

EXHIBIT

RESTRICTIONS

LAKESIDE COMMERCIAL ADDITION

The following covenants, restrictions, easements and liens (herein collectively called the "Restrictive Covenants") shall run with the land ("Land") described in Exhibit "A" and shall be binding upon and inure to the benefit of the Grantee, each purchaser, grantee, owner and lessee of the Land or the improvements situated or hereafter situated thereon or any part of either and the respective heirs, legal representatives, successors and assigns of Grantee, each such purchaser, grantee, owner and lessee.

Grantor contemplates, but does not hereby warrant, covenant or represent that it may develop additional tracts of land out of the tract of land conveyed by deed dated June 14, 1971, and recorded in Volume 8464, Page 548, Deed Records of Harris County, Texas, as part of a commercial and residential subdivision to be known as Lakeside Commercial Addition. Grantor may, at its sole discretion and without any obligation to do so, impose upon such additional tracts covenants, restrictions, easements and liens similar (but not necessarily identical) to those contained herein. Any such tracts upon which such similar covenants, restrictions, easements and liens may hereinafter be imposed by Grantor are herein collectively called the "Annexed Tracts". The instrument by which such covenants, restrictions, easements and liens may hereafter be imposed upon any Annexed Tract shall designate the tract as an Annexed Tract. Nothing contained in or inferable from this instrument shall be deemed to impose upon any other land owned by Grantor or any related entity any such covenants, restrictions, easements or liens or to create any servitudes, reciprocal negative easements or other interests in any such other land in favor of the owner of the Land.

Article 1. Definitions

Section 1.1. "Architectural Review Board" as used herein shall mean the Board of Directors of the Association or its designee or agent.

Section 1.2. "Association" as used herein shall mean Lakeside Commercial Community Improvement Association, Inc., a Texas nonprofit corporation organized to promote the social and civic welfare of the community known as Lakeside Commercial Addition in Harris County, Texas.

Section 1.3. "Building Site" as used herein shall mean the Land or any Annexed Tract. "Building Sites" as used herein shall mean the Land and all Annexed Tracts, if any.

Article 2. Architectural Review Board

All construction and development shall be subject to the approval of the Architectural Review Board. No buildings, parking areas, utility lines, walls, signs, or other structures of any kind or character whatsoever (herein collectively called "improvements") shall be constructed, altered or placed upon any Building Site until the location, design, plans and specifications therefor (including landscaping) have first been approved in writing by the Architectural Review Board. If the Architectural Review Board fails to approve or disapprove such location, design, plans and specifications within twenty (20) days after such items have been submitted to it, such approval will not be required and this covenant will be deemed to have been fully complied with. All decisions of such Architectural Review Board shall be final and binding and there shall be no revision of any action of such committee except by procedure for injunctive relief when such action is patently arbitrary and capricious. The members of the Architectural Review Board shall not be liable to any persons subject to or possessing or claiming the benefits of these Restrictive Covenants for any damage or injury to property or for any other loss arising out of their acts hereunder; it being understood that aggrieved parties' remedies shall be restricted to injunctive relief and no other.

Article 3. Construction Standards

All planning shall utilize the concept of maximizing open and landscaped space on each Building Site. All buildings on a Building Site shall appear the same on all sides without reduction of quality or economic alteration of the module, facade, or materials. In a development of several buildings and between adjacent developments, designs shall be compatible. Sight lines to mechanical equipment, garbage and service areas shall be attractively screened. The exterior of each building, exclusive of mullions and glass, shall be designed so that basic finish materials are compatible.

Article 4. Building Setbacks

No building, fence, or wall shall be erected closer than 15 feet to the right-of-way line of Kirkwood Road, Briar Forest Drive, South Lake Drive, or Woodland Park Drive and 10 feet on all other streets unless otherwise approved by the Review Board.

Article 5. Parking

There shall be maintained on each Building Site paved parking areas that are attractively landscaped with trees and plantings and that are sufficient to serve the parking, loading and unloading needs of the normal business or residential use of such Building Site without using adjacent streets for parking purposes. No use shall be made of any Building Site which requires or is reasonably expected to require or attract parking in excess of the capacity of the parking areas maintained on such Building Site.

