other than the Declarant, not less than one-third of the members of the Board of Directors must be elected by Unit Owners other than the Declarant.

c. Not later than the termination of the period of Declarant control, the Unit Owners shall elect a Board of Directors of at least three members, all of whom shall be Unit Owners or authorized officers of Unit Owners that are not individuals. The Board of

Directors shall elect the officers before the 31st day after the date the period of Declarant control terminates. The persons elected shall take office on election.

Article IX Allocated Interest

Section 9.1 Allocation of Interests: The undivided interest in the Common Elements, the Common Expense Liability and the number of votes in the affairs of the Association allocated to each Unit are set forth in Exhibit "B" attached hereto.

Section 9.2 Formulas for Allocation of Interests: The interests allocated to each Unit have been calculated by using the following formulas:

- a. **Undivided Interest in Elements.** The percentage of the undivided interest in the Common Elements allocated to each Unit is based on one share to each Unit compared with the total shares allocated to all of the Units in the Condominium.
- b. **Liability for Common Elements.** The percentage of liability for Common Expenses allocated to each Unit is based on one share to each Unit compared with the total shares allocated to all the Units in the Condominium. Nothing contained in this Subsection shall prohibit certain Common Expenses from being apportioned to particular Units as permitted elsewhere in this Declaration and the Act.
- c. **Votes.** Each Unit shall have one vote. Any specified percentage, portion or fraction of Unit Owners, unless otherwise stated in the Articles of Incorporation or Bylaws of the Association, means the specified percentage, portion or fraction of all of the votes allocated in Exhibit "B". Any deadlock among the Unit Owners that cannot be resolved after a period of 90 days from when the deadlock first arose shall be resolved exclusively by binding arbitration in Houston, Texas in accordance with the commercial arbitration rules of the American Arbitration Association.

Article X Plat or Plans

Section 10.1 Plat or Plans: A project plat and Unit plans are attached to this Declaration as Exhibit "C". The Property and condominium project are sometimes collectively called the "Project."

Article XI Restrictions on Use, Occupancy, and Alienation

Section 11.1 Use Restrictions: Subject to the Special Declarant Rights reserved under Article VIII, the following use restrictions apply to all Units and to the Common Elements:

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a. The use of each Unit is restricted to that of a single family residence and accessory uses as permitted herein. Except for those activities conducted as part of the marketing and development program of the Declarant, no industry, business, trade or commercial activities (other than home professional pursuits to which the public is not invited nor does such use in any way detract from the residential character of the Project), unscheduled public visits, nonresidential storage, mail or other use of a Unit shall be conducted, maintained or permitted in any part of a Unit, nor shall any Unit be used or rented for transient, hotel or motel purposes.

b. No improper, offensive or unlawful use may be made of the Property; Unit Owners shall comply with and conform to all applicable laws and regulations of the United States and the State of Texas and all ordinances, rules and regulations of the city of Houston, Texas. The Unit Owner violating any such law or ordinance shall hold harmless the Association and other Unit Owners from all fines, penalties, costs and prosecutions for any violation or noncompliance.

Section 11.2 Occupancy Restrictions: Subject to the Special Declarant Rights reserved under Article VIII, the following occupancy restrictions apply to all Units and to the Common Elements.

a. No Unit Owner shall do any act or permit any act to be done in, on or to any Unit, balcony, patio, parking space, or Common Element which will impair the structural integrity, weaken the support or otherwise adversely affect the building or any Common Element.

b. No electrical device creating overloading of standard circuits may be used without permission from the Board of Directors. Misuse or abuse of appliances or fixtures within a Unit which affects other Units or the Common Elements is prohibited. Any damage resulting from such misuse shall be the responsibility of the Unit Owner who caused it. Total Electrical usage in any Unit shall not exceed the capacity of the circuits as labeled on the circuit breaker boxes.

c. All Unit Owners shall maintain their Units in a clean and well maintained condition. No storage will be permitted in or outside any Unit in a manner which may permit the spread of fire, odors, or seepage or the encouragement of vermin or which is visible from the exterior of the Unit.

d. All fixtures and equipment will be used for the purpose for which they were designed. There shall be no floor load in excess of 50 pounds per square foot, unless special arrangements are made and an engineering determination of floor load capacity in the area of the heavy use is approved by the Association.

e. A parking space is restricted to occupancy by the owner of the Unit to which the parking space is a Limited Common Element only for parking of automobiles.

motorcycles, and bicycles, and shall not be used for storage or the parking or storage of recreational vehicles, boats, trailers or inoperable vehicles.

f. Storage of articles is restricted to identified storage areas or the Unit Owner's Unit. Storage on balconies, patios or other areas visible from the building's exterior is prohibited. Patio furniture, plants and other items that are part of the use and decor of the patio areas, that are visible from outside the Unit, shall conform with the Rules and Regulations of the Association, as amended and revised from time to time.

g. No noxious, offensive, dangerous or unsafe activity shall be conducted in any Unit, nor shall anything be done, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants. No Unit Owner or occupant shall make or permit any disturbing noises nor do or permit anything to be done by others that will interfere with the rights, comforts or convenience of other Unit Owners or occupants.

h. No animals, birds or reptiles of any kind shall be kept in a Unit, except for a maximum of two dogs of gentle disposition (weighing no more than 40 pounds each), or two cats or other household pets, as approved and licensed in writing by the Association as compatible with the Condominium. Pets may not be kept for any commercial purpose. Any pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Property upon three days' written notice from the Board of Directors. Each Unit Owner shall hold the Association harmless from any claim resulting from any action of their pets. Seeing eye dogs and hearing ear dogs will be permitted for those persons holding certificates of necessity.

i. All clothes dryers will have lint filters which will remain installed and prevent lint from accumulating in the vent duct. All stove hoods will have grease screens which will remain installed and periodically cleaned and maintained, to prevent grease from accumulating in the vent duct. All such filters and screens will at all times be used and kept clean in good order and repair by the Unit Owner.

j. No signs, window displays or advertising visible from outside a Unit (except for a name plate or sign not exceeding nine square inches in area, on the main entrance door to each Unit) shall be maintained or permitted in any part of a Unit.

k. No Owner shall erect antennae (subject to the provisions of the Telecommunications Act, US Code Chapter 47 and regulations thereunder), awnings or other exterior attachments, or place any reflective material in the windows of a Unit or on the Balcony thereof.

Section 11.3 Leasing Restrictions: A Unit may not be conveyed pursuant to a timesharing plan except as a part of the sales program of the Declarant, or for initial occupancy as a part of a binding purchase agreement. All leases and rental agreements shall be in writing and subject to the requirements of the Declaration, the Articles, Bylaws and rules and regulations

of the Association. All leases of a Unit shall automatically be deemed to include a provision that the tenant will recognize and attorn to the Association as landlord, solely for the purpose of having the power to enforce a violation of the provisions of the Governing Documents against the tenant, provided the Association gives the landlord notice of its intent to so enforce and a reasonable opportunity to cure the violation directly, prior to the commencement of an enforcement action. Each Unit Owner will be responsible for the actions or neglect of his or her tenant(s) (regardless of whether the tenant is also responsible directly to the Association).

Article XII Easements, Licences and Encroachments

Section 12.1 Recording Data: All easements and licenses to which the Condominium is currently subject are recited in Exhibit "D" attached hereto. In addition, the Condominium may be subject to other easements or licensed granted by the Declarant pursuant to Article VIII of this Declaration.

Section 12.2 Non-Exclusive Easements: A Unit Owner and lessees of Units in the Condominium, and the members of their families and servants residing in their Units, and their guests and invitees, shall have a valid non-exclusive easement for the use of the Common Elements, subject to reasonable regulation in the Rules and Regulations of the Association; provided, however that the Association may temporarily suspend the Unit Owner's rights under the easement for the failure to pay assessments or to abide by the Association's Rules and Regulations for use of the Common Elements and facilities.

Section 12.3 Right of Ingress and Egress: A Unit Owner has an unrestricted right of ingress and egress to his or her Unit. Such right of ingress and egress is perpetual and passes with the transfer of ownership of the Unit (even if no reference to such rights are made in the deed transferring ownership in such Unit) and may not be partitioned or separated from the ownership of such Unit.

Section 12.4 Encroachments: To the extent that the construction, reconstruction, repair, shifting, settlement, or other movement of any portion of the improvements results in a Unit or Common Element encroaching on another Unit or Common Element, a valid easement for both the encroachment and its maintenance shall exist for the entire period during which such encroachment exists; provided, however, that a valid easement for the encroachment and its maintenance shall not exist if the physical boundaries of a Unit after the construction, reconstruction, repair, shifting, settlement, or other movement of any portion of the improvements is not in substantial accord with the description of those boundaries as described in this Declaration.

