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CORPORATE PACKAGE
FOR
CROSBY STREET TOWNHOMES ASSOCIATION, INC.

SEPTEMBER 5, 2001

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2. Certificate of Incorporation;
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7. Amendment to Covenants, Conditions and Restrictions.

CLOSING PACKAGE
FOR
CROSBY STREET TOWNHOMES ASSOCIATION, INC.

SEOTENBER 5, 2001

1

ORGANIZATIONAL MINUTES

ACTION OF DIRECTORS
IN LIEU OF ORGANIZATIONAL MEETING
OF
CROSBY STREET TOWNHOMES ASSOCIATION, INC.

The undersigned, being all of the initial directors of Crosby Street Townhomes Association, Inc. (hereinafter designated "Corporation"), a Texas non-profit corporation, hereby consent to the adoption of following resolutions in lieu of an organizational meeting of the directors:

1. ACTION OF DIRECTORS.

We, the undersigned, being all of the initial Directors of Crosby Street Townhomes Association, Inc., a Texas non-profit corporation (the "Corporation") named in the Articles of Incorporation of the Corporation, do by this instrument in writing consent to the following actions and adopt the following resolutions in lieu of an organizational meeting of Directors. Notwithstanding the fact that these actions and resolutions shall become effective as of the date indicated on the signature page hereof, the actions evidenced hereby shall be construed to have occurred in the order indicated herein.

2. ARTICLES OF INCORPORATION.

RESOLVED that the Articles of Incorporation filed in the office of the Secretary of State of Texas on September 5, 2001 are accepted and approved.

3. BYLAWS.

RESOLVED that the Bylaws submitted to and reviewed by the Directors are adopted as the Bylaws of this Corporation and the Secretary shall insert them in the Minute Book.

4. OFFICERS.

RESOLVED that the following individuals are hereby nominated and elected to the corporate offices as indicated below:

Larry S. Davis, President
Sherry Filé Davis, Vice President
Joel S. Davis, Secretary
Larry S. Davis, Treasurer

5. MINUTE BOOK.

RESOLVED that (1) the Minute Book presented to the Directors is approved and adopted, and the action of the Secretary in copying or inserting therein the Articles of Incorporation and the Bylaws is ratified and approved, and (2) the Secretary is instructed to authenticate the Minute Book, to retain custody of it, and to insert therein these actions by the Directors and of other proceedings of the Shareholders and Directors.

6. ACTIONS BY OFFICERS.

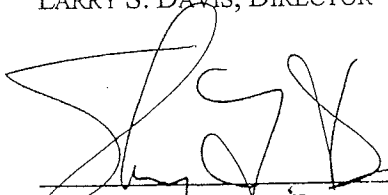
RESOLVED that the officers of the Corporation are authorized and directed to take those actions necessary to effect the hereinabove described activities of the Corporation.

The resolutions contained herein and the actions contemplated hereby are taken by unanimous written consent of the Board of Directors pursuant to Article 9.10, Texas Business Corporation Act.

DATED EFFECTIVE the 5th day of September, 2001.



LARRY S. DAVIS, DIRECTOR



SHERRY FILE DAVIS, DIRECTOR



JOEL DAVIS, DIRECTOR

CLOSING PACKAGE
FOR
CROSBY STREET TOWNHOMES ASSOCIATION, INC.

SEOTENBER 5, 2001

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CERTIFICATE OF INCORPORATION



Office of the Secretary of State

**CERTIFICATE OF INCORPORATION
OF**

Crosby Street Townhomes Association, Inc.
Filing Number: 800008435

The undersigned, as Secretary of State of Texas, hereby certifies that Articles of Incorporation for the above named corporation have been received in this office and have been found to conform to law.

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

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

Dated: 09/05/2001

Effective: 09/05/2001



A handwritten signature in cursive script, appearing to read "Henry Cuellar".

Henry Cuellar
Secretary of State

CLOSING PACKAGE
FOR
CROSBY STREET TOWNHOMES ASSOCIATION, INC.

SEOTENBER 5, 2001

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ARTICLES OF INCORPORATION

FILED
In the Office of the
Secretary of State of Texas

SEP 05 2001

Corporations Section

ARTICLES OF INCORPORATION
OF
CROSBY STREET TOWNHOMES ASSOCIATION, INC.

ARTICLE I
CORPORATE NAME

The name of the corporation is Crosby Street Townhomes Association, Inc., referred to as the "Association."

ARTICLE II
LEGAL STATUS

The Association is a non-profit corporation organized pursuant to the Texas Non-Profit Corporation Act.

ARTICLE III
DURATION

The period of the duration of the Association is perpetual.

ARTICLE IV
PURPOSES

The purposes for which the Association is formed are:

- (a) Specifically and primarily to provide an organization consisting of the Owner of a residential townhome regime in order to provide for the management, maintenance, preservation and architectural control of the townhome project located in Harris County, Texas and more particularly described in the Declaration recorded in the Office of the County Clerk of Harris County, Texas.
- (b) Generally:
 - (i) To promote the welfare of the owners of the Association.
 - (ii) To exercise all of the powers and privileges and to perform all of the duties and obligation of the Board of Directors as set forth in the Declaration and Bylaws.

- (iii) To fix, levy, collect, and enforce payment of any charges or assessments as set forth in the Declarations governing the community and to pay all expenses in connection with such charges or assessments, all office expenses, and all other expenses incidental to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed against the property of the Association.
 - (iv) To acquire (by gift, purchase, or otherwise), own, hold, improve, build on, operate, maintain, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of the Association.
 - (v) To borrow money, mortgage, pledge, deed in trust, or hypothecate any or all of the Association's real or personal property as security for money borrowed or debts incurred.
 - (vi) To have and to exercise any and all powers, rights, and privileges that a corporation organized under the Texas Non-Profit Corporation Act by law may now or at a later time have or exercise.
 - (vii) To act in the capacity of principal, agent, joint venturer, partner, or otherwise.
- (c) Notwithstanding any of the above statements or purposes, the Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Association.

ARTICLE V

ANY SUBDIVISION GUARDS, PATROLMEN, ACCESS CONTROL PERSONNEL, AND ACCESS CONTROL GATES AND WALLS WILL BE PROVIDED TO THE MEMBERS AS A COURTESY ONLY AND THEIR EXISTENCE SHALL NOT BE CONSTRUED AS ANY PROMISE, WARRANTEE, GUARANTEE OR REPRESENTATION OF ANY TYPE OR NATURE OF THE SECURITY OF THE SUBDIVISION OR THAT SUCH SERVICE WILL PREVENT, DETER OR OTHERWISE STOP ANY CRIME, VANDALISM, UNAUTHORIZED ACCESS OR OTHER UNWANTED CIRCUMSTANCE OR EVENT.

BY ACCEPTING TITLE TO THEIR LOT OR TRACT OF LAND, EACH OWNER FOR HIMSELF, HIS FAMILY, GUESTS, INVITEES, TENANTS, SUCCESSORS, AND ASSIGNS HEREBY RELEASES THE DEVELOPER, THE ASSOCIATION, THE ASSOCIATION BOARD OF DIRECTORS, ALL MANAGEMENT COMPANIES, ALL GUARD PATROL OR ACCESS CONTROL SERVICES AND ALL BUILDERS OF ANY AND ALL LIABILITY AND ANY AND ALL CLAIMS OF WHATSOEVER NATURE, HOWSOEVER OCCURRING, KNOWN OR UNKNOWN, FORESEEABLE OR UNFORESEEABLE, NEGLIGENCE, GROSS NEGLIGENCE, OR INTENTIONAL CONDUCT, INCLUDING, BUT NOT LIMITED TO, CLAIMS FOR DAMAGE, INJURY OR LOSS TO PERSONS OR PROPERTY, RESULTING FROM CRIMINAL ACTIVITY, VANDALISM, UNAUTHORIZED ACCESS OR ANY OTHER EVENT GUARDS, PATROL SERVICE, OR ACCESS CONTROL SERVICE, OR

ACCESS CONTROL GATES ARE DESIGNED TO DETER, IT BEING AGREED THAT THE ASSOCIATION AND ITS DEVELOPER AND ITS CONTRACT VENDORS CANNOT PREVENT SUCH OCCURRENCES AND THAT EACH LOT OWNER, THEIR FAMILY, GUESTS, INVITEES, AND TENANTS SHALL BE RESPONSIBLE FOR THEIR OWN SAFETY AND THE SAFETY OF THEIR PROPERTY AND HAS THE OPTION OF OBTAINING THIRD PARTY INSURANCE FOR SAME.

ARTICLE VI
INITIAL REGISTERED OFFICE AND AGENT

The street address of the initial registered office of the Association is 2472 Bolsover, Suite 240, Houston, Texas 77005 and the name of its initial registered agent is Larry S. Davis.

ARTICLE VII
BOARD OF DIRECTORS

The affairs of the Association shall be managed by a Board of Directors. The number of Directors constituting the initial Board is three (3). The number of Directors may not be increased.

The names and addresses of the persons who are to serve as the initial Directors are:

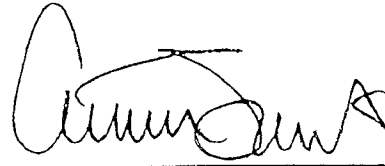
NAME	ADDRESS
Larry S. Davis	2472 Bolsover, Suite 240 Houston, Texas 77005
Sherry File Davis	2472 Bolsover, Suite 240 Houston, Texas 77005
Joel Davis	2472 Bolsover, Suite 240 Houston, Texas 77005

ARTICLE VIII
INCORPORATORS

The name and street address of the incorporator of this Association is:

NAME	ADDRESS
Arthur Fant	DiCecco, Fant & Burman, LLP 1900 West Loop South, Suite 1100 Houston, Texas 77027

IN WITNESS WHEREOF, I have set my hand, this 5 day of September, 2001.



ARTHUR FANT, INCORPORATOR

CLOSING PACKAGE
FOR
CROSBY STREET TOWNHOMES ASSOCIATION, INC.

SEOTENBER 5, 2001

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SS4-EMPLOYER IDENTIFICATION NUMBER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
AUSTIN TX 73301

DATE OF THIS NOTICE: 10-02-2001
NUMBER OF THIS NOTICE: CP 575 F
EMPLOYER IDENTIFICATION NUMBER: 76-0692562
FORM: SS-4
1817140369 0

CROSBY STREET TOWNHOME ASSOCIATION
% ARTHUR FANT
2472 BOLSOVER STE 240
HOUSTON TX 77005

FOR ASSISTANCE CALL US AT:
1-800-829-1040

OR WRITE TO THE ADDRESS
SHOWN AT THE TOP LEFT.

IF YOU WRITE, ATTACH THE
STUB OF THIS NOTICE.

OCT 05 2001

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER (EIN)

Thank you for your Form SS-4, Application for Employer Identification Number (EIN). We assigned you EIN 76-0692562. This EIN will identify your business account, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

Use your complete name and EIN shown above on all federal tax forms, payments and related correspondence. If you use any variation in your name or EIN, it may cause a delay in processing and incorrect information in your account. It also could cause you to be assigned more than one EIN.

Please use the label IRS provided when filing tax documents. If that isn't possible, use your EIN and complete name and address shown below to identify your account and to avoid delays in processing.

CROSBY STREET TOWNHOME ASSOCIATION
INC
% ARTHUR FANT
2472 BOLSOVER STE 240
HOUSTON TX 77005

If this information isn't correct, please correct it using page 2 of this notice. Return it to the address shown so we can correct your account.

If you want to apply to receive a ruling or a determination letter recognizing your organization as tax exempt, and have not already done so, you should file Form 1023/1024, Application for Recognition of Exemption, with the IRS Ohio Key District Office. Publication 557, Tax Exempt Status for Your Organization, is available at most IRS offices and has details on how you can apply.

Form **SS-4** **Application for Employer Identification Number**

(Rev. December 1995) (For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, certain individuals, and others. See instructions.) EIN _____ OMB No. 1545-0003

Department of the Treasury Internal Revenue Service **Keep a copy for your records.**

1 Name of applicant (Legal name) (See instructions.) Crosby Street Townhome Association, Inc.

2 Trade name of business (if different from name on line 1) _____

3 Executor, trustee, "care of" name Arthur Fant

4a Mailing address (street address) (room, apt., or suite no.) 2472 Bolsover, Suite 240

5a Business address (if different from address on lines 4a and 4b) _____

4b City, state, and ZIP code Houston, Texas 77005

5b City, state, and ZIP code _____

6 County and state where principal business is located Harris County, Texas

7 Name of officer, general partner, grantor, owner, or trustee—SSN required (See instructions.) Larry S. Davis 507-66-5434

76-0682562

8a Type of entity (Check only one box.) (See instructions.)

Sole proprietor (SSN) _____ Estate (SSN of decedent) _____

Partnership Personal service corp. Plan administrator-SSN _____

REMIC Limited liability co. Other corporation (specify) _____

State/local government National Guard Trust Farmers' cooperative

Other nonprofit organization (specify) Townhome Association (enter GEN if applicable) _____

Other (specify) _____

8b If a corporation, name the state or foreign country (if applicable) where incorporated

State Texas Foreign country _____

9 Reason for applying (Check only one box.)

Started new business (specify) Manage affairs of townhome regime

Banking purpose (specify) _____

Changed type of organization (specify) _____

Purchased going business

Created a pension plan (specify type) _____

Created a trust (specify) _____

Other (specify) _____

10 Date business started or acquired (Mo., day, year) (See instructions.) September 5, 2001

11 Closing month of accounting year (See instructions.) December

12 First date wages or annuities were paid or will be paid (Mo., day, year). Note: If applicant is a withholding agent, enter date income will first be paid to nonresident alien. (Mo., day, year) _____

13 Highest number of employees expected in the next 12 months. Note: If the applicant does not expect to have any employees during the period, enter "0". (See instructions.)

Nongovernmental	Agricultural	Household
<u>0</u>	<u>0</u>	<u>0</u>

14 Principal activity (See instructions.) Develop Real Estate

15 Is the principal business activity manufacturing? If "Yes," principal product and raw material used _____ Yes No

16 To whom are most of the products or services sold? Please check the appropriate box. Public (retail) Other (specify) _____ Business (wholesale) N/A

17a Has the applicant ever applied for an identification number for this or any other business? Note: If "Yes," please complete lines 17b and 17c. Yes No

17b If you checked "Yes" on line 17a, give applicant's legal name and trade name shown on prior application, if different from line 1 or 2 above.

Legal name _____ Trade name _____

17c Approximate date when and city and state where the application was filed. Enter previous employer identification number if known.

Approximate date when filed (Mo., day, year) _____ City and state where filed _____ Previous EIN _____

Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.

Business telephone number (include area code) 713/961-3366

Name and title (Please type or print clearly.) Arthur Fant, Assistant Secretary

Signature [Signature] Date September 5, 2001

Fax telephone number (include area code) 713/961-3260

Note: Do not write below this line. For official use only.

Please leave blank	Geo.	Ind.	Class	Size	Reason for applying

CLOSING PACKAGE
FOR
CROSBY STREET TOWNHOMES ASSOCIATION, INC.

SEOTENBER 5, 2001

5
BYLAWS

BYLAWS

OF

CROSBY STREET TOWNHOMES ASSOCIATION, INC.
(A TEXAS NON-PROFIT CORPORATION)

HARRIS COUNTY, TEXAS

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ARTICLE I
NAME

1.01 NAME. The name of the organization shall be Crosby Street Townhomes Association, Inc., hereinafter called the "Association"

ARTICLE II
DEFINITIONS

2.01 ACT. "Act" shall mean the Texas Non-Profit Corporation Act or any successor act or laws.

2.02 BOARD OF DIRECTORS. "Board of Directors" shall mean the governing body of the Association with powers as set forth in Article VI herein.

2.03 DECLARANT. "Declarant" shall mean URBAN LOFTS III, LTD, a Texas Limited Partnership, or its successors or assigns.

2.04 DECLARATION. "Declaration" shall mean the Crosby Street Townhomes Association, Inc. Declaration of Covenants, Conditions and Restrictions.

2.05 DIRECTOR. "Director" shall mean an individual designated by these By-Laws or a Member elected in accordance with these By-Laws to administer the affairs of the Association.

2.06 MAJORITY OF MEMBERS. "Majority of Members" shall mean those Members holding more than fifty percent (50%) of the votes entitled to be cast at a meeting duly called and convened.

2.07 MEMBER. "Member" shall mean an Owner of a Townhome.

2.08 MORTGAGEE. "Mortgagee" shall mean a person or entity that is listed as a beneficiary in a deed of trust granted by a Townhome Owner.

2.09 OWNER. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Townhome.

2.10 PROPERTY. "Property" shall mean and include the property described in Exhibit "A" attached hereto and incorporated by reference herein consisting of all Townhomes and all common areas and/or common elements, if applicable, together with all improvements and structures thereon and all rights, easements and appurtenances belonging thereto.

2.11 TOWNHOME. "Townhome" shall mean a lot or parcel of land with an individual dwelling unit built thereon and all appurtenances thereto including Improvements thereon.

ARTICLE III OFFICES

3.01 PRINCIPAL OFFICE. The Association's principal office in Texas shall be located at 2472 Bolsover, Suite 240, Houston, Texas 77005. The Association may have such other offices, in Texas or elsewhere, as the Board of Directors may determine. The Board of Directors may change the location of any office of the Association.

3.02 REGISTERED OFFICE AND REGISTERED AGENT. The Association will maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Association's principal office in Texas. The Board of Directors may change the registered office and the registered agent as permitted in the Texas Non-Profit Association Act.

ARTICLE IV MEMBERS

4.01 MEMBERSHIP. Any person, firm, corporation, or other entity on becoming an Owner of a Townhome shall automatically become a Member of this Association and be subject to the Articles of Incorporation, these By-Laws, and all rules and regulations duly adopted in connection therewith, provided however that multiple Owners of a Townhome shall collectively be deemed to be a single member and such membership shall not be divided.

4.02 CERTIFICATES OF MEMBERSHIP. No certificates of stock shall be issued by the Association, but the Board of Directors, if it so elects, may issue one (1) membership card per Member. Such membership card shall be surrendered to the Secretary of the Association whenever ownership of title to the Townhome designated thereon is terminated.

4.03 VOTING RIGHTS. Townhome ownership shall entitle the Owner(s) to cast one (1) vote per Townhome in the affairs of the Association. Voting shall not be split among more than one (1) Owner of a Townhome.

4.04 TERMINATION OF MEMBERSHIP. Membership shall terminate without any formal Association action at such time that such person or persons or entity ceases to own such Townhome. Such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with the Association, the Property or his Townhome during the period of such Ownership and Membership in this Association, or impair any rights or remedies which the Association or others may have against such former Owner and Member arising out of or in any way connected with such Ownership and Membership and the covenants and obligations incident thereto.

ARTICLE V

MEETINGS OF MEMBERS

5.01 ANNUAL MEETING. Annual meetings shall be held in October each year, the date, time, and place to be set by the Board of Directors. The Board of Directors may, however, elect to schedule the Annual Meeting at such other time as the Board of Directors shall determine. At the annual meeting, the Members will elect directors and transact any other business that may come before the meeting. If, in any year, the election of Directors is not held on the day designated for the annual meeting, or at any adjournment of the annual meeting, the Board of Directors will call a Special Meeting of the Members, as soon as possible, to elect Directors.

5.02 SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by at least one-third (1/3) of the Members and presented to the Secretary of the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

5.03 NOTICE OF MEETINGS. Written or printed notice of any Members' meeting, including the annual meeting, will be delivered to each Member entitled to vote at the meeting not less than ten (10) days, nor more than thirty (30) days, before the date of the meeting. The record date for determining the Members entitled to notice of any meeting of Members will be established by the Board of Directors according to Article 1396--2.11A of the Act. After fixing the record date, the Board of Directors will cause to be prepared a list of all Members entitled to notice of any meeting of Members. Notice will be given by or at the direction of the President or Secretary, or the officers or persons calling the meeting. If all of the Members meet and consent to holding a meeting, any Association action may be taken at the meeting regardless of lack of proper notice.

5.04 QUORUM. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a Majority of Members shall constitute a quorum at a meeting of Members. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business, even if enough Members leave so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of Members required for a quorum. If the required quorum is not present at any meeting called to act on any matter, the meeting may be recessed to be reconvened at a later date, subject to the notice requirement set forth above, and the required quorum at any such subsequent resumption of such meeting shall be one-half (1/2) of the required quorum at the preceding meeting, except that such reduction in the quorum requirements shall not be applicable if the subsequent meeting is held more than sixty (60) days following the preceding meeting.

5.05 PROXIES. A Member entitled to vote at a meeting of Members of the Association may vote by proxy. All proxies must be in writing, bear the signature of the Member giving the proxy, and must specify the date on which they are executed. No proxy is valid after 11 months from the date of its execution, unless the proxy specifically states a later date. Proxies are not valid if they purport to be valid to an indefinite date in the future or if they purport to be valid for more than five years from their date of execution.

