



The State of Texas

SECRETARY OF STATE

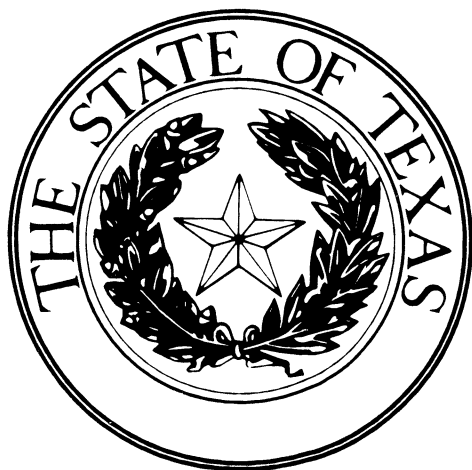
IT IS HEREBY CERTIFIED that the attached is/are true and correct copies of the following described document(s) on file in this office:

**SOUTHGATE SQUARE HOMEOWNERS' ASSOCIATION, INC.
FILE NO. 1435007-01**

ARTICLES OF INCORPORATION

FEBRUARY 25, 1997

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in the City of Austin, on September 7, 1999.



Elton Bomer
Secretary of State

BAM

Southgate Square Homeowners' Association, Inc.

Articles of Incorporation.

FILED
in the Office of the
Secretary of State of Texas
FEB 25 1997
Corporations Section

In accordance with the Texas Non-Profit Corporation Act, the organizer adopts the following articles of organization for Southgate Square Homeowners' Association, Inc. (the Association).

1. **Name.** The name of the Association is Southgate Square Homeowners' Association, Inc.
2. **Non-Profit Corporation.** The Association is a non-profit corporation.
3. **Duration.** The period of its duration is perpetual.
4. **Purposes.** The purposes for which the Association is organized are:
 - a. To exercise, promote, and protect the privileges and interests of the property owners of Southgate Addition, Section 3, a subdivision in Houston, Harris County, Texas.
 - b. To provide for maintenance and preservation of the properties subject to the Covenants, conditions and Restrictions applicable to Southgate Addition, Section 3, a subdivision in Houston, Harris County, Texas, (the Subdivision) and to promote the health, safety, welfare, civic pride and aesthetic values of the residents within the described property.
 - c. To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration of Covenants, Conditions and Restrictions for Southgate Square, (the Declaration), and any additional sections as are later platted, and are applicable to the property and recorded or to be recorded in the Real Property Records of Harris County, Texas, and as the same may be amended from time to time; the Declaration is incorporated by reference.
 - d. To fix, levy, collect and enforce payment by any lawful means, all charges or assessments under the Declaration; to pay all office and other expenses incident to the conduct of the business of the Association.
 - e. To have and exercise any and all powers, rights and privileges which an Association may be organized under the Act, may by law now or hereafter have or exercise, provided that none of the purposes set out shall be construed to authorize the Association to do any act in violation of the Act or Part Four of the Texas Miscellaneous Corporation Laws Act, and all such objects or purposes are subject to such Acts.

f. The Association is prohibited from engaging in any activity which would constitute a regular business of a kind ordinarily carried on for profit.

g. The Association is organized pursuant to the Act and does not contemplate pecuniary gain or profit to its members and is organized for non-profit purposes.

5. Scope of Activity. The Association shall have the power, either directly or indirectly, either alone or in conjunction with others, or do any and all lawful acts which may be necessary, suitable, or desirable, for the accomplishment of any or all of the purposes for which the Association is organized.

6. Income and Distribution. No part of the income of the Association shall inure to the benefit of, or be distributable to, any member, trustee, officer, director of the Association, or other private person, except that the reasonable compensation may be paid for services rendered to or for the Association affecting one or more of its purposes; no member, trustee, officer, or director of the Association, or other private person shall be entitled to share in the distribution of any of the Association's assets upon dissolution of the Association. If the Association is dissolved, the assets shall be dedicated to a public body or conveyed to a nonprofit organization with similar purposes.

7. Distribution on Dissolution or Liquidation. In the event of dissolution or liquidation of the Association, whether voluntary or involuntary, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Association, dispose of all the assets of the Association exclusively for the purposes of the Association. However, pursuant to Article 1396-6.02 of the Act, assets of the Association may be distributed for purposes or to organizations that are not tax exempt.

8. Membership. Every person who is a lot owner in the Subdivision shall be a member of the Association. Membership is appurtenant to and inseparable from ownership of each lot in the Subdivision.

9. Limitation of Director Liability. A director of the Association shall not be personally liable to the Association or its members for monetary damages for any act or omission in his capacity as a director, except to the extent otherwise expressly provided by a statute of the State of Texas. Any repeal or modification of this statute shall be prospective only, and shall not adversely affect any limitation of the personal liability of a director of the Association existing at the time of the repeal or modification.

10. Indemnification of Officers and Directors. The Association shall indemnify, to the maximum extent permissible under law, including, but not limited to, Article 1396-2.22A of the Act, any officer or director or former officer or director of the Association, against all costs and expenses, including but not limited to attorneys' fees, actually and necessarily incurred by him in connection with the defense of any action, suit, or proceeding in which he is made a party by reason of being or having been an officer or director, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence or intentional misconduct, as defined and determined by the Association's

Board of Directors, in performance of his duties, but such indemnification shall not be deemed exclusive of any other rights to which an officer or director may be entitled, under any bylaw, agreement, corporate resolution, vote of directors or members, or otherwise.

11. **Prudent Conduct.** No person shall be liable to the Association for any loss or damage suffered by it resulting from any action or admitted to be taken by him as a director or officer of the Association in good faith and as if such person exercised or used the same degree of care and skill as a prudent man would have exercised or used in the same or similar circumstances in the conduct of his own affairs.

12. **Interested Director - Quorum Voting.** No contract or other transaction between the Association and any other Corporation, and no act of the Association in relation to any other Corporation shall (in the absence of fraud) be invalidated or otherwise affected by the fact that a director of the Association may be interested in or be a director or officer of the other Corporation. Any director of the Association may vote upon a contract or other transaction between the Association and any subsidiary, parent or affiliated Corporation without regard to the fact that he may also be a director of the subsidiary, parent or affiliated Corporation. Any director of the Association (or any firm or Corporation of which any director may be a member) may be a party to or interested in any contract or transaction of the Association, provided that the director shall disclose such fact at any meeting of the Board of Directors at which action upon such contract or transaction shall be taken. Any director may be counted to determine the existence of the quorum at any meeting of the Board of Directors which shall authorize any such contract or transaction.

13. **Amendment.** The amendment of these Articles of Incorporation requires the approval of not less than two-thirds (2/3) of the members.

14. **Registered Agent.** The name of the initial registered agent of the Association and the address of the initial registered office of the Association is:

R. Charles Stiles
Suite 1100
1021 Main Street
Houston, Texas 77002

15. **Directors.** The number of directors constituting the board of directors (except for the initial board of the directors) of the Association shall be fixed by the bylaws. The number of directors constituting the initial board of directors consists of three directors, R. Charles Stiles, John J. Eikenburg, and John F. Rhem. Each is to serve as a director until the first annual meeting of the members or until his successor is elected and qualified. The mailing address for each director is 1021 Main Street, Suite 1100, Houston, Texas 77002.

16. **Initial Bylaws.** The initial bylaws shall be adopted by the board of directors. The power to amend, or repeal the bylaws or adopt new bylaws is vested in the board of directors, subject to repeal or change by action of the members.

17. **Incorporator.** The incorporator is at least 18 years of age and a resident of the State of Texas. The name and address of the incorporator is:

R. Charles Stiles
Suite 1100
1021 Main Street
Houston, Texas 77002

Signed February 25 1997.


R. Charles Stiles

BY-LAWS
OF
SOUTHGATE SQUARE HOMEOWNERS' ASSOCIATION, INC.

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BY-LAWS
OF
SOUTHGATE SQUARE HOMEOWNERS' ASSOCIATION, INC.

Article I.
Name, Membership, Applicability, and Definitions

Section 1. Name. The name of the Association shall be Southgate Square Homeowners' Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 2. Membership. The Association shall have as members, all owners of a Building Site, including Declarant, as is more fully set forth in that Declaration of Covenants, Conditions, Restrictions and Easements for Southgate Square Homeowners' Association, Inc. (this is hereinafter sometimes referred to as the "Declaration"), the terms of which pertaining to membership are specifically incorporated by reference herein.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in the Declaration, unless the context shall prohibit.

Article II.
Association: Meetings, Quorum, Voting, Proxies

Section 1. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Board of Directors, either in the Community or as convenient thereto as possible and practical.

Section 2. First Meeting and Annual Meetings. A first annual or special meeting shall be held within sixty (60) days after the expiration of three (3) years from the date the Declaration is recorded, or when Dwelling Units are completed on each Building Site, whichever occurs first. Thereafter, annual meetings shall be set by the Board so as to occur no later than ninety (90) days after the close of the Association's fiscal year. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday (excluding Saturday and Sunday).

Section 3. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a Majority of the Board of Directors or upon a petition signed by at least twenty-five percent (25%) of the members. The notice of any special meeting shall state the date, time, and place of

such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of record of each Dwelling Unit a notice of each annual or special meeting of the Association stating the purpose of the special meeting, as well as the time and place where it is to be held. If an Owner wishes notice to be given at an address other than his or her Dwelling Unit, he or she shall have designated by notice in writing to the Secretary such other address. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than ten (10) nor more than thirty (30) days before a meeting.

Section 5. Waiver of Notice. Waiver of notice of a meeting of the members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any meeting of the members, either before or after such meeting. Attendance at a meeting by a member, whether in person or by proxy, shall be deemed waiver by such member of notice of the time, date, and place thereof, unless such member specifically objects to lack of proper notice at the time the meeting is called to order.

Section 6. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a Majority of the members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 7. Voting. The voting rights of the members shall be as set forth in the Declaration, and such voting rights are specifically incorporated herein.

Section 8. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his or her Dwelling Unit, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

Section 9. Quorum. The presence, in person or by proxy, of twenty-five percent (25%) of the Owners of Dwelling Units to which eligible votes appertain shall constitute a quorum at all meetings of the Association. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 10. Voting by Mail. The Board of Directors may authorize members to vote by mail on the election of directors and officers or on any other matter that may be voted on by the members.

Article III.
Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors. Except as provided in Section 2 of this Article, the Directors must reside in the Community and shall be members or spouses of such members; provided, however, no Person and his or her spouse or roommate (i.e. no two occupants of the same Dwelling Unit) may serve on the Board at the same time.

Section 2. Directors Appointed by Declarant. The Directors shall be selected by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant, until the first annual meeting, unless the Declarant shall earlier surrender this right to select Directors. The Directors selected by the Declarant need not be Owners or residents in the Community. The names of the initial Directors selected by the Declarant are set forth in the minutes of the organizational meeting.

Section 3. Number of Directors. The Board shall consist of three (3) members.

Section 4. Nomination of Directors. Elected Directors shall be nominated from the floor and may also be nominated by a Nominating Committee, if such a committee is established by the Board. All candidates shall have a reasonable opportunity to communicate their qualifications to the members and to solicit votes.

Section 5. Election and Term of Office. Notwithstanding any other provision contained herein:

(a) At the first annual meeting, the members shall elect three (3) Directors for initial terms.

(b) At annual meetings of the membership after such first annual meeting, Directors shall be elected. All eligible members of the Association shall vote on all Directors to be elected, and the candidate(s) receiving the most votes shall be elected.

The initial term of the first three Directors elected by the members at the first annual meeting shall be one (1) year from the first annual meeting, or until the next annual meeting, whichever shall occur first. At the expiration of the initial term of office of each respective member of the Board of Directors elected at the first annual meeting, a successor shall be elected to serve for a term of two (2) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association. If at any time, these Bylaws have been amended to increase the number of Directors, the additional Directors shall be

elected at a special meeting and shall each serve an initial term of two (2) years from such special meeting, as extended to terminate at the next annual meeting to occur.

Section 6. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the members of the Board of Directors may be removed, with or without cause, by a majority vote of the members and a successor may then and there be elected to fill the vacancy thus created, which successor shall serve the unexpired portion of the term. A Director whose removal has been proposed by the Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any Director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of an assessment for more than twenty (20) days may be removed by a Majority vote of the Directors at a meeting, a quorum being present. This Section shall not apply to Directors appointed by Declarant.

Section 7. Vacancies. Vacancies in the Board of Directors caused by any reason, excluding the removal of a Director by vote of the Association, shall be filled by a vote of the Majority of the remaining Directors, even though less than a quorum, at any meeting of the Board of Directors. Each Person so selected shall serve the unexpired portion of the term.

B. Meetings.

Section 8. Organization Meetings. The first meeting of the members of the Board of Directors each year shall be held within ten (10) days following each annual meeting of the membership at such time and place as shall be fixed by the Board.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a Majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the regular schedule shall constitute sufficient notice of such meetings.

Section 10. Special Meetings. Special meetings of the Board of Directors shall be held when requested by the President, Vice President or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a Person at the Director's home or office who would reasonably be expected to communicate such notice promptly to the Director; (d) by telegram, charges prepaid; (e) by fax as long as confirmation of the fax transmission is received. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph company shall be given at least forty-eight (48) hours before the time set for the meeting.

Section 11. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 12. Quorum of Board of Directors. At all meetings of the Board of Directors, a Majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a Majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a Majority of the required quorum for that meeting. If any meeting cannot be held because a quorum is not present, a Majority of the Directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time that the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 13. Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by a majority of the members.

Section 14. Open Meetings. All meetings of the Board shall be open to all members, but members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by the Board.

Section 15. Executive Session. The Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 16. Action Without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors. Such consent may be executed by multiple counterpart, fax signatures.

Section 17. Meeting by Telephone. The Board of Directors may hold a meeting by telephone conference-call procedures in which all persons participating in the meeting can hear each other. The notice of a meeting by telephone conference must state the fact that the meeting will be held by telephone as well as all other matters required to be included in the notice. Participation of a person in a conference-call meeting constitutes presence of that person at the meeting.

C. Powers and Duties.

Section 18. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the members. In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

- (a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses;
- (b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment;
- (c) providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association;
- (d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;
- (e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;
- (f) making and amending use restrictions and rules and regulations;
- (g) opening of bank accounts on behalf of the Association and designating the signatories required;
- (h) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;
- (i) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;
- (j) paying the cost of all services rendered to the Association or its members which are not directly chargeable to Owners;

(k) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred; and

(l) contracting with any Person for the performance of various duties and functions. The Board shall have the power to enter into common management agreements with trusts, condominiums, or other associations. Any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other entity.