Article XIII Amendment of Declaration

Section 13.1 Amendment by Unit Owners: Except as otherwise provided by the Act of this Declaration, and as limited by Article XVI of this Declaration, this Declaration, including

may be amended only by vote or agreement of Unit Owners to which at least 60% of the votes in the Association are allocated, or any larger majority this. The procedure for amendment must comply with the requirements of the Act.

Amendments by Board of Directors or Declarant: The Board of Directors, if the Declarant owns a Unit that has never been occupied, may, without the consent of the Unit Owners or approval of the Association amend the Declaration in any manner to meet the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, or the Veterans Affairs Administration.

Article XIV Amendments of Bylaws

Amendment of Bylaws: Except as otherwise provided by law or this Declaration, the Bylaws may be amended only by a majority vote of Members representing at least a majority of the vote to be cast at a meeting where a quorum is obtained.

Article XV Termination

Termination: Any action to terminate the legal status of the Condominium Association or condemnation occurs must be agreed to by Unit Owners who own at least eighty percent (80%) of the votes in the Association and by at least fifty-one percent (51%) of the Eligible Mortgagees. Notwithstanding any lower requirement permitted by this Declaration, any actions to terminate the legal status of the Condominium for reasons of destruction or condemnation of the Property must be agreed to by Unit Owners who own at least eighty percent (80%) of the votes in the Association and by at least seventy percent (70%) of Eligible Mortgagees. Subject to the foregoing, termination of the Association may be accomplished only in accordance with Section 82.068 of the Act.

Article XVI Mortgage Protection

Notice of Actions: The Association shall give timely written notice to each Eligible Mortgagee of:

condemnation or casualty loss that affects a material portion of the property or applicable Unit;

delinquency in the payment of assessments or charges owed by the Unit owner for more than sixty (60) days past due as to the applicable Unit;

c. any lapse, cancellation, or material modification of any insurance policy maintained by the Association; and

d. any proposed action that requires the consent of a specified percentage of Eligible Mortgagees.

Section 16.2 Consents:

a. Notwithstanding any requirements permitted by this Declaration or the Act, no amendment of any material provision of the Governing Documents by the Association or the Unit Owners described in this Section shall be effective without notice as required by Section 16.1 above, without the vote of at least seventy percent (70%) of the Unit Owners (or any greater Unit owner vote required in this Declaration of the Act). A change to any of the following would be considered material:

- (1) voting rights;
- (2) increases in assessments that raise the previously assessed amount by more than 25%; assessment liens, or priority of assessment liens;
- (3) responsibility for maintenance and repairs;
- (4) reallocation of interests in the General or Limited Common Elements, or rights to their use;
- (5) redefinition of any Unit boundaries;
- (6) convertibility of Units into Common Elements or vice versa or the combining of two or more adjacent Units by any Owner other than the Declarant;
- (7) expansion or contraction of the Condominium, or the addition, annexation, or withdrawal of property to or from the Condominium;
- (8) hazard or fidelity insurance requirements;
- (9) imposition of any restrictions on the leasing of Units;
- (10) imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit;
- (11) restoration or repair the Condominium (after damage or partial condemnation) in a manner other than that specified in the Governing Documents;

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TARRANT COUNTY, TEXAS

RECORDS OF COUNTY CLERK

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(12) any provisions that expressively benefit the mortgage holders, or guarantors.

Section 16.3 Financial Statements: To the extent the Association does not have an audited financial statement, any Eligible Mortgagee or Eligible Insurer shall have the right to have an audited financial statement prepared at its own expense.

Section 16.4 Working Capital:

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

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

Section 16.5 Reserve Fund: The Association shall maintain an adequate reserve fund for the maintenance and repair of the Common Elements, which shall be funded from regular monthly assessments for the Common Expenses.

Section 16.6 Insurance Requirements: The Association shall purchase and maintain policies of insurance and fidelity bond coverage as the Board of Directors of the Association may determine from time to time, subject to the requirements of Section 82.111 of the Act.

Article XVII
Assessment and Collection of Common Expenses

Section 17.1 Apportionment of Common Expenses: Except as otherwise provided by the Act or this Declaration, all Common Expenses shall be assessed against all Units in accordance with their Article IX, Section 9.2.b. of this Declaration.

Section 17.2 Common Expenses Attributable to Fewer than all Units:

- a. Any Common Expenses associated with the maintenance, repair, or replacement of components or elements attached to, planted on, or a part of yards, patios, decks, exterior surfaces, trim, siding, doors, windows, storage area, and elevators shall be assessed against the Unit or Units to which the Limited Common Element is assigned as a Common Expense assessment. If any such Limited Common Element is assigned to more than one Unit, the Common Expenses attributable to the Limited Common Element shall be assessed and allocated among such Units as provided in this Article XVII and in Section 6.2, above.
- b. Any Common Expense associated with the maintenance, repair, or replacement of any chimney shall be assessed against the Unit served by such chimney.
- c. Any Common Expense for services provided by the Association to an individual Unit at the request of the Unit Owner shall be assessed against that Unit.
- d. Any insurance premium increase attributable to a particular Unit by virtue of activities in or construction of the Unit shall be assessed against that Unit.
- e. If a Common Expense is caused by the misconduct of a Unit Owner, the Association may assess that expense exclusively against the Unit Owner's Unit.
- f. Fees, charges, taxes, impositions, late charges, fines, collection costs and interest charged against a Unit Owner pursuant to the Governing Documents and the Act are enforceable as Common Expense assessments.

Section 17.3 Responsibility for Assessment of Common Expenses: The Board of Directors shall be responsible for levying and collecting general and special assessments for Common Expenses. For purpose of this Article XVII, "assessments" means regular and special assessments (including payments or obligations to reserve accounts), dues, fees, charges, interest, late fees, fines, collection costs, reasonable attorneys' fees, and any other amount due to the Association by the Unit Owner or levied against the Unit by Association, all of which are enforceable as assessments under Section 82.113 of the Act.

Section 17.4 Lien: The Association has a lien on a Unit for a Common Expense assessment levied against the Unit or fines imposed against its Unit Owner from the time the Common Expense assessment or fine becomes due. Fees, charges, late charges, fines and interest charged pursuant to a Common Expense assessment, if payable in installments, the full amount of the assessment is a lien from the time the first installment becomes due.

A lien for Common Expense assessments will not be affected by the sale or transfer of the Unit, unless a foreclosure of a first mortgage is involved, in which case the foreclosure will extinguish the lien for any assessments that were payable before the foreclosure sale, but will not relieve any subsequent Unit Owner from paying further assessments.

Section 17.5 Lien Priority: The Association's lien for assessments has priority over any other lien, except as otherwise provided in Section 82.113(b) of the Act. Without limiting anything in the preceding sentence, The Association's lien for assessments is automatically subordinate, junior and inferior to any lien or right in the Property held by an Eligible Mortgagee. This subordination is automatic and requires no action by any person to become effective and it is not affected by the date on which the Eligible Mortgagee's lien or interest in the property is created or renewed.

Section 17.6 Commencement of Common Expense Assessments: Monthly Common Expense assessments shall begin on the date of closing of a conveyance to a Unit Owner other than the Declarant and shall be due, in advance, on the first day of each subsequent calendar month thereafter, without notice or demand of any kind. Declarant shall pay the pro rata share of assessments for all unsold Units beginning one hundred eighty (180) days after the first Unit is conveyed and continuing thereafter until Declarant has sold or conveyed all Units owned by Declarant. The initial periodic Common Expense assessment shall be not less than \$200.00 per Unit per month. On or before the date of the closing, the following shall be due: The first monthly assessment, in full; and an initial reserve assessment in an amount equal to two (2) monthly assessments as a reserve for capital expenditures as set forth in Section 16.4(a) of this Declaration. If the closing date is not on the first day of the month, then the second regular monthly assessment will be prorated, based upon the date of the closing and the number of days remaining in the month in which the closing occurs.

Section 17.7 No Waiver of Liability for Common Expenses: No Unit Owner may become exempt from liability for payment of Common Expense assessments by virtue of the Owner's failure or refusal to use or enjoy all or any portion of the Common Elements, or by abandonment of the Unit against which the Common Expense assessments are made.

Section 17.8 Personal Liability of Unit Owners: The Unit Owner of a Unit, at the time a Common Expense assessment or portion of the assessment is due and payable, is personally liable for the Common Expense assessment or portion of the assessment is due and payable, is personally liable for the Common Expense assessment, which is secured by a continuing lien on the Unit Owner's Unit. Personal liability for such Common Expenses assessments shall not pass to a successor in title to the Unit unless the successor agrees to assume the obligation. The failure or refusal of a successor in title to the Unit to assume such obligation shall not in any way diminish or impair the lien created hereunder.

