246725

CB# 1137
DB

Producers 88 (4-76) Revised Paid Up
with 640 Acres Pooling Provision

POUND PRINTING & STATIONERY COMPANY
2325 FANNIN, HOUSTON, TEXAS 77002, (713) 659-3159

FILED
At 2:15 o'clock P M
NOV 24 1982
FRANK BORISKIE
County Clerk, Brazos County, Texas
By Hollie M. Pavlas

DATE RECORDED 11-24-82

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 3rd day of November 82, between

George P. Saxon and Dorthy J. Saxon

Lessor (whether one or more), whose address is: 4126 Leeshire Dr., Houston, Tx. 77025
and INCO Development Company, 11520 N. Central Expy., Dallas, Tx. 75243, Lessee, WITNESSETH:

1. Lessor in consideration of Ten Dollars and Other Valuable Consideration Dollars
($ 10.00 OVC), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Brazos County, Texas, to-wit:

Being .232 acres of land, more or less of the S. F. Austin #9 Survey, Portion of lots 1, 2 and 3, Block 114, of the City of Bryan Addition according to the plat thereof recorded in Vol H, page 721, Deed Records of Brazos County, Texas, and being the same land conveyed in Deed dated June 13, 1978 from Gordon W. Davis, et ux, to George P. Saxon and Dorthy J. Saxon recorded in Vol 399, page 363, Deed Records of Brazos County, Texas in which references are herein made for descriptive purposes only.

It is expressly understood that this is a non-drilling lease.

It is expressly understood that there will be no operations on the surface or the subsurface down to a depth of 50 feet on the above described lease premises

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 2 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled thereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal [redacted] part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such [redacted] part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear [redacted] of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, [redacted] of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, [redacted] of the amount realized from the sale of gasoline or other products extracted therefrom and [redacted] of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar ($1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and

1/5 1/5 1/5 1/5 1/5 1/5

may be deposited in the _____ Bank at _____, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

VOL 71 PAGE 331

5. If at the expiration of the primary term, oil, gas, or other mineral is not being produced on said land, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas, or other mineral is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas, or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 330 feet of and draining the leased premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. No obligation reasonably to develop the leased premises shall arise during the primary term. Should oil, gas or other mineral in paying quantities be discovered on said premises, then after the expiration of the primary term, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities. If after the expiration of the primary term, Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument.

9. [redacted]. Without impairment of Lessee's rights [redacted] in event of failure of title, it is agreed that if this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, and Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the lease premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

George P. Saxon — 464-56-1687 SS#

Dorothy J. Saxon — 449-56-9612 SS#

INDIVIDUAL ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF HARRIS

Before me, the undersigned authority, on this day personally appeared GEORGE P. SAXON AND DOROTHY J SAXON

known to me to be the person s whose name s is (are) subscribed to the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this 19th day of Nov., 1982.

Linda Fusek
Notary Public in and for the State of Texas

My Commission Expires
2-85

Notary's Printed Name: LINDA FUSEK

STATE OF Texas

COUNTY OF Brazos

HUSBAND AND WIFE ACKNOWLEDGMENT

Before me, the undersigned authority, on this day personally appeared George P. Saxon

and Dorthy J. Saxon

husband and wife, known to me to be the persons whose names are subscribed to the forgoing instrument, and acknowledged to me that they executed the same as their free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, 19____.

Notary Public in and for the State of Texas

My Commission Expires

Notary's Printed Name: _____

VOL 71 PAGE 332

Producers 88 (4-76) Revised Paid Up with 640 Acres Pooling Provision

No. _____

Oil, Gas and Mineral Lease

FROM George P. Saxon

TO INCO DEVELOPMENT CO.
1737 BRIARCREST DR. # 22
BRYAN, TEXAS 77801

Dated _____, 19__

No. Acres _____

Term _____

_____ County, Texas

This instrument was filed for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and duly recorded in Book _____, Page _____ of the _____ records of this office.

By _____, County Clerk
_____, Deputy

When recorded return to
INCO DEVELOPMENT CO.
1737 BRIARCREST DR. # 22
BRYAN, TEXAS 77801

Pound Printing & Stationery Co., Houston, Texas

MINERAL DEED

THE STATE OF TEXAS
COUNTY OF Brazos } KNOW ALL MEN BY THESE PRESENTS:

THAT we, George P. Saxon and Dorothy J. Saxon hereinafter called Grantor, of Harris County, Texas, for and in consideration of the sum of ten Dollars ($10.00) cash in hand paid by Dorothy J. Saxon, trustee for John P. Saxon and Robert L. Saxon hereinafter called Grantee, the receipt of which is hereby acknowledged, have granted, sold, conveyed, assigned and delivered, and by these presents do grant, sell, convey, assign and deliver unto the said Grantee, an undivided 8/8 interest in and to all of the oil, gas and other minerals in and under, and that may be produced from the following described land situated in Brazos County, Texas, to-wit:

All those certain lots or parcels of land situated in Block 114, and being part of Lots Numbered One (1), Two (2), and Three (3), in the "ORIGINAL TOWNSITE" of Bryan, Brazos County, Texas, according to the map in Volume H, last page, and described more particularly as follows:

BEGINNING at the Southwest corner of said Block 114;

THENCE East with the South line of said Block 114 135 feet and corner;

THENCE North 75 feet and corner;

THENCE West 135 feet and corner on West line of said Block;

THENCE South 75 feet with the West line of said Block to the PLACE OF BEGINNING, being the same property sold to Charles Salpetro and Frank Salpetro, by Deed dated April 14, 1972, recorded in Volume 303, Page 36, Deed Records, Brazos County, Texas.

FILED
At 11:50 O'clock A M
FEB 2 1984
289331
FRANK BORISKIE
County Clerk, Brazos County, Bryan, Texas
BY Jo Gilbert Deputy

Excluding any
~~Together with~~ the right of ingress and egress at all times for the purpose of mining, drilling and exploring said land for oil, gas and other minerals, and removing the same therefrom.

Said land being now under an oil and gas lease executed in favor of Inco Development Co., it is understood and agreed that this sale is made subject to the terms of said lease and/or any other valid lease covering same, but covers and includes 8/8 of all of the oil royalty and gas rental or royalty due and to be paid under the terms of said lease, in so far as it covers the above described land.

It is understood and agreed that 8/8 of the money rentals, which may be paid, on the above described land, to extend the term within which a well may be begun under the terms of said lease, is to be paid to the said Grantee; and, in event that the above described lease for any reason becomes canceled or forfeited, then and in that event, Grantee shall own 8/8 of all oil, gas and other minerals in and under said lands, together with a like (8/8) interest in all bonuses paid, and all royalties and rentals provided for in future oil, gas and mineral leases covering the above described lands.

TO HAVE AND TO HOLD the above described property, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee herein, and Grantee's successors, heirs and assigns forever; and Grantor does hereby bind their successors, heirs, executors and administrators, to warrant and forever defend all and singular the said property unto the said Grantee herein, and Grantee's successors, heirs and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof.

WITNESS our hands this the 2nd day of February, 19 84

George P. Saxon

Dorothy J. Saxon

VOL 646 PAGE 618

SINGLE ACKNOWLEDGMENT

THE STATE OF TEXAS

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person___ whose name___ is/are subscribed to the foregoing instrument and acknowledged to me that ___he/they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the _____ day of _____ A. D. 19 ___

_____

Notary Public in and for _____ County, Texas.

JOINT ACKNOWLEDGMENT

THE STATE OF TEXAS

COUNTY OF Harris

BEFORE ME, the undersigned authority, on this day personally appeared George P. Saxon, and wife Dorothy J. Saxon, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed; and the said Dorothy J. Saxon wife of said George P. Saxon having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Dorothy J. Saxon, acknowledged said instrument to be her act and deed and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the 2nd day of February A. D. 19 24

Margaret Dehyhouse

Notary Public in and for Harris County, Texas.

WIFE'S SEPARATE ACKNOWLEDGMENT

THE STATE OF TEXAS

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____, wife of _____, known to me to be the person whose name is subscribed to the foregoing instrument, and said wife having been examined by me privily and apart from her husband, and having the same fully explained to her, acknowledged such instrument to be her act and deed and declared that she had willingly signed the same for the purposes and consideration therein expressed and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____ A. D. 19 ___

_____

Notary Public in and for _____ County, Texas.

CORPORATION ACKNOWLEDGMENT

THE STATE OF TEXAS

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument, as _____ of _____, a corporation, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the _____ day of _____ A. D. 19 ___

_____

Notary Public in and for _____ County, Texas.

FORM NO. 82

No. _____

MINERAL DEED

FROM George P. Saxon and Dorothy J. Saxon

TO Dorothy J. Saxon, Trustee for John P. Saxon and Robert L. Saxon

Dated _____, 19 ___

No. Acres _____

County, Texas

Term _____

This instrument was filed for record on the _____ day of _____, 19 ___, at _____ o'clock ___ M., and duly recorded in Volume _____ Page _____ of the records of this office.

County Clerk.

By _____ Deputy.

When recorded return to

Dorothy J. Saxon, Trustee
4126 Leeshire
Houston, Texas 77025

646 PAGE 619

VOL

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CARINI TOWNHOMES

(A Planned Townhome Community)

Bryan, Brazos County, Texas

Declarant:

CARINI DEVELOPMENT LLC

TABLE OF CONTENTS

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CARINI TOWNHOMES

This Declaration of Covenants, Conditions and Restrictions for Carini Townhomes is made by **CARINI DEVELOPMENT LLC**, a Texas limited liability company ("Declarant"), on the date signed below. Declarant desires to establish a general plan of development for the Property as a planned townhome community to be known as CARINI TOWNHOMES. Declarant intends to build or cause to be built the dwellings on each Lot. The front facade of all dwellings will be uniform in visual presentation, and any subsequent repairs, maintenance or reconstruction must be done so as to preserve such visual presentation. Declarant further desires to provide for the preservation, administration and maintenance of portions of CARINI TOWNHOMES, and to protect the value, desirability and attractiveness of CARINI TOWNHOMES. As an integral part of the development plan, Declarant deems it advisable to create a property owners association to perform these functions and activities more fully described in this Declaration and the other Governing Documents described below.

Declarant declares that the property described in Exhibit A will be owned, held, transferred, sold, conveyed, leased, occupied, used, insured and encumbered subject to the terms, covenants, conditions, restrictions and easements of this Declaration, including Declarant's representations and reservations in Article 14 below, which run with the real property and bind all parties having or acquiring any right, title or interest in any part of the property, their heirs, successors and assigns, and inure to the benefit of each Owner of any part of the property.

ARTICLE 1
DEFINITIONS

The following words and phrases, whether or not capitalized, have specified meanings when used in the Governing Documents, unless a different meaning is apparent from the context in which the word or phrase is used.

1.1 ***"Applicable Law"*** means the statutes and public laws and ordinances in effect at the time a provision of the Governing Documents is applied, and pertaining to the subject matter of the Governing Documents provisions, statutes and ordinances specifically referenced in the Governing Documents are "Applicable Law" on the date of the Governing Document, and are not intended to apply to the Project if they cease to be applicable by operation of law, or if they are replaced or superseded by one or more other statutes or ordinances.

1.2 ***"Architectural Reviewer"*** means the entity having jurisdiction over a particular application for architectural approval. During the Development Period, the Architectural Reviewer is Declarant, Declarant's designee, or Declarant's delegates. Thereafter, the Board-appointed Architectural Control Committee is the Architectural Reviewer.

1.3 ***"Assessment"*** means any charge levied against a Lot or Owner by the Association, pursuant to the Governing Documents or State law, including but not limited to Regular Assessments, Special Assessments, Individual Assessments and Deficiency Assessments, as defined in Article 6 of this Declaration.

1.4 ***"Association"*** means the association of Owners of all Lots in the Property, and serving as the "property owners association" defined in Section 202.001(2) of the Texas Property Code. The initial name of the Association is CARINI TOWNHOMES OWNERS ASSOCIATION, INC.

1.5 ***"Board"*** means the Board of Directors of the Association.

1.6 ***"City"*** means the City of Bryan, Texas, in whose corporate limits the Property is located.

1.7 ***"Common Area"*** means portions of real property and improvements thereon that are owned and/or maintained by the Association, as described in Article 4 below. Portions of the Common Area may be allocated to certain Lots as limited Common Area.

1.8 ***"Declarant"*** means Carini Development LLC, a Texas limited liability company, which is developing the Property, or its successors and assigns which are designated a Successor Declarant by Declarant, or by any such successor and assign, in a recorded document, executed by both Declarant and Successor Declarant in the case of a voluntary assignment.

1.9 ***"Declarant Control Period"*** is defined in Article 14 of this Declaration.

1.10 ***"Declaration"*** means this document, as it may be amended from time to time.

1.11 ***"Development Period"*** is defined in Article 14 of this Declaration.

1.12 ***"Governing Documents"*** means, singly or collectively as the case may be, each governing instrument covering the establishment, maintenance and operation of Carini Townhomes. The term includes this Declaration, the Plat, the Bylaws of the Association, the Association's Certificate of Formation, the Rules, open records and document retention policies, and Notice of HOA Sale Fees, as any of these may be amended from time to time. An appendix, exhibit, schedule, or certification accompanying a Governing Document is a part of that Governing Document. Governing Document has the same meaning as "dedicatory instrument" as defined in Section 209.002 of the Texas Property Code, as it may be amended from time to time.

1.13 ***"Lot"*** means a portion of the Property intended for independent ownership, on which there is or will be constructed a dwelling, as shown on the Plat. Where the context indicates or requires, "Lot" includes all improvements thereon and any portion of a right-of-way that customarily is used exclusively by and in connection with the Lot.

1.14 ***"Majority"*** means more than half. A reference to "a majority of Owners" in any Governing Document or applicable law means "Owners of at least a majority of the Lots", unless a different meaning is specified.

1.15 ***"Managing Agent"*** means the Association's designated representative as it appears on the Management Certificate.

1.16 ***"Management Certificate"*** means the instrument required to be recorded pursuant to Section 209.004 of the Texas Property Code.

1.17 ***"Member"*** means a member of the Association, each member being an Owner of a Lot, unless the context indicates that member means a member of the Board or a member of a committee of the Association. In the context of votes and decision-making, each Lot has only one membership, although it may be shared by co-Owners of a Lot.

1.18 ***"Owner"*** means a holder of recorded fee simple title to a Lot. Declarant is the initial Owner of all Lots. Contract sellers and mortgagees who acquire title to a Lot through a deed in lieu of foreclosure or through judicial or non-judicial foreclosure are Owners. Persons or entities having ownership interests merely as security for the performance of an obligation are not Owners. Every Owner is a Member of the Association. A reference in any Governing Document or applicable law to a percentage or share of Owners or Members means Owners of at least that percentage or share of the Lots, unless a different meaning is specified. For example, "a majority of Owners" means Owners of at least a majority of the Lots.

1.19 ***"Plat"*** means all plats, singly and collectively, recorded in the Real Property Records of Brazos County, Texas, and pertaining to the real property described in Exhibit A of this Declaration, including the Plat recorded in Volume 13097, Page 264, Official Public Records of Brazos County, Texas, and all units, phases, dedications, limitations, restrictions, easements, notes and reservations shown on the Plat, as it may be amended from time to time.

1.20 ***"Property"*** means all the land subject to this Declaration and all improvements, easements, rights and appurtenances to the land that is described in Exhibit A to this Declaration, and includes every Lot and any Common Area thereon.

1.21 ***"Resident"*** means an occupant of a dwelling unit, regardless of whether the person owns the Lot.

1.22 ***"Rules"*** means rules and regulations of the Association adopted from time to time in accordance with the Governing Documents or applicable law. The initial Rules may be adopted by Declarant for the benefit of the Association.

ARTICLE 2
PROPERTY SUBJECT TO DOCUMENT

2.1 Property. The real property described in Exhibit A is held, transferred, sold, conveyed, leased, occupied, used, insured and encumbered subject to the terms, covenants, conditions, restrictions, liens and easements of this Declaration, including Declarant's representations, rights and reservations in Article 14, which run with the Property and bind all parties having or acquiring any right, title or interest in the Property, their heirs, successors and assigns, and inure to the benefit of each Owner of the Property.

2.2 Additional Property. Additional real property may be annexed to CARINI TOWNHOMES and subjected to the Declaration and the jurisdiction of the Association on approval of Owners representing at least 67% of the Lots in the Property, or, during the Development Period, by Declarant as permitted in Article 14. Annexation of additional property is accomplished by recording a declaration of annexation, including an amendment of Exhibit A, in the Real Property Records of Comal County, Texas.