Article 6. Prohibited Uses

No part of any Building Site shall be put to any industrial or manufacturing use, or to any use which may become an annoyance or nuisance to the neighborhood or which may be offensive by reason of odor, fumes, dust, smoke, noise, vibration, pollution, including but not limited to any factory, slaughter house, tannery, car lot, cannery, barn, stables, cemetery, junk yard, bars, clubs or restaurants featuring topless, bottomless, or totally nude performers, waiters, waitresses, or other personnel, or which provide recorded entertainment featuring nude or seminude persons performing or simulating sexual acts, businesses which show X-rated movies or pornographic movies, businesses which operate as massage parlors, pool halls or amusement parlors, or any oil, natural gas or mining operations whatsoever. Alcoholic beverages shall not be sold on any Building Site except that: wine, beer and malt liquors may be sold in establishments whose primary business is the retail sale of groceries; alcoholic beverages sold for consumption off the premises may be sold in retail package stores and alcoholic beverages sold for consumption on the premises may be sold in restaurants, clubs or such other establishment as may be approved by the Architectural Review Board.

Article 7. Maintenance

The owner and lessee of each Building Site shall have the duty and responsibility of (a) keeping the Building Site, Improvements and landscaping in a well maintained, safe, clean and attractive condition at all times (including without limitation keeping such Building Site free of unsightly weeds and keeping grass and other ground cover mowed) and (b) complying with all governmental health, safety and notice requirements affecting such Building Site and the Improvements thereon. In no event shall the Building Site be used for (i) storage of materials or equipment except for normal building requirements incident to construction of the Improvements thereon or (ii) the accumulation of garbage, trash or rubbish. All clothes lines, yard equipment, wood piles or storage piles shall be kept attractively screened so as to conceal them from view of neighboring tracts, streets and other property. Dead plant materials shall be promptly removed and replaced. Grantor and the Association shall have the right, but not the obligation, to enter upon any Building Site during reasonable business hours to make inspections to determine whether the owner and lessee thereof are complying with these duties and responsibilities, and each Owner and lessee of each Building Site shall, by their acceptance of a deed or lease of such Building Site, be deemed to have granted to Grantor and the Association an irrevocable right of ingress and egress to make such inspections. If, in the good faith judgment of Grantor or the Association, any such owner or lessee is failing to comply with any of these duties or responsibilities, then Grantor or the Association, may, but shall not be obligated to, give such owner or lessee, or both, written notice specifying such default and such owner or lessee, or both, shall thereupon have ten (10) days to cure

such default, or if such default cannot be cured with the application of reasonable diligence within such ten (10) day period, to commence in good faith to cure such default and thereupon carry forward the curing of such default to completion with reasonable diligence. If such owner or lessee fails to fulfill such duty or responsibility, then Grantor or the Association shall have the right, but not the obligation, to cure or attempt to cure such default and such owner or lessee, or both, shall be liable to Grantor or the Association (as the case may be) for the reasonable costs and expense of curing or attempting to cure such default. If the owner or lessee fails to pay such sum to Grantor or the Association within thirty (30) days after a written request to do so is sent to such owner or lessee, then the indebtedness thereby represented together with interest thereon at the then highest non-usurious rate allowed by law shall be a debt of such owner or lessee (or both of them) and shall be automatically secured by a lien against such Building Site and all Improvements thereon; provided, however, that such liens shall be automatically subordinated to the lien of any bank, savings and loan association, trust company, insurance company, university, pension trust or other institutional lender loaning funds for construction financing or long term financing of a Building Site and the Improvements thereon.

Any building or other structure located on a Building Site which has been destroyed or damaged in whole or part by fire or otherwise must be either repaired or completely demolished and removed from the Building Site by the owner thereof. Such repair or demolition and removal shall be commenced with reasonable diligence after any such destruction or damage and shall be prosecuted with due diligence to completion.

Article 8. Maintenance Fund

Each owner of a Building Site, by the acceptance of a deed to such Building Site, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association an annual maintenance charge as fixed by the Association. Such maintenance charge shall be a charge upon the Building Site and shall be a continuing lien upon such Building Site. The maintenance charge shall be secured, collected, managed and expended as follows:

(a) The maintenance charge shall be due and payable annually, in advance, on the first day of January. The maintenance charge for the year of the conveyance by Grantor shall be prorated and the purchaser's prorata share shall be paid to the Association upon the closing of the sale. Maintenance charges not paid when due shall bear interest at the then highest non-usurious rate allowed by law.