Section 17.9 Remedies for Failure to Pay Assessments: The Association's remedies for a Unit Owner's failure to pay, assessments levied by the Association include, but are not necessarily limited to, those remedies set forth in Section 82.102 and 82.113 of the Act.

MRG1

Article XVIII
Interest Rate

Section 18.1 Interest on Delinquent Assessments: In the event of default in the payment of any monetary obligation to the Association, a Unit Owner shall be obligated to pay interest on the principal amount, from the due date, at a rate to be determined, from time to time, by the Board of Directors, not to exceed the maximum permitted by law.

Section 18.2 Default Interest Rate: If the Board of Directors shall refuse or fail, from time to time, to determine a rate of interest, the rate of interest shall be eighteen percent (18%) per annum, not to exceed the maximum rate permitted by law.

Article XIX
Right to Assign Future Income

Section 19.1 Right to Assign Future Income: The Association may assign its right to future income, including the right to receive Common Expense assessment, only by the affirmative vote of Unit Owners to which at least fifty-one percent (51%) of the votes in the Association are allocated, at a meeting called for that purpose, and only after payment of all accrued and outstanding expenses and after making provision for the payment of all ordinary operating expenses of the Condominium for the period during which the right to future income, including the right to receive Common Expense assessments, has been assigned.

Article XX
Persons and Units Subject to Governing Documents

Section 20.1 Compliance with Governing Documents; Uniform Applicability: All Unit Owners, tenants, mortgagees and occupants of Units shall comply with the Governing Documents. The acceptance of a deed or the exercise of any incident of ownership or the entering into of a lease or the occupancy of a Unit constitutes an acceptance of the benefits of this Declaration and an agreement that the provisions of the Governing Documents are accepted and ratified by that Unit Owner, tenant, mortgagee or occupant. To the extent there are unsold Units owned by the Declarant, the Declarant shall enjoy the same rights and duties as any other Unit Owner would as they relate to each individual unsold Unit. So long as the Declarant owns one or more Units, the Declarant shall be subject to the provisions of the Governing Documents.

Section 20.2 Adoption of Rules: The Board of Directors may adopt, amend and repeal rules and regulations (referred to herein as the "Rules" or the "Rules and Regulations") regarding the use and occupancy of Units as it affects the Common Elements, the Limited Common Elements and the activities of occupants.

Article XXI

Damage to or Destruction of Property

Section 21.1 Duty to Restore: Subject to Section 82.111 of the Act, a portion of the Condominium for which insurance is required under Section 82.111 that is damaged or destroyed must be repaired or replaced promptly by the Association unless:

- a. the Condominium is terminated;
- b. repair or replacement would be illegal under any state or local health or safety statute or ordinance; or
- c. at least eighty percent (80%) of the Unit Owners (including each Unit Owner of a Unit or assigned Limited Common Element that will not be rebuilt or repaired, and Eligible Mortgagees) vote to not rebuild.

Section 21.2 Cost: The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense.

Article XXII

Condemnation

Section 22.1 Condemnation: If part or all of the Condominium is taken by any governmental unit or agency, or any other person or company having the authority of eminent domain, all compensation and damages for and on account of the taking shall be payable in accordance with Section 82.007 of the Act.

Article XXIII

Rights of Action

Section 23.1 Rights of Action: The Association and an aggrieved Unit Owner shall have a right of action against the Declarant, a Unit Owner or any other person who fails to comply with the provisions of the Governing Documents or the decisions made by the Association. A Unit Owner has a right of action against the Association for a violation of the Governing Documents or the decision of the Association. Prior to and as a condition to exercising such right of action against the Association, each Unit Owner agrees to give each Eligible Mortgagee holding a lien or claim against such Unit or any Unit that is owned by Declarant at least thirty (30) days prior written notice of such claim.

Section 23.2 Arbitration: Any controversies, claims or disputes involving Declarant, the Association, the General Contractor for Declarant, or any Unit Owner which cannot be resolved by good faith negotiations shall be resolved by mandatory and binding arbitration administered by the American Arbitration Association (the "AAA") pursuant to the Federal Arbitration Act

(Title 9 of the United States Code) in accordance with the Commercial Arbitration Rules of the AAA. If Title 9 of the United States Code is inapplicable to any such claim or controversy for any reason, such Arbitration shall be conducted pursuant to the Texas General Arbitration Act and in accordance with the Commercial Arbitration Rules of the AAA. All decisions by the Arbitrator shall be final, and any judgment upon the award rendered by the Arbitrator may be confirmed, entered and enforced in any court having proper jurisdiction.

Article XXIV Miscellaneous

Section 24.1 Appointment of Attorney in Fact: Each Unit Owner, by acceptance of a deed or other instrument of conveyance from Declarant or from any Unit Owner or grantor resulting in ownership of a Unit shall be deemed to appoint the Association as his or her true and lawful attorney-in-fact (which shall be deemed to be irrevocable power of attorney coupled with an interest and not voidable due to the incapacity or disability of an Unit Owner) to act in connection with all matters concerning the maintenance of insurance policies and the destruction, repair or obsolescence of the Condominium, in whole or in part. Without limiting the generality of the foregoing, the Association, by and through its President or Vice President, shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefore, to collect proceeds, to institute and prosecute litigation or arbitration, to pay all costs associated with its activities as Common Expenses (to the extent the proceeds received from such insurance are not adequate to pay such costs), to administer the distribution of such proceeds in connection with any reconstruction or repair, to distribute any remaining proceeds to Unit Owners and their mortgagees (subject to the provisions of the Governing Documents and the Act) as their interests may appear, to execute releases of liability, and to execute all documents and to do all things on behalf of the Unit Owners and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Association in regard to such matters (other than exercising any voting rights in determining whether to repair or reconstruct). The Association shall not be responsible for procurement or maintenance of any insurance covering the contents or the interior of any Unit or covering the liability of any Unit Owner for occurrence not caused or connected with the Association's operation, maintenance or use of the Condominium.

Section 24.2 Each Owner Responsible for Security: The Association and/or Declarant (including their respective agents, officers, directors and employees) (collectively, called "Indemnified Parties") shall not in any way be considered to be an insurer or guarantor of security or safety within the Property. Neither shall the Indemnified Parties be held liable for any loss or damages by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. The Indemnified Parties do not represent or warrant that any fire protection, burglar alarm systems, access control systems, patrol services, surveillance equipment, monitoring devices, or other security systems (if any are present) will prevent loss by fire, smoke, burglary, theft, hold-up or otherwise, nor that fire protection, burglar alarm systems, access control systems, patrol services, surveillance equipment, monitoring devices or other security systems will in all cases provide the detection or protection for which the system is

designed or intended. The Indemnified Parties are not an insurer and each owner and occupant of any Unit and each tenant, guest and invitee of any Owner assumes all risks for loss or damage to persons, to Units and to the contents of Units and acknowledges that the Indemnified Parties have made no representations or warranties nor have any owner, occupant, tenant, guest or invitee relied upon any representations or warranties, expressed or implied, including any warranty or merchantability or fitness for any particular purpose, relative to any fire protection, burglar alarm systems, access control systems, patrol services, surveillance equipment, monitoring devices or other security systems recommended or installed or any security measures undertaken within the Property.

Section 24.3 Captions: The captions contained in the Governing Documents are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Governing Documents or the intent of any provision thereof.

Section 24.4 Gender: The use of the masculine gender refers to the feminine gender, and vice versa, and the use of the singular includes the plural, and vice versa, whenever the context of the Governing Documents so requires.

Section 24.5 Waiver: No provision contained in the Governing Documents is abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 24.6 Invalidity: The invalidity of any of the Governing Documents does not impair or affect in any manner the validity, enforceability or effect of the remainder, and if a provision is invalid, all of the other provisions of the Governing Documents shall continue in full force and effect.

Section 24.7 List of Exhibits: Attached hereto are the following exhibits and attachments which form an integral part hereof:

- Exhibit "A" - Description of the Property
- Exhibit "B" - Allocation of Interests
- Exhibit "C" - Project plat and Unit plans
- Exhibit "D" - Easements and licenses

OFFICE OF
BEVERLY B. KAUFMAN
COUNTY CLERK, HARRIS COUNTY, TEXAS
CONDOMINIUM RECORDS OF COUNTY CLERK
FILM CODE 180008

[end of text - next page contains signatures]

MEMORIAL COVE LOFTS

THIS IS PAGE 5 OF 9 PAGES

REDUCTION 16x CAMERA DESIGNATION

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by a general partner and duly authorized agent this 10 day of April, 2001.

MEMORIAL LOFTS PARTNERS, LTD.

