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**DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND
EASEMENTS FOR
LAUREL CROSSING TOWNHOMES
HARRIS COUNTY, TEXAS**

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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS FOR
LAUREL CROSSING TOWNHOMES
HARRIS COUNTY, TEXAS**

WHEREAS, RH OF TEXAS LIMITED PARTNERSHIP, a Maryland limited partnership ("**Declarant**"), and GENSTAR SUMMERWOOD, L.P., a Delaware limited partnership ("**Genstar**") are the current owners of that certain real property described as follows:

Laurel Crossing Townhomes, being Lots 1 through 70 of Block 1 and Lots 1 through 7 of Block 2 of SUMMERWOOD SEC. 31, a subdivision in Harris County, Texas according to the Plat thereof recorded on August 28, 2006, under Harris County Clerk's File No. 20060000282 and further recorded under Film Code No. 604040 of the Map Records of Harris County, Texas (the "**Lots**"); and

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WHEREAS, certain covenants, restrictions, easements, charges and liens have been imposed on the Lots as set forth in that certain Consolidated and Amended Declaration of Covenants, Conditions, and Restrictions for Summerwood, executed March 19, 2002 and filed on March 21, 2002 (together with that certain Amendment to Various Declarations of Covenants, Conditions, and Restrictions Relating to Summerwood), under Harris County Clerk's File No. V677818 of the Official Public Records of Real Property of Harris County, Texas, together with all other documentation relative to the Master Association (herein defined), such as its Articles of Incorporation, Bylaws, Rules and Regulations and Design Guidelines (the "**Master Restrictions**"); and

WHEREAS, the Lots are to be developed into townhomes with their own Neighborhood Association (as such term is defined in the Master Restrictions); and

WHEREAS, Declarant and Genstar desire to establish a uniform plan for the further development, improvement, and sale of the Lots and to ensure the reservation of such uniform plan for the benefit of both the present and future owners of the Lots.

NOW THEREFORE, Declarant and Genstar hereby supplement, but do not modify or amend, the Master Restrictions with the additional covenants, conditions, restrictions, easements, charges and liens, as follows:

**ARTICLE I
DEFINITIONS**

As used in this instrument, the terms set forth below shall have the following meanings:

Section 1.1. Association. LAUREL CROSSING TOWNHOME ASSOCIATION, INC., a Texas non-profit corporation, its successors and/or assigns.

Section 1.2. Assessment. A General Assessment, a Special Assessment, or a Reimbursement Assessment.

Section 1.3. Board or Board of Directors. The Board of Directors of the Association as elected in accordance with the Certificate of Formation and the Bylaws.

Section 1.4. Bylaws. The Bylaws of the Association, as same may be amended from time to time.

Section 1.5. Certificate of Formation. The Certificate of Formation of the Association, as same may be amended from time to time.

Section 1.6. Committees. The Master ARC and the Townhome Modifications Committee, as applicable.

Section 1.7. Common Area. All real property designated as Common Area and owned by the Association from time to time, if any, for the benefit of and for the common use and enjoyment of the Owners. All platted reserves are to be owned by the Master Association or a municipal utility district.

Section 1.8. Declarant. RH OF TEXAS LIMITED PARTNERSHIP and its successors and assigns so designated in writing by RH OF TEXAS LIMITED PARTNERSHIP. No person or entity merely providing loans to or purchasing one or more Lots from RH OF TEXAS LIMITED PARTNERSHIP shall be considered a "Declarant".

Section 1.9. Documents. The Certificate of Formation, the Bylaws, this Declaration, and the Rules and Regulations, as each may be amended from time to time.

Section 1.10. Election Date. The earliest of the following dates: (a) four (4) months after Declarant has conveyed seventy-five percent (75%) of the Lots to Owners other than Declarant; (b) the date on which Declarant has conveyed one hundred percent (100%) of the Lots to Owners other than Declarant; or (c) such time as Declarant by written notice to the Board notifies the Board of its election to cause the Election Date to occur.

Section 1.11. Eligible Mortgagee. Mortgagees who have submitted a written request to the Association that the Association notify them of any proposed action requiring the consent of a specified percentage of Eligible Mortgagees.

Section 1.12. General Assessment. The assessments levied pursuant to Article IX hereof for managing, maintaining, operating, repairing and insuring the Property, and the other purposes set out in this Declaration. The General Assessment may include payments to the Master Association (to the extent permitted by the Master Restrictions).

Section 1.13. Genstar. GENSTAR SUMMERWOOD, L.P., a Delaware limited partnership.

Section 1.14. Lot. Each of Lots 1 through 70, Block 1, and Lots 1 through 7, Block 2, of SUMMERWOOD SEC. 31, as reflected on the Plat.

Section 1.15. Maintenance Fund. Any accumulation of the Assessments collected by the Association in accordance with the provisions of this Declaration, as well as all interest, penalties,

finances, and other sums and revenues collected by the Association pursuant to the provisions of this Declaration, the Bylaws, or the Rules and Regulations.

Section 1.16. Master ARC. Any party from time to time whose approval is required pursuant to the Master Restrictions with regard to architectural matters, whether the "Declarant", any "Reviewer" or the "ARC" (as such terms are defined in the Master Restrictions).

Section 1.17. Master Association. Summerwood Community Association, Inc., a Texas non-profit corporation, and its successors and/or assigns.

Section 1.18. Master Restrictions. Those certain covenants, restrictions, easements, charges and liens imposed on the Lots as set forth in that certain Consolidated and Amended Declaration of Covenants, Conditions, and Restrictions for Summerwood, executed March 19, 2002 and filed on March 21, 2002 (together with that certain Amendment to Various Declarations of Covenants, Conditions, and Restrictions Relating to Summerwood), under Harris County Clerk's File No. V677818 of the Official Public Records of Real Property of Harris County, Texas, together with all other documentation relative to the Master Association, such as its Articles of Incorporation, Bylaws, Rules and Regulations and Design Guidelines.

Section 1.19. Member. Any Owner of a Lot who is a member of the Association as provided in Section 3.3 of this Declaration.

Section 1.20. Mortgage. A security interest, mortgage, deed of trust, or lien instrument voluntarily granted by an Owner of a Lot to secure the payment of a loan made to such Owner, duly recorded in the Real Property Records of Harris County, Texas, and creating a lien or security interest encumbering a Lot and some or all improvements thereon.

Section 1.21. Mortgagee. A mortgagee or beneficiary under a Mortgage, as the case may be, and the insurer, guarantor or assignees of any such mortgagee or beneficiary.

Section 1.22. Owner. Any Person or other entity, including Declarant and Genstar, or any combination thereof, that is the record owner of fee simple title to a Lot, including contract sellers, but excluding those having an interest merely as a security for the performance of an obligation.

Section 1.23. Person. A natural person, a corporation, a partnership, or any other legal entity.

Section 1.24. Plat. The plat of SUMMERWOOD SEC. 31 filed of record under Clerk's File No. 20060000282, Official Public Records of Harris County, Texas, and recorded in the Map Records of Harris County, Texas under Film Code No. 604040, and/or any re-plat of the Property.

Section 1.25. Property. The real property within the jurisdiction of the Association being (i) the Lots; (ii) the Common Area; and (iii) any additional property hereafter added to the jurisdiction of the Association.

Section 1.26. Rear Yard. That portion of a Lot located behind the rear wall of a Unit.

Section 1.27. Reimbursement Assessment. A charge against a particular Owner and Lot for the purpose of reimbursing the Association for expenditures and other costs incurred by the Association in curing any violation of the Documents and/or the Master Restrictions that is directly attributable to the Owner (or the invitee, agent or tenant of such Owner) pursuant to Section 3.10 hereof.

Section 1.28. Rules and Regulations. Such rules and regulations as the Board may promulgate from time to time with respect to the Property, which may include reasonable provisions imposing fines for violation of such Rules and Regulations; provided, however, no such rules or regulations may be in derogation of or contrary to the interests of the Master Association under the Master Restrictions.

Section 1.29. Special Assessment. A charge against each Owner and Lot representing a portion of the cost to the Association for the purpose of funding major capital repairs, maintenance, and replacement of improvements, imposed pursuant to Section 9.6 hereof.

Section 1.30. Townhome Modifications Committee. The townhome modifications committee contemplated in the Master Restrictions and created under Section 5.1 hereof.

Section 1.31. Unit. A single family residential unit constructed on a Lot.

ARTICLE II ESTABLISHMENT OF GENERAL PLAN

Section 2.1. General Plan and Declaration. This Declaration is hereby established pursuant to and in furtherance of a common and general plan for the improvement and sale of Lots within the Property. Declarant and Genstar, for themselves, their successors, and assigns, hereby declare that the Property and each part thereof shall be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, maintained, altered, and improved subject to the covenants, conditions, restrictions, limitations, reservations, easements, exceptions, equitable servitudes, and other provisions set forth in the Master Restrictions and in this Declaration, for the duration thereof. To the extent legally possible, the terms of the Master Restrictions shall be read to harmonize with this Declaration and all Owners must comply with the Master Restrictions and this Declaration, and all rights herein established are in all respects inferior and subordinate to the easements and rights of way established under the Master Restrictions, and no use or operation shall be conducted that would in any manner interfere with, obstruct, alter or diminish the rights of the Master Association, and its successors and assigns, under the Master Restrictions. Unless otherwise specified herein, the terms of the Documents shall apply equally to all Owners, including Declarant and Genstar.

Section 2.2. Equitable Servitude. The covenants, conditions, restrictions, limitations, reservations, and easements, of this Declaration hereby are imposed as equitable servitude upon each Lot and the Common Areas within the Property as a servient estate for the benefit of each and every other Lot within the Property, as the dominant estate.

Section 2.3. Covenants Appurtenant. The covenants, conditions, restrictions, limitations, reservations, easements, exceptions, equitable servitudes, and other provisions set forth in this

Declaration shall run with, and shall inure to the benefit of and shall be binding upon, all of the Property, and shall be binding upon and inure to the benefit of: (a) the Property; (b) Declarant and its successors and assigns; (c) Genstar and its successors and assigns; (d) the Association and its successors and assigns; and (e) all Persons having, or hereafter acquiring, any right, title, or interest in all or any portion of the Property and their heirs, executors, successors, and assigns; and shall inure to the benefit of the Master Association.