(b) The maintenance charge for calendar year 1976 is hereby fixed at \$150.00 per acre of land, or fraction thereof, located within each Building Site. The amount of the maintenance charge may be increased or decreased from time to time by the Association, but not more often than once per year; provided, however, the maintenance charge shall never be less than \$100.00 per acre and if any such change increases the maintenance charge of the preceding calendar year, the change must be approved by owners of a majority of the acreage of all Building Sites (i.e., the Land and all Annexed Tracts) by written vote not less than ten (10) days prior to the first day of January of the year in which such increase shall become effective.

(c) The maintenance charge shall, when paid, be deposited in a separate maintenance fund bank account. The maintenance fund shall be held, managed, invested and expended by the Association, at its discretion, for the benefit of the owners of the Building Sites. The Association may, by way of illustration and not by way of limitation or requirement, expend the maintenance fund for any of the following:

(1) Enforcement of these Restrictive Covenants by actions at law or in equity, or otherwise, paying court costs as well as reasonable and necessary legal fees.

(2) The maintenance of grass, shrubbery and trees contained within parkways or common areas adjacent to the following streets: Waldemar lying between Kirkwood Road and Bentworth Road; the west one-half of Waldemar lying between Bentworth and South Lake Drive; Kirkwood Road lying between Westheimer Road and Briar Forest Drive; South Lake Drive between Kirkwood Road and its intersection with Waldemar; the west one-half of Bentworth between Waldemar and Briar Forest Drive; Briar Forest Drive between Kirkwood Road and Bentworth; and the west one-half of Crescent Park Drive between South Lake Drive and Westheimer Road; and the landscaped area to be installed at the entry of said addition at the intersection of Kirkwood Road and Westheimer Road.

(3) Parkway and street lighting contained on the portions of the streets and parkways described in subparagraph (2) above and maintenance of such parkway and streets free and clear of litter, debris and trash (but not including garbage or trash collections).

(4) All other purposes which are, in the discretion of the Association, desirable in order to maintain the character and value of the Land and Annexed Tracts.

The Association shall not be required to have a separate maintenance fund for the Land and for each Annexed Tract nor shall it be required to expend portions of the maintenance fund in any particular part or section of the Land or the Annexed Tract. The Association shall not be liable to any person or entity with respect to the maintenance fund except for its willful misconduct. Said Association shall not be required to expend funds at any time, but shall have the right to advance money to the maintenance fund and borrow, as may be required, on behalf of the maintenance fund, paying the then current interest rate.

(d) To secure the payment of the maintenance charge, a vendor's lien is hereby retained on each Building Site in favor of the Association and it shall be the same as if a vendor's lien was retained in favor of Grantor and assigned to the Association without recourse in any manner upon Grantor for payment of such indebtedness. Such lien shall be automatically subordinated to the lien of any bank, savings and loan association,

trust company, insurance company, university, pension, trust or other institutional lender loaning funds for construction financing or long term financing of any Building Site or any Improvements. All maintenance charge Liens as provided for herein may be enforceable through any appropriate proceeding at law or in equity and shall be enforceable only by the Association, its successors and assigns; provided, however, that under no circumstances shall the Association ever be liable to any owner of any Building Site or to any other person or entity for failure or inability to enforce or attempt to enforce any such maintenance charge lien.

Article 9. Office Buildings

If any Improvements situated on a Building Site are used as an office building, then the following additional restrictions shall apply to such Building Site:

(a) Any mechanical equipment to be housed on the roof of a building shall be screened from view from the streets and from adjacent developments by the use of a parapet wall.

(b) No Improvements used as an office building shall be located closer than fifty feet (50') to a property line abutting a street or thirty feet (30') to any property line.

(c) A minimum of twenty percent (20%), exclusive of Building Area and parking area, of such Building Site must be dedicated to open landscaped space.

(d) There must be situated on the Building Site at least one off street parking space for each four hundred (400) square feet of net usable office space situated on such Building Site.

(e) All surface parking areas on such Building Site shall be screened by means of plantings, hedges, and trees from all major roads and adjacent properties.

Article 10. Commercial Buildings

If any Improvements situated on a Building Site are used for any purpose other than for office or residential purposes, then the following additional restrictions shall apply to such Building Site:

(a) There shall be at least one off street parking space for each two hundred fifty (250) square feet of net usable space in the buildings on such Building Site.

(b) All surface parking areas on such Building Site shall be screened by means of plantings, hedges, and trees from all major roads and adjacent properties.

(c) All illumination of the Improvements situated on such Building Site shall be consistent and shall have a concealed source unless otherwise approved by the Architectural Review Board. General illumination shall include parking areas and shall be installed to operate from time switches or such other method of control as may be approved by the Architectural Review Board.