By: MEMORIAL LOFTS MANAGEMENT, L.L.C.,
its general partner

By: A. Richard Wilson
A. RICHARD WILSON, President and Manager

MORTGAGEE'S CONSENT

The undersigned, Citizens National Bank of Texas, (the "Holder"), is the holder of the indebtedness under that certain Promissory Note date November 27, 2000 executed by Memorial Lofts Partners, Ltd. and payable to the order of Holder, in the original principal amount of \$4,800,000.00 (the "Development Loan"), which indebtedness is secured, among other things, by the following liens (collectively called "Development Mortgage Lien"): a Deed of Trust and Security Agreement executed by Memorial Lofts Partners, Ltd. to Ralph Williams, Trustee for the benefit of Holder, dated on even date with the Promissory Note, and covering the Property described in this Declaration. Holder hereby consents to the placement of the liens, assessments, easements, restrictions and covenants contained in this Declaration and affecting the Property covered by the Deed of Trust described above, and further agrees that this Declaration and the rights and estates created hereby shall not be terminated upon the foreclosure of the lien securing the payment of the Development Loan described in this paragraph. Notwithstanding anything in this paragraph to the contrary, this consent does not alter or affect the subordination described in Section 17.5 of this Declaration, but the lien that secures the payment of Assessments is and shall at all times be subordinate, junior and inferior to liens that secure the payment of the Development Loan, including (without limitation) the Development Mortgage Lien. Neither shall this consent alter or affect the obligation of a person to give the notices required under Section 16.1 and/or Section 23.1 of this Declaration. Holder shall, for all purposes hereunder, be considered to be an "Eligible Mortgagee," as described herein. Holder is deemed to have fully complied with the requirements of 16.1(b). Nothing herein shall impose any obligation upon Holder to perform any obligation of the Declarant or any developer or future owner of the Property hereunder, and in the event of a foreclosure of Holder's liens against the Property (or any portion thereof), the Holder shall not be liable for any of the Declarant's obligations hereunder.

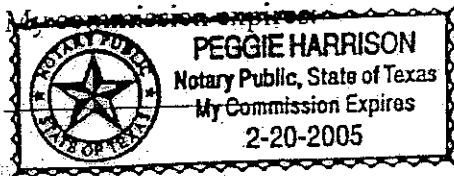
Citizens National Bank of Texas

By: [Signature]
Name: ROBERT J. KRAMER
Title: President / NW Branch

THE STATE OF TEXAS

COUNTY OF HARRIS

Before me, the undersigned authority, on this 10th day of April, 2001, personally appeared A. RICHARD WILSON, President and Manager of MEMORIAL LOFTS MANAGEMENT, L.L.C., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same on behalf of such corporation.



By: Peggie Harrison
Notary Public, State of Texas

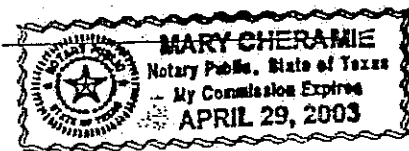
Printed Name: PEGGIE HARRISON

THE STATE OF TEXAS

COUNTY OF HARRIS

Before me, the undersigned authority, on this 10th day of APRIL, 2001, personally appeared ROBERT J. KRAMER, PRESIDENT of Citizens National Bank of Texas, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same on behalf of same.

My commission expires:



By: Mary Cheramie
Notary Public, State of Texas

Printed Name: _____

EXHIBIT A

PROPERTY DESCRIPTION:

Lot three (3) of Glen Cove Subdivision, a subdivision in Harris County, Texas according to the plat thereof as recorded in Volume 1163, Page 98 of the Deed Records of Harris County, Texas.

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

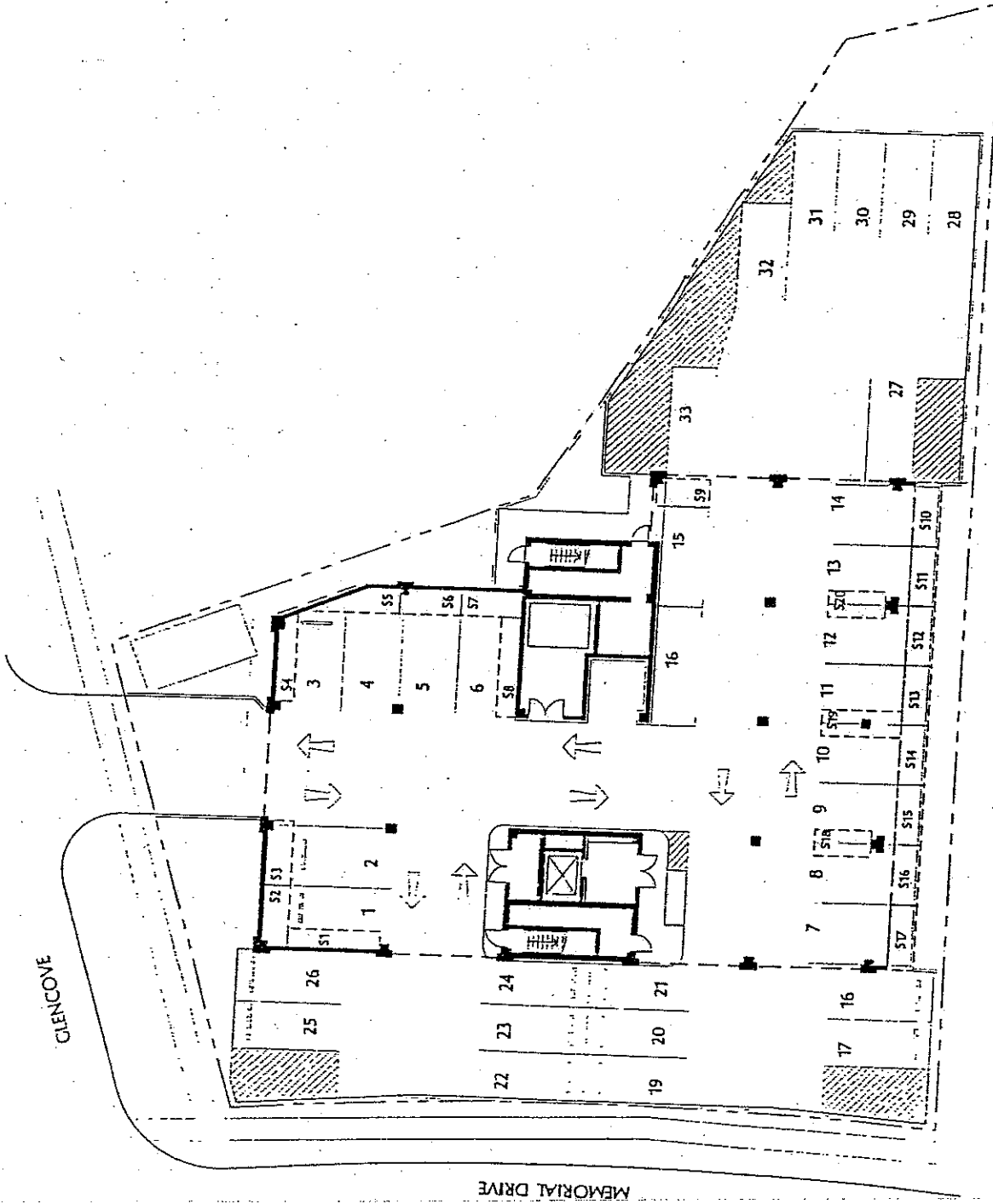
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MEMORIAL COVE LOFTS

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REDUCTION 16x CAMERA DESIGNATION MRGI