2.3 Adjacent Land Use. Declarant makes no representation of any kind as to current or future uses - actual or permitted - of any land that is adjacent to or near CARINI TOWNHOMES, regardless of what the Plat shows as potential uses of adjoining land. Declarant and the Association cannot and do not guarantee scenic views, volumes of traffic on streets around and through CARINI TOWNHOMES, availability of schools or shopping, or any other aspect of the Property that is affected by the uses or conditions of adjacent or nearby land, water or air.

2.4 Restrictions, Easements & Plat Dedications. In addition to the easements and restrictions contained in this Declaration, the Property is subject to all restrictions, easements, setback lines and encumbrances of record, including any shown or referenced on the Plat, each of which is incorporated herein by reference. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to be bound by prior-recorded restrictions, easements and encumbrances, and further agrees to maintain any easement that crosses his Lot and for which the Association does not have express responsibility. Any setback requirements contained in this Declaration which are greater than shown on the Plat will control.

ARTICLE 3
PROPERTY EASEMENTS AND RIGHTS

3.1 General. In addition to other easements and rights established by the Governing Documents, the Property is subject to the easements and rights contained in this Article.

3.2 Association's Access Easement. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, grants to the Association an easement of access and entry over, across, under and through the Property, including without limitation all Common Areas and the Owner's Lot and all improvements thereon including the dwelling and yards for the below-described purposes.

3.2.1 Purposes. Subject to the limitations stated below, the Association may exercise this easement of access and entry for the following express purposes:

a. To inspect the property for compliance with maintenance and architectural standards.

b. To perform maintenance, repair or replacement that is permitted or required of the Association by the Governing Documents or by applicable law.

c. To perform maintenance repair, or replacement that is permitted or required of the Owner by the Governing Documents or by applicable law, if the Owner fails or refuses to perform such maintenance.

d. To enforce architectural standards.

e. To enforce use restrictions.

f. The exercise of self-help remedies permitted by the Governing Documents or by applicable law.

g. To enforce any other provision of the Governing Documents.

h. To respond to emergencies.

i. To grant easements to utility providers as may be necessary to install, maintain and inspect utilities serving any portion of the Property.

j. To perform any and all functions or duties of the Association as permitted or required by the Governing Documents or by applicable law.

3.2.2 No Trespass. In exercising this easement on an Owner's Lot, the Association is not liable to the Owner for trespass.

3.2.3 Limitations. If the exercise of this easement requires entry onto an Owner's Lot, the entry will be during reasonable hours and after notice to the Owner. This Subsection does not apply to situations that at time of entry are deemed to be emergencies that may result in imminent damage to or loss of life or property.

3.3 Utility Easement. Utility easements affecting Lots may be dedicated on the Plat or created by other written documents. A company or entity, public or private, furnishing utility service to the Property, is granted an easement over the Property for ingress, egress, meter reading, installation, maintenance, repair or replacement of utility lines and equipment, and to do anything else necessary to properly maintain and furnish utility service to the Property. Utilities may include, but are not limited to, water, sewer, trash removal, electricity, gas, telephone, master or cable television and security. The following provisions apply to utility easements which cover and affect Lots:

3.3.1 No Obstruction. No dwelling or outbuilding may be located over, upon or across any portion of any utility easement. An Owner may construct a driveway or fence and plant landscaping upon utility easements on his Lot provided (i) such use of utility easements is at Owner's risk and is subordinate to the rights of the utility easement holders and (ii) Owner must secure prior approval of any utility easement holder for such use.

3.3.2 Maintenance. Maintenance of utility easements on a Lot is the responsibility of the Owner of such Lot, except to the extent the utility easement is located on areas the maintenance of which is assigned herein to the Association.

3.4 Drainage Easements. The Plat or other written documents may reflect or evidence drainage easements which affect the Property. These drainage easements have been designed and constructed to meet the requirements of the City and applicable law. No structures, walls, improvements or obstructions of any kind may be placed on or within these drainage easements. No activity or use may alter the cross sections of the drainage easements or decrease their hydraulic capacity. The Association or the City may remove any obstructions or modifications to

the drainage easements. Maintenance of drainage easements on a Lot is the responsibility of the Owner of such Lot, except to the extent the drainage easement is located on areas the maintenance of which is assigned hereto to the Association.

3.5 Security. The Association may, but is not obligated to, maintain or support certain activities within CARINI TOWNHOMES designed, either directly or indirectly, to improve safety in or on the Property. Each Owner and Resident acknowledges and agrees, for himself and his guests, that Declarant, the Association, and their respective directors, officers, committees, agents and employees are not providers, insurers or guarantors of security within the Property. Each Owner and Resident acknowledges and accepts his sole responsibility to provide security for his own person and property and assumes all risks for loss or damage to same. Each Owner and Resident further acknowledges that Declarant, the Association, and their respective directors, officers, committees, agents and employees have made no representations or warranties, nor has the Owner or Resident relied on any representation or warranty, express or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any fire, burglar and/or intrusion systems recommended or installed, or any security measures undertaken within CARINI TOWNHOMES. Each Owner and Resident acknowledges and agrees that Declarant, the Association, and their respective directors, officers, committees, agents and employees may not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

ARTICLE 4
COMMON AREA

4.1 Ownership. The designation of real property as a Common Area is determined by the Plat and this Declaration, and not by the ownership of the property. Declarant may install, construct or authorize certain improvements on Common Areas in connection with the initial development of CARINI TOWNHOMES, and the cost thereof is not a common expense of the Association. Thereafter, all costs attributable to Common Areas, including maintenance, repair or replacement, are automatically the responsibility of the Association, regardless of the nature of title to the Common Areas, unless this Declaration elsewhere provides for a different allocation for a specific Common Area.

4.2 Acceptance. By accepting an interest in or title to a Lot, each Owner is deemed (1) to accept the Common Area of the Property, and any improvement thereon, in its then-existing "as is" condition; (2) to acknowledge the authority of the Association, acting through its Board of Directors, for all decisions pertaining to the Common Area; and (3) to acknowledge the continuity of maintenance of the Common Area, regardless of changes in the Association's Board of Directors or management.

4.3 Components. The Common Area of CARINI TOWNHOMES consists of the following components on or adjacent to the Property, even if located on a Lot or a public right-of-way:

a. The unpaved areas of road rights-of-way dedicated to the public on the Plat.

b. The areas shown on the Plat as "Cross Access Easement."

c. The front and side areas of all Lots between the property lines and building improvements, including landscaping, sidewalks, electrical and water installations, and fencing.

d. The area of all Lots between the rear property lines and the Cross Access Easement pavement, as extended on Lot 7R, including landscaping, electrical and water installations and fencing.

e. The roofs and gutters of all dwelling units.

f. Any modification, replacement or addition to any of the above-described areas and improvements.

g. Personal property owned by the Association, such as books and records, office equipment and supplies.

4.4 Limited Common Area. If it is in the best interest of the Association, a portion of the Common Area may be licensed, leased or allocated to one or more Lots for their sole and exclusive use, as a limited Common Area. Inherent in the limiting of a Common Area, maintenance of the limited Common Area becomes the responsibility of the Lot Owner, rather than the Association. For example, a Common Area that is difficult to access and maintain except via the adjoining house Lot might be a candidate for limited Common Area.

ARTICLE 5
ASSOCIATION OPERATIONS

5.1 The Association. The existence and legitimacy of the Association is derived from this Declaration and the Bylaws of the Association.

5.1.1 Type. The Association is a nonprofit corporation. The subsequent failure of the Association to maintain its corporate charter from time to time does not affect the existence or legitimacy of the Association.

5.1.2 Applicability. The Association is subject to the Texas Business Organizations Code ("TBOC"). Because provisions of this Declaration address issues covered by the TBOC, this Declaration is a "Governing Document" as defined by TBOC, and any such provision herein is a "Bylaw" as defined by TBOC. The Association is subject to TBOC Chapter 22 - the Nonprofit Corporation Law.

5.1.3 Name. A name is not the defining feature of the Association. Although the initial name of the Association is CARINI TOWNHOMES OWNERS ASSOCIATION, INC., the Association may operate under any name that is approved by the Board and (1) registered by the Board with the County Clerk of Brazos County, Texas, as an assumed name, or (2) filed by the Association with the Secretary of State as the name of the filing entity. The Association may also change its name by amending the Governing Documents. Another legal entity with the same name as the Association, or with a name based on the name of the Property is not the Association, which derives its authority from this Declaration.

5.1.4 Duties. The duties and powers of the Association are those set forth in the Governing Documents, together with the general and implied powers of a property owners association and a nonprofit corporation organized under the laws of the State of Texas. Generally, the Association may do any and all things that are lawful and necessary, proper or desirable in operating for the peace, health, comfort and general benefit of its Members, subject only to the limitations on the exercise of such powers as stated in the Governing Documents.

5.1.5 Duration. The Association comes into existence on the date a certificate of formation is filed with the Secretary of State of the State of Texas. The Association will continue to exist at least as long as this Declaration, as it may be amended, is effective against all or part of the Property.

5.2 Board. The Association is governed by a Board of Directors. Unless the Association's Bylaws or Certificate of Formation provide otherwise, the Board will consist of at least 3 persons elected by the members at the annual meeting of the Association, or at a special meeting called for that purpose. Unless the Governing Documents expressly reserve a right, action or decision to the Owners, Declarant, or another party, the Board acts in all instances on behalf of the Association. Unless the context indicates otherwise, references in the Governing Documents to the "Association" may be construed to mean "the Association acting through its Board of Directors".

5.3 Membership. Each Owner is a Member of the Association, ownership of a Lot being the sole qualification for membership. Membership is appurtenant to and may not be separated from ownership of the Lot. The Board may require satisfactory evidence of transfer of ownership before a purported Owner is entitled to vote at meetings of the Association. If a Lot is owned by more than one person or entity, each co-owner is a Member of the Association and may exercise the membership rights appurtenant to the Lot. A Member who sells his Lot under a contract for deed may delegate his membership rights to the contract purchaser, provided a written assignment is

delivered to the Board. However, the contract seller remains liable for all assessments attributable to his Lot until fee title to the Lot is transferred.

5.4 Decision-Making. Any decision or act of the Association may be made by or at the direction of the Board, unless the Governing Documents reserve the decision or act to the Members, the Declarant, or any other person or group. Unless the Governing Documents or applicable law provide otherwise, any action requiring approval of the Members may be approved (1) at a meeting by Owners holding at least a majority of the votes that are represented at the meeting, provided notice of the meeting was given to an Owner of each Lot, or (2) in writing by Owners holding at least a majority of the votes, provided the opportunity to approve or disapprove was given to an Owner of each Lot.

5.5 Manager. The Board may delegate the performance of certain functions to one or more managers or Managing Agents of the Association. Notwithstanding a delegation of its functions, the Board is ultimately responsible to the Members for governance of the Association.

5.6 Communications. This Declaration is drafted in an era of rapidly changing communication technologies. Declarant does not intend to limit the methods by which the Association, Owners and Residents communicate with each other. Such communications may be by any method or methods that are available and customary. For example, if the Association is required by the Governing Documents or applicable law to make information available to Owners of all Lots, that requirement may be satisfied by posting the information on the Association's website or by using electronic means of disseminating the information, unless applicable law requires a specific method of communication. It is foreseeable that meetings of the Association and voting on issues may eventually be conducted via technology that is not widely available on the date of this Declaration. As communication technologies change, the Association may adopt as its universal standard any technology that is used by Owners of at least 85 percent of the Lots. Also, the Association may employ multiple methods of communicating with Owners and Residents.

5.7 Voting. One indivisible vote is appurtenant to each Lot. The total number of votes will equal the total number of Lots in the Property. If additional property is made subject to this Declaration, the total number of votes will be increased automatically by the number of additional Lots or tracts. Each vote is uniform and equal to the vote appurtenant to every other Lot, regardless of Lot size. Cumulative voting is not allowed. Votes may be cast by written proxy, according to the requirements of the Association's Bylaws.

5.8 Books & Records. The Association will maintain copies of the Governing Documents and the Association's books, records and financial statements. The Association will make its books and records available to Members, on request, for inspection and copying.

5.9 Indemnification. The Association indemnifies every officer, director, committee chair and committee member (for purposes of this Section, "Leaders") against expenses, including attorney's fees, reasonably incurred by or imposed on the Leader in connection with an action, suit or proceeding to which the Leader is a party by reason of being or having been a Leader. A Leader is not liable for a mistake of judgment, negligent or otherwise. A Leader is liable for his willful misfeasance, malfeasance, misconduct or bad faith. This right to indemnification does not exclude any other rights to which present or former Leaders may be entitled. The Association may maintain general liability and directors' and officers' liability insurance to fund this obligation. Additionally, the Association may indemnify a person who is or was an employee, trustee, agent or attorney of the Association, against any liability asserted against him and incurred by him in that capacity and arising out of that capacity. Additionally, the Association may indemnify a person who is or was an employee, trustee, agent or attorney of the Association, against any liability asserted against him and incurred by him in that capacity and arising out of that capacity.

5.10 Obligations of Owners. Without limiting the obligations of Owners under the Governing Documents, each Owner has the following obligations:

5.10.1 Pay Assessments. Each Owner will pay Assessments properly levied by the Association against the Owner or his Lot, and will pay Regular Assessments without demand by the Association.

5.10.2 Transfers. Each Owner will pay the applicable HOA Sale Fees described in Article 6 of this Declaration and pursuant to the Notice of HOA Sale Fees in effect at the time of transfer.

5.10.3 Comply. Each Owner will comply with the Governing Documents as amended from time to time.

5.10.4 Reimburse. Each Owner will pay for damage to the Property caused by the negligence or willful misconduct of the Owner, a Resident of the Owner's Lot, or the Owner or Resident's family, guests, employees, contractors, agents or invitees.

5.10.5 Liability. Each Owner is liable to the Association for violations of the Governing Documents by the Owner, a Resident of the Owner's Lot, or the Owner or Resident's family, guests, employees, agents or invitees, and for costs incurred by the Association to obtain compliance, including attorney's fees whether or not suit is filed.

5.11 Home Sales. For purposes of this Declaration, a "home sale" is every sale or conveyance of a Lot (or of an interest in a Lot) that is improved with a dwelling, other than the initial sale by Declarant of the Lot with the newly constructed dwelling to an Owner. This Section applies to every sale of a Lot improved with a dwelling, except as expressly provided below.

5.11.1 Resale Certificate. An Owner intending to sell his dwelling will notify the Association and will request a resale certificate from the Association.

5.11.2 No Right of First Refusal. The Association does not have a right of first refusal and may not compel a selling Owner to convey the Owner's Lot to the Association.

5.11.3 HOA Sale Fees. At time of transfer, the HOA Sale Fees described in Article 6 of this Declaration and pursuant to the Notice of HOA Sale Fees in effect at the time of transfer are due and payable by buyer and/or seller.

5.11.4 Information. Within 30 days after acquiring an interest in a Lot, an Owner must provide the Association with the following information: a copy of the settlement statement or deed by which Owner has title to the Lot; the Owner's email address (if any), U.S. postal address and telephone number; any mortgagee's name, address and loan number; the name and telephone number of any Resident other than the Owner; the name, address and telephone number of Owner's managing agent, if any.

5.11.5 Exclusions. The requirements of this Section do not apply to the following transfers: (1) the initial conveyance from Declarant; (2) foreclosure of a mortgagee's deed of trust lien, a tax lien, or the Association's Assessment lien; (3) conveyance by a mortgagee who acquires title by foreclosure or deed in lieu of foreclosure; (4) transfer to, from, or by the Association; (5) voluntary transfer by an Owner to one or more co-Owners, or to the Owner's spouse, child or parent; (6) a transfer by a fiduciary in the course of administering a decedent's estate, guardianship, conservatorship or trust; (7) a conveyance pursuant to a court's order, including a transfer by a bankruptcy trustee; or (8) a disposition by a government or governmental agency.

5.11.6 Subdivision Information. The Association will provide to an Owner, an agent for the Owner, a purchaser of a Lot or the agent for the purchaser, or a title insurance company or its agent information about Carini Townhomes as provided in and subject to the conditions set out in Chapter 207 of the Texas Property Code, including a resale certificate or update thereof.

ARTICLE 6
COVENANT FOR ASSESSMENTS

6.1 Purpose of Assessments. The Association will use Assessments for the general purposes of preserving and enhancing CARINI TOWNHOMES, and for the common benefit of Owners and Residents, including but not limited to maintenance of real and personal property, management and operation of the Association, and any expense reasonably related to the purposes for which CARINI TOWNHOMES was developed. If made in good faith, the Board's decision with respect to the use of Assessments is final.

6.2 Personal Obligation. An Owner is obligated to pay Assessments levied by the Board against the Owner or his Lot. An Owner must make payment to the Association at its principal office or at any other place the Board directs. Payments must be made in full regardless of whether an Owner has a dispute with the Association, another Owner, or any other person or entity regarding any matter to which this Declaration pertains. No Owner may exempt himself from his assessment liability by waiver of the use or enjoyment of the Common Area or by abandonment of his Lot. An Owner's obligation is not subject to offset by the Owner, nor is it contingent on the Association's performance of the Association's duties. Payment of Assessments is both a continuing affirmative covenant personal to the Owner and a continuing covenant running with the Lot.

6.3 Control for Assessment Increases. Except as provided in Article 14, this Section of the Declaration may not be amended without the approval of Owners of at least 67% of the Lots. In addition to other rights granted to Owners by this Declaration, Owners have the following powers and controls over the Association's budget:

6.3.1 Veto Increased Dues. At least 30 days prior to the effective date of an increase in Regular Assessments, the Board will notify an Owner of each Lot of the amount of, the budgetary basis for, and the effective date of the increase. The increase will automatically become effective unless Owners holding at least 67% of the votes in the Association disapprove the increase by petition or at a meeting of the Association. In that event, the last-approved budget will continue in effect until a revised budget is approved.

6.3.2 Veto Special Assessment. At least 30 days prior to the effective date of a Special Assessment, the Board will notify an Owner of each Lot of the amount of, the budgetary basis for, and the effective date of the Special Assessment. The Special Assessment will automatically become effective unless Owners holding at least 67% of the votes in the Association disapprove the Special Assessment by petition or at a meeting of the Association.

6.4 Types of Assessments. There are four types of Assessments: Regular, Special, Individual and Deficiency.

6.4.1 Regular Assessments. Regular Assessments are based on the annual budget. Except as provided herein, each Lot is liable for its equal share of the annual budget. If the Board does not approve an annual budget or fails to determine new Regular Assessments for any year, or delays in doing so, Owners will continue to pay the Regular Assessment as last determined. If during the course of a year the Board determines that Regular Assessments are insufficient to cover the estimated common expenses for the remainder of the year, the Board may increase Regular Assessments for the remainder of the fiscal year in an amount that covers the estimated deficiency. Regular Assessments are used for common expenses related to the reoccurring, periodic and anticipated responsibilities of the Association, including but not limited to:

a. Maintenance, repair and replacement, as necessary, of the Common Area.

b. Maintenance, repair and replacement, as necessary, of the front and side yards and landscaping on Lots as provided in Section 9.1b.

c. Utilities billed to the Association.

d. Services billed to the Association and serving all Lots.

e. Taxes on property owned by the Association and the Association's income taxes, if any.

f. Management, legal, accounting, auditing and professional fees for services to the Association.

g. Costs of operating the Association, such as telephone, postage, office supplies, printing, meeting expenses and educational opportunities of benefit to the Association.

h. Premiums and deductibles on insurance policies and bonds deemed by the Board to be necessary or desirable for the benefit of the Association, including fidelity bonds and directors and officers liability insurance.

i. Contributions to the reserve funds.

j. Any other expense which the Association is required by law or the Governing Documents to pay, or which in the opinion of the Board is necessary or proper for the operation and maintenance of CARINI TOWNHOMES or for enforcement of the Governing Documents.

The initial Regular Assessment is $1,200.00 per year per Lot until changed by the Declarant or the Board as provided herein. An Owner purchasing a Lot from the Declarant will be obligated to pay to the Association at closing the Regular Assessment for the entirety of the year the Owner purchased such Lot, without proration. Thus, an Owner who purchases a Lot from Declarant on June 1, 2016 or December 31, 2016, must pay the $1,200.00 initial Regular Assessment on the date of closing.

6.4.2 Special Assessments. In addition to Regular Assessments, and subject to the Owners' control for Assessment increases, the Board may levy one or more Special Assessments against all Lots for the purpose of defraying, in whole or in part, common expenses not anticipated by the annual budget or reserve funds. Special Assessments do not require the approval of the Owners, except that Special Assessments for the following purposes must be approved by Owners holding at least a majority of the votes in the Association:

a. Acquisition of real property, other than the purchase of a Lot at the sale foreclosing the Association's lien against the Lot.

b. Any expenditure that may reasonably be expected to significantly increase the Association's responsibility and financial obligation for operations, insurance, maintenance, repairs or replacement.

6.4.3 Individual Assessments. In addition to Regular and Special Assessments, the Board may levy an Individual Assessment against a Lot and its Owner. Individual Assessments may include, but are not limited to: interest, late charges and collection costs on delinquent Assessments; reimbursement for costs incurred in bringing an Owner or his Lot into compliance with the Governing Documents; fines for violations of the Governing Documents; insurance deductibles; transfer-related fees and resale certificate fees; fees for estoppel letters and project documents; reimbursement for damage or waste caused by willful or negligent acts; common expenses that benefit fewer than all of the Lots, which may be assessed according to benefit received; fees or charges levied against the Association on a per-Lot basis; and "pass through" expenses for services to Lots provided through the Association and which are equitably paid by each Lot according to benefit received.

6.4.4 Deficiency Assessments. The Board may levy a Deficiency Assessment against all Lots for the purpose of defraying, in whole or in part, the cost of repair or restoration if insurance proceeds or condemnation awards prove insufficient.

6.5 Basis & Rate of Assessments. The share of liability for common expenses allocated to each Lot is uniform for all Lots, regardless of a Lot's location or the value and size of the Lot or dwelling; subject, however, to an exemption for Declarant provided in Article 14.

6.6 Annual Budget. The Board will prepare and approve an estimated annual budget for each calendar year. The budget will take into account the estimated income and expenses for the year, contributions to reserve funds, and a projection for uncollected receivables. The Board will make the budget or its summary available to an Owner of each Lot, although failure to receive a budget or summary does not affect an Owner's liability for Assessments. The Board will provide copies of the detailed budget to Owners who make written request and pay a reasonable copy charge.

6.7 Due Date. After the payment of the initial Regular Assessment, the Board may levy Regular Assessments on any periodic basis – annually, semi-annually, quarterly or monthly. Regular Assessments are due in advance installments on the first day of the period for which levied. Special and Individual Assessments are due on the date stated in the notice of Assessment or, if no date is stated, within 10 days after notice of the Assessment is given. Assessments are delinquent if not received by the Association on or before the due date.

6.8 Reserve Funds. The Association will establish, maintain and accumulate reserves for operations and for replacement and repair of Common Area improvements. The Association must budget for reserves and may fund reserves out of Regular Assessments.

6.9 Association's Right to Borrow Money. The Association is granted the right to borrow money, subject to the consent of Owners holding at least a majority of votes in the Association and the ability of the Association to repay the borrowed funds from Assessments. To assist its ability to borrow, the Association is granted the right to encumber, mortgage, pledge or deed in trust any of its real or personal property, and the right to assign its right to future income, as security for money borrowed or debts incurred, provided that the rights of the lender in the pledged property are subordinate and inferior to the rights of the Owners hereunder.

6.10 Limitations of Interest. The Association, and its officers, directors, managers and attorneys, intend to conform strictly to the applicable usury laws of the State of Texas. Notwithstanding anything to the contrary in the Governing Documents or any other document or agreement executed or made in connection with the Association's collection of Assessments, the Association will not in any event be entitled to receive or collect, as interest, a sum greater than the maximum amount permitted by applicable law. If from any circumstances whatsoever, the Association ever receives, collects or applies as interest a sum in excess of the maximum rate permitted by law, the excess amount will be applied to the reduction of unpaid Special and Regular Assessments, or reimbursed to the Owner if those Assessments are paid in full.

6.11 Effect of Nonpayment of Assessments. An Assessment is delinquent if the Association does not receive payment in full by the Assessment's due date. The Association, acting through the Board, is responsible for taking action to collect delinquent Assessments. The Association's exercise of its remedies is subject to applicable laws, such as Chapter 209 of the Texas Property Code, and pertinent provisions of the Bylaws. From time to time, the Association may delegate some or all of the collection procedures and remedies, as the Board in its sole discretion deems appropriate, to the Association's manager, an attorney, or a debt collector. Neither the Board nor the Association, however, is liable to an Owner or other person for its failure or inability to collect or attempt to collect an Assessment. The following remedies are in addition to and not in substitution for all other rights and remedies which the Association has.

6.11.1 Interest. Delinquent Assessments are subject to interest from the due date until paid, at a rate of 10% per annum unless changed by the Board, not to exceed the maximum rate permitted by law.

6.11.2 Late Fees. Delinquent Assessments are subject to reasonable late fees of $20.00 per occurrence unless changed by the Board from time to time.

6.11.3 Costs of Collection. The Owner of a Lot against which Assessments are delinquent is liable to the Association for reimbursement of reasonable costs incurred by the Association to collect the delinquent Assessments, including attorney's fees, postage and processing fees charged by the manager.

6.11.4 Acceleration. If an Owner defaults in paying an Assessment that is payable in installments, the Association may accelerate the remaining installments on 10 days' written notice to the defaulting Owner. The entire unpaid balance of the Assessment becomes due on the date stated in the notice.

6.11.5 Money Judgment. The Association may file suit seeking a money judgment against an Owner delinquent in the payment of Assessments, without foreclosing or waiving the Association's lien for Assessments.

6.11.6 Notice to Mortgagee. The Association may notify and communicate with the holder of any lien against a Lot regarding the Owner's default in payment of Assessments.

6.11.7 Foreclosure of Assessment Lien. The Association may foreclose its lien against the Lot in accordance with the provisions of Applicable Law and this Declaration.

6.12 HOA Sale Fees. This Section addresses the expenses, fees, charges and contributions (hereafter collectively, the "HOA Sale Fees") that are charged by the Association or its manager, and that arise at the time of a dwelling sale or purchase as contemplated by Section 5.11. As used in this Section, HOA Sale Fees does not include a buyer's prepaid and/or pro-rata Assessments. HOA Sale Fees are not refundable by the Association or the Association's manager, and may not be regarded as a prepayment of or credit against Assessments.

6.12.1 Notice of HOA Sale Fees. The Association will publicly record a Notice of HOA Sale Fees, which may be recorded as part of the Management Certificate.

6.12.2 Amendment of Notice. Although the initial Notice of HOA Sale Fees may be recorded as an exhibit of this Declaration, the Notice is not subject to the amendment requirements of Article 14 of this Declaration. The Board, without a vote of the Owners, may amend the Notice of HOA Sale Fees for the following two purposes: (1) to change a stated amount for an HOA Sale Fee, or (2) to conform the Notice of HOA Sale Fees with applicable law regarding HOA Sale Fees. Any other amendment of the Notice requires the approval of Owners holding at least 67% of the votes represented at a meeting of the Association at which a quorum is present, provided notice of the proposed amendment is given with the notice of meeting. During the Development Period, any amendment of the Notice of HOA Sale Fees must have the written and acknowledged consent of Declarant.

6.12.2.1 Effective. To be effective, an amendment or restatement of the Notice of HOA Sale Fees by the Owners or by the Board must be in the form of a written instrument (1) referencing the name of the Property, the name of the Association, the recording data of the Declaration, and the recording data of the previously recorded Notice of HOA Sale Fees, (2) signed and acknowledged by an officer of the Association, certifying the requisite approval of Owners or directors, and (3) recorded in the Real Property Records of Brazos County, Texas.

6.12.2.2 Applicability. If the amended or restated Notice of HOA Sale Fees results in an overall reduction of HOA Sale Fees for a conveyance that is pending at the time of the amendment, the lower rate is effective immediately for any closing that occurs after the date the amendment is publicly recorded. If the amended or restated Notice of HOA Sale

Fees results in an overall increase of HOA Sale Fees for the Lot being conveyed, the increased amount is not effective until the 90th day after the date on which the amended or restated Notice of HOA Sale Fees is publicly recorded.

6.12.2.3 Distribution. Within 60 days after the amended or restated Notice of HOA Sale Fees is publicly recorded, a copy or report of, or electronic link to, the recorded amended Notice of HOA Sale Fees must be delivered or made available to an Owner of each Lot.

6.13 Alternative Payment Schedule. Pursuant to Section 209.062 of the Texas Property Code, the Association is required to adopt reasonable guidelines to establish an alternative payment schedule by which an Owner may make partial payments for delinquent Regular or Special Assessments or any other amount owed without incurring additional penalties. The Declarant on behalf of the Association hereby adopts the following guidelines with regard to alternative payment schedules for delinquent Assessments and other amounts owed by an Owner:

6.13.1 Term. The minimum term for a payment agreement is three months and the maximum term is 18 months from the date of the Owner's request for a payment plan. Subject to such minimum and maximum terms, the Association will determine the appropriate term of the payment plan in its sole discretion.

6.13.2 Form. Any and all alternative payment agreements must be in writing and signed by the Owner and a duly authorized member of the Board.

6.13.3 Additional Monetary Expense. So long as an Owner is not in default under the terms of the payment agreement, the Owner will not incur additional monetary expenses; however, the Owner is responsible for all reasonable costs associated with administering the payment plan and interest which accrues during the term of the repayment plan.

6.13.4 Application of Payments. If at the time the Association receives a payment, the Owner is not in default under an alternative payment agreement, the Association will apply the payment to the Owner's debt in the following order of priority: (a) any delinquent Assessment; (b) any current Assessment; (c) any attorney's fees or third party collection costs incurred by the Association associated solely with Assessments or any other charge that could provide the basis for foreclosure; (d) any attorney's fees incurred by the Association that are not subject to subsection 6.13.3; (e) any fines assessed by the Association; and (f) any other amounts owed to the Association.

6.13.5 Default. If the Owner defaults under a payment plan agreement, the account may immediately be turned over to the Association's attorney for collection. The Association is not required to enter into an alternative payment agreement with an Owner who failed to honor the terms of a previous payment agreement during the two years following the Owner's default under the previous alternative payment agreement. At the discretion of the Association, an Owner who failed to honor the terms of a previous payment agreement may be required to waive expedited foreclosure proceedings under Section 209.0092 of the Act as a condition to an additional alternative payment agreement. If, at any time the Association receives a payment from an Owner who is in default of an alternative payment agreement, the Association is not required to apply the payment in the order of priority specified in subsection 6.13.4.

6.13.6 Discretion. The Association may reduce or waive some or all of the charges addressed by this policy on an *ad hoc* basis without waiving the right to charge such fees on future requests.

ARTICLE 7
ASSESSMENT LIEN

7.1 Assessment Lien. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to pay Assessments to the Association. Each Assessment is a charge on the Lot and is secured by a continuing lien on the Lot. Each Owner, and each prospective

Owner, is placed on notice that his title may be subject to the continuing lien for Assessments attributable to a period prior to the date he purchased his Lot.

7.2 Superiority of Assessment Lien. The Assessment lien on a Lot is subordinate and inferior to (1) real property taxes and assessments levied by governmental and taxing authorities, (2) a deed of trust or vendor's lien recorded before this Declaration, (3) a recorded deed of trust lien securing a loan for construction of the original dwelling, (4) a first or senior purchase money vendor's lien or deed of trust lien recorded before the date on which the delinquent Assessment became due, (5) a home equity or reverse mortgage lien which is a renewal, extension or refinance of a first or senior purchase money vendor's lien or deed of trust lien recorded before the date on which the delinquent Assessment became due, (6) an FHA-insured or VA-guaranteed mortgage. Except for the foregoing, the Assessment lien is superior to all other liens and encumbrances on a Lot.

7.3 Effect of Mortgagee's Foreclosure. Foreclosure of a superior lien extinguishes the Association's claim against the Lot for unpaid Assessments that became due before the sale, but does not extinguish the Association's claim against the former Owner. The purchaser at the foreclosure sale of a superior lien is liable for Assessments coming due from and after the date of the sale, and for the Owner's pro rata share of the pre-foreclosure deficiency as an Association expense.

7.4 Notice and Release of Notice. The Association's lien for Assessments is created by recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of lien is required. However, the Association, at its option, may cause a notice of the lien to be recorded in the Real Property Records of Comal County, Texas. If the debt is cured after a notice has been recorded, the Association will record a release of the notice at the expense of the curing Owner.

7.5 Power of Sale. By accepting an interest in or title to a Lot, each Owner grants to the Association a private power of non-judicial sale in connection with the Association's Assessment lien. The Board may appoint, from time to time, any person, including an officer, agent, trustee, substitute trustee or attorney, to exercise the Association's lien rights on behalf of the Association, including the power of sale. The appointment must be in writing and may be in the form of a resolution recorded in the minutes of a Board meeting.

7.6 Foreclosure of Lien. The Assessment lien may be enforced by foreclosure. A foreclosure must comply with the requirements of Applicable Law, such as Chapter 209 of the Texas Property Code. A non-judicial foreclosure must be conducted following obtaining an order for expedited foreclosure in accordance with the provisions of Section 209.0092 of the Texas Property Code and the provisions applicable to the exercise of powers of sale as set forth in Section 51.002 of the Texas Property Code, or in any other manner permitted by law. In any foreclosure, the Owner is required to pay the Association's costs and expenses for the proceedings, including reasonable attorneys' fees, subject to applicable provisions of the Bylaws and applicable law, such as Chapter 209 of the Texas Property Code. The Association has the power to bid on the Lot at foreclosure sale and to acquire, hold, lease, mortgage and convey same. The Association may not foreclose the Assessment lien if the debt consists solely of (i) fines, or (ii) attorney's fees incurred by the Association solely associated with fines assessed or (iii) copy charges under its Open Records Policy added to the Owner's account as an Assessment pursuant to Section 209.005(i) of the Texas Property Code.

7.7 Notice After Foreclosure Sale. After the Association conducts a foreclosure sale of an Owner's Lot, the Association must send to the Owner and to each lienholder of record, not later than the 30th day after the date of the foreclosure sale, a written notice stating the date and time the sale occurred and informing the Lot Owner and each lienholder of record of the right of the Lot Owner and lienholder to redeem the property. The notice must be sent by certified mail, return receipt requested, to the Lot Owner's last known mailing address, as reflected in the records of the Association, the address of each holder of a lien on the Lot subject to foreclosure evidenced by the most recent deed of trust filed of record in the real property records of Comal County, Texas, and the address of each transferee or assignee of a deed of trust who has provided notice to the Association of such assignment or transfer. Notice provided by a transferee or assignee to the Association must be in writing, contain the mailing address of the transferee or assignee, and be mailed by certified mail, return receipt requested, or United States mail with signature confirmation to the Association according to the mailing address of the Association pursuant to the most recent Management Certificate filed of record. If a recorded instrument does not include an address for the lienholder, the Association

does not have a duty to notify the lienholder as provided by this section. For purposes of this section, the Lot Owner is deemed to have given approval for the Association to notify the lienholder. Not later than the 30th day after the date the Association sends the notice, the Association must record an affidavit in the real property records, stating the date on which the notice was sent and containing a legal description of the Lot. Any person is entitled to rely conclusively on the information contained in the recorded affidavit. The notice requirements of this section also apply to the sale of an Owner's Lot by a sheriff or constable conducted as provided by a judgment obtained by the Association.

7.8 Right of Redemption After Foreclosure. The Owner of a Lot in Carini Townhomes or a lienholder of record may redeem the property from any purchaser at a sale foreclosing on the Association's Assessment lien not later than the 180th day after the date the Association mails written notice of the sale to the Owner and the lienholder under Sections 209.010 and 209.011 of the Texas Property Code. A lienholder of record may not redeem the Lot as provided herein before 90 days after the date the Association mails written notice of the sale to the Lot Owner and the lienholder under the Texas Property Code, and only if the Lot Owner has not previously redeemed. A person who purchases a Lot at a sale foreclosing the Association's Assessment lien may not transfer ownership of the Lot to a person other than a redeeming Lot Owner during the redemption period. To redeem property purchased at the foreclosure sale, the Lot Owner or lienholder must pay all amounts as required by Section 209.011 of the Texas Property Code.

ARTICLE 8
ENFORCING THE DOCUMENTS

8.1 Notice and Hearing. Before the Association may exercise certain of its remedies for a violation of the Governing Documents or damage to the Property, the Association must give an Owner written notice and an opportunity for a hearing, according to the requirements and procedures in the Bylaws and in applicable law, such as Chapter 209 of the Texas Property Code. Notices are also required before an Owner is liable to the Association for certain charges, including reimbursement of attorney's fees incurred by the Association.

8.2 Remedies. The remedies provided in this Article for breach of the Governing Documents are cumulative and not exclusive. In addition to other rights and remedies provided by the Governing Documents and by law, the Association has the following right to enforce the Governing Documents, subject to applicable notice and hearing requirements (if any):

8.2.1 Nuisance. The result of every act or omission that violates any provision of the Governing Documents is a nuisance, and any remedy allowed by law against a nuisance, either public or private, is applicable against the violation.

8.2.2 Fine. The Association may levy reasonable charges, as an Individual Assessment, against an Owner and his Lot if the Owner or Resident, or the Owner or Resident's family, guests, employees, agents or contractors violate a provision of the Governing Documents. Fines may be levied for each act of violation or for each day a violation continues, and does not constitute a waiver or discharge of the Owner's obligations under the Governing Documents.

8.2.3 Suspension. Subject to any limitations of applicable law, the Association may suspend the right of Owners and Residents to use Common Areas for any period during which the Owner or Resident, or the Owner or Resident's family, guests, employees, agents or contractors violate the Governing Documents. A suspension does not constitute a waiver or discharge of the Owner's obligations under the Governing Documents.

8.2.4 Self-Help. The Association has the right to enter any part of the Property, including Lots, to abate or remove, using force as may reasonably be necessary, any improvement, thing, animal, person, vehicle or condition that violates the Governing Documents. In exercising this right, the Board is not trespassing and is not liable for damages related to the abatement. The Board may levy its costs of abatement against the Lot and Owner as an Individual Assessment. The Board will make reasonable efforts to give the violating Owner prior notice of its intent to exercise self-help. The notice may be given in any manner likely to be received by the Owner. Prior notice is not required

(1) in the case of emergencies, (2) to remove violative signs, (3) to remove violative debris, or (4) to remove any other violative item or to abate any other violative condition that is easily removed or abated and that is considered a nuisance, dangerous, or an eyesore to the neighborhood.

8.2.5 Suit. Failure to comply with the Governing Documents will be grounds for an action to recover damages or for injunctive relief to cause any such violation to be remedied, or both. Prior to commencing any legal proceeding, the Association will give the defaulting party reasonable notice and an opportunity to cure the violation.

8.3 Board Discretion. The Board may use its sole discretion in determining whether to pursue a violation of the Governing Documents, provided the Board does not act in an arbitrary or capricious manner. In evaluating a particular violation, the Board may determine that under the particular circumstances (1) the Association's position is not sufficiently strong to justify taking any or further action; (2) the provision being enforced is or may be construed as inconsistent with applicable law; (3) although a technical violation may exist, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or (4) that enforcement is not in the Association's best interests, based on hardship, expense or other reasonable criteria.

8.4 No Waiver. The Association and every Owner has the right to enforce all restrictions, conditions, covenants, liens and charges now or hereafter imposed by the Governing Documents. Failure by the Association or by any Owner to enforce a provision of the Governing Documents is not a waiver of the right to do so thereafter. If the Association does waive the right to enforce a provision, that waiver does not impair the Association's right to enforce any other part of the Governing Documents at any future time. No officer, director or Member of the Association is liable to any Owner for the failure to enforce any of the Governing Documents at any time.

8.5 Recovery of Costs. The costs of curing or abating a violation are at the expense of the Owner or other person responsible for the violation. If legal assistance is obtained to enforce any provision of the Governing Documents, or in any legal proceeding (whether or not suit is brought) for damages or for the enforcement of the Governing Documents or the restraint of violations of the Governing Documents, the prevailing party is entitled to recover from the non-prevailing party all reasonable and necessary costs incurred by it in such action, including reasonable attorneys' fees.

ARTICLE 9
MAINTENANCE AND REPAIR OBLIGATIONS

9.1 Association Maintains. The Association's maintenance obligations will be discharged when and how the Board deems appropriate. The Association maintains, repairs and replaces, as a common expense, the portions of the Property listed below, regardless of whether the portions are on Lots or Common Areas:

a. The Common Areas.

b. The yards and landscaping of every Lot between the front and side of the dwelling on the Lot and the abutting streets or side lot line in CARINI TOWNHOMES; provided, however, the Association has no obligation to maintain any part of a Lot enclosed within a fence constructed by an Owner or Declarant that comprises the backyard of the Lot. The Association will perform such maintenance on a schedule determined by the Association.

c. Any real and personal property owned by the Association but which is not a Common Area, such as a house Lot owned by the Association.

d. Any property adjacent to CARINI TOWNHOMES if maintenance of same is deemed to be in the best interests of the Association, and if not prohibited by the owner or occupant of said property.

e. Any area, item, easement or service, the maintenance of which is assigned to the Association by this Declaration or by the Plat.

9.2 Owner Responsibility. Every Owner has the following responsibilities and obligations for the maintenance, repair and replacement of the Property, subject to the architectural control requirements of Article 16 and the use restrictions of Article 17:

9.2.1 Dwelling Maintenance. Each Owner, at the Owner's expense, must maintain all improvements on his Lot, including but not limited to the dwelling, and its windows, doors and railings. Maintenance includes preventative maintenance, repair as needed, and replacement as needed. Each Owner is expected to maintain his Lot's improvements at a level, to a standard, and with an appearance that is commensurate with the neighborhood. Specifically, each Owner must repair and replace worn, rotten, deteriorated and unattractive materials, and must regularly repaint all painted surfaces. In maintaining or repairing the exterior of the dwelling, an Owner may not change any aspect of the color or any other aspect of the visual presentation of the exterior. Declarant intends that the front façade of all dwellings on the Lots be uniform in visual presentation to preserve the value of the Property.

9.2.2 Dwelling Reconstruction. In the event of damage or destruction by fire or other casualty to a dwelling, the Owner thereof must repair or rebuild the damaged or destroyed portions of the dwelling in a good and workmanlike manner in conformance with the original plans therefor. In the event such Owner refuses or fails to so repair or rebuild the damaged or destroyed building within 180 days from the date of the damage, the Association is irrevocably authorized by the Owner of the subject Lot to perform the repairs or reconstruction necessary to restore the façade of the dwelling to its condition prior to the damage or destruction. The costs incurred by the Association on behalf of the Owner for repair or reconstruction of the dwelling facade will be an Individual Assessment against the Owner and his Lot.

9.2.3 Foundation Repair. Each Owner must promptly repair, at Owner's sole cost and expense, the foundation of the dwelling on his Lot in accordance with the provisions of this section to minimize the chance that the foundation damage will extend to the foundations of other dwellings. The Association has the exclusive right to (i) determine the appropriate methods of repairing the foundation, (ii) select the contractor to perform the foundation repair, and (iii) approve the specifications for the repair work. If the Owner fails to repair the foundation as required, the Association may do so on behalf of the Owner and at the Owner's expense, which is an Individual Assessment against the Owner and his Lot.

9.2.4 Avoid Damage. An Owner may not do any work or to fail to do any work which, in the reasonable opinion of the Board, would materially jeopardize the soundness and safety of the Property, reduce the value of the Property, adversely affect the appearance of the Property, or impair any easement relating to the Property.

9.2.5 Responsible for Damage. An Owner is responsible for his own willful or negligent acts and those of his or the Resident's family, guests, agents, employees or contractors when those acts necessitate maintenance, repair or replacement to the Common Areas, those portions of the Owner's Lot for which the Association has maintenance obligations or the property of another Owner. Specifically, if maintenance by the Association on an Owner's Lot in excess of the standard maintenance is required on account of Owner's acts or omissions or attributable to landscaping not approved by the Architectural Reviewer as required by this Declaration, the Owner of such Lot is responsible for payment to the Association of the additional expense as an Individual Assessment within 30 days of the date the Association sends such Owner an invoice for the extra work and expense.

9.3 Owner's Default in Maintenance. If the Board determines that an Owner has failed to properly discharge his obligation to maintain, repair and replace items for which the Owner or Owner's Resident is responsible, the Board may give the Owner written notice of the Association's intent to provide the necessary maintenance at Owner's expense. The notice must state, with reasonable particularity, the maintenance deemed necessary and a

reasonable period of time in which to complete the work. If the Owner fails or refuses to timely perform the maintenance, the Association may do so at Owner's expense, which is an Individual Assessment against the Owner and his Lot. In case of an emergency, however, the Board's responsibility to give the Owner written notice may be waived and the Board may take any action it deems necessary to protect persons or property, the cost of the action being the Owner's expense.

9.4 Water Conservation. Water conservation by Owners is encouraged. The Association may restrict the type of turf and landscaping planted or placed on a Lot to encourage or require water conservation.

ARTICLE 10
INSURANCE

10.1 General Provisions. All insurance affecting the Property is governed by the provisions of this Article, with which the Board will make every reasonable effort to comply. The cost of insurance coverages and bonds maintained by the Association is an expense of the Association. Insurance policies and bonds obtained and maintained by the Association must be issued by responsible insurance companies authorized to do business in the State of Texas. The Association must be the named insured on all policies obtained by the Association. Each Owner irrevocably appoints the Association, acting through its Board, as his trustee to negotiate, receive, administer and distribute the proceeds of any claim against an insurance policy maintained by the Association. Additionally:

10.1.1 Notice of Cancellation or Modification. Each insurance policy maintained by the Association should contain a provision requiring the insurer to give at least 10 days' prior written notice to the Board before the policy may be canceled, terminated, materially modified, or allowed to expire, by either the insurer or the insured.

10.1.2 Deductibles. An insurance policy obtained by the Association may contain a reasonable deductible, which will be paid by the party who would be liable for the loss or repair in the absence of insurance. If a loss is due wholly or partly to an act or omission of an Owner or Resident or their invitees, the Owner must reimburse the Association for the amount of the deductible that is attributable to the act or omission.

10.2 Property. To the extent it is reasonably available, the Association will obtain property insurance for insurable Common Area improvements. Also, the Association will insure the improvements on any dwelling Lot owned by the Association.

10.3 General Liability. The Association will maintain a commercial general liability insurance policy over the Common Areas - expressly excluding the liability of each Owner and Resident within his Lot - for bodily injury and property damage resulting from the operation, maintenance or use of the Common Areas. If the policy does not contain a severability of interest provision, it should contain an endorsement to preclude the insurer's denial of an Owner's claim because of negligent acts of the Association or other Owners.

10.4 Directors & Officers Liability. To the extent it is reasonably available, the Association will maintain directors and officers liability insurance, errors and omissions insurance, indemnity bonds, or other insurance the Board deems advisable to insure the Association's directors, officers, committee members and managers against liability for an act or omission in carrying out their duties in those capacities.

10.5 Other Coverages. The Association may maintain any insurance policies and bonds deemed by the Board to be necessary or desirable for the benefit of the Association, including but not limited to worker's compensation insurance, fidelity coverage, and any insurance and bond requested and required by an Underwriting Lender for planned unit developments as long as an Underwriting Lender is a mortgagee or an Owner.

10.6 Owner's Responsibility for Insurance. Each Owner must obtain and maintain property insurance on all insurable improvements on his Lot, in an amount sufficient to cover 100 percent of the replacement cost of any repair or reconstruction in event of damage or destruction from any insured hazard. Further, each Owner must obtain and maintain general liability insurance on his Lot. Each Owner must provide the Association with proof or a

certificate of insurance on request by the Association from time to time. If an Owner fails to maintain required insurance, or to provide the Association with proof of same, the Board may obtain insurance on behalf of the Owner who will be obligated for the cost as an Individual Assessment. The Board may establish additional minimum insurance requirements, including types and minimum amounts of coverage, to be individually obtained and maintained by Owners if the insurance is deemed necessary or desirable by the Board to reduce potential risks to the Association or other Owners. Each Owner and Resident is solely responsible for insuring his personal property in his dwelling and on the Lot, including furnishings, vehicles and stored items.

ARTICLE 11
MORTGAGEE PROTECTION

11.1 Introduction. This Article establishes certain standards for the benefit of Mortgagees, as defined below.

11.1.1 ***"Underwriting Lender"*** means Federal Home Loan Mortgage Corporation (Freddie Mac), Federal Housing Administration (HUD/FHA), Federal National Mortgage Association (Fannie Mae), or U. S. Department of Veterans Affairs (VA), singly or collectively. The use of this term and these institutions may not be construed as a limitation on an Owner's financing options nor as a representation that the Property is approved by any institution.

11.1.2 ***"Mortgagee"*** means a holder, insurer or guarantor of a purchase money mortgage secured by a recorded senior or first deed of trust lien against a Lot, or any renewal, modification or refinancing thereof. In dealing with the Association, a Mortgagee may be represented by a mortgage service, agent or representative.

11.1.3 ***"Eligible Mortgagee"*** means a Mortgagee that submits to the Association a written notice containing its name and address, the loan number, the identifying number and street address of the mortgaged Lot, and the types of actions for which the Eligible Mortgagee requests timely notice. A single notice per Lot will be valid so long as the Eligible Mortgagee holds a mortgage on the Lot. The Board will maintain this information.

11.2 Mortgagee Rights.

11.2.1 Lien Superiority. As stated in the Assessment Lien Article of this Declaration, the lien in a Mortgagee's recorded deed of trust is superior to the Association's lien for Assessments.

11.2.2 Termination. An action to terminate the legal status of the Property after substantial destruction or condemnation must be approved by at least 51 percent of Eligible Mortgagees, in addition to the required consents of Owners. An action to terminate the legal status for reasons other than substantial destruction or condemnation must be approved by at least 67% of Eligible Mortgagees.

11.2.3 Inspection of Books. Mortgagees may inspect the Association's books and records, including the Governing Documents, by appointment, during normal business hours.

11.2.4 Amending Governing Documents. If a Mortgagee requests from the Association compliance with the guidelines of an Underwriting Lender, the Board, without approval of Owners or Mortgagees, may amend this Article and other provisions of the Governing Documents, as necessary, to meet the requirements of the Underwriting Lender. This Article is supplemental to, not a substitution for, any other provision of the Governing Documents. In case of conflict, this Article controls.

11.2.5 Attend Meetings. A representative of an Eligible Mortgagee may attend and address any meeting which an Owner may attend.

11.2.6 Insurance. If an Underwriting Lender is a Mortgagee or an Owner, at the request of the Underwriting Lender the Association will comply with the Underwriting Lender's insurance requirements to the extent the requirements are reasonable and available, and do not conflict with other insurance requirements of this Declaration.

11.3 Limits on Association's Duties.

11.3.1 Which Mortgagees. The Association's affirmative obligations to Mortgagees under the Governing Documents extend only to those Mortgagees of whom the Association has actual knowledge. This Article may not be construed to require the Association to perform title research to ascertain the existence and identity of a Mortgagee on a Lot. Any duty of the Association to a Mortgagee is conclusively satisfied if performed for Mortgagees known to the Association, without regard to other holders of liens on Lots. The Association may rely on the information provided by Owners and Mortgagees.

11.3.2 Communications with Mortgagee. If the Governing Documents or public law require the consent of Mortgagees for an act, decision or amendment by the Association, the approval of a Mortgagee is implied when the Mortgagee fails to respond within 30 days after receiving the Association's written request for approval of a proposed amendment, provided the Association's request was delivered by certified or registered mail, return receipt requested.

ARTICLE 12
AMENDMENTS

12.1 Consents Required. As permitted by this Declaration, certain amendments of this Declaration may be executed by Declarant alone, or by the Board alone. Otherwise, amendments to this Declaration must be approved by Owners holding at least 67% of the votes in the Association, and by Declarant during the Declarant Control Period. Approval of Owners does not require that the amendment be signed by the consenting Owners, or that consents be executed and acknowledged by the approving Owners.

12.2 Method of Amendment. For an amendment that requires the approval of Owners, this Declaration may be amended by any method selected by the Board from time to time, pursuant to the Bylaws, provided the method gives an Owner of each Lot the substance if not exact wording of the proposed amendment, a description of the effect of the proposed amendment, and an opportunity to vote for or against the proposed amendment.

12.3 Effective. To be effective, an amendment approved by the Owners or by the Board must be in the form of a written instrument (1) referencing the name of the Property, the name of the Association, and the recording data of this Declaration and any amendments hereto; (2) signed and acknowledged by an officer of the Association certifying the requisite approval of Owners or directors and, if required, Eligible Mortgagees; and (3) recorded in the Official Public Records of Brazos County, Texas, except as modified by the following section.

12.4 Declarant Provisions. Declarant has an exclusive right to unilaterally amend this Declaration for the purposes stated in Article 14. An amendment that may be executed by Declarant alone is not required to name the Association or to be signed by an officer of the Association. No amendment may affect Declarant's rights under this Declaration without Declarant's written and acknowledged consent, which must be part of the recorded amendment instrument. This Section may not be amended without Declarant's written and acknowledged consent.

12.5 Mergers. Merger or consolidation of the Association with another association must be evidenced by an amendment to this Declaration. The amendment must be approved by Owners holding at least 67% of the votes in the Association and by Declarant during the Declarant Control Period. Upon a merger or consolidation of the Association with another association, the property, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving association pursuant to the merger. The surviving or consolidated association may administer the provisions of the Governing Documents within CARINI TOWNHOMES, together with the covenants and restrictions established upon any other property under its

jurisdiction. No merger or consolidation, however, will effect a revocation, change or addition to the covenants established by this Declaration within the Property.

12.6 Condemnation. In any proceeding, negotiation, settlement or agreement concerning condemnation of the Common Area, the Association will be the exclusive representative of the Owners. The Association may use condemnation proceeds to repair and replace any damage or destruction of the Common Area, real or personal, caused by the condemnation. Any condemnation proceeds remaining after completion, or waiver, of the repair and replacement will be deposited in the Association's reserve funds.

ARTICLE 13
DISPUTE RESOLUTION

13.1 Introduction & Definitions. The Association, the Owners, Declarant, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, the "Parties") agree to encourage the amicable resolution of disputes involving the Property and to avoid the emotional and financial costs of litigation if at all possible. Accordingly, each Party hereby covenants and agrees that this Article applies to all claims as hereafter defined. As used in this Article only, the following words, when capitalized, have the following specified meanings:

13.1.1 ***"Claim"*** means any claim, grievance or dispute between Parties involving the Properties, except Exempt Claims as defined below, and including without limitation:

a. Claims arising out of or relating to the interpretation, application or enforcement of the Governing Documents.

b. Claims relating to the rights and/or duties of Declarant as Declarant under the Governing Documents.

c. Claims relating to the design, construction or maintenance of the Property.

13.1.2 ***"Claimant"*** means any Party having a Claim against any other Party.

13.1.3 ***"Exempt Claims"*** means the following claims or actions, which are exempt from this Article:

a. The Association's claim for Assessments, and any action by the Association to collect Assessments.

b. An action by a Party to obtain a temporary restraining order or equivalent emergency equitable relief, and such other ancillary relief as the court deems necessary to maintain the status quo and preserve the Party's ability to enforce the provisions of this Declaration.

c. Enforcement of the easements, architectural control, maintenance, and use restrictions of this Declaration.

d. A suit to which an applicable statute of limitations would expire within the notice period of this Article, unless a Party against whom the Claim is made agrees to toll the statute of limitations as to the Claim for the period reasonably necessary to comply with this Article.

13.1.4 ***"Respondent"*** means the Party against whom the Claimant has a Claim.

13.2 Mandatory Procedures. Claimant may not file suit in any court or initiate any proceeding before any administrative tribunal seeking redress or resolution of its Claim until Claimant has complied with the procedures of this Article.

13.3 Notice. Claimant must notify Respondent in writing of the Claim (the "Notice"), stating plainly and concisely: (1) the nature of the Claim, including date, time, location, persons involved, and Respondent's role in the Claim; (2) the basis of the Claim (i.e., the provision of the Governing Documents or other authority out of which the Claim arises); (3) what Claimant wants Respondent to do or not do to resolve the Claim; and (4) that the Notice is given pursuant to this Section.

13.4 Negotiation. Claimant and Respondent will make every reasonable effort to meet in person to resolve the Claim by good faith negotiation. Within 60 days after Respondent's receipt of the Notice, Respondent and Claimant will meet at a mutually acceptable place and time to discuss the Claim. At such meeting or at some other mutually agreeable time, Respondent and Respondent's representatives will have full access to the property that is subject to the Claim for the purposes of inspecting the property. If Respondent elects to take corrective action, Claimant will provide Respondent and Respondent's representatives and agents with full access to the property to take and complete corrective action.

13.5 Mediation. If the parties negotiate but do not resolve the Claim through negotiation within 120 days from the date of the Notice (or within such other period as may be agreed on by the parties), Claimant will have 30 additional days within which to submit the Claim to mediation under the auspices of a mediation center or individual mediator on which the parties mutually agree. The mediator must have at least 5 years of experience serving as a mediator and must have technical knowledge or expertise appropriate to the subject matter of the Claim. If Claimant does not submit the Claim to mediation within the 30-day period, Claimant is deemed to have waived the Claim, and Respondent is released and discharged from any and all liability to Claimant on account of the Claim.

13.6 Termination of Mediation. If the Parties do not settle the Claim within 30 days after submission to mediation, or within a time deemed reasonable by the mediator, the mediator will issue a notice of termination of the mediation proceedings indicating that the Parties are at an impasse and the date that mediation was terminated. Thereafter, Claimant may file suit or initiate administrative proceedings on the Claim, as appropriate.

13.7 Allocation of Costs. Except as otherwise provided in this Section, each Party bears all of its own costs incurred prior to and during the proceedings described in the Notice, Negotiation and Mediation sections above, including its attorneys' fees. Respondent and Claimant will equally divide all expenses and fees charged by the mediator.

13.8 Enforcement of Resolution. Any settlement of the Claim through negotiation or mediation will be documented in writing and signed by the Parties. If any Party thereafter fails to abide by the terms of the agreement, then the other Party may file suit or initiate administrative proceedings to enforce the agreement without the need to again comply with the procedures set forth in this Article. In that event, the Party taking action to enforce the agreement is entitled to recover from the non-complying Party all costs incurred in enforcing the agreement, including, without limitation, attorneys' fees and court costs.

13.9 General Provisions. A release or discharge of Respondent from liability to Claimant on account of the Claim does not release Respondent from liability to persons who are not party to Claimant's Claim. A Party having an Exempt Claim may submit it to the procedures of this Article.

13.10 Litigation Approval & Settlement. To encourage the use of alternate dispute resolution and discourage the use of costly and uncertain litigation, the initiation of any judicial or administrative proceeding by the Association is subject to the following conditions in addition to and notwithstanding the above alternate dispute resolution procedures. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to be bound by this Section. This Section may not be amended without the approval of Owners holding at least 67% of the votes in the Association and by Declarant during the Declarant Control Period.

13.10.1 Owner Approval. The Association may not initiate any judicial or administrative proceeding without the prior approval of Owners holding at least 67% of the votes in the Association, except that no such approval is required (1) to enforce provisions of this Declaration, including collection of Assessments; (2) to challenge condemnation proceedings; (3) to enforce a contract against a contractor, vendor or supplier of goods or services to the Association; (4) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against the Association; or (5) to obtain a temporary restraining order or equivalent emergency equitable relief when circumstances do not provide sufficient time to obtain the prior consents of Owners in order to preserve the status quo.

13.10.2 Funding Litigation. Except in the case of a temporary restraining order or equivalent emergency equitable relief when circumstances do not provide sufficient time to levy a Special Assessment, the Association must levy a Special Assessment to fund the estimated costs of litigation prior to initiating a judicial or administrative proceeding. The Association may not use its annual operating income, reserve funds or savings to fund litigation, unless the Association's annual budget or a savings account was established and funded from its inception as a litigation reserve fund.

13.10.3 Settlement. The Board, on behalf of the Association and without the consent of Owners, is hereby authorized to negotiate settlement of litigation, and may execute any document related thereto, such as settlement agreements and waiver or release of claims.

ARTICLE 14
DECLARANT RIGHTS & RESERVATIONS

14.1 General Provisions.

14.1.1 Introduction. Declarant intends the Declaration to be perpetual and understands that provisions pertaining to the initial development, construction, marketing and control of the Property will become obsolete when Declarant's role is complete. As a courtesy to future users of the Declaration, who may be frustrated by then obsolete terms, Declarant is compiling the Declarant related provisions in this Article.

14.1.2 General Reservation & Construction. Notwithstanding other provisions of the Governing Documents to the contrary, nothing contained therein may be construed to, nor may any Mortgagee, other Owner, or the Association, prevent or interfere with the rights contained in this Article which Declarant hereby reserves exclusively unto itself and its successors and assigns. In case of conflict between this Article and any other Governing Document, this Article controls. This Article may not be amended without the prior written consent of Declarant. The terms and provisions of this Article must be construed liberally to give effect to Declarant's intent to protect Declarant's interests in the Property.

14.1.3 Purpose of Development and Declarant Control Periods. This Article gives Declarant certain rights during the Development Period and the Declarant Control Period to ensure a complete and orderly sell-out of CARINI TOWNHOMES, which is ultimately for the benefit and protection of Owners and Mortgagees. Declarant may not use its control of the Association and the Property for an advantage over the Owners by way of retention of any residual rights or interests in the Association or through the creation of any contractual agreements which the Association may not terminate without cause with 90 days' notice.

14.2 Definitions. As used in this Article and elsewhere in the Governing Documents, the following words and phrases have the following specified meanings:

14.2.1 ***"Declarant Control Period"*** means that period of time during which Declarant controls the operation and management of the Association. The duration of the Declarant Control Period will be from the date this Declaration is recorded for a maximum period not to exceed the earlier of

(1) ten years from the date this Declaration is recorded, or (2) 120 days after title to 75% of the Lots that may be created in CARINI TOWNHOMES has been conveyed to Owners other than Declarant or affiliates of Declarant.

14.2.2 ***"Development Period"*** means the 15 year period beginning the date this Declaration is recorded, during which Declarant has certain rights pursuant to this Article, such as rights relating to development, construction, expansion and marketing of CARINI TOWNHOMES. The Development Period is for a term of years and does not require that Declarant own land described in Exhibit A. The Development Period is different from and longer than the Declarant Control Period. Declarant may terminate the Development Period at any time by recording a notice of termination.

14.2.3 ***"Unilaterally"*** means that the Declarant may take the authorized action without the consent, approval, vote or joinder of any other person, such as Owners, builders, Mortgagees and the Association. Certain provisions in this Article and elsewhere in the Governing Documents authorize the Declarant to act unilaterally. Unilateral action by Declarant is favored for purposes of efficiency and to protect the interests of Declarant.

14.3 Declarant Control Period Reservations-Governance. Declarant reserves the following powers, rights and duties during the Declarant Control Period:

14.3.1 Incorporation of Association. Declarant has or will incorporate the Association as a Texas nonprofit corporation before the end of the Declarant Control Period.

14.3.2 Officers & Directors. During the Declarant Control Period, the Board may consist of 3 persons. During the Declarant Control Period, Declarant may appoint, remove and replace any officer or director of the Association, none of whom need be members or Owners, and each of whom is indemnified by the Association as a "Leader". Declarant's unilateral right to remove and replace officers and directors applies to officers and directors who were elected or designated by Owners other than Declarant, as well as to Declarant's appointees. After termination of the Declarant Control Period, at least one-third of the Board members must be elected by Owners other than Declarant.

14.3.3 Association Meetings. During the Declarant Control Period, meetings of the Association may be held at a location, date and time that is convenient to Declarant, whether or not it is mutually convenient for the Owners.

14.3.4 Transition Meeting. Within 60 days after the end of the Declarant Control Period, or sooner at the Declarant's option, Declarant will call a transition meeting of the members of the Association for the purpose of electing, by vote of the Owners, directors to the Board. Written notice of the transition meeting must be given to an Owner of each Lot at least 10 days before the meeting. For the transition meeting, Owners of 10 percent of the Lots constitute a quorum. The directors elected at the transition meeting will serve until the next annual meeting of the Association or a special meeting of the Association called for the purpose of electing directors, at which time the staggering of terms will begin.

14.4 Declarant Control Period Reservations-Financial. Declarant reserves the following powers, rights and duties during the Declarant Control Period:

14.4.1 Association Budget. During the Declarant Control Period, the Declarant-appointed Board will establish a projected budget for CARINI TOWNHOMES as a fully developed, fully constructed and fully occupied residential community with a level of services and maintenance that is typical for similar types of developments in the general area of the Property, using cost estimates that are current for the period in which the budget is prepared. The Association budget may not include enhancements voluntarily provided by Declarant to facilitate the marketing of Lots.

14.4.2 Budget Funding. During the Declarant Control Period only, Declarant is responsible for the difference between the Association's actual operating expenses and the Regular Assessments received from Owners other than Declarant, and will provide any additional funds necessary to pay actual cash outlays of the Association. On termination of the Declarant Control Period, Declarant will cease being responsible for the difference between the Association's operating expenses and the Assessments received from Owners other than Declarant.

14.4.3 Declarant Assessments & Reserves. During the Declarant Control Period, any real property owned by Declarant is not subject to assessment by the Association. During the Declarant Control Period, Declarant is not required to make contributions to the Association's reserve funds for the Lots owned by Declarant. Declarant's obligation to fund the difference in the Association's operating expenses may not be construed to require Declarant to fund reserve accounts.

14.4.4 Commencement of Assessments. Declarant will be responsible for all operating expense shortfalls of the Association. Regular Assessments will be due and payable as each Lot is sold by Declarant. The initial Regular Assessment will be $1,500.00 per Lot per year, provided, however, on the first sale of the Lot by Declarant, the full $1,500.00 Regular Assessment must be paid by the Owner without proration. Thus, for example, the Owner of a Lot purchased from Declarant on December 15 of any calendar year would pay the same Regular Assessment as an Owner who purchased a Lot from Declarant on January 15 of the same calendar year.

14.4.5 Expenses of Declarant. Expenses related to the completion and marketing of the Property will be paid by Declarant and are not expenses of the Association.

14.4.6 Budget Control. During the Declarant Control Period, the right of Owners to veto Assessment increases or Special Assessments is not effective and may not be exercised.

14.5 Development Period Reservations. Declarant reserves the following easements and rights, exercisable at Declarant's sole discretion, at any time during the Development Period:

14.5.1 Withdrawal. During the Development Period, Declarant may withdraw real property from the Property and the effect of this Declaration (1) if the Owner of the withdrawn property consents to the withdrawal, and (2) if the withdrawal does not significantly and detrimentally change the appearance, character, operation or use of the Property.

14.5.2 Changes in Development Plan. Declarant may modify the initial development plan to respond to perceived or actual changes and opportunities in the marketplace. Subject to approval by (1) a governmental entity, if applicable, and (2) the Owner of the land or Lots to which the change would directly apply (if other than Declarant), Declarant may (a) change the sizes, dimensions and configurations of Lots and streets; (b) change the minimum dwelling size; (c) change the building setback requirements; and (d) eliminate or modify any other feature of the Property.

14.5.3 Architectural Control. During the Development Period, Declarant has the absolute right to serve as the Architectural Reviewer pursuant to Article 16. Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights under Article 16 and this Article to (1) an architectural control committee appointed by the Board, or (2) a committee comprised of architects, engineers or other persons who may or may not be members of the Association. Any such delegation must be in writing and must specify the scope of delegated responsibilities. Any such delegation is at all times subject to the unilateral rights of Declarant:

a. to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated; and

b. to veto any decision which Declarant, in its sole discretion, determines to be inappropriate or inadvisable for any reason. Declarant also has the unilateral right to exercise

architectural control over vacant Lots in CARINI TOWNHOMES. Neither the Association, the Board of Directors, nor a committee appointed by the Association or Board (no matter how the committee is named) may involve itself with the approval of new homes and related improvements on vacant Lots.

14.5.4 Amendment. During the Development Period, Declarant may amend this Declaration and the other Governing Documents, without consent of other Owners or any Mortgagee, for any purpose.

14.5.5 Completion. During the Development Period, Declarant has (1) the right to complete or make improvements indicated on the plat; (2) the right to sell or lease any Lot owned by Declarant; and (3) an easement and right to erect, construct and maintain on and in the Common Area and Lots owned or leased by Declarant whatever Declarant determines to be necessary or advisable in connection with the construction, completion, management, maintenance, leasing and marketing of CARINI TOWNHOMES, including, without limitation, parking areas, temporary buildings, temporary fencing, portable toilets, storage areas, dumpsters, trailers and commercial vehicles of every type.

14.5.6 Easement to Inspect & Right to Correct. During the Development Period, Declarant reserves for itself the right, but not the duty, to inspect, monitor, test, redesign, correct and relocate any structure, improvement or condition that may exist on any portion of the Property, including the Lots, and a perpetual non-exclusive easement of access throughout the Property to the extent reasonably necessary to exercise this right. Declarant will promptly repair, at its sole expense, any damage resulting from the exercise of this right. By way of illustration but not limitation, relocation of a screening wall located on a Lot may be warranted by a change of circumstance, imprecise siting of the original wall, or desire to comply more fully with public codes and ordinances. This Section may not be construed to create a duty for Declarant or the Association.

14.5.7 Promotion. During the Development Period, Declarant reserves for itself an easement and right to place or install signs, banners, flags, display lighting, potted plants, exterior decorative items, seasonal decorations, temporary window treatments, and seasonal landscaping on the Property, including items and locations that are prohibited to other Owners and Residents, for purposes of promoting, identifying and marketing CARINI TOWNHOMES and/or Declarant's houses, Lots, developments, or other products located outside the Property. Declarant reserves an easement and right to maintain, relocate, replace or remove the same from time to time within the Property. Declarant also reserves the right to sponsor marketing events - such as open houses, MLS tours, and brokers' parties - at the Property to promote the sale of Lots.

14.5.8 Offices. During the Development Period, Declarant reserves for itself the right to use dwellings owned or leased by Declarant as models, storage areas and offices for the marketing, management, maintenance, customer service, construction and leasing of the Property and/or Declarant's developments or other products located outside the Property. Also, Declarant reserves for itself the easement and right to make structural changes and alterations on and to Lots and dwellings used by Declarant as models, storage areas and offices, as may be necessary to adapt them to the uses permitted herein.

14.5.9 Access. During the Development Period, Declarant has an easement and right of ingress and egress in and through the Property for purposes of constructing, maintaining, managing and marketing CARINI TOWNHOMES, and for discharging Declarant's obligations under this Declaration. Declarant also has the right to provide a reasonable means of access for the home buying public through any existing or future gate that restricts vehicular access to the Property in connection with the active marketing of Lots and homes by Declarant, including the right to require that the gate be kept open during certain hours and/or on certain days. This provision may not be construed as an obligation or intent to gate the Property.

14.5.10 Utility Easements. During the Development Period, Declarant may grant permits, licenses and easements over, in, on, under and through the Property for utilities, roads and other purposes necessary for the proper development and operation of the Property. Declarant reserves the right to make changes in and additions to the easements on any Lot, as shown on the Plat, to more efficiently or economically install utilities or other improvements. Utilities may include, but are not limited to, water, sewer, trash removal, electricity, gas, telephone, television, cable, internet service and security. To exercise this right as to land that is not a Common Area of the Property or not owned by Declarant, Declarant must have the prior written consent of the land Owner.

14.5.11 Assessments. For the duration of the Development Period after the Declarant Control Period ends, each Lot owned by Declarant is subject to mandatory assessment by the Association in the same manner as the Lot of any other Owner.

14.5.12 Land Transfers. During the Development Period, any transfer of an interest in the Property to or from Declarant is not subject to any transfer-related provision in the Governing Documents, including without limitation an obligation for transfer or resale certificate fees and the transfer-related provisions of Article 6 of this Declaration.

14.6 Different Standards. Declarant has the right (1) to establish specifications for the construction of all initial improvements in CARINI TOWNHOMES, and (2) to grant variances or waivers from community-wide standards.

14.7 Successor Declarant. Declarant may designate one or more Successor Declarants for specified designated purposes and/or for specified portions of the Property, or for all purposes and all of the Property. To be effective, the designation must be in writing, signed and acknowledged by Declarant and Successor Declarant, and recorded in the Official Public Records of Brazos County, Texas. Declarant (or Successor Declarant) may subject the designation of Successor Declarant to limitations and reservations. Unless the designation of Successor Declarant provides otherwise, a Successor Declarant has the rights of Declarant under this Section and may designate further Successor Declarants.

ARTICLE 15
GENERAL PROVISIONS

15.1 Compliance. The Owners hereby covenant and agree that the administration of the Association will be in accordance with the provisions of the Governing Documents and applicable laws, regulations and ordinances, as same may be amended from time to time, of any governmental or quasi-governmental entity having jurisdiction over the Association or Property.

15.2 Higher Authority. The Governing Documents are subordinate to federal and state law and local ordinances. Generally, the terms of the Governing Documents are enforceable to the extent they do not violate or conflict with local, state or federal law or ordinance. In the event of a conflict between the Governing Documents, the hierarchy of authority is as follows: this Declaration (highest), Association's Certificate of Formation, Bylaws and the Rules and Guidelines (lowest). Within the Declaration, Article 14 has the highest authority.

15.3 Notice. All demands or other notices required to be sent to an Owner or Resident by the terms of this Declaration may be sent by electronic, ordinary or certified mail, postage prepaid, to the party's last known address as it appears on the records of the Association on the date the notice is issued. If an Owner fails to give the Association an address for sending notices, all notices may be sent to the Owner's Lot, and the Owner is deemed to have been given notice, whether or not he actually receives it.

15.4 Changing Technology. The Governing Documents are drafted at the end of an era that uses ink on paper to communicate, to give notice, and to memorialize decisions. The next era of communications may be paperless, relying on electronic communications for many activities that are customarily papered on the date of this Declaration. As technology changes, the terms of the Governing Documents that pertain to communications, notices and

documentation of decisions may be interpreted and applied in ways that are consistent with and customary for the then current technology for standard business practices, without necessity of amending the Governing Document.

15.5 Liberal Construction. The terms and provision of each Governing Document are to be liberally construed to give effect to the purposes and intent of the Governing Document. All doubts regarding a provision, including restrictions on the use or alienability of property, will be resolved first to give effect to Declarant's intent to protect Declarant's interests in the Property, and second in favor of the operation of the Association and its enforcement of the Governing Documents, regardless which party seeks enforcement.

15.6 Severability. Invalidation of any provision of this Declaration by judgment or court order does not affect any other provision, which remains in full force and effect. The effect of a general statement is not limited by the enumeration of specific matters similar to the general.

15.7 Captions. In all Governing Documents, the captions of articles and sections are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer.

15.8 Exhibits. The following exhibits are attached to this Declaration and incorporated herein by reference: ***Exhibit A***-Description of Property, ***Exhibit B***-Construction Specifications and ***Exhibit C***-Site Plan.

15.9 Interpretation. Whenever used in the Governing Documents, unless the context provides otherwise, a reference to a gender includes all genders. Similarly, a reference to the singular includes the plural, the plural the singular, where the same would be appropriate.

15.10 Duration. Unless terminated or amended by Owners as permitted herein, the provisions of this Declaration run with and bind the Property, and will remain in effect perpetually to the extent permitted by law.

ARTICLE 16
ARCHITECTURAL COVENANTS AND CONTROL

16.1 Purpose. Because the Lots are part of a single, unified community, this Declaration creates rights to regulate the design, use and appearance of the Lots and Common Areas in order to preserve and enhance the Property's value and architectural harmony. One purpose of this Article is to promote and ensure the level of taste, design, quality and harmony by which CARINI TOWNHOMES is developed and maintained. Another purpose is to prevent improvements and modifications that may be widely considered to be radical, curious, odd, bizarre or peculiar in comparison to then existing improvements. A third purpose is to regulate the appearance of every aspect of proposed or existing improvements on a Lot, including but not limited to dwellings, fences, landscaping, retaining walls, yard art, sidewalks and driveways, and further including replacements or modifications of original construction or installation. During the Development Period, a primary purpose of this article is to reserve and preserve Declarant's right of architectural control.

16.2 Architectural Control During the Development Period. During the Development Period, neither the Association, the Board of Directors, nor a committee appointed by the Association or Board (no matter how the committee is named) may involve itself with the approval of new dwellings on vacant Lots. During the Development Period, the Architectural Reviewer for new homes on vacant Lots is the Declarant or its delegatees.

16.2.1 Declarant's Rights Reserved. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees that Declarant has a substantial interest in ensuring that the improvements within CARINI TOWNHOMES enhance Declarant's reputation as a community developer and do not impair Builder's ability to sell dwellings in the Property. Accordingly, each Owner agrees that, during the Development Period, no improvements will be started or progressed on Owner's Lot without the prior written approval of Declarant, which approval may be granted or withheld at Declarant's sole discretion. In reviewing and acting on an application for approval, Declarant may act solely in its self-interest and owes no duty to any other person or any organization. Declarant may designate

one or more persons from time to time to act on its behalf in reviewing and responding to applications.

16.2.2 Delegation by Declarant. During the Development Period, Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights under this Article to (1) a modifications or architectural committee appointed by Declarant or by the Board, (2) a modifications or architectural committee elected by the Owners, or (3) a committee comprised of architects, engineers or other persons who may or may not be members of the Association. Any such delegation must be in writing and must specify the scope of delegated responsibilities. Any such delegation is at all times subject to the unilateral rights of Declarant (1) to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated and (2) to veto any decision which Declarant in its sole discretion determines to be inappropriate or inadvisable for any reason.

16.3 Architectural Control by Association. Unless and until such time as Declarant delegates all or a portion of its reserved rights to the Architectural Control Committee (the "ACC"), or the Development Period is terminated or expires, the Association has no jurisdiction over architectural matters. On termination or expiration of the Development Period, or earlier if delegated in writing by Declarant, the Association, acting through the ACC will assume jurisdiction over architectural control. The ACC will consist of at least 3 but not more than 7 persons appointed by the Board, pursuant to the Bylaws. Members of the ACC serve at the pleasure of the Board and may be removed and replaced at the Board's discretion. At the Board's option, the Board may act as the ACC, in which case all references in the Governing Documents to the ACC are construed to mean the Board. Members of the ACC need not be Owners or Residents, and may but need not include architects, engineers and design professionals whose compensation, if any, may be established from time to time by the Board.

16.4 Limits on Liability. The Architectural Reviewer has sole discretion with respect to taste, design and all standards specified by this Article. The Architectural Reviewer and each of its members has no liability for decisions made in good faith by the Architectural Reviewer, and which are not arbitrary or capricious. The Architectural Reviewer is not responsible for: (1) errors in or omissions from the plans and specifications submitted to the Architectural Reviewer, (2) supervising construction for the Owner's compliance with approved plans and specifications, (3) the compliance of the Owner's plans and specifications with governmental codes and ordinances, state and federal laws, or (4) surface water diversion resulting from approved improvements constructed on a Lot or other use of a Lot by an Owner and Resident.

16.5 Prohibition of Construction, Alteration & Improvement. Without the Architectural Reviewer's prior written approval, a person may not construct a dwelling or make an addition, alteration, improvement, installation, modification, redecoration or reconstruction of or to the Property, if it will be visible from a street, another Lot or the Common Area. The Architectural Reviewer has the right but not the duty to evaluate every aspect of construction, landscaping and property use that may adversely affect the general value or appearance of the CARINI TOWNHOMES.

16.6 Architectural Approval. To request architectural approval, an Owner must make written application to the Architectural Reviewer and submit two identical sets of plans and specifications showing the nature, kind, shape, color, size, materials and locations of the work to be performed, including landscaping. In support of the application, the Owner may, but is not required to, submit letters of support or non-opposition from Owners of Lots that may be affected by the proposed change. The application must clearly identify any requirement of this Declaration for which a variance is sought. The Architectural Reviewer will return one set of plans and specifications to the applicant marked with the Architectural Reviewer's response, such as "Approved", "Denied" or "More Information Required". The Architectural Reviewer will retain the other set of plans and specifications, together with the application, for the Architectural Reviewer's files. Verbal approval by an Architectural Reviewer, the Declarant, an Association director or officer, a member of the ACC, or the Association's manager does not constitute architectural approval by the appropriate Architectural Reviewer, which must be in writing.

16.6.1 Deemed Approval. Under the following limited conditions, the applicant may presume that his request has been approved by the Architectural Reviewer:

a. If the applicant or a person affiliated with the applicant has not received the Architectural Reviewer's written response approving, denying or requesting additional information within 60 days after delivering his complete application to the Architectural Reviewer.

b. If the proposed improvement or modification strictly conforms to requirements and construction specifications contained in this Declaration and in any design guidelines for the Property in effect at the time of application.

If those conditions are satisfied, the Owner may then proceed with the improvement, provided he adheres to the plans and specifications which accompanied his application, and provided he initiates and completes the improvement in a timely manner. In exercising deemed approval, the burden is on the Owner to document the Architectural Reviewer's actual receipt of the Owner's complete application. Under no circumstance may approval of the Architectural Reviewer be deemed, implied or presumed for an improvement or modification that would require a variance from the requirements and construction specifications contained in this Declaration and in any design guidelines for the Property in effect at the time of application.

16.6.2 Building Permit. If the application is for work that requires a building permit from a governmental body, the Architectural Reviewer's approval is conditioned on the issuance of the appropriate permit. The Architectural Reviewer's approval of plans and specifications does not mean that they comply with the requirements of the governmental body. Alternatively, governmental approval does not ensure Architectural Reviewer approval.

16.6.3 Declarant Approved. Notwithstanding anything to the contrary in this Declaration, any improvement to CARINI TOWNHOMES made or approved by Declarant during the Development Period is deemed to have been approved by the Architectural Reviewer.

16.7 Architectural Guidelines. Declarant during the Development Period, and the Association thereafter, may publish architectural restrictions, guidelines and standards which may be revised from time to time to reflect changes in technology, style and taste. The initial Construction Specifications for CARINI TOWNHOMES are attached as Exhibit B.

ARTICLE 17
CONSTRUCTION AND USE RESTRICTIONS

17.1 Variance. The use of the Property is subject to the restrictions contained in this Article, and subject to rules adopted pursuant to this Article. The Board or the Architectural Reviewer, as the case may be, may grant a variance or waiver of a restriction or rule on a case-by-case basis when unique circumstances dictate, and may limit or condition its grant. Circumstances which may support a variance include topography, natural obstructions, hardship, or aesthetic or environmental considerations. The inability to obtain approval of any governmental agency, the issuance of a permit or the terms of any financing will not be deemed or considered a hardship warranting a variance. To be effective, a variance must be in writing. The grant of a variance does not effect a waiver or estoppel of the Association's right to deny a variance in other circumstances. Approval of a variance or waiver may not be deemed, implied or presumed under any circumstance.

17.2 Construction Restrictions. Without the Architectural Reviewer's prior written approval for a variance, improvements constructed on every Lot must have the characteristics described in Exhibit B, as amended from time to time, which may be treated as the minimum requirements for improving and using a Lot. The Architectural Reviewer and the Board may promulgate additional rules and restrictions, as well as interpretations, additions and specifications of the restrictions contained in this Article. An Owner should review the Association's current architectural restrictions, if any, before planning improvements, repairs or replacements to his Lot and dwelling.

17.3 Limits to Rights. No right granted to an Owner by this Article or by any provision of the Governing Documents is absolute. The Governing Documents grant rights with the expectation that the rights will be exercised in ways, places and times that are customary for the neighborhood. This Article and the Governing Documents as a whole do not try to anticipate and address every creative interpretation of the restrictions. For example, an Owner's right to have a sign advertising the dwelling for sale is not the right to mount the sign on the chimney and illuminate it with pulsating neon lights. The right of access to a dwelling is not the right to land helicopters on the Lot. The rights granted by this Article and the Governing Documents are at all times subject to the Board's determination that a particular interpretation and exercise of a right is significantly inappropriate, unattractive or otherwise unsuitable for the neighborhood, and thus constitutes a violation of the Governing Documents. In other words, the exercise of a right or restriction must comply with the spirit of the restriction as well as with the letter of the restriction.

17.4 Association's Right to Promulgate Rules. The Association, acting through its Board, is granted the right to adopt, amend, repeal and enforce reasonable Rules and penalties for infractions thereof regarding the occupancy, use, disposition, maintenance, appearance and enjoyment of CARINI TOWNHOMES. In addition to the restrictions contained in this Article, each Lot is owned and occupied subject to the right of the Board to establish Rules, and penalties for infractions thereof, governing:

a. Use of Common Areas.

b. Hazardous, illegal or annoying materials or activities on the Property.

c. The use of Property-wide services provided through the Association.

d. The consumption of utilities billed to the Association.

e. The use, maintenance and appearance of exteriors of dwellings and Lots.

f. Landscaping and maintenance of yards.

g. The occupancy and leasing of dwellings.

h. Animals.

i. Vehicles.

j. Disposition of trash and control of vermin, termites and pests.

k. Anything that interferes with maintenance of the Property, operation of the Association, administration of the Governing Documents, or the quality of life for Residents.

17.5 Accessory Structures. Accessory structures, such as dog houses, gazebos, storage sheds, playhouses and greenhouses, are not permitted.

17.6 Animal Restrictions. No animal, bird, fish, reptile or insect of any kind may be kept, maintained, raised or bred anywhere on the Property for any commercial purpose. The only animals permitted on the Property are customary domesticated household pets which may be kept for personal companionship subject to rules adopted by the Board. The Board may adopt, amend and repeal rules regulating the types, sizes, numbers, locations and behavior of animals at the Property. If the Rules fail to establish animal occupancy quotas, no more than three dogs and/or cats may be maintained by a Resident of each dwelling unit. Pets must be kept in a manner that does not disturb the peaceful enjoyment of Residents of other Lots. Pets must be maintained inside the dwelling and may be kept in a fenced yard only if they do not disturb Residents of other Lots. Owner and/or Resident is responsible for the removal of his pet's waste from the Property. Unless the Rules provide otherwise, a Resident must prevent his pet from relieving itself on the Common Area or the Lot of another Owner. An Owner is responsible for any damage to persons or property caused by that Resident's pet, but the Board has no obligation to enforce this covenant. Pets must be inoculated against disease as required by law.

17.7 Annoyance. No Lot or Common Area may be used in any way that: (1) may reasonably be considered annoying to neighbors; (2) may be calculated to reduce the desirability of CARINI TOWNHOMES as a residential neighborhood; (3) may endanger the health or safety of residents of other Lots; (4) may result in the cancellation of insurance on the Property; or (5) violates any law. The Board has the sole authority to determine what constitutes an annoyance.

17.8 Appearance. Both the Lot and the dwelling must be maintained in a manner so as not to be unsightly when viewed from the street or neighboring Lots. The Architectural Reviewer is the arbiter of acceptable appearance standards.

17.9 Business Use. A Resident may use a dwelling for business uses, such as telecommuting, personal business, and professional pursuits, provided that: (1) the uses are incidental to the primary use of the dwelling as a residence; (2) the uses conform to applicable governmental ordinances; (3) the uses do not entail visits to the Lot by employees or the public in quantities that materially increase the traffic to and from the Lot; and (4) the uses do not interfere with the residential use and enjoyment of neighboring Lots by other residents. No garage sale, yard sale, moving sale, rummage sale or similar activity may be conducted on any Lot without first securing the prior written consent of the Declarant during the Development Period, or the Association thereafter, which consent can be withheld as conditioned at Declarant's or Association's sole discretion. Notwithstanding the foregoing limitations, the Board may sponsor a community-wide garage or rummage sale at such location or locations the Board deems appropriate from time to time. No provision in this Section will be deemed to limit any activity of Declarant or by a Builder with the consent of Declarant involving the sale of Lots or the construction of improvements thereon.

17.10 Declarant Privileges. Declarant has reserved a number of rights and privileges to use the Property in ways that are not available to other Owners and Residents, as provided in Article 14 of this Declaration. Declarant's exercise of a Development Period right that appears to violate a rule or a use restriction of this Article does not constitute waiver or abandonment of the restriction by the Association as applied to Owners other than Declarant.

17.11 Drainage. No person may interfere with the established drainage pattern over any part of CARINI TOWNHOMES unless an adequate alternative provision for proper drainage has been approved by the Board.

17.12 Fences. This Section is subject to the Architectural Reviewer's right to adopt additional or different specifications for construction or reconstruction of fences. The height of fences must be between 6 feet and 8 feet. Fences must be made of masonry, wood, or other Architectural Reviewer-approved material, subject to any City requirements. Any portion of a fence that faces a street, alley or Common Area must have a "finished side" appearance. Retaining walls must be constructed entirely with Architectural Reviewer-approved materials, however railroad ties may not be used for a retaining wall visible from a street. Fences may not be constructed between a dwelling's front building line and the street. The use of barbed wire and chain link fencing is prohibited. The color of a fence that faces a street, alley or Common Area must be approved by the Architectural Reviewer.

17.13 Flags. Each Owner and Resident of CARINI TOWNHOMES has a right to fly on his Lot the United States flag, the Texas state flag and an official or replica flag of any branch of the United Stated Armed Forces, subject to reasonable standards adopted by the Association for the height, size, illumination, location and number of flagpoles, consistent with Section 202.011A of the Texas Property Code. All flag displays must comply with public flag laws. No other types of flags, pennants, banners, kites, or similar types of displays are permitted on a Lot if the display is visible from a street or Common Area.

17.14 Garages. All dwellings constructed on a Lot must have an attached or detached garage, with a two-car capacity per dwelling unit. Without the Board's prior written approval, the original garage area of a dwelling unit may not be enclosed or used for any purpose that prohibits the parking of two standard-size operable vehicles therein. Garage doors are to be kept closed at all times except when a vehicle is entering or leaving.

17.15 Driveways. A concrete driveway must be constructed by the Owner connecting the garage of a dwelling unit to the Cross Access Easement in accordance with plans approved by the Architectural Reviewer. Owner must repair any damages done to the pavement in the Cross Access Easement caused by the driveway connection. The

driveway for each dwelling unit must provide adequate space for off-street parking of at least two vehicles, in addition to the two parking spaces in the garage. The driveway portion of a Lot may not be used for any purpose that interferes with its ongoing use for parking and as a route of vehicular access to the garage. Without the Board's prior approval, a driveway may not be used: (1) for storage purposes, including storage of boats, trailers and inoperable vehicles; or (2) for repair or restoration of vehicles.

17.16 Hunting & Fireworks. Hunting (using firearms, bow or any other device) and shooting and the discharge of fireworks are not permitted anywhere on or from the Lots in CARINI TOWNHOMES. The Association is not required to enforce this provision by confronting an armed person.

17.17 Landscaping and Irrigation. No person may perform landscaping, planting or gardening on the Common Area without the Board's prior written authorization. The Association has the sole authority and responsibility for all lawns and landscaping on the Common Area, including planting, mowing, irrigating, replacing, fertilizing, trimming, and otherwise maintaining such lawns and landscaping in such manner as the Association deems necessary or prudent.

17.18 Leasing of Homes. An Owner may lease or rent a dwelling unit or units on his Lot pursuant to a written lease agreement furnished to the Association. Whether or not it is so stated in a lease, every lease is subject to the Governing Documents. An Owner is responsible for providing his tenant with copies of the Governing Documents and notifying him of changes thereto. Failure by the tenant or his invitees to comply with the Governing Documents, federal or state law, or local ordinance is deemed to be a default under the lease. When the Association notifies an Owner of his tenant's violation, the Owner must promptly obtain his tenant's compliance or exercise his rights as a landlord for tenant's breach of lease. If the tenant's violation continues or is repeated, and if the Owner is unable, unwilling or unavailable to obtain his tenant's compliance, then the Association has the power and right to pursue the remedies of a landlord under the lease or state law for the default, including eviction of the tenant. The Owner of a leased dwelling unit is liable to the Association for any expenses incurred by the Association in connection with enforcement of the Governing Documents against his tenant. The Association is not liable to the Owner for any damages, including lost rents, suffered by the Owner in relation to the Association's enforcement of the Governing Documents against the Owner's tenant.

17.19 Lights. Exterior light sources on a Lot should be unobtrusive, shielded to prevent glare, directed away from neighboring homes and yards, with little if any spillover light on neighboring property. All visible exterior light fixtures on a Lot must be consistent in style and finish with the architecture of the home.

17.20 Noise & Odor. A Resident must exercise reasonable care to avoid making or permitting to be made loud, disturbing or objectionable noises or noxious odors that are likely to disturb or annoy Residents of neighboring dwelling units or Lots. The Rules may prohibit the use of noise-producing security devices.

17.21 Occupancy. Except as provided herein, other than the completed principal dwelling, no thing or structure on a Lot may be occupied as a residence at any time by any person. This provision applies, without limitation, to the garage and campers.

17.22 Residential Use. The use of a house Lot is limited exclusively to residential purposes or such other use expressly permitted by this Declaration, including limited business uses described above. Only one single family dwelling may be constructed on a Lot. Each dwelling unit must be the same height to accommodate a single continuous roof ridgeline. The first dwelling unit constructed will establish the height of the roof ridge of all dwelling units to be constructed on the Property.

17.23 Living Area. The minimum living area of heated and cooled space measured in square feet on a Lot is 1,500 square feet.

17.24 Screening. The Architectural Reviewer may require that the following items be screened from the view of the public and neighboring Lots and dwellings, if any of these items exists on the Lot: (1) satellite reception equipment; (2) clotheslines, drying racks, and hanging clothes, linens, rugs, or textiles of any kind; (3) yard maintenance equipment; (4) wood piles and compost piles; (5) anything determined by the Board to be unsightly or

inappropriate for a residential subdivision. Screening may be achieved with fencing or with plant material, such as trees and bushes, or any combination of these. If plant material is used, a reasonable period of time is permitted for the plants to reach maturity as an effective screen. As used in this Section, "screened from view" refers to the view of a person in a passenger vehicle driving on a street or alley, or the view of a person of average height standing in the middle of a yard of an adjoining Lot. Waste and recycle containers (i) must be stored in the garage of the dwelling unit except when awaiting collection on a regular collection day and (ii) placed for collection on the same day as the day scheduled for pick-up. Owners and Residents may be fined if waste and recycle containers remain on or near the street past the scheduled pick-up day.

17.25 Signs. An Owner who is actively marketing his Lot for sale or his dwelling unit thereon for lease may place in the front yard one professionally-made traditional yard sign of not more than 9 square feet advertising the Lot for sale or the dwelling unit for rent. Political signs may be placed on a Lot subject to regulation by Declarant and the Board as provided in Section 202.009 of the Texas Property Code. No other sign or unsightly object may be erected, placed or permitted to remain on the Property or to be visible from windows in the dwelling without the Board's prior written approval. The Board's approval may specify the location, nature, appearance, dimensions, number and time period of a sign or object. The Association may affect the removal of any sign or object that violates this Section without liability for trespass or any other liability connected with the removal.

17.26 Communication Equipment. Each Resident of CARINI TOWNHOMES will avoid doing or permitting anything to be done that may unreasonably interfere with the television, radio, telephonic, electronic, microwave, cable or satellite reception on the Property. Antennas, satellite or microwave dishes, and receiving or transmitting towers that are visible from a street or from another Lot are prohibited within the Property, except (1) reception-only antennas or satellite dishes designed to receive television broadcast signals, (2) antennas or satellite dishes that are one meter or less in diameter and designed to receive direct broadcast satellite service (DBS), or (3) antennas or satellite dishes that are one meter or less in diameter or diagonal measurement and designed to receive video programming services via multipoint distribution services (MDS) (collectively, the "Antenna") are permitted if located (a) inside the structure (such as in an attic or garage) so as not to be visible from outside the structure, (b) in a fenced yard, or (c) attached to or mounted on the rear wall of a structure below the eaves. If an Owner determines that an Antenna cannot be located in compliance with the above guidelines without precluding reception of an acceptable quality signal, the Owner may install the Antenna in the least conspicuous location on the Lot where an acceptable quality signal can be obtained. The Association may adopt reasonable rules for the location, appearance, camouflaging, installation, maintenance, and use of the Antennas to the extent permitted by public law.

17.27 Temporary Structures. Improvements or structures of a temporary or mobile nature, such as tents, portable sheds and mobile homes, may not be placed on a Lot. However, an Owner or Owner's contractor may maintain a temporary structure (such as a portable toilet or construction trailer) on the Lot during construction of the dwelling.

17.28 Vehicles. All vehicles on the Property, whether owned or operated by the Resident or Resident's families and guests, are subject to this Section and Rules adopted by the Board. The Board may adopt, amend and repeal Rules regulating the types, sizes, numbers, conditions, uses, appearances, and locations of vehicles on the Property. The Board may affect the removal of any vehicle in violation of this Section or the Rules without liability to the Owner or operator of the vehicle.

17.28.1 Parking; Obstructions. The parking of vehicles on the Cross Access Easement is prohibited. The Cross Access Easement must be kept free of obstructions at all times.

17.28.2 Prohibited Vehicles. Without prior written Board approval, the following types of vehicles and vehicular equipment, mobile or otherwise, may not be kept, parked or stored anywhere on the Property for more than 72 hours if the vehicle is visible from a street or from another Lot: mobile homes, motor homes, buses, trailers, boats, aircraft, inoperable vehicles, trucks, motorcycles, mini-bikes, motor scooters, go-carts, vehicles which are not customary personal passenger vehicles, and any vehicle which the Board deems to be a nuisance, unsightly or inappropriate. This restriction does not apply to vehicles and equipment temporarily on the Property in connection with the

construction or maintenance of a dwelling. Vehicles that transport inflammatory or explosive cargo are prohibited from the Property at all times.

17.28.3 Use of Unpaved Common Area. No vehicles are permitted on unpaved Common Area except for public safety vehicles and others as authorized by the Board.

17.29 Window Treatments and Displays. All window treatments within the dwelling that are visible from the street or another dwelling must be maintained in good condition and must not detract from the appearance of the Property. No "burglar bars" or similar features, of any type or materials, whether designated as decorative or for security, may be installed on the exterior of any windows or doors of any dwelling unit. The Architectural Reviewer may require an Owner to change or remove a window treatment that the Architectural Reviewer determines to be inappropriate or unattractive. The Architectural Reviewer may prohibit the use of certain colors or materials for window treatments. Aluminum foil, tinfoil, newspaper, bed linens and other material not customarily used for window treatments are prohibited. No object or sign may be displayed in any window which in the sole discretion of the Architectural Reviewer is obscene, offensive or blasphemous of any person or religion.

17.30 Yard Art. The Association is interested in the appearance of all portions of a Lot that are visible from the street or from a neighboring Lot, including yards, porches, sidewalks, window sills, and chimneys (hereafter collectively, the *"yard"*). Some changes or additions to a yard may defy easy categorization as an improvement, a sign or landscaping. This Section confirms that all aspects of a visible yard are within the purview of the Architectural Reviewer.

17.31 Solar Energy Devices. The design, placement and materials of solar energy devices as defined in Section 171.107 of the Texas Tax Code are subject to regulation by the Association to the extent such regulation is permitted pursuant to Section 202.010, Texas Property Code.

17.32 Composting Devices, Rain Barrels and Rainwater Harvesting. The design, placement and materials of composting devices, rain barrels and rainwater harvesting systems are subject to regulation by the Association to the extent such regulation is permitted pursuant to Section 202.007, Texas Property Code.

17.33 Religious Displays. Religious items may be affixed or displayed on the entry to the Owner's or Resident's dwelling, the display of which is motivated by the Owner's or Resident's sincere religious belief, except to the extent that they:

a. threaten the public health or safety;

b. violate a law;

c. contain language, graphics, or any display that is patently offensive to a passerby;

d. are in a location other than the entry door or door frame or extends past the outer edge of the door frame of the Owner's or Resident's dwelling; or

e. individually or in combination with each other religious item displayed or affixed on the entry door or door frame have a total size of greater than 25 square inches.

The Association may remove an item displayed in violation of this covenant.

17.34 Party Walls. Attached as Exhibit C is a site development plan of the Property depicting seven Lots —Lot 1R through Lot 7R — and the building footprint on each Lot. Dwelling units and garages must be constructed on the footprint of the building footprint therefor on each Lot. As a result, party walls will be shared by dwelling units constructed on the lots as shown on Exhibit C, such that half the thickness of such party wall will be on each side of such boundary line. The rights under this Section 17.34 constitute an easement and a covenant running with the land, and no provision of this section may be construed as a conveyance by either adjoining Lot Owners of any rights in the fee of the land upon which the party wall stands. Such party walls between the dwelling units will extend to the

underedge of the roof to create a firewall in the attic between the structures. Each party wall will be owned equally by the Owners of the Lots sharing such wall and will not be Common Areas. Each co-Owner has the full right to use the party wall for structural support and enclosure purposes for dwelling units to be erected on their respective properties. However, each party's use may neither injure the adjoining dwelling unit or impair the value of the easement to which the Owner of the adjoining dwelling unit is entitled. Party walls in Carini Townhomes must meet the Construction Requirements established in Exhibit B and are governed by the following:

a. The general rules of law regarding party walls and liability for damage to persons or property apply.

b. No Owner may cut or make any penetration through a party wall for any purpose whatsoever or otherwise cause the structural integrity of the party wall to be compromised.

c. Each Owner of a party wall may add thickness to the wall, as long as its structural integrity is not compromised and the added thickness is on the Lot owned by the Owner adding thickness.

d. If it becomes necessary to repair or rebuild the party wall, the cost of repairing or rebuilding those portions of the wall used by both Owners at the time of repair or rebuilding will be borne by both Owners equally. The cost of repairing or rebuilding any remaining portion of the wall will be borne by the Owner that exclusively uses that portion of the wall. The term "cost of repair or rebuilding" as used in this subparagraph refers to repair or rebuilding of the wall itself, not any finishing costs on the interiors of the dwelling units sharing the wall.

e. If the party wall is totally or partially destroyed by fire or other cause, either co-Owner has the right to reconstruct the wall at that Owner's own expense if that Owner alone intends to continue use of the party wall, or at the expense of both Owners if both Owners intend to continue to use the party wall. However, an Owner's right to claim a larger contribution from one or more other Owners remains under any rule of law regarding liability for negligent or willful acts or omissions.

f. Each Owner of a dwelling unit on a Lot is obligated to keep and maintain a property insurance policy in an amount equal to the cost of rebuilding his or her dwelling unit.

17.35 No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants or other terms and provisions contained in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenants, terms or provisions. Any Owner acquiring a Lot in reliance upon one or more such restrictive covenants, terms or provisions assumes all the risks of the validity and enforceability thereof and, by acquiring the Lot, agrees to hold the Declarant harmless therefrom.

[Signature Page Follows]

EXECUTED effective this 13 day of April, 2016.

CARINI DEVELOPMENT LLC

By: Katie Neason
Name: Katie Neason
Title: Manager

THE STATE OF TEXAS §

COUNTY OF BRAZOS §

This instrument was acknowledged before me on April 13th, 2016, by KATIE NEASON, Manager of CARINI DEVELOPMENT LLC, a Texas limited liability company, on behalf of same and in the capacity herein stated.

AMY E. BRADLEY
MY COMMISSION EXPIRES
May 30, 2017

Notary Public, State of Texas

AMY E. BRADLEY
MY COMMISSION EXPIRES
May 30, 2017

EXHIBIT A
Real Property

Tract One:

BEING all that certain tract or parcel of land lying and being situated in Bryan, Brazos County, Texas and being a part of Lot 1 and Lot 2 Block 114 of the Original Townsite according to the map in common use found in Volume "H", Page 721, Deed Records, Brazos County, Texas and being described as follows:

COMMENCING: at an iron rod at the Southwest corner of said Lot 1, Block 114, said iron rod also being at the intersection of the North right-of-way line of West 31st Street and the East right-of-way line of Parker Street;

THENCE: East 38.15 feet along said West 31st street North line to an iron rod for the PLACE OF BEGINNING;

THENCE: N 00° 45' 19" E - 75.26 feet to a 3/8" iron rod found for corner;

THENCE: S 89° 22' 25" E - 48.00 feet to a 1/2" iron rod set for corner;

THENCE: S 00° 03' 04" W - 75.20 feet to a 3/8" iron rod found for corner in said West 31st Street North line;

THENCE: N 89° 28' 11" W - 48.02 feet along said West 31st Street line to the PLACE OF BEGINNING; and containing 0.08 acres of land, more or less.

Tract Two:

BEING all that certain tract or parcel of land lying and being situated in Bryan, Brazos County, Texas and being a part of Lot 1, Block 114 of the Original Townsite according to the map in common use found in Volume "H", Page 721, Deed Records, Brazos County, Texas and being described as follows:

BEGINNING: at an iron rod at the Southwest corner of said Lot 1, Block 114; said iron rod also being at the intersection of the North right-of-way line of West 31st Street and the East right-of-way line of Parker Street;

THENCE: N 00° 32' 21" W - 76.58 feet along said Parker Street line to a 3/8" iron rod found for corner;

THENCE: S 89° 07' 22" E - 39.86 feet to a 3/8" iron rod found for corner;

THENCE: S 0° 45' 19" W - 75.26 feet to a 1/2" iron rod found for corner in said West 31st Street line;

THENCE: S 88° 57' 37" W - 38.15 feet along said West 31st Street line to the PLACE OF BEGINNING; and containing 0.07 acres of land, more or less.

Tract Three:

BEING all that certain tract or parcel of land lying and being situated in Bryan, Brazos County Texas and being part of Lot 2 And part of Lot 3, Block 114 of the Original Townsite according to the plat/map in common use found in Volume "H", Page 721, Deed Records, Brazos County, Texas and being described as follows:

COMMENCING: at an iron rod at the Southwest corner of Lot 1 of said Block 114; said iron rod also being at the intersection of the North right-of-way line of West 31st Street and the East right-of-way line of Parker Street;

THENCE: East 87.87 feet along said West 31st Street North line to an iron rod for the PLACE OF BEGINNING;

THENCE: N 00° 03' 04" E - 75.20 feet to a 1.2" iron rod set for corner;

THENCE: S 89° 22' 25" E - 47.85 feet to a 1/2" iron rod found for corner;

THENCE: S 00° 03' 18" E - 74.92 feet to a 1/2" iron rod found for corner in said West 31st Street line;

THENCE: N 89° 42' 52" W - 47.89 feet along said West 31st Street line to the PLACE OF BEGINNING; and containing 0.08 acres of land, more or less.

EXHIBIT B
Construction Specifications

B.1 NEW CONSTRUCTION. The dwelling must be constructed on the Lot. A dwelling or addition constructed elsewhere may not be moved onto a Lot. Factory-built homes are not permitted, even though assembled or finished on the Lot.

B.2 EXTERIOR WALL MATERIALS. The type, quality and color of exterior wall materials must be approved by the Architectural Reviewer. Generally, at least 75% of the dwelling's total exterior area, minus windows and doors, must be brick, rock or stucco. More specifically, at least 40% of the masonry requirement must be met by the use of brick or rock. The exterior walls facing public streets must be uniform in visual presentation and designed and built such that each and every front and side facing public streets is of brick, rock or stucco construction. Cementitious siding does not satisfy the masonry requirements.

B.3 ROOFING MATERIALS. Roofing materials must be architectural roof shingles of a wood tone color, and have at least a thirty year warranty; no rolled roofing is allowed. Roofing materials are subject to regulation by the Association to the extent such regulation is permitted pursuant to Section 202.011, Texas Property Code.

B.4 SIDEWALKS. Concrete sidewalks four feet in width must be constructed (i) adjacent to the curb along adjoining streets and (ii) to extend from the front door of the dwelling unit to the sidewalk adjacent and parallel to the curb at the time of the construction of the residential dwelling unit.

B.5 MAILBOXES. If curbside boxes are permitted by postal authorities, the Architectural Reviewer may require a uniform size and style of mailbox and pedestal.

B.6 AIR CONDITIONERS. Air conditioning equipment may not be installed in the front yard of a dwelling. Window units are prohibited. The Architectural Reviewer may require that air-conditioning equipment and apparatus be visually screened from the street and neighboring Lots.

B.7 DEBRIS. No Lots or other part of the Property may be used as a dumping ground. Waste materials incident to construction or repair of improvements on a Lot may be stored temporarily on the Lot during construction while work progresses and must be removed when construction or repair is complete.

B.8 LOT LINES/SETBACKS. No building of any kind may be located on any Lot nearer than the front, side or rear setback line as shown on the Plat.

B.9 PARTY WALLS. Each party wall must be at least two hour fire rated and constructed in accordance with ASTME 119 or UL 263. Each party wall must be built in a good and workmanlike manner in strict conformity to the applicable laws, ordinances and regulations of the City and the State of Texas in effect at the time of construction or reconstruction.

B.10 GOVERNMENTAL REQUIREMENTS. No building, structure or improvement may be placed, erected, modified or constructed on any Lot unless and until all applicable governmental requirements, including issuance of permits and/or licenses, have been met.

B.11 DUTY TO COMPLETE PROMPTLY. Any improvement commenced on any Lot must be completed as to exterior finish and appearance within five months from the date construction materials were first delivered to the Lot.

B.12 WASTE RECEPTACLE AND TEMPORARY TOILET. During construction of a dwelling (i) a waste receptacle must be provided on the Lot for disposal of construction debris resulting from the construction on that Lot, and a temporary or portable toilet must also be provided during the construction period. If a builder has construction activity on several Lots in close proximity at the same time, one temporary or portable toilet may serve more than one construction site during the construction period.

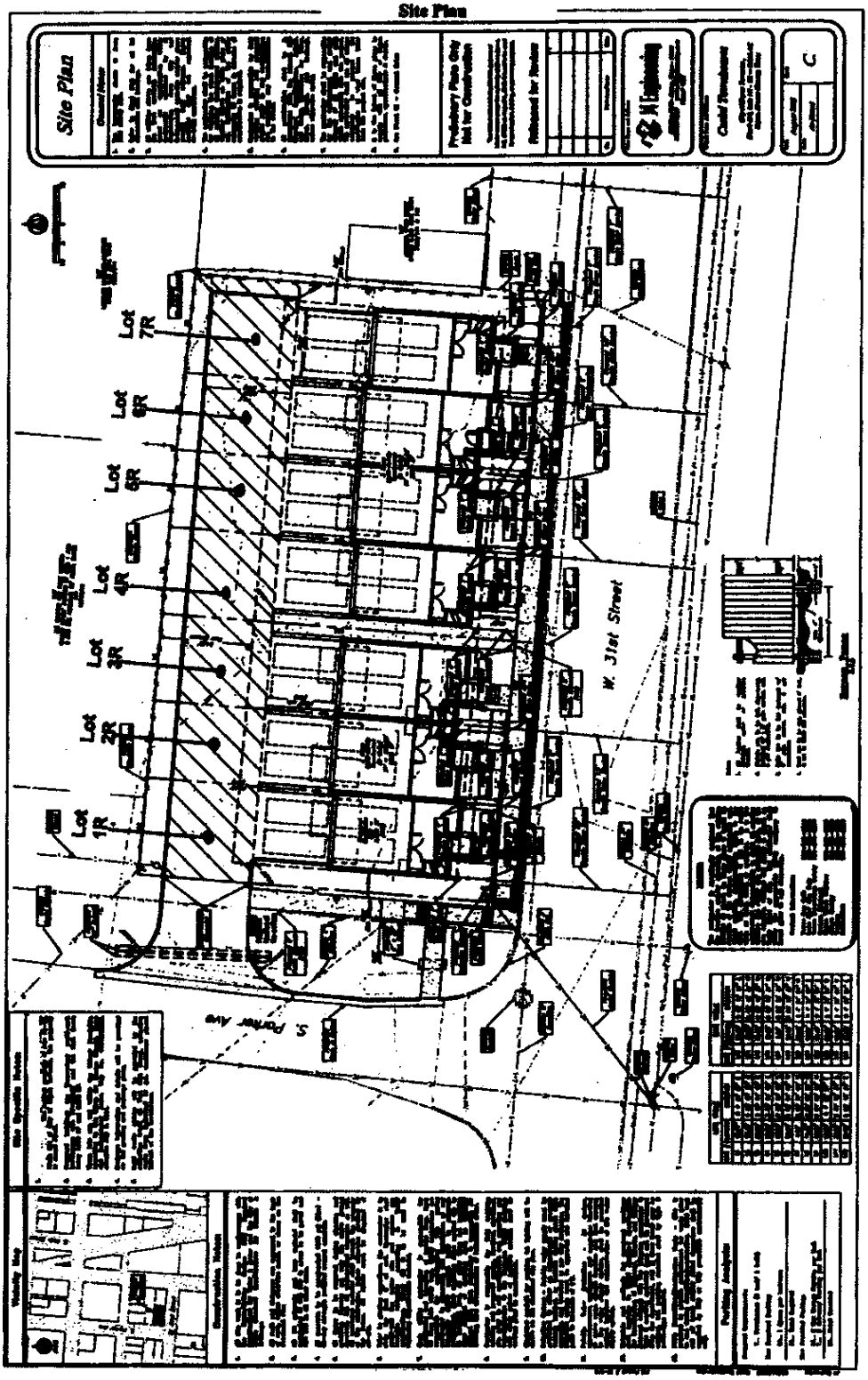
B.13 LANDSCAPING AND IRRIGATION. All landscaping and irrigation systems on a Lot are subject to prior approval of the Architectural Reviewer. The Architectural Reviewer will require that landscaping in the portion of the Lots subject to Association maintenance present an attractive appearance, but minimal upkeep and water use.

B.14 FLOOR ELEVATION. Dwellings on Lots adjacent to stormwater conveyance structures must be constructed so that the finished floor elevation or the bottom of floor joists is at least 12 inches above the 100 year flood plain elevation at the Lot. Dwellings that are constructed lower than the adjoining street must have driveways with properly sized cross-swales to prevent water infiltration into the garage.

B.15 DRAINAGE. No improvements of any kind may be constructed or placed on any Lot which alters the drainage plan for Carini Townhomes approved by the City. Soil must be sloped so as to direct stormwater away from dwelling units.

EXHIBIT C

Site Plan



Doc	Bk	Vol	Pg
01260978	OR	13289	48

Filed for Record in:
BRAZOS COUNTY

On: Apr 13,2016 at 01:09P

As a
Recordings

Document Number: 01260978

Amount 210.00

Receipt Number - 572065
By,
Debbie Baker

STATE OF TEXAS COUNTY OF BRAZOS
I hereby certify that this instrument was filed on the date and time stamped hereon by me and was duly recorded in the volume and page of the Official Public records of:

BRAZOS COUNTY

as stamped hereon by me.

Apr 13,2016

Karen McQueen, Brazos County Clerk
BRAZOS COUNTY