ARTICLE III
MANAGEMENT AND OPERATION OF THE PROPERTY

Section 3.1. Management by Association. The affairs of the Property shall be administered by the Association. The Association shall have the right, power and obligation to provide for the management, acquisition, construction, maintenance, repair, replacement, administration, and operation of the Property. In the event of a conflict between the Certificate of Formation, the Bylaws, the Rules and Regulations, and the provisions of this Declaration, the provisions of this Declaration shall control. In the event of any conflict between the Certificate of Formation, the Bylaws, and the Rules and Regulations, the Certificate of Formation shall control. In the event of any conflict between the Bylaws and the Rules and Regulations, the Bylaws shall control. The business and affairs of the Association shall be managed by the Board of Directors, unless any particular item is otherwise reserved to the Members of the Association by law or the terms of the Documents. It shall be the responsibility of each Owner or occupant of a Unit to obtain copies of and become familiar with the terms of the Documents and the Master Restrictions.

The Association, acting through the Board, shall be entitled to enter into such contracts and agreements concerning the Property as the Board deems reasonably necessary or appropriate to maintain and operate the Property, including without limitation, the right to grant utility, access and other easements for uses the Board shall deem appropriate and the right to enter into agreements with adjoining or nearby land owners or governmental entities and/or the Master Association on matters of maintenance, trash pick-up, repair, administration, courtesy patrol, operation of recreational facilities, or other matters of mutual interest. The Board of Directors shall also have the power to create procedures for resolving disputes between Owners or occupants of Units, including appointment of committees to consider or reconsider resolutions of any disputes.

Section 3.2. Board of Directors. The number, term, and qualifications of the members of the Board of Directors shall be governed by the Certificate of Formation and the Bylaws.

Section 3.3. Membership in Association. Each Owner, whether one Person or more, of a Lot shall, upon and by virtue of becoming such Owner, automatically become and shall remain a member of the Association until ownership of the Lot ceases for any reason, at which time the membership in the Association shall also automatically cease. Membership in the Association shall be appurtenant to and shall automatically follow the ownership of each Lot and may not be separated from such ownership. Each Owner also acknowledges that by virtue of becoming an Owner, each Owner also automatically becomes a member of the Master Association.

Section 3.4. Unit Owner Information. Not later than the 30th day after the date of acquiring an interest in a Lot or granting a Mortgage against a Lot, the Lot Owner shall provide the Association with:

- (a) The Owner's mailing address, telephone number and driver's license number, if any;
- (b) The name and address of the holder of any Mortgage against the Lot, and any loan number;
- (c) The name and telephone number of any person occupying the Lot other than the Owner; and
- (d) The name, address, and telephone number of any person managing the Lot as agent of the Owner.

Section 3.5. Notice of Change. Each Owner shall notify the Association and the Master Association not later than the 30th day after the date the Owner has notice of a change in any information required by Section 3.4 above, and shall provide the information on request by the Association from time to time.

Section 3.6. Notice in Writing. Notices provided for in this Declaration shall be in writing and shall be deemed sufficiently given when delivered personally at the appropriate address provided by Owner under Section 3.4 above, or 72 hours after deposit in any United States post office box, postage prepaid, addressed to the appropriate address provided by Owner under Section 3.4 above.

Section 3.7. Transfer Fee. Prior to changing the name of the Owner of any Lot on the membership rolls of the Association or the name of the Mortgagee of the Owner, the Association or its managing agent (if authorized by the Board of Directors) may charge a transfer fee or processing fee when ownership to any Lot changes or the Mortgage on the Lot is refinanced.

Section 3.8. Voting of Members. The Association shall have two classes of membership.

Class A. Class A Members shall be all those Owners as defined in Section 3.3; provided, however, prior to the Election Date, Declarant shall not be a Class A Member. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership in Section 3.3. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership by Section 3.3; provided, however, that the Class B membership shall cease and be converted to Class A membership on the Election Date.

Section 3.9. Power to Adopt Rules and Regulations. The Association, through its Board of Directors, may adopt, amend, repeal, and enforce the Rules and Regulations, fines, levies, and enforcement provisions as it deems necessary or desirable with respect to the interpretation and implementation of this Declaration, the Certificate of Formation, and the Bylaws; the operation of

the Association; the use and enjoyment of the Common Areas; and the use of any other property within the Property, including Lots. Any such Rules and Regulations shall be reasonable and uniformly applied to all Members and their family, tenants, and guests. Such Rules and Regulations shall be effective only upon adoption by resolution of the Board of Directors. Each Member shall comply with such Rules and Regulations and shall see that Persons claiming through such Member comply with such Rules and Regulations. Such Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Declaration; provided, however, no such Rules and Regulations shall be in derogation of or contrary to the interests of the Master Association under the Master Restrictions.

Section 3.10. Power to Enforce Documents. The Association and the Master Association shall each have the power to enforce the provisions of the Documents and shall take such action as the board of directors of the Association or the Master Association, as applicable, deems necessary or desirable to cause compliance by each Member and each Member's family, guests or tenants. Without limiting the generality of the foregoing, the Association and the Master Association shall each have the power to enforce the provisions of the Documents by any one or more of the following means: (a) by entry upon any Lot after notice (unless a bona fide emergency exists in which event this right of entry may be exercised without notice [written or oral] to the Owner, but in such manner as to avoid any reasonable or unnecessary interference with the lawful possession, use, or enjoyment of the improvements situated thereon by the Owner or any other Person), without liability by the Association or the Master Association to the Owner thereof or any other person; (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of the Documents, by mandatory injunction or otherwise; (c) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of the Documents; (d) by exclusion, after notice, of any Member or Member's family, guests, or tenants from use of the Common Area during and for up to sixty (60) days following any breach of the provisions of the Documents relating to the Common Area by such Member or Member's family, guests, or tenants, unless the breach is a continuing breach in which case, such exclusion shall continue for so long as such breach continues; (e) by suspension, after notice, of the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or Member's family, guests, or tenants, of the Documents, unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues; (f) by levying and collecting, after notice, a Reimbursement Assessment against any Member for breach of any provision of the Documents by such Member or Member's family, guests, or tenants; and (g) by levying and collecting, after notice, reasonable and uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, from any Member or Member's family, guests, or tenants, for breach of any provision of the Documents by such Member or Member's family, guests or tenants.

Section 3.11. Board Actions in Good Faith. Any action, inaction or omission by the Board made or taken in good faith shall not subject the Board or any individual member of the Board to any liability to the Association, its Members or any other party.

Section 3.12. Property Rights of Owners.

(a) Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title of every Lot subject to the following rights of the Association:

1. The right of the Association to establish uniform rules and regulations (which rules and regulations shall not be in derogation of or contrary to the interests of the Master Association under the Master Restrictions) and to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area and to regulate the time and circumstances by which Owners may use the facilities;
2. The right of the Association to limit the number of guests of Members and to make provisions for use by fee-paying third parties who are not Members;
3. The right of the Association to suspend the voting rights and right to use of the recreational facilities, if any, located in the Common Area, by an Owner as provided in Section 3.10;
4. The right of the Association to grant or dedicate easements in, on, under, or above the Common Area or any part of the Common Area to any public or governmental agency or authority or to any utility company for any service to the Property or any part of the Property; and
5. The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for the purposes and subject to conditions that may be agreed to by the Board. No dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of Members, agreeing to dedication or transfer, has been recorded, except that easements for utility purposes may be approved solely by the Board of Directors.

(b) Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, the Owner's right of enjoyment to the Common Area and facilities to the members of the Owner's family, tenants, or contract purchasers who reside on the Property, subject to the Documents and the Master Restrictions.

(c) Waiver of Use. No Owner may be exempt from personal liability for assessments duly levied by the Association, nor release a Lot owned from the liens and charges of this Declaration, by waiver of the use and enjoyment of the Common Area or by abandonment.

Section 3.13. Management Agreements. A copy of all management agreements entered into by the Association shall be available to each Owner. Any and all management agreements entered into by the Association: (i) shall provide the management agreement may be canceled, with or without cause, with ninety (90) days written notice and (ii) shall not provide for any penalty due to cancellation or termination. In no event shall such management agreement be canceled prior to the negotiation by the Association or its Board of Directors of a new management agreement with a party or parties, which new management agreement will become operative immediately upon the

termination date of the preceding management agreement. It shall be the duty of the Association or its Board of Directors to effect a new management agreement prior to the expiration of any prior management contract. Any and all management agreements shall be for a term not to exceed one year and shall be made with a professional and responsible party or parties with proven management skills and experience managing a project of this type.

Section 3.14. Condemnation. If all or any part of the Property is taken or threatened to be taken by eminent domain or by power in the nature of eminent domain (whether permanent or temporary), the Association and each Owner shall be entitled to participate in the condemnation proceedings at their own expense. The Association shall give timely written notice of the existence of these proceedings to all Owners and to all holders of first Mortgages known to the Association by notice to the Association to have an interest in any property subject to assessment. The expense of participation in such proceedings by the Association shall be borne by the Association. The Association is authorized to obtain and pay for assistance from attorneys, appraisers, architects, engineers, expert witnesses, and other persons that the Association in its discretion deems necessary or advisable to aid or advise it in matters relating to these proceedings.

All damages or awards for any taking shall be deposited with the Association, and damages or awards shall be applied as provided in this Declaration. If an action in eminent domain is brought against a portion of the Common Area, the Association, as attorney-in-fact for all Owners, in addition to its general powers, shall have the sole authority to determine whether to defend or resist any such proceeding; to make any settlement of such proceedings; or to convey such portion of the Property to the condemning authority in lieu of the proceeding. With respect to any taking, all damages and awards shall be determined for the taking as a whole and not for each Owner's interest in the portion sought to be condemned. After the damages or awards for the taking are determined, the damages or awards shall be paid to the Association, which may use the funds in the manner determined by the Board. Alternatively, the Board, if it deems advisable, is authorized to call a meeting of the Members, at which meeting the Members, by a majority vote, shall decide whether to replace or restore, as far as possible, the Common Area so taken or damaged. If it is determined that the Common Area should be replaced or restored by obtaining other land, this Declaration shall be duly amended by instrument executed by the Association on behalf of the Owners.