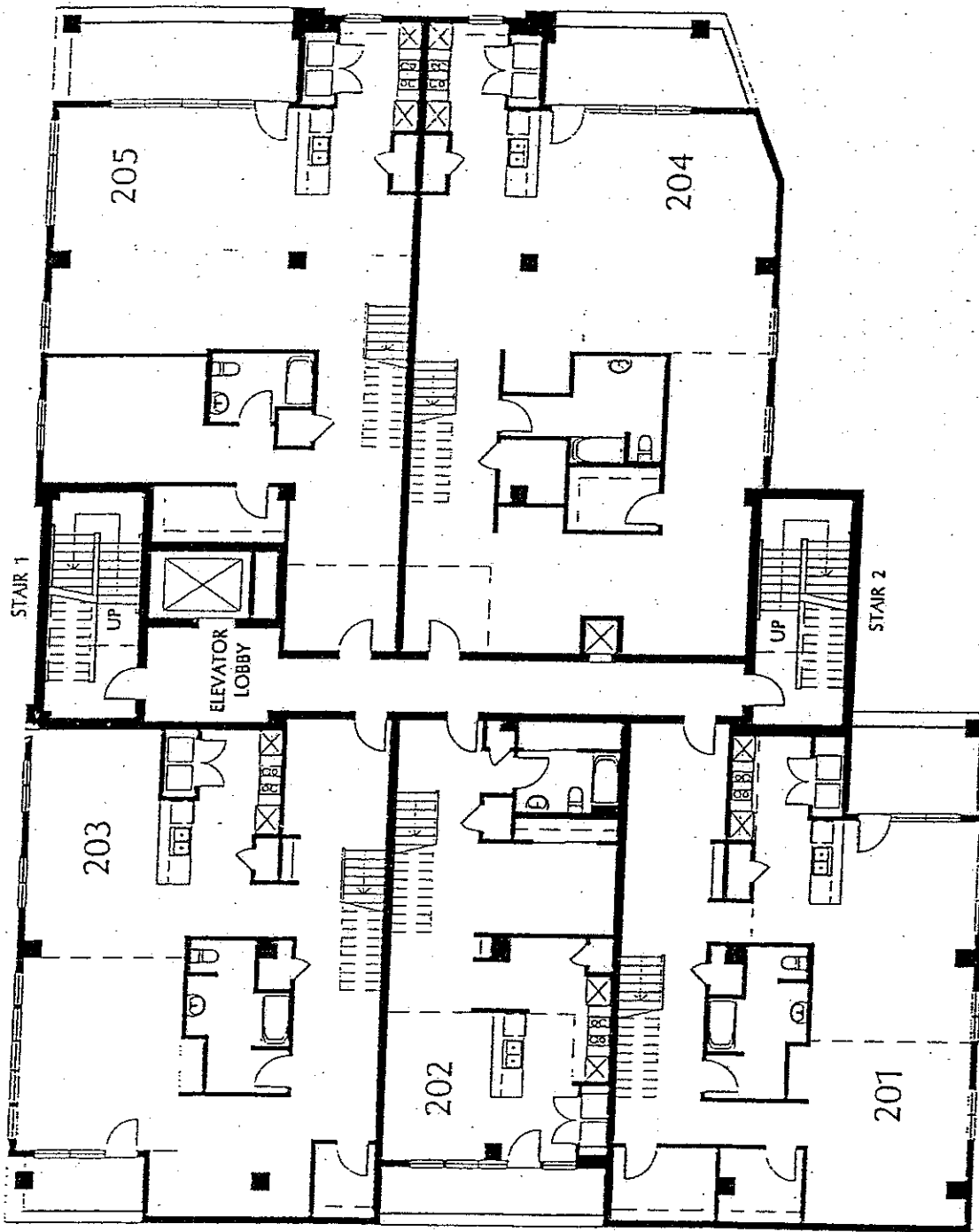
EXHIBIT "B" TABLE OF INTERESTS

Unit Identification No.	Undivided Interests in Common Elements	Liability for Common expense	Vote in the Affairs
	%	%	



SITE PLAN
GROUND FLOOR
08-03-00





OFFICE OF
 B. KAUFMAN
 JEFFERSON COUNTY, TEXAS
 RECORDS OF COUNTY CLERK
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LOVE LOFTS

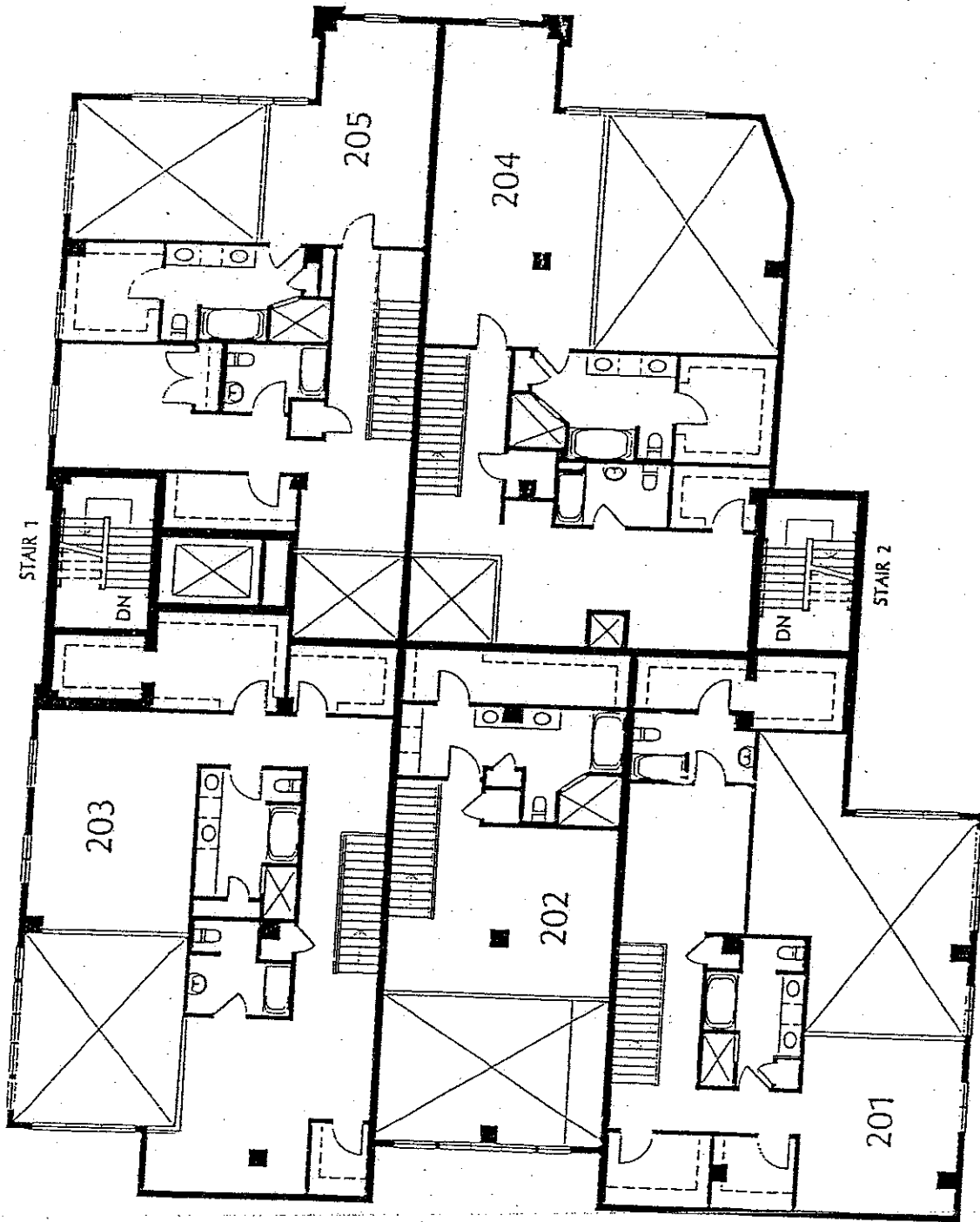
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 ERA DESIGNATION MRC1

SECOND FLOOR - LOWER LEVEL
 08-03-00



N
 MEMORIAL COVE LOFTS
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Post Oak Tower
 at The Galleria
 5051 Westheimer, Suite 800
 Houston, Texas 77056-5401
 TEL 713 871 8481
 FAX 713 871 8410