Section 19. Management Agent. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The term of any management agreement shall not exceed one (1) year and shall be subject to termination by either party without cause and without penalty, upon ninety (90) days' written notice.

Section 20. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of the Common Property and facilities without the approval of the members of the Association; provided, however, the Board shall obtain membership approval in the same manner as for special assessments, in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed Two Thousand Dollars (\$2,000.00) outstanding debt at any one time.

Section 21. Fining Procedure. The Board shall not impose a fine (a late charge shall not constitute a fine) unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

(i) the alleged violation;

(ii) the action required to abate the violation; and

(iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a fine, if the violation is not continuing. The Board or its designee may demand immediate abatement in such circumstances which, in the Board's determination, pose a danger to safety or property.

(b) Notice. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or

if the same rule is subsequently violated, the Board may, upon notice, impose a fine. The notice shall state:

- (i) the nature of the alleged violation;
 - (ii) that the alleged violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine;
 - (iii) that any statements, evidence, and witnesses may be produced by the alleged violator at the hearing; and
 - (iv) that all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.
- (c) Hearing. If a hearing is requested, it shall be held before the Board in executive session, and the alleged violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing.

Article IV. Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. Any two or more offices may be held by the same Person, excepting the offices of President and Secretary. The President and Treasurer shall be elected from among the members of the Board of Directors.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the members. A vacancy in any office arising because of death, resignation, removal, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever, in its judgment, the best interests of the Association will be served thereby.

Section 4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the Texas Non-Profit Corporation Act.

Section 5. Vice President. The Vice President shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform or cause to be performed all duties incident to the office of the secretary of a corporation organized in accordance with Texas law.

Section 7. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing or causing to be prepared all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board of Directors.

Section 8. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Article V.
Committees

Section 1. General. Committees to perform such tasks and to serve for such periods as may be designated by the Board are hereby authorized. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Article VI.
Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall be determined by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

Section 2. Parliamentary Rules. Roberts Rules of Order (current edition) shall govern the conduct of all Association proceedings, when not in conflict with Texas law, the Articles of Incorporation, the Declaration, these By-Laws, or a ruling made by the Person presiding over the proceeding.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of Texas law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of Texas law, the Declaration, the Articles of Incorporation, and these By-Laws (in that order) shall prevail.

Section 4. Amendment. The provisions of the Declaration applicable to amendment of that instrument shall apply to any amendment to these By-Laws. In addition, these Bylaws may be amended by the Board of Directors.

Article VII.
Indemnification

Section 1. When Indemnification is Required, Permitted and Prohibited.

(a) The Association shall indemnify a director, officer, committee member, employee, or agent of the Association who was, is, or may be named defendant or respondent in any proceeding as a result of his or her actions or omissions within the scope of his or her official capacity in the Association. For the purposes of this article, an agent includes one who is or was serving at the request of the Association as a director, officer, partner, venturer, proprietor, trustee, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise. However, the Association shall indemnify a person only if he or she acted in good faith and reasonably believed that the conduct was in the Association's best interests. In a case of a criminal proceeding, the person may be indemnified only if he or she had no reasonable cause to believe that the conduct was unlawful. The Association shall not indemnify a person who is found liable to the Association or is found liable to another on the basis of improperly receiving a personal benefit. A person is conclusively considered to have been found liable in relation to any claim, issue, or matter if the person has been adjudged liable by a court of competent jurisdiction and all appeals have been exhausted.

(b) The termination of a proceeding by judgment, order, settlement, conviction or on a plea of nolo contendere or its equivalent does not necessarily preclude indemnification by the corporation.

(c) The Association shall pay or reimburse expenses incurred by a director, officer, member, committee member, employee, or agent of the Association in connection with the person's appearance as a witness or other participation in a proceeding involving or affecting the Association when the person is not a named defendant or respondent in the proceeding.

(d) In addition to the situations otherwise described in this paragraph, the Association may indemnify a director, officer, member, committee member, employee, or agent of the Association to the extent permitted by law. However, the Association shall not indemnify any person in any situation in which indemnification is prohibited by the terms of Section 1(a) above.

(e) Before the final disposition of a proceeding, the Association may pay indemnification expenses permitted by the bylaws and authorized by the Association. However, the Association shall not pay indemnification expenses to a person before the final disposition of a proceeding if: the person is a named defendant or respondent in a proceeding brought by the Association or one or more

members or the person is alleged to have improperly received a personal benefit or committed other wilful or intentional misconduct.

(f) If the Association may indemnify a person under the bylaws, the person may be indemnified against judgments, penalties, including excise and similar taxes, fines, settlements, and reasonable expenses (including attorney's fees) actually incurred in connection with the proceeding. However, if the proceeding was brought by or on behalf of the Association, the indemnification is limited to reasonable expenses actually incurred by the person in connection with the proceeding.

Section 2. Procedure Relating to Indemnification Payments.

(a) Before the Association may pay any indemnification expenses (including attorney's fees), the Association shall specifically determine that indemnification is permissible, authorize indemnification, and determine that expenses to be reimbursed are reasonable, except as provided in Section 2(c) below. The Association may make these determinations and decisions by any one of the following procedures:

(i) Majority vote of a quorum consisting of directors who, at the time of the vote, are not named defendants or respondents in the proceeding.

(ii) If such a quorum cannot be obtained, by a majority vote of a committee of the Board of Directors, designated to act in the matter by a majority vote of all directors, consisting solely of two or more directors who at the time of the vote are not named defendants or respondents in the proceeding.

(iii) Determination by special legal counsel selected by the Board of Directors by vote as provided in Section 2(a)(i) or 2(a)(ii) or if such a quorum cannot be obtained and such a committee cannot be established, by a majority vote of all directors.

(iv) Majority vote of members, excluding directors who are named defendants or respondents in the proceeding.

(b) The Association shall authorize indemnification and determine that expenses to be reimbursed are reasonable in the same manner that it determines whether indemnification is permissible. If the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination of reasonableness of expenses shall be made in the manner specified by Section 2(a)(iii) above, governing the selection of special legal counsel. A provision contained in the articles of incorporation, the bylaws, or a resolution of

members or the Board of Directors that requires the indemnification permitted by Section 1, above, constitutes sufficient authorization of indemnification even though the provision may not have been adopted or authorized in the same manner as the determination that indemnification is permissible.

(c) The Association shall pay indemnification expenses before final disposition of a proceeding only after the Association determines that the facts then known would not preclude indemnification and the Association receives a written affirmation and undertaking from the person to be indemnified. The determination that the facts then known to those making the determination would not preclude indemnification and authorization of payment shall be made in the same manner as a determination that indemnification is permissible under Section 2(a) above. The person's written affirmation shall state that he or she has met the standard of conduct necessary for indemnification under the bylaws. The written undertaking shall provide for repayment of the amount paid or reimbursed by the Association if it is ultimately determined that the person has not met the requirements for indemnification. The undertaking shall be an unlimited general obligation of the person, but it need not be secured and it may be accepted without reference to financial ability to make repayment.

(d) Any indemnification or advance of expenses shall be reported in writing to the members of the Association. The report shall be made with or before the notice or waiver of notice of the next membership meeting, or with or before the next submission to members of a consent to action without a meeting. In any case, the report shall be sent within the 12-month period immediately following the date of the indemnification or advance.



Secretary

Effective Date: February 25, 1997

S034776

DECLARATION OF 509-32-3320

07/25/96 300061727 S034776

\$85.00

COVENANTS,

CONDITIONS,

RESTRICTIONS,

AND

EASEMENTS

FOR

SOUTHGATE SQUARE

Boonville, N. H. [unclear]
COUNTY CLERK
HARRIS COUNTY, TEXAS
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EIKENBURG & STILES - GP
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DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS, AND EASEMENTS
FOR SOUTHGATE SQUARE

509-32-3325

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS
COUNTY OF HARRIS §

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS FOR SOUTHGATE SQUARE ("Declaration"), made on the date hereinafter set forth by GATEWAY HOMES, INC. and HARLAN E. SMITH, TRUSTEE, hereinafter jointly referred to as "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner of a portion of the Southgate Addition, Section 3 Subdivision established pursuant to the plat ("Plat") filed in Volume 26, Page 16 of the Map Records of Harris County, Texas; and

WHEREAS, Declarant desires to create and carry out a general and uniform plan for the improvement, development, maintenance, use, and continuation of a townhome community consisting of duplexes on the "Property" (as hereinafter defined) for the mutual benefit of the successors-in-title to Declarant, to provide access to the "Building Sites" (as hereinafter defined), and to provide for the preservation of the values in such community and for the maintenance of certain improvement in such community; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the value in said community to create a vehicle to which shall be delegated the powers of maintaining and administering the "Shared Facilities" (as hereinafter defined), enforcing the covenants and restrictions, and collecting and disbursing the assessments and charges hereinafter created;

WHEREAS, Southgate Square Homeowners' Association, Inc. has been (or will be) incorporated under the laws of the State of Texas, as a non-profit corporation, for the purpose of exercising the aforesaid functions;

NOW THEREFORE, Declarant hereby declares that all of the Property shall be held, transferred, sold, conveyed, and occupied and enjoyed subject to the following reservations, easements, restrictions, conditions, covenants, charges and liens, all of which are for the purpose of enhancing and protecting the quality, value, desirability, and attractiveness thereof, and which shall run with the land and be binding on all parties having or acquiring any right, title, or interest therein or any part thereof, their heirs, legal

representatives, successors and assigns, and shall inure to the benefit of each Owner thereof. The reservations, easements, restrictions, conditions, covenants, charges, and liens set out herein are hereby imposed as equitable servitude upon each Building Site, as a servient estate for the benefit of each and every other Building Site within the Project, as a dominant estate.

ARTICLE I DEFINITIONS

Section 1. "Association" shall mean and refer to Southgate Square Homeowners' Association, Inc., a Texas non-profit corporation, its successors and assigns.

Section 2. "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association appointed by the Declarant or elected by the Members in accordance with the terms and provisions of the Bylaws.

Section 3. "Building Site" shall mean and refer to that portion of a Lot on which a Dwelling Unit has been or will be constructed.

Section 4. "Bylaws" shall mean and refer to the Bylaws of the Association and any amendment, modification or revision thereof, as therein permitted.

Section 5. "Common Household Group" shall mean one or more natural Persons, each related to the other by blood, marriage, or legal adoption, or a group of not more than four (4) such Persons not all so related, together with his or their domestic servants, all of whom maintain a common household in a Dwelling Unit on a Building Site within the Project.

Section 6. "Declarant" shall mean and refer to Gateway Homes Inc., with its principal office at 1770 St. James Place, Suite 300, Houston, Texas 77056, and its successors and assigns, (i) if such successors or assigns should acquire all the underdeveloped Lots then owned by the Declarant for the purpose of development, and (ii) if such successors or assigns are expressly designated in writing by Declarant, as a successor or assign of the rights of Declarant set forth herein; provided, however, that transfer or conveyance of all (or substantially all) of Declarant's undeveloped Lots pursuant to the foreclosure of liens in favor of Declarant's lender or its successors and assigns or a deed in lieu of any such foreclosure shall constitute an assignment of Declarant's rights hereunder to such purchaser at such foreclosure sale or the grantee in such deed in lieu of foreclosure. Upon any such purchaser or grantee succeeding to the rights of Declarant, such purchaser or grantee shall be deemed to be "Declarant" for all purposes hereunder.

Section 7. "Dwelling Unit" shall mean an attached residential building designed for, and limited and restricted to occupancy by a Common Household Group on a Building Site, not including any accessory building or garage.

Section 8. "Existing Restrictions" shall mean the restrictions recorded in Volume 1386, Page 550 of the Deed Records of Harris County, Texas, as amended by instrument recorded in Volume 1446, Page 321 of the Deed Records of Harris County, Texas.

Section 9. "Improvement" shall mean all structures and any appurtenances thereto of every type or kind, including, but not limited to, Dwelling Units, outbuildings, spas, hot tubs, patios, patio covers, awnings, painting of any exterior surfaces of any visible structure, additions, sidewalks, walkways, sprinkler pipes, garages, carports, roads, driveways, parking areas, fences, screening, walls, retaining walls, stairs, decks, fixtures, windbreaks, poles, signs, exterior tanks, solar energy equipment, exterior air conditioning fixtures and equipment, water softener fixtures, exterior lighting, recreational equipment or facilities, radio, conventional or cable or television antenna or dish, microwave television antenna, and landscaping that is placed on any Building Site or the Shared Facilities, which definition shall not be interpreted to imply that any of these items may not be prohibited by the Board or "Architectural Committee" (as hereinafter defined).

Section 10. "Improvement to Property" shall mean and include, without limitation: (i) the construction, installation or erection of any Dwelling Unit, structure, or other Improvement, including utility facilities; (ii) the demolition or destruction, by voluntary action, of any Dwelling Unit, structure, or other Improvements; (iii) the grading, excavation, filling, or similar disturbance to the surface of the land on a Building Site or within the Shared Facilities, including, without limitation, change of grade, change of ground level, or change of drainage pattern; and (iv) any exterior modification, expansion, change or alteration of any previously approved Improvement to Property, including any change of exterior appearance, color, or texture whether or not expressly permitted by this Declaration or the Rules and Regulations. No Improvement to Property shall be deemed completed until the exterior fascia and trim on the structure has been applied and finished and all construction materials and debris have been cleaned up and removed from the Building Site and all rooms in the Dwelling Unit, other than attics, have been finished in compliance with all applicable building code requirements. Removal of materials and debris shall not take in excess of fifteen (15) days following completion of the exterior of the Dwelling Unit. All landscaping on any Building Site which is not considered a Shared Facility shall be replaced by the Owner of such Building Site within thirty (30) days following the need for such replacement, at the Owner's expense, weather permitting; provided, however, if the planting season is not appropriate for such replacement, then such replacement shall be made as soon thereafter as reasonably practicable. Prior to such replacement, the landscaping in need of replacement shall be removed from the Property within said thirty (30) day period.