Section 3.15. Consent of Owners Required. Unless the Board and, at least fifty-one percent (51%) of all of the Owners have given their approval, the Association shall not be entitled to change any of the provisions of this Declaration governing:

- (a) voting rights in the Association;
- (b) increases in Assessments that raise the previously assessed amount by more than 25% in any one year, Assessment liens, or the priority of Assessment liens;
- (c) reductions in reserves for maintenance, repair and replacement of Common Area;
- (d) responsibility for maintenance and repairs;
- (e) reallocation of ownership interest in the Common Area or rights to its use;

- (f) redefinition of any Unit boundaries;
- (g) convertibility of Units into Common Area or vice versa;
- (h) hazard or fidelity insurance requirements;
- (i) imposition of any restrictions on the leasing of Units;
- (j) imposition of any restrictions on an Owner's right to sell or transfer a Unit;
- (k) a decision by the Association to establish self-management;
- (l) restoration or repair of the Property (after damage or partial condemnation) in a manner other than that specified in the Documents; or
- (m) termination of the legal status of the Association and/or the Property as a townhome project after substantial destruction or condemnation occurs (provided, however, in the event of termination of the Association or the Property as a planned unit development for reasons other than substantial destruction or condemnation, sixty-seven percent (67%) of the Owners must agree).

ARTICLE IV
INSURANCE AND CASUALTY

Section 4.1. Insurance.

(a) The Board or its authorized agent shall obtain and maintain at all times policies of insurance consistent with the then current specific requirements of the Federal National Mortgage Association (or its successor) for comparable townhome projects of the size and type of the Property, written with financially responsible companies licensed to do business in Texas, covering, without limitation, the risks set forth below. The type of coverages to be obtained and risks to be covered are, at a minimum, as follows, to-wit:

(1) Insurance against loss or damage by fire and lightning, and such other hazards ("casualty damage") as are customarily covered in townhome projects in Harris County, Texas and similar to the Property, under extended coverage and all risk endorsements. Said casualty insurance shall insure the entire Property and all buildings thereon, together with all equipment contained therein, in an amount equal to the full replacement value, without deduction for depreciation, subject to a reasonable deductible.

(2) Bodily injury and property damage insurance in such limits as the Board may from time to time determine, but not in an amount less than \$1,000,000.00 per occurrence covering all claims for bodily injury or death, and \$100,000.00 per occurrence for property damage. Coverage shall include, without limitation, liability for personal injuries, operation of automobiles on behalf of the Association, and activities in connection with the ownership, operation, maintenance and other use of the Property. All liability insurance shall name the Association, the Board, the Declarant, the Owners, the Master Association, and the managing agent and the officers of the Association as insureds thereunder.

(3) Worker's Compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association, in the amounts and on the forms now or hereafter required by law or deemed reasonable and necessary by the Board.

(4) Directors and officers liability insurance with respect to the actions of the Board and officers of the Association.

(5) Insurance against such other risks of similar or dissimilar nature as the Board may deem appropriate with respect to the Property, including insurance for any personal property of the Association located thereon.

(b) All policies of insurance, at the Board's discretion, shall contain waivers of subrogation and waivers of any defense based on invalidity arising from any acts of an Owner and shall provide that such policies may not be canceled or modified without at least thirty (30) days' prior written notice to all Owners, Eligible Mortgagees and the Association. Certificates evidencing such insurance coverage shall be promptly delivered to any Eligible Mortgagees upon request. All casualty insurance shall be carried in blanket form naming the Association as the insured, as attorney-in-fact for all of the Owners and Eligible Mortgagees, as their interests may appear.

(c) Owners may carry other insurance for their benefit and at their expense, provided that the liability of the carriers issuing insurance obtained by the Board shall not be affected or diminished by reason of any such additional insurance carried by any Owner.

(d) It shall be the duty of each Owner to obtain personal liability insurance, and casualty insurance, and coverage for the Owner's personal property.

Section 4.2. Damage or Destruction.

(a) Attorney-in-fact. All Owners irrevocably constitute and appoint the Board as their attorney-in-fact for the purpose of dealing with the repair or reconstruction of damage or destruction to any Unit, by fire or other disaster. A claim for any loss covered by the policy under Section 4.1(a) must be submitted by and adjusted with the Board, as attorney-in-fact. As attorney-in-fact, the Board, by its president and secretary, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or any other instrument with respect to the interests of an Owner, which is necessary and appropriate to exercise the powers herein granted. The proceeds of any insurance collected shall be payable to the Association for the purpose of repair, reconstruction or replacement. Assessments shall not be abated during the period of insurance adjustment and repair and reconstruction.

(b) Duty to Rebuild. Any Unit that is damaged or destroyed by fire or other disaster shall be promptly repaired or reconstructed by the Association. Repair and reconstruction of the damaged or destroyed Units shall be to substantially the same condition to which they existed prior to the damage. If insurance proceeds are insufficient to complete the necessary repair or reconstruction, they shall be allocated to the repair of each damaged Unit based upon its percentage damage interest. The cost of repair and replacement to any Unit in excess of the insurance proceeds shall be paid by the Owner(s) of the damaged Unit(s).

(c) **Owner Liability.** Notwithstanding anything set out above, each Owner shall be liable to the Association for all costs incurred by the Association in excess of insurance proceeds (including the full amount of any deductible payable to the Association) if the loss was caused by the negligence of the Owner, his tenants, guests or invitees.

Section 4.3. Priority of Insurance Proceeds. With respect to substantial damage to or destruction of any Lot or any part of the Common Area, all insurance proceeds shall be paid to the Association; provided, however, insurance proceeds in excess of all applicable costs incurred by the Association shall be paid to the applicable Mortgagee (if any). Nothing herein or in any other document establishing the Association will entitle an Owner or other party (other than the Association) to priority over a Mortgagee with respect to any distribution to such Owner of any insurance proceeds.

ARTICLE V ARCHITECTURAL REVIEW COMMITTEES

Section 5.1. Creation. The Master ARC shall have exclusive jurisdiction over all original construction on the Lots in the Property. There is hereby created the Townhome Modifications Committee, which shall have jurisdiction over all modifications, additions or alterations made on or to the Units and other improvements on the Lots within the Property, so long as such modifications comply with the builder guidelines promulgated pursuant to the Master Restrictions. No person serving on any Committee shall be entitled to compensation from the Association for services performed in such capacity; provided, however, the Townhome Modifications Committee may (i) employ, at the expense of the Association, one or more architects, engineers, attorneys, or other consultants to assist the Committees in carrying out their respective duties hereunder and (ii) charge a fee to any Owner in connection with modifications, additions or alterations made on or to the Unit of such Owner.

Section 5.2. Number and Appointment of Members. The Townhome Modifications Committee shall consist of three (3) members. The initial members and all successor members of the Townhome Modifications Committee shall be appointed by the Board of Directors which also shall have the power to remove any member at any time.

Section 5.3. Powers of the Committees. No building, structure, fence, patio, patio cover, pool, spa, trellises, deck, wall or other improvements (including landscaping of Rear Yards) shall be commenced or constructed on any Lot, and no exterior addition or alteration to Unit or other improvements shall be made until the site plan and the final working plans and specifications have been submitted to and approved in writing by the required vote of the applicable Committee as to conformity with the Master Restrictions and the restrictions herein contained and harmony of external design and location in relation to existing structures and topography.

The Committees shall have the right to specify architectural and aesthetic requirements for improvements on the Lots, including structures, patios, patio covers, pools, spas, trellises, and decks, the location, height, and extent of fences, walls, or other screening devices, the orientation of structures with respect to streets, walks, paths, and structures on adjacent property and shall have the right to limit the number of acceptable exterior materials and finishes that may be utilized in construction or repair of any Unit or other improvements. The Committees shall have full power and

authority to reject any site plan or final working plans and specifications that do not comply with the restrictions herein contained or that do not meet its minimum construction or architectural design requirements or that, in the sole and uncontrolled discretion and opinion of the applicable Committee, will not be compatible with the overall character and aesthetics of the Property.

The Townhome Modifications Committee shall have the right, exercisable at its sole discretion, to grant variances to the restrictions of this Declaration in specific instances where the Townhome Modifications Committee in good faith deems that such variance does not adversely affect the architectural and environmental integrity of the Property; provided, however, any variances from the restrictions imposed by the Master Restrictions must receive approval in accordance with the Master Restrictions. The Townhome Modifications Committee may require the submission of such documents and items as it shall deem appropriate in connection with its consideration of a request for a variance. If the Townhome Modifications Committee shall approve such request for a variance, it shall evidence such approval; and grant its permission for such variance, only by written instrument addressed to the Owner of the Lot or Unit relative to which such variance has been requested, describing the applicable restriction(s) or guideline(s) and the particular variance requested, expressing the decision of the Townhome Modifications Committee to permit the variance, and describing (when applicable) the conditions on which the variance has been approved. Any request for a variance shall be deemed to have been disapproved in the event of either (a) written notice of disapproval from the Townhome Modifications Committee or (b) failure by the Townhome Modifications Committee to respond to the request for variance.

Section 5.4. Rules and Regulations. The Board may from time to time adopt, amend, and repeal Rules and Regulations interpreting and implementing the provisions of this Article V, subject however to the Master Restrictions and not in derogation of or contrary to the interests of the Master ARC or the Master Association.