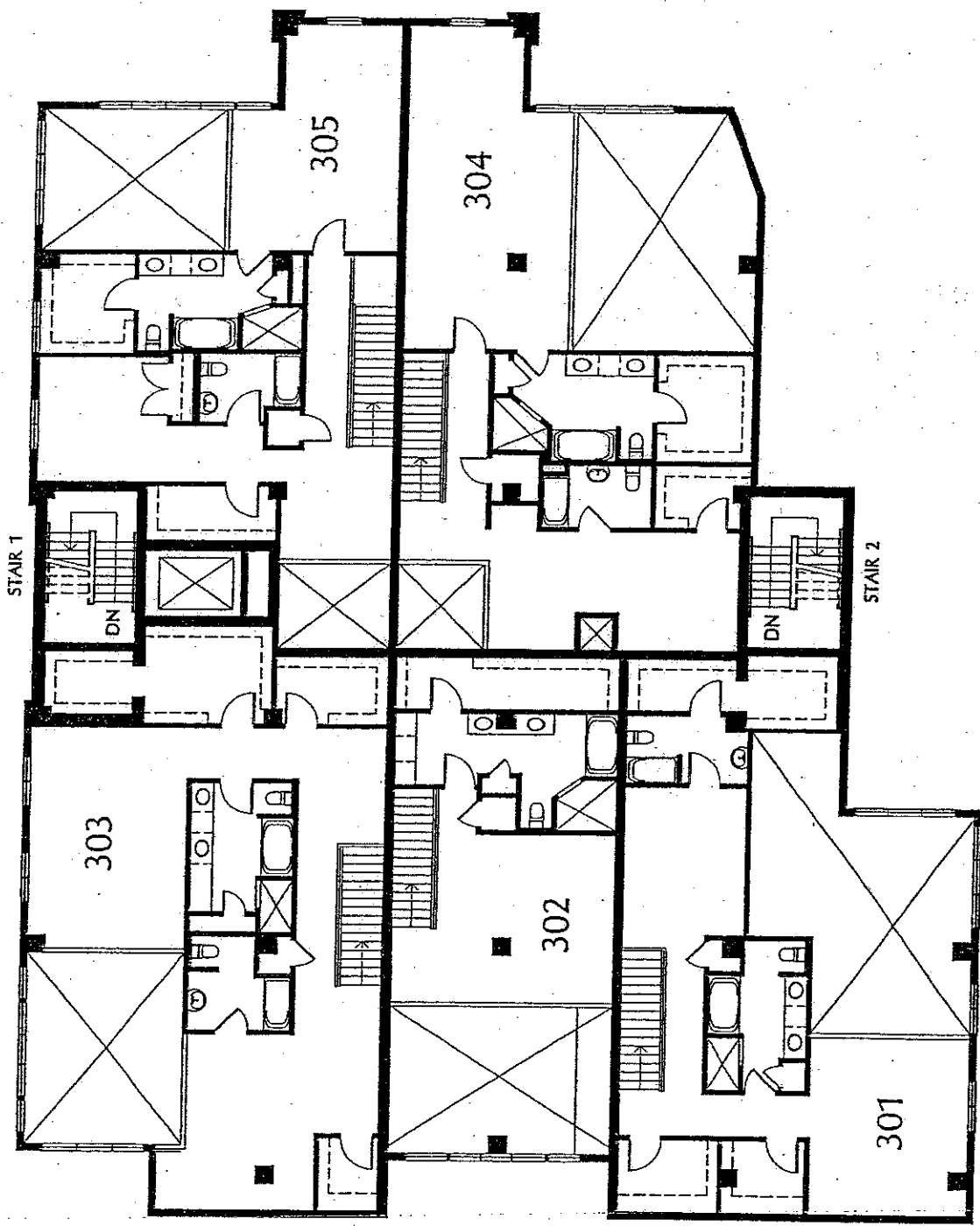
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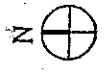
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at The Galleria
6031 Westheimer, Suite 400
Houston, Texas 77056-3604
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FAX 713 871 8101

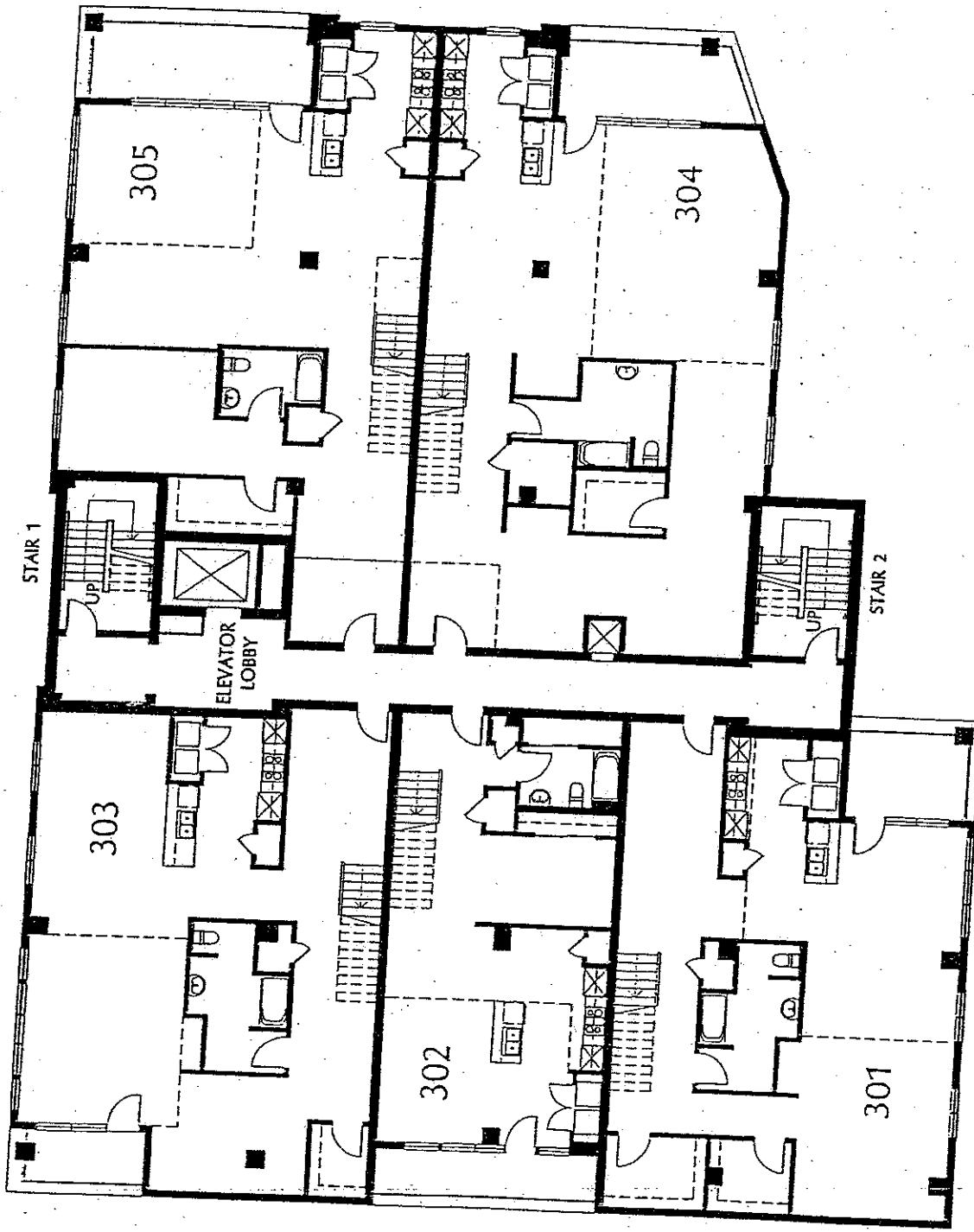


THIRD FLOOR - UPPER LEVEL
08-03-00



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5051 Westheimer, Suite 800
Houston, Texas 77056-8404
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FAX 713 871 8440