(d) All outdoor storage and rubbish areas shall be hard paved and enclosed with an appropriate wall of masonry or other material approved by the Architectural Review Board.

(e) All signs shall be of a design and material approved by the Architectural Review Board. Unless otherwise approved in writing by the Architectural Review Board, all signs must be attached to a building and not project above its roof line.

Article 11. Residential Buildings

If any Improvements situated on a Building Site are used for residential purposes, then the following additional restrictions shall apply to such Building Site:

(a) No building for residential use shall exceed three (3) stories in height or 34 feet to the centerline of the roof joist.

(b) No building for residential use shall be located nearer than fifteen (15) feet to any property line unless closer location is approved by the Architectural Review Board.

(c) Car spaces for each housekeeping unit or each rental dwelling unit shall conform to the City of Houston parking ordinances as a minimum.

(d) No activity, whether for profit or not, which is not related to a residential purpose, shall be conducted on such Building Site. No noxious or offensive activity of any sort shall be permitted nor shall anything be done which may be or might become an annoyance or nuisance to the neighborhood in which such Building Site is situated.

(e) No structure of a temporary character, trailer, mobile home, travel trailer, basement, tent, shack, garbage barn or other out-building shall be used on any portion of such Building Site at any time as a residence.

(f) No unused or broken-down automobile may be stored or worked upon on any driveway or uncovered parking area.

(g) No animals, livestock or poultry of any kind shall be raised, bred or kept on the lot except that dogs, cats or other common household pets may be kept provided they are not bred or maintained for commercial purposes and provided that no more than two pets may be kept at each rental dwelling unit or housekeeping unit at the same time.

(h) No sign, advertisement, billboard, or advertising structure of any kind other than a normal commercial printed "for sale" or "for rent" sign may be erected or maintained on any housekeeping unit.

(i) The digging of dirt or the removal of any dirt from any Building Site is expressly prohibited except as necessary in conjunction with the landscaping of, or construction on, such Building Site.

(j) All residential architecture, site plans, landscaping plans, use of materials, illumination, design of parking and outdoor storage areas, open space, signing and security measures shall be subject to the prior written approval of the Architectural Review Board.

Article 12. Duration of Restrictive Covenants

These restrictive covenants shall remain in full force and effect until July 1, 1991 and shall be automatically extended for successive ten (10) year periods thereafter; provided, however, these Restrictive Covenants may be terminated on July 1, 1991, or on the commencement of any successive ten (10) year period, by a filing for record in the Office of the County Clerk of Harris County, Texas of a written statement of an election to terminate these Restrictive Covenants executed and acknowledged by the then owners of a majority of the acreage of all Building Sites (i.e., the Land and all Annexed Tracts).

Article 13. Amendment

These Restrictive Covenants can be amended at any time by a written instrument, filed for record in the Office of the County Clerk of Harris County, Texas, executed and acknowledged by Grantor, the Association and the then owners of a majority of the acreage of the Building Sites; provided, however Grantor's approval of any amendment shall not be required if at the time of such amendment Grantor has no interest of record in and to any portion of the land conveyed by deed dated June 14, 1971, recorded in Volume 84664, Page 548, Deed Records of Harris County, Texas. In addition, and without the necessity of amending these Restrictive Covenants, Grantor shall have the right, with the approval of the Association, to grant exceptions from time to time to the application of particular provisions of these Restrictive Covenants and when doing so will not, in the sole good faith judgment of Grantor and Association, be inconsistent with the general overall plan for the development of the Building Site.

Article 14. General

(a) The invalidity of any one or more of the provisions of these Restrictive Covenants shall not affect the validity of any other provisions hereof, and these Restrictive Covenants shall remain in full force and effect during the term hereof specified to the full extent and as to all situations and persons to which they may be legally enforceable.

(b) No delays in enforcing these Restrictive Covenants as to any breach or violation thereof shall impair, damage or waive the right of any party entitled to enforce the same to obtain relief against or recover for continuation or repetition of such breach or violation or any similar breach or violation thereof at any later time or times.

(c) Grantor and Association, as well as their respective agents, employees, officers, directors and their respective heirs, legal representatives, successors and assigns, shall not be liable to any owner, lessee or any other party for any loss, claim or demand, asserted on account of their good faith performance of their duties hereunder or any good faith failure or defect in such administration and performance and each shall be absolved from any and all liabilities whatsoever in connection with the exercise or non-exercise of the powers and duties hereunder provided they act in good faith.