Section 5.5. Limitation of Liability. THE COMMITTEES HAVE NO LIABILITY OR OBLIGATION WHATSOEVER IN CONNECTION WITH ANY PLANS AND/OR SPECIFICATIONS AND NO RESPONSIBILITY FOR THE ADEQUACY THEREOF OR FOR THE CONSTRUCTION OF ANY IMPROVEMENTS CONTEMPLATED BY ANY SUCH PLANS AND/OR SPECIFICATIONS. THE COMMITTEES HAVE NO DUTY TO INSPECT ANY IMPROVEMENTS; AND, IF A COMMITTEE SHOULD INSPECT ANY IMPROVEMENTS, IT SHALL HAVE NO LIABILITY OR OBLIGATION TO ANY PARTY ARISING OUT OF SUCH INSPECTION. THE COMMITTEES EXPRESSLY SHALL HAVE NO LIABILITY OR RESPONSIBILITY FOR DEFECTS IN OR OMISSIONS FROM ANY PLANS AND/OR SPECIFICATIONS OR FOR DEFECTS IN OR OMISSIONS FROM THE CONSTRUCTION OF ANY IMPROVEMENTS. NOTWITHSTANDING ANY COVENANT, CONDITION OR TERM CONTAINED IN THIS DECLARATION, THE MASTER RESTRICTIONS, OR ANY PROVISION OF THE BYLAWS OF THE ASSOCIATION TO THE CONTRARY, A COMMITTEE SHALL NOT HAVE ANY LIABILITY TO ANY OWNER ARISING OR RESULTING FROM ANY ACT OR OMISSION OF THE COMMITTEE TAKEN OR OMITTED PURSUANT TO THIS DECLARATION, THE MASTER RESTRICTIONS OR THE BYLAWS OF THE ASSOCIATION. EACH OWNER BY ACCEPTING A CONVEYANCE OF ANY LOT OR OF ANY PORTION OF THE PROPERTY CONCLUSIVELY SHALL BE DEEMED TO HAVE UNCONDITIONALLY AND IRREVOCABLY WAIVED ALL CLAIMS

AGAINST THE COMMITTEES ARISING OR RESULTING FROM ACTS OR OMISSIONS PURSUANT TO THIS DECLARATION, THE BYLAWS OF THE ASSOCIATION, OR THE MASTER RESTRICTIONS.

ARTICLE VI
MAINTENANCE

Section 6.1. Owner Maintenance. Owners shall maintain and keep in good repair the interior of their Units as well as: enclosed porches, if any; interiors of chimneys, if any; all glass surfaces and doors, including all fixtures, framing, and related hardware; air conditioning equipment; utility company meters; circuit breakers and switch panels; utilities within the interior of the Unit (including sanitary sewer lines and gas and electric power service lines), and Rear Yards (including the landscaping inside the Rear Yard, if any). Such maintenance to be performed by Owners of Units shall also include the structural supports for interior walls. All fixtures and equipment installed on the Lot for the exclusive use of the Lot, commencing at a point where the utility lines, pipes, wires, conduits or systems (which for brevity are hereafter referred to as "utilities") enter the Lot, shall also be maintained and kept in repair by the Owner thereof. All improvements made to the Rear Yards must not interfere with or disturb the proper functioning of the drainage or flow system of adjoining Lots. Replacement of light bulbs in light fixtures under the exclusive control of an Owner, shall also be the responsibility of the Owner.

In the event an Owner is responsible for certain exterior maintenance and such Owner shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors, the Association or the Master Association shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain and restore the Lot and any improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the Assessments to which such Lot is subject, or part of assessments under the Master Restrictions.

Section 6.2. Maintenance by Multiple Owners. In the event that the responsibility for certain maintenance described in Section 6.1 extends to more than one Owner (for example, by way of illustration only, foundation or slab repairs affecting more than one Lot) any one of the affected Owners may repair or provide for the needed maintenance, with or without the consent of (but with prior written notice to) the other affected Owners, and the cost of reasonable repair and maintenance of such item shall be shared by the Owners of the affected Lots in proportion to the effect on such Lots. The right of any Owner to contribution from any other Owner under this Section 6.2 shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6.3. Association Maintenance. In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Unit, as follows: structural supports for roofs and exterior walls, as well as the foundations of Units; structural supports for party walls (but not interior utilities located in party walls); paint; repair; replacement (but not in the event of fire or other casualty loss normally covered by insurance on the premises) of exterior surfaces including care of roofs (shingles and decking only); gutter; downspouts, if any; driveways; sidewalks and walkways; and fencing. Such exterior maintenance provided by the Association shall not, however, include any of those items described as Owner maintenance in Section 6.1. The Association shall not be responsible for any alterations made to the Unit or Lot by an Owner. The

Association shall also be responsible for installing and maintaining all landscaping on the Lot located outside the Rear Yard and any sprinkler systems installed by Declarant or the Association outside the Rear Yard. The Association and the Master Association are each granted an easement over, across and under all areas on the Lot for the purpose of maintaining the grounds and other site improvements. In the event that the need for maintenance or repair of a Lot, Unit, Common Area, or the improvements thereon is caused through the willful or negligent acts of its Owner, or through the willful or negligent acts of the family, guests or invitees of the Owner of the Lot needing such maintenance or repair, the cost of such exterior maintenance shall be added to and become part of the Assessments to which such Lot is subject. Should the Master Association determine that the Association has failed its maintenance obligations hereunder, the Master Association shall have the right to use any and all easement rights granted to the Association herein to enter the Property and perform such maintenance obligations and recover its costs as assessments under the Master Restrictions from the Association. Except in an emergency situation, the Association (or the Master Association) shall provide an Owner with seventy-two (72) hours advance notice prior to entering onto or into a Unit for purposes of maintenance in accordance with this Declaration.

Section 6.4. Maintenance Dispute. In the event of any dispute between Owners, or any Owner(s) and the Association as to maintenance responsibilities of any Lot or any improvements thereon, the decision of the Board shall control and be final.

ARTICLE VII PARTY WALLS

Section 7.1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Units upon the Property and placed on the dividing boundary line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article or the Master Restrictions, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 7.2. Sharing of Repair and Maintenance. The cost of repair and maintenance of a party wall shall be the responsibility of the Owner who damages the party wall in any way. An Owner who by his negligence or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements. If there is a dispute between the Owners who make use of the wall as to who is responsible for any such damage, the determination of the responsible party shall be made by the Board based on an inspection by a third party contractor. The cost of such inspection shall be borne by the party determined to be responsible for the damage.

Section 7.3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, the Association shall restore such party wall in accordance with the terms of this Declaration. The Association, to the extent of any costs incurred by it in connection with the restoration of a party wall shall be entitled to receipt of insurance proceeds attributable to such restoration (if any) otherwise owed to the Owners who make use of the wall. Such Owners shall be liable to the Association as set forth in Article IV hereof.

Section 7.4. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 7.5. Easement for Maintenance. The Association and the Master Association are each granted an easement over, across and under all areas of the Units for the purpose of maintaining party walls to the extent required by Article VI hereof.

ARTICLE VIII USE RESTRICTIONS

Section 8.1. General. No Owner shall use the Common Area, or use or permit such Owner's Lot or Unit to be used for any purpose that would (a) void any insurance in force with respect to the Property; (b) make it impossible to obtain any insurance required by this Declaration; (c) constitute a public or private nuisance, which determination may be made by the Board in its sole discretion; (d) constitute a violation of the Documents, the Master Restrictions, or any applicable law, or (e) unreasonably interfere with the use and occupancy of the Property by other Owners. These use restrictions are subject to and subordinated and inferior to the Master Restrictions and the Master Association's power to enforce same.

Section 8.2. Single Family Residential Use. Each Owner shall use his Lot and the Unit on his Lot for single family residential purposes only. As used herein the term "single family residential purposes" shall be deemed to specifically prohibit, by way of illustration but without limitation, the use of any Lot for any business, educational, church, professional or other commercial activity of any type, except that an Owner may use his residence as a personal office for a profession or occupation, provided: (a) the public is not invited, permitted, or allowed to enter the Unit or any structure or improvement upon such Lot and conduct business therein; (b) no signs advertising such profession or business are permitted; (c) no on-site employees are permitted; (d) no offensive activity or condition, noise and/or odor are permitted; and (e) such use in all respects complies with the Master Restrictions, the laws of the State of Texas, and the laws, rules, and regulations of any other regulatory body or governmental agency having authority and jurisdiction over such matters. The term "single family residential purposes" shall also be defined as: (a) one or more persons related by blood, marriage, or adoption, which may include only parents, their children (including foster children and wards), their dependent brothers and sisters, their dependent parents, their dependent grandparents, and their domestic servants; or (b) no more than three (3) unrelated persons living together as a single housekeeping unit and their children (including foster children and wards), their dependent brothers or sisters, their dependent parents, their dependent grandparents, and their domestic servants; provided, however, in no event, shall any single family residence be occupied by more persons than the product of the total number of bedrooms contained in the single family residence as originally constructed multiplied by two and one-half (2 ½).

Section 8.3. Animals. No animals of any kind shall be raised, bred, or kept on any Lot, except as hereinafter provided. A total of two (2) dogs, cats, or other household pets may be kept on a Lot (except for fish of a type customarily kept within normal home aquariums, with respect to which there shall be no limitation on amount) provided that: (a) they are not kept, bred, or maintained for commercial purposes; (b) they do not make objectionable noises, create any objectionable odor, or otherwise constitute an unreasonable nuisance to other Owners; (c) they are

kept within the Unit, an enclosed patio on the Lot occupied by the Owner of such pets, or on a leash being held by a Person capable of controlling the animal; and (d) they are not in violation of any other provision of this Declaration and such other limitations as may be set forth in the Rules and Regulations. The Board shall not be obligated to enforce or otherwise make determinations regarding violations or disputes under this Section, but rather such violations or disputes shall be turned over to courts of competent jurisdiction in Harris County, Texas.

Section 8.4. Signs, Advertisements, Billboards. No sign, advertisement, billboard or advertising structure of any kind shall be displayed to the public view on any portion of the Property except one sign for each Lot may be permitted, provided it is approved by the applicable Committee. Such sign may have one maximum dimension of twenty-four inches (24") and a maximum area of 576 square inches for the purpose of advertising the Unit located on the Lot for sale or rent.

Section 8.5. Antennae. No television, radio, or other electronic towers, aerials, antennae, satellite dishes or device of any type for the reception or transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any structure specifically covered by the regulations promulgated under the Telecommunications Act of 1996, as amended from time to time. The Board is empowered to adopt rules governing the types of antennae that are permissible in the Properties and to establish reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae. To the extent that receipt of an acceptable signal would not be impaired, an antenna permissible to pursuant to the rules of the Board may only be installed in a side or rear yard location, not visible from a Street, and integrated with the dwelling and surrounding landscape. Antennae shall be installed in compliance with all state and local laws and regulations.