THIRD FLOOR - LOWER LEVEL
08-03-00

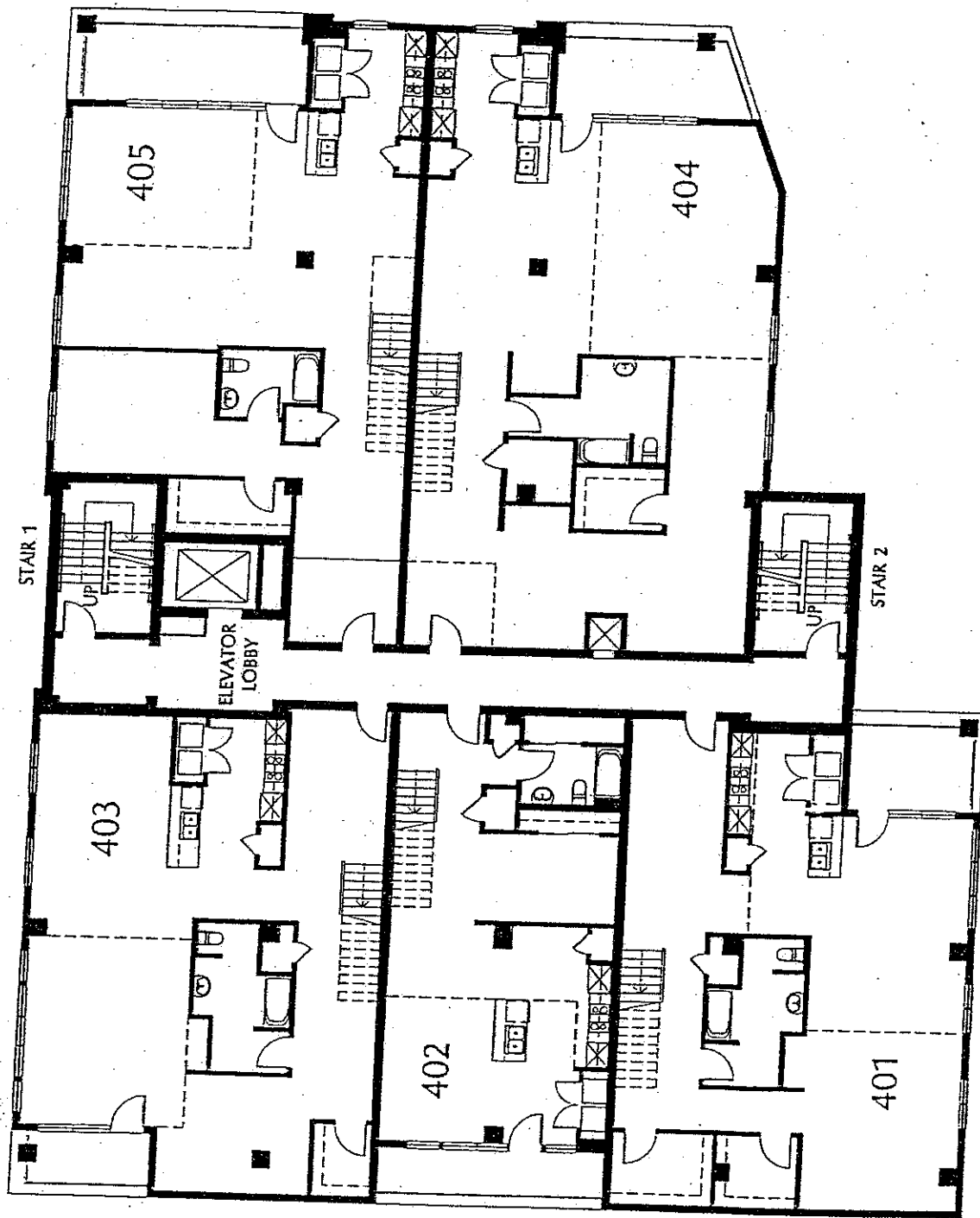


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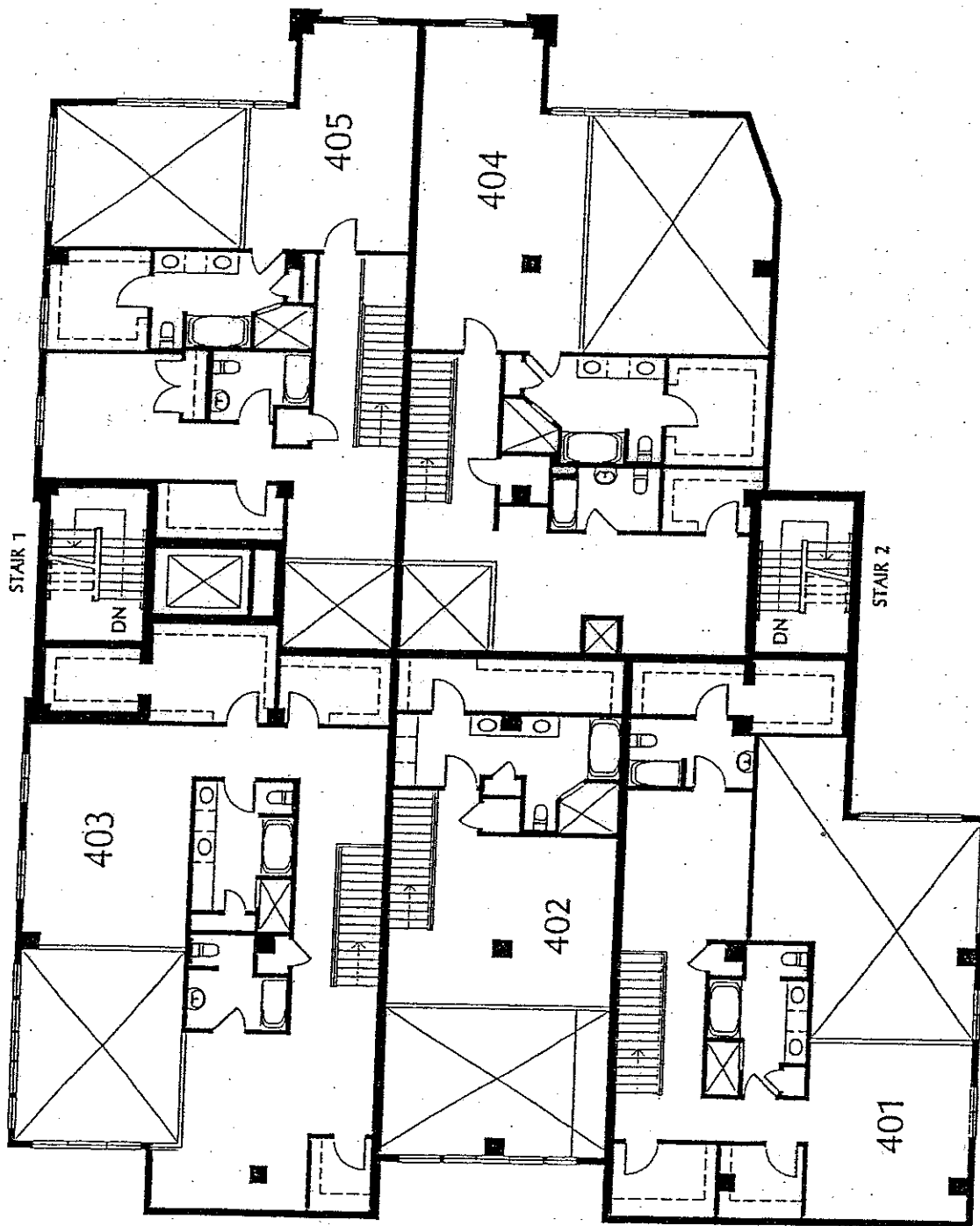



FOURTH FLOOR - LOWER LEVEL
08-03-00



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FAX 713 871 8101



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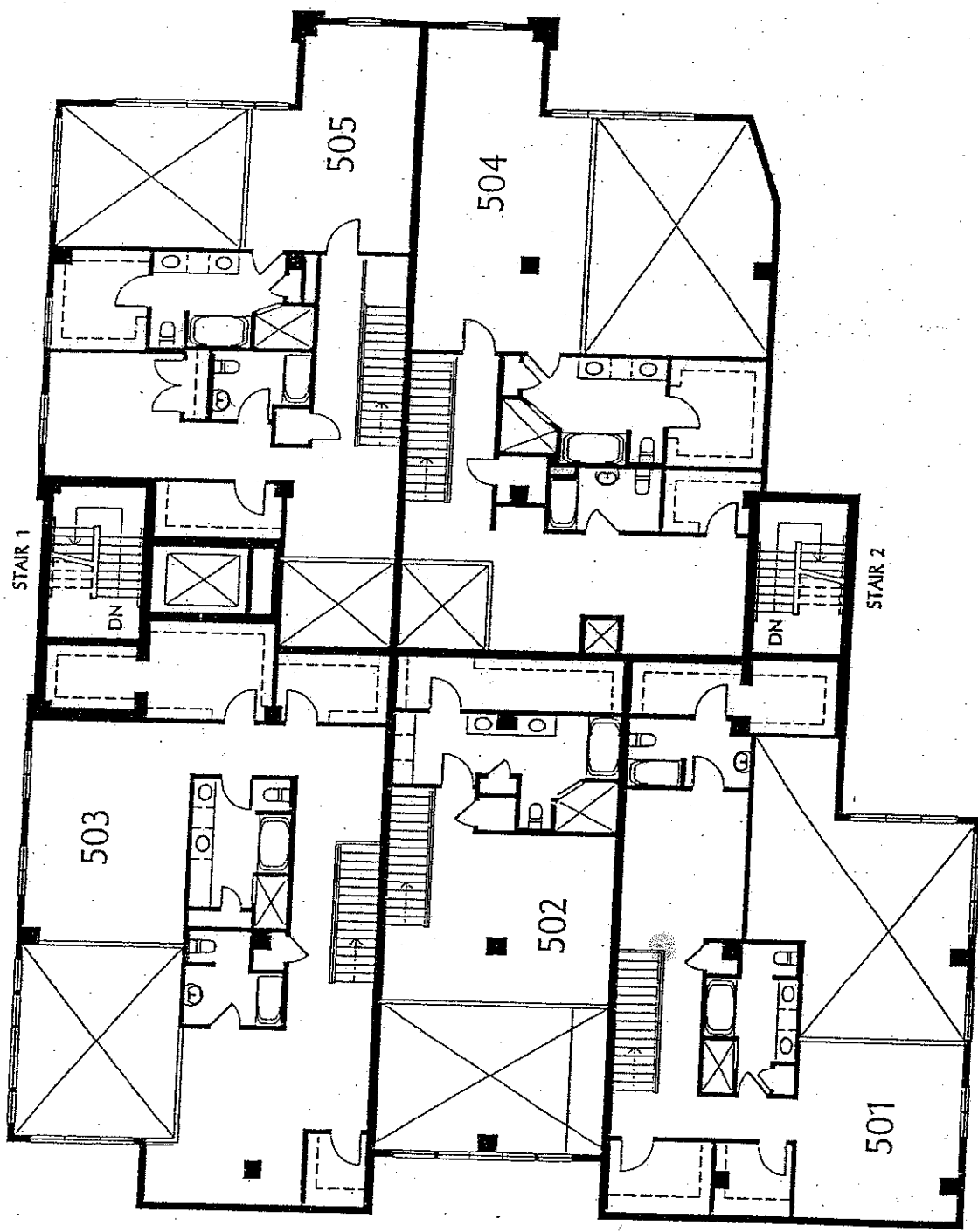
LOFTS