5.06 VOTING BY MAIL. The Board of Directors may authorize Members to vote by mail on the election of directors and officers or on any other matter upon which the Members may vote.

5.07 DECLARANT CONTROL. Notwithstanding any provision herein to the contrary, and in accordance with the Declaration, Declarant shall retain control over management of the affairs of the Association until the earlier of (i) December 31, 2004, (ii) upon sale of seventy-five percent (75%) of the Townhomes situated or to be situated upon the Property, or (iii) when in the sole opinion of the Declarant the management of the Property and the Association is viable and self-supporting.

ARTICLE VI BOARD OF DIRECTORS

6.01 MANAGEMENT OF ASSOCIATION. The Board of Directors will manage all Association affairs.

6.02 NUMBER AND QUALIFICATION. The affairs of the Association shall be governed by a Board of Directors composed of not less than three (3) persons. The Board of Directors may be increased to more than three (3) Directors upon a vote of a Majority of Members. The following persons are designated as the initial Board of Directors and shall manage the affairs of the Association until their successors are elected, to-wit:

NAME	ADDRESS
Larry S. Davis	2472 Bolsover, Suite 240 Houston, Texas 77005
Sherry File Davis	2472 Bolsover, Suite 240 Houston, Texas 77005
Joel Davis	2472 Bolsover, Suite 240 Houston, Texas 77005

6.03 POWERS AND DUTIES. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property. The Board of Directors may do all such acts and things that are not by these By-Laws, the Declaration, the Texas Property Code, the Act, or other applicable law, rule or regulation directed to be exercised and done by the Members.

6.04 OTHER POWERS AND DUTIES. Without limitation of the powers and duties of the Board of Directors set forth in Section 6.03 above, the Board of Directors shall have the following powers and duties:

- A. To administer and enforce on behalf of the Association the covenants, conditions, restrictions, uses, limitations, obligations and all other provisions set forth in the Declaration.
- B. To establish, make and enforce compliance with rules necessary for the orderly operation, use and occupancy of the Property and the Association. (A copy of such rules and regulations shall be delivered or mailed to each Member promptly upon the adoption thereof.)
- C. To keep in good order, condition and repair all of the General and Limited Common Areas (if any) and all items of personal property used in the enjoyment of the Property.
- D. To insure and keep insured all of the insurable Common Areas of the Property in an amount equal to their replacement value, as provided in the Declaration; further to obtain and maintain comprehensive liability insurance covering the Property in amounts as may be determined by the Board of Directors; To insure and keep insured all the fixtures, equipment and personal property acquired by the Association for the benefit of the Association, the Owners of Townhomes and their Mortgagees.
- E. To fix, determine, levy and collect the assessments to be paid by each of the Members; and by majority vote of the Board of Directors to adjust, decrease or increase the amount of the assessments subject to provisions of the Declaration; to levy and collect special assessments in order to meet increased operating or maintenance expenses or costs and additional capital expenses. All monthly or other assessments shall be in itemized statement form and shall set forth in detail the various expenses for which the assessments are being made.
- F. To collect delinquent assessments in accordance with law, including (if legally permitted) by non judicial foreclosure, suit or otherwise and to enjoin or seek damages from an Owner, as provided in the Declaration and these By-Laws.
- G. To protect and defend the Property from loss and damage by suit or otherwise.
- H. To enter into contracts within the scope of their duties and power.
- I. To establish a bank account for the common treasury for all separate funds which are required or may be deemed advisable by the Board of Directors.

- J. To keep and maintain full and accurate books and records showing all of the receipts, expenses and disbursements and to permit examination thereof at any reasonable time by each of the Members and any Mortgagee of a Townhome and if so determined by the Board of Directors, to cause a complete audit of the books and accounts by a competent certified public accountant.
- K. To meet at least once each quarter, unless the Board determines by Majority vote to meet less frequently, but in any event, at least once per year.
- L. To designate the personnel necessary for the maintenance and operation of the General and Limited Common Areas.
- M. In general, to carry on the administration of this Association and to do all of those things, necessary and reasonable, in order to carry out the communal aspect of the Property.

6.05 ELECTION AND TERM OF OFFICE. At the first annual meeting of the Association, Directors shall be elected for a term of office fixed at one (1) year. Additional Directors added to the Board pursuant to Section 6.02 shall be elected at the next annual meeting of Members unless otherwise determined by majority vote at a duly called and conveyed meeting of the Members. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of one (1) year, provided however that the persons acting as Directors shall hold office until their successors have been elected and hold their first meeting.

6.06 VACANCIES. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each Director so elected shall serve out the remaining term of his predecessor.

6.07 REMOVAL OF DIRECTORS. At any regular or special meeting duly called, any one (1) or more of the Directors may be removed with or without cause by a Majority of Members, and a successor shall then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by any Member shall be given an opportunity to be heard at the meeting. Any director who fails to attend two (2) consecutive Board of Directors meetings for which he was properly noticed (without a medical excuse or other reason deemed reasonable by the remaining Directors), may be removed by the Board of Directors and a successor elected by the Board of Directors.

6.08 NOMINATING DIRECTORS. At any meeting at which the election of a Director is held, any Member may nominate a person with the second of any other Member.

6.09 ELECTING DIRECTORS. A person who has been duly nominated may be elected as a Director. Directors will be elected by the vote of a Majority of those Members present at a meeting

in person or by proxy. A Director may be elected to succeed himself or herself as Director. Directors will be elected at the annual meeting of the Members.

6.10 REGULAR MEETINGS. The Board of Directors shall provide for regular meetings by resolution stating the time and place of such meetings. The meetings will be held at the Association's registered office in Texas if the resolution does not specify the location of the meetings. No notice of regular Board of Directors meetings is required other than a Board of Directors resolution stating the time and place of the meetings.

6.11 SPECIAL MEETINGS. Special Board of Directors meetings may be called by, or at the request of, the President or any two Directors. The person or persons calling a special meeting will inform the Secretary of the Association of the information to be included in the notice of the meeting. The Secretary of the Association will give notice to the Directors as these Bylaws require.

6.12 NOTICE. Written or printed notice of any special meeting of the Board of Directors will be delivered to each Director not less than seven (7) days, nor more than thirty (30) days, before the date of the meeting. The notice will state the place, day, and time of the meeting; who called it; and the purpose or purposes for which it is called.

6.13 WAIVER OF NOTICE. Before or at any meeting of the Board of Directors, any Director may in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

6.14 QUORUM. A majority of the number of Directors then in office constitutes a quorum for transacting business at any Board of Directors meeting. The Directors present at a duly called or held meeting at which a quorum is present may continue to transact business even though Directors may leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of Directors required for a quorum. If a quorum is never present at any time during a meeting, a majority of the Directors present may recess and reconvene the meeting once with notice to all Directors.

6.15 ACTIONS OF BOARD OF DIRECTORS. The vote of a majority of Directors present and voting at a meeting at which a quorum is present shall constitute the act of the Board of Directors, unless the act of a greater number is required by law or by other provision of these Bylaws. A Director who is present at a meeting and abstains from a vote is considered to be present and voting for the purpose of determining the Board of Directors's decision. For the purpose of determining the decision of the Board of Directors, a Director who is represented by proxy in a vote is considered present.

6.16 PROXIES. A Director may vote by proxy. All proxies must be in writing, must bear the signature of the Director giving the proxy, and must bear the date on which the proxy was executed by the Director. No proxy is valid after three (3) months from the date of its execution.

6.17 COMPENSATION. Directors may not receive salaries for their services, unless approved by a Majority of the Members. Provided however, that Directors shall be reimbursed for reasonable expenses incurred in their capacities as Directors of the Association.

6.18 FIDELITY BONDS. The Board of Directors may require that all Officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association.

ARTICLE VII OFFICERS

7.01 OFFICER POSITIONS. The Association's officers will be a President, Vice-President who shall act in the absence of the President, Secretary, and Treasurer, all of whom shall be elected by the Board of Directors. The same person may hold any two or more offices and any officer may also be a Director.

7.02 TERM OF OFFICE. Each officer will hold office for a term of one (1) year or until a successor is duly selected and qualifies, whichever is later. An officer may be elected to succeed himself or herself in the same office.

7.03 REMOVAL. Any officer elected by the Board of Directors may be removed by the Board of Directors with or without cause.

7.04 VACANCIES. The Board of Directors shall select a person to fill a vacancy in any office for the unexpired portion of the officer's term.

7.05 PRESIDENT. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association. He shall have all the general powers and duties which are usually vested in the office of president of a non-profit corporation in the State of Texas, including, but not limited to, the power to appoint committees from among the Members, Officers or Directors to assist in the administration of the affairs of the Association.

7.06 VICE-PRESIDENT. When the President is absent, cannot act, or refuses to act, a vice president shall perform the president's duties. When acting in the President's place, the Vice-President has all the powers of, and is subject to all the restrictions on the President. A Vice-President shall perform other duties as assigned by the President or the Board of Directors.

7.07 SECRETARY. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. He shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of the Secretary. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Members, Officers and Directors and their last known addresses as shown on the records of the Association. Such list shall show opposite each Member's name, the

number of Members and/or other individuals living in the Townhome. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

7.08 TREASURER. The Treasurer shall receive and deposit in appropriate bank accounts all money of the Association and shall disburse such funds as directed by resolution of the Board of Directors provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board of Directors and approved by the Association, including authority to: sign all checks of the Association; keep proper books of account; cause an annual statement of the Association's books to be made at the completion of each fiscal year; prepare an annual budget and a statement of income and expenditures to be presented to the Members at the annual meeting, and deliver a copy of each to the Members; and perform all other duties assigned to him by the Board of Directors.

ARTICLE VIII MANAGEMENT CONTRACT

8.1 MANAGEMENT COMPANY. The Board of Directors may enter into a management agreement with a management company at a rate of compensation agreed upon by the Board of Directors. In accordance with the Declaration and these By-Laws, the management company shall have, but shall not be limited to, the following functions, duties and responsibilities:

A. Fiscal Management.

- (1) Prepare annual operating budget detailed to reflect expected operation for each month. This budget is established to show expected recurring receipts and operating disbursements. It is further used for comparison with actual monthly income and expenditures.
- (2) Prepare sinking fund reserve budget projections for capital expenditures on items recurring only periodically, i.e., painting, etc., for Common Areas.
- (3) Prepare monthly operating and cash position statements and statements concerning sinking fund reserve accounts.
- (4) Analyze and compare operating receipts and disbursements against the Board of Directors-approved budget. Suggest corrective recommendations, if applicable.
- (5) Collect maintenance fees and special assessments; deposit them in checking, savings or other income producing accounts on behalf of the Board of Directors and maintain comprehensive records thereof.

Establish individual checking and sinking fund reserve accounts, as directed by the Board of Directors.

- (6) Mail notices of delinquency to any Member in arrears, and exert reasonable, legal effort to collect delinquent accounts.
- (7) Examine all expense invoices for accuracy and pay all bills in accordance with the terms of the property management agreement.
- (8) Prepare year-end statement of operations for Members.

B. Physical Management.

- (1) Assume full responsibility for maintenance and control of Common Area improvements and equipment, including all sanitary, storm sewer, and potable water service lines. Maintain the Property in constant repair to reflect Owner pride and to insure high property values in accordance with the provisions of the operating budget, as approved by the Board of Directors.
- (2) Enter into contracts and supervise services for landscaping care, refuse hauling, maintenance, etc., as approved operating budgets.
- (3) Select, train and supervise competent personnel, as directed by the Board of Directors.
- (4) Compile, assemble and analyze data; and prepare specifications and call for bids for major improvement projects. Analyze and compare bids, issue contracts and coordinate the work; maintain close and constant inspection to insure that work is performed according to specifications.
- (5) Perform any other projects with diligence and economy in the Association's best interests.

C. Administrative Management.

- (1) Inspect contractual services for satisfactory performance. Prepare any necessary compliance letters to Vendors.
- (2) Obtain and analyze bids for insurance coverage specified in By-Laws, recommend modifications or additional coverages. Prepare claims when required and follow upon payment; act as Board of Directors's representative in negotiating settlement.

- (3) Exercise close liaison and supervision over all personnel to insure proper operational maintenance and to promote good Management-Resident-Owner relationships.
- (4) Act as liaison for the Association in any negotiations or disputes with local, federal or state taxing agencies or regulatory bodies.
- (5) Exercise close supervision over hours and working conditions of employed personnel to insure compliance with Wage and Hour and Workman's Compensation Laws.
- (6) Assist in resolving individual Member's or Occupant's problems as they pertain to the Association, Common Areas and governing rules and regulations.
- (7) Represent an absentee Owner when requested.
- (8) Administer the Project in such a way as to promote a pleasant and harmonious relationship within the complex for all Members, Residents and Tenants alike.

ARTICLE IX BOOKS AND RECORDS

9.01 REQUIRED BOOKS AND RECORDS. The Association will keep correct and complete books and records of account. The books and records include:

- A. A file-endorsed copy of all documents filed with the Texas Secretary of State relating to the Association, including but not limited to the Articles of Incorporation, and any Articles of Amendment, Restated Articles, Articles of Merger, Articles of Consolidation, and Statement of Change of Registered Office or Registered Agent.
- B. A copy of all bylaws, including these Bylaws, and any amended versions or amendments to them.
- C. Minutes of the proceedings of the Members and Board of Directors
- D. A list of the names and addresses of the Members, Directors, and Officers of the Association.
- E. A financial statement showing the Association's assets, liabilities, and net worth at the end of the three (3) most recent fiscal years.

- F. A financial statement showing the Association's income and expenses for the three (3) most recent fiscal years.
- G. All rulings, letters, and other documents relating to the Association's federal, state, and local tax status.
- H. The Association's federal, state, and local tax information or income-tax returns for each of the Association's three (3) most recent tax years.

9.02 ANNUAL STATEMENT. The Association shall cause to be prepared and delivered annually to each Member a statement showing all receipts, expenses or disbursements since the last such statement. Such financial statements shall be available to any Mortgagee of a Townhome, on request, within ninety (90) days following the fiscal year end of the Project.

9.03 INSPECTION AND COPYING. Any Member, Director or Officer of the Association may by written request inspect and receive copies of all the corporate books and records required to be kept under the bylaws. He or she may do so through his or her attorney or other duly authorized representative. The inspection may take place at a reasonable time, no later than five (5) working days after the Association receives a proper written request. The Board of Directors may establish reasonable copying fees, which may cover the cost of materials and labor. The Association will provide requested copies of books or records no later than five (5) working days after receiving a proper written request.

9.04 AUDITS. Any Member may have an audit conducted of the Association's books. That Member shall bear the expense of the audit unless the Members vote to authorize payment or reimbursement of audit expenses. The Member requesting the audit may select the accounting firm to conduct it. A Member may not exercise these rights so as to subject the Association to an audit more than once in any fiscal year.

ARTICLE X FISCAL YEAR

10.01 FISCAL YEAR. The Association's fiscal year of the Association will begin on the first day of January and end on the last day in December in each year, unless otherwise determined by the Board of Directors.

ARTICLE XI INDEMNIFICATION

11.01 INDEMNIFICATION. The Association shall indemnify every Director or Officer, his heirs, executors and administrators, against all loss, cost and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made

a party by reason of his being or having been a Director or Officer of the Association, except in matters of gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters in which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Director or Officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director or Officer may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association in connection with the foregoing indemnification provision shall be treated and handled by the Association as Common Expenses; provided, however, nothing contained in this Article XI shall be deemed to obligate the Association to indemnify any Member, who is or has been a Director or Officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as a Member or Owner of a Townhome covered thereby.

11.02 LIABILITY INSURANCE. The Board of Directors may obtain for the Association, as a common expense, policies of Directors and Officers Liability Insurance to fund this provision in the event of a loss.

ARTICLE XII NOTICES

12.01 MANNER OF NOTICE. Any notice required or permitted by these Bylaws to be given to a Member, Director or officer of the Association may be given by mail, personal delivery, facsimile, or telegram. If mailed, a notice is deemed delivered when deposited in the mail addressed to the person at his or her address as it appears on the corporate records, with postage prepaid. If given by telegram, a notice is deemed delivered when accepted by the telegraph company and addressed to the person at his or her address as it appears in the Association records. Facsimile delivery is deemed delivered upon sending, provided that such facsimile is imprinted with the correct facsimile number of the recipient and evidence of completion of transmission. A person may change his or her address or facsimile number in the Association records by giving written notice of the change to the Secretary of the Association.

12.02 SIGNED WAIVER OF NOTICE. Whenever any notice is required by law or under the Articles of Incorporation or these Bylaws, a written waiver signed by the person entitled to receive such notice is considered the equivalent to giving the required notice. A waiver of notice is effective whether signed before or after the time stated in the notice being waived.

12.03 WAIVING NOTICE BY ATTENDANCE. A person's attendance at a meeting constitutes waiver of notice of the meeting unless the person attends for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE XIII SPECIAL PROCEDURES CONCERNING MEETINGS

13.01 MEETING BY TELEPHONE. The Board of Directors may hold a meeting by telephone conference-call procedures. In all meetings held by telephone, matters must be arranged in such a manner that all persons participating in the meeting can hear each other; the notice of a meeting by telephone conference must state the fact that the meeting will be held by telephone as well as all other matters required to be included in the notice; and a person's participating in a conference-call meeting constitutes his or her presence at the meeting.

13.02 DECISION WITHOUT MEETING. Any decision required or permitted to be made at a meeting of the Board of Directors may be made without a meeting. A decision without a meeting may be made if a written consent to the decision is signed by all the persons entitled to vote on the matter. The original signed consents will be placed in the Association minute book and kept with the Association records. Furthermore, in accordance with the Articles of Incorporation, action may be taken without a meeting when there are signed written consents by the number of Directors whose votes would be necessary to take action at a meeting at which all such persons entitled to vote were present and voted. Each written consent must be signed and bear the date of signature of the person signing it. A telegram, telex, cablegram, or similar transmission by a Director or a photographic, facsimile, or similar reproduction of a signed writing, will be treated as an original being signed by the Director. Consents must be delivered to the Association. A consent signed by fewer than all Directors is not effective to take the intended action unless the required number of consents are delivered to the Association within sixty (60) days after the date that the earliest-dated consent was delivered to the Association. Delivery must be made by hand, or by certified or registered mail, return receipt requested. The delivery may be made to the Association's registered office, registered agent, principal place of business, transfer agent, registrar, exchange agent, or an Officer or agent having custody of books in which the relevant proceedings are recorded. If the delivery is made to the Association's principal place of business, the consent must be addressed to the President. The Association will give prompt notice of the action taken to persons who do not sign consents. If the action taken requires documents to be filed with the Secretary of State, the filed documents will indicate that these written consent procedures were followed to authorize the action and filing.

13.03 PROXY VOTING. A person authorized to exercise a proxy may not exercise the proxy unless it is delivered to the officer presiding at the meeting before the business of the meeting begins. The Secretary or other person taking the minutes of the meeting will record in the minutes the name of the person who executed the proxy and the name of the person authorized to exercise the proxy. If a person who has duly executed a proxy personally attends a meeting, the proxy will not be effective for that meeting. A proxy filed with the secretary of the Association or other designated officer remains in force until the first of the following occurs:

- A. An instrument revoking the proxy is delivered to the secretary or other designated officer.
- B. The proxy authority expires under the proxy's terms.
- C. The proxy authority expires under the terms of these Bylaws.

ARTICLE XIV
AMENDING BYLAWS

14.01 WHO MAY AMEND. Subject to Section 14.02 below, these Bylaws may be altered, amended, or repealed, and new Bylaws may be adopted either by a vote of a Majority of Members or the Board of Directors. The notice of any meeting at which these Bylaws are altered, amended, or repealed, or at which new Bylaws are adopted will include the text of the proposed bylaw provisions as well as the text of any existing provisions proposed to be altered, amended, or repealed. Alternatively, the notice may include a fair summary of those provisions.

14.02 AMENDMENT BY MEMBERS. The following types of bylaw amendments may be adopted only by a vote of a Majority of Members:

- A. Setting or changing the authorized number of Directors.
- B. Changing from a fixed number to a variable number of Directors or vice versa.
- C. Increasing or extending the Directors' terms.
- D. Increasing or decreasing the quorum for Membership meetings.
- E. Repealing, restricting, expanding, or otherwise changing the Members' proxy rights.
- F. Authorizing cumulative voting.

ARTICLE XV
MORTGAGES

15.01 NOTICE TO ASSOCIATION. An Owner who grants a deed of trust to his Townhome shall notify the Association giving the name and address of the Mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Townhomes".

15.02 NOTICE OF UNPAID ASSESSMENTS. The Association shall, at the request of a Mortgagee of a Townhome, report any unpaid assessments due from the Owner of such Townhome.

ARTICLE XVI
OBLIGATIONS OF MEMBERS

16.01 ASSESSMENTS. All Members shall be obligated to pay the monthly assessments imposed by the Association to meet the Common Expenses as defined in the Declaration. The assessments shall be made uniform per lot and shall be due monthly in advance, unless otherwise determined by the Board of Directors. A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of Members, within the meaning of these By-Laws, only if he is current in the assessments made or levied against him and the Townhome owed by him.

16.02 COMPLIANCE WITH DECLARATION; COOPERATION.

- A. Each Member shall comply strictly with the provisions of the Declaration.
- B. Each Member shall always endeavor to observe and promote the cooperative purposes for which the Property was constructed and developed.

16.03 USE OF GENERAL COMMON AREAS AND LIMITED COMMON AREAS. Each Member may use the General Common Areas and the Limited Common Areas in common with all other Members and their respective Tenants and/or Occupants and in accordance with the purposes for which they were intended.

ARTICLE XVII
NON-PROFIT ASSOCIATION

17.01 NON-PROFIT PURPOSE. This Association is organized not for profit. No Member, Officer, Director or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as a salary or as compensation to, or distributed to or insure to the benefit of any Member, Officer or Director; provided, however, that any Member of the Board of Directors may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE XVIII
MISCELLANEOUS PROVISIONS

18.01 LEGAL AUTHORITIES GOVERNING CONSTRUCTION OF BYLAWS. These Bylaws will be construed under and in accordance with the law of the State of Texas. All references in these Bylaws to statutes, regulations, or other sources of legal authority will refer to the authorities cited, or their successors, as they may be amended from time to time.

18.02 LEGAL CONSTRUCTION. To the greatest extent possible, these Bylaws shall be construed to conform to all legal requirements and all requirements for obtaining and maintaining all tax exemptions that may be available to nonprofit Associations. If any bylaw provision is held invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability will not affect any other provision, and the Bylaws will be construed as if they had not included the invalid, illegal, or unenforceable provision.

18.03 HEADINGS. The headings used in the Bylaws are for convenience and may not be considered in construing the Bylaws.

18.04 NUMBER. All singular words include the plural, and all plural words include the singular.

18.05 SEAL. The Board of Directors may provide for a corporate seal. Such a seal would consist of two concentric circles containing the words "CROSBY STREET TOWNHOMES ASSOCIATION, INC." in one circle and the word "Incorporated" together with the date of incorporation in the other circle. Absence of a seal on any document shall not render said document invalid or unenforceable in any respect.


18.06 POWER OF ATTORNEY. A person may execute any instrument related to the Association by means of a power of attorney if an original executed copy of the power of attorney is provided to the secretary to be kept with the Association records.

18.07 PARTIES BOUND. These Bylaws will bind and inure to the benefit of the Members, Directors, Officers, employees, and agents of the Association and their respective heirs, executors, administrators, legal representatives, successors, and assigns except as the Bylaws otherwise provide.

CERTIFICATE OF SECRETARY

I HEREBY CERTIFY that the foregoing is a true, complete, and correct copy of the By-Laws of Crosby Street Townhomes Association, Inc., a Texas non-profit corporation, as adopted by the initial Board of Directors at a meeting duly called and convened on the ____ day of September, 2001.

IN WITNESS WHEREOF, I hereunto set my hand and affix the Seal of the Corporation, this the ____ day of September, 2001.



Joel Davis, Secretary

EXHIBIT "A"
PROPERTY DESCRIPTION

Lots One (1) through Fourteen (14) in Block One (1) of Crosby Street Townhomes, a subdivision of 0.5866 acres of land being a replat of Lots Six (6) through Ten (10) in Block Seven (7) of the plan of Justin Castanie's Survey Located in the Obedience Smith Survey, Abstract Number 696 as recorded in Volume M, Page 571 of the Harris County Deed Records, City of Houston, Harris County, Texas.

CLOSING PACKAGE
FOR
CROSBY STREET TOWNHOMES ASSOCIATION, INC.

SEPTEMBER 5, 2001

6

COVENANTS, CONDITIONS AND RESTRICTIONS

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V325542

09/26/01 300621926 V325542

\$81.00

J

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF
CROSBY STREET TOWNHOMES, INC.

HARRIS COUNTY, TEXAS

AFTER RECORDING, RETURN TO:

DiCECCO, FANT & BURMAN
1900 WEST LOOP SOUTH, SUITE 1100
HOUSTON, TEXAS 77027
ATTENTION: ARTHUR FANT

Boyd
2001 SEP 26 PM 3:59
COUNTY CLERK
HARRIS COUNTY TEXAS
FILED

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CROSBY STREET TOWNHOMES, INC.

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

STATE OF TEXAS §

COUNTY OF HARRIS §

THAT, WHEREAS URBAN LOFTS III, LTD., a Texas limited partnership, having its principal office at 2472 Bolsover, Suite 240, Houston, Texas 77005 (hereinafter called "Declarant"), owns the parcel of real property (the "Property") described on EXHIBIT "A," and

WHEREAS, Declarant has constructed or will construct fee simple Townhome buildings and other improvements appurtenant thereto on the Property; and

WHEREAS, Declarant does hereby establish and by this Declaration does establish a plan for the individual ownership in fee simple estates consisting of a Townhome or parcel of land with an individual dwelling unit built thereon and all appurtenances thereto including improvements thereon.

NOW, THEREFORE, Declarant does hereby submit the Property and all improvements thereon, as a restricted planned unit development, and does hereby publish and declare that the following terms, covenants, conditions, easements, restrictions, uses, limitations and obligations shall be deemed to run with the land and shall be a burden and a benefit to Declarant, each of its successors, assigns, and to any person or entity acquiring or owning an interest in the Property or any parcel or parcels contained therein or the improvements thereon ("Improvements"), their grantees, successors, heirs, executors, administrators, devisees and assigns.

ARTICLE I

DEFINITIONS AND TERMS

- 1.1 “Assessment” shall mean and refer to the fees, charges and other financial obligations imposed upon the Owners of Townhomes by the Association to pay for Common Expenses as set forth herein, including without limitation, the annual Assessments, special Assessments and estimates thereof as determined by the Association and as further described in Article 6 hereof..
- 1.2 “Association” shall mean the Crosby Street Townhomes, Inc. Association, Inc., a Texas non-profit corporation.
- 1.3 “Common Area” shall mean and refer to any real property together with any Improvements thereon conveyed to, owned or leased by the Association or over which the Association has an easement or the responsibility for maintenance, repair or replacement and/or as may be expressly designated as Common Area by this Declaration or by the Plat (either of which as may be amended from time to time) or the Association, including without limitation all water systems, sewer pipes and sewer lines, storm piping and paving in, on or under the Common Area, and further including such Common Area as may be designated on EXHIBIT “C” attached hereto, if applicable, all of which shall be for the common use by or benefit to all Owners and Occupants.
- 1.4 “Common Expenses” shall mean expenses attributable to the maintenance of and replacement of the Common Area, including without limitation any common Water Supply System, common drainage facilities, paths or ways, together with any other expenses which the Association designates as Common Expenses and any other Expenses for the common benefit of all Owners declared to be Common Expenses by this Declaration.
- 1.5 “Declarant” shall mean URBAN LOFTS III, LTD., a Texas limited partnership, or its successors or assigns.

- 1.6 “Declaration” shall mean this Declaration of Covenants, Conditions and Restrictions instrument as the same may be amended pursuant to Article VIII herein.
- 1.7 “Governing Documents” shall mean and refer to the Articles of Incorporation, Bylaws, minutes, decisions and actions of the Association and/or the Board of Directors thereof and this Declaration.
- 1.8 “Improvements” shall mean any buildings, structures, fixtures, additions and appurtenances to a Townhome or constructed or situated upon any Common Area.
- 1.9 “Occupant” shall mean a person or persons in occupancy or possession of a Townhome, regardless of whether said person is an Owner.
- 1.10 “Owner” shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Townhome. “Owner” shall include contract sellers, but shall exclude persons or entities having only a security interest in a Townhome or any portion of the Property.
- 1.11 “Plat” shall mean and refer to the map or plat recorded in Harris County, Texas under Harris County Clerk’s File Number V302263 and all supplements, amendments and additions thereto.
- 1.12 “Property” shall mean and include the Property described above and all Improvements and structures thereon and all rights, easements and appurtenances belonging thereto.
- 1.13 “Townhome” shall mean and refer to each of the individual Townhomes or parcels of land as shown on the Plat with an individual dwelling unit built or to be build thereon and all appurtenances thereto and including all Improvements thereon.
- 1.14 “Water Supply System” shall mean the master-water meter and/or water supply pipe, line or service situated upon the Property and providing water service to Townhomes, if applicable.

ARTICLE II

TOWNHOME AND COMMON AREA DESIGNATIONS AND DESCRIPTIONS

- 2.1 DESIGNATION OF TOWNHOME. The portion of the Property being more particularly described in EXHIBIT "A" is hereby divided into parcels consisting of fourteen (14) separately designated Townhomes, being more particularly shown as individual Townhomes in Plat. Each Townhome is further identified by street address as set out in EXHIBIT "B" attached hereto and incorporated by reference herein.
- 2.2 INSEPARABLE UNITS. Each Townhome shall be inseparable and may not be conveyed, leased or encumbered separately, and shall at all times remain indivisible.
- 2.3 GOVERNMENTAL ASSESSMENT. Declarant shall give written notice to the Assessor's Office of the division and Ownership of the Property, as is provided by law, so that each Townhome shall be deemed a separate parcel and subject to separate Assessment and taxation.
- 2.4 COMMON AREA. Declarant hereby designates those portions of the Property shown on the Plat or site plat, if applicable, as Common Area, including any shared driveway or common drainage system, as may be further described in EXHIBIT "C," attached hereto and incorporated by reference herein. Every Owner and Occupant shall have an easement of access and a right and easement of enjoyment in, upon and over the Common Area, subject to all covenants, conditions, restrictions and easements set forth in this Declaration. Declarant does hereby grant in perpetuity to all Owners and Occupants an easement and right-of-way for purposes of vehicular and pedestrian ingress and egress upon, over and across the Common Area and to and from such Owner's or Occupant's Townhome, but not for parking, occupancy, recreation, or any other use.
- 2.5 WATER SUPPLY SYSTEM. If there is a common Water Supply System serving all of the

Townhomes on the Property, then notwithstanding anything to the contrary set forth herein, such Water Supply System and all appurtenances thereto shall be deemed part of the Common Area and owned and maintained by the Association, and the Declarant and Owners of all Townhomes shall and by this instrument give and grant to the Association an easement and right-of-way over, upon and under the area of each Townhome at such location as shall be necessary for the purpose of installation, maintenance, repair and/or replacement of such Water Supply System; and each of the Declarant and Owners of Townhomes shall do any and all things and execute and deliver any and all documents which may be necessary or appropriate to evidence such ownership of the Water Supply System and the easement with respect thereto.

ARTICLE III PROTECTIVE COVENANTS

- 3.1 USE AND OCCUPANCY RESTRICTION. Subject to the provisions of this Declaration, no part of the Property may be used for purposes other than single family residential housing and the related common purposes for which the Property was designed. Each Townhome shall be used for single family residential purposes or such other uses permitted by this Declaration, and for no other purposes. No Townhome and no portion of the Common Area shall be used or occupied for any business, commercial trade or professional purpose or as a church or other religious institutional meeting place, either apart from or in connection with the use thereof as a residence, whether for profit or not. The foregoing restrictions as to residential usage shall not, however, be construed in such manner as to prohibit an Owner or Occupant from:
- 3.1.1 Maintaining a personal or professional library;
 - 3.1.2 Keeping personal business or professional records or accounts; or
 - 3.1.3 Handling personal business or professional telephone calls or correspondence, which uses are expressly declared customarily incidental to the principal residential use and not in violation of this Declaration, provided that it does not entail traffic to or from

the Townhome or upon the Common Area by anyone for business purposes, storage of equipment, machinery, supplies or inventory, objectionable odors or other nuisances or other violations of this Declaration.

- 3.2 INSURANCE. Nothing shall be done or kept in any Townhome that will increase the rate of insurance for the Property, the Common Area or any other Townhome within the Property. No Owner or Occupant shall permit anything to be done or kept in his Townhome which will result in the cancellation of insurance on any Townhome, the Common Area or which will be in violation of any law.
- 3.3 SIGNS. No sign of any kind except a "for sale" or "for lease" sign not larger than 3' x 5' shall be displayed to the public view on or from any Townhome or the Common Area.
- 3.4 NOXIOUS OR OFFENSIVE ACTIVITY. No noxious or offensive activity shall be carried on, in or upon any Townhome or the Common Area, nor shall anything be done therein which may be or become an unreasonable annoyance or a nuisance to the other Owners or Occupants. No loud music, noises, sounds or noxious odors shall be permitted on the Property. Examples of such noxious or offensive activity include, but are not limited to, the following:
- 3.4.1 Exterior horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes);
 - 3.4.2 Noisy or smoky vehicles;
 - 3.4.3 Large power equipment or large power tools;
 - 3.4.4 Unlicensed off-road motor vehicles ;
 - 3.4.5 Items which may unreasonably interfere with electronic, television or radio reception of any Owner or Occupant on the Property; and
 - 3.4.6 Unleashed or uncontrolled pets.
- 3.5 TEMPORARY STRUCTURES. No structure of a temporary character, trailer, tent, shack, garage, barn or other outbuildings shall be permitted on the Property at any time temporarily or permanently, provided however that temporary structures may be erected for use in connection

with the repair or rebuilding of a Townhome or any portion thereof.

- 3.6 FIRES. There shall be no exterior fires whatsoever except for barbecue fires contained within receptacles designed in such a manner that no fire hazard or nuisance is created.
- 3.7 STORAGE AND DISPOSAL OF GARBAGE AND REFUSE. No rubbish, trash, garbage or other waste material shall be kept or permitted upon any Townhome, except in sanitary containers located in appropriate areas screened and concealed from view, and no odor shall be permitted to arise therefrom so as to render the Property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other portions of the Property in the vicinity thereof or to its Occupants.

No lumber, grass, shrub or tree clippings, plant waste, metals, bulk material, scrap, refuse or trash shall be kept, stored or allowed to accumulate on any portion of the Property.

- 3.8 AIRING LAUNDRY. No clothing or other material shall be aired or dried upon the Property in any window, patio, balcony, nor anywhere exposed to outside view.
- 3.9 VEHICLE PARKING. No Owner or Occupant shall park, store or keep any vehicle, except wholly within the parking space designated therefor, and any inoperable vehicle shall not be stored in a parking space. No Owner or Occupant shall park, store or keep within or adjoining the Property any large commercial-type vehicle (dump truck, cement-mixer truck, oil or gas truck, delivery truck) and any other vehicle, equipment, mobile or otherwise, or any recreational vehicle (camper unit, motor home, truck, trailer, boat, mobile home or other similar vehicle).
- 3.10 VEHICLE REPAIRS. No Owner or Occupant shall conduct major repairs or major restorations of any motor vehicles, boat, trailer, aircraft or other vehicle upon any portion of the Property. Parking spaces shall be used for parking purposes only.

- 3.11 STREETS AND DRIVEWAYS. No vehicle shall be parked on driveways or the Common Area so as to obstruct ingress and egress by other Owners or Occupants, their families, guests and invitees.
- 3.12 AIR CONDITIONERS. No window or wall type air conditioner shall be installed, erected, placed or maintained on or in any Townhome.
- 3.13 ANTENNAE. Not more than one (1) exterior television or radio antenna per Townhome (not to exceed twelve (12) feet in height) or satellite dish (not to exceed one (1) meter in diameter), shall be allowed. Any such antenna or dish shall be screened or situated away from public view.
- 3.14 EXTERIOR APPEARANCE OF TOWNHOME. Each Owner or Occupant shall keep clean and in good condition and repair the windows and exterior of his Townhome and shall not permit garments, rugs, laundry or other unsightly items to extend from or be placed outside of such Townhome including but not limited to, over windows or on patios and balconies. No aluminum foil or similar reflective material shall be used or placed over doors or on windows. No unsightly objects that might reasonably be considered to give annoyance to neighbors or ordinary sensibility shall be placed or allowed to remain on any yard or any patio or balcony or parking space.
- 3.15 ANIMALS. No animals, livestock, reptiles or poultry of any kind shall be raised, bred or kept in any Townhome. Dogs, cats, fish, birds and other household pets may be kept in Townhomes, provided they are not kept, bred or maintained for commercial purposes or in "unreasonable quantities" as hereinafter defined. As used in this Declaration, "unreasonable quantities" shall mean more than two (2) pets per household, unless written approval of a larger quantity is granted by the Association. Animals belonging to Owners, Occupants or their licensees, tenants or invitees within the Property must be kept either within the Townhome, its enclosed patio or on a leash being held by a person capable of controlling the animal. No Owner, Occupant or their agents shall permit any animal to defecate or urinate

upon the streets or sidewalks, and it shall be the absolute duty and responsibility of each such Owner or Occupant to clean up after such animals.

3.16 LEASING. No Owner shall be permitted to lease his Townhome for hotel or transient purposes. (Airbnb, Vacation Rental By Owner, Homeaway, etc... strictly prohibited). No Owner shall be permitted to lease less than the entire Townhome if and only if a one-year contract or greater exists. Owner shall be permitted to lease property only with Board of Director approval. Proof of lease contract is to be submitted to Board of Director for approval within 10 days from the date of the executed lease contract. Every such lease shall provide that the lessee shall be bound by and subject to all of the obligations set forth in the Declaration; an Owner failing to do so, shall be in default hereunder. The Owner making such lease shall not be relieved thereby from any obligations arising under this Declaration.

3.17 TEMPORARY AND OTHER STRUCTURES. No structure of a temporary character; trailer, mobile home, manufactured home, tent or shack shall be placed on any Townhome or the Common Area, either temporarily or permanently and no previously used residence, house, garage or other structure appurtenant thereto, shall be moved upon any Townhome or the Common Area from another location; except, however, that the Declarant reserves the exclusive right to erect, place and maintain and to permit builders to erect, place and maintain such facilities in and upon the Property as in its sole discretion may be necessary or convenient during the period of an in connection with the sale of Townhomes , construction and selling of property and construction of other improvements in the Property. Such facilities may include, but not necessarily be limited to, a temporary office, storage area, signs, portable toilet facilities and sales office. Declarant and builders shall also have the temporary right to use a residence as a temporary office or model home during the period of and in connection with construction and sales operations in the Property, but in no event, shall a builder have such right for a period in excess of one (1) year from the date of substantial completion of his last residence in the Property. Nothing contained herein, however, shall prohibit the construction or installation of permanent outbuildings pertinent to single family use and approved by the Association. Such outbuildings must meet all construction requirements of this Declaration and must be of an architectural style similar to or complimentary to the style of the main residence. Barns and outbuildings may be laced on the property prior to the construction of the main residence providing the barn is approved by the Association. All barns will be located behind the back line of the main residence and shall at no time be utilized as a residence.

- 3.18 COMPLETION OF DEVELOPMENT AND SALE OF PROPERTY. In order that Declarant may complete the development of the Property, no Owner or Occupant shall do anything to interfere with, and nothing in the Declaration shall be understood or construed to:
- 3.18.1 Prevent or hinder Declarant, its contractors or subcontractors, from working in any Declarant owned Townhome whatever Declarant deems necessary, advisable or appropriate to complete any work thereon; or
 - 3.18.2 Prevent or hinder Declarant or its contractors, subcontractors or representatives, from erecting, constructing and maintaining any Townhome owned or controlled by Declarant, including without limitation such structures as may be reasonably necessary for the conduct of its business of construction of Townhomes, construction and installation of Improvements and completing and establishing the Property as a Townhome project and disposing of the same by sale, lease or otherwise;
 - 3.18.3 Prevent or hinder Declarant or its representatives, from maintaining a sales office and maintaining and showing model Townhomes to aid in the marketing of the Townhomes during or after the construction period; or
 - 3.18.4 Prevent or hinder Declarant or its contractors or subcontractors, from maintaining such sign or signs for marketing of Townhomes in and upon the Property.
- 3.19 UTILITIES; INSTALLATION AND MAINTENANCE. There is hereby created an easement upon, across, over and under all of the Property for ingress and egress in connection with the completion of all development work by the Declarant or its agents and with the construction of Improvements and the installation, replacement, and maintenance of all utilities, including, but not limited to, roadways, drainage ways, water, telephones, electricity and appurtenances thereto. By virtue of this easement, it shall be expressly permissible for the utility companies and other entities supplying such service to install and maintain pipes, wires, conduits, service lines, or other utility facilities or appurtenances thereto, on, above, across, and under the Property within the public utility easements from time to time existing and from service lines situated within such easements to the point of service on or in any structure. The Declarant and the utility companies furnishing service shall have the right to remove all trees situated

within or adjacent to the utility easements shown on the Plat which would constitute a hindrance to the installation of such utilities, and to trim overhanging trees and shrubs located on portions of the Property abutting such easements.

3.20 OBSTRUCTIONS. No Owner or Occupant shall place any object or structure, do any act nor any work that in any manner obstructs the Common Area, any shared driveway areas and/or easements with respect thereto or prevent or in any way hinder any other Owner, Occupant or invitee access to, ingress to and egress from their Townhome or the Common Area by, over, or through the Property's Common Area, shared driveway and/or the easement described herein even if all or part of the shared driveway may be owned by such Owner.

3.21 LIABILITY FOR DAMAGES. The Owner of each Townhome shall be liable for all damages to any other Townhome, Owner, Occupant, guest, contractor or invitee caused by such Owner or any Occupant of his Townhome or guest.

3.21.1 All Townhomes and Common Areas shall at all times be kept in a neat, clean, well maintained, healthful, sanitary and attractive condition. No Townhome or any part of the Common Areas shall be used or maintained as a dumping grounds for garbage, trash, junk or other waste matter. All trash, garbage or waste matter shall be kept in adequate containers constructed of metal, plastic or masonry materials, with tightly fitting lids, which shall be maintained in a clean and sanitary condition and screened from public view except as necessary for garbage pick-up days. No Townhome shall be used for open storage of any materials whatsoever, which storage is visible from the street, except that new building materials used in the construction or improvements erected on any Townhome may be placed upon such Townhome at the time construction is commenced and may be maintained thereon for a reasonable time, so long as the construction progresses without unreasonable delay, until completion of the improvements, after which these materials shall either be removed from the Townhome, or stored in a suitable enclosure on the Townhome.

3.21.2 The digging of dirt or the removal of any dirt from any Townhome or from any portion of the Common Areas is prohibited, except as necessary in conjunction with

landscaping or construction of improvements thereon, and subject to the approval of the Association.

- 3.21.3 No Owner or Occupant shall cut or permit the cutting of any live timber or trees upon any Townhome or any portion of the Common Area from the ground except on that portion of said Townhome which comprises the actual building site where improvements are going to be erected, together with a driveway leading to such building site.
- 3.21.4 No window or wall type air conditioners shall be permitted to be used, erected, placed or maintained on or in any building in any part of the Property, provided that the Association may, at its discretion, permit window or wall type air conditioners to be installed if such unit, when installed, shall not be easily visible from a street, such permission to be granted in writing.
- 3.21.5 The Owner or each Townhome is solely responsible for the protection of all portions of the water system serving and located upon or under his Townhome. The location of the water tap and water meter shall be marked by the Townhome owner implanting two posts, painted white and with twenty-four (24) inches showing above ground with the one post being placed on each side of said water connections(s). The posts shall remain prominently showing until all construction on the Townhome is complete and the lawn has been established. Repair of damages to the water system upon an Owner's Townhome caused by negligence or willful misconduct of the Owner, his family, guests or representatives shall (at the option of the utility company) be the Townhome Owner's expense.
- 3.21.6 The use or discharge of firearms, firecrackers or other fireworks in the Property is prohibited.
- 3.21.7 All Occupants or tenants of any Townhome shall be jointly responsible with the Owner for abiding by all of the provisions of this Declaration and the rules and regulations of the Association. Failure to comply shall give the Association the right to evict said Lessee or Tenant. The Owner shall be jointly responsible with the Tenants for any costs or fines.

ARTICLE IV
RIGHTS AND OBLIGATIONS OF OWNERSHIP

- 4.1 OWNERSHIP. A Townhome will be a fee simple estate and may be held and owned by any person, firm, corporation or other entity singularly, as joint tenants, as tenants-in-common, or in any real property ownership or relationship recognized under the laws of the State of Texas the Common Area shall be owned and maintained solely by the Association.
- 4.2 EXCLUSIVENESS OF OWNERSHIP. Each Owner shall be entitled to exclusive ownership and possession of his Townhome subject to the rights and obligations set forth herein.
- 4.3 ONE-FAMILY RESIDENTIAL DWELLING. Each Townhome shall be occupied and used or leased by the Owner or Occupant only as and for a single family residential dwelling for the Owner, Occupant, their families, social guests or tenants.
- 4.4 OWNER MAINTENANCE. An Owner shall at his sole cost and expense maintain and keep in repair the structure (including the foundation, walls, roofs and all appurtenances thereto), exterior surface and appurtenances, interior and patio and/or balcony space and lawn, garden, parking and storage of his own Townhome and all other Improvements and appurtenances to such Townhome, including the fixtures thereof, keeping the same in good condition and repair, painted (if a painted area), neat and clean at all times. All fixtures and equipment installed servicing the Townhome, including, but not limited to, electrical, plumbing and gas shall be maintained and kept in good condition and repair by the Owner thereof and an Owner shall be obliged to promptly repair and replace any broken or cracked glass in windows and doors and any exterior portion of the Townhome. An Owner or Occupant shall be responsible for the heating and cooling system in his Townhome. Each Owner or Occupant shall keep his balcony or patio and outside areas adjacent to his Townhome clean and neat at all times. No exterior maintenance, repairs or painting that changes the color, design, or appearance of a Townhome shall be done by an Owner without the consent of the Association. Townhome ownership shall entitle the Owners to cast one (1) vote per Townhome in all matters of such modification

of exterior maintenance, repairs and painting. Except as herein provided a majority vote shall control. The Owners of one (1) Townhome are not entitled to split their vote.

Each wall and roof which is built as a part of the original construction of the Townhome and placed on the dividing line between the Townhomes shall constitute a common wall and roof, and, to the extent not inconsistent with the provisions of this Article, the rules of law in effect in the State of Texas regarding common walls and roofs and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

The cost of reasonable repair and maintenance of a common wall or roof shall be shared equally by the Owners who share said wall or roof.

In the event the need for maintenance or repair is caused through the willful or negligent act of an Owner or Occupant, his family, guests or invitees, and is not covered or paid for by insurance either on such Townhome, the cost of such maintenance or repairs shall be the responsibility of the Owner causing the damage by act or omission (whether by Owner or his Occupant).

4.5 ALTERATION. An Owner or Occupant shall do no act nor any work that will damage or impair the structural soundness or integrity of his Townhome or any other Townhome or Improvements situated on the Property or damage or impair any Common Area or any easement or hereditament. No Owner or Occupant shall in any way alter, modify, add to or otherwise perform any work whatever upon any of the Water Supply System, or alter the appearance of the exterior of his Townhome without the prior written consent and approval in writing by the Association which may be granted or denied in the sole discretion of the Association.

4.6 SUBJECT TO DECLARATION. Each Owner or Occupant shall comply strictly with the provisions of this Declaration, as the same may be lawfully amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages

or for injunctive relief, or both, maintainable by an aggrieved Owner or the Association.

ARTICLE V
MANAGEMENT AND ADMINISTRATION

- 5.1 ADMINISTRATION. The administration and management of the Property including maintenance, repair and replacement of the Common Area or any component, portion or element thereof shall be the sole responsibility of the Association which may be further supplemented by the Articles of Incorporation, By-Laws, actions and decisions of the Association, all subject to the provisions contained in this Declaration. An Owner of a Townhome, upon becoming an Owner, shall automatically be a member of the Association and shall remain a member during the period of his ownership. Any party that holds an interest in a Townhome merely as security for performance of an obligation shall not be a member of the Association. The Association shall be managed by a Board of Directors, duly appointed or elected, pursuant to the terms and conditions of the Association By-Laws. In addition, the Association may enter into a management agreement upon the terms and conditions established in the Association By-Laws or by the Board of Directors, and said management agreement to be consistent with this Declaration.
- 5.2 DECLARANT CONTROL. Paragraph 5.1 above notwithstanding, and for the benefit and protection of the Townhome Owners and any mortgagees of record and for the additional purpose of insuring a complete and orderly build out as well as timely sale of the Townhomes on the Property, Declarant shall retain control of all management and administration of the Association until the earlier of December 31, 2004, or upon the sale of seventy five (75%) of the Townhomes, or when in the sole opinion of the Declarant, the Project becomes viable, self-supporting and operational (hereinafter referred to as "Declarant Control Period"). It is expressly understood that upon relinquishment of Declarant control, Declarant will not use its prior control to gain any advantage over the Townhome Owners by way of retention of any residual rights or interests in the Association or through the creation of any management

agreement with a term longer than one (1) year without Association approval.

5.3 **MANAGING AGENT.** Declarant or the Board of Directors may employ or designate a manager or managing agent, who shall have and possess all of the rights, powers, authority, functions and duties as may be specified in the contract of employment or as may be delegated by Declarant or the Board of Directors. Declarant or the Board of Directors may pay such manager or managing agent such compensation as it may deem appropriate for the services to be rendered, which compensation shall constitute a part of the Common Expenses of the Association and shall be paid out of the Association funds.

5.4 **MEMBERSHIP AND VOTING.**

5.4.1 Any person upon becoming an Owner of a Townhome shall automatically become a member of the Association. Such membership shall terminate without any Association action whenever such person ceases to own a Townhome, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with the Association or arising as a result of his ownership during the period of such ownership and membership of the Association, or impair any rights or remedies which the Association or others may have against such former Owner arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto. No certificates of stock shall be issued by the Association, but the Association may, if it so elects, issue one (1) membership card to the Owner(s) of a Townhome. Such membership card shall be canceled and surrendered to the Secretary whenever ownership of the Townhome designated thereon shall terminate. Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the sale, conveyance, judicial sale, or other voluntary or involuntary transfer of title or beneficial interest in the Townhome to which it is appurtenant, and then only to the purchaser in the case of a sale, or to the transferee in the case of a transfer. Any attempt to make a prohibited transfer is null and void.

5.4.2 Townhome ownership shall entitle the Owner(s) to cast one (1) vote per Townhome

in the affairs of the Association. Voting shall not be split.

- 5.5 INSURANCE. Each Owner shall obtain and maintain replacement value casualty insurance upon his Townhome including all Improvements, fixtures, installations and/or additions thereto and shall further obtain and maintain liability insurance coverage for not less than \$300,000.00 for bodily injury and \$100,000.00 property damage for incidents occurring on such Owner's Townhome or upon the Common Area or any easement or right-of-way set forth herein or otherwise resulting from the negligence or willful misconduct of such Owner, his family members, tenants, Occupants, agents, contractors and invitees. Furthermore, the Association shall not be responsible for procurement or maintenance of any insurance covering the liability of any Owner or Occupant not caused by or connected with the Association's management or maintenance of the Property. Each Owner may obtain additional insurance at his own expense for his own benefit. Insurance coverage on the furnishings and other items of personal property belonging to an Owner and casualty and public liability insurance coverage within each Townhome are specifically made the responsibility of each Owner, and each Owner shall furnish a copy of his insurance policy or policies to the Association.

Any insurance obtained by the Association or an Owner shall contain provisions whereby the insurer waives its right of subrogation as to any claims against the Owners, Association or their respective employees, agents or guests.

ARTICLE VI

MAINTENANCE ASSESSMENTS

- 6.1 ASSESSMENTS FOR COMMON EXPENSES. All Owners shall be obligated to pay the Assessments imposed by the Association to meet the Common Expenses. Subject to the provisions of this Article VI, each Owner shall pay a fraction of the Common Expenses, the numerator of which shall be one (1) and the denominator of which shall be the number of actual or projected Townhomes situated or to be situated upon the Property. Each Owner of

any Townhome by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual Assessments (which may be divided into estimated monthly payments or other periodic payments) and (2) special Assessments, such Assessments to be established and collected as hereinafter provided. The annual and special Assessments, together with interest, costs, and reasonable attorneys fees, shall be a charge on each Townhome and shall be a continuing lien upon the Townhome against which each such Assessment is made. Assessments for estimated Common Expenses shall be calculated on an annual basis by the Association and shall be due and payable as set forth in Section 6.7. Failure to pay by 5:00 p.m. on the date or dates which such payments are due shall automatically result in the imposition and Assessment by the Association of a late charge of ten percent (10%) of the late Assessment or twenty five dollars (\$25.00) whichever is greater, as a charge for handling delinquent accounts.

- 6.2 PURPOSE OF ASSESSMENTS. The Assessments levied by the Association shall be used exclusively for the purposes of paying the Common Expenses and promoting the health, safety, welfare, convenience and recreation and for the benefit of the Owners and Occupants of the Property, and in particular for the improvement, maintenance and preservation of the Property, the services and the facilities devoted to said purposes that are related to the use and enjoyment of the Townhomes and the Common Area. Such uses may include, but are not limited to, the cost to the Association of the following: insurance, repair, replacement and maintenance of the Water Supply System and easements or easements with respect thereto (if any), management costs, taxes, legal and accounting fees as may from time to time be authorized by the Association; maintenance of easements upon, constituting a part of, appurtenant to or for the benefit of the Property; mowing grass, caring for the grounds and landscaping; garbage pickup; pest control; driveway and/or sidewalk maintenance; irrigation of landscaping; lighting and utilities; security access or service for the Property; water and sewer service furnished to the Property by or through the Association; wages incurred for services to the Association, the Common Area or other matters for which any Common Expenses were made; common utilities; and other charges required by this Declaration, or other charges that the Association may incur as Common Expenses. In addition, the

Association may establish a reserve for repair, maintenance and other charges as specified herein.

6.3 DETERMINATION OF ASSESSMENTS. Subject to Section 6.5 hereof, the Assessments shall be determined by the Board of Directors based upon the financial requirements necessary to provide for the payment of all Common Expenses arising out of or connected with the management, administration, maintenance and operation of the Property and/or the Common Areas. This determination may include, among other items, any and all matters described in Section 6.2 above, expenses and liabilities incurred by the Association under or by reason of this Declaration, expenses incurred in the operation and maintenance of recreation and administrative and management facilities, payment of any deficit remaining from a previous period and the creation of a reserve contingency fund. The omission or failure of the Board of Directors to fix the Assessment for any year shall not be deemed a waiver, modification or a release of the Owners from the obligation to pay the Assessment for such year. Upon change of ownership of a Townhome, said new Townhome Owner shall be responsible for and shall pay at the time of conveyance a fee of the greater of ten percent (10%) of the current annual Assessment or \$150.00 to reimburse the Association for costs of transfer.

6.4 INITIAL ASSESSMENT AND MAXIMUM MONTHLY ASSESSMENT.

6.4.1 The annual Assessments shall be uniformly and fairly calculated for each Townhome.

6.4.2 The Association, acting by and through the Board of Directors, shall set the initial Assessment.

6.4.3 The Association, acting by and through the Board of Directors, shall set the Assessment for the next succeeding twelve (12) month period at an amount which shall not exceed one hundred twenty percent (120%) of the annual Assessment allowed for the preceding year. If the Association determines at any time during the calendar year that a greater increase of the annual Assessment is required to adequately perform the duties and responsibilities of the Association and pay all expenses thereof, the Association may call a special meeting of the Owners. By the assent of a two-thirds (2/3) vote of the quorum of Owners present at such meeting in person or by proxy, the

annual Assessment may be set at an amount as such Owners approve, including an amount in excess of 120% of the preceding annual Assessment. The new Assessment shall become the basis for future annual increases, subject to the one hundred twenty percent (120%) formula described above.

6.4.4 The Association shall have authority to lower the annual Assessment if it deems feasible and appropriate.

6.5 OBLIGATION OF DECLARANT FOR ASSESSMENTS AND MAINTENANCE. During the Declarant Control Period, as provided in Paragraph 5.2 hereof, the Declarant shall be responsible for the difference between the cost of maintenance of the Property and any Assessment payments received from Owners other than Declarant until all Townhomes have been completed and sold, or until Declarant transfers responsibility for said maintenance to the Association, as provided in Paragraph 5.2 hereof, whichever first occurs. So long as Declarant is responsible for maintenance as provided herein, Declarant shall not be required to pay the annual Assessment for any Townhome owned by Declarant. During the Declarant Control Period, Declarant shall provide any additional funds necessary to pay actual cash outlays required to fund current operating expenses of the Association. Declarant shall not be obligated to fund any reserve accounts. After the Declarant Control Period expires, Declarant shall pay one half (1/2) the regular annual Assessment otherwise assessed to the Owners for each Townhome it owns.

6.6 SPECIAL ASSESSMENTS FOR IMPROVEMENTS. Subsequent to the Declarant Control Period and in addition to the annual Assessments authorized above, the Association may levy, at any time and from time to time, in any calendar year a special Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of Improvements upon the Property, including the necessary fixtures and personal property related thereto, provided that any such Assessment shall be approved by a two-thirds (2/3) vote of the quorum of Owners voting in person or by proxy at a meeting duly called for this purpose. Declarant shall pay one half (1/2) of the special Assessment otherwise assessed to the Owners for each Townhome it owns.

6.7 COMMENCEMENT OF ASSESSMENTS. The annual Assessments provided for herein shall be due and payable on the first (1st) day of each calendar year. The Assessments shall be prorated if the ownership of a Townhome commences or terminates on a day other than the first (1st) day of the calendar year. On Townhomes owned by the Declarant, the Assessment shall commence on the first (1st) day of the month after the Declarant Control Period expires, or the first (1st) day of the month following the transfer to the Association of the full responsibility for maintenance, but such Assessment shall be one half (1/2) of the Owner's Assessment. The Board shall fix the amount of the annual Assessments against such Townhome at least thirty (30) days prior to January 1st of each year; provided however that the Board may adjust the annual Assessments, and further provided that any such adjustment shall not exceed the maximum permitted hereunder, with thirty (30) days' written notice given to each Owner. Written notice of the Assessment adjustment shall be sent to every Owner subject thereto. The due date shall be established by the Board, and unless otherwise provided or unless otherwise agreed by the Association, the Board shall collect the Assessments annually in accordance with this Article VI.

6.8 NO EXEMPTION. No Owner other than Declarant shall be exempt from liability for the Assessments to his Townhome as set forth herein.

6.9 LIEN FOR ASSESSMENTS.

6.9.1 All sums assessed to but unpaid by an Owner for his share of Common Expenses chargeable to his Townhome, including interest thereon at ten percent (10%) per annum, plus late charges and attorney fees and other costs of collection shall constitute a lien on such Townhome superior to all other liens and encumbrances, except only for:

1. Taxes and special Assessments levied by governmental and taxing authorities, and
2. All liens securing sums due or to become due under any mortgage, vendor's lien or deed of trust lien filed for record prior to the time such costs, charges,

expenses and/or Assessments become due securing payment of loans advanced for the purchase of and/or Improvements to the Townhome.

- 6.9.2 To evidence such lien the Association may, but shall not be required to, prepare written notice setting forth the amount of such unpaid indebtedness, the name of the Owner of the Townhome and a description of the Townhome. Such notice shall be signed by one (1) of the members of the Board of Directors or other person designated by the Association for such purposes and may be recorded in the Office of the Clerk or Recorder of the county in which the Property is situated.. Such lien for Common Expenses shall attach from the due date of the Assessment. Such lien may be enforced by any and all laws, rules and remedies permitted by law, including without limitation, judicial or non-judicial foreclosure of the defaulting Owner's Townhome by the Association or by other legal action pursuant to Texas law. Any such foreclosure sale shall be conducted in accordance with the provisions applicable to the exercise of powers of sale in mortgages and deeds of trust, as set forth in Article 51.002 of the Texas Property Code, or in any other manner permitted by law. Each Owner, by accepting a deed to his Townhome, expressly grants to the Association a power of sale, as set forth in said Article 51.002 or otherwise in accordance with Texas law, in connection with the Assessment lien. In any such foreclosure, legal or collection action of any type, the Owner shall be required to pay the costs and expenses of such actions or proceedings, the costs and expenses for filing the notice or claim of lien and all reasonable attorney's fees. The Owner shall also be required to pay to the Association a reasonable rental for the Townhome during the period of his occupancy after foreclosure, and the Association shall be entitled to appoint a receiver to collect same. The Association shall have the power to bid on the Townhome at foreclosure sale and to acquire and hold, lease, mortgage and convey title to same.
- 6.9.3 The amount of the Common Expenses assessed against each Townhome shall also be a debt of the Owner thereof at the time the Assessment is made. Suit to recover a money judgment for unpaid Common Expenses, along with interest, attorney's fees and costs of Court, shall be maintainable without foreclosure and without waiving the lien securing same or any other remedy allowed by law.

- F. A financial statement showing the Association's income and expenses for the three (3) most recent fiscal years.
- G. All rulings, letters, and other documents relating to the Association's federal, state, and local tax status.
- H. The Association's federal, state, and local tax information or income-tax returns for each of the Association's three (3) most recent tax years.

9.02 ANNUAL STATEMENT. The Association shall cause to be prepared and delivered annually to each Member a statement showing all receipts, expenses or disbursements since the last such statement. Such financial statements shall be available to any Mortgagee of a Townhome, on request, within ninety (90) days following the fiscal year end of the Project.

9.03 INSPECTION AND COPYING. Any Member, Director or Officer of the Association may by written request inspect and receive copies of all the corporate books and records required to be kept under the bylaws. He or she may do so through his or her attorney or other duly authorized representative. The inspection may take place at a reasonable time, no later than five (5) working days after the Association receives a proper written request. The Board of Directors may establish reasonable copying fees, which may cover the cost of materials and labor. The Association will provide requested copies of books or records no later than five (5) working days after receiving a proper written request.

9.04 AUDITS. Any Member may have an audit conducted of the Association's books. That Member shall bear the expense of the audit unless the Members vote to authorize payment or reimbursement of audit expenses. The Member requesting the audit may select the accounting firm to conduct it. A Member may not exercise these rights so as to subject the Association to an audit more than once in any fiscal year.

ARTICLE X FISCAL YEAR

10.01 FISCAL YEAR. The Association's fiscal year of the Association will begin on the first day of January and end on the last day in December in each year, unless otherwise determined by the Board of Directors.

ARTICLE XI INDEMNIFICATION

11.01 INDEMNIFICATION. The Association shall indemnify every Director or Officer, his heirs, executors and administrators, against all loss, cost and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made

a party by reason of his being or having been a Director or Officer of the Association, except in matters of gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters in which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Director or Officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director or Officer may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association in connection with the foregoing indemnification provision shall be treated and handled by the Association as Common Expenses; provided, however, nothing contained in this Article XI shall be deemed to obligate the Association to indemnify any Member, who is or has been a Director or Officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as a Member or Owner of a Townhome covered thereby.

11.02 LIABILITY INSURANCE. The Board of Directors may obtain for the Association, as a common expense, policies of Directors and Officers Liability Insurance to fund this provision in the event of a loss.

ARTICLE XII NOTICES

12.01 MANNER OF NOTICE. Any notice required or permitted by these Bylaws to be given to a Member, Director or officer of the Association may be given by mail, personal delivery, facsimile, or telegram. If mailed, a notice is deemed delivered when deposited in the mail addressed to the person at his or her address as it appears on the corporate records, with postage prepaid. If given by telegram, a notice is deemed delivered when accepted by the telegraph company and addressed to the person at his or her address as it appears in the Association records. Facsimile delivery is deemed delivered upon sending, provided that such facsimile is imprinted with the correct facsimile number of the recipient and evidence of completion of transmission. A person may change his or her address or facsimile number in the Association records by giving written notice of the change to the Secretary of the Association.

12.02 SIGNED WAIVER OF NOTICE. Whenever any notice is required by law or under the Articles of Incorporation or these Bylaws, a written waiver signed by the person entitled to receive such notice is considered the equivalent to giving the required notice. A waiver of notice is effective whether signed before or after the time stated in the notice being waived.

12.03 WAIVING NOTICE BY ATTENDANCE. A person's attendance at a meeting constitutes waiver of notice of the meeting unless the person attends for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE XIII SPECIAL PROCEDURES CONCERNING MEETINGS

13.01 MEETING BY TELEPHONE. The Board of Directors may hold a meeting by telephone conference-call procedures. In all meetings held by telephone, matters must be arranged in such a manner that all persons participating in the meeting can hear each other; the notice of a meeting by telephone conference must state the fact that the meeting will be held by telephone as well as all other matters required to be included in the notice; and a person's participating in a conference-call meeting constitutes his or her presence at the meeting.

13.02 DECISION WITHOUT MEETING. Any decision required or permitted to be made at a meeting of the Board of Directors may be made without a meeting. A decision without a meeting may be made if a written consent to the decision is signed by all the persons entitled to vote on the matter. The original signed consents will be placed in the Association minute book and kept with the Association records. Furthermore, in accordance with the Articles of Incorporation, action may be taken without a meeting when there are signed written consents by the number of Directors whose votes would be necessary to take action at a meeting at which all such persons entitled to vote were present and voted. Each written consent must be signed and bear the date of signature of the person signing it. A telegram, telex, cablegram, or similar transmission by a Director or a photographic, facsimile, or similar reproduction of a signed writing, will be treated as an original being signed by the Director. Consents must be delivered to the Association. A consent signed by fewer than all Directors is not effective to take the intended action unless the required number of consents are delivered to the Association within sixty (60) days after the date that the earliest-dated consent was delivered to the Association. Delivery must be made by hand, or by certified or registered mail, return receipt requested. The delivery may be made to the Association's registered office, registered agent, principal place of business, transfer agent, registrar, exchange agent, or an Officer or agent having custody of books in which the relevant proceedings are recorded. If the delivery is made to the Association's principal place of business, the consent must be addressed to the President. The Association will give prompt notice of the action taken to persons who do not sign consents. If the action taken requires documents to be filed with the Secretary of State, the filed documents will indicate that these written consent procedures were followed to authorize the action and filing.

13.03 PROXY VOTING. A person authorized to exercise a proxy may not exercise the proxy unless it is delivered to the officer presiding at the meeting before the business of the meeting begins. The Secretary or other person taking the minutes of the meeting will record in the minutes the name of the person who executed the proxy and the name of the person authorized to exercise the proxy. If a person who has duly executed a proxy personally attends a meeting, the proxy will not be effective for that meeting. A proxy filed with the secretary of the Association or other designated officer remains in force until the first of the following occurs:

- A. An instrument revoking the proxy is delivered to the secretary or other designated officer.
- B. The proxy authority expires under the proxy's terms.
- C. The proxy authority expires under the terms of these Bylaws.

ARTICLE XIV
AMENDING BYLAWS

14.01 WHO MAY AMEND. Subject to Section 14.02 below, these Bylaws may be altered, amended, or repealed, and new Bylaws may be adopted either by a vote of a Majority of Members or the Board of Directors. The notice of any meeting at which these Bylaws are altered, amended, or repealed, or at which new Bylaws are adopted will include the text of the proposed bylaw provisions as well as the text of any existing provisions proposed to be altered, amended, or repealed. Alternatively, the notice may include a fair summary of those provisions.

14.02 AMENDMENT BY MEMBERS. The following types of bylaw amendments may be adopted only by a vote of a Majority of Members:

- A. Setting or changing the authorized number of Directors.
- B. Changing from a fixed number to a variable number of Directors or vice versa.
- C. Increasing or extending the Directors' terms.
- D. Increasing or decreasing the quorum for Membership meetings.
- E. Repealing, restricting, expanding, or otherwise changing the Members' proxy rights.
- F. Authorizing cumulative voting.

ARTICLE XV
MORTGAGES

15.01 NOTICE TO ASSOCIATION. An Owner who grants a deed of trust to his Townhome shall notify the Association giving the name and address of the Mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Townhomes".

15.02 NOTICE OF UNPAID ASSESSMENTS. The Association shall, at the request of a Mortgagee of a Townhome, report any unpaid assessments due from the Owner of such Townhome.

ARTICLE XVI
OBLIGATIONS OF MEMBERS

16.01 ASSESSMENTS. All Members shall be obligated to pay the monthly assessments imposed by the Association to meet the Common Expenses as defined in the Declaration. The assessments shall be made uniform per lot and shall be due monthly in advance, unless otherwise determined by the Board of Directors. A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of Members, within the meaning of these By-Laws, only if he is current in the assessments made or levied against him and the Townhome owed by him.

16.02 COMPLIANCE WITH DECLARATION; COOPERATION.

- A. Each Member shall comply strictly with the provisions of the Declaration.
- B. Each Member shall always endeavor to observe and promote the cooperative purposes for which the Property was constructed and developed.

16.03 USE OF GENERAL COMMON AREAS AND LIMITED COMMON AREAS. Each Member may use the General Common Areas and the Limited Common Areas in common with all other Members and their respective Tenants and/or Occupants and in accordance with the purposes for which they were intended.

ARTICLE XVII
NON-PROFIT ASSOCIATION

17.01 NON-PROFIT PURPOSE. This Association is organized not for profit. No Member, Officer, Director or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as a salary or as compensation to, or distributed to or insure to the benefit of any Member, Officer or Director; provided, however, that any Member of the Board of Directors may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE XVIII
MISCELLANEOUS PROVISIONS

18.01 LEGAL AUTHORITIES GOVERNING CONSTRUCTION OF BYLAWS. These Bylaws will be construed under and in accordance with the law of the State of Texas. All references in these Bylaws to statutes, regulations, or other sources of legal authority will refer to the authorities cited, or their successors, as they may be amended from time to time.

18.02 LEGAL CONSTRUCTION. To the greatest extent possible, these Bylaws shall be construed to conform to all legal requirements and all requirements for obtaining and maintaining all tax exemptions that may be available to nonprofit Associations. If any bylaw provision is held invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability will not affect any other provision, and the Bylaws will be construed as if they had not included the invalid, illegal, or unenforceable provision.

18.03 HEADINGS. The headings used in the Bylaws are for convenience and may not be considered in construing the Bylaws.

18.04 NUMBER. All singular words include the plural, and all plural words include the singular.

18.05 SEAL. The Board of Directors may provide for a corporate seal. Such a seal would consist of two concentric circles containing the words "CROSBY STREET TOWNHOMES ASSOCIATION, INC." in one circle and the word "Incorporated" together with the date of incorporation in the other circle. Absence of a seal on any document shall not render said document invalid or unenforceable in any respect.


18.06 POWER OF ATTORNEY. A person may execute any instrument related to the Association by means of a power of attorney if an original executed copy of the power of attorney is provided to the secretary to be kept with the Association records.

18.07 PARTIES BOUND. These Bylaws will bind and inure to the benefit of the Members, Directors, Officers, employees, and agents of the Association and their respective heirs, executors, administrators, legal representatives, successors, and assigns except as the Bylaws otherwise provide.

CERTIFICATE OF SECRETARY

I HEREBY CERTIFY that the foregoing is a true, complete, and correct copy of the By-Laws of Crosby Street Townhomes Association, Inc., a Texas non-profit corporation, as adopted by the initial Board of Directors at a meeting duly called and convened on the ____ day of September, 2001.

IN WITNESS WHEREOF, I hereunto set my hand and affix the Seal of the Corporation, this the ____ day of September, 2001.



Joel Davis, Secretary

EXHIBIT "A"
PROPERTY DESCRIPTION

Lots One (1) through Fourteen (14) in Block One (1) of Crosby Street Townhomes, a subdivision of 0.5866 acres of land being a replat of Lots Six (6) through Ten (10) in Block Seven (7) of the plan of Justin Castanie's Survey Located in the Obedience Smith Survey, Abstract Number 696 as recorded in Volume M, Page 571 of the Harris County Deed Records, City of Houston, Harris County, Texas.

CLOSING PACKAGE
FOR
CROSBY STREET TOWNHOMES ASSOCIATION, INC.

SEPTEMBER 5, 2001

6

COVENANTS, CONDITIONS AND RESTRICTIONS

extra
V325542

09/26/01 300621926 V325542

\$81.00

J

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF
CROSBY STREET TOWNHOMES, INC.

HARRIS COUNTY, TEXAS

AFTER RECORDING, RETURN TO:

DiCECCO, FANT & BURMAN
1900 WEST LOOP SOUTH, SUITE 1100
HOUSTON, TEXAS 77027
ATTENTION: ARTHUR FANT

Boyd
2001 SEP 26 PM 3:59
FILED
COUNTY CLERK
HOUSTON TEXAS

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CROSBY STREET TOWNHOMES, INC.

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

STATE OF TEXAS §

COUNTY OF HARRIS §

THAT, WHEREAS URBAN LOFTS III, LTD., a Texas limited partnership, having its principal office at 2472 Bolsover, Suite 240, Houston, Texas 77005 (hereinafter called "Declarant"), owns the parcel of real property (the "Property") described on EXHIBIT "A," and

WHEREAS, Declarant has constructed or will construct fee simple Townhome buildings and other improvements appurtenant thereto on the Property; and

WHEREAS, Declarant does hereby establish and by this Declaration does establish a plan for the individual ownership in fee simple estates consisting of a Townhome or parcel of land with an individual dwelling unit built thereon and all appurtenances thereto including improvements thereon.

NOW, THEREFORE, Declarant does hereby submit the Property and all improvements thereon, as a restricted planned unit development, and does hereby publish and declare that the following terms, covenants, conditions, easements, restrictions, uses, limitations and obligations shall be deemed to run with the land and shall be a burden and a benefit to Declarant, each of its successors, assigns, and to any person or entity acquiring or owning an interest in the Property or any parcel or parcels contained therein or the improvements thereon ("Improvements"), their grantees, successors, heirs, executors, administrators, devisees and assigns.

ARTICLE I

DEFINITIONS AND TERMS

- 1.1 “Assessment” shall mean and refer to the fees, charges and other financial obligations imposed upon the Owners of Townhomes by the Association to pay for Common Expenses as set forth herein, including without limitation, the annual Assessments, special Assessments and estimates thereof as determined by the Association and as further described in Article 6 hereof..
- 1.2 “Association” shall mean the Crosby Street Townhomes, Inc. Association, Inc., a Texas non-profit corporation.
- 1.3 “Common Area” shall mean and refer to any real property together with any Improvements thereon conveyed to, owned or leased by the Association or over which the Association has an easement or the responsibility for maintenance, repair or replacement and/or as may be expressly designated as Common Area by this Declaration or by the Plat (either of which as may be amended from time to time) or the Association, including without limitation all water systems, sewer pipes and sewer lines, storm piping and paving in, on or under the Common Area, and further including such Common Area as may be designated on EXHIBIT “C” attached hereto, if applicable, all of which shall be for the common use by or benefit to all Owners and Occupants.
- 1.4 “Common Expenses” shall mean expenses attributable to the maintenance of and replacement of the Common Area, including without limitation any common Water Supply System, common drainage facilities, paths or ways, together with any other expenses which the Association designates as Common Expenses and any other Expenses for the common benefit of all Owners declared to be Common Expenses by this Declaration.
- 1.5 “Declarant” shall mean URBAN LOFTS III, LTD., a Texas limited partnership, or its successors or assigns.

- 1.6 “Declaration” shall mean this Declaration of Covenants, Conditions and Restrictions instrument as the same may be amended pursuant to Article VIII herein.
- 1.7 “Governing Documents” shall mean and refer to the Articles of Incorporation, Bylaws, minutes, decisions and actions of the Association and/or the Board of Directors thereof and this Declaration.
- 1.8 “Improvements” shall mean any buildings, structures, fixtures, additions and appurtenances to a Townhome or constructed or situated upon any Common Area.
- 1.9 “Occupant” shall mean a person or persons in occupancy or possession of a Townhome, regardless of whether said person is an Owner.
- 1.10 “Owner” shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Townhome. “Owner” shall include contract sellers, but shall exclude persons or entities having only a security interest in a Townhome or any portion of the Property.
- 1.11 “Plat” shall mean and refer to the map or plat recorded in Harris County, Texas under Harris County Clerk’s File Number V302263 and all supplements, amendments and additions thereto.
- 1.12 “Property” shall mean and include the Property described above and all Improvements and structures thereon and all rights, easements and appurtenances belonging thereto.
- 1.13 “Townhome” shall mean and refer to each of the individual Townhomes or parcels of land as shown on the Plat with an individual dwelling unit built or to be build thereon and all appurtenances thereto and including all Improvements thereon.
- 1.14 “Water Supply System” shall mean the master-water meter and/or water supply pipe, line or service situated upon the Property and providing water service to Townhomes, if applicable.

ARTICLE II

TOWNHOME AND COMMON AREA DESIGNATIONS AND DESCRIPTIONS

- 2.1 DESIGNATION OF TOWNHOME. The portion of the Property being more particularly described in EXHIBIT "A" is hereby divided into parcels consisting of fourteen (14) separately designated Townhomes, being more particularly shown as individual Townhomes in Plat. Each Townhome is further identified by street address as set out in EXHIBIT "B" attached hereto and incorporated by reference herein.
- 2.2 INSEPARABLE UNITS. Each Townhome shall be inseparable and may not be conveyed, leased or encumbered separately, and shall at all times remain indivisible.
- 2.3 GOVERNMENTAL ASSESSMENT. Declarant shall give written notice to the Assessor's Office of the division and Ownership of the Property, as is provided by law, so that each Townhome shall be deemed a separate parcel and subject to separate Assessment and taxation.
- 2.4 COMMON AREA. Declarant hereby designates those portions of the Property shown on the Plat or site plat, if applicable, as Common Area, including any shared driveway or common drainage system, as may be further described in EXHIBIT "C," attached hereto and incorporated by reference herein. Every Owner and Occupant shall have an easement of access and a right and easement of enjoyment in, upon and over the Common Area, subject to all covenants, conditions, restrictions and easements set forth in this Declaration. Declarant does hereby grant in perpetuity to all Owners and Occupants an easement and right-of-way for purposes of vehicular and pedestrian ingress and egress upon, over and across the Common Area and to and from such Owner's or Occupant's Townhome, but not for parking, occupancy, recreation, or any other use.
- 2.5 WATER SUPPLY SYSTEM. If there is a common Water Supply System serving all of the

Townhomes on the Property, then notwithstanding anything to the contrary set forth herein, such Water Supply System and all appurtenances thereto shall be deemed part of the Common Area and owned and maintained by the Association, and the Declarant and Owners of all Townhomes shall and by this instrument give and grant to the Association an easement and right-of-way over, upon and under the area of each Townhome at such location as shall be necessary for the purpose of installation, maintenance, repair and/or replacement of such Water Supply System; and each of the Declarant and Owners of Townhomes shall do any and all things and execute and deliver any and all documents which may be necessary or appropriate to evidence such ownership of the Water Supply System and the easement with respect thereto.

ARTICLE III PROTECTIVE COVENANTS

- 3.1 USE AND OCCUPANCY RESTRICTION. Subject to the provisions of this Declaration, no part of the Property may be used for purposes other than single family residential housing and the related common purposes for which the Property was designed. Each Townhome shall be used for single family residential purposes or such other uses permitted by this Declaration, and for no other purposes. No Townhome and no portion of the Common Area shall be used or occupied for any business, commercial trade or professional purpose or as a church or other religious institutional meeting place, either apart from or in connection with the use thereof as a residence, whether for profit or not. The foregoing restrictions as to residential usage shall not, however, be construed in such manner as to prohibit an Owner or Occupant from:
- 3.1.1 Maintaining a personal or professional library;
 - 3.1.2 Keeping personal business or professional records or accounts; or
 - 3.1.3 Handling personal business or professional telephone calls or correspondence, which uses are expressly declared customarily incidental to the principal residential use and not in violation of this Declaration, provided that it does not entail traffic to or from

the Townhome or upon the Common Area by anyone for business purposes, storage of equipment, machinery, supplies or inventory, objectionable odors or other nuisances or other violations of this Declaration.

- 3.2 INSURANCE. Nothing shall be done or kept in any Townhome that will increase the rate of insurance for the Property, the Common Area or any other Townhome within the Property. No Owner or Occupant shall permit anything to be done or kept in his Townhome which will result in the cancellation of insurance on any Townhome, the Common Area or which will be in violation of any law.
- 3.3 SIGNS. No sign of any kind except a "for sale" or "for lease" sign not larger than 3' x 5' shall be displayed to the public view on or from any Townhome or the Common Area.
- 3.4 NOXIOUS OR OFFENSIVE ACTIVITY. No noxious or offensive activity shall be carried on, in or upon any Townhome or the Common Area, nor shall anything be done therein which may be or become an unreasonable annoyance or a nuisance to the other Owners or Occupants. No loud music, noises, sounds or noxious odors shall be permitted on the Property. Examples of such noxious or offensive activity include, but are not limited to, the following:
- 3.4.1 Exterior horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes);
 - 3.4.2 Noisy or smoky vehicles;
 - 3.4.3 Large power equipment or large power tools;
 - 3.4.4 Unlicensed off-road motor vehicles ;
 - 3.4.5 Items which may unreasonably interfere with electronic, television or radio reception of any Owner or Occupant on the Property; and
 - 3.4.6 Unleashed or uncontrolled pets.
- 3.5 TEMPORARY STRUCTURES. No structure of a temporary character, trailer, tent, shack, garage, barn or other outbuildings shall be permitted on the Property at any time temporarily or permanently, provided however that temporary structures may be erected for use in connection

with the repair or rebuilding of a Townhome or any portion thereof.

3.6 FIRES. There shall be no exterior fires whatsoever except for barbecue fires contained within receptacles designed in such a manner that no fire hazard or nuisance is created.

3.7 STORAGE AND DISPOSAL OF GARBAGE AND REFUSE. No rubbish, trash, garbage or other waste material shall be kept or permitted upon any Townhome, except in sanitary containers located in appropriate areas screened and concealed from view, and no odor shall be permitted to arise therefrom so as to render the Property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other portions of the Property in the vicinity thereof or to its Occupants.

No lumber, grass, shrub or tree clippings, plant waste, metals, bulk material, scrap, refuse or trash shall be kept, stored or allowed to accumulate on any portion of the Property.

3.8 AIRING LAUNDRY. No clothing or other material shall be aired or dried upon the Property in any window, patio, balcony, nor anywhere exposed to outside view.

3.9 VEHICLE PARKING. No Owner or Occupant shall park, store or keep any vehicle, except wholly within the parking space designated therefor, and any inoperable vehicle shall not be stored in a parking space. No Owner or Occupant shall park, store or keep within or adjoining the Property any large commercial-type vehicle (dump truck, cement-mixer truck, oil or gas truck, delivery truck) and any other vehicle, equipment, mobile or otherwise, or any recreational vehicle (camper unit, motor home, truck, trailer, boat, mobile home or other similar vehicle).

3.10 VEHICLE REPAIRS. No Owner or Occupant shall conduct major repairs or major restorations of any motor vehicles, boat, trailer, aircraft or other vehicle upon any portion of the Property. Parking spaces shall be used for parking purposes only.

- 3.11 STREETS AND DRIVEWAYS. No vehicle shall be parked on driveways or the Common Area so as to obstruct ingress and egress by other Owners or Occupants, their families, guests and invitees.
- 3.12 AIR CONDITIONERS. No window or wall type air conditioner shall be installed, erected, placed or maintained on or in any Townhome.
- 3.13 ANTENNAE. Not more than one (1) exterior television or radio antenna per Townhome (not to exceed twelve (12) feet in height) or satellite dish (not to exceed one (1) meter in diameter), shall be allowed. Any such antenna or dish shall be screened or situated away from public view.
- 3.14 EXTERIOR APPEARANCE OF TOWNHOME. Each Owner or Occupant shall keep clean and in good condition and repair the windows and exterior of his Townhome and shall not permit garments, rugs, laundry or other unsightly items to extend from or be placed outside of such Townhome including but not limited to, over windows or on patios and balconies. No aluminum foil or similar reflective material shall be used or placed over doors or on windows. No unsightly objects that might reasonably be considered to give annoyance to neighbors or ordinary sensibility shall be placed or allowed to remain on any yard or any patio or balcony or parking space.
- 3.15 ANIMALS. No animals, livestock, reptiles or poultry of any kind shall be raised, bred or kept in any Townhome. Dogs, cats, fish, birds and other household pets may be kept in Townhomes, provided they are not kept, bred or maintained for commercial purposes or in "unreasonable quantities" as hereinafter defined. As used in this Declaration, "unreasonable quantities" shall mean more than two (2) pets per household, unless written approval of a larger quantity is granted by the Association. Animals belonging to Owners, Occupants or their licensees, tenants or invitees within the Property must be kept either within the Townhome, its enclosed patio or on a leash being held by a person capable of controlling the animal. No Owner, Occupant or their agents shall permit any animal to defecate or urinate

upon the streets or sidewalks, and it shall be the absolute duty and responsibility of each such Owner or Occupant to clean up after such animals.

- 3.16 LEASING. No Owner shall be permitted to lease his Townhome for hotel or transient purposes. No Owner shall be permitted to lease less than the entire Townhome. Every such lease shall provide that the lessee shall be bound by and subject to all of the obligations set forth in the Declaration; an Owner failing to do so, shall be in default thereunder. The Owner making such lease shall not be relieved thereby from any obligations arising under this Declaration.
- 3.17 TEMPORARY AND OTHER STRUCTURES. No structure of a temporary character; trailer, mobile home, manufactured home, tent or shack shall be placed on any Townhome or the Common Area, either temporarily or permanently and no previously used residence, house, garage or other structure appurtenant thereto, shall be moved upon any Townhome or the Common Area from another location; except, however, that the Declarant reserves the exclusive right to erect, place and maintain and to permit builders to erect, place and maintain such facilities in and upon the Property as in its sole discretion may be necessary or convenient during the period of an in connection with the sale of Townhomes , construction and selling of property and construction of other improvements in the Property. Such facilities may include, but not necessarily be limited to, a temporary office, storage area, signs, portable toilet facilities and sales office. Declarant and builders shall also have the temporary right to use a residence as a temporary office or model home during the period of and in connection with construction and sales operations in the Property, but in no event, shall a builder have such right for a period in excess of one (1) year from the date of substantial completion of his last residence in the Property. Nothing contained herein, however, shall prohibit the construction or installation of permanent outbuildings pertinent to single family use and approved by the Association. Such outbuildings must meet all construction requirements of this Declaration and must be of an architectural style similar to or complimentary to the style of the main residence. Barns and outbuildings may be laced on the property prior to the construction of the main residence providing the barn is approved by the Association. All barns will be located behind the back line of the main residence and shall at no time be utilized as a residence.

- 3.18 COMPLETION OF DEVELOPMENT AND SALE OF PROPERTY. In order that Declarant may complete the development of the Property, no Owner or Occupant shall do anything to interfere with, and nothing in the Declaration shall be understood or construed to:
- 3.18.1 Prevent or hinder Declarant, its contractors or subcontractors, from working in any Declarant owned Townhome whatever Declarant deems necessary, advisable or appropriate to complete any work thereon; or
 - 3.18.2 Prevent or hinder Declarant or its contractors, subcontractors or representatives, from erecting, constructing and maintaining any Townhome owned or controlled by Declarant, including without limitation such structures as may be reasonably necessary for the conduct of its business of construction of Townhomes, construction and installation of Improvements and completing and establishing the Property as a Townhome project and disposing of the same by sale, lease or otherwise;
 - 3.18.3 Prevent or hinder Declarant or its representatives, from maintaining a sales office and maintaining and showing model Townhomes to aid in the marketing of the Townhomes during or after the construction period; or
 - 3.18.4 Prevent or hinder Declarant or its contractors or subcontractors, from maintaining such sign or signs for marketing of Townhomes in and upon the Property.
- 3.19 UTILITIES; INSTALLATION AND MAINTENANCE. There is hereby created an easement upon, across, over and under all of the Property for ingress and egress in connection with the completion of all development work by the Declarant or its agents and with the construction of Improvements and the installation, replacement, and maintenance of all utilities, including, but not limited to, roadways, drainage ways, water, telephones, electricity and appurtenances thereto. By virtue of this easement, it shall be expressly permissible for the utility companies and other entities supplying such service to install and maintain pipes, wires, conduits, service lines, or other utility facilities or appurtenances thereto, on, above, across, and under the Property within the public utility easements from time to time existing and from service lines situated within such easements to the point of service on or in any structure. The Declarant and the utility companies furnishing service shall have the right to remove all trees situated

within or adjacent to the utility easements shown on the Plat which would constitute a hindrance to the installation of such utilities, and to trim overhanging trees and shrubs located on portions of the Property abutting such easements.

3.20 OBSTRUCTIONS. No Owner or Occupant shall place any object or structure, do any act nor any work that in any manner obstructs the Common Area, any shared driveway areas and/or easements with respect thereto or prevent or in any way hinder any other Owner, Occupant or invitee access to, ingress to and egress from their Townhome or the Common Area by, over, or through the Property's Common Area, shared driveway and/or the easement described herein even if all or part of the shared driveway may be owned by such Owner.

3.21 LIABILITY FOR DAMAGES. The Owner of each Townhome shall be liable for all damages to any other Townhome, Owner, Occupant, guest, contractor or invitee caused by such Owner or any Occupant of his Townhome or guest.

3.21.1 All Townhomes and Common Areas shall at all times be kept in a neat, clean, well maintained, healthful, sanitary and attractive condition. No Townhome or any part of the Common Areas shall be used or maintained as a dumping grounds for garbage, trash, junk or other waste matter. All trash, garbage or waste matter shall be kept in adequate containers constructed of metal, plastic or masonry materials, with tightly fitting lids, which shall be maintained in a clean and sanitary condition and screened from public view except as necessary for garbage pick-up days. No Townhome shall be used for open storage of any materials whatsoever, which storage is visible from the street, except that new building materials used in the construction or improvements erected on any Townhome may be placed upon such Townhome at the time construction is commenced and may be maintained thereon for a reasonable time, so long as the construction progresses without unreasonable delay, until completion of the improvements, after which these materials shall either be removed from the Townhome, or stored in a suitable enclosure on the Townhome.

3.21.2 The digging of dirt or the removal of any dirt from any Townhome or from any portion of the Common Areas is prohibited, except as necessary in conjunction with

landscaping or construction of improvements thereon, and subject to the approval of the Association.

- 3.21.3 No Owner or Occupant shall cut or permit the cutting of any live timber or trees upon any Townhome or any portion of the Common Area from the ground except on that portion of said Townhome which comprises the actual building site where improvements are going to be erected, together with a driveway leading to such building site.
- 3.21.4 No window or wall type air conditioners shall be permitted to be used, erected, placed or maintained on or in any building in any part of the Property, provided that the Association may, at its discretion, permit window or wall type air conditioners to be installed if such unit, when installed, shall not be easily visible from a street, such permission to be granted in writing.
- 3.21.5 The Owner or each Townhome is solely responsible for the protection of all portions of the water system serving and located upon or under his Townhome. The location of the water tap and water meter shall be marked by the Townhome owner implanting two posts, painted white and with twenty-four (24) inches showing above ground with the one post being placed on each side of said water connections(s). The posts shall remain prominently showing until all construction on the Townhome is complete and the lawn has been established. Repair of damages to the water system upon an Owner's Townhome caused by negligence or willful misconduct of the Owner, his family, guests or representatives shall (at the option of the utility company) be the Townhome Owner's expense.
- 3.21.6 The use or discharge of firearms, firecrackers or other fireworks in the Property is prohibited.
- 3.21.7 All Occupants or tenants of any Townhome shall be jointly responsible with the Owner for abiding by all of the provisions of this Declaration and the rules and regulations of the Association. Failure to comply shall give the Association the right to evict said Lessee or Tenant. The Owner shall be jointly responsible with the Tenants for any costs or fines.

ARTICLE IV
RIGHTS AND OBLIGATIONS OF OWNERSHIP

- 4.1 OWNERSHIP. A Townhome will be a fee simple estate and may be held and owned by any person, firm, corporation or other entity singularly, as joint tenants, as tenants-in-common, or in any real property ownership or relationship recognized under the laws of the State of Texas the Common Area shall be owned and maintained solely by the Association.
- 4.2 EXCLUSIVENESS OF OWNERSHIP. Each Owner shall be entitled to exclusive ownership and possession of his Townhome subject to the rights and obligations set forth herein.
- 4.3 ONE-FAMILY RESIDENTIAL DWELLING. Each Townhome shall be occupied and used or leased by the Owner or Occupant only as and for a single family residential dwelling for the Owner, Occupant, their families, social guests or tenants.
- 4.4 OWNER MAINTENANCE. An Owner shall at his sole cost and expense maintain and keep in repair the structure (including the foundation, walls, roofs and all appurtenances thereto), exterior surface and appurtenances, interior and patio and/or balcony space and lawn, garden, parking and storage of his own Townhome and all other Improvements and appurtenances to such Townhome, including the fixtures thereof, keeping the same in good condition and repair, painted (if a painted area), neat and clean at all times. All fixtures and equipment installed servicing the Townhome, including, but not limited to, electrical, plumbing and gas shall be maintained and kept in good condition and repair by the Owner thereof and an Owner shall be obliged to promptly repair and replace any broken or cracked glass in windows and doors and any exterior portion of the Townhome. An Owner or Occupant shall be responsible for the heating and cooling system in his Townhome. Each Owner or Occupant shall keep his balcony or patio and outside areas adjacent to his Townhome clean and neat at all times. No exterior maintenance, repairs or painting that changes the color, design, or appearance of a Townhome shall be done by an Owner without the consent of the Association. Townhome ownership shall entitle the Owners to cast one (1) vote per Townhome in all matters of such modification

of exterior maintenance, repairs and painting. Except as herein provided a majority vote shall control. The Owners of one (1) Townhome are not entitled to split their vote.

Each wall and roof which is built as a part of the original construction of the Townhome and placed on the dividing line between the Townhomes shall constitute a common wall and roof, and, to the extent not inconsistent with the provisions of this Article, the rules of law in effect in the State of Texas regarding common walls and roofs and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

The cost of reasonable repair and maintenance of a common wall or roof shall be shared equally by the Owners who share said wall or roof.

In the event the need for maintenance or repair is caused through the willful or negligent act of an Owner or Occupant, his family, guests or invitees, and is not covered or paid for by insurance either on such Townhome, the cost of such maintenance or repairs shall be the responsibility of the Owner causing the damage by act or omission (whether by Owner or his Occupant).

4.5 ALTERATION. An Owner or Occupant shall do no act nor any work that will damage or impair the structural soundness or integrity of his Townhome or any other Townhome or Improvements situated on the Property or damage or impair any Common Area or any easement or hereditament. No Owner or Occupant shall in any way alter, modify, add to or otherwise perform any work whatever upon any of the Water Supply System, or alter the appearance of the exterior of his Townhome without the prior written consent and approval in writing by the Association which may be granted or denied in the sole discretion of the Association.

4.6 SUBJECT TO DECLARATION. Each Owner or Occupant shall comply strictly with the provisions of this Declaration, as the same may be lawfully amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages

or for injunctive relief, or both, maintainable by an aggrieved Owner or the Association.

ARTICLE V

MANAGEMENT AND ADMINISTRATION

- 5.1 ADMINISTRATION. The administration and management of the Property including maintenance, repair and replacement of the Common Area or any component, portion or element thereof shall be the sole responsibility of the Association which may be further supplemented by the Articles of Incorporation, By-Laws, actions and decisions of the Association, all subject to the provisions contained in this Declaration. An Owner of a Townhome, upon becoming an Owner, shall automatically be a member of the Association and shall remain a member during the period of his ownership. Any party that holds an interest in a Townhome merely as security for performance of an obligation shall not be a member of the Association. The Association shall be managed by a Board of Directors, duly appointed or elected, pursuant to the terms and conditions of the Association By-Laws. In addition, the Association may enter into a management agreement upon the terms and conditions established in the Association By-Laws or by the Board of Directors, and said management agreement to be consistent with this Declaration.
- 5.2 DECLARANT CONTROL. Paragraph 5.1 above notwithstanding, and for the benefit and protection of the Townhome Owners and any mortgagees of record and for the additional purpose of insuring a complete and orderly build out as well as timely sale of the Townhomes on the Property, Declarant shall retain control of all management and administration of the Association until the earlier of December 31, 2004, or upon the sale of seventy five (75%) of the Townhomes, or when in the sole opinion of the Declarant, the Project becomes viable, self-supporting and operational (hereinafter referred to as "Declarant Control Period"). It is expressly understood that upon relinquishment of Declarant control, Declarant will not use its prior control to gain any advantage over the Townhome Owners by way of retention of any residual rights or interests in the Association or through the creation of any management

agreement with a term longer than one (1) year without Association approval.

5.3 **MANAGING AGENT.** Declarant or the Board of Directors may employ or designate a manager or managing agent, who shall have and possess all of the rights, powers, authority, functions and duties as may be specified in the contract of employment or as may be delegated by Declarant or the Board of Directors. Declarant or the Board of Directors may pay such manager or managing agent such compensation as it may deem appropriate for the services to be rendered, which compensation shall constitute a part of the Common Expenses of the Association and shall be paid out of the Association funds.

5.4 **MEMBERSHIP AND VOTING.**

5.4.1 Any person upon becoming an Owner of a Townhome shall automatically become a member of the Association. Such membership shall terminate without any Association action whenever such person ceases to own a Townhome, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with the Association or arising as a result of his ownership during the period of such ownership and membership of the Association, or impair any rights or remedies which the Association or others may have against such former Owner arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto. No certificates of stock shall be issued by the Association, but the Association may, if it so elects, issue one (1) membership card to the Owner(s) of a Townhome. Such membership card shall be canceled and surrendered to the Secretary whenever ownership of the Townhome designated thereon shall terminate. Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the sale, conveyance, judicial sale, or other voluntary or involuntary transfer of title or beneficial interest in the Townhome to which it is appurtenant, and then only to the purchaser in the case of a sale, or to the transferee in the case of a transfer. Any attempt to make a prohibited transfer is null and void.

5.4.2 Townhome ownership shall entitle the Owner(s) to cast one (1) vote per Townhome

in the affairs of the Association. Voting shall not be split.

- 5.5 INSURANCE. Each Owner shall obtain and maintain replacement value casualty insurance upon his Townhome including all Improvements, fixtures, installations and/or additions thereto and shall further obtain and maintain liability insurance coverage for not less than \$300,000.00 for bodily injury and \$100,000.00 property damage for incidents occurring on such Owner's Townhome or upon the Common Area or any easement or right-of-way set forth herein or otherwise resulting from the negligence or willful misconduct of such Owner, his family members, tenants, Occupants, agents, contractors and invitees. Furthermore, the Association shall not be responsible for procurement or maintenance of any insurance covering the liability of any Owner or Occupant not caused by or connected with the Association's management or maintenance of the Property. Each Owner may obtain additional insurance at his own expense for his own benefit. Insurance coverage on the furnishings and other items of personal property belonging to an Owner and casualty and public liability insurance coverage within each Townhome are specifically made the responsibility of each Owner, and each Owner shall furnish a copy of his insurance policy or policies to the Association.

Any insurance obtained by the Association or an Owner shall contain provisions whereby the insurer waives its right of subrogation as to any claims against the Owners, Association or their respective employees, agents or guests.

ARTICLE VI

MAINTENANCE ASSESSMENTS

- 6.1 ASSESSMENTS FOR COMMON EXPENSES. All Owners shall be obligated to pay the Assessments imposed by the Association to meet the Common Expenses. Subject to the provisions of this Article VI, each Owner shall pay a fraction of the Common Expenses, the numerator of which shall be one (1) and the denominator of which shall be the number of actual or projected Townhomes situated or to be situated upon the Property. Each Owner of

any Townhome by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual Assessments (which may be divided into estimated monthly payments or other periodic payments) and (2) special Assessments, such Assessments to be established and collected as hereinafter provided. The annual and special Assessments, together with interest, costs, and reasonable attorneys fees, shall be a charge on each Townhome and shall be a continuing lien upon the Townhome against which each such Assessment is made. Assessments for estimated Common Expenses shall be calculated on an annual basis by the Association and shall be due and payable as set forth in Section 6.7. Failure to pay by 5:00 p.m. on the date or dates which such payments are due shall automatically result in the imposition and Assessment by the Association of a late charge of ten percent (10%) of the late Assessment or twenty five dollars (\$25.00) whichever is greater, as a charge for handling delinquent accounts.

- 6.2 PURPOSE OF ASSESSMENTS. The Assessments levied by the Association shall be used exclusively for the purposes of paying the Common Expenses and promoting the health, safety, welfare, convenience and recreation and for the benefit of the Owners and Occupants of the Property, and in particular for the improvement, maintenance and preservation of the Property, the services and the facilities devoted to said purposes that are related to the use and enjoyment of the Townhomes and the Common Area. Such uses may include, but are not limited to, the cost to the Association of the following: insurance, repair, replacement and maintenance of the Water Supply System and easements or easements with respect thereto (if any), management costs, taxes, legal and accounting fees as may from time to time be authorized by the Association; maintenance of easements upon, constituting a part of, appurtenant to or for the benefit of the Property; mowing grass, caring for the grounds and landscaping; garbage pickup; pest control; driveway and/or sidewalk maintenance; irrigation of landscaping; lighting and utilities; security access or service for the Property; water and sewer service furnished to the Property by or through the Association; wages incurred for services to the Association, the Common Area or other matters for which any Common Expenses were made; common utilities; and other charges required by this Declaration, or other charges that the Association may incur as Common Expenses. In addition, the

Association may establish a reserve for repair, maintenance and other charges as specified herein.

6.3 DETERMINATION OF ASSESSMENTS. Subject to Section 6.5 hereof, the Assessments shall be determined by the Board of Directors based upon the financial requirements necessary to provide for the payment of all Common Expenses arising out of or connected with the management, administration, maintenance and operation of the Property and/or the Common Areas. This determination may include, among other items, any and all matters described in Section 6.2 above, expenses and liabilities incurred by the Association under or by reason of this Declaration, expenses incurred in the operation and maintenance of recreation and administrative and management facilities, payment of any deficit remaining from a previous period and the creation of a reserve contingency fund. The omission or failure of the Board of Directors to fix the Assessment for any year shall not be deemed a waiver, modification or a release of the Owners from the obligation to pay the Assessment for such year. Upon change of ownership of a Townhome, said new Townhome Owner shall be responsible for and shall pay at the time of conveyance a fee of the greater of ten percent (10%) of the current annual Assessment or \$150.00 to reimburse the Association for costs of transfer.

6.4 INITIAL ASSESSMENT AND MAXIMUM MONTHLY ASSESSMENT.

6.4.1 The annual Assessments shall be uniformly and fairly calculated for each Townhome.

6.4.2 The Association, acting by and through the Board of Directors, shall set the initial Assessment.

6.4.3 The Association, acting by and through the Board of Directors, shall set the Assessment for the next succeeding twelve (12) month period at an amount which shall not exceed one hundred twenty percent (120%) of the annual Assessment allowed for the preceding year. If the Association determines at any time during the calendar year that a greater increase of the annual Assessment is required to adequately perform the duties and responsibilities of the Association and pay all expenses thereof, the Association may call a special meeting of the Owners. By the assent of a two-thirds (2/3) vote of the quorum of Owners present at such meeting in person or by proxy, the

annual Assessment may be set at an amount as such Owners approve, including an amount in excess of 120% of the preceding annual Assessment. The new Assessment shall become the basis for future annual increases, subject to the one hundred twenty percent (120%) formula described above.

6.4.4 The Association shall have authority to lower the annual Assessment if it deems feasible and appropriate.

6.5 OBLIGATION OF DECLARANT FOR ASSESSMENTS AND MAINTENANCE. During the Declarant Control Period, as provided in Paragraph 5.2 hereof, the Declarant shall be responsible for the difference between the cost of maintenance of the Property and any Assessment payments received from Owners other than Declarant until all Townhomes have been completed and sold, or until Declarant transfers responsibility for said maintenance to the Association, as provided in Paragraph 5.2 hereof, whichever first occurs. So long as Declarant is responsible for maintenance as provided herein, Declarant shall not be required to pay the annual Assessment for any Townhome owned by Declarant. During the Declarant Control Period, Declarant shall provide any additional funds necessary to pay actual cash outlays required to fund current operating expenses of the Association. Declarant shall not be obligated to fund any reserve accounts. After the Declarant Control Period expires, Declarant shall pay one half (1/2) the regular annual Assessment otherwise assessed to the Owners for each Townhome it owns.

6.6 SPECIAL ASSESSMENTS FOR IMPROVEMENTS. Subsequent to the Declarant Control Period and in addition to the annual Assessments authorized above, the Association may levy, at any time and from time to time, in any calendar year a special Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of Improvements upon the Property, including the necessary fixtures and personal property related thereto, provided that any such Assessment shall be approved by a two-thirds (2/3) vote of the quorum of Owners voting in person or by proxy at a meeting duly called for this purpose. Declarant shall pay one half (1/2) of the special Assessment otherwise assessed to the Owners for each Townhome it owns.

6.7 COMMENCEMENT OF ASSESSMENTS. The annual Assessments provided for herein shall be due and payable on the first (1st) day of each calendar year. The Assessments shall be prorated if the ownership of a Townhome commences or terminates on a day other than the first (1st) day of the calendar year. On Townhomes owned by the Declarant, the Assessment shall commence on the first (1st) day of the month after the Declarant Control Period expires, or the first (1st) day of the month following the transfer to the Association of the full responsibility for maintenance, but such Assessment shall be one half (1/2) of the Owner's Assessment. The Board shall fix the amount of the annual Assessments against such Townhome at least thirty (30) days prior to January 1st of each year; provided however that the Board may adjust the annual Assessments, and further provided that any such adjustment shall not exceed the maximum permitted hereunder, with thirty (30) days' written notice given to each Owner. Written notice of the Assessment adjustment shall be sent to every Owner subject thereto. The due date shall be established by the Board, and unless otherwise provided or unless otherwise agreed by the Association, the Board shall collect the Assessments annually in accordance with this Article VI.

6.8 NO EXEMPTION. No Owner other than Declarant shall be exempt from liability for the Assessments to his Townhome as set forth herein.

6.9 LIEN FOR ASSESSMENTS.

6.9.1 All sums assessed to but unpaid by an Owner for his share of Common Expenses chargeable to his Townhome, including interest thereon at ten percent (10%) per annum, plus late charges and attorney fees and other costs of collection shall constitute a lien on such Townhome superior to all other liens and encumbrances, except only for:

1. Taxes and special Assessments levied by governmental and taxing authorities, and
2. All liens securing sums due or to become due under any mortgage, vendor's lien or deed of trust lien filed for record prior to the time such costs, charges,

expenses and/or Assessments become due securing payment of loans advanced for the purchase of and/or Improvements to the Townhome.

- 6.9.2 To evidence such lien the Association may, but shall not be required to, prepare written notice setting forth the amount of such unpaid indebtedness, the name of the Owner of the Townhome and a description of the Townhome. Such notice shall be signed by one (1) of the members of the Board of Directors or other person designated by the Association for such purposes and may be recorded in the Office of the Clerk or Recorder of the county in which the Property is situated.. Such lien for Common Expenses shall attach from the due date of the Assessment. Such lien may be enforced by any and all laws, rules and remedies permitted by law, including without limitation, judicial or non-judicial foreclosure of the defaulting Owner's Townhome by the Association or by other legal action pursuant to Texas law. Any such foreclosure sale shall be conducted in accordance with the provisions applicable to the exercise of powers of sale in mortgages and deeds of trust, as set forth in Article 51.002 of the Texas Property Code, or in any other manner permitted by law. Each Owner, by accepting a deed to his Townhome, expressly grants to the Association a power of sale, as set forth in said Article 51.002 or otherwise in accordance with Texas law, in connection with the Assessment lien. In any such foreclosure, legal or collection action of any type, the Owner shall be required to pay the costs and expenses of such actions or proceedings, the costs and expenses for filing the notice or claim of lien and all reasonable attorney's fees. The Owner shall also be required to pay to the Association a reasonable rental for the Townhome during the period of his occupancy after foreclosure, and the Association shall be entitled to appoint a receiver to collect same. The Association shall have the power to bid on the Townhome at foreclosure sale and to acquire and hold, lease, mortgage and convey title to same.
- 6.9.3 The amount of the Common Expenses assessed against each Townhome shall also be a debt of the Owner thereof at the time the Assessment is made. Suit to recover a money judgment for unpaid Common Expenses, along with interest, attorney's fees and costs of Court, shall be maintainable without foreclosure and without waiving the lien securing same or any other remedy allowed by law.

- 6.9.4 In addition, to the extent permitted by law, Declarant reserves and assigns to the Association, without recourse, a vendor's lien against each Townhome to secure payment of a annual Assessment or special Assessment which is levied pursuant to the terms hereof. Said liens may be enforced by appropriate legal proceedings and the expenses incurred in connection therewith, including, but not limited to, interest, costs and reasonable attorney's fees, shall be chargeable to the Owner in default. Such lien shall be subordinated and inferior to those liens set forth in Subparagraphs 6.9, 6.9.1(1) and (2).
- 6.9.5 Any encumbrancer holding a lien on a Townhome may pay any unpaid Common Expense payable with respect to such Townhome, and upon such payment, such encumbrancer shall be entitled to equitable subrogation and shall have a lien on such Townhome for the amount paid of the same priority as the lien of his encumbrance.
- 6.9.6 The election of any remedy set forth herein shall not be deemed a waiver of any other remedy available at law or in equity.
- 6.10 EFFECT OF SALE UPON LIEN. Sale or transfer of any Townhome shall not affect the Assessment lien; provided, however, that the sale or transfer of any Townhome pursuant to a foreclosure, a deed in lieu of foreclosure or assignment in lieu of foreclosure under such purchase money or improvement mortgages or deeds of trust shall extinguish the lien securing such Assessments as to Assessments due prior to such sale or transfer. No sale or transfer shall relieve such Townhome, or the Owners thereof, from liability for any Assessments thereafter becoming due or from the lien securing payment thereof.
- 6.11 STATEMENT OF ASSESSMENTS. Upon the written request of any Owner or any encumbrancer or prospective encumbrancer of a Townhome, the Association, shall issue a written statement setting forth the unpaid Assessments, if any, with respect to the subject Townhome, the amount of the current annual, monthly or other periodic Assessments, the date of such Assessment and the due date, credit for advance payments received or for prepaid items, including, but not limited to, insurance premiums, which shall be conclusive upon the Association in favor of all persons who rely therein in good faith. The purchaser, donee or other transferee of a

Townhome, by deed or other writing (herein called "Grantee"), shall be jointly and severally liable with the transferor of such Townhome (herein called "Grantor") for all unpaid Assessments against the Grantor and/or the Townhome for his proportionate share of the Common Expenses up to the time of the grant or conveyance, without prejudice to the Grantee's right to recover from Grantor the amounts paid by the Grantee. The Grantee shall be entitled to a statement from the Association, setting forth the amount of the unpaid Assessments, if any, with respect to the subject Townhome, the amount of the current monthly Assessment and the date such Assessment becomes due, as well as any credit for advance payments received or for prepaid items, including, but not limited to, insurance premiums. Said statement shall be conclusive upon the Association.

ARTICLE VII

DESTRUCTION OF IMPROVEMENTS

- 7.1 DESTRUCTION. In the event of damage or destruction to the Improvements, the Improvements shall be restored to substantially the same condition as in existence prior to such damage.
- 7.2 INSURANCE PROCEEDS. In the event of damage or destruction due to fire or other casualty, the insurance proceeds, if sufficient to reconstruct the improvement(s), shall be applied to such reconstruction and the Improvements shall be promptly repaired and reconstructed. If such insurance proceeds are not sufficient to fully repair and restore the Townhome, the Owner shall complete such repair and/or restoration at such Owner's expense.

ARTICLE VIII
GENERAL PROVISIONS

- 8.1 TAXES, ASSESSMENTS AND CHARGES. All taxes, Assessments and charges hereunder which may become liens against a Townhome shall relate only to the individual Townhomes and not to the Property as a whole.
- 8.2 JUDICIAL PARTITION. There shall be no judicial partition of any Townhome, nor shall Declarant or any person acquiring any interest in the Property or any part thereof seek any such judicial partition.
- 8.3 AMENDMENT. This Declaration shall not be revoked, nor shall any of the provisions herein be amended unless the Owners representing an aggregate ownership interest of not less than two-thirds (2/3) of all Townhomes upon the Property agree to such revocation or amendment by instruments duly recorded.
- 8.4 CORRECTION OF ERROR. Notwithstanding the provisions of Section 8.3 above, Declarant reserves, and shall have the continuing right until the end of the Declarant Control Period, without the consent of the other Owners or any Mortgagee, to amend this Declaration for the purpose of resolving or clarifying any ambiguities or conflicts herein, or correcting any inadvertent misstatements, errors or omissions herein, provided that no such amendment shall change the stated number of Townhomes, materially decreases the rights of any Owner or the Association or materially increase the obligations of any Owner, the Association or Declarant.
- 8.5 NOTICE. All notices, demands or other notices intended to be served upon an Owner shall be delivered by personal or courier delivery or by deposit in the United States mail, certified mail, postage prepaid, addressed in the name of such Owner at the Townhome or other address of such Owner which has been given to the Association in writing.
- 8.6 INVALIDATION OF PARTS. If any of the provisions of this Declaration or any paragraph,

sentence, clause, phrase or word or the application thereof in any circumstance be invalidated, such invalidity shall not affect the validity of the remainder of this Declaration and the application of any provision, paragraph, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

- 8.7 OMISSIONS. In the event of the omission from this Declaration of any word, sentence, clause, provision or stipulation which shall be necessary for the accomplishment of the intent and purposes hereof, or any part thereof, then such omitted matter shall be supplied by inference and/or by reference to the Act.
- 8.8 GENDER. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, and the use of any gender shall include all genders.
- 8.9 ENFORCEMENT. The Association or any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Association or any Owner shall also have the right, but not the obligation to compel another to make repairs or perform maintenance, abide by architectural, use or other rules or restrictions and in general to enforce the duties and obligations set forth in this Declaration by any means permitted hereunder or by law including, but not limited to the filing of a lawsuit to obtain a restraining order, injunction or mandatory injunction or other Court Order. The non-complying Owner shall be responsible for reimbursing the prevailing Association or Owner for all costs of any such enforcement including, but not limited to, the cost of preparing and delivering all notice letters and demands, court costs and attorney's fees.
- 8.10 NOTICE OF SALE. The Board of Directors and the Declarant shall be notified of any conveyance of a Townhome by any manner. Said notice shall indicate the Townhome number, date and type of conveyance, new owner's name, address and phone number and any other

such information as may be required for the issuance of a Certificate of Occupancy which may be required at the option of the Association before a new resident may move into the residence upon said Townhome. The Board of Directors, upon receipt of the above information, shall prepare an estoppel certificate which shall set forth any Assessments and charges due upon such Townhome at time of conveyance and certify as to whether or not there are violations of the Governing Documents remaining on the Townhome as of the date of preparation of such certificate and further stating the remaining Assessment balance, if any, due from the buyer for the balance of the fiscal year. This certificate shall be delivered to the place of closing, and the outstanding Assessments, if any, and a reasonable charge to cover the cost of providing such certificate shall be deducted from the seller's account at the closing and transmitted directly to the Association.

8.11 ADDITIONS TO PROPERTY SUBJECT TO DECLARATION. Additional property may become subject to this Declaration in the following manner:

8.11.1 If Declarant or the Association (after expiration of the Declarant Control Period) desires to add to the scheme of this Declaration, it may do so by filing of record a supplemental declaration or amendment to this Declaration, which shall extend the scheme of the covenants and restrictions of this Declaration to such property, provided however, that such covenants and restrictions as applied to the property which is so added may be altered or modified by said supplemental declaration or amendment. Each supplemental declaration or amendment shall include a legal description of the property added.

8.11.2 Such supplemental declaration or amendment shall contain covenants and restrictions to which the added properties shall be subject. Such covenants and restrictions may contain additions, deletions and modifications from those contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties. Such supplemental declaration or amendment must impose an annual maintenance charge Assessment on the property covered thereby, on a uniform, per Townhome basis, substantially equivalent to the maintenance charge and Assessment imposed by this Declaration, according to Article 6, and may contain such complementary

additions and/or modifications of the covenants and restrictions contained in this Declaration as may be applicable to the additional property. In no event, however, shall such supplemental declaration or amendment revoke, modify or add to the covenants established by this Declaration or by previously filed supplemental declaration or amendment. All Townhomes added in supplemental declarations or amendments shall have the same rights, privileges and obligations pertaining to Common Areas as those Townhomes in the original Declaration unless specifically changed by the supplemental declaration or amendments.

EXHIBIT "A"
LEGAL DESCRIPTION

Lots One (1) through Fourteen (14) in Block One (1) of Crosby Street Townhomes, Inc., a subdivision of 0.5866 acres of land being a replat of Lots Six (6) through Ten (10) in Block Seven (7) of the plan of Justin Castanie's Survey Located in the Obedience Smith Survey, Abstract Number 696 as recorded in Volume M, Page 571 of the Harris County Deed Records, City of Houston, Harris County, Texas.

file

IN WITNESS WHEREOF, the Declarant have caused this instrument to be signed, sealed and delivered by its authorized officers on this the 25 day of September, 2001.

URBAN LOFTS III, LTD., A TEXAS LIMITED PARTNERSHIP

20R

BY: URBAN LOFTS PARTNERS, INC., A TEXAS CORPORATION, ITS GENERAL PARTNER

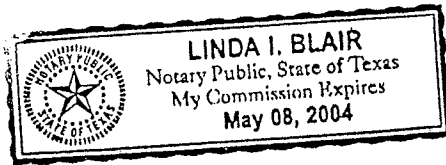
By: *Larry S. Davis*
LARRY S. DAVIS, PRESIDENT.

STATE OF TEXAS §

COUNTY OF HARRIS §

BEFORE ME, the undersigned authority on this day personally appeared Larry S. Davis, President of Urban Lofts Partners, Inc., a Texas corporation, General Partner of the partnership of Urban Lofts III, Ltd., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same is the act of the Urban Lofts III, Ltd., a Texas limited partnership, and that he executed the same on behalf of Urban Lofts Partners, Inc. as its General Partner and as the act of such limited partnership and for the purposes and consideration expressed in the foregoing instrument.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 25 day of September, 2001.



Linda I. Blair
Notary Public, State of Texas



LARRY S. DAVIS ASSOCIATES
 URBAN LOFTS TOWNHOMES



A1.2
 SITE PLAN

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said County, this 26th day of September, 2001.

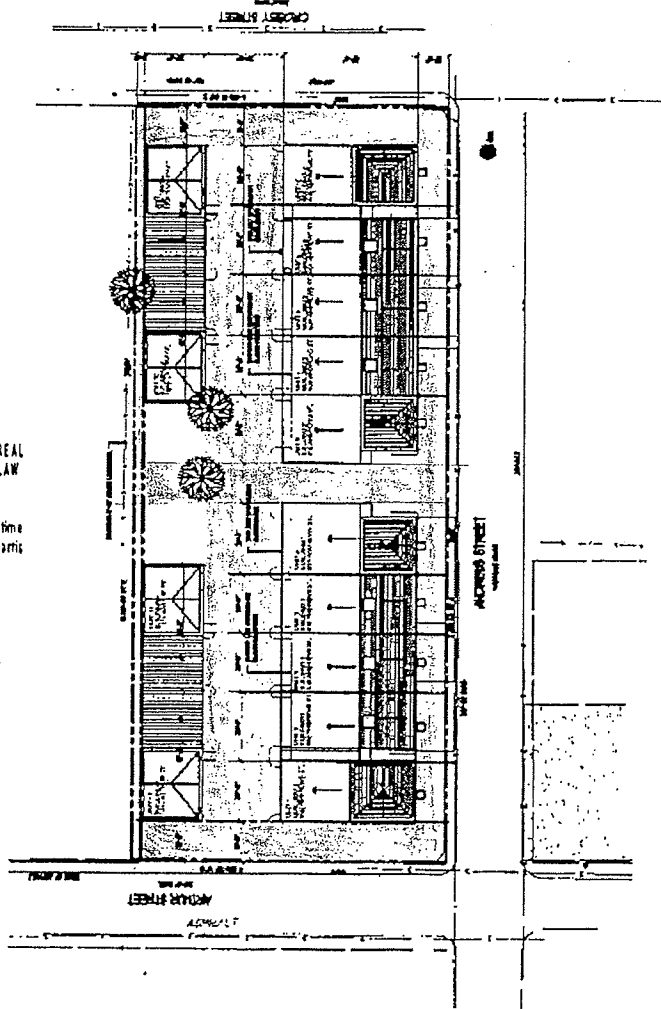
STATE OF TEXAS
 COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas on

SEP 26 2001



Cecily B. Kaufman
 COUNTY CLERK
 HARRIS COUNTY, TEXAS



1 SITE PLAN

RECORDER'S MEMORANDUM
 AT THE TIME OF RECORDATION, THIS INSTRUMENT WAS FOUND TO BE INADEQUATE FOR THE BEST PHOTOGRAPHIC REPRODUCTION BECAUSE OF ILLEGIBILITY, CARBON OR PHOTO COPY, DISCOLORED PAPER, ETC.

CLOSING PACKAGE
FOR
CROSBY STREET TOWNHOMES ASSOCIATION, INC.

SEPTEMBER 5, 2001

7

AMENDMENT TO COVENANTS, CONDITIONS
AND RESTRICTIONS

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.
THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped herein by me, and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas on

JAN 13 2003



Beverly L. Kaufman

COUNTY CLERK
HARRIS COUNTY, TEXAS

Handwritten notes: "29" and other illegible scribbles.

AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
CROSBY STREET TOWNHOME ASSOCIATION

STATE OF TEXAS §

COUNTY OF HARRIS §

WHEREAS that certain Declaration of Covenants, Conditions and Restrictions for Crosby Street Townhome Association, (hereinafter called the "Declaration") was recorded among the Real Property Records of Harris County, Texas on or about the 26th day of September, 2001 under Harris County Clerk's File Number V325542, and

WHEREAS, Declarant under the Declaration, URBAN LOFTS III, LTD., a Texas corporation, ("Declarant"), reserved the right until the end of the Declarant Control Period, as defined in the Declaration, to amend the Declaration for the purpose of correcting errors and/or designating additional Townhomes to be located on the Property (as redefined on EXHIBIT "A" attached hereto), and

WHEREAS, the end of the Declarant Control Period has not been reached, and

WHEREAS, Declarant does hereby exercise its right to amend the Declaration for the purpose of correcting inadvertent errors and/or designating additional Townhomes to be located on the Property.

NOW, THEREFORE, the Declaration is hereby modified and amended as follows:

- 1. Section 1.11 of the Declaration is hereby modified and amended in that "Plat"

shall mean and refer to the map or plat recorded in Harris County, Texas under Harris County Clerk's File Number W053351.

2. Section 2.1 of the Declaration is hereby modified and amended in that the Property is hereby divided into parcels consisting of thirty (30) separately designated Townhomes, being more particularly shown as individual Townhomes in the Plat.
3. The Legal Description on EXHIBIT "A" to the Declaration is hereby modified and amended as shown herein on EXHIBIT "A".
4. The Street Addresses on EXHIBIT "B" to the Declaration are hereby modified and amended as shown herein on EXHIBIT "B".
5. The Plat/Site Plan on EXHIBIT "C" to the Declaration is hereby modified and amended as shown herein on EXHIBIT "C".

All remaining terms, provisions and conditions set forth in the Declaration shall remain in full force and effect.

44.197
JUN 13 PM 1:54
CROSBY STREET TH
ARTHUR ANDREWS CROSBY
THAS

IN WITNESS WHEREOF, the Declarant has caused this instrument to be signed, sealed and delivered by its authorized officers on this the 9 day of January, 2002.

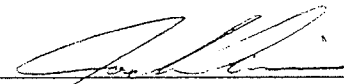
DECLARANT:

URBAN LOFTS III, LTD., A TEXAS LIMITED PARTNERSHIP



BY: URBAN LOFTS PARTNERS, INC., A TEXAS CORPORATION, ITS GENERAL PARTNER

By:



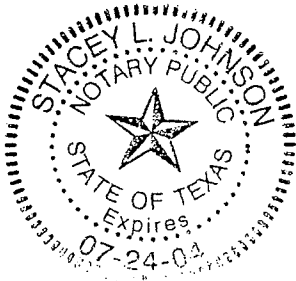
JOEL DAVIS, VICE PRESIDENT

STATE OF TEXAS §

COUNTY OF HARRIS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared JOEL DAVIS, known to me to be the VICE PRESIDENT of URBAN LOFTS PARTNERS, INC., a TEXAS CORPORATION, GENERAL PARTNER OF URBAN LOFTS III, LTD., A TEXAS LIMITED PARTNERSHIP, know to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 9 day of January, 2002.



Stacey L. Johnson

Notary Public, State of Texas

After Recording, Return To:

Arthur Fant
DiCECCO, FANT & BURMAN
1900 West Loop South, Suite 1900
Houston, Texas 77027

✓

EXHIBIT "A"
PROPERTY DESCRIPTION

Lots One (1) through Thirty (30) in Block One (1) of the Crosby Street Square Townhomes, a subdivision of 1.17 acres of land being a replat of Lots 1-14 of the Crosby Street Townhomes, Film Code Number 490052, and Lots One (1) through Five (5) in Block Seven (7) of the Justin Castanie Subdivision recorded in Volume M, Page 571 of the Harris County Deed Records Situated in the Obedience Smith Survey, Abstract Number 696, City of Houston, Harris County, Texas. *lee*

EXHIBIT "B"
STREET ADDRESSES

Building Number Query

<i>Project Number</i>	<i>Project Name</i>	<i>Partnership</i>
2002.01	Crosby Street Square	Urban Lofts III, Ltd.

<i>Building Number:</i>	<i>1</i>	<i>Lot Number</i>
	1223 Arthur	1

<i>Building Number:</i>	<i>2</i>	<i>Lot Number</i>
	830 Andrew	2
	826 Andrew	3
	822 Andrew	4
	818 Andrew	5
	814 Andrew	6
	810 Andrew	7
	806 Andrew	8
	802 Andrew	9

<i>Building Number:</i>	<i>3</i>	<i>Lot Number</i>
	1222 Crosby	10

<i>Building Number:</i>	<i>4</i>	<i>Lot Number</i>
	1218 Crosby	11
	1214 Crosby	12
	1210 Crosby	13
	1206 Crosby	14
	1202 Crosby	15

<i>Building Number:</i>	<i>5</i>	<i>Lot Number</i>
	803 Robin	16
	807 Robin	17
	811 Robin	18
	815 Robin	19

<i>Project Number</i>	<i>Project Name</i>	<i>Partnership</i>
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819 Robin	20
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<i>Building Number:</i>	<i>6</i>	<i>Lot Number</i>
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823 Robin	21
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827 Robin	22
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831 Robin	23
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835 Robin	24
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839 Robin	25
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<i>Building Number:</i>	<i>7</i>	<i>Lot Number</i>
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1203 Arthur	26
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1207 Arthur	27
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1211 Arthur	28
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1215 Arthur	29
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1219 Arthur	30
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EXHIBIT "C"
PLAT/SITE PLAN

HARRIS COUNTY TEXAS

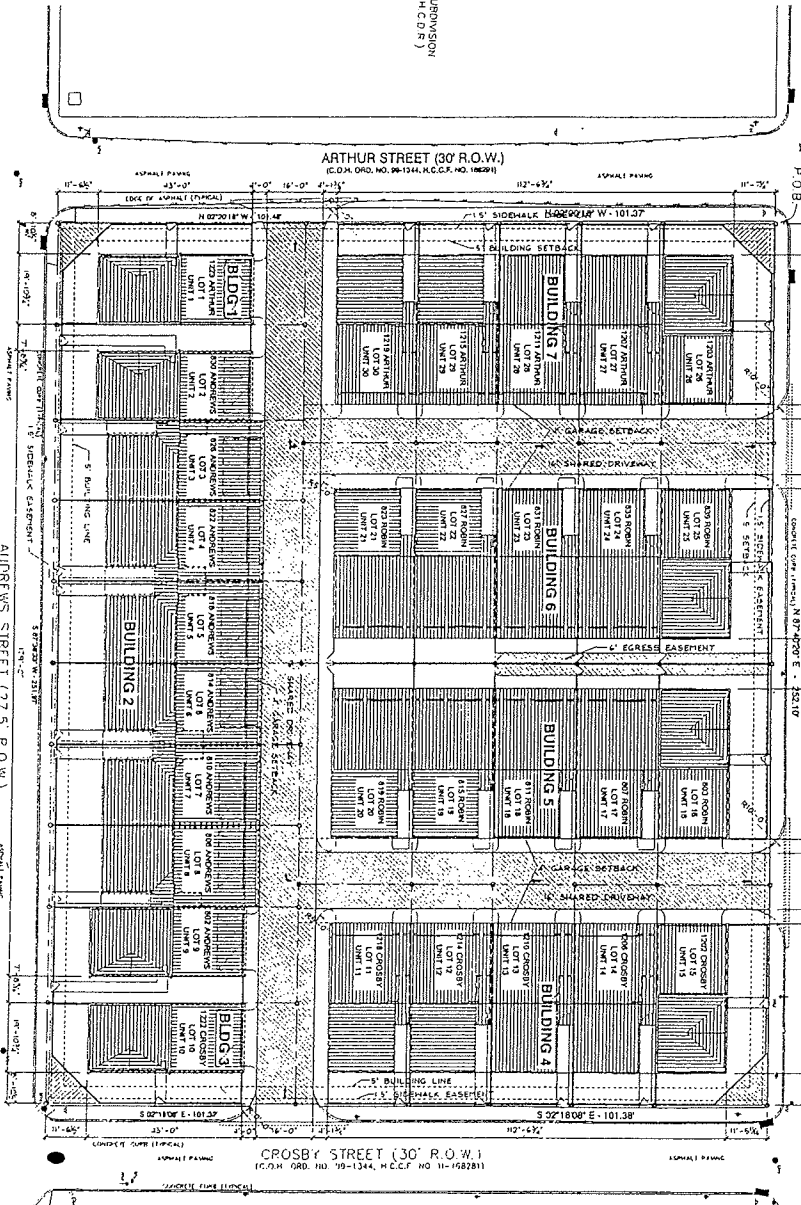
JUSTIN CASTANE SUBDIVISION
(VOL. M, PG. 571 H.C.D.R.)

ROBIN STREET (27.5' R.O.W.)
(C.O.M. ORD. NO. 99-1344, H.C.C.F. NO. 168281)

CROSBY STREET (30' R.O.W.)
(C.O.M. ORD. NO. 99-1344, H.C.C.F. NO. 168281)

JUSTIN CASTANE SUBDIVISION
(VOL. M, PG. 571 H.C.D.R.)

JUSTIN CASTANE SUBDIVISION
(VOL. M, PG. 571 H.C.D.R.)



LEGAL DESCRIPTION

A SUBDIVISION OF 4.17 ACRES OF LAND BEING A REPLAT OF LOTS 1-14, CROSBY STREET TOWNHOMES, (P.C. NO. 490052) AND LOTS 1-5, BLOCK 7, JUSTIN CASTANE SUBDIVISION RECORDED IN VOLUME M, PAGE 571 H.C.D.R. SITUATED IN THE OBEDIENCE SMITH SURVEY, A 696 CITY OF HOUSTON, HARRIS COUNTY, TEXAS.

1 SITE PLAN
1/16" = 1'-0"



COPYRIGHT © 2002, LARRY S. DAVIS & ASSOC.

DATE	DESCRIPTION

URBAN LOFTS TOWNHOMES
CROSBY STREET SQUARE TOWNHOMES

LARRY S. DAVIS & ASSOCIATES

2472 BOLSOVER, SUITE 240, HOUSTON, TX 77005. TEL 713-522-6441, FAX 713-529-2126



CROSBY STREET SQUARE TOWNHOMES

PROJECT NAME	CROSBY STREET SQUARE TOWNHOMES
DATE	10.01.02
DRAWN BY	DMR
CHECKED BY	NY
TITLE	2002.01 SITE PLAN
SCALE	A-1.1
DATE	10.01.02

SECOND AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
CROSBY STREET TOWNHOME ASSOCIATION

STATE OF TEXAS §

COUNTY OF HARRIS §

WHEREAS that certain Declaration of Covenants, Conditions and Restrictions for Crosby Street Townhome Association, (hereinafter called the "Declaration") was recorded among the Real Property Records of Harris County, Texas on or about the 26th day of September, 2001 under Harris County Clerk's File Number V325542, and

WHEREAS that certain Amendment to Declaration of Covenants, Conditions and Restrictions for Crosby Street Townhome Association, (hereinafter called the "Amendment") was recorded among the Real Property Records of Harris County, Texas on or about the 13th day of January, 2003 under Harris County Clerk's File Number W353494,

WHEREAS, Declarant under the Declaration, URBAN LOFTS III, LTD., a Texas corporation, ("Declarant"), reserved the right until the end of the Declarant Control Period, as defined in the Declaration, to amend the Declaration for the purpose of correcting errors and/or designating additional Townhomes to be located on the Property (as redefined on EXHIBIT "A" attached hereto), and

WHEREAS, the end of the Declarant Control Period has not been reached, and

WHEREAS, Declarant does hereby exercise its right to amend the Declaration for the purpose of correcting inadvertent errors.

NOW, THEREFORE, the Declaration is hereby modified and amended as follows:

1. Section 1.3 of the Declaration is hereby modified and amended to read as follows:

“Common Area” shall mean and refer to any real property together with any Improvements thereon conveyed to, owned or leased by the Association or over which the Association has an easement, an agreement or the responsibility for maintenance, repair or replacement and/or as may be expressly designated as Common Area by this Declaration or by the Plat (either of which as may be amended from time to time) or the Association, including without limitation all water systems, sewer pipes and sewer lines, storm piping, electrical systems, wiring equipment and paving in, on or under the Common Area, and further including such driveways, unimproved or other Common Area as may be designated on Exhibit “C” attached hereto, if applicable, all of which shall be for the common use by or benefit to all Owners and Occupants.

All remaining terms, provisions and conditions set forth in the Declaration shall remain in full force and effect.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Declarant has caused this instrument to be signed, sealed and delivered by its authorized officers on this the 11 day of October, 2004.

DECLARANT:

URBAN LOFTS III, LTD., A TEXAS LIMITED PARTNERSHIP

BY: URBAN LOFTS PARTNERS, INC., A TEXAS CORPORATION, ITS GENERAL PARTNER

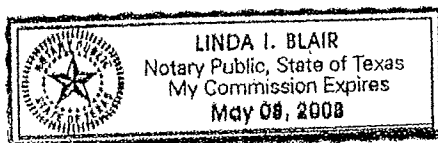
By: *Larry S. Davis*
LARRY S. DAVIS, PRESIDENT

STATE OF TEXAS §

COUNTY OF HARRIS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared LARRY S. DAVIS, known to me to be the PRESIDENT of URBAN LOFTS PARTNERS, INC., A TEXAS CORPORATION, GENERAL PARTNER OF URBAN LOFTS III, LTD., A TEXAS LIMITED PARTNERSHIP, know to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 11 day of October, 2004.



Linda I. Blair
Notary Public, State of Texas

After Recording, Return To:

Arthur Fant
FANT & BURMAN
1900 West Loop South, Suite 1900
Houston, Texas 77027
Attn: Kira Morgan

[THE REST OF THIS PAGE INTENTIONALLY LEFT BLANK.]

EXHIBIT "A"
PROPERTY DESCRIPTION

Lots One (1) through Thirty (30) in Block One (1) of the Crosby Street Square Townhomes, a subdivision of 1.17 acres of land being a replat of Lots 1-14 of the Crosby Street Townhomes, Film Code Number 490052, and Lots One (1) through Five (5) in Block Seven (7) of the Justin Castanie Subdivision recorded in Volume M, Page 571 of the Harris County Deed Records Situated in the Obedience Smith Survey, Abstract Number 696, City of Houston, Harris County, Texas.

4512 Montrose Blvd.
Houston, Texas 77006

.....

LARRY S. DAVIS & ASSOCIATES

June 22, 2005

Ms. Cheri Olivo
Fant & Burman, LLP
1900 West Loop S., Suite 1100
Houston, TX 77027

Dear Cheri:

Enclosed are the signed documents for the Crosby Street Townhome Declarations.

I had Joel Davis sign them as he is Vice-President of Urban Lofts Partners, Inc., the General Partner to Urban Lofts III, Ltd. as Larry Davis is out of town. It wasn't until later that I found your original e-mail to me stating that Larry should have signed as Joel was not Vice-President of the Association.

I'm still sending these in case you can file them with Joel's signature. If not, just let me know and I will reprint them and wait until next month to have Larry sign them.

Please call (713) 522-6441 if there are any questions.

Thank you.

Sincerely,



Linda Blair
Office Manager

Encl.

Linda Blair

From: Cheri Olivo [colivo@fblaw.net]
Sent: Tuesday, June 07, 2005 10:26 AM
To: lindab@lsda.net
Cc: 'Frank Robertson'
Subject: Crosby St Sq TH

Linda: I believe Arthur has already spoken to Frank and/or Larry regarding the attached documents. But just fyi and to have something in your file... Stacey brought to our attention that the Amended Plat that was filed in 2002 had the owner of the property as Urban Lofts Partners, Inc. Since Urban Lofts III, Ltd. is the record owner, Arthur felt it best to prepare a Ratification of Plat showing that Urban Lofts III, Ltd consents and accepts the plat filed under clerk's file #W053351 and the subsequent plat filed under clerk's file #Y244934. In addition we needed to amend the CCRs to acknowledge the plat recordings and the new legal description. Larry will need to sign since Joel is not a VP for this HOA.

I have attached the both Ratifications and the Amendment to the CCRs to this email. Please have all documents executed, return to me and I will record among the real property records. Let me know if you have any questions. Thanks for your help.

Cheri

Cheri Olivo
Assistant to Arthur Fant
Fant & Burman, L.L.P.
1900 West Loop South, Suite 1100
Houston, Texas 77027
Off: 713-961-9800
Fax: 713-961-3260
Email: colivo@fblaw.net

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THIRD AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
CROSBY STREET TOWNHOMES A/K/A CROSBY STREET SQUARE TOWNHOMES

STATE OF TEXAS §
COUNTY OF HARRIS §

WHEREAS that certain Declaration of Covenants, Conditions and Restrictions for Crosby Street Townhomes, (hereinafter called the "Declaration") with respect to the property described on Exhibit "A" attached hereto was recorded among the Real Property Records of Harris County, Texas on or about the 26th day of September, 2001 under Harris County Clerk's File Number V325542; and that certain First Amendment to Declaration of Covenants, Conditions and Restrictions was recorded among the Real Property Records of Harris County, Texas on or about the 13th day of January, 2003 under Harris County Clerk's File Number W353494; and that certain Second Amendment to Declaration of Covenants, Conditions and Restrictions was recorded among the Real Property Records of Harris County, Texas on or about the 30th day of December, 2004 under Harris County Clerk's File Number Y163247; and

WHEREAS, Declarant under the Declaration, URBAN LOFTS III, LTD., a Texas corporation, ("Declarant"), reserved the right until the end of the Declarant Control Period, as defined in the Declaration, to amend the Declaration for the purpose of correcting errors and/or modifying information, and

WHEREAS, the end of the Declarant Control Period has not been reached, and

WHEREAS, Declarant does hereby exercise its right to amend the Declaration for the purpose of correcting inadvertent errors and/or modifying information.

NOW, THEREFORE, the Declaration is hereby modified and amended as follows:

1. Section 1.11 of the Declaration is hereby modified and amended in that "Plat" shall mean and refer to the map or plat recorded in Harris County, Texas under Harris County Clerk's File Number W053351 and further modified and replatted under Harris County Clerk's File Number Y246986.
2. The Legal Description on EXHIBIT "A" to the Declaration is hereby modified and amended as shown herein on EXHIBIT "A".
3. The Plat on EXHIBIT "C" to the Declaration is hereby modified and amended as shown herein on EXHIBIT "B".

All remaining terms, provisions and conditions set forth in the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be signed, sealed and delivered by its authorized officers on this the 22 day of JUNE, 2005.

DECLARANT:

URBAN LOFTS III, LTD., A TEXAS LIMITED
PARTNERSHIP

BY: URBAN LOFTS PARTNERS, INC., A
TEXAS CORPORATION, ITS GENERAL
PARTNER

By: 

Name: JOEL DAVIS

Title: Vice President

STATE OF TEXAS

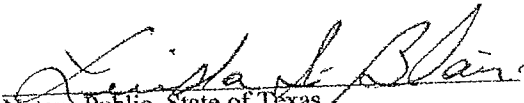
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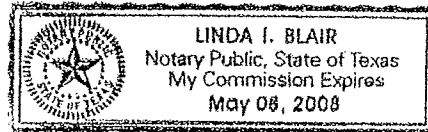
COUNTY OF HARRIS

§

BEFORE ME, on this day personally appeared JOEL DAVIS, known to me to be the VICE-PRESIDENT of URBAN LOFTS PARTNERS, INC., A TEXAS CORPORATION, GENERAL PARTNER OF URBAN LOFTS III, LTD., A TEXAS LIMITED PARTNERSHIP, whose name is subscribed to this instrument and acknowledged to me for the purposes and consideration herein expressed, and in the capacity herein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 22 day of JUNE, 2005.


Notary Public, State of Texas



After Recording, Return To:

Arthur Fant
FANT & BURMAN, LLP
1900 West Loop South, Suite 1100
Houston, Texas 77027

EXHIBIT "A"
PROPERTY DESCRIPTION

Lots One (1) through Thirty (30) in Block One (1) of the Crosby Street Square Townhomes Replat No. 1, a Subdivision of 1.17 acres of land situated in the Obedience Smith Survey, A-696 City of Houston, Texas, also being a replat of Crosby Street Townhomes as recorded under film Code No. 520217 of the Harris County Map Records.

EXHIBIT "B"
PLAT

RATIFICATION OF PLAT
(Y244934)

STATE OF TEXAS §

COUNTY OF HARRIS §

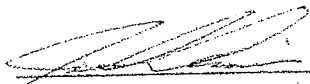
THE UNDERSIGNED, being the owner of all right, title and interest in and to that certain parcel or parcels of real property situated in Harris County, Texas and further described on EXHIBIT "A" attached hereto and incorporated by reference herein, do hereby ratify, confirm and adopt that certain Crosby Street Square Townhomes Replat No. 1 ("Plat"), filed in the Real Property Records of Harris County, Texas under Clerk' File No. Y244934 and recorded under Film Code No. 575293 of the Map Records. A true and correct copy of the Plat is attached hereto, incorporated by reference herein and marked EXHIBIT "B".

The ratification, confirmation and adoption set forth herein is given *nunc pro tunc* and shall be effective as of the recording of the plat as set forth above.

OWNER:

URBAN LOFTS III, LTD.,
A TEXAS LIMITED PARTNERSHIP

By: Urban Lofts Partners, Inc.
a Texas corporation.
its General Partner


BY: 
NAME: JOEL DAVIS
TITLE: Vice President

THE STATE OF TEXAS §

COUNTY OF HARRIS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared JOEL DAVIS, as VICE-PRESIDENT of URBAN LOFTS PARTNERS, INC., A TEXAS CORPORATION, the general partner of URBAN LOFTS III, LTD., A TEXAS LIMITED PARTNERSHIP, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 22 day of JUNE, 2005.


Notary Public, State of Texas

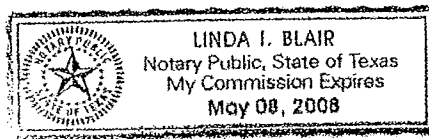


EXHIBIT "A"
LEGAL DESCRIPTION
(Y244934)

Lots One (1) through Thirty (30) in Block One (1) of the Crosby Street Square Townhomes Replat No. 1, a Subdivision of 1.17 acres of land situated in the Obedience Smith Survey, A-696 City of Houston, Texas, also being a replat of Crosby Street Townhomes as recorded under film Code No. 520217 of the Harris County Map Records.

EXHIBIT "B"
REPLAT Y244934

RATIFICATION OF PLAT
(W053351)

STATE OF TEXAS §

COUNTY OF HARRIS §


THE UNDERSIGNED, being the owner of all right, title and interest in and to that certain parcel or parcels of real property situated in Harris County, Texas and further described on EXHIBIT "A" attached hereto and incorporated by reference herein, do hereby ratify, confirm and adopt that certain Crosby Street Square Townhomes replat ("Plat"), filed in the Real Property Records of Harris County, Texas under Clerk' File No. W053351