Section 8.6. Visible Storage. All equipment, service yards, or storage buildings shall be kept within the Rear Yard, or other screened areas, so as to conceal them from view of neighboring Lots and streets. Such items shall be no greater than five feet (5') in height. The use of clotheslines on the exterior of a Unit is prohibited.

Section 8.7. Restrictions on Garbage and Trash. No refuse, garbage, trash, or debris of any kind shall be kept stored, or allowed to accumulate on any Lot except within an enclosed container. All rubbish, trash, and garbage shall be kept in containers and within areas designated by the Association for collection purposes.

Section 8.8. No Noxious or Offensive Activity. No noxious or offensive activity shall be carried on upon any Lot within the Property nor shall anything be done or placed thereon that is or may become a nuisance or cause an unreasonable embarrassment, disturbance, or annoyance to others.

Section 8.9. No Hazardous Activities. No activity shall be conducted on any Lot that is or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon the Property (except as allowed by law for the protection of persons or property) and no open fires shall be lighted or permitted on any Lot except in a contained barbecue unit (located a safe distance from the Unit while attended and in use for cooking purposes) or within an interior fireplace, which is a part of the original construction or has been approved for installation by all applicable Committees.

Section 8.10. Leasing. Lots may only be leased for single family residential purposes as defined in Section 8.2. No Owner shall be permitted to lease his Lot for hotel or transient purposes, which for purposes of this Section 8.10 is defined as a period of less than seven (7) days. No Owner shall be permitted to lease less than the entire Lot. Every such lease shall be in writing. Every such lease shall provide that the tenant shall be bound by and subject to all of the obligations of the Owner in the Documents and under the Master Restrictions. The Owner making such lease shall not be relieved from any of such obligations. Copies of all leases entered into by Owners for occupancy of a Unit shall be deposited with the managing agent of the Association and the Master Association prior to the tenant taking occupancy of the Unit.

Section 8.11. Window Treatment. No window in any Unit or other improvement that is visible from any other Lot or street may be covered with paper, cardboard, newspaper, boards, aluminum foil, or any other reflective material. Portions of window treatments facing streets must be neutral and solid shades, unless otherwise approved by the Board.

Section 8.12. Parking. On-street parking is restricted to approved deliveries, pick-ups, and short term guests. Lots shall not, without express written permission of the Association, be used for storage of boats, trailers, campers, unused or inoperable automobiles or any other items which the Association deems unsightly or inappropriate. Parking on streets in, along, adjacent to the Property and on Lots, shall be subject to further restrictions in the Rules and Regulations and the Master Restrictions.

Section 8.13. Fences. Rear Yards must at all times be completely enclosed by a fence, which has been approved in writing by Declarant or the applicable Committee pursuant to Article V.

Section 8.14. Declarant Exemptions. For so long as Declarant owns a Lot, notwithstanding any provisions contained in this Declaration to the contrary, it shall be expressly permissible for Declarant to maintain upon the Property such facilities (as in the sole opinion of Declarant) may be reasonably required, convenient or incidental to the sale of any Lot, including, but not without limitation, a business office, storage area, construction yards, model units, sales offices and advertising signs of any size. Declarant, however, is not exempt from the Master Restrictions.

ARTICLE IX COVENANTS FOR ASSESSMENTS

Section 9.1. Creation of the Lien and Personal Obligation for Assessments. Each Owner (except the Declarant), by acceptance of a deed to any Lot, whether or not it shall be expressed in such deed, is deemed to covenant and agree to pay to the Association the Assessments and capitalization fee fixed, established, and collected from time to time as hereinafter provided. The Assessments and capitalization fee, together with interest thereon and costs of collection thereof, including reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon each Lot and any rents or insurance proceeds with respect to each Lot. Such Assessments and capitalization fee, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the Owner of each Lot at the time when the Assessment or fee becomes due. The personal obligation shall not pass to an Owner's successor in title unless expressly assumed by the successor. If permitted by the Master Restrictions, Assessments hereunder may include amounts to be paid to the Master Association.

Section 9.2. General Assessments. The General Assessments levied by the Association shall be used for the improvement and maintenance of the Common Area and for services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, and for the performance of such other duties as are given to the Association by this Declaration, including without limitation, payments as required to the Master Association if permitted by the Master Restrictions. The purposes of the General Assessments shall include, but are not limited to, the payment of the expenses of the Association, and the establishment of adequate reserves for insurance, insurance deductibles, such repair, replacement and maintenance of the Property for which the Association is responsible pursuant to this Declaration, and other uses that the Board shall determine to be necessary to meet the primary purposes of the Association.

Section 9.3. Amount of General Assessment. After consideration of the current maintenance and operating costs and future needs of the Association, the Board shall fix the General Assessment in an amount necessary to fund the anticipated revenue needs of the Association, including an adequate reserve fund for the purposes set forth in Section 9.2 above. The Board may adjust the amount of the General Assessment not more than one time during any calendar year. Written notice of any adjustment in the amount of the General Assessment shall be sent to every Member at least thirty days prior to the effective date of the adjustment; provided that the failure of the Association to provide such notice shall not release or relieve the Owner of the duty to pay the General Assessment.

Section 9.4. Uniform Rate of Assessments. General Assessments shall be a uniform rate for all Lots, and shall be due and payable monthly in advance without notice on the first day of each calendar month.

Section 9.5. Date of Commencement of General Assessments. General Assessments shall commence to accrue against each Lot on the first day of the first calendar month following the date of closing of the sale of that Lot from the Declarant to another Owner.

Section 9.6. Special Assessments for Capital Improvements. In addition to the General Assessment authorized above, the Association may levy Special Assessments from time to time in an amount necessary and for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of capital improvements, or other capital or operating expenditures deemed necessary. Any Special Assessment shall require the consent of sixty-seven percent (67%) of the Members voting at a meeting duly called for such purpose, written notice of which shall be sent to all Members not less than fifteen (15) days nor more than thirty (30) days in advance of the meeting, setting forth the purposes of the meeting. Special Assessments levied in accordance with this Section shall be a uniform sum for each Lot, and shall be due and payable on the date or dates and in the manner determined by the Board and specified in a statement mailed to the Members.

Section 9.7. Application of Payments. All Assessment payments received from Owners shall be applied by the Board first to payment of accrued fines, legal fees, court costs and costs of collection, then to accrued late charges and interest, then to any other delinquent Reimbursement Assessments (if any), then to delinquent Special Assessments, and finally to those General Assessments with the longest delinquency.

Section 9.8. Declarant Payment. Until the Election Date, Declarant from time to time shall make a payment to the Association equal to the cost of all operating expenses for which the Association is liable (not to exceed the amounts set forth in the Association's budget, which budget must be approved by Declarant), less the operational expense portion of the Assessments levied against the Owners. Such payments by Declarant may be in the form of promissory notes payable to the Association. Commencing on the Election Date, General Assessments shall commence to accrue against any Lot which has not been sold by Declarant to another Owner.

Section 9.9. Capitalization Fee. In addition to any required escrow deposit for General Assessments, each purchaser of a Lot agrees, at the closing of the Lot purchase, to pay a capitalization fee equal to two times the monthly General Assessment for the Lot being purchased.

Section 9.10. Effect of Nonpayment of Assessments; Remedies of the Association. If any Assessment or capitalization fee is not paid on or before ten (10) days following the due date, same shall be delinquent and shall, at the option of the Board, bear interest from the date of delinquency at the rate established by the Board from time to time but not to exceed the highest legal rate as may be permitted under the laws of the State of Texas. To the extent permitted by applicable law, the defaulting Owner shall also be assessed a late charge in the amount of \$25 or such greater amount as may be imposed by the Board from time to time, to cover the extra cost and expense involved in handling delinquent Assessments or fees. The Association is authorized to impose a charge of \$25 or more for checks which are returned unpaid. The Association may bring an action at law against the Owner personally obligated to pay the delinquent Assessments or fees to recover the delinquent amount and all accrued interest and late charges thereon, and/or to foreclose the lien against the Lot securing such Assessment or fee. In any such action, the Association shall be entitled to recover its costs incurred in the proceeding, including reasonable attorney's fees, all of which shall be secured by the lien securing payment of Assessments or fees. Each Owner, by acceptance of a deed to a Lot, hereby expressly vests in the Association or its agents, the right and power to bring an action against such Owner personally for the collection of delinquent Assessments and fees and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure in a like manner as a mortgage or deed of trust lien on real property. Each Owner hereby expressly grants to the Association a power of sale in connection with said lien, same to be exercised in compliance with the terms of the applicable Texas Civil Statutes relating to the foreclosure of deed of trust or other contractual liens (Texas Property Code Section 51.002). The lien provided for in this Section shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid in an interest foreclosed at foreclosure sale and to acquire, hold, lease and mortgage same. No Owner may waive or otherwise escape liability for any Assessments or fees by non-use of any Common Area or other services or facilities, or abandonment of his Lot. No Owner may offset liability for any Assessment or fee for any reason.

In addition, the Master Association shall have all rights and remedies under the Master Restrictions to enforce payment of delinquent sums secured by a lien under this Article.

Section 9.11. Certificate. The Association shall upon request at any time furnish a certificate in writing, signed by an officer or agent of the Association, setting forth whether the Assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for the issuance of a certificate, which shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

Section 9.12. Subordination of the Lien to Mortgage. The lien of the Assessments provided for herein shall be subordinate to any valid and bona fide first lien or mortgage and any valid and bona fide lien securing the cost of construction of improvements. Sale, transfer or other disposition of any Lot shall not affect the Assessment lien. However, the sale or transfer of any mortgaged Lot pursuant to a decree of foreclosure under such mortgage shall extinguish the Assessment lien as to payments which became due prior to such sale or transfer. No sale or transfer of any Lot, including foreclosure sale or transfer by deed in lieu of foreclosure, shall release such Lot from liability for any Assessments thereafter becoming due or from the lien provided in this Declaration.