9 PAGES

DESIGNATION MRG1

FOURTH FLOOR - UPPER LEVEL
 08-03-00





FIFTH FLOOR - UPPER LEVEL
08-03-00

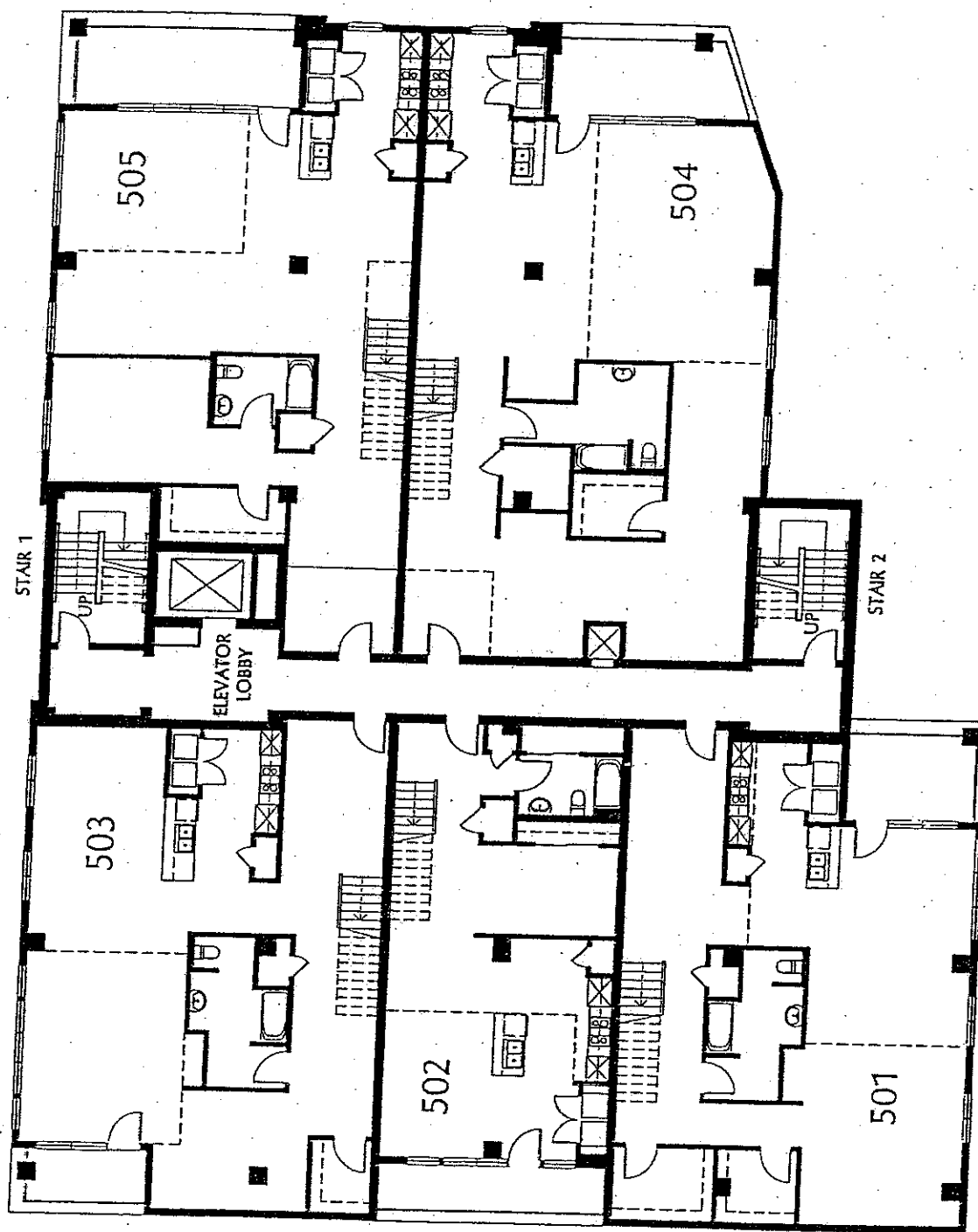


MEMORIAL COVE LOFTS
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FIFTH FLOOR - LOWER LEVEL
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AL COVE LOFTS

GE 9 OF 9 PAGES

CAMERA DESIGNATION MRGI

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.
THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in the Number Sequence on the date and at the time
stamped herein by me; and was duly RECORDED, in the Official Public Records of Real Property of Harris
County, Texas on

APR. 11, 2001



Dorothy B. Kayman

COUNTY CLERK
HARRIS COUNTY, TEXAS

REDUCTI

RECORDER'S MEMORANDUM:

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

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.

MEMORIAL COVE LOFTS

PROPOSED BUDGET 2001

20 Units = Square Feet

OPERATING EXPENSES

5140	Audit Expense	1,000	83	4.17	0.17	1.19%
5158	Bank Charges	150	13	0.63	0.03	0.18%
5160	Building Maintenance	2,400	200	10.00	0.40	2.86%
5170	Cable TV	4,800	400	20.00	0.81	5.73%
5220	Dues & Subscriptions	180	15	0.75	0.03	0.21%
5230	Electricity	4,500	375	18.75	0.76	5.37%
5235	Elevator Maintenance	6,000	500	25.00	1.01	7.16%
5320	Insurance	19,078	1,590	79.49	3.20	22.76%
5330	Janitorial	15,600	1,300	65.00	2.62	18.61%
5340	Landscape	4,200	350	17.50	0.70	5.01%
5350	Legal/Professional	430	40	2.00	0.08	0.57%
5355	Life Safety Inspections	300	25	1.25	0.05	0.36%
5360	Management Expense	10,800	900	45.00	1.81	12.88%
5370	Meeting Expense	600	50	2.50	0.10	0.72%
5400	Office Supplies	600	50	2.50	0.10	0.72%
5420	Pager Service	100	8	0.42	0.02	0.12%
5500	Pest Control	600	50	2.50	0.10	0.72%
5590	Telephone	1,200	100	5.00	0.20	1.43%
5600	Trash Removal	2,880	240	12.00	0.48	3.44%
5620	Water & Sewer	8,352	696	34.80	1.40	9.96%
Total Expenses		\$83,820	\$6,985	\$349.25	14.07	100.00%
Surplus/(Deficit)		\$0	\$0	\$0	0.00	0.00%

MEMORIAL COVE LOFTS

PROPOSED BUDGET 2001

CALCULATION OF RESERVES (REPLACEMENT FUND)

	RESERVES @ 01/01/2001	ESTIMATED REPLACEMENT COST	REMAINING LIFE -YEARS	CAPITAL CONTRIBUTION 2001
3305 Air Conditioning	0	12,000	10	1,200
3310 Building Exteriors	0	15,000	8	1,875
3315 Building Interiors	0	18,000	12	1,500
3320 Elevator	0	18,000	12	1,500
3340 Landscape	0	12,000	8	1,500
3395 Roof	0	40,000	20	2,000
	<u>\$0</u>	<u>\$115,000</u>		<u>\$9,575</u>

CALCULATION OF ASSESSMENTS

2001 Assessment	/Year	/Month	Average /Unit	% of Total
Operating Fund	\$83,450	\$6,955	\$ 347.75	89.71%
Capital Replacement F	\$9,575	\$798	\$ 39.90	10.29%
Total Assessment	<u>\$93,035</u>	<u>\$7,752.92</u>	<u>\$387.65</u>	<u>100.00%</u>

EXHIBIT "A"
(Description of The Unit)

Unit _____ of Memorial Cove Lofts, as further defined in the "Declaration of Memorial Cove Lofts", as filed in the Condominium Records of County Clerk of Harris County, Texas, Film Code 180004, on April 11, 2001.

EXHIBIT "A"
(Description of The Unit)

Unit _____ of Memorial Cove Lofts, as further defined in the "Declaration of Memorial Cove Lofts", as filed in the Condominium Records of County Clerk of Harris County, Texas, Film Code 180004, on April 11, 2001.