Section 11. "Index" shall mean the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (CPI-U) Houston, Texas - All Items (1982-84 = 100). If, however, the Index should be discontinued, then the calculation based upon the Index shall be made by the use of another reputable index selected by the Board, and provided further, that if the base period for the Index (currently 1982 - 1984 = 100) is hereafter modified, then the base period used in making the Index calculation shall be adjusted appropriately by the Board to reflect such modification.

Section 12. "Lienholder" shall mean and refer to the holder of a first or second mortgage lien on any Building Site and Dwelling Unit or the Shared Facilities.

Section 13. "Lot" shall mean and refer to any portion of the Property designated as a Lot on the Plat.

Section 14. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 15. "Notice and Hearing" shall mean a written notice and a public hearing before the Board or a tribunal appointed by the Board, in the manner provided in the Bylaws.

Section 16. "Owner" shall mean and refer to the record owner or owners of the fee simple title to any Building Site, including Declarant, contract sellers, but excluding those having an interest in any Building Site merely as security for the performance of any obligation or those owning an easement right, a mineral interest, or a royalty interest. In the event more than one Person owns a fee interest in any Building Site, all of such Persons shall collectively be referred to as the Owner of such Building Site. The term "Owner" is further defined to include and refer to the heirs, executors, legal representatives, administrators, devisees and assigns of any Owner, and all other Persons acquiring or succeeding to the title of the Owner by sale, grant, will, foreclosure, execution, or by any legal process, or by operation of law or in any other legal manner.

Section 17. "Person" shall mean a natural person, a corporation, a partnership, trust, or any other entity.

Section 18. "Project" or "Property" shall mean and refer to Lots Nine (9) through Fifteen (15), Block Ten (10), Southgate Addition, Section Three (3) according to the plat thereof recorded in Volume 26, Page 16 of the Map Records of Harris County, Texas.

Section 19. "Related User" shall mean any family member who resides with an Owner, an Owner's tenant and their guests and invitees; provided, however, that if an Owner rents his Dwelling Unit or sells it pursuant a contract for deed, the tenant or purchaser under any such instrument shall receive all of the rights of Owner to use the Shared Facilities (and thus the Owner shall have no such rights).

Section 20. "Rules and Regulations" shall mean rules adopted and/or amended from time to time by the Board concerning the management and administration of the Project for the use, benefit and enjoyment of the Owners.

Section 21. "Shared Facilities" shall mean and refer to any perimeter fences, walls, sidewalks (if any), gates, gate posts and other improvements or security facilities constructed by Declarant or the Association for the Project, the driveways located behind such fences or gates appurtenant to and providing access to each Dwelling Unit, the roofs of the Dwelling Units, and any sign containing the words "Southgate Square".

ARTICLE II
ESTABLISHMENT OF GENERAL PLAN

Section 1. General Plan and Declaration. This Declaration hereby is established to supplement the Existing Restrictions, pursuant to and in furtherance of a common and general plan for the improvement and sale of Building Sites within the Project and for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Project. Declarant, for itself, its successors, and assigns, hereby declares that the Project 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 this Declaration, for the duration thereof. The Building Sites and Shared Facilities in the Project shall be subject to the jurisdiction of the Association. Nothing herein shall be construed to release or otherwise modify the Existing Restrictions.

Section 2. 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 Project, and each Building Site and the Shared Facilities therein, and shall be binding upon and inure to the benefit of, (a) the Project, (b) Declarant and its successors and assigns, (c) the Association and its successors and assigns, and (d) all Persons having, or hereafter acquiring, any right, title, or interest in all or any portion of the Project and their heirs, executors, successors, and assigns.

ARTICLE III
ASSOCIATION GOVERNANCE

Section 1. Membership. Each Owner, including Declarant during the period of time in which Declarant owns any Building Site, shall be a Member in the Association and such membership shall terminate automatically when such ownership ceases. Upon the transfer of ownership of a Building Site, howsoever achieved, including, without limitation, by foreclosure or deed in lieu of foreclosure by the Lienholder, the new Owner thereof shall, concurrently with such transfer, become a Member in the Association. Each Member, upon request, shall provide the Association with its social security or federal tax identification number.

Section 2. Voting. Until the expiration of three (3) years from the date this Declaration is recorded in Harris County, Texas, or until Dwelling Units are completed on each Building Site as evidenced by a certificate of occupancy, whichever shall first occur, Declarant shall have all voting power, and no other Member shall have any voting power whatsoever during such period of time; thereafter, the total voting power shall be the sum of the votes that correspond to the number of Building Sites, with all votes in the Association to be on the basis of one vote for each Building Site. In the event that ownership interests in a Building Site are owned by more than one Member of the Association, such Members shall exercise their right to vote in such manner as they may

Declaration, the operation of the Association, the use and enjoyment of the Shared Facilities, and the use of any other property within the Project, including Building Sites. Any such Rules and Regulations shall be reasonable and uniformly applied as to all Owners, if applicable. Such Rules and Regulations shall be effective only upon adoption by resolution of the Board of Directors. Notice of the adoption, amendment, or repeal of any Rule and Regulation and copies of the currently effective Rules and Regulations shall be made available to each Member upon request and payment of the reasonable expenses of copying the same. Each Member shall comply with such Rules and Regulations and shall see that Related Users 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. In the event of conflict between the Rules and Regulations and the provisions of this Declaration, the provisions of this Declaration shall prevail.

ARTICLE IV COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of Lien and Personal Obligation of Assessment. Declarant, subject to the provisions of Section IV.2, for each Building Site owned within the Project, hereby covenants, and each Owner of any Building Site by acceptance of a deed therefor, whether or not it shall be expressed in any such deed or other conveyance, is conclusively deemed to covenant and agree as a covenant running with the land to pay to the Association: (a) annual assessments or charges ("Annual Assessment"); (b) "Reimbursement Assessments" (as hereinafter defined); and (c) any special or other assessment ("Special Assessments" authorized in this Article IV. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Shared Facilities or abandonment of his Building Site or his interest therein.

To secure the payment of the Annual Assessments, Special Assessments and Reimbursement Assessments levied hereunder and any other sums due hereunder (including, without limitation, attorney's fees and costs of collection, interest or late charges), a vendor's lien and superior title shall be and is hereby reserved, and a contractual lien with power of sale is hereby created, in favor of the Association, in and to each Building Site and Dwelling Unit and assigned to the Association, which liens shall be enforceable as hereinafter set forth by the Board through its appointed agent ("Agent") on behalf of the Association, which Agent shall have the same powers as a Trustee under a Deed of Trust. The Agent shall be R. Charles Stiles until changed by the Board.

Notice of the unpaid amounts, at any time, secured by the liens referred to, reserved by and created in this Section 1 may, but shall not be required to be given by the recordation in the Office of the County Clerk of Harris County, Texas of a "Notice of Non-Payment," duly-executed and acknowledged by an Agent of the Association, setting forth the amount owed, the name of the reputed Owner or Owners of the affected Building Site according to the books and records of the Association, and the legal description of such Building Site. The cost of preparing and filing the Notice of Non-Payment and its release shall be a Reimbursement Assessment and secured by the lien therefor.

among themselves determine, but in no event shall more than one vote be cast for each Building Site. Such Owners shall appoint one of them as the Member who shall be entitled to exercise the vote of that Building Site at any meeting of the Association. Such designation shall be made in writing to the Board and shall be revocable at any time by actual written notice to the Board. The Board shall be entitled to rely on any such designation until written notice revoking such designation is received by the Board. In the event that a Building Site is owned by more than one Member and no single Member is designated to vote on behalf of the Members having an ownership interest in such Building Site, then none of such Members shall be allowed to vote. All members may attend meetings of the Association and all voting Members may exercise their vote at such meetings either in person or by proxy.

Section 3. First Annual Meeting. The first annual meeting of the members shall be held within sixty (60) days after the expiration of three (3) years from the date this Declaration is recorded in Harris County, Texas, or when Dwelling Units are completed on each Building Site as evidenced by a certificate of occupancy, whichever first occurs. Such first annual meeting shall be called by the Declarant or the Board upon no less than ten (10) and no more than thirty (30) days' prior written notice to the Members. The first elected Board shall be elected at the first annual meeting of the Members. Thereafter, annual and special meetings of the Members shall be held at such place and time and on such dates as shall be specified in the Bylaws. The Declarant may convene a special meeting of the Members at any time and from time to time prior to the first annual meeting of the Members for such purposes as the Declarant may deem appropriate.

Section 4. Board of Directors. The Board of Directors shall be elected and shall meet in the manner set forth in the Bylaws.

Section 5. Resolution of Disputes. In addition to its other powers conferred by law or hereunder, the Board shall be empowered to create procedures for resolving disputes between or among Owners, the Board and/or the Association, including appointment of committees to consider and recommend resolution of any such disputes.

Section 6. Professional Management. Declarant or the Board may retain, hire, employ or contract with any Person as Declarant or the Board deems appropriate for the construction, maintenance, repair, landscaping, insuring, administration and operation of the Project as provided for herein and as provided for in the Bylaws.

Section 7. No Liability for Good Faith Action. Any action, in action 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, the Owners or any other party. To the greatest extent allowed by law, the members of the Board shall be indemnified for matters arising out of their service in that capacity.

Section 8. Rules and Regulations. The Association may adopt, amend, repeal, and enforce Rules and Regulations, fines, levies, and enforcement provisions as it deems necessary or desirable with respect to the interpretation and implementation of the

Section 3. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the occupants of the Dwelling Units in the Project and in particular for the improvement and maintenance of the Shared Facilities as herein provided, and for services and facilities devoted to this purpose and related use and enjoyment of the Shared Facilities, and for the enforcement of restrictions upon the use of land within the Project.

Section 4. Maintenance Fund. The Annual Assessments, the Special Assessments and any Reimbursement Assessments collected by the Association shall be paid into a maintenance fund (the "Maintenance Fund") and shall be held, managed, invested and expended by the Board, at its discretion, for the benefit of the Project and the Owners therein. The Board shall expend the Maintenance Fund for the payment of the Project water bill to the City, electric bill, for insurance, if any, for the maintenance, repair, replacement, insuring, administration, management and operation to the Project, including without limitation, the construction, maintenance, repair, replacement, and operation of the Shared Facilities; for the performance of the duties of the Board and the Association as set forth herein; for the enforcement of this Declaration by action at law or in equity, or otherwise, and the payment of court costs as well as reasonable necessary legal, accounting or management fees; and for all other purposes that are, in the discretion of the Board, desirable in order to maintain the character, integrity and value of the Project and the Building Sites therein. The Board and its individual members shall not be liable to any Person as a result of action taken by the Board with respect to the Maintenance Fund, except for willful misconduct or fraud.

Section 5. Special Assessments. In addition to the Annual Assessment authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to that year only, for the purpose of defraying, in whole or in part, any unexpected costs incurred by the Association of assessments for repair and/or replacement of the Shared Facilities; provided that any such Special Assessment shall have the written assent of Owners entitled to cast not less than sixty-seven percent (67%) of the total votes of the Owners who are voting in person or by proxy at the annual meeting or at a special meeting duly called for these purposes.

Section 6. Reimbursement Assessments. The Board of Directors subject to the provisions hereof, may levy an assessment ("Reimbursement Assessment") against any Member and/or its Related Users if the negligent or willful acts or omissions of any Member of Related User or the failure of the Member or its Related Users to comply with this Declaration, the Articles of Incorporation, the Bylaws, or the Rules and Regulations shall have resulted in the expenditure of funds or the determination that funds will be expended by the Association to cause such compliance, or for fines or as otherwise set out herein. The amount of the Reimbursement Assessment shall be due and payable to the Association ten (10) days after notice to the Member of the decision of the Board of Directors that the Reimbursement Assessment is owing. Any Reimbursement Assessment that is not paid within fifteen (15) days after it is due shall bear interest from the original due date until paid at the maximum non-usurious rate allowed by applicable law.

Each Owner, by acceptance of a deed to such Owner's Building Site, hereby expressly recognizes the existence of such liens as being prior to such Owner's ownership of such Building Site and hereby vests in the Board or its Agent the right and power to bring all actions against such Owner or Owners personally for the collection of such unpaid Annual Assessments, Special Assessments, Reimbursement Assessments, and other sums due hereunder as a debt, and to enforce the aforesaid lien by all methods available for the enforcement of such liens, both by judicial and non-judicial foreclosure. Additionally, by acceptance of the deed to such Owner's Building Site, each Owner expressly grants a power of sale to the Association with respect to such Owner's Building Site and all Improvements thereon, and all rights appurtenant thereto for the purpose of securing the aforesaid Annual Assessments, Special Assessments, Reimbursement Assessments and other sums due hereunder remaining unpaid by such Owner from time to time. The Agent may be changed at any time by the Board. In the event of the election by the Board to foreclose the liens herein provided, for nonpayment of sums secured to be paid by such liens, then it shall be the duty of the Agent, at the request of the Board (which request shall be presumed) to enforce the liens of the Association, to give notice of such proposed sale, and to sell such Building Site and all Improvements thereon, and all rights appurtenant thereto, in the manner provided by statute for the foreclosure of contractual liens under a power of sale. Following sale, the Agent shall make due conveyance of the Building Site and all Improvements thereon to the purchaser or purchasers, and may, but shall not be required to give a general warranty of title to such purchaser or purchasers binding upon the Owner or Owners of such Building Site and all Improvements thereon and their heirs, executors, administrators and successors. The affidavit of any person having knowledge of the facts to the effect that such sale was conducted in accordance with the statute shall be prima facie evidence of such facts.

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

Section 2. Building Sites Owned by Declarant. No Building Site owned by Declarant shall be subject to any Annual Assessment or Special Assessment while it is owned by Declarant until sixty (60) days after record title to all of the Building Sites with completed Dwelling Units thereon have been sold by the Declarant. It shall be the duty of Declarant to notify the Association at the time a Dwelling Unit has been sold. Whenever a Building Site owned by Declarant becomes subject to assessment as provided for in this Section 2, such Building Site shall then be treated and assessed as any other Building Site which is subject to assessment.

Section 9. Replacement Reserve. The Maintenance Fund shall include a reserve fund for replacement, maintenance, and repairs of Shared Facilities which must be replaced on a periodic bases, which fund shall be segregated and funded monthly, such fund to be in such amount as the Association deems adequate for such replacements, maintenance and repairs.

