

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THE 1531 MARSHALL STREET TOWNHOMES

THIS DECLARATION is made on the date hereinafter set forth by LAWYERS REALTY COMPANY, INC. a Texas corporation, of Harris County, Texas, hereinafter referred to as "Declarant", acting by and through its duly authorized officers.

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in Houston, Harris County, Texas, being that certain residential subdivision to be known as THE 1531 MARSHALL STREET TOWNHOMES, and which property is more particularly described in the attached Exhibit "A"; and

NOW THEREFORE, Declarant hereby declares that all of the Properties described in Exhibit "A" hereto shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described Properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof. This Declaration is subject to all reservations, restrictions, conditions, and matters of record in Harris County, Texas.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to THE 1531 MARSHALL STREET TOWNHOMES ASSOCIATION, INC., a Texas Non-Profit Corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property described on Exhibit "A" hereto, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association at the time of the conveyance of the First Lot to an Owner other than Declarant is described in the attached Exhibit "B".

Section 5. "Lot" or "Building Plot" shall mean and refer to each of the individual tracts of land or resubdivision of same into which the property, excepting the Common Area, has been or shall be divided for the location of townhouses thereon for individual use and ownership. The Lots are described separately in Exhibit "F" hereto. The seven (7) Lots are arranged in a group, such group (composed of all seven Lots) for convenience of description being designated as "Block No. 1" and described in the attached Exhibit "C". Each Lot conveyed shall be

designated by separate metes and bounds description and shall constitute a freehold estate subject to the terms, conditions and provisions hereof. Each separate Lot is numbered, one (1) through seven (7), as per plat attached hereto as Exhibit "E", and each Lot [i.e., Lots one (1) through seven (7)] is described on Exhibit "F" hereto.

Section 6. "Declarant" shall mean and refer to LAWYERS REALTY COMPANY, INC. a Texas corporation, its successors and assigns if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to make, publish and enforce reasonable Rules and Regulations for the use of the Common Area and any recreational or other facilities situated thereon;

(b) the right of the Association to suspend the voting rights and right to use of the recreational or other facilities owned or operated by the Association by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published Rules and Regulations;

(c) the right of the Association to grant or dedicate any part of the Common Area to any public agency, authority, or utility for any service to the Properties or any part thereof;

Common Area and any recreational or other facilities situated thereon;

(b) the right of the Association to suspend the voting rights and right to use of the recreational or other facilities owned or operated by the Association by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published Rules and Regulations;

(c) the right of the Association to grant or dedicate any part of the Common Area to any public agency, authority, or utility for any service to the Properties or any part thereof;

(d) the right of the Association to limit the number of guests of Owners using any portion of the Common Area and any recreational or other facilities located thereon;

(e) the right of the Association, in accordance with its Articles of Incorporation or By-Laws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property. The rights of any such mortgagee in said properties shall be subordinate to the rights of the Owners hereunder;

(f) the right of the Association to contract for exclusive services such as water, gas, electricity, sanitary sewage and trash collection to each Lot and to the Common Area or portion thereof.

(g) the right of each Owner, hereby granted, to the exclusive use and enjoyment of the patio pertaining to and adjoining his townhouse Lot.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the Property.

Section 3. Parking Rights. The Association shall permanently assign one automobile parking space each for Lots One (1) through Six (6), and two automobile parking spaces for Lot Seven (7). The parking spaces are situated on the Common Area, are not in the private street described in Exhibit "D" hereto, and are numbered One (1) through Eight (8), with each number corresponding with each Lot number, but there is assigned to Lot 7 parking spaces numbered 7 and 8.

The use of any other parking areas situated in the Common Area shall be subject to the exclusive control and management of the Board of Directors of the Association.

MEMBERSHIP AND VOTING RIGHTS

Section 1. Members. Declarant and every owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessments.

Section 2. Voting Rights. The Association shall have two classes of voting membership.

Class A. Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to seven (7) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A members equals the total votes outstanding in the Class B members, or
- (b) on the tenth anniversary date of this declaration.

ARTICLE IVCOVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties; the improvement, operation, administration, management, preservation and maintenance of the Common Area and any part thereof; certain utility services for the Owners and Common Area; and the payment of all expenses and obligations lawfully incurred by the Association in connection with the Common Area or services for all Lots. The judgment of the Board of Directors of the Association in establishing annual assessments,

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties; the improvement, operation, administration, management, preservation and maintenance of the Common Area and any part thereof; certain utility expenses for the Owners and Common Area; and the payment of all expenses and obligations lawfully incurred by the Association in connection with the Common Area or services for all Lots. The judgment of the Board of Directors of the Association in establishing annual assessments, special assessments and other charges and in the expenditure of said funds shall be final and conclusive so long as said judgment is exercised in good faith.

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Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$20.00 per month for each Lot, which shall be due and payable as provided hereinafter.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than 10% (such percentage increase may be cumulative from year to year) above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above 10% by the vote of written assent of 51% of each class of members.

(c) The Board of Directors shall fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments 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, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the vote or written assent of a majority of each class of members.

Section 5. Notice and Quorum For Any Action Authorized Under Sections 3 and 4. Any action authorized under Section 3 or 4 shall be taken at a meeting called for that purpose, written notice of which shall be sent to all members not less than 10 days nor more than 50 days in advance of the meeting. If the proposed action is favored by a majority of the votes cast at such meeting, but such vote is less than the requisite majority of each class of members, members who were not present in person or by proxy may give their assent in writing, provided the same is obtained by the appropriate officers of the Association not later than 30 days from the date of such meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments shall be fixed at a uniform rate for all Lots, and may be

members.

Section 5. Notice and Quorum For Any Action Authorized Under Sections 3 and 4.

Any action authorized under Section 3 or 4 shall be taken at a meeting called for that purpose, written notice of which shall be sent to all members not less than 10 days nor more than 50 days in advance of the meeting. If the proposed action is favored by a majority of the votes cast at such meeting, but such vote is less than the requisite majority of each class of members, members who were not present in person or by proxy may give their assent in writing, provided the same is obtained by the appropriate officers of the Association not later than 30 days from the date of such meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments shall be fixed at a uniform rate for all Lots, and may be collected on a monthly basis. Annual assessments shall be made for each Lot at the rate of the full Annual Assessment as follows:

- (a) Lots owned by LAWYERS REALTY COMPANY, INC. none
- (b) Lots owned by a Declarant other than LAWYERS REALTY COMPANY, INC. for a period of 12 months from date of conveyance of Lots from LAWYERS REALTY COMPANY, INC. to such other Declarant. none
- (c) Lots with a completed residence sold to individual homebuyers. 100%

Section 7. Date of Commencement of Annual Assessments: Due Dates.

The annual assessments provided for herein shall commence as to all Lots on the date (which shall be the first day of a month) fixed by the Board of Directors of the Association to be the date of commencement. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors and, unless otherwise provided, the Association shall collect each month from the Owner of each Lot one-twelfth (1/12) of the annual assessment for such

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Lot. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 8. Effect of Non-Payment of Assessments: Remedies of the Association.

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 10 per cent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. Interest, costs and reasonable attorney's fees incurred in any such action shall be added to the amount of such assessment or charge. Each such Owner, by his acceptance of a deed

the lien against the property. Interest, costs and reasonable attorney's fees incurred in any such action shall be added to the amount of such assessment or charge. Each such Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including non-judicial foreclosure pursuant to Article 3810 of the Texas Revised Civil Statutes and such Owner hereby expressly grants to the Association a power of sale in connection with said lien. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all Lot Owners. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

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Section 9. Subordination of the Lien to Mortgages. The Vendor's Lien securing payment of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages granted or created by the Owners of any Lot to secure the payment of monies advanced and used for the purpose of purchasing and/or improving such Lot. Sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. All properties dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of Texas shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 11. Insurance.

(a) The Board of Directors of the Association shall obtain and continue in effect blanket property insurance to insure the buildings and structures in the Common Area and the Association against risks of loss or damage by fire and other hazards as are covered under standard extended coverage provisions, and said insurance may include coverage against vandalism.

(b) The Board of Directors of the Association shall obtain comprehensive public liability insurance in such limits as it shall deem desirable, insuring the Association, its Board of Directors, agents and employees, and each Owner, from and against liability in connection with the Common Areas.

(c) Each Owner shall be responsible at his own expense and cost for obtaining his own personal insurance on the building and contents of his own residence, garage, carport or parking space and his additions and improvements thereto, including decorations, furnishings and personal property therein, and his personal property stored elsewhere on the Properties; and for his personal liability not covered by liability insurance for all Owners obtained as a part of the common expense.

However, in the event that an Owner, after written request of the Board of Directors, does not supply proof of adequate coverage to the Board of Directors' complete satisfaction, the Board of Directors, or its duly authorized agent, shall have the authority to and shall at its discretion obtain insurance for such Owner's townhouse against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any hazard. All such insurance coverage shall be written in the name of the Association as Trustee for the townhouse owner. Premiums for insurance obtained by the Board of Directors on individual townhouses shall not be part of the Common expense but shall be an expense of the specific townhouse or townhouses so covered and a debt owed by the Owner and shall be collectible by any lawful procedure permitted by the laws of the State of Texas. In addition, if said debt is not paid within thirty (30) days after notice of such debt, such amount shall automatically become a lien upon such Owner's Lot and townhouse and shall continue to be a lien until fully paid. This lien shall be subordinate to the lien of any purchase money and/or improvement mortgages and shall be enforceable in the same manner as any lien created by failure to pay the maintenance assessments. In the event of damage or destruction by fire or other casualty to any property covered by insurance written in the name of the Association, the Board of Directors, shall, with concurrence of the mortgagee, if any, upon receipt of the insurance proceeds, contract to rebuild or repair such damage or destroyed portions of the property to as good condition as formerly. All such insurance proceeds shall be deposited in a bank or other financial institution, the accounts of which bank or institution are insured by a Federal governmental agency, with the proviso agreed to by said bank or institution that such funds may be withdrawn only by signature of at least one-third (1/3) of the members of the Board of Directors, or by an agent duly authorized by the Board of Directors. The Board of Directors, shall advertise for sealed bids with any licensed contractors, and then may negotiate with any contractor, who shall be required to provide a full performance and payment bond for the repair, reconstruction or rebuilding of such destroyed building or buildings. In the event the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding to the same condition as formerly, the Board of Directors shall levy a special assessment against all owners of the damaged townhouses in such proportions as the Board of Directors deems fair and equitable in the light of the damage sustained by such townhouses to make up any deficiency, except that the special assessment shall be levied against all townhouse owners, as established by Article IV, Section 1, above, to make up any deficiency for repair or rebuilding of the Common Area not a physical part of a townhouse unit. In the event that such insurance proceeds exceed the cost of repair and reconstruction, such excess shall be paid over to the respective mortgagees and owners of the damaged townhouses in such proportions as the Board of Directors deems fair and equitable in the light of the damage sustained by such townhouses.

in such proportions as the Board of Directors deems fair and equitable in the light of the damage sustained by such townhouses.

(d) Nothing contained in sub-section (c) above shall preclude an Owner from obtaining his own personal insurance on his own townhouse, provided that such Owner is able to supply proof of adequate coverage to the complete satisfaction of the Board of Directors. In the event of damage or destruction by fire or other casualty to any townhouse, garage, carport, storage area or other property covered by insurance written in the name of an individual owner, said Owner, shall, with concurrence of the mortgagee, if any, upon receipt of the insurance proceeds,

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contract to repair or rebuild such damaged or destroyed portions of the townhouse, garage, carport, storage area or other property in a good workmanlike manner in conformance with the original plans and specifications of said townhouse. If for any reason whatsoever, such owner refuses or fails to so repair and rebuild any and all such damage to such townhouse, garage, carport, storage area or other property within thirty (30) days, regardless of whether or not the insurance proceeds are sufficient to pay all costs of repair and restoration, the Association, by and through its Board of Directors, is hereby irrevocably authorized by such Owner to repair and rebuild any such townhouse, garage, carport, storage area or other property in a good and workmanlike manner in conformance with their original plans and specifications. The Owner shall then promptly upon demand repay the Association in the amount actually expended for such repairs, plus interest thereon at the rate of 10% per annum, and the Association shall have a lien securing the payment of same identical to that provided above in this Section securing the payment of insurance premiums and subject to foreclosure as above provided.

(e) Should any mortgagee fail to concur in the application of the insurance proceeds to the cost of repair and restoration, such proceeds shall first be applied to the sums secured by the First Mortgage, with the excess, if any, applied to the cost of repair and restoration of such townhouse, garage, storage area and other property. All costs, charges and premiums for all insurance that the Board of Directors authorized as provided herein, except on the individual townhouses, shall be a common expense of all Owners and be a part of the maintenance assessment.

Section 12. Taxes. Each Owner shall directly render for taxation his own Lot and improvements and property thereon, and shall at his own cost and expense directly pay all taxes, levied or assessed against or upon his Lot and improvements and property thereon. The Association shall render for taxation and as part of the common expenses of all Owners shall pay all taxes levied or assessed against or upon the Common Area and the improvements and property appertaining thereto.

Section 13. Utility Bills.

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Section 13. Utility Bills.

(a) Each Owner shall pay directly to the utility companies for the cost of, and all charges for, electricity, gas, garbage disposal, and all other utilities consumed by him, which are separately metered and billed to him by the respective utility companies.

(b) The cost of water and sewer disposal and any other utilities which are consumed by all of the Owners but not separately metered to the Owners, shall be billed to the Association which shall collect each Owner's pro-rata share thereof based upon the square footage of each Lot. Such cost shall not be part of the common expense, but shall be a debt owed by the Owners of the specific townhouse or townhouses so served and shall be collectible by any lawful procedure permitted by the laws of the State of Texas. In addition, if said debt is not paid within thirty (30) days after notice of such debt, such amount shall automatically become a lien upon such Owner's Lot and townhouse and shall continue to be a lien until fully paid. This lien shall be subordinate to the lien for any purchase money and/or improvement mortgages and shall be enforceable in the same manner as any lien created by failure to pay the maintenance assessments.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced,

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erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same 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 Control Committee composed of three (3) 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 said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VI

MAINTENANCE AND REPAIRS

Section 1. The Owner. The Owner shall maintain and keep in good repair his Lot and the improvements thereon (except the roof as specifically provided in Section 2 of this Article VI below), and the Owner shall maintain and keep in good repair the following:

Section 1. The Owner. The Owner shall maintain and keep in good repair his Lot and the improvements thereon (except the roof as specifically provided in Section 2 of this Article VI below), and the Owner shall maintain and keep in good repair the following:

(a) On the Owner's Lot exterior to any building thereon, but within the boundaries of the Lot including but not limited to the following: exterior walls, windows, doors, walks, drives, patio(s), fences, glass surfaces, hardware, electrical, telephone, natural gas and plumbing facilities, heating and cooling equipment, air conditioning/heating compressor condenser, including pipes and electrical lines connecting same to the residence, trees, landscaping, shrubs, grass, exterior light fixtures operated from a residence, utility company meters, circuit breakers and switch panels, and all other improvements on and in the Lot.

(b) In the Common Area, enclosed patio areas and patio fences; exterior light fixtures operated from the Owner's residence, utility company meters, circuit breakers and switch panels, all water, sanitary sewer, telephone, natural gas, and electrical systems from the point of Owner's connection to the service supplier's system to and throughout the Lot and its improvements, and sanitary sewer line and water line connecting the residence to the sanitary sewer collection system or the water distribution system, and electric power service conductors from the exterior of the building to the point of connecting to the electric utility company's junction box or transformer, and any portion of electric, natural gas, and telephone service lines located on the Lot but not maintained by the electric, gas or telephone companies; provided, however, that any lines, pipes, wires, conduits or systems running through a residence which serve one or more other residences and which are not maintained by any utility company, shall be operated, repaired and maintained by the Association, and shall not be disturbed or relocated by an Owner without the written consent and approval of the Association.

(c) The Owner shall not perform any act or work that may impair the structural soundness or integrity of another residence or impair any easement or hereditament, nor do any act nor allow any condition to exist on his Lot which will adversely affect the other residences or their Owners.

Section 2. The Association. The Association is responsible for the maintenance and repairs of and to the roof of the building and the foundation of the building, the fences (except individual patio fences), the brick columns, the planters on the front of the building, and the laundry room and equipment and hot water tank(s) serving all of the Townhouses. The Association is responsible

for the maintenance and repairs to the Common Areas as provided for within this document, and the private street (Exhibit "D" hereto), but it is not responsible for any of the Owner's responsibilities as provided in Section 1 hereof. However, the Association shall and does have rights in connection with the Owner's responsibilities and acts related thereto as follows: In the event the Owner does not perform his responsibilities for exterior maintenance as provided in Section 1 hereof or as may be set forth in the Rules and Regulations of the Association adopted from time to time, the Association, upon approval of two-third (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon the Lot and to repair, maintain, and restore the Lot and its improvements. The cost of such exterior maintenance shall be added to and become a part of the assessment to which such Lot is subject.

Section 3. Neglect or Act of Owner. In the event the need for maintenance or repair is caused through the willful or negligent act of an Owner, his family, guests, invitees, employees, or agents, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which the Lot of such Owner is subject.

ARTICLE VII

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the townhouses upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. If a wall which is intended as a party wall is situated entirely or partly on one townhouse Lot instead of on the dividing line between townhouse Lots, due to error in construction, such wall shall nevertheless be deemed to be on the dividing line and shall constitute a party wall for the purposes of this Article. Reciprocal easements shall exist upon and in favor of the adjoining townhouse Lots for the maintenance, repair and reconstruction of party walls.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators. Should any party refuse to choose an arbitrator within ten (10) days after written request therefor, the Board of Directors of the Association shall select an arbitrator for the refusing party.

ARTICLE VIII

RE-SUBDIVIDING OF LOTS

Any Lot or part thereof may be re-subdivided or consolidated with any adjoining Lot or Lots or part or parts thereof to constitute a single Lot on which a residence may be constructed, provided that the same shall be approved by the Board of Directors of the Association or by the Architectural Control Committee.

ARTICLE IX

USE RESTRICTIONS

The Lots and the Common Area shall be occupied and used as follows:

Section 1. Residential Use. No Owner shall occupy or use his Lot or building thereon, or permit the same or any part thereof to be occupied or used for any purpose other than as a private single family residence for the Owner, his family, guests and tenants. No Lot shall be used or occupied for any business, commercial, trade or professional purposes either apart from or in connection with the use thereof as a residence. This restriction shall not prevent the inclusion of living quarters for bonafide domestic servants in connection with the residence.

Section 2. Obstruction of Common Area. There shall be no obstruction of the Common Area. Nothing shall be stored in the Common Area without the prior written consent of the Board of Directors.

Section 3. Insurance. Nothing shall be done or kept in the Common Area which will increase the rate of insurance on the Common Area, without the prior written consent of the Board of Directors. No Owner shall permit anything to be done or kept in the Common Area which will result in the cancellation of insurance on any part of the Common Area, or which would be in violation of any law. No waste will be committed in the Common Area.

Section 4. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, or in the Common Area, nor shall anything

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Section 4. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, or in the Common Area, 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 motor vehicles or any other machinery or equipment shall be permitted in any street, driveway or yard adjacent to a street, or in the Common Area. No vehicle shall be parked on streets or driveways so as to obstruct ingress and egress by the Owners of Lots, their families, guests and invitees except for the reasonable needs of emergency, construction, or service vehicles for a time limited to as briefly as possible. Guest parking areas, if any, are not intended for use by the Owners of Lots for parking or storing boats, trailers, camping units, or any personal vehicles and the Board of Directors of the Association or the Architectural Control Committee may insure the proper use of said areas in such legal manner as it deems necessary.

Section 5. Temporary Structures. No structures of a temporary character, trailer, basement, tent, shack, barn, servants quarters or other out buildings shall be used on any Lot at any time as a residence either temporarily or permanently; nor shall any used residence or other used structure be moved onto any Lot. During the construction and sales period of the initial dwelling units the Declarant may erect and maintain such structures as is customary in connection with such construction and sale of such property, including, but without limitation, a business office, storage areas, signs, model units and sales offices.

Section 6. Signs. No sign of any kind shall be displayed to public view on any Lot or Building except one sign of not more than

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five (5) square feet in area advertising the merits of the property for sale or rent. During the construction and initial sales period of the dwelling units the builder may use other signs and displays to advertise the merits of the property for sale or rent.

Section 7. 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 any Lot nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot.

Section 8. Livestock and Poultry. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets, not to exceed a total of two (2) pets, may be kept provided that they shall not become a nuisance and are not kept, bred, or maintained for any commercial purposes.

Section 9. Garbage and Refuse Disposal. No Lot shall be used or maintained as dumping ground for rubbish. Best efforts shall be used to keep trash, garbage or other waste screened so as to conceal them from public view. There is reserved in favor of the Association the determination of the method of garbage and trash disposal, that is, whether it shall be through public authority or through private garbage disposal contractor(s). All equipment for

LIVESTOCK AND POULTRY. NO animals, livestock, or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets, not to exceed a total of two (2) pets, may be kept provided that they shall not become a nuisance and are not kept, bred, or maintained for any commercial purposes.

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Section 10. Sewage and Water. No sewage treatment system nor water well shall be permitted on any Lot.

Section 11. Use of Common Area. Except in enclosed areas on a Lot or in an enclosed patio, no planting or gardening shall be done, and no fences, hedges or walls shall be erected or maintained upon the Properties except such as are installed in accordance with the initial construction of the building located thereon or as approved by the Association's Board of Directors or their designated Architectural Control Committee. Except for the right of ingress and egress and the right and easement of enjoyment as defined herein, the Owners are hereby prohibited and restricted from using any of the Properties outside the exterior property lines of each Lot and outside of the patio areas, except as may be allowed by the Association's Board of Directors. It is expressly acknowledged and agreed by all parties concerned that this paragraph is for the mutual benefit of all Owners of the Properties, and any additions thereto, and is necessary for the protection of said Owners. Maintenance, upkeep and repairs of any Lot shall be the sole responsibility of the individual Owner and not in any manner the responsibility of the Association, except as provided in Article VI. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of the Common Area and the exteriors, foundations and roofs, of the residences, and including but not limited to, parking areas and walks and private streets and fences and columns, shall be taken by the Board of Directors or by its duly delegated representatives.

Section 12. 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 improvements to be located upon the Properties, nor upon any structure situated upon the Properties other than an aerial for a master antenna system, should any such master system or systems be utilized and require any such exterior antenna.

Section 13. 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 14. Annoyance. No activity shall be carried on upon any Lot or the Common Area which might reasonably be considered as

giving annoyance to neighbors of ordinary sensibilities and which ... might be calculated to reduce the desirability of the Properties as a residential neighborhood, even though such activity be in the nature of a hobby and not carried on for profit. The Board of Directors of the Association shall have the sole and exclusive discretion to determine what constitutes an annoyance.

ARTICLE X

EASEMENTS

Section 1. Construction. Each Lot and the Property included in the Common Area shall be subject to an easement for encroachments created by construction, settling and overhangs, as designated or constructed by the Declarant or its predecessors in title. A valid easement for said encroachments and for the maintenance of same, so long as it stands, shall and does exist. In the event the structure containing two (2) or more residences is partially or totally destroyed, and then rebuilt, the Owners so affected agree that minor encroachments of parts of the adjacent residential units or Common Areas due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist.

Section 2. Utility, Emergency and Association. There is hereby created a blanket and perpetual easement upon, across, over, through, under and above all of the Properties, and through the building foundation, for ingress, egress, installations, replacing, repairing and maintaining all utilities, including but not limited to water, sewers, gas, telephones and electricity, and a master television antenna system, if any such system is installed. By virtue of this easement, it shall be expressly permissible for the providing electrical, gas, water and/or telephone company to erect and maintain the necessary poles and other necessary equipment on said property and to affix and maintain electrical, gas, water and/or telephone wires, circuits and conduits on, above, across and under the roofs and exterior walls of said residences. An easement is further granted to all police, fire protection, ambulance, garbage and trash collector pick-up vehicles and all similar persons to enter upon the Common Area in the performance of their duties. Further, an easement is hereby granted to the Association, its officers, agents, employees, and to any management company selected by the Association to enter in or to cross over the Common Area and any Lot to perform the duties of maintenance and repair of the residence or Common Area provided for herein. Notwithstanding anything to the contrary contained in the paragraph, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Properties except as initially programmed and approved by the Declarant or thereafter approved by Declarant or the Association's Board of Directors. Should any utility furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, Declarant or the Association shall have the right to grant such easement without conflicting with the terms hereof. The easement provided for in this Article shall in no way affect any other recorded easement on said premises.

Section 3. Use of Easements. Easements for underground utility services may be crossed by driveways and walkways provided the Declarant makes prior arrangements with the utility furnishing service.

by the Declarant or thereafter approved by Declarant or the Association's Board of Directors. Should any utility furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, Declarant or the Association shall have the right to grant such easement without conflicting with the terms hereof. The easement provided for in this Article shall in no way affect any other recorded easement on said premises.

Section 3. Use of Easements. Easements for underground utility services may be crossed by driveways and walkways provided the Declarant makes prior arrangements with the utility furnishing service. Such easements for underground services shall be kept clear of all other improvements, including buildings, patios, or other pavings, other than crossing walkways or driveways, and neither Declarant nor any utility Company using the easements shall be liable for any damage done by either of them or their assigns, their agents, employees, or servants, to shrubbery, trees, flowers, or other improvements of the Owner located on the land covered by said easements.

Section 4. Changes and Additions to Easements. The Declarant reserves the right to make minor changes and additions to the above easements, as to any Lots owned by it, for the purpose of efficiently

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and economically installing and operating above mentioned utilities.

ARTICLE XI

MORTGAGEES

Section 1. Notice to Association. An Owner who mortgages his Townhouse shall notify the Association giving the name and address of his mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Townhouses".

Section 2. Notice of Default. The Association shall notify a first mortgagee in writing, upon request of such mortgagee, of any default by the mortgagor in the performance of such mortgagor's obligations as set forth in the Declaration which is not cured within thirty (30) days.

Section 3. Taxes and Other Charges on Common Area. The Association shall immediately reimburse first mortgagees who may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area; or who may pay overdue premiums on hazard insurance policies; or who may secure new hazard insurance coverage on the lapse of a policy.

Section 4. Examination of Books. The Association shall permit first mortgagees to examine the books and records of the Association during normal business hours.

Section 5. Reserve Fund. The Association shall establish an adequate reserve fund for replacement of the Common Area property and fund the same by regular monthly payments rather than by special

Section 5. Reserve Fund. The Association shall establish an adequate reserve fund for replacement of the Common Area property and fund the same by regular monthly payments rather than by special assessments.

Section 6. Annual Audits. The Association shall furnish the first mortgagee an annual audited financial statement of the Association within ninety (90) days following the end of each fiscal year of the Association.

Section 7. Notice of Meetings. The Association shall furnish each first mortgagee upon request of such mortgagee, prior written notice of all meetings of the Association and permit the designation of a representative of such mortgagee to attend such meetings, one such request to be deemed to be a request for prior written notice of all subsequent meetings of the Association.

Section 8. Notice of Amendments to Declaration, etc. The Association shall furnish each first mortgagee prior written notice for the following: (i) abandonment or termination of 1531 MARSHALL STREET TOWNHOMES, as a planned unit development; (ii) any material amendment to the Declaration, By-Laws or Articles of Incorporation of the Association; and (iii) the termination of any professional management contract for the planned unit development.

Section 9. Leases. The Association shall require that all leases of any townhouse units must: (i) be in writing, and (ii) provide that such leases are specific, subject in all respects to the provisions of the Declaration, Articles of Incorporation and By-Laws of the Association, and that any failure by the lessee to comply with the terms and conditions of such documents shall be a default under such leases. Other than the foregoing, there shall be no restrictions on the right of any townhouse Owner to lease his unit.

Section 10. Notice of Damage or Destruction. The Association shall furnish the first mortgagees timely written notice of any substantial damage or destruction of townhouse units and of any part of the Common Area and facilities.

Section 11. Notice of Condemnation or Eminent Domain. The Association shall furnish the first mortgagees timely written notice

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any portion of a townhouse unit or of the Common Areas and facilities and of any proposed acquisition of all or any part of such properties through condemnation or eminent domain proceedings.

Section 12. Consent of Mortgagees Required.

A. Unless all of the first mortgagees of residential lots in 1531 MARSHALL STREET TOWNHOMES have given their prior written approval, the Association shall not be entitled to:

(a) by act or omission seek to abandon, partition, subdivide, alienate, release, encumber, hypothecate, sell or transfer, real estate or improvements thereon which are owned, directly or indirectly, by such Association, for the

Section 12. Consent of Mortgagees Required.

A. Unless all of the first mortgagees of residential lots in 1531 MARSHALL STREET TOWNHOMES have given their prior written approval, the Association shall not be entitled to:

(a) by act or omission seek to abandon, partition, subdivide, alienate, release, encumber, hypothecate, sell or transfer, real estate or improvements thereon which are owned, directly or indirectly, by such Association, for the benefit of the owners of residential lots in the subdivision; the granting of easements for public utilities or for other public purposes consistent with the intended use of such property by the subdivision shall not be deemed a transfer within the meaning of this clause;

(b) change the ratio of assessment or the method of determining the obligations, assessments, dues or other charges which may be levied against a residential Lot Owner.

B. Unless at least seventy-five (75) percent of the first mortgagees (based upon one vote for each first mortgage owned), or owners (other than the Declarant) of residential lots in 1531 MARSHALL STREET TOWNHOMES have given their prior written approval, the Association shall not be entitled to:

(a) by act or omission change, waiver or abandon any scheme or regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of units, the exterior maintenance of units, the maintenance of party walls or common fences and driveways, or the upkeep of lawns and plantings in the subdivision;

(b) fail to maintain fire and extended coverage on insurable Common Area property on a current replacement cost basis in an amount not less than one hundred (100) per cent of the insurable value (based on current replacement cost);

(c) use hazard insurance proceeds for losses to any Common Area property for other than the repair, replacement or reconstruction of such improvements.

Section 13. Management Agreements. Any management agreement entered into by the Association will be terminable by the Association for cause upon not more than thirty (30) days' written notice, and the term of such management agreement will not exceed the period of one (1) year, renewable by agreement of the parties to such agreement for successive one (1) year periods.

Section 14. Delegations of Owner's Use of Common Area. Regarding an Owner's delegation of his rights of enjoyment to the Common Areas and facilities as provided for in Article II, Section 2 of this Declaration, no such delegation shall work a severance of the rights of enjoyment of the Common Areas and facilities from the ownership of a Lot, and any such delegation by any Owner shall automatically terminate upon conveyance of legal title to such Lot by said Owner.

Section 15. Exemption From Right of First Refusal. When any first mortgagee comes into possession of a Townhouse pursuant to the remedies provided in the mortgage, such as foreclosure of the mortgage or deed of trust, or deed in lieu of foreclosure, such mortgagee shall be exempt from any "right of first refusal" or other restriction

might have, including, but not limited to, restrictions on the age of unit occupants and restrictions on the posting of signs pertaining to the sale or rental of Townhouse.

ARTICLE XII

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any 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.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Duration. The rights, use easements and privileges of the Owners in and to the Common Area as provided for herein shall be deemed to be covenants running with the land and shall be of perpetual duration. All other provisions, restrictions, covenants and conditions of this Declaration shall run with and bind the land, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first thirty (30) year period by an instrument signed by not less than ninety (90) percent of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five (75) percent of the Lot Owners. Any amendment must be recorded in the Deed Records of Harris County, Texas.

Section 4. Amendments by Declarant. The Declarant reserves and shall have the right at any time and from time to time, without the joinder or consent of any Owner or any other person, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record, for the purpose of correcting any typographical error, ambiguity or inconsistency appearing in this Declaration, provided that any such amendment shall be consistent with and in furtherance of the general plan and scheme of development as evidenced by this Declaration, and shall not impair the vested property rights of any townhome Owner or his mortgagee.

Section 5. Rights of Mortgagees, Trustees or Lienholders. No violations of any of these restrictions, covenants or conditions, shall affect or impair the rights of any Mortgagee, Trustee, or Lienholder under any mortgage or deed of trust, or the rights of any assignee of any Mortgagee, Trustee or Lienholder under any such mortgage or deed of trust.

IN WITNESS WHEREOF, the undersigned, has hereunto set its hand and seal this 26th day of September, A. D., 1977.

of the Lot Owners. Any amendment must be recorded in the Deed Records of Harris County, Texas.

Section 4. Amendments by Declarant. The Declarant reserves and shall have the right at any time and from time to time, without the joinder or consent of any Owner or any other person, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record, for the purpose of correcting any typographical error, ambiguity or inconsistency appearing in this Declaration, provided that any such amendment shall be consistent with and in furtherance of the general plan and scheme of development as evidenced by this Declaration, and shall not impair the vested property rights of any townhome Owner or his mortgagee.

Section 5. Rights of Mortgagees, Trustees or Lienholders. No violations of any of these restrictions, covenants or conditions, shall affect or impair the rights of any Mortgagee, Trustee, or Lienholder under any mortgage or deed of trust, or the rights of any assignee of any Mortgagee, Trustee or Lienholder under any such mortgage or deed of trust.

IN WITNESS WHEREOF, the undersigned, has hereunto set its hand and seal this 26th day of September, A. D., 1977.

ATTEST:

LAWYERS REALTY COMPANY, INC.

s/ Lawrence B. Chapman
Secretary

By: s/ Kenneth D. Chapman
President

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned, a Notary Public in and for
said County and State, on this day personally appeared _____
Kenneth D. Chapman, President, known to me to be the person
and officer whose name is subscribed to the foregoing instrument
and acknowledged to me that the same was the act of the said LAWYERS
REALTY COMPANY, INC. a Texas corporation, and that he executed the
same as the act of such corporation for the purposes and consideration
therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 26th day of
September, A. D., 1977.

§ Kenneth M. Schick
Notary Public in and for
Harris County, T E X A S

BY-LAWS

OF

1531 MARSHALL STREET TOWNHOMES ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is THE 1531 MARSHALL STREET TOWNHOMES ASSOCIATION, INC., hereinafter referred to as the "Association."

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to THE 1531 MARSHALL STREET TOWNHOMES ASSOCIATION, INC., a Texas Non-Profit Corporation, its successors and assigns.

Section 2. The "Property" or "Properties" shall mean and refer to that certain real property described in the Declaration (as hereinafter defined), and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned or maintained by the Association for the common use and enjoyment of the Owners, as more specifically described in the Declaration.

Section 4. "Lot" shall mean and refer to each of the individual tracts of land or resubdivision of same, into which the Property (including any added or annexed property), excepting the Common Area, has been divided for the location of townhouses thereon for individual use and ownership.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Property (including contract sellers), but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declaration" shall mean and refer to that certain Declaration of Covenants, Conditions, and Restrictions made by Declarant therein, dated September 26, 1977, applicable to the Properties, and recorded under Microfilm Code No. 176-13-0516 in the Office of the County Clerk of Harris County, Texas.

Section 7. "Member" shall mean and refer to those persons or entities entitled to Membership as provided in the Declaration, being every Owner of a Lot.

ARTICLE III

MEMBERS AND ORGANIZATION

Section 1. Members and Voting Rights. Every person or entity, who is the fee owner (in whole or in part) of a Lot within the Properties, shall automatically be a Member of this Association and be subject to these By-Laws. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Such Membership shall terminate, without any formal Association action, whenever such person or entity ceases to be the fee owner of a Lot, but such termination shall not relieve or release any such former owner from any liability or obligation incurred under, or in any way connected with, the Association during the period of such ownership and Membership in this Association, or impair any rights or remedies which the Association or its Members may have against such former owner and Member arising out of or in any way connected with such ownership and Membership and the covenants and obligations incident thereto. Membership in the Association is not transferable, except in connection with the conveyance of the Lot to which said Membership is appurtenant. The Membership appurtenant to the ownership of a Lot may be shared among more than one person or entity, and any person or entity who has an ownership interest in a Lot may attend and be heard at any meeting of the Membership. However, for the purpose of voting on matters properly submitted to a decision of the Members, all such persons or entities shall be considered as only one Member, and on all matters submitted to a vote of the Members, voting shall be by Lots, not by individual owners: the fee owners of each Lot shall jointly be entitled to one vote for said Lot. If a Lot is owned by more than one person or entity, the owners of such Lot must decide among themselves how the vote for that Lot shall be cast: the owners thereof may, by majority vote, appoint a "voting member" who shall be authorized to cast the vote for that lot or to consent to action on behalf of all of the owners of that lot, and notice of such appointment shall be given in writing to the Secretary of the Association; in the absence of such a notice, and in the absence of written notice or proxy to the contrary, it shall be conclusively presumed that the owner present at any meeting of the Members, executing a proxy on behalf of the Lot, or executing any consent for action without a meeting of the Members, is authorized by all other owners of the Lot to cast the vote or execute the proxy or consent on behalf of that Lot and the Membership appurtenant thereto. Cumulative voting is prohibited. Any person or entity owning an interest in more than one Lot shall be entitled to multiple Memberships and to cast or to participate in the casting of more than one vote. As used in these By-Laws, the term "majority of Lot owners" or "majority of the Members" shall mean the owners representing fifty-one percent (51%) or more of the Lots in the subdivision.

Section 2. Annual Meetings. The annual meeting of the Members shall be held on the _____ of February in each year, at the hour of 7:30 o'clock p.m. Each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:30 o'clock p.m., for the purpose of electing Directors and for the transaction of any and all such other business which may be brought before or submitted to the meeting. If the day of

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.

Section 3. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or shall be called by the President upon a written request of the Members who are entitled to vote three-sevenths (3/7) of all votes of the Members.

Section 4. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, in the manner set forth in Article XIII, at least 10 but not more than 50 days before such meeting to each Member entitled to vote, cast the vote, or participate in the casting of the vote, of any Lot at such meeting, addressed to the Member's address last appearing on the books for the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of such meeting.

Section 5. Quorum. The presence at the meeting of Members, in person or by proxy, of a majority of the Members representing a majority of the Lots shall constitute a quorum for any action except as otherwise provided in the Certificate of Formation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at the meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. Once a quorum is present at a meeting of the Members, the Members represented in person or by proxy at the meeting may conduct such business as may be properly brought before the meeting until it is adjourned, and the subsequent withdrawal from the meeting of any Member or the refusal of any Member represented in person or by proxy to vote shall not affect the presence of a quorum at the meeting. The Members represented in person or by proxy at a properly called and properly noticed meeting of Members at which a quorum is not present may adjourn the meeting until such time and to such place as may be determined by a vote of the majority of the Members represented in person or by proxy at that meeting.

Section 6. Proxies. At all meetings of Members, votes may be cast in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically terminate upon conveyance by the Member of his ownership interest in a Lot.

Section 7. Organization. The President of the Association and, in the event of his absence, a Vice President of the Association, shall call meetings of the Members to order and shall act as Chairman of such meetings. In the absence of the President and the Vice President of the Association, the Members present may appoint a chairman. The Secretary of the Association or in his absence, and Assistant Secretary, shall act as Secretary of all meetings of the Members, but in the absence of the Secretary and an Assistant Secretary, the presiding officer may appoint any person to act as Secretary of the meeting.

Section 8. Fundamental Action. Any proposal to sell all or substantially all of the assets of the Association or a proposed plan of merger of the Association with another entity may not be voted-upon at any meeting of the Members unless a written notice stating that such matters will be considered at the meeting is delivered to the Members at least 10 days and not more than 50 days prior to the date of the meeting. Notice of any meeting to vote upon a plan of merger must contain a copy of the plan or a summary thereof. A majority of the Lot owners present (in person or by proxy) at the meeting must approve any contemplated sale or plan of merger.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) directors, who need not be Members of the Association. The number of directors may be changed by amendment of the By-Laws of the Association. The Members of the initial board of directors, or their successors, shall serve until the annual meeting of Members in February _____. All action not previously approved, to be taken by the Directors, shall require a majority vote for approval.

Section 2. Term of Office. At the first annual meeting in _____, the Members shall elect one director for a term of one year, one director for a term of two years, and one director for a term of three years; and at each annual meeting thereafter the Members shall elect one director for a term of three years.

Section 3. Removal or Vacancy. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association at a meeting duly called for that purpose. In the event of death, resignation, or removal of a director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor. Any vacancy occurring in the Board of Directors shall be filled by vote of a majority of the directors then in office. In the event of any increase in the number of directors, the additional directors shall be elected by the majority vote of the Members of the Association present in person or by proxy, at any annual meeting or special meeting of the Members.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made from the floor at the annual meeting of Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, by Lot, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Annual Meeting. As soon as possible after each annual meeting of the Members, the Board of Directors shall hold its annual meeting at the same place as the Annual Meeting of the Members, provided a majority of the whole Board shall be present. In the event the Board of Directors fails to meet at the designated time, any Director may make demand that such meeting be held within a reasonable time, such demand to be made in writing by certified mail directed to any officer of the Association. If the annual meeting of the Board of Directors is not called within sixty (60) days following such demand, any Director may compel the holding of such annual meeting by legal action directed against the other Directors.

Section 2. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by a majority of the Board.

Section 3. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days' notice to each director. At any meeting at which every director shall be present, even though without any notice, any business may be transacted.

Section 4. Quorum. A majority of the number of directors then in office present in person or by proxy shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present in person or by proxy at a duly held meeting at which a quorum is present shall be regarded as the act of the Board, except as otherwise provided by law, the Association's Certificate of Formation, or by these By-Laws.

Section 5. Order of Business. At meetings of the Board of Directors, business shall be transacted in such order as from time to time the Board of Directors may determine. At all meetings of the Board of Directors, the President shall preside, and in the absence of the President, a Chairman shall be chosen from the directors present. The Secretary of the Association shall act as Secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the presiding officer may appoint any person to act as Secretary of the meeting.

Section 6. Services. No director or officer of the Association shall be required to devote his time or render services exclusively to the Association. Each director and officer of the Association shall be free to engage in any and all other business and activities either similar or

dissimilar to the business of the Association without liability to the Association. Likewise, each and every director and officer of the Association shall be entirely free to act for and serve any other corporation or corporations, entity or entities, in any capacity or capacities and become a trustee or officer of any other corporation or corporations, entity or entities, whether or not the purposes, business, and activities thereof be similar or dissimilar to the purposes, business, or activities of the Association, without breach of duty to the Association or its Members and without liability of any character or description to the Association or its Members. No contract or other transaction of the Association shall ever be affected by the fact that any director or officer of the Association is interested in, or connected with any party to such transaction, provided that such contract or transaction shall be approved by a majority of the directors present at a meeting of the Board of Directors at which such contract or transaction shall be authorized or confirmed.

Section 7. Action Without Meeting. Any action otherwise required to be taken at a meeting of the Board of Directors may be taken without a meeting, a notice of meeting, or the taking a vote of the Directors, if a written consent, stating the action to be taken, is signed by the number of Directors that would be necessary to take the action at a meeting at which all of the Directors are present and voting. The consent must state the date of each Director's signature.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

- (a) adopt and publish Rules and Regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights and right to use of any facilities owned or operated by the Association by a Member during any period in which the Member shall be in default in the payment of any assessment levied by the Association, for a period not to exceed 60 days for infractions of published Rules and Regulations;
- (c) exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the Membership by other provisions of these By-Laws, the Certificate of Formation, or the Declaration;
- (d) declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (e) employ a manager, independent contractors, or such other employees as they deem necessary, and to prescribe their duties; and

(f) do or take any action necessary for the administration of the affairs of the Association.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete records of all of its acts and corporate affairs and keep and maintain full and accurate books and records showing all of the receipts, expenses, or disbursements of the Association and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting at which such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;

(b) to administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations, and all other provisions set forth in the Declaration, and in that regard to seek injunction or damages against an owner;

(c) supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;

(d) as more fully provided in the Declaration, to:

(1) fix, determine, levy, and collect the amount of the assessments against each Lot at least thirty (30) days in advance of each annual assessment period; and

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period, and;

(3) collect any delinquent assessments, fines, late fees, interest, and associated attorney's fees by the filing of liens, non-judicial foreclosure, the filing of suit or otherwise.

(e) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid and the current amount of any assessments. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(f) procure and maintain adequate liability and hazard insurance on property owned by the Association; and otherwise in accordance with the provisions of the Declaration.

(g) cause all officers or employees having fiscal responsibilities to be bonded, as

it may deem appropriate;

(h) cause the Common Area to be maintained and to be served with the proper utilities;

(i) cause the exterior of the dwellings to be maintained in the event the Owner does not perform his responsibilities, as set forth in the Declaration;

(j) contract for water and sewer disposal and any other utilities which are used or consumed by all of the Owners but not separately metered to the Owners, and collect from the Owners their pro-rata share thereof, as provided in the Declaration; and

(k) administer and enforce the covenants, conditions, restrictions, uses, limitations, and all other provisions of the Declaration.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be Members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of who shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president, or secretary. Such resignation shall take effect on the date of 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.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board at any regular or special meeting of the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The office of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Members and Board of Directors; shall see that orders and resolutions of the Board are carried out; and when authorized by the Board, shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign all checks and promissory notes.

Vice President

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The secretary shall attend all meetings of the Members and Board of Directors, and record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; except as otherwise proved in these By-Laws, service notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep full and accurate accounts of all receipts and disbursements in books of accounts belonging to the Association; cause an annual audit of the Association to be made by a public accountant at the completion of each fiscal year, unless this duty is waived by resolution of the Board of Directors; and shall prepare an annual budget and a statement of income and expenditure to be present to the Membership at its regular annual meeting, and deliver a copy of each to the Members.

Section 9. Good-Faith Reliance. In the discharge of a duty imposed or power conferred on an officer of the Association, the officer may in good faith and with ordinary care rely on

information, opinions, reports, or statements, including financial statements and other financial data, concerning the Association or another person, that were prepared or presented by: (1) one or more officers or employees of the Association, including Members of the Board of Directors; or (2) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence. An officer is not relying in good faith within the meaning of this section if the officer has knowledge concerning the matter in question that makes reliance otherwise permitted by this subsection unwarranted.

ARTICLE IX

COMMITTEES

The Board of Directors shall appoint an Architectural Control Committee as proved in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

Section 1. Association Records. The Association shall keep correct and complete books and records of account and shall keep minutes of the proceedings of the Members and Board of Directors and shall keep at the registered office or principal office in this State a record of the names and addresses of its Members entitled to vote. A Member or Director of the Association, on written demand stating the purpose of the demand, has the right to examine and copy, in person or by agent, accountant, or attorney, at any reasonable time, for any proper purpose, the books and records of the Association relevant to that purpose, at the expense of the Member.

Section 2. Financial Records and Annual Reports. The Association shall maintain current true and accurate financial records with full and correct entries made with respect to all financial transactions of the Association, including all income and expenditures, in accordance with generally accepted accounting practices. All records, books, and annual reports (if required by law) of the financial activity of the Association shall be kept at the registered office or principal office of the Association in this State for at least three years after the closing of each fiscal year and shall be available to the public for inspection and copying there during normal business hours. The Association may charge for the reasonable expense of preparing a copy of a record or report.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property

against which the assessment is made. Any assessment or monthly installment thereof which is not paid when due shall be delinquent. A late charge or a returned check charge in an amount set by the Board of Directors may be assessed on any assessment or any monthly installment of any assessment if payment thereof is not received by the 15th day of the month in which the assessment or installment is due. If the assessment or monthly installment is not paid within thirty (30) days after the due date, the assessment or monthly installment thereof shall bear interest from the due date at the rate of ten (10) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lit.

ARTICLE XII

INDEMNIFICATION OF DIRECTORS, OFFICERS, AND AGENTS

Section 1. As required by Section 8.051 of the Texas Business Organizations Code, the Association shall indemnify present or future Directors against reasonable expenses actually incurred in connection with a proceeding in which the Director is a respondent because of the Director's status as a Director, if the Director is wholly successful, on the merits or otherwise, in the defense of the proceeding. The Association may, by a majority vote of the Board of Directors, indemnify a present or former director in the manner, to the extent, and under the circumstances set forth in Sections 8.101, 8.102, and 8.103 of the said Code, and may pay or reimburse expenses incurred by current Directors in the manner and under the circumstances set forth in Section 8.104 of the said Code. The Association may, by a majority vote of the Board of Directors, indemnify and advance expenses to an officer, employee, or agent of the Association in the manner, to the extent, and under the circumstances set forth in Section 8.105 of the said Code. The Association shall report in writing to the Members any indemnification or advance of expense to a Director with or before notice of the next meeting of Members or before the next submission to the Members of a request for consent to action without meeting, and, in any event, shall do so not later than one year after the indemnification or advance. The Association shall have the full power to indemnify and advance expenses pursuant to the provisions of the Texas Business Organizations Code to any person entitled to indemnification under the provisions of the Texas Business Organizations Code.

Section 2. All liability, loss, damage, costs and expenses incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses; provided, however, that nothing in this Article XII shall be deemed to obligate the Association to indemnify any Member, who is or has been a Director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declarations as a Member of the Association or owner of a Lot covered thereby.

Section 3. The Association may purchase and maintain insurance or another arrangement

on behalf of any person who is or was a Member, Director, officer, employee, or agent of the Association against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his or her status as such a person, whether or not the Association would have the power to indemnify him or her against that liability. If the insurance or other arrangement is with a person or entity that is not regularly engaged in the business of providing insurance coverage, the insurance or arrangement may provide for payment of a liability with respect to which the Association would not have the power to indemnify the person only if including coverage for the additional liability has been approved by the Members of the Association. Without limiting the power of the Association to procure or maintain any kind of insurance or other arrangement, the Association may, for the benefit of persons indemnified by the Association, (1) create a trust fund; (2) establish any form of self-insurance; (3) secure its indemnity obligation by grant of a security interest or other lien on the assets of the Association; or (4) establish a letter of credit, guaranty, or surety arrangement. The insurance or other arrangement may be procured, maintained, or established within the Association or with any insurer or other person deemed appropriate by the Board of Directors regardless of whether all or part of the stock or other securities of the insurer or other person are owned in whole or part by the Association. In the absence of fraud, the judgment of the Board of Directors as to the terms and conditions of the insurance or other arrangement and the identity of the insurer or other person participating in an arrangement shall be conclusive and the insurance or arrangement shall not be voidable and shall not subject the Directors approving the insurance or arrangement to liability, on any ground, regardless of whether Directors participating in the approval are beneficiaries of the insurance or arrangement.

ARTICLE XIII

NOTICES

Any written notice to a Member or Director required to be given under these By-Laws may be given by and in any of the following manners: by personal delivery to the person entitled to notice; by mail, postage prepaid, to the person's address as shown on the Association's records; or by facsimile or electronic message to the facsimile or e-mail address shown on the Association's records. If a meeting for which notice is given is not held solely by means of telephone conferences or other electronic communications system, the notice shall state the date, time, and location of the meeting; if the meeting is held solely or in part by means using a conference telephone or electronic communication system, the form of the communication system, means of accessing the system, date, and time of the meeting shall be specified in the notice. If mailed, notice shall be deemed delivered when deposited in the U. S. Mail, postage prepaid, and addressed to the Member or Director at the address for same shown in the records of the Association. Waiver of notice in writing signed by the person or persons entitled to such notice, whether before or after the time stated herein, shall be equivalent to the giving of such notice. The business to be transacted at a meeting need not be specified in the written waiver except when otherwise required by these By-Laws.

ARTICLE IV

ACTION WITHOUT MEETING

Section 1. Actions by Members Without a Meeting. Any action required or permitted by the Texas Business Organizations Code to be taken at a meeting of the Members may be taken without a meeting, notice of meeting, or the taking of a vote of the Members, if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of Members as would be necessary to take that action at a meeting at which all Members entitled to vote were present and voted. Each written consent shall bear the date of signature of each Member who signs the consent. A written consent signed by less than all of the Members is not effective to take the action that is the subject of the consent unless, within sixty (60) days after the date of the earliest dated consent delivered to the Association in the manner required by this section, a consent or consents signed by the required number of Members is delivered to the Association at its registered office, addressed to the President or principal executive officer of the Association. Prompt notice of the taking of any action by Members without a meeting by less than unanimous written consent shall be given to all Members who did not consent in writing to the action.

If any action by Members is taken by written consent signed by less than all of the Members, any articles or documents filed with the Secretary of State as a result of the taking of the action shall state, in lieu of any statement required by this Act concerning any vote of the Members, that written consent has been given in accordance with the provisions of Section 6.202 of the Texas Business Organizations Code and that any written notice required by such Section has been given.

A telegram, telex, cablegram, or similar transmission by a Member or a photographic, photostatic, facsimile, or similar reproduction of a writing signed by a Member shall be regarded as signed by the Member for purposes of this Section.

ARTICLE XV

USE OF COMMUNICATION TECHNOLOGY

Section 1. Meetings by Telephone Conference, Electronic or Other Remote Communications Technology. Subject to the provisions required or permitted by the Texas Business Organizations Code and these By-Laws for notice of meetings, Members of the Association, Members of the Board of Directors, or Members of any committee may participate in and hold a meeting of such Members, board, or committee by means of: (1) conference telephone or similar communications equipment by which all persons participating in the meeting can communicate with each other; or (2) another suitable electronic communications system, including videoconferencing technology or the Internet, only if: (a) each Member entitled to participate in the meeting consents to the meeting being held by means of that system; and (b) the system provides access to the meeting in a manner or using a method by which each Member participating in the meeting can communicate concurrently with each other participant. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting

is not lawfully called or convened.

ARTICLE XVI

AMENDMENTS

These By-Laws may be amended or altered or new By-Laws adopted by a majority vote of the Board of Directors, or by a vote of the Members holding a majority of the Membership votes of this Association.

ARTICLE XVII

INVALIDITY; SEVERABILITY

If any one or more of the provisions of these By-Laws, or the applicability of any such provision to a specific situation, shall be held invalid or unenforceable, such provision shall be modified to the minimum extent necessary to make it or its application valid and enforceable, and the validity and enforceability of all other provisions of these By-Laws and all other applications of any such provision shall not be affected thereby.

ARTICLE XVIII

NON-PROFIT ASSOCIATION

This Association is not organized for profit. No Association Member, Member of the Board of Directors, or persons from whom the Association may receive any property or funds, shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, distributed to, or inure to the benefit of any Member of the Association or any Member of the Board of Directors; provided, however, (1) that reasonable compensation may be paid to any Member while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any officer or any Member of the Board of Directors may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE XIX

FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of the incorporation.

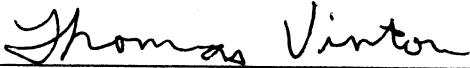
Thomas Vinton

ARTICLE XX

PRONOUNS AND HEADINGS

All personal pronouns used in these By-Laws shall include the other gender whether used in masculine or feminine or neuter gender, and the singular shall include the plural whenever and as often as may be appropriate. All headings herein are for convenience only and neither limit nor amplify the provisions of these By-Laws.


IN WITNESS WHEREOF, we, being all of the Initial Directors of THE 1531 MARSHALL STREET TOWNHOMES ASSOCIATION, INC., have hereunto set our hands the 16 day of May, 2009.



THOMAS VINTON



DONALD **D.** DAHN



ERIC O U N

BY-LAWS
OF
1531 MARSHALL STREET TOWNHOMES ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is 1531 MARSHALL STREET TOWNHOMES ASSOCIATION INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 6430 Richmond, Suite 360, Houston, Texas, but meetings of members and directors may be held at such places within the State of Texas, County of Harris, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to 1531 MARSHALL STREET TOWNHOMES ASSOCIATION, INC., a Texas Non-Profit Corporation, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, which real property is described in Exhibit "A" hereto, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" or "Building Plot" shall mean and refer to each of the individual tracts of land or resubdivision of same, into which the Property (including any added or annexed property), excepting the Common Area, has been or shall be divided for the location of townhouses thereon for individual use and ownership.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to LAWYERS REALTY COMPANY, INC., a Texas corporation, its successors and assigns if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to that certain Declaration of Covenants, Conditions and Restrictions made by Declarant dated September 26, 1977, applicable to the Properties recorded in the Office of the County Clerk of Harris County, Texas.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration, being Declarant and every Owner of a Lot which is subject to assessment.

ARTICLE III

MEMBERS AND ORGANIZATION

Section 1. Members and Voting Rights. There shall be two

classes of membership in this Association as provided in the Declaration.

Class A. Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to seven (7) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A members equals the total votes outstanding in the Class B members, or
- (b) on the tenth anniversary date of this Declaration.

Section 2. Annual Meetings. The first annual meeting of the members shall be held on the 1st day of February in each year, beginning with the year 1978, at the hour of 7:30 o'clock, P.M., and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:30 o'clock, P.M., for the purpose of electing Directors and for the transaction of any and all such other business which may be brought before or submitted to the meeting. If the day of 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.

Section 3. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote three-sevenths (3/7) of all the votes of the Class A membership.

Section 4. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 10 but not more than 50 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

Section 5. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, a majority of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 6. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

Section 7. Organization. The President of the Association and in the event of his absence, a Vice President of the Association, shall call meetings of the members to order and shall act as Chairman of such meetings. In the absence of the President and the Vice President of the Association, the members present may appoint a chairman. The Secretary of the Association or in his absence, an Assistant Secretary, shall act as Secretary of all meetings of the members, but in the absence of the Secretary and an Assistant Secretary, the presiding officer may appoint any person to act as Secretary of the meeting.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) directors, who need not be members of the Association. The number of directors may be changed by amendment of the By-Laws of the Association. The members of the initial board of directors, or their successors, shall serve until February 1, 1978. All action not previously approved, to be taken by the Directors, shall require a majority vote for approval.

Section 2. Term of Office. At the first annual meeting the members shall elect one director for a term of one year, one director for a term of two years and one director for a term of three years; and at each annual meeting thereafter the members shall elect one director for a term of three years.

Section 3. Removal or Vacancy. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor. Any vacancy occurring in the Board of Directors shall be filled by vote of a majority of the directors then in office. In the event of any increase in the number of directors, the additional directors shall be elected by the majority vote of the members of the Association present in person or by proxy, at any annual or special meeting of the members.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made from the floor at the annual meeting.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board

of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days' notice to each director. At any meeting at which every director shall be present, even though without any notice, any business may be transacted.

Section 3. Quorum. A majority of the number of directors then in office shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board, except as otherwise provided by law, the charter of the Association, or by these By-Laws.

Section 4. Order of Business. At meetings of the Board of Directors, business shall be transacted in such order as from time to time the Board of Directors may determine. At all meetings of the Board of Directors, the President shall preside, and in the absence of the President, a Chairman shall be chosen from the directors present. The Secretary of the Association shall act as Secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the presiding officer may appoint any person to act as Secretary of the meeting.

Section 5. Services. No director or officer of the Association shall be required to devote his time or render services exclusively to the Association. Each director and officer of the Association shall be free to engage in any and all other business and activities either similar or dissimilar to the business of the Association without liability to the Association. Likewise, each and every director and officer of the Association shall be entirely free to act for and serve any other corporation or corporations, entity or entities, in any capacity or capacities and become a trustee or officer of any other corporation or corporations, entity or entities, whether or not the purposes, business and activities thereof be similar or dissimilar to the purposes, business or activities of the Association, without breach of duty to the Association or its members and without liability of any character or description to the Association or its members. No contract or other transaction of the Association shall ever be affected by the fact that any director or officer of the Association is interested in, or connected with any party to such contract or transaction, or is a party to such contract or transaction, provided that such contract or transaction shall be approved by a majority of the directors present at a meeting of the Board of Directors at which such contract or transaction shall be authorized or confirmed.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish the initial Rules and Regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof, but any amendments to the Initial Rules and Regulations, and any additional Rules and Regulations, may be made only by a majority vote of the Members at a meeting of Members duly called and held in the manner provided for in the By-Laws of the Association;

(b) suspend the voting rights and right to use of any facilities owned or operated by the Association by a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published Rules and Regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ a manager, independent contractors, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting which such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period; and

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period, and;

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same;

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association; and otherwise in accordance with the provisions of the Declaration.

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area to be maintained and to be served with the proper utilities; and

(h) cause the exterior of the dwellings to be maintained in the event the Owner does not perform his responsibilities, as set forth in the Declaration; and

(i) contract for water and sewer disposal and any other utilities which are used or consumed by all of the Owners but not separately metered to the Owners, and collect from the Owners their pro-rata share thereof, as provided in the Declaration.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or secretary. Such resignation shall take effect on the date of 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.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes, except as may be otherwise approved by the Board of Directors.

Vice President

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditure to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural Control Committee, as proved in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

RECORDS

The books, records and papers of the Association shall at all times, during reasonable hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten (10) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: 1531 MARSHALL STREET TOWNHOMES ASSOCIATION, INC.

ARTICLE XIII

AMENDMENTS

The By-Laws of this Association are hereby adopted by the initial Board of Directors and until February 1, 1978, shall be amended or altered by a majority of the members of the initial Board of Directors, or their successors, and thereafter by a vote of the members holding a majority of the membership votes of this Association.

ARTICLE XIV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.


IN WITNESS WHEREOF, we, being all of the Directors of 1531 MARSHALL STREET TOWNHOMES ASSOCIATION, INC., have hereunto set our hands the 27th day of September, A. D., 1977.



KENNETH D. CHAPMAN



LAWRENCE B. CHAPMAN



A. R. RACHAL

1531 MARSHALL STREET TOWNHOMES

INITIAL RULES AND REGULATIONS

The following Rules and Regulations are established in order to provide for the continuing pleasure, comfort and security of all members ("Members") of the 1531 MARSHALL STREET TOWNHOMES ASSOCIATION, INC. (the "Association") and their guests.

1. NOTICES:

All complaints and requests shall be made only to an officer of the Association who will in turn notify the appropriate parties. Members shall also give immediate notice to an officer of the Association of any damage, accident or injury to the exterior or roof of the buildings.

2. ALCOHOLIC BEVERAGES:

Under no circumstances whatsoever shall alcoholic beverages be dispensed for sale anywhere within the project.

3. ALTERATIONS:

Members shall not make any alterations to or change in the external structure of any unit without first obtaining written permission from the Association or the Architectural Control Committee.

4. NOISE:

No Member shall make or permit to be made any disturbing noises in his townhouse or the Common Area by himself, his family or his guests; nor do or permit anything to be done by any such person that will interfere with the rights, comforts and conveniences of other Members.

5. COMMON AREAS:

The Common Area shall not be obstructed or used for any purpose other than ingress and egress from the townhouses, or for the appropriate parking or other use designated, and in that connection, there will be no riding of two-wheel bicycles or skateboards on Common Area sidewalks.

6. SWEEPING:

No Member shall sweep or throw or permit to be swept or thrown from any townhouse, including any doorways and patios, any dirt or other substances into any part of the Common Areas or on or upon the townhouse or patio of any other Member.

7. PETS:

All dogs shall be leashed; all dogs will be walked off the premises. All pets should be controlled so that they will not interfere with the Members' use and enjoyment of the Common Areas.

8. WINDOWS:

Cleaning and maintenance of windows and glass doors in each townhouse is the Members' obligation.

9. AUCTION:

No auction sales of any nature are permitted anywhere in the project.

10. AMENDMENTS:

These Rules and Regulations may be changed or modified only by a majority vote of the Members at a meeting of Members duly called and held in the manner provided for in the By-Laws of the Association.



Office of the Secretary of State

CERTIFICATE OF FILING OF

THE 1531 MARSHALL STREET TOWNHOMES ASSOCIATION, INC.
File Number: 801100644

The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Nonprofit Corporation has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 03/19/2009

Effective: 03/19/2009



A handwritten signature in black ink, appearing to read "Hope Andrade".

Hope Andrade
Secretary of State

CERTIFICATE OF FORMATION

MAR 19 2009

OF

Corporations Section

THE 1531 MARSHALL STREET TOWNHOMES ASSOCIATION, INC.

(A NONPROFIT CORPORATION)

ARTICLE I:

ENTITY NAME AND TYPE

The filing entity being formed by this Certificate is a nonprofit corporation. The name of the entity is **THE 1531 MARSHALL STREET TOWNHOMES ASSOCIATION, INC.** (hereinafter called simply the "Association").

ARTICLE II:

REGISTERED AGENT AND REGISTERED OFFICE

The initial registered agent is an individual resident of the State of Texas whose name is: **DONALD L. DAHN.**

The address of the initial registered office is: 4406 Benning Drive, Houston, Texas 77035-6004.

ARTICLE III:

MANAGEMENT

Management of the affairs of the Association shall be vested in its Board of Directors. The number of initial directors is three. The number of directors shall never be less than three, and shall be set by the Bylaws of the Association as they may be amended from time to time. The names and addresses of the persons who are to serve as Directors until the first Annual Meeting of members or until their successors are elected and qualified are as follows:

Name: Eric O U N
Address: 1531 Marshall Street, #3
Houston, TX 77006

Name: Thomas Vinton
Address: 1531 Marshall Street, #1
Houston, TX 77006

Name: Donald L. Dahn
Address: 4406 Benning Drive
Houston, Texas 77035-6004

Except for the foregoing initial directors, the directors of the Association shall be elected or appointed as provided in the Association's Bylaws. Any action otherwise required to be taken at a meeting of the Board of Directors may be taken without a meeting, a notice of meeting, or the taking a vote of the Directors, if a written consent, stating the action to be taken, is signed by the number of Directors that would be necessary to take the action at a meeting at which all of the Directors are present and voting. The consent must state the date of each Director's signature.

ARTICLE IV:

PURPOSES

The specific primary purposes for which the Association is formed are:

- a) to perform all of the duties and responsibilities and to exercise all of the rights and powers of the owners' association established under the "Community Declaration of Covenants, Conditions, and Restrictions," for "The 1531 Marshall Street Townhomes" (the "Declaration") recorded under Microfilm Code No. 176-13-0516 in the Official Public Records of Real Property of Harris County, Texas, and to do and perform the other purposes set forth hereinafter in connection with said Declaration;
- b) to replace and succeed to all of the rights, duties, powers, obligations, and

responsibilities of the unincorporated Association heretofore known as “The 1531 Marshall Street Townhome Association,” which has functioned as successor to “The 1531 Marshall Street Townhome Association, Inc.” originally incorporated in 1977 in connection with the aforesaid Declaration;

c) subject to the provisions of the Declaration, to provide for the management, maintenance, care, preservation, and architectural control of the individual residences, lots, and common area within the subdivision known as “The 1531 Marshall Street Townhomes” in the City of Houston, Harris County, Texas, which is described by metes and bounds on Exhibit “A” attached to the aforesaid Declaration; and

d) to promote the health, safety, and welfare of the residents within the above-described subdivision and such other property as may hereafter be annexed thereto and brought within the jurisdiction of the Association for such purpose.

ARTICLE V:

POWERS

In furtherance of its purposes, the Association shall have all powers granted to the Association by the Declaration, the powers granted to a “property owners association” by Section 204.010 of the Texas Property Code, and the powers granted to a non-profit corporation by the Texas Non-Profit Corporation Law; and, without limitation on the powers thereunder granted, shall have the following powers:

a) to perform all of the duties and obligations of the Association as set forth in the Declaration;

b) to adopt and amend By-Laws;

c) to adopt and amend budgets for revenue, expenditures, and reserves;

d) to affix, levy, and collect all charges and assessments from the members pursuant to the terms of the Declaration, and enforce payment thereof by any lawful means; and pay all expenses in connection therewith;

e) to pay all office and other expenses incident to the conduct of business of the Association, including all licenses, taxes, or governmental charges levied or imposed on the property of the Association;

f) to hire and terminate managing agents and other employees, agents, and independent contractors;

g) to acquire (by gift, purchase, or otherwise), own, hold, improve, use, build upon, operate, maintain, convey, sell, lease, transfer, dedicate to public use, or otherwise dispose of personal property in connection with the affairs of the Association;

h) to make contracts and to incur debt and liability relating to the operation of the subdivision and the Association, and, subject to the consent by vote or written instrument of two-thirds of the voting members, mortgage, pledge, convey by deed of trust, or hypothecate any or all of its personal property as security for debts incurred;

i) to institute, defend, intervene in, settle, or compromise litigation or administrative proceeding or matters affecting the subdivision;

j) to regulate the use, maintenance, repair, replacement, modification, and appearance of the subdivision;

k) to make additional improvements to be included as a part of the common area;

- l) to grant easements, leases, licenses, and concessions through or over the common area;
- m) to impose and receive payments, fees, or charges for the use, rental, or operation of the common area and for services provided to property owners;
- n) to impose interest, late charges, and, if applicable, returned check charges for late payments of regular assessments or special assessments;
- o) if notice and an opportunity to be heard are given, to collect reimbursement of actual attorney's fees and other reasonable costs incurred by the property owners' association relating to violations of the subdivision's Declaration or the Association's bylaws and rules;
- p) to charge costs to an owner's assessment account and collect the costs in any manner provided in the Declaration or bylaws for the collection of assessments;
- q) to adopt and amend rules regulating the collection of delinquent assessments and the application of payments;
- r) to impose reasonable charges for preparing, recording, or copying amendments to the restrictions, resale certificates, or statements of unpaid assessments;
- s) to purchase insurance as required or permitted by the Declaration and fidelity bonds, including directors' and officers' liability insurance, that the Association's Board of Directors considers appropriate or necessary;
- t) if the restrictions allow for an annual increase in the maximum regular assessment without a vote of the membership, to assess the increase annually or accumulate and assess the increase after a number of years;
- u) subject to the requirements of the Texas Non-Profit Corporation Act and by majority vote of its board of directors, to indemnify a director, officer, agent, or employee of the Association

who was, is, or may be made a named defendant or respondent in a proceeding because the person is or was a director, officer, agent, or employee of the Association;

v) to implement written architectural control guidelines for its own use or record the guidelines in the real property records of the Harris County and modify the guidelines as the needs of the subdivision change;

w) to dedicate, sell, or transfer all or any part of the common areas owned by the Association, if any, to any municipality, public agency, authority, or utility for such purposes and subject to such conditions as may be approved by the members. No such dedication or transfer shall be effective unless approved by two-thirds of the members of the Association at a meeting called to consider same;

x) to participate in mergers and consolidations with other non-profit corporations organized for the same or similar purposes and to annex additional residential property and common areas, provided that any merger, consolidation, or annexation shall have the consent by vote or written instrument of two-thirds of the members;

y) to exercise other powers conferred by the Declarations, this Certificate of Formation, or the By-Laws;

z) to exercise other powers that may be exercised in this state by a corporation of the same type as the property owners' association; and

aa) to exercise other powers necessary and proper for the governance and operation of the Association.

The Association is organized and shall be operated exclusively for the aforementioned purposes. The activities of the Association shall be financed by assessments on members as

provided in the Declaration, and no part of the Association's net earnings shall inure to the benefit of any member.

ARTICLE VI:

MEMBERS; ACTION BY MEMBERS

The Association shall have members. Every person or entity who is or shall become a fee owner of a lot which is subject to the Declaration shall automatically be a member of this Association. Membership shall be appurtenant to and may not be separated from ownership of a lot. Except as otherwise provided in this Certificate or the Declaration, membership shall cease whenever any such person or entity ceases to be the fee owner of any lots for any reason. All the record owners of a lot shall be members and entitled to attend meetings of the members and to be heard upon all matters which come before the membership at such meetings. However, when more than one person or entity holds an ownership interest in any lot, the vote for such lot shall be exercised as the owners thereof determine among themselves, and only one vote may be cast with respect thereto. The By-Laws of the Association may provide for the appointment, by multiple owners of a lot, of a "voting member" who shall be authorized to cast the vote for that lot or consent to action on behalf of all of the owners of the lot.

Members shall have voting rights as set forth in the Declaration, this Certificate, and the By-Laws. Each Lot shall be entitled to one vote on all matters requiring a vote of the members. The affirmative vote of the members representing a majority of the lots present in person or by proxy and entitled to vote at a meeting at which the action is submitted for a vote shall be sufficient to approve a "fundamental action" (as defined in Section 22.164 of the Texas Non-Profit Corporation Law). The members of the Association may take any action which could be taken at a meeting of the

Members, without a meeting of the Members, the providing of notice of a meeting, or the taking a vote of the Members by means of written consent to such action by the Members representing at least the minimum number of votes that would be necessary, to take the action that is the subject of the consent, at a meeting at which each Member entitled to vote were present and voted. The written consent must state the action to be taken and must be signed by the consenting Members. The Association shall promptly notify each Member who did not sign the consent of the action taken that is the subject of the consent.

ARTICLE VII:

NON-PROFIT STATUS

No part of the Association's net earnings shall inure to the benefit of, or be distributable to, the individual members, or to any private individual (other than by acquiring, constructing, or providing management, maintenance and care of the Association's property, or by a rebate of excess assessments, fees, or charges). No part of the income of the Association shall be distributable to any member, director, or officer of the corporation. Any distribution by the Association shall be made at times and in a manner so as not to subject the Association to tax under Section 4942 of the Internal Revenue Code. The Association shall not: engage in any act of self-dealing which would subject the Association to tax under Section 4941 of the Internal Revenue Service Code; retain excess business holdings which would subject the Association to tax under Section 4943 of said Code; make any investments which would subject the Association to tax under Section 4944 of the said Code; make any taxable expenditures that would subject the Association to tax under Section 4945 of the said Code; engage in more than an insubstantial degree in the carrying on of propaganda or otherwise attempting to influence legislation; directly or indirectly participate in, or intervene in

b) Any remaining property shall be distributed only for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government or to the State of Texas or a local governmental unit for a public purpose under a plan of distribution adopted by the Association under the provisions of the Texas Business Organizations Code.

c) Any such assets not so disposed of shall be disposed of by a District Court of Harris County, Texas, exclusively for such exempt or public purposes or to such organizations, as said Court shall determine, which are organized and operated exclusively for such exempt or public purposes.

ARTICLE XI:

ORGANIZER

The name and address of the Organizer of the Association is:

Name: DONALD L. DAHN
Address: 4406 Benning Drive
Houston, TX 77035-6004

ARTICLE XII:

EFFECTIVE DATE

This Certificate of Formation becomes effective when it is filed by the Secretary of State.

EXECUTION:

The undersigned signs this Certificate of Formation subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument.

Signed: March 12, 2009



DONALD L. DAHN, Organizer