Section 9.13. Subordination of the Lien to the Master Restrictions. The lien securing the Assessments provided for herein shall be subordinate to the lien provided for in the Master Restrictions. The sale or transfer of any Lot pursuant to a decree of foreclosure under the lien provided for in the Master Restrictions shall extinguish the lien hereunder as to payments which become due prior to such sale or transfer. Foreclosure of the lien provided for in the Master Restrictions shall not relieve such Lot from liability for any Assessments thereafter becoming due or from the lien securing payment thereof.

ARTICLE X UTILITIES AND EASEMENTS

Section 10.1. Utility Easements. The rights and duties of the Owners of Lots within the Property with respect to sanitary sewer and water, electricity, gas and telephone, security system and cable television lines and drainage facilities shall be governed by the following:

- (a) Permanent easements are hereby created upon, across, over and under those portions of the Property as may be reasonably necessary for the installation, maintenance and repair of all utilities, including, but not limited to, water, sewers, gas, telephone, electricity and a master or cable television system, security system and drainage facilities, which easements shall run to and be administered by the Association and/or the Master Association. Declarant reserves, for itself and the Master Association, the right to grant (without necessity for consent from any Owner) such additional utility easements as may, in its sole judgment, be necessary to properly serve the Property's utility requirements.
- (b) Wherever sanitary sewer house connections and/or water house connections or electricity, gas or telephone and cable television lines, security system, or drainage facilities are installed within the Property, which connection lines or facilities or any portion thereof, lie in or upon land owned by the Association or persons other than the Owner of a Lot served by these connections, lines or facilities, the Owners of Lots served shall have the right, and are granted an easement to the full extent necessary, to enter upon the Lots and/or on land owned by the Association within the Property in or upon which the connections, lines, or facilities, or any portion of them, lie to repair, replace, and generally maintain the connections as and when repair, replacement, and maintenance may be necessary.

- (c) Wherever sanitary sewer house connections and/or water house connections or electricity, gas, telephone, security system and cable television lines or drainage facilities are installed within the Property, and the connections, lines or facilities serve more than one Lot, the Owner of each Lot served by the connections, lines or facilities shall be entitled to the full use and enjoyment of the portions of the connections, lines, or facilities which service that Owner's Lot.

Section 10.2. Emergency and Service Vehicles. An easement is granted to all police, fire protection, ambulance, and other emergency vehicles and other service vehicles to enter upon the Common Area in the performance of their duties.

Section 10.3. Ingress and Egress Easement of Owner. Each Owner is granted an unrestricted right of ingress and egress to his Lot.

Section 10.4. Sprinkler System. Declarant or the Association may install an underground sprinkler system on the Lots and Common Area for the general benefit of all Owners. If installed, the Association shall maintain the sprinkler system and pay for all costs related to same and is hereby granted an easement for the maintenance (and relocation, if necessary) of the sprinkler system as the Board may deem necessary from time to time.

Section 10.5. Association and Master Association Easements. The Association and the Master Association, their respective agents, servants, and employees shall have all other such easements necessary to perform those duties, tasks or rights and enforcement of remedies as referenced throughout this Declaration and the Master Restrictions.

Section 10.6. Easements for Encroachments. Should any part of a Unit or driveway providing access to a Unit ever encroach upon the Common Area or another Lot, or the Common Area upon a Lot or Unit, due to construction, reconstruction, repair, shifting, settlement, or other movement of any portion of said improvements, a valid easement is hereby granted for both the encroachment and its repair and maintenance, provided the physical boundaries of any such Unit after construction, reconstruction, repair, shifting, settlement, or other movement is in substantial accord with the description of the boundaries of the Unit as referenced in the Plat.

Section 10.7. Easements for Repairs and Maintenance. Each Owner shall have such easements as are reasonably necessary to perform the repair and maintenance responsibilities set forth in Section 6.1 of this Declaration. Any Owner needing access to the roof or exterior of another Unit, or to any areas common to such Owner's Unit and another Unit, shall provide such other Owner with seventy-two (72) hours advance notice prior to entering onto any such areas for purposes of maintenance in accordance with this Section 6.1 hereof. Such repairing Owner shall be personally liable for any and all damages arising out of such repairs.

Section 10.8. Easements for Shared Walkways. "Shared walkway" shall mean each of those walkways situated, in whole or in part, on two adjacent Lots which provide access to the front entry doors of the Units on each such adjacent Lot. Each Owner of a Lot upon which a shared walkway is located shall have an easement over and across that portion of the adjacent Lot upon which the shared walkway is constructed for the use of the shared walkway.

ARTICLE XI
MORTGAGES

Section 11.1. Notice to Association. An Owner who mortgages his Lot shall notify the Association in accordance with Section 3.4 of this Declaration. Such Owner shall likewise notify the Association in writing of any change relating to such Mortgage within thirty (30) days of such change.

Section 11.2. Notice of Default. The Association shall notify a first Mortgagee in writing, upon request of such Mortgagee, of any default by the mortgagor in the performance of such mortgagor's obligations as set forth in the Declaration which is not cured within thirty (30) days.

Section 11.3. Examination of Books. The Association shall permit first Mortgagees and the Master Association to examine the books and records of the Association during normal business hours by appointment.

Section 11.4. Notice to Mortgagees. Each Owner shall give the Association, the Master Association and such Owner's Mortgagee timely written notice of any condemnation or casualty loss that affects either a material portion of the Property or the Lot securing such Owner's Mortgagee; and the Association shall thereafter give the Master Association timely written notice of any proposed action that requires the consent of a specified percentage of Eligible Mortgagees.

ARTICLE XII
AMENDMENT AND DURATION OF DECLARATION

Section 12.1. Amendment by Owners. The terms of this Declaration may be amended at any time for legal reasons (including termination of the Declaration) by those Owners representing at least sixty-seven percent (67%) of the votes allocable to the Lots within the Property. No person shall be charged with notice of or inquiry with respect to any amendment until and unless it has been filed of record in the Real Property Records of Harris County, Texas.

Section 12.2. Amendment by Declarant. Notwithstanding anything in this Declaration to the contrary, Declarant may amend this Declaration at any time and from time to time, without the joinder of any Owner or other party, (a) if such amendment is necessary to bring any provision hereof into compliance with the Master Restrictions or with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is required by an institutional or governmental lender, or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on any Lot subject to this Declaration; (c) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the property subject to this Declaration; (d) to correct any mistake or errors of a clerical nature resulting from typographical or similar errors; or (e) for any other purpose, provided that the amendment has no material adverse effect upon any right of any Owner or that the Owner or Owners so affected have consented thereto. Any amendments by Declarant under this Section must be by written instrument executed by Declarant and duly recorded in the Real Property Records of Harris County, Texas. Any amendment which materially affects the

rights or interests of the Master Association must have the approval of the board of directors of the Master Association.

Section 12.3. Duration. This Declaration shall remain in full force and effect until December 31, 2026, and shall be extended automatically for successive ten (10) year periods; provided however, that this Declaration may be amended at any time, as set forth in Sections 12.1 and 12.2.

ARTICLE XIII
MISCELLANEOUS

Section 13.1. Severability. In the event of the invalidity or partial invalidity or partial unenforceability of any provision in this Declaration, the remainder of this Declaration shall remain in full force and effect.

Section 13.2. Number and Gender. Pronouns, whenever used herein, and of whatever gender, shall include natural persons and corporations, entities and associations of every kind and character, and the singular shall include the plural, and vice versa, whenever and as often as may be appropriate.

Section 13.3. Delay in Enforcement. No delay in enforcing the provisions of this Declaration with respect 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 the continuation or repetition of such breach or violation or any similar breach or violation thereof at any later time.

Section 13.4. Enforceability. The documents shall run with the Property and shall be binding upon and inure to the benefit of and be enforceable by the Association, the Master Association and each Owner against the Association or any Owner violating the terms thereof, or any portion thereof, and their respective heirs, legal representatives, successors and assigns. In the event any action to enforce the Documents is initiated against an Owner or occupant of a Lot by the Association or the Master Association, the Association or the Master Association or other Owner, as the case may be, shall be entitled to recover reasonable attorney's fees from the Owner or occupant of a Lot who violated the Documents.

Section 13.5. Remedies. In the event any Person shall violate or attempt to violate any of the provisions of the Documents, the Association, the Master Association or each Owner of a Lot within the Property, or any portion thereof, may institute and prosecute any proceeding at law or in equity to abate, preempt or enjoin any such violation or attempted violation or to recover monetary damages caused by such violation or attempted violation.

Section 13.6. Right of Entry; Enforcement by Self Help. The Association shall have the right, in addition to and not in limitation of all the rights it may have under this Declaration, to enter upon any Lot, including the Unit located thereon, for emergency, security, maintenance, repair, or safety purposes, which right may be exercised by the Board, the Master Association's board of directors, their respective officers, agents, employees, managers, and all police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall be only during reasonable hours and after reasonable

notice to the Owner or occupant of the Lot. In addition to any other remedies provided for herein, the Association or the Master Association, or their respective duly authorized agents shall have the power to enter upon any improvements or any portion of a Lot to abate or remove, using such force as reasonably may be necessary, any improvement to Property, other structure, or thing or condition that violates the Documents and/or the Master Restrictions. Unless an emergency situation exists, such self-help shall be preceded by written notice. All costs of self-help, including reasonable attorney's fees actually incurred, shall be assessed against the violating Owner and shall be collected as provided for herein, or in the Master Restrictions for the collection of the Assessments. All such entries shall be made with as little inconvenience to the Owner as is practicable in the judgment of the Association, and/or the Master Association, and any damages caused thereby (as distinguished from repairs with respect to which the Association is entitled to a Reimbursement Assessment) shall be borne by the Maintenance Fund of the Association. Notwithstanding anything contained in the Declaration to the contrary, prior to altering or demolishing any items of construction in or affixed to a Unit, the Association and/or the Master Association, shall file judicial proceedings through which the Association or the Master Association, or both, has been granted the right to demolish or alter items of construction in or affixed to a Unit.

Section 13.7. Violations of Law. Any violation of any federal, state, municipal or local law, ordinance, rule, or regulation, pertaining to the ownership, occupation, or use of any property within the Property hereby is declared to be a violation of this Declaration and shall be subject to any and all of the enforcement procedures set forth in this Declaration.