Section 10. Subordination of Assessment Lien to Mortgages. As provided in Section 1, above, the liens securing the assessments provided for herein shall be subject and subordinate to (i) all liens for taxes or assessments levied by the City, County and State Governments or any political subdivision or special district thereof, and (ii) the lien of any duly-recorded first or second mortgage lien or first lien deed of trust upon one or more Building Sites made in good faith and for purchase money or improvements. The sale or transfer of any Building Site which is subject to any first or second mortgage lien, pursuant to a foreclosure of such lien or a conveyance in lieu of foreclosure, shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer, but shall not discharge the personal obligation of the foreclosed Owner to pay any assessments levied prior to such foreclosure. No sale or transfer shall relieve the new Owner of such Building Site from liability for any assessments thereafter becoming due and payable according to the terms herein contained or from the lien thereof. No lien created under the provisions hereof shall in any way defeat, invalidate, or impair the rights of any Lienholder unless such Lienholder shall expressly subordinate its interest, in writing, to such lien.

ARTICLE V INSURANCE

Section 1. General Provisions. If deemed necessary by the Board, the Board may obtain fire and extended coverage insurance and commercial general liability insurance (the premiums for which shall be a common expense payable from Annual Assessments) for the Shared Facilities, together with all improvements now or hereafter situated thereon and all rights and appurtenances thereto, such amounts approved by the Board may also obtain such other insurance in reasonable amounts as the Board shall deem desirable, including, without limitation, director's and officer's liability insurance and fidelity bonds for any management company retained by the Board.

Section 2. Policies. If the Board elects to obtain insurance, such insurance provided for in this Article V shall be effected with responsible insurers authorized to do business in the State of Texas. All such policies shall be without contribution with regard to any other policies of insurance carried individually by an Owner, and shall provide that such policy shall not be terminated for any cause without at least thirty (30) days prior written notice to the Association and the Lienholders. Any proceeds paid in respect of any insurance policy obtained by the Board of Directors to this Article V shall be held and disbursed by the Board of Directors in accordance with this Declaration.

Section 7. Notice and Quorum for any Action Authorized Under Section 5.

Written notice of any meeting called for the purpose of taking any action authorized under Section 5 shall be sent to all Members not less than ten (10) days nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of Owners or of proxies entitled to cast not less than sixty-seven percent (67%) of all the votes entitled to be cast by the Owners shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements; provided, however, that for purposes of obtaining a quorum, the presence of Owners or of proxies entitled to cast not less than fifty percent (50%) of all the votes entitled to be cast by the Owners shall constitute a quorum as such second meeting. And, if the required quorum is not present at the second meeting, another meeting or meetings may be called subject to the same notice requirements; provided, however, that for purposes of obtaining a quorum, the presence of Owners or of proxies entitled to cast not less than thirty-five percent (35%) of all the votes entitled to be cast by the Owners shall constitute a quorum at such third or any subsequent meeting called for the same purpose in any one (1) year.

Section 8. Annual Assessment Rates and Due Dates. Each Building Site (other than Building Sites owned by Declarant) shall be subject to Annual Assessments in any amount to be set by the Board. The amount of the Annual Assessments for each Building Site may be increased or decreased by the Board from time to time, however, if any change proposed by the Board increases the Annual Assessments by more than (i) twenty percent (20%) of the amount of the Annual Assessments prior to such change, or (ii) the percentage increase, if any, in the Index over the twelve (12) month period ending in the month of July prior to the increase, whichever of (i) or (ii) is greater, then the change must be approved by those Owners entitled to vote not less than sixty-seven percent (67%) of the total votes of the Owners. The Annual Assessments and any Special Assessments shall be uniform as to each Building Site (other than Building Sites owned by Declarant as provided in Section 2, above) on a Building Site-by-Building Site bases. The due dates for the Annual Assessments shall be set by the Board, and unless otherwise set, shall be payable in monthly installments of 1/12th thereof, on the first (1st) day of each month, in advance, without demand, but such Annual Assessment shall not commence until June 1, 1995. Written notice of the Annual Assessment for each year shall be sent to every Owner subject thereto. Any Annual Assessments not paid and received within ten (10) days of the due date shall be deemed delinquent, and, without notice, shall bear interest until paid at the maximum non-usurious rate allowed by applicable law. The Board, at its option, may impose and collect late charges on delinquent payments, in addition to interest, in an amount to compensate the Association for the administrative burden of dealing with the delinquency.

At the time an owner takes title to his Building Site, the installment for that month shall be prorated as of the day he takes title. The Association shall, upon demand, and for a reasonable charge, furnish an estoppel certificate signed by an officer of the Association setting forth whether the assessments on a specified Building Site have been paid. A properly-executed estoppel certificate on a Building Site shall be binding upon the Association as of the date of its issuance.

governmental authorities, the Association may, as elsewhere provided in this Declaration, in order to make up any deficiency in the insurance proceeds or to pay for the required repair, replacement, or improvement, levy a Special Assessment on all Owners, or if a Member or group of Members of their Related Users is liable for such damage, levy a Reimbursement Assessment against the Member or group of Members responsible therefor, to provide the necessary additional funds. Repair, reconstruction, or replacement of Improvements in the Shared Facilities shall be done under such contracting and bidding procedures as the Association shall determine are appropriate. If insurance proceeds available to the Association on account of damage or destruction exceed the cost of repair, reconstruction, and replacement, the Association may use the same for future maintenance, repair, improvement, and operation of the shared Facilities.

Section 4. Condemnation of Shared Facilities. If any Shared Facilities or interest therein is taken under exercise of the power of eminent domain or by private purchase in lieu of condemnation, the award in condemnation or the price payable shall be paid to the Association, except to the extent payable to any Lienholder of such-Property or to any Building Site Owner, to the extent such Shared Facilities consists of an easement over the Building Site of the Owner in question. The Association shall have the exclusive right to participate in such condemnation proceedings and to represent the interests of all Owners therein. Any award or funds received by the Association shall be held by the Association in the Maintenance fund as determined by the Board, as a reserve future maintenance, repair, reconstruction, or replacement of the Shared Facilities, or may be used for Improvements or additions to or operation of the Shared Facilities.

Section 5. Member's Liability for Damage to Shared Facilities. Subject to the provisions of Section VI.3 hereof, each Member shall be liable to the Association for any damage to the Shared Facilities or for any expense or liability incurred by the Association that may be sustained by reason of the negligence or willful misconduct of such Member or his Related Users or for any violation by such member or such Related Users of this Declaration or any Rule or Regulation adopted by the Board. The Association shall have the power, as against a Member, after Notice and Hearing, to recover the costs and expenses incurred by the Association on account of any such damage or any such violation of this Declaration or of such Rules and Regulations or for any increase in insurance premiums directly attributable to any such damage or any such violation.

ARTICLE VII ARCHITECTURAL CONTROL

Section 1. Approval of Plans. The plan for development of the Property contemplates centralization of architectural control to enhance, insure and protect the attractiveness, beauty and desirability of the Property as a whole. It is accordingly covenanted and agreed that no Improvement to Property, including, without limitation, any fence, wall, sign, or landscaping visible from a public street or adjacent property shall be commenced, erected, constructed, placed, or maintained upon any Building Site, prior to or after the purchase of any Building Site from Declarant, its successors or assigns, nor shall any exterior Improvements, addition to, modification, change or alteration thereof be

Section 3. Subrogation. Each owner and the Association agree to and hereby waive all rights of subrogation against the Declarant that they may have now or in the future under any property insurance policies.

Section 4. Individual Insurance. Each owner shall be responsible for insuring his or her Dwelling Unit, and the contents and furnishings of his or her Dwelling Unit. All policies of casualty insurance carried by each Owner shall be without contribution with respect to the policies of casualty insurance obtained by the Board of Directors for the benefit of all of the Owners as above provided. Each Owner, at his or her own cost and expense, should carry an individual policy of liability insurance insuring against the liability of such Owner arising out of the ownership, maintenance or repair of that portion of the Property which is owned by such Owner.

ARTICLE VI SHARED FACILITIES

Section 1. Regulation of Shared Facilities. The Association, acting through the Board, shall regulate the use of the Shared Facilities by Members and their Related Users to further enhance the overall rights of use and enjoyment of all Members and their Related Users.

Section 2. Declarant's Rights with Respect to Shared Facilities and Building Sites. Notwithstanding any other provisions of this Article VI, as long as Declarant owns fee title to any Building Site, the Declarant may make such temporary use of the Shared Facilities and Building Sites as reasonably is necessary to facilitate the construction of any Improvements in the Project, to operation of Declarant's sales efforts, and the promotion and marketing of the Project any unsold Dwelling Units therein (including, without limitation, maintaining such model units, temporary buildings, and other structures as Declarant reasonably may deem proper, an office for sale or resale of the Dwelling Units, and the placing of signs or other advertising material in or about such unsold Dwelling Units, and using vehicles and equipment within the Project for promotional purposes), provided that if such use damages the Shared Facilities, Declarant shall restore the same to its condition as before the use, after the use have been discontinued. The provisions of this Section VI.2 shall not prohibit the use by the Association of all Shared Facilities in any reasonable manner necessary with respect to the operation and maintenance of the Project.

Section 3. Damage to Shared Facilities. In the event of damage to the Shared Facilities by fire or other casualty or if any governmental authority shall require any repair, reconstruction, or replacement of Improvements on any Shared Facilities, the Association shall have the duty to repair, reconstruct, or replace the same with comparable improvements. Any insurance proceeds payable by reason of damage or destruction of the Shared Facilities by fire or other casualty shall be paid to the Association and shall be use, to the extent necessary, to pay the costs of repair, reconstruction, or replacement. If funds from insurance proceeds or from reserves for replacement are insufficient to pay all costs of repair, reconstruction, or replacement of Improvements damaged or destroyed, or if the Association is required to make repairs, replacements, or Improvements by

made until the plans and specifications ("Plans") showing the nature, color, kind, shape, height, materials, and location of the same (including site landscaping and grading plans, plans for off street parking of vehicles and utility layout, and an engineer's certificate that any structural alterations will not affect the stability of the Dwelling Unit) shall have been submitted to, and approved in writing as to harmony of external design and location in relation to surrounding structures and topography, by the Board of Directors of the Association, or by an "Architectural Committee" (as hereinafter defined) compose of two (2) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after the Plans have been submitted to it, it will be deemed that the Board or Architectural Committee, as applicable, has approved such Plans. In the event of damage or destruction of a Dwelling Unit or a portion thereof, approval shall be granted by the Board or Architectural Committee, as applicable, for the restoration of the Dwelling Unit if the Dwelling Unit is to be restored in accordance with the original approved Plans.

Section 2. Board Decisions are Final. All decisions of the Board shall be final, conclusive and binding and there shall be no review of any action of the Board. The Board shall have the right to delegate its rights and obligations under this Article VIII to any architectural committee ("Architectural Committee") composed of two (2) or more Persons to be selected by the Board, in accordance with the Bylaws.

Section 3. No Representation or Warranty: Limitation of Liability. No approval of Plans shall ever be construed as representing or implying that such Plans will, if followed, result in a properly constructed structure complying with all applicable legal requirements. Such approvals and standards shall in no event be construed as a representation, warranty or guaranty by the Board or the Architectural Committee that any structure will be built in a good or workmanlike manner. Neither Declarant, the Association, the members of the Board nor the members of the Architectural Committee or any of their representatives, shall be liable in damages to anyone submitting Plans for approval, or to any owner or Lessee of any part of the Property affected by this Declaration, by reason of or in connection with the approval or disapproval or failure to approve any Plans submitted. Every Person who submits Plans for approval agrees, by submission of such Plans, and every Owner or lessee of any portion of the Property involved herein agrees, by acquiring title thereto or any interest therein, that such Person will not bring any action or suit against the Declarant, the Association, any of the members of the Board, any of the members of the Architectural Committee or any of their representatives, to recover any such damages.

Section 4. Inspection of Improvements. The Board or its duly authorized representative shall have the right, but not the obligation, to inspect any Improvements to a Building Site prior to or after completion.

Section 5. Notice of Completion. Promptly upon completion of any Improvements to Property, the Owner shall deliver a notice of completion ("Notice of Completion") to the Board and, for all purposes hereunder, the date of receipt of such Notice of Completion by the Board shall be deemed to be the date of completion of such Improvement to Property,

provided that the Improvement to Property is, in fact, completed as of the date of receipt of the Notice of Completion.

Section 6. Notice of Non-Compliance. If, as a result of inspections or otherwise, the Board finds that any Improvement to Property has been constructed or undertaken without obtaining the approval of the Board, or has been completed other than in strict conformity with the description and materials furnished by the Owner to the Board, or has not been completed within a reasonable period of time (as determined by the Board) after the date of approval by the Board (as determined by the Board), subject to delays due to strikes, war, acts of God or other causes beyond the reasonable control of Owner, the Board shall notify the Owner in writing of the noncompliance, which notice (the "Notice of Noncompliance") shall be given, in any event, within sixty (60) days after the Board receives a Notice of Completion from the Owner. The Notice of Noncompliance shall specify the particulars of the noncompliance and shall require the Owner to take such action as may be necessary to remedy the noncompliance. The Notice of Noncompliance may be filed in the public records and the cost of preparing and filing the same and the release thereof shall be a Reimbursement Assessment and secured by the lien therefor.

Section 7. Failure of Committee to Act After Notice of Completion. If, for any reason other than the Owner's act or neglect, the Board fails to notify the Owner of any noncompliance within sixty (60) days after receipt by the Board of a written Notice of Completion from the Owner, the Improvement to Property shall be deemed in compliance if the Improvement to Property in fact was completed as of the date of Notice of Completion; provided, however, that no such deemed approval shall operate to permit any Owner to construct or maintain any Improvement to Property that violates any provision of this Declaration, the Board at all times retaining the right to object to any provision of this Declaration, the Board at all time retaining the right to object to any Improvement to Property that violates this Declaration.

Section 8. No Waiver or Estoppel. No action or failure to act by the Board shall constitute a waiver or estoppel with respect to future action by the Board.

Section 9. Architectural Review Fee. The Board may, in its Rules and Regulations, provide for the payment of a fee to accompany each request for approval of any proposed Improvement to Property and to cover the cost of inspecting and reinspectng any Improvement to Property. The Board may provide that the amount of such fee shall be uniform for similar types of proposed Improvements to Property or that the fee shall be determined in any other reasonable manner, such as based upon the reasonable cost of the proposed Improvement to Property.

ARTICLE VIII
MAINTENANCE OF DWELLING UNITS AND
SHARED FACILITIES

Section 1. Maintenance of Dwelling Units. The Owners, at their expense, shall be perpetually responsible for the maintenance of the exterior and interior of their respective Dwelling Units, including but not limited to repair, replacement, painting and other maintenance as may be necessary or appropriate regarding gutters, downspouts and exterior building surfaces. The Association shall not be responsible for the repair or reconstruction of any portion of any Dwelling Unit, including the roof, destroyed or damaged by fire or other casualty.

If any Owner fails to comply with the requirements of this Article VIII, the Association may, but shall not be obligated to, without liability, to such Owner or any occupant in trespass or otherwise, enter upon such Building Site, and, at the sole cost and expense of such Owner, maintain or repair any of the same, in which case such Owner shall, upon demand, pay the Association's cost of the same. Such indebtedness shall constitute a Reimbursement Assessment.

Section 2. Maintenance of Shared Facilities. The Association shall maintain all Shared Facilities, including, without limitation, landscaping installed by the Declarant or Association on the Building Sites, and any other common Facility in a manner substantially equivalent to other first-class, quality, residential townhome subdivision in the City of Houston. Each Owner hereby grants the Association an easement over each Building Site for the Maintenance of all Shared Facilities, including the repair and replacement of the roofs of the Dwelling Units.

Section 3. Party Walls. Each wall built as part of a single-family attached Dwelling Unit on a Building Site that becomes attached to another Dwelling Unit constructed on the same Lot shall constitute a "Party Wall," and, to the extent not inconsistent with the provisions of this Section VIII.3, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. The Owner of a Dwelling Unit shall not cut through or make any penetration through a Party Wall for any purpose whatsoever without the prior written consent of the Architectural Committee.

Each Owner hereby does grant and convey to the Owner of the Building Site owned by another Owner comprising part of the same Lot the right and easement to use and enjoy the Party Walls as party walls to support the roof and other structural elements of the Improvements situated on such Lot and the right to use the Party Walls or any part or length thereof both below and above the surface of the ground, together with the right to bring materials, equipment, vehicles, and personnel upon the property of the other Owner (but not more than twenty feet [20'] beyond the common boundary upon which the Party Walls are being erected or are located to the extent reasonably necessary to prosecute such construction, alteration, or repair. If it is necessary to bring any such materials, equipment, vehicles, or personnel onto the property of another Owner, then the Owner,

before the exercise of such right, shall send reasonable prior advance written notice thereof to the other Owner. In connection with the construction, alteration, or repair of any Improvements on such Lot, each Owner shall exercise reasonable diligence and reasonable care to prevent damage to the foundation or other portions of the Party Walls and Improvements of the other Owner; and each Owner shall be obligated to repair any such damage resulting from such Owner's failure (or the failure of any contractor engaged by such Owner or any such contractor's subcontractor) to use reasonable diligence and reasonable care as hereinabove provided.

The Owners of Party Walls agree to share equally in the reasonable cost of structural maintenance and structural repair of the respective Party Walls to the extent that the need therefor is caused by ordinary wear and tear or other cause not required to be repaired by one Owner pursuant to the terms of this Section VIII.3; provided, however, that this obligation of each Owner is binding on said Owners with respect only to the reasonable cost of structural maintenance and repairs incurred under the circumstances herein stated, but such obligation is not secured by any nature of lien. The right of any Owner to contribution from any other Owner under this Section VIII.3 shall be appurtenant to and run with the land and shall pass to such Owner's successors-in-title.

In the event of fire or other casualty damage to all or any portion of any Party Wall not caused by (and required to be repaired by) either Owner, the Owners shall share equally in the cost of any structural repairs and restoration to the Party Wall or Walls (or in the cost of constructing alternate facilities to provide comparable support for the roof and other structural elements of the Improvements situated on the Property). The provisions of this grammatical paragraph shall be applicable even if the Improvements located on the Property of either Owner are damaged or destroyed by fire or other casualty and such other Owner elects not to repair or restore such Improvements and regardless of the amount, if any, of insurance proceeds payable to either Owner as a result of such fire or other casualty damage.

Section 4. Damage to Dwelling Units. Each Owner is bound and obligated through the purchase of a Building Site to maintain the Building Site and all Improvement thereon in a neat and habitable manner. In the event of casualty damage to any Improvement, the Owner shall have the shorter of the period permitted by applicable law or sixty (60) days to begin repairing or demolishing the destroyed or damaged portion, and, once timely commenced, such repairs or demolition must be pursued diligently to completion. If, however, damage to the Improvements is not covered by insurance, or if the Owner's claim has not been approved by the Owner's insurance company or if the Owner has not yet decided whether to restore the Improvements at such time, then the Owner may apply for a hardship extension to the operation of this covenant by submitting such request in writing within sixty (60) days from the date of such destruction or damage. The Board shall rule on the Owner's application for a hardship extension within thirty (30) days from the date of submission, which hardship extension shall not exceed ninety (90) days. In no event shall the granting of a hardship extension in a particular case be deemed a waiver of the right to enforce this covenant thereafter. If a hardship extension

is granted, the Owner shall immediately thereafter cause (a) the damaged or destroyed Improvement to be demolished (including removal of any foundation or concrete work) and the Building Site to be suitably landscaped, subject to the approval of the Board, so as to present a pleasing and attractive appearance if the Dwelling Unit will not be repaired or (b) make minimal repairs to the Dwelling Unit, subject to the approval of the Board, so as to present a pleasing and attractive appearance if the Owner contemplates restoring the Dwelling Unit but will not commence such restoration until the Owner obtains a new loan or insurance proceeds.

ARTICLE IX USE RESTRICTIONS

The Building Sites and the Shared Facilities shall be occupied and used solely as follows:

Section 1. Residential Use. Each Building Site shall be used only for single family residential purposes as a private residence and no commercial use shall be made of the same or any portion thereof. The words "single family" and "residential purposes" used herein shall be deemed to prohibit specifically, but without limitation, the use of all or any part of a Dwelling Unit or a Lot for apartments or for any office, retail, church, educational, manufacturing, industrial or other business or commercial use or activity of any type, or for the renting of garage apartments or other space in a Dwelling Unit or a Building Site for any use or purpose whatsoever. No more than three (3) Dwellings Units may be located on a single Lot. No part of a Dwelling Unit or a Building Site may be used incidentally for any purpose which, in the absence of the primary use of such Dwelling Unit by a single family, would be in violation of or contrary to any provision hereof; provided, however, that an Owner may use his Dwelling Unit for professional or other home occupation such as the maintenance of a personal or professional library, the keeping of personal business or professional records or accounts, or for the handling of personal business or professional telephone calls or correspondence, so long as there is no external evidence thereof (such as signs advertising a business or regular consultation in person with clients or customers at the Dwelling Unit), and no unreasonable inconvenience to such Owner's neighbors is created.

Section 2. Height. No Dwelling Unit shall be erected, altered, or permitted to remain on any Building Site other than one attached, single-family dwelling used for single family residential purposes only, as provided above, and not to exceed the lesser of three (3) stories or sixty feet (60') above the level of the street or driveway in front of the Building Site in question, bona fide servants quarters and a garage which shall be fully enclosed for at least two (2) cars. The garage portion of any model home may be used by Declarant for sales purposes, storage purposes, and other related purposes. Upon (or before) the sale of any such model home to the first purchaser thereof, the garage portion of the model home shall be converted to a fully enclosed garage with functioning garage door. Following the sale of a Building Site to an Owner by Declarant, the Owner must maintain the garage in such a manner as to provide fully enclosed parking for not less than two (2) cars.

Section 3. Minimum Square Footage. That portion of each Dwelling Unit constituting the primary dwelling shall contain at least 1,500 square feet of air conditioned interior living area, exclusive of servant's quarters, porches, patios and garages.

Section 4. Exterior Use. No Owner or occupant shall use or permit his Building Site or any portion of the Property to be used in such a manner so as to endanger the health or disturb the reasonable enjoyment of any other Owner or Related User. Except for Declarant's rights described in Section VI.2, no exterior area, including any Shared Facilities adjacent to a Building Site, shall be used as a storage area for any purpose or for an area to show anything for sale, including without limitation, for parts, machinery, equipment, material, boats, trailers, camping units, recreational vehicles or inoperative cars or other vehicles.

Except in an individual patio area appurtenant to a Dwelling Unit and/or except as approved in writing by the Board or Architectural Committee, as applicable, no exterior planting, transplanting or gardening shall be done. No fences, hedges or walls shall be erected or maintained upon any Building Site or the Property, except as installed in accordance with the initial construction of the Dwelling Unit or as approved in writing by the Board or Architectural Committee, as applicable. As used in this Declaration, the term "patio" shall mean the private space enclosed by a fence or wall within a Building Site which is adjacent to an Owner's dwelling and located entirely within such Owner's Building Site. Maintenance, upkeep and repairs of any patio and the exterior and interior surfaces of any fences or walls enclosing any patio shall be the sole responsibility of the Owner and not in any manner the responsibility of the Association.

Section 5. Garage Doors. Garage doors visible from any street shall be kept in the closed position when the garage is not being used by the Owner or occupant. Owners shall park their vehicles in their garages with the garage doors closed as provided above.

Section 6. Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on the Property or any Building Site, except dogs, cats or other common household pets provided they are not kept, bred or maintained for any commercial purposes, they do not make objectionable noises, create any objectionable odor, or otherwise constitute a nuisance to other Owners or Related Users, are kept within the Dwelling Unit, or on a leash being held by a Person capable of controlling the animal if being walked by the Owner or Related User, and they are not in violation of any other provision of this Declaration and such limitations as may be set forth in the Rules and Regulations; provided, however, that no more than three cats or three dogs or a combination of the same not exceeding three in the aggregate shall be kept in any Dwelling Unit and all household animals shall be kept under sanitary conditions. The Association, acting through the Board, shall have the right to prohibit the maintenance of any animal that, in the sole opinion of the Board, is not being maintained in accordance with the foregoing restrictions. Each Owner and Related User maintaining any animal shall be obligated to comply with all applicable ordinances of the City of Houston and laws of the State of Texas and shall be liable in accordance with the laws of the State of Texas to each and all remaining Owners and Related Users for any damage to Person or property caused

by any such animal; and it shall be the absolute duty and responsibility of each such Owner or Related User to immediately clean up after such animals to the extent they have used any portion of the Building Site of another Owner or any Shared Facilities.

Section 7. Garbage and Refuse Disposal. All Building Sites and the Shared Facilities shall at all times be kept in a healthful, sanitary and attractive condition. No Building Site shall be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste shall be kept in adequate containers which shall be maintained in a clean and sanitary condition and screened by adequate planting or fencing so as to conceal them from public view. The Association shall determine the method of garbage disposal (and the manner and frequency of collection), whether it shall be through public authority or through private service.

Section 8. Temporary Structures. No structures of a temporary character, trailer, tent, or shack shall be used on any Building Site at any time, nor shall any used structure be moved onto any Building Site. During the construction and sales period of the Dwelling Units, the Declarant may erect and maintain such structures as is customary in connection with such construction and sale of such Dwelling Units, including, but without limitation, a business office, storage areas, construction yards, portable toilets, signs, model units, and sales offices.

Section 9. Signs. All signs on the Property displayed to public view must be approved as set forth in Article VIII hereof, and shall be limited to those identifying the address of occupants of a Dwelling Unit. The Association shall have the right to remove any sign, billboard or other advertising structure or device which is placed on any Building Site or Dwelling Unit in violation of Section IX.6 and shall be entitled to assess the Owner and recover all costs of such removal from such Owner. During the construction and sales period of the Dwelling Units, the Declarant may use other signs and displays to advertise the merits of the Property for sale, until such time as Declarant has sold all Dwelling Units owned by it on the Project.

Section 10. Outside Antennas. Without prior written approval of the Board of Directors, no exterior television or radio antennas of any sort shall be placed, allowed, or maintained upon any portion of the exterior of the improvements to be located upon the Property, other than an antenna system which would not be visible from any of the windows on any of the Building Sites, or from the Shared Facilities.

Section 11. No Hanging Articles. Outdoor drying of clothes shall not be permitted.

Section 12. Leasing. Any lease of a Dwelling Unit must (i) be in writing and (ii) provide that such Building Site and Dwelling Unit shall only be used by a single family for residential purposes only and that such lease is specifically subject in all respects to the provisions of this Declaration, Bylaws, and Rules and Regulations and that any failure by the lessee to comply with the terms and conditions of such documents shall be a default under such lease, enforceable by the Owner or the Association by a suit for an injunction, damages, or forcible entry and detainer.

Section 13. Excavation. The digging of dirt or the removal of any dirt from any Building Site is expressly prohibited except as may be necessary in conjunction with the permitted landscaping of or construction on such Building Site.

Section 14. Building Site Drainage. No Owner of a Building Site shall be permitted to construct Improvements on or grade such Building Site or permit such Building Site to remain in or be placed in such condition so that rainwater falling on such Building Site drains to any other Building Site; and in pursuance of the preceding requirement gutters on roofs or other means approved by the Board may be required.

Section 15. Parking.

(a) Storage of Boats, Trailers, Recreational Vehicles and Other Vehicles. No boats, trailers, campers, recreational vehicles of any kind, vehicles licensed with Harris County or the State of Texas as commercial vehicles or other types of commercial vehicles used in connection with a business, camper tops or rigs off trucks, hovercraft, aircraft, machinery or equipment of any kind, boat rigging or disabled or non-operative vehicles of any type shall be parked or stored permanently or semi-permanently on any driveway, sidewalk, right-of-way, or unpaved front or side yard area within view of any street, other Building Site or Shared Facilities. Such vehicles and equipment may be permanently or semi-permanently stored on Building Sites only if such vehicles or equipment are completely out of public view within the garage. This restriction shall not apply to any vehicle, machinery, or maintenance equipment temporarily parked and in use for the construction, repair, or maintenance of an Improvement to Property in the immediate vicinity or to any vehicle used in connection with providing security services, if any, for the Project. Vehicles used in connection with the repair, maintenance, or servicing of any Dwelling Unit or Improvement to Property, including landscaping may be parked on a temporary basis on a driveway adjacent to or in the immediate vicinity of the applicable Building Site.

(b) Semi-permanently. For purposes of this Declaration, the work "semi-permanently" shall be defined as remaining (i) in the same location for four (4) or more consecutive hours without movement from the premises or area or (ii) in such Owner's driveway on a regular basis for more than two (2) but not less than four (4) consecutive hours without movement from such driveway for at least ten (10) hours.

(c) Automobiles. No automobiles, non-commercial vehicles (including recreational vehicles) or approved commercial vehicles may be parked or stored permanently or semi-permanently on any driveway, sidewalk, right-of-way, or unpaved front or side yard area, except for guest parking permitted by the Rules and Regulations. Owners shall not be entitled to use the guest parking areas. No vehicle may be repaired on any Building Site or within any street, other than emergency road service, unless such vehicle is concealed inside the garage during the repair thereof.

(d) Guest Parking. Guests (but not Owners) shall park their vehicles in the guest park area outside the gated entrance to the Owner's Dwelling Unit. However, no vehicle shall be permanently or semi-permanently parked for more than two (2) consecutive days in any guest parking area within the Shared Facilities.

(e) Rules and Regulations. The Rules and Regulations may prohibit the keeping or use of loud or offensive vehicles, or may limit their use, and may regulate places of parking all vehicles. No vehicle, including, but not limited to, motorcycles, motorbikes, bicycles, automobiles, trucks, or trailers, may be kept or used anywhere within the Project in violation of any applicable Rules and Regulations.

Section 16. Insurance. No Owner or Related User shall permit anything to be done or kept in the Property which will increase the rate of insurance for the Association or any other Owner, without the prior written consent of the Board of Directors. Additionally, no Owner shall permit anything to be done or kept in the Property which will result in the cancellation of insurance for the Association or any other Owner. If any Owner or Related User causes an increase in the insurance premium paid by the Association or other Owner (with or without Association's approval), the increase shall become a Reimbursement Assessment of the Owner and secured by the lien therefor, in addition to all other remedies.

Section 17. Nuisances. No noxious or offensive activity shall be carried on upon any Building Site, Dwelling Unit, or the Shared Facilities, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the other Owners. No repair work, dismantling or assembling of boats or any other machinery or equipment shall be permitted upon any Building Site, in any street, driveway, or area adjacent to a street or in the Shared Facilities.

Section 18. Use of Shared Facilities. The Shared Facilities is for the common use, benefit and enjoyment of the Owners, subject to the various utility easements affecting the same, the Rules and Regulations, and the rights herein granted to the Association. There shall be no obstruction of any part of the Shared Facilities which is intended to remain unobstructed for the reasonable use and enjoyment thereof. No Owner shall appropriate any part of the Shared Facilities to his exclusive use, except for the required and/or approved driveways or sidewalks thereon which are appurtenant to his Dwelling Unit, nor shall any Owner do anything which would violate the easement rights and privileges of any Owner in regard to any portion of the Shared Facilities which is intended for the common use and benefit of all Owners. Each Owner shall faithfully observe and comply with the Rules and Regulations promulgated by the Association regarding the Shared Facilities and shall be deemed to acknowledge and agree that all Rules and Regulations with respect to the Shared Facilities are for the mutual and common benefit of all Owners and necessary for their protection. No planting or gardening shall be done, and no fences, hedges or walls shall be erected or maintained upon any Shared Facilities, except such as are installed in accordance with the initial construction of the Dwelling Units located thereon or as approved by the Board of the Architectural Committee, as applicable.

Section 19. Oil and Mining Operations. No gas or oil drilling, gas or oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in the Property, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in the Property.

Section 20. Compliance with Laws. No Owner or Related User shall use or permit his Building Site, Dwelling Unit, or any portion of the Property to be used for any purpose that would unreasonably interfere with the use and occupancy of the Project by other Owners or Related Users, or violate any ordinance of the City of Houston, or any rule, regulation, law or ordinance of any other county, state, municipal or governmental authority having jurisdiction over the Project or the Association.

Section 21. Solar Collectors. No solar collector shall be installed without the prior written approval of the Board. Any such installation shall be in harmony with the design of the Dwelling Unit.

Section 22. Dish Antenna. No electronic radio or television dish antennae or any other type of receiving or transmitting equipment shall be permitted on any Building Site without Board approval and unless it is erected, placed, or mounted in such a manner that such antennae or other equipment is concealed completely from view from other Building Sites or Shared Facilities.

Section 23. No Window Units. No window or wall-type air-conditioners shall be permitted to be used, erected, placed or maintained in any Dwelling Unit or other Improvement.

Section 24. Electronic Signal Devices. Owners and Related Users shall register the frequencies of any electronic signal devices such as garage door openers, fence openers, remote controls for lights or other electronic devices with the Board. In the event a similar frequency is already registered with the Board, the Board shall have the right to require the later registering Owner or Related User to change its proposed frequency. The Board shall attempt to coordinate such frequencies so that one Owner's or Related User's electronic devices will not interfere with other Owner's or Related User's electronic devices.

Section 25. No Septic Tanks. No privy, cesspool, septic tank or water well or similar use shall be placed or maintained in the Project.

Section 26. Flagpoles. No flagpole shall be permitted to remain on any Building Site on a permanent basis, however, flags may be displayed by Owners on appropriate legal holidays.

Section 27. Non-Discrimination. No action shall at any time be taken by the Association or its Board of Directors which in any manner would discriminate against any Owner or Owners in favor of the other Owners.

Section 28. Treatment Facilities. No Building Site shall be used for the operation of a boarding or rooming house, a residence for transients, a "group home," "family home," "community home," "half-way house," day-care center, rehabilitation center, treatment facility, or residence of unrelated individuals who are engaging in, undertaking, or participating in any group living, rehabilitation, treatment, therapy, or training with respect to previous or continuing criminal activities or convictions, alleged criminal activities, alcohol or drug dependency, physical or mental handicaps or illness, or other similar matters.

Section 29. Sound Devices. No horns, whistles, bells, or other sound devices, except for security systems used exclusively to protect the Dwelling Unit shall be placed or used on any Building Site or Improvements. This paragraph shall not preclude the use of outdoor speakers for hi-fis, stereos, or radios if the sound level is maintained at a reasonably low level with respect to adjoining property.

ARTICLE X UTILITIES

Section 1. Electric Service. Electric service to the Property shall be provided by Houston Lighting & Power Company or successor company.

Section 2. Gas Service. Gas service to the Property shall be provided by Entex or successor company.

Section 3. Water Service. Water service to the Property shall be provided by way of water mains to be owned, operated, maintained and repaired by the City of Houston, and to the Building Sites by way of distribution lines to be owned, operated, maintained and repaired by the Association. For the benefit of all Owners, the Association, its agents and employees, shall have the right to use reasonable amounts of water for the purpose of caring for the Shared Facilities and/or plants, shrubs and grass.

Section 4. Sanitary Sewer Service. Sanitary sewer service shall be provided to each Building Site and to the Shared Facilities by means of sanitary sewer collection lines within the development to be owned, operated, maintained and repaired by the Association, and which shall connect to City of Houston sanitary sewer collection lines adjacent to the Property.

Section 5. Telephone Service. Telephone services shall be available to each Building Site and the Shared Facilities by way of underground cables or aerial cables which shall be installed, owned and maintained by the telephone company. The Association shall be authorized and empowered to grant such specific easements, in, under, on or above the Shared Facilities as the telephone company may require to furnish such service.

Section 6. Storm Sewers. Storm sewers in the Shared Facilities for the drainage of surface waters shall be owned, operated, maintained and repaired by the Association.

Section 7. Title to Utility Lines. as provided herein, the title conveyed to any Building Site within the Project shall be subject to any easement affecting same for utility or other purposes and shall not be held or construed to include the title to the water, gas, electrical, telephone, cable television, security, if any, storm sewer, or sanitary sewer lines, poles, pipes, conduits, or other appurtenances or facilities constructed by the Declarant, the Association, or public or private utility companies upon, under, along, across, or through such utility easements. The Owners shall not be deemed separately to own pipes, wires, conduits or other service lines running through their Building Sites that are used for or serve other Building Sites, but each Owner shall have an easement for such use of the aforesaid facilities as shall be necessary for the use, maintenance and enjoyment of his Building Site.

ARTICLE XI UTILITY BILLS AND TAXES

Section 1. Obligation of the Owners.

(a) Each Owner shall have his separate electric, gas, if any, and water meters and shall directly pay his own cost and expense for all electricity, water, sewer, telephone service and other utilities separately metered or billed to such Owner.

(b) Each Owner shall directly render for taxation his own Building Site and Improvements thereon, and shall at his own cost and expense directly pay all taxes levied or assessed against or upon his Building Site and his Improvements and personal property thereon.

Section 2. Obligation of the Association.

(a) The Association shall pay as a common expense for all water, electricity, gas and other utilities ("Shared Utility Facilities", which term shall also refer to the water, sanitary sewer and storm sewer lines owned and operated by the Association) used in connection with the enjoyment and operation of the Shared Facilities or any part thereof.

(b) If practicable, the Association shall render for taxation and as part of the common expenses shall pay all taxes levied or assessed against or upon the Shared Facilities and the improvements and the property appertaining thereto. If not practicable, each Owner shall pay all taxes levied or assessed against or upon any Shared Facilities on such Owner's Building Site.

(c) Utilities not separately metered or billed to the individual Owner shall be paid out of the Maintenance Fund as a common expense of all Owners and shall be a part of the Annual Assessment.

(d) All costs, charges and premiums for all utility bills and taxes to be paid by the Association as hereinabove provided shall be paid out of the Maintenance Fund as a common expense of all Owners and shall be a part of the Annual Assessment.

ARTICLE XII EASEMENTS

Section 1. Encroachments by Dwelling Units. Each Dwelling Unit and the property included in the Shared Facilities shall be subject to an easement for minor encroachments created by construction, reconstruction, repair, shifting, settling, movement, overhangs, ledges, balconies, fences or other protrusions designed or constructed by Declarant. A valid easement for said encroachment and for the maintenance (if any) of same, so long as they stand, shall and does exist.

There is hereby created, for the benefit of the Owners and each Building Site, an easement for any portion of any Dwelling Unit which may encroach over or under the Shared Facilities or an "Adjacent Building Site" (as hereinafter defined) solely for any chimneys, eaves, overhangs, footings, piers, and piles appurtenant to such Dwelling Unit, which encroachment shall not exceed two feet (2'); and provided further that no such encroachment shall materially interfere with the use and enjoyment of the Shared Facilities by the Owners and Related Users.

Section 2. Utilities and Emergencies. There is hereby created a blanket easement to enter upon, across, over, and under all of the Property for ingress, egress, installation, replacing, repairing, and maintaining all utilities, including, but not limited to water, sewer, gas, telephones and electricity; to the United States Postal Service, its agents and employees, to enter upon the Shared Facilities and Building Sites in the performance of mail delivery or any other United States Postal Services; and to all police, security service personnel, if any, fire protection, ambulance, garbage and trash collection vehicles and all similar Persons to enter upon the Shared Facilities in the performance of their duties. Such easement shall include the right to remove any obstruction that may be placed in any utility easement that would constitute interference with the use, maintenance, repair, replacement, removal, operation or installation of such drainage facility or utility. No structure, planting or other materials shall be placed or permitted to remain within any utility easement which may damage or interfere with the use, installation, repair, operation, replacement, removal or maintenance of drainage facilities or utilities or which may change the direction or impair the flow of drainage channels in any utility easement. Further, an easement is hereby granted to the Association, its officers, agents, employees, and any management company employed by the Association to enter in or to cross over the Shared Facilities and/or any Dwelling Unit to perform the duties of maintenance and repair of the Shared Facilities and to maintain and repair the Dwelling Units in the event of the Owner's default hereunder.

Section 3. Easement for Maintenance. Declarant shall construct the entrance gates ("Project Gates") within the Shared Facilities, and the Association shall maintain the Project Gates in good condition and repair. Accordingly, there is hereby created in favor of the Association, for the benefit of the Project, an easement upon, across, over and under the Shared Facilities for ingress and egress, installation, replacing, repairing, and maintaining the Project Gates; and the Declarant for the Association hereby reserves reasonable rights of access over and across all of the Property in order to have access to the Project Gates. By virtue of this easement permissible for the Declarant, a Builder, or the Association to construct, maintain, repair and replace the Project Gates on, above, across and under the Shared Facilities. In addition to the foregoing easement the Declarant hereby reserves for the benefit of the Association an easement over, across and through each Building Site for the purposes of maintaining or replacing the Shared Facilities, including the roofs, at any time the Association deems such maintenance or replacement advisable.

Section 4. Access to Building Sites. There is hereby created for the benefit of the Project and each of the Building Sites, and the Owners and Related Users a private easement for vehicular and pedestrian ingress and egress over, across and upon the driveway portion of each Owner's property within the Project if necessary to provide each Owner and Related User with access to and from such Owner's property within the Project, subject, however, to the following limitations, to-wit: (i) the terms and conditions of this Declaration, (ii) the right of Declarant to construct, and the right of the Declarant and the Association to operate and maintain driveways for access to each Owner's Dwelling Unit, (iii) the Rules and Regulations, and (iv) the right of the Declarant or the Association to temporarily close any part of any such driveways for such periods of time as may be necessary to make repairs or alterations and to do and perform such other reasonable acts with respect to such driveways as in the judgment of either such entity, or such entity's counsel, may be legally necessary to prevent a dedication thereof to the public or to prevent the public from obtaining prescriptive rights. By virtue of this easement, it shall be expressly permissible for (a) the Owners, tenants and other occupants of the Building Sites, and their family, guests, and invitees to use the driveway areas adjacent to their Building Sites to access the Building Sites from the existing public streets known as Holcombe Boulevard, sometimes also called Bellaire Boulevard, and Montclair Drive (or any replacement public street serving the Project), subject, however, to the limitations set forth in the first sentence of this Section XII.4 and (b) police, fire fighting and protection, ambulance and other emergency vehicles, garbage and trash collection vehicles and postal service vehicles, and the operators thereof, to access the Building Sites from the existing public streets known as Holcombe Boulevard, sometimes also called Bellaire Boulevard, and Montclair Drive (or any replacement public street serving the Project) in the performance of their duties. Subject to the rights of Declarant and the Association set forth in this Section XII.4, no Owner shall interfere with any other Owner's or Related User's rights to have access to and use any public street adjacent to the Project.

Section 5. Adjacent Building Site Easements. A non-exclusive easement is hereby granted to each Owner, for the benefit of such Owner, such Owner's agents and the occupants of such Owner's Building Site ("Easement Building Site"), to go upon, over

and across each Building Site ("Adjacent Building Site") which adjoins the Owner's Easement Building Site and to remain thereon as long as reasonably necessary, in the sole opinion of the Board, for the purpose of reasonable and necessary access in order to preserve, protect, construct, maintain and repair such Owner's Easement Building Site, the Dwelling Unit and other Improvements to Property located on or adjacent to the boundary line of any Easement Building Site. Prior to any use of the easement provided in this Section XII.5, the Owner (or occupant) of the Easement Building Site intending to use such easement upon, over and/or across the Adjacent Building Site shall give at least twenty-four (24) hours notice (oral or written) of such intent to the Owner (or occupant) of the Adjacent Building Site (except in the case of an emergency, in which event no advance notice need be given). Unless otherwise authorized by the Owner (or occupant) of the Adjacent Building Site, and except in the case of an emergency situation requiring immediate access, such easement may be utilized only between the hours, local time, of 7:00 a.m. to 5:00 p.m., Monday through Friday and 8:00 a.m. to 5:00 p.m., Saturday. In all events, such use of said easement shall be exercised in such manner as to avoid any unreasonable or unnecessary interference with the possession, use and enjoyment of the Adjacent Building Site. Any damage caused to the Adjacent Building Site (including, but not limited to, the Dwelling Unit and other Improvements to Property located thereon) by utilization of such easement right, shall be promptly repaired or replaced to its previous condition, at the sole expense of the utilizing Owner. Upon completion of the initial construction of the Dwelling Unit on the Easement Building Site, the Owner of the Easement Building Site shall, within fifteen (15) days after receipt of the written request of the Owner of the Adjacent Building Site, reinstall and/or replace any Improvements located within the Adjacent Building Site which were damaged or disturbed during such initial construction, to substantially the same condition such Improvements were in immediately prior to such damage or disturbance.

Section 6. Surface Areas. The surface of easement areas for underground utility services may be paved for streets, driveways or walkways and/or may be used for planting or shrubbery, trees, lawns, or flowers (if approved by the Board or Architectural Committee, as applicable). However, it is expressly agreed that neither the Declarant nor any supplier of any utility or service using the easement area shall be liable to any Owner or to the Association for any damage done by them or either of them or their agents, employees, servants or assigns, to the pavement or to any of the aforesaid vegetation as a result of any activity relating to the construction, maintenance or repair of any facility in any such easement area.

ARTICLE XIII GENERAL PROVISIONS

Section 1. Additional Land. Additional residential property outside the Project that is adjacent to or in the proximity of the Project, at any time and from time to time, may be annexed by the Declarant into the Project and be made subject to the jurisdiction of the Association, without the consent of the Owners or any other parties; provided, however, that such additional property is made subject to the terms and conditions of this Declaration and that such annexed property is impressed with and subject to at least the assessments

imposed pursuant to this Declaration. Such additional property may be annexed into this Project by a written instrument amending, supplementing, or referring to this Declaration recorded in the Official Public Records of Real Property of Harris County, Texas.

Section 2. Enforcement. The Association, or any Owner, shall have the right to enforce, by an proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Injunctive relief may be sought and obtained within the necessity of providing irreparable harm or inadequacy of other remedies and without the necessity of posting a bond.

Section 3. Strict Compliance. Each Owner shall comply strictly with the provisions of this Declaration. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages, injunctive relief or both, maintainable by an aggrieved Owner, Declarant or the Association, including reasonable attorney's fees and costs of court.

Section 4. No Delay in Enforcement. No delay in enforcing the provisions of this Declaration as to any breach or violation thereof shall impair damage or waive the right of any party entitled to enforce the same or 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 or times.

Section 5. No Liability of Declarant. Declarant, as well as its agents, employees, officers, directors, partners, contractors and attorneys, shall not be liable to any Owner or lessee of a Building Site or any portion thereof or to any other party for any loss, claim or demand in connection with the breach of any provisions of this Declaration by any party other than Declarant.

Section 6. Right of the Association to Enter upon Building Site. The Association shall have the right, in addition to and not in limitation of all the rights and remedies it may have under this Declaration, to enter upon any Building Site, including any Improvements located thereon, using such force as reasonably may be necessary for emergency, security, or safety purposes and/or to abate, repair or remove any Improvement to Property, other structure, thing or condition that violates this Declaration, the Bylaws, or the Rules and Regulations, which right may be exercised by the Association's Board, 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 Building Site or Improvements. 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 for the collection of Reimbursement Assessments.

All such entries shall be made with as little inconvenience to the Owner as is practicable in the judgment of the 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.

Section 7. No Representations and Warranties by Declarant. No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant or its agents or employees in connection with any portion of the Project, or any Improvement thereon, its or their physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the Project, sale, operation, maintenance, cost of maintenance, taxes, or regulation thereof, unless and except as specifically shall be set forth in writing.

Section 8. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision, all of which shall remain in full force and effect.

Section 9. Amendment. The covenants and restrictions of this Declaration shall run with and bind the Property, for a term of thirty (30) years from the date this Declaration is recorded in the Official Public Records of Real Property of Harris County, Texas, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended at any time by an instrument signed by the Owners entitled to sixty-seven percent (67%) or more of the total votes of the Members of the Association. Any amendment must be recorded in the Official Public Records of Real Property of Harris County, Texas. Declarant reserves, and shall have, the continuing right until December 31, 1997, without the joinder of the Owners or any other person or entity (whether or not Dwelling Units have been conveyed) to amend this Declaration or the Bylaws for the purpose of clarifying or resolving any ambiguities or conflicts herein, or correcting any inadvertent misstatements, errors, or omissions herein, provided that no such amendment shall materially adversely affect the interest of any Owner.

Section 10. Gender and Number. The singular wherever used herein shall be construed to mean the plural where applicable, the pronouns of any gender shall include the other genders, and the necessary grammatical changes required to make provisions hereof applicable to individuals, corporations, trusts, partnerships, or other entities shall in all cases be assumed as though in each case fully expressed.

Section 11. Interpretation. If this Declaration or any word, clause, sentence, paragraph or other part thereof shall be susceptible or more than one or conflicting interpretations, then the interpretation which is most nearly in accord with the general purposes and objectives of this Declaration shall govern. The provisions of this Declaration shall be liberally construed to give effect to its intent and purposes and the plan and scheme of the Project.

Section 12. Omissions. If any punctuation, word, clause, sentence or provision necessary to give meaning, validity or effect to any other word, clause, sentence or provision appearing in this Declaration shall be omitted herefrom, then it is hereby declared that such omission was unintentional and that the omitted punctuation, word, clause, sentence or provision shall be supplied by inference.

Section 13. Notices. All notices, demands or other notices intended to be served upon any Owner shall be sent by ordinary or certified mail, postage prepaid, addressed in the name of such Owner in care of the Building Site number and Dwelling Unit address of such Owner. All notices, demands or other notices intended to be served upon the Board of Directors of the Association, or the Association, shall be sent by ordinary or certified mail, postage prepaid, to 1770 St. James Place, Suite 300, Houston, Texas 77056 until such address is changed by a notice of address change duly recorded. Notices also may be delivered by personal delivery service with delivery receipt.

IN WITNESS WHEREOF, the undersigned have executed this document effective as of this 15th day of July, 1996.

DECLARANT:

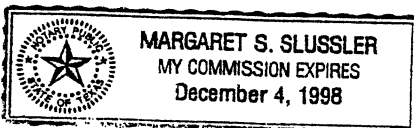
GATEWAY HOMES INC.

By: [Signature]
Tyler D. Todd, Vice President

[Signature]
Harlan E. Smith, Trustee

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on July 15, 1996, by Tyler D. Todd, Vice President of Gateway Homes Inc. on behalf of said entity.

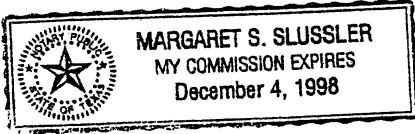


[Signature]
NOTARY PUBLIC, STATE OF TEXAS

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

509-32-3356

This instrument was acknowledged before me on July 15, 1996,
by Harlan E. Smith, Trustee.



Margaret S. Slussler
NOTARY PUBLIC, STATE OF TEXAS

JOINDER OF LIENHOLDER

The undersigned, Brandi Brown - Assistant Vice President
of BANK UNITED OF TEXAS, FSB, a Federal Savings Bank, being the owner and holder
of an existing Deed of Trust and lien upon and against a part of the real property described
in the foregoing Declaration, in its capacity as such mortgagee and lienholder, does hereby
consent to and join in this Declaration of Covenants, Conditions, Restrictions, and
Easements for Southgate Square ("Declaration"). This consent and joinder shall not
operate or be construed as a release of said mortgage or liens owned and held by the
undersigned, or any part thereof, but the undersigned agrees that said mortgage and liens
hereafter shall be upon and against the portions of the real property covered by this
Declaration and that notwithstanding any foreclosure of any of their respective liens or
other encumbrances affecting all or any part of the Property, whether such liens or other
encumbrances now exist or are hereafter created, or any conveyance in lieu of such
foreclosure, this Declaration and all rights herein described shall continue unabated, in full
force and effect.

EXECUTED this 15th day of July, 1996.

Bank United of Texas, FSB

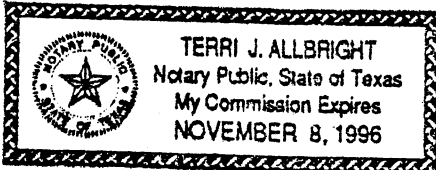
By: Brandi Brown
Name: Brandi Brown
Title: Assistant Vice President

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

509-32-3357

This instrument was acknowledged before me on this 16th day of July, 1996, by Brandi Brown, A.V.P. of Bank United of Texas, a Federal Savings Bank, on behalf of said institution.

TERRI J. ALLBRIGHT
NOTARY PUBLIC, STATE OF TEXAS



JOINDER OF LIENHOLDER

The undersigned, CLARITA L. GO, MILAGROS L. YEE , AND ANACLETO L. MENESES, SR., being the owners and holders of an existing Deed of Trust and lien upon and against a part of the real property described in the foregoing Declaration, in their capacity as such mortgagee and lienholder, do hereby consent to and join in this Declaration of Covenants, Conditions, Restrictions, and Easements for Southgate Square ("Declaration"). This consent and joinder shall not operate or be construed as a release of said mortgage or liens owned and held by the undersigned, or any part thereof, but the undersigned agrees that said mortgage and liens hereafter shall be upon and against the portions of the real property covered by this Declaration and that notwithstanding any foreclosure of any of their respective liens or other encumbrances affecting all or any part of the Property, whether such liens or other encumbrances now exist or are hereafter created, or any conveyance in lieu of such foreclosure, this Declaration and all rights herein described shall continue unabated, in full force and effect.

EXECUTED this 19th day of July, 1996.

Clarita L. Go

By: [Signature]
Cherimel G. Yuzon, Attorney in Fact

Milagros L. Yee

By: [Signature]
Cherimel G. Yuzon, Attorney in Fact

Anacleto L. Meneses, Sr.

509-32-3358

By: *Cherimel G. Yuzon*
Cherimel G. Yuzon, Attorney in Fact

STATE OF CALIFORNIA

COUNTY OF San Mateo

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This instrument was acknowledged before me on this 19th day of July, 1996, by Cherimel G. Yuzon, as Attorney in Fact for Clarita L. Go, on behalf of said Clarita L. Go.



Lauro A. Gutierrez, Jr.
NOTARY PUBLIC, STATE OF CALIFORNIA

STATE OF CALIFORNIA

COUNTY OF San Mateo

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This instrument was acknowledged before me on this 19th day of July, 1996, by Cherimel G. Yuzon, as Attorney in Fact for Milagros L. Yee, on behalf of said Milagros L. Yee.



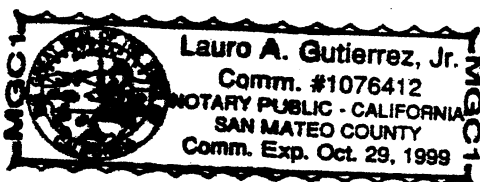
Lauro A. Gutierrez, Jr.
NOTARY PUBLIC, STATE OF CALIFORNIA

STATE OF CALIFORNIA

COUNTY OF San Mateo

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This instrument was acknowledged before me on this _____ day of _____, 1996, by Cherimel G. Yuzon, as Attorney in Fact for Anacleto L. Meneses, Sr., on behalf of said Anacleto L. Meneses, Sr.



Lauro A. Gutierrez, Jr.
NOTARY PUBLIC, STATE OF CALIFORNIA

**FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND EASEMENTS FOR SOUTHGATE SQUARE**

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS FOR SOUTHGATE SQUARE (the "First Amendment") is made effective as of and from this 18th day of September, 1998, by *GATEWAY HOMES, INC.*, a Texas corporation, acting herein by and through its officer hereunto duly authorized, and *HARLAN E. SMITH, TRUSTEE* (each herein jointly referred to as "Declarant"). Except as otherwise expressly provided herein, all capitalized terms shall have the same meanings and effect ascribed to them in that certain Declaration of Covenants, Conditions, Restrictions, and Easements for Southgate Square (the "Declaration") recorded under Clerk's File No. S034776, in the Office of the County Clerk of Harris County, Texas, reference to which Declaration and the record thereof being heremade for all purposes.

WITNESSETH:

WHEREAS, Declarant owns that certain Property situated in Harris County, Texas, defined and described in Article I, Section 18, of the Declaration; and,

WHEREAS, Declarant desires to amend Article IV, Section 8, of the Declaration to provide that Annual Assessments and any Special Assessments need not be uniform as to each Building Site but, rather, may vary among Building Sites so as to account for differences in the Shared Facilities available for the use, benefit and enjoyment of the Owners of different groups of Building Sites; and,

WHEREAS, Declarant further desires to amend Article I, Section 21, of the Declaration to provide that the term "Shared Facilities" not include any perimeter fences, walls, sidewalks (if any), gates, gate posts, and other improvements or security facilities constructed by Declarant or the Association for the Project, the driveways located behind such fences or gates appurtenant to and providing access to each Dwelling Unit, the roofs of the Dwelling Units, and any sign containing the words "Southgate Square" which are designated by the Declarant or the Association to be for the exclusive use of any particular Building Site or group or groups of Building Sites; and,

WHEREAS, Article XIII, Section 9, of the Declaration provides that the Declaration may be amended at any time by an instrument signed by the Owners entitled to sixty-seven percent (67%) or more of the total votes of the Members of the Association; and,

WHEREAS, Article III, Section 2, of the Declaration provides that until the expiration of the three (3) years from the date the Declaration is recorded in Harris County, Texas, or until Dwelling Units are completed on each Building Site as evidenced by a certificate of occupancy, whichever shall

first occur, the Declarant shall have all voting power in the Association, and no other Member shall have any voting power whatsoever during such period of time; and,

WHEREAS, the Declaration was recorded in Harris County, Texas, on July 25, 1996, and three (3) years have not yet passed since the date of such recording of the Declaration nor have Dwelling Units been completed on each Building Site as evidenced by a certificate of occupancy and, therefore, the Declarant continues to retain all voting power in the Association and is therefore entitled to amend the Declaration without further joinder of any other Owner or any other Member of the Association.

NOW, THEREFORE, in consideration of the foregoing, Declarant does hereby modify and amend the Declaration as follows:

1. The third sentence of Article IV, Section 8, of the Declaration is hereby deleted in its entirety and the following is substituted in place thereof:

The Annual Assessments and any Special Assessments shall be uniform only as to each Building Site (other than Building Sites owned by Declarant as provided in Section 2 above) entitled to the use, benefit, and enjoyment of the same Shared Facilities. Notwithstanding the foregoing, Annual Assessments and any Special Assessments may vary as between Building Sites and/or groups of Building Sites which do not have the use, benefit, and enjoyment of the same Shared Facilities.

2. Article I, Section 21, is deleted in its entirety and the following is substituted in place thereof:

“Shared Facilities” shall mean and refer to any perimeter fences, walls, sidewalks (if any), gates, gate posts, and other improvements or security facilities constructed by Declarant or the Association for the Project, the driveways located behind such fences or gates appurtenant to and providing access to each Dwelling Unit, the roofs of the Dwelling Units and any sign containing the words “Southgate Square”. Notwithstanding the foregoing, the term “Shared Facilities” shall not include any such items designated by the Declarant or the Association to be for the exclusive use of any particular Building Site or group or groups of Building Sites.

3. As modified herein, the Declaration shall remain in full force and effect.

EXECUTED this 18th day of September, 1998, to be effective as of and from the date first written above.

"DECLARANT"

GATEWAY HOMES, INC.

By: 

Name: Tom Walker

Title: President

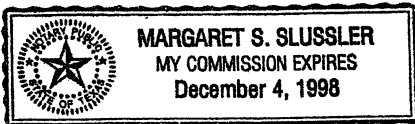

HARLAN E. SMITH, TRUSTEE


STATE OF TEXAS

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COUNTY OF HARRIS

This instrument was acknowledged before me on September 18, 1998, by TOM WALKER, PRESIDENT of GATEWAY HOMES, INC., a Texas corporation, on behalf of said corporation.




Notary Public in and for
the State of Texas

My Commission Expires:

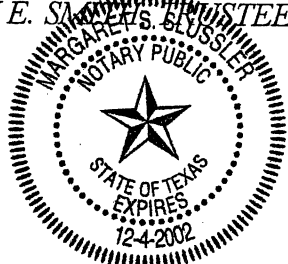
Printed Name of Notary

STATE OF TEXAS

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COUNTY OF HARRIS

This instrument was acknowledged before me on September 21, 1998, by HARLAN E. SMITH, TRUSTEE, for the purposes and in the capacity therein stated.



Margaret S. Glussler

Notary Public in and for
the State of Texas

My Commission Expires:

Printed Name of Notary

T971844

FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND EASEMENTS FOR SOUTHGATE SQUARE

STATE OF TEXAS §
§
COUNTY OF HARRIS §

09/17/99 201064139 T971844 \$17.00

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS FOR SOUTHGATE SQUARE (the "First Amendment") is made effective as of and from this 18th day of September, 1998, by GATEWAY HOMES, INC., a Texas corporation, acting herein by and through its officer hereunto duly authorized, and HARLAN E. SMITH, TRUSTEE (each herein jointly referred to as "Declarant"). Except as otherwise expressly provided herein, all capitalized terms shall have the same meanings and effect ascribed to them in that certain Declaration of Covenants, Conditions, Restrictions, and Easements for Southgate Square (the "Declaration") recorded under Clerk's File No. S034776, in the Office of the County Clerk of Harris County, Texas, reference to which Declaration and the record thereof being heremade for all purposes.

WITNESSETH:

WHEREAS, Declarant owns that certain Property situated in Harris County, Texas, defined and described in Article I, Section 18, of the Declaration; and,

WHEREAS, Declarant desires to amend Article IV, Section 8, of the Declaration to provide that Annual Assessments and any Special Assessments need not be uniform as to each Building Site but, rather, may vary among Building Sites so as to account for differences in the Shared Facilities available for the use, benefit and enjoyment of the Owners of different groups of Building Sites; and,

WHEREAS, Declarant further desires to amend Article I, Section 21, of the Declaration to provide that the term "Shared Facilities" not include any perimeter fences, walls, sidewalks (if any), gates, gate posts, and other improvements or security facilities constructed by Declarant or the Association for the Project, the driveways located behind such fences or gates appurtenant to and providing access to each Dwelling Unit, the roofs of the Dwelling Units, and any sign containing the words "Southgate Square" which are designated by the Declarant or the Association to be for the exclusive use of any particular Building Site or group or groups of Building Sites; and,

WHEREAS, Article XIII, Section 9, of the Declaration provides that the Declaration may be amended at any time by an instrument signed by the Owners entitled to sixty-seven percent (67%) or more of the total votes of the Members of the Association; and,

WHEREAS, Article III, Section 2, of the Declaration provides that until the expiration of the three (3) years from the date the Declaration is recorded in Harris County, Texas, or until Dwelling Units are completed on each Building Site as evidenced by a certificate of occupancy, whichever shall

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first occur, the Declarant shall have all voting power in the Association, and no other Member shall have any voting power whatsoever during such period of time; and,

WHEREAS, the Declaration was recorded in Harris County, Texas, on July 25, 1996, and three (3) years have not yet passed since the date of such recording of the Declaration nor have Dwelling Units been completed on each Building Site as evidenced by a certificate of occupancy and, therefore, the Declarant continues to retain all voting power in the Association and is therefore entitled to amend the Declaration without further joinder of any other Owner or any other Member of the Association.

NOW, THEREFORE, in consideration of the foregoing, Declarant does hereby modify and amend the Declaration as follows:

1. The third sentence of Article IV, Section 8, of the Declaration is hereby deleted in its entirety and the following is substituted in place thereof:

The Annual Assessments and any Special Assessments shall be uniform only as to each Building Site (other than Building Sites owned by Declarant as provided in Section 2 above) entitled to the use, benefit, and enjoyment of the same Shared Facilities. Notwithstanding the foregoing, Annual Assessments and any Special Assessments may vary as between Building Sites and/or groups of Building Sites which do not have the use, benefit, and enjoyment of the same Shared Facilities.

2. Article I, Section 21, is deleted in its entirety and the following is substituted in place thereof:

“Shared Facilities” shall mean and refer to any perimeter fences, walls, sidewalks (if any), gates, gate posts, and other improvements or security facilities constructed by Declarant or the Association for the Project, the driveways located behind such fences or gates appurtenant to and providing access to each Dwelling Unit, the roofs of the Dwelling Units and any sign containing the words “Southgate Square”. Notwithstanding the foregoing, the term “Shared Facilities” shall not include any such items designated by the Declarant or the Association to be for the exclusive use of any particular Building Site or group or groups of Building Sites.

3. As modified herein, the Declaration shall remain in full force and effect.

EXECUTED this 18th day of September, 1998, to be effective as of and from the date first written above.

"DECLARANT"

GATEWAY HOMES, INC. lor

By: *Tom Walker*

Name: Tom Walker

Title: President

Harlan E. Smith, Trustee
HARLAN E. SMITH, TRUSTEE

STATE OF TEXAS

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COUNTY OF HARRIS

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This instrument was acknowledged before me on September 18, 1998, by TOM WALKER, PRESIDENT of GATEWAY HOMES, INC., a Texas corporation, on behalf of said corporation.



Margaret S. Slussler
Notary Public in and for
the State of Texas

My Commission Expires:

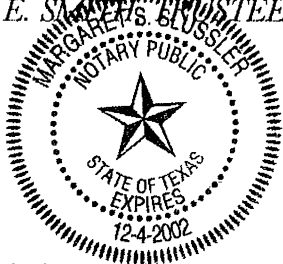
Printed Name of Notary

STATE OF TEXAS

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COUNTY OF HARRIS

This instrument was acknowledged before me on September 21, 1998, by HARLAN E. SMITH, TRUSTEE, for the purposes and in the capacity therein stated.



Margaret S. Slussler
Notary Public in and for
the State of Texas

My Commission Expires:

Printed Name of Notary

RETURN TO:
Gateway Homes, Inc.
1770 St. James Place #300
Houston, TX 77056

JOINDER OF LIENHOLDER

The undersigned, Brandi L. Hermis, of *BANK UNITED OF TEXAS, F.S.B.*, a federal savings bank, being the owner and holder of an existing Deed of Trust and lien upon and against a part of the real property described in the foregoing First Amendment to Declaration of Covenants, Conditions, Restrictions, and Easements for Southgate Square (the "First Amendment"), in its capacity as such lienholder, does hereby consent to and join in this First Amendment. This consent and joinder shall not operate or be construed as a release of said deed of trust or liens owned and held by the undersigned, or any part thereof, but the undersigned agrees that said deed of trust and liens hereafter shall be upon and against the portions of the real property covered by this First Amendment and that notwithstanding any foreclosure of any of their respective liens or other encumbrances affecting all or any part of the Property described in the First Amendment, whether such liens or other encumbrances now exist or are hereafter created, or any conveyance in lieu of such foreclosure, this First Amendment and all rights herein described shall continue unabated, in full force and effect.

EXECUTED this 21st day of September, 1998.

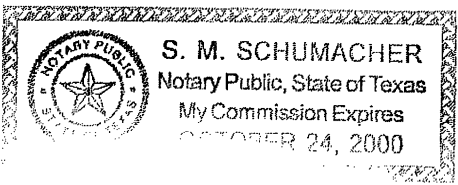
BANK UNITED OF TEXAS, F.S.B.

By: Brandi Hermis

Name: BRANDI L. HERMIS
Title: ASSISTANT VICE PRESIDENT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on September 21st, 1998, by Brandi Hermis, AVP. of *BANK UNITED OF TEXAS, F.S.B.*, a federal savings bank, on behalf of said institution.



Smschumacher
Notary Public in and for
the State of Texas

My Commission Expires:

Printed Name of Notary



Office of the Secretary of State

CERTIFICATE OF FILING OF

SOUTHGATE SQUARE HOMEOWNERS' ASSOCIATION, INC.

Filing Number: 143500701

The undersigned, as Secretary of State of Texas, hereby certifies that the statement of change of registered agent/office for the above named entity has been received in this office and has been found to conform to law.

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

Dated: 12/20/2004

Effective: 12/20/2004



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

Geoffrey S. Connor
Secretary of State



Office of the Secretary of State
Packing Slip

December 27, 2004

Page 1 of 1

KRJ Management
1800 Augusta
Suite 200
Houston, TX 77057- 3193

Batch Number: 7775692

Batch Date: 12-20-2004

Client ID: 60606341

Return Method: Mail

Phone No: 7137834640

Document Number	Document Detail	Filing Number / Name	Page Count	Fee
77756920002	Change of Registered Agent/ Office	SOUTHGATE SQUARE HOMEOWNERS' ASSOCIATION, INC.	0	\$5.00
Total Document Fees				\$5.00

DEC 30 2004

Payment Type	Payment Status	Payment Reference	Amount
Check	Received	1445	\$5.00
Total Payments Received			\$5.00
Total Amount Charged to Client Account			\$0.00
Total Amount Credited to Client Account			\$0.00

Note: This is not a bill. Please do not send any payments until the monthly statement is received.
Any amount credited to Client Account may be refunded upon request.
Refunds (if applicable) will be processed within 10 business days.
Acknowledgement of Filing Document(s) (if present) is attached.

User ID: AHURTADO

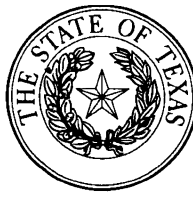
Come visit us on the Internet @ <http://www.sos.state.tx.us/>

(512) 463-5555

FAX (512) 463-5709

TTY 7-1-1

02



Office of the Secretary of State

December 27, 2004

KRJ Management
1800 Augusta, Suite 200
Houston, TX 77057 USA

RE: SOUTHGATE SQUARE HOMEOWNERS' ASSOCIATION, INC.
File Number: 143500701

It has been our pleasure to file the change of registered agent or registered office, or both for the referenced entity. This letter may be used as evidence of the filing and payment of the filing fee.

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

Sincerely,

Corporations Section
Statutory Filings Division
(512) 463-5555

Enclosure

STATEMENT OF CHANGE OF REGISTERED OFFICE OR REGISTERED AGENT OR BOTH BY A NON-PROFIT CORPORATION **Corporations Section**

1. The name of the corporation is Southgate Square HOA

The corporation's charter number is 01435007-01

2. The address of the CURRENT registered office as shown in the records of the Texas Secretary of State is: (Please provide street address, city, state and zip code. The address must be in Texas.)
1800 Augusta #130
Houston, TX 77057

3. A. The address of the NEW registered office is: (Please provide street address, city, state and zip code. The address must be in Texas).
1800 AUGUSTA DR., STE 200 (NOTE: ONLY THE SUITE # IS CHANGING)
HOUSTON, TX 77057

OR B. The registered office address will not change.

4. The name of the CURRENT registered agent as shown in the records of the Texas Secretary of State is KRJ MANAGEMENT, INC.

5. A. The name of the NEW registered agent is _____

OR B. The registered agent will not change

6. Following the changes shown above, the address of the registered office and the address of the office of the registered agent will continue to be identical, as required by law.

7. The changes shown above were authorized by: (check one)

- A. The board of directors.
- B. An officer of the corporation so authorized by the board of directors.
- C. The members of the corporation in whom management of the corporation is vested to pursuant to article 2.14c of the Texas Non-Profit Corporation Act.

8. Notice of these changes was given in writing to the corporation 10 days prior to this request.

Elsa Chodermush
An Authorized Officer