Section 13.8. Remedies Cumulative. Each remedy provided under this Declaration is cumulative and not exclusive.

Section 13.9. No Representations or Warranties. No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant, Genstar or their agents or employees in connection with any portion of the Property, or any improvement thereon, its or their physical condition, compliance with applicable laws, fitness for intended use, or in connection with the Property, sale, operation, maintenance, cost of maintenance, taxes, or regulation thereof, unless and except as specifically shall be set forth in writing. NONE OF THE ASSOCIATION, THE BOARD, DECLARANT, GENSTAR, ANY MANAGING AGENT OF THE ASSOCIATION, THE MASTER ASSOCIATION, ANY MANAGING AGENT OF THE MASTER ASSOCIATION, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES, AGENTS OR ATTORNEYS SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTY AND SHALL NOT BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF ALLEGED FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN, IF ANY.

Section 13.10. Limitation on Liability. NEITHER THE ASSOCIATION, THE BOARD, DECLARANT, GENSTAR, THE MASTER ASSOCIATION, NOR ANY OFFICER, AGENT, OR EMPLOYEE OF ANY OF THE SAME ACTING WITHIN THE SCOPE OF THEIR RESPECTIVE DUTIES DESCRIBED IN THIS DECLARATION SHALL BE LIABLE TO ANY PERSON FOR ANY REASON OR FOR ANY FAILURE TO ACT IF THE ACTION OR FAILURE TO ACT WAS IN GOOD FAITH AND WITHOUT MALICE.

Section 13.11. Captions for Convenience. The titles, headings, captions, article and section numbers used in this Declaration are intended solely for convenience of reference and shall not be considered in construing any of the provisions of this Declaration. Unless the context otherwise requires, references herein to articles and sections are to articles and sections of this Declaration.

Section 13.12. Governing Law. This Declaration shall be constructed and governed under the laws of the State of Texas.

Section 13.13. Conflicts with Master Restrictions. The Master Restrictions shall remain prior in time and right to this Declaration. In the event that any clause, sentence, paragraph, subsection, or section of this Declaration shall be inconsistent with the Master Restrictions, then the Master Restrictions shall be controlling. Nothing in this document shall be construed to confer upon the Association the right to amend or in any manner change the Master Restrictions.

Section 13.14. Annual Financial Statements. The Association shall furnish the Master Association, upon request of the Master Association and at the expense of the Master Association, an annual financial statement of the Association.

Section 13.15. Deed to Common Area. Declarant and Genstar shall deed all real property they own in the Property, save and except the Lots, to the Master Association. The Common Area may not be subject to a lease between the Owners or the Association and any other party.

Section 13.16. Arbitration. All disputes and controversies concerning the performance, breach, construction or interpretation of this Declaration, or in any manner arising out of this Declaration, shall be submitted to arbitration before a panel of three arbitrators upon written demand by either party setting forth the name of the arbitrator selected by such party. All arbitrators selected pursuant to this Declaration shall be former judges of state or federal courts who are not affiliated with either party and who have no conflict which would inhibit their providing unbiased decisions. Within thirty (30) days after receipt of the demand for arbitration, the other party shall notify the demanding party of the name of the arbitrator selected by it. Within thirty (30) days thereafter the two arbitrators so selected shall select a third arbitrator and the decision of any two shall be binding upon the parties. If either party fails to name an arbitrator as required above, an arbitrator shall be chosen for such party by the American Arbitration Association, or other independent third party arbitration organization mutually selected by the parties, and the two arbitrators thus designated shall choose a third. If the arbitrators fail to designate the third arbitrator within thirty (30) days after the date of the initial demand for arbitration, the American Arbitration Association, or other independent third party arbitration organization mutually selected by the parties, shall upon application by either party, designate the third arbitrator. The arbitrators shall reasonably fix their own compensation, unless otherwise provided by agreement. All costs of arbitration shall be born equally by the parties, provided that the prevailing party shall be awarded such sums as the arbitrator shall deem proper as compensation for the time and expense incident to the proceeding. All arbitration proceedings held in connection with this Declaration shall be held in Harris County, Texas in accordance with the Rules of Practice and Procedure for Arbitration of Commercial Disputes of the American Arbitration Association then in effect, The decision of such arbitration shall be binding on both parties. Exclusive jurisdiction over entry of judgment on any arbitration award rendered pursuant thereto or over any dispute, action or suit arising therefrom shall be in any court of appropriate subject matter jurisdiction located in Harris County, Texas, and all Owners expressly subject themselves to the

personal jurisdiction of such court for the entry of any judgment and for the resolution of any dispute, action or suit arising in connection with the entry of such judgment.

Section 13.17. Architectural Review. All of the Property is, and shall be, subject to the architectural review provisions set forth in the Master Restrictions.

Section 13.18. Litigation. No judicial or administrative proceedings shall be commenced or prosecuted by the Association without first holding a special meeting of the Members and containing the affirmative vote of voting Members representing at least seventy-five percent (75%) of the Lots to the commencement and prosecution of the proposed action. This Section shall not apply to (a) actions brought by the Association to enforce the provisions of this Declaration, the Bylaws or the Rules and Regulations (including, without limitation, an action to recover charges or fines or to foreclose a lien for unpaid charges or fines) or (b) counterclaims brought by the Association in proceeding instituted against it.

[Signature Pages Follows]

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed the foregoing instrument on this 15 day of January, 2007.

(4)
20

RH OF TEXAS LIMITED PARTNERSHIP
a Maryland limited partnership

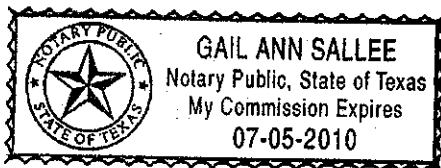
By: Ryland Homes of Texas, Inc.,
general partner

By: *Ernest S. Loeb*
Ernest S. Loeb, Vice President

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on January 15, 2007, by Ernest S. Loeb, Vice President of Ryland Homes of Texas, Inc., a Texas corporation which is the general partner of RH of Texas Limited Partnership, a Maryland limited partnership, on behalf of said limited partnership.

(SEAL)



Gail Ann Sallee
Notary Public in and for
The State of Texas

CONSENT PURSUANT TO MASTER RESTRICTIONS

IN WITNESS WHEREOF, the undersigned, being the "Declarant" under the Master Restrictions (as defined in this Declaration), has reviewed and does hereby consent to the recordation of this Declaration.

Executed on this 16th day of January, 2007.

GENSTAR SUMMERWOOD, L.P.
a Delaware limited partnership 2a

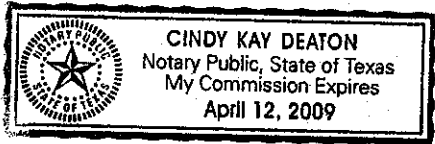
By: Genstar Houston, L.L.C., a Delaware limited liability company, its general partner

By: *Mark L. Hardy*
Name: _____
Title: Mark L. Hardy, Assistant Vice President

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on January 16th, 2007, by Mark L. Hardy, Asst. Vice President of Genstar Houston, L.L.C., a Delaware limited liability company, which is the general partner of GENSTAR SUMMERWOOD, L.P., a Delaware limited partnership, on behalf of said limited liability company and limited partnership.

(SEAL)



Cindy Kay Deaton
Notary Public in and for
The State of TEXAS

Return to:
CHARTER TITLE COMPANY
14701 St. Mary's Lane, Suite 205
Houston, TX 77079
Attn: *CWS*

**RULES AND REGULATIONS
LAUREL CROSSING TOWNHOMES**

RULES AND REGULATIONS

PREAMBLE

Provisions for the Rules and Regulations and authority for enforcement are contained in the Declaration of Covenants, Conditions, Restrictions and Easements for LAUREL CROSSING TOWNHOMES (the "Declaration") and in the other Documents for LAUREL CROSSING TOWNHOME ASSOCIATION, INC. (the "Association"). The Declaration includes a statement of restrictions and conditions applicable to ownership and use of individual Lots, as well as the Common Areas of the Association. These limitations, restrictions, conditions and covenants run with the land and are binding on all parties having acquired any right, title, or interest in the properties within LAUREL CROSSING TOWNHOMES.

Observing and enforcing these rules and regulations is the responsibility of each and every Owner, tenant, and their guests.

Living in a townhome community is a unique situation. Therefore, these rules are designed to make living together pleasant and comfortable. Each of us not only has certain rights but also certain obligations to other residents. The courtesy and consideration for the rights of others are always mutually beneficial, and objectionable behavior is not acceptable even if such behavior is not specifically ruled against herein.

Each townhome Owner must accept the responsibility for violations by their lessees, guests, children or pets. Violations should be reported to the Association, or to the property manager, if applicable, who will take appropriate action. Compliance with these Rules and Regulations is necessary to maintain our quality of life.

This book of Rules and Regulations is a supplement to the Declaration, the Association's Certificate of Formation and Bylaws, and the Resolutions established by your Board of Directors, as well as to the Master Restrictions. The capitalized terms used herein shall have the same meanings given such terms in the Declaration unless another meaning is specified.

**RULES AND REGULATIONS
LAUREL CROSSING TOWNHOMES**

I. INTRODUCTION

- (a) The Rules and Regulations of the Association are intended as a supplement to the Declaration, the Association's Certificate of Formation and Bylaws, and the Master Restrictions. Should there be any questions concerning which regulations must be followed, the Declaration will prevail over the Rules and Regulations and the Master Restrictions will prevail over the Declaration.
- (b) Throughout the Rules and Regulations, the term "adult" is defined as any person 21 years of age or older.
- (c) All requests for maintenance/repair must be submitted to the property manager in writing.
- (d) All complaints must be submitted to the property manager in writing.

II. OWNERS

As to each townhome, the "Owner" is the person or persons who hold(s) a recorded title to the townhome.

III. GUESTS

"Guests" are defined as visitors of the Owner.

IV. TENANTS

- (a) "Tenants" or "lessees" are defined as renters of any Owner.
- (b) The Owner must furnish the property manager with a copy of each lease prior to occupancy by a tenant, a completed Rental Information form (attached hereto) and:
 - (1) the names and phone numbers (home and work) of the lessee, and
 - (2) the Owner(s) new mailing address and phone numbers (home and work).
- (c) The lease must provide that it is specifically subject in all respects to the Master Restrictions, and to the Declaration, the Certificate of Formation, the Bylaws, and these Rules and Regulations.
- (d) The Owner must provide the lessee with copies of the Declaration, Certificate of Formation, Bylaws, these Rules and Regulations, and the Master Restrictions.

V. NON-RESIDENTS

The Owner is responsible for the actions of all non-resident guests.

VI. GENERAL

- (a) All townhomes are designed as single-family residences and shall not be occupied by more than one family.
- (b) No commercial activity shall be permitted in any Common Areas.
- (c) No immoral, improper, unlawful, noxious or offensive activity shall be carried on or maintained on any Lot or Common Areas, nor shall anything be permitted to be done thereon which may be or become an annoyance or a nuisance to other residents of the Property.
- (d) Outdoor antennae, whether on buildings or balcony areas, are prohibited without the written approval of the Board of Directors. If the Board of Directors so approves such outdoor antennae, you must accept responsibility for the cost of any damages for installation of or improvements to any structural component for which the Association has responsibility.
- (e) All equipment, garbage cans, wood piles, etc., shall be confined to the patio areas of the Units and shall be (1) kept screened by adequate planting or enclosed by wooden fencing to conceal them from view of neighboring Units and streets; (2) Units with patio areas open to view of the passing public must keep all equipment, garbage cans, etc. either stored in the garage or concealed by screening approved by the Townhome Modifications Committee.
- (f) All rubbish, trash, or garbage shall be regularly removed from the premises and shall not be allowed to accumulate thereon.
- (g) No temporary structures such as trailers, sheds, etc., shall be permitted on any building, Lot or Common Area.
- (h) The roof area is off limits to all residents, guests and visitors. The roof area is restricted to essential building maintenance and service personnel.
- (i) No later than thirty (30) days after closing, the Lot Owner shall provide the Association with the following:
 - (1) the Owner(s) mailing address, telephone numbers (work and home) and driver's license number;
 - (2) the name and address of the holder of any lien against the Lot and any loan number (and any change thereto within 30 days of a mortgage changing hands).

- (3) the name and phone number (work and home) of any person occupying the Lot other than the Owner;
- (4) the name, address and phone number of any person managing the Lot as agent of the Owner; and
- (5) all Owners shall inform the Association of a change of address within thirty (30) days of the change.

VII. PROPERTY DAMAGE LIABILITY

Owners, lessees and their children (including guests and visitors and their children) shall not mark, mar, damage, destroy or remove any part of the Common Area, or any building or improvements thereon, or any other property belonging to the Association. The responsible Owner shall pay the cost of restoring the area or property affected. Owners are further charged with the responsibility for any violations by their lessees, guests, immediate family or visitors.

VIII. VEHICLES AND PARKING

- (a) All traffic laws are to be obeyed.
- (b) Vehicles must be parked in the areas provided and must be in operating condition with current inspection stickers and licenses. Each vehicle must be moved at least every 72 hours. No vehicle shall be parked on the grass, nor parked in the streets so as to obstruct normal traffic or access to driveways. **NOTE: IF AN OWNER OR LESSEE HAS MORE THAN TWO VEHICLES, THEN THE VEHICLES THAT ARE NOT BEING USED SHALL BE STORED IN ANOTHER STORAGE AREA OUTSIDE THE BOUNDARY OF THE ASSOCIATION.**
- (c) Repair to vehicles, other than routine care such as washing, oil change, etc., will not be permitted on the driveways, in streets or Common Areas. Any oil spills must be cleaned up by the vehicle owner. If not, the cost of any cleanup shall be charges back to such negligent Owner.
- (d) No RVs, trailers, boats, campers or other equipment shall be permanently parked or stored in any part of the Property other than the garage. As used herein, the term "permanently" shall mean a period of five (5) or more consecutive days; provided, however, an Owner may request permission from the Board of Directors to extend such parking time. At no time should the above vehicles be parked on the street or grass. Parking on one(s) driveway for the purpose of routine care will be permitted for a period not to exceed 48 hours. However, under no circumstances shall these vehicles be parked in a way that obstructs any traffic or access to neighboring driveways.
- (e) Parking Warnings will be placed on any vehicle, which is in violation of state laws or the Rules and Regulations herein. Copies of the violations will be kept on file with

the Association property manager. At the time of the third violation, the vehicle will be towed at the owner(s) expense.

IX. PETS

Rules for pets shall be as set forth in Section 8.3 of the Declaration.

X. TRASH CONTAINERS

Trash is collected on a regular basis.

- (a) Kitchen garbage put out for pick up must be in a container provided by the garbage contractor. All other trash must be litter proof.
- (b) Trash SHALL NOT be put on the curb earlier than the night before pick up. Containers shall be picked up by the evening of the pick up day.
- (c) Storage of trash containers shall be kept out of public view from the street and adjacent townhomes.

XI. SCHEDULE OF PENALTIES

All infractions of the Rules and Regulations herein will be subject to review by the Board of Directors. A first offense will receive a warning from the Board of Directors and notice that continued or repeated violations will result in a fine, police action or injunction lien.

To the extent permitted by applicable law, the schedule of fines which may be imposed after a first offense warning are:

- (a) Second Offense - not to exceed \$25.00 per day
- (b) Third Offense - not to exceed \$50.00 per day
- (c) Continued Violation - \$50 per day, plus \$100.00 per week until cured

Section 3.10 of the Declaration empowers the Board of Directors to file liens or other appropriate legal process on the Lot owned by the offender, as a result of any action by such Owner or by such Owner's family, lessees or guests.

XII. RECOVERY OF LEGAL FEES

The Association shall give ten (10) days written notice to any Owner violating any Declaration, Bylaw or Rule of the Association. If a request for an opportunity to be heard is received by the Association from the Owner within ten (10) days of the date of the written notice, a hearing shall be scheduled before the Association's Board of Directors, such hearing to take place within thirty (30) days. After an affirmative decision by the Board of Directors, or after the expiration of the written notice, the Association and/or its Board of

Directors are authorized to charge all reasonable attorney's fees and other reasonable costs to the Owner.

XIII. NOTICE OF ASSESSMENT AND DELINQUENCY

- (a) Notice of the monthly General Assessment rate for the coming year will be mailed (first class) to all Owners at the last known address by December 1st of each year.
- (b) Payment coupons will be issued by December 15th of each year to the Owners to submit with their monthly payments during the coming year.
- (c) The due date for all Assessments will be the 1st of each month. Partial payment will not prevent the accrual of the \$25.00 late charge stipulated in the Declaration. The delinquent date for all Assessments will be the 30th of the month. If any amounts due to the Association are paid on or before the 30th day of the month, but the method of payment is uncollectible by the Association (such as a Not Sufficient Funds check), the Assessments or any other amounts will be considered late and delinquent. If a payment is delinquent, then such delinquent payment shall accrue interest from the original due date at the maximum non-usurious interest rate permitted by applicable law. The Association shall not be liable for payments not actually received, regardless of delay by the mail or any other method of delivery. It is the responsibility of the Owner (the current Owner of record) to ensure and verify payments are received by the Association on time.
- (d) If a Lot Owner wishes to prepay the Assessment, then the appropriate coupon(s) must accompany any advance payment.
- (e) If payment is not received by the 30th, a delinquent notice will be mailed (first class) to the Owner. This notice will show the total amount due, which will include a \$25.00 late charge.
- (f) Payments shall be applied as set forth in Section 9.7 of the Declaration.
- (g) If payment is not received within ten (10) days after the delinquent notice, a demand letter will be mailed (certified mail, return receipt requested) to the Owner. Such notice will show the total amount due including late charges, mail charges, and collection fees.
- (h) If payment is not received by the final date shown on the demand letter, the unpaid account will be turned over to an attorney for collection.

XIV. ARCHITECTURAL REVIEW PROCEDURES AND GUIDELINES

General Procedures for any Addition or Change

- (a) Each Owner will submit his proposal for an exterior addition, alteration or improvement to the Townhome Modifications Committee in writing, using a Request

for Home Improvement form. The proposal will contain a description of the project, including the height, width, length, size, shape, color, finish, materials, and location of the proposed improvement on the Lot. Photographs or sketches of similar completed projects will aid in the consideration. Any substantial construction project (as deemed by the Board of Directors) shall require the inclusion of construction drawings and three (3) sets of plans and specifications.

- (b) Oral requests will not be considered.
- (c) Each alteration or addition must be specifically approved regardless of whether the intended addition, alteration or improvement conforms to the Declaration and even when a similar or substantially identical addition, alteration or improvement has been previously approved.
- (d) The applicant shall be informed in writing of the decision.
- (e) If a proposal is rejected, the reason(s) for disapproval shall be stated as part of the written decision.
- (f) The applicant is free to request reconsideration if new or additional information can be provided which might clarify the request or demonstrate its acceptability.
- (g) Copies of all requests for changes will be filed according to street address, along with the written decision and a statement of action, if any.
- (h) The Townhome Modifications Committee shall have the discretion to request other documents and information it deems appropriate at its entire discretion.

Planning of Rear Yard Improvements

Owner must ensure that the placement of any improvements or landscaping in the Rear Yard does not halt or materially interfere with the drainage system of adjoining Lots or property. Plans for any improvements to the Rear Yard of such Lots, including landscaping, must be submitted for approval in accordance with the Declaration and the General Procedures set forth above.

DATE ADOPTED

1/15/07

SECRETARY

[Signature]

FILED
2007 JAN 24 AM 11:49
County Clerk
HARRIS COUNTY, TEXAS

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.

Return to:
CHARTER TITLE COMPANY
14701 St. Mary's Lane, Suite 205
Houston, TX 77079
Attn: [Signature]

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 stamped hours by me; and was duly RECORDED, in the Official Public Records of Real Property of Harris County Texas on

JAN 24 2007



Beverly B. Kayman

COUNTY CLERK
HARRIS COUNTY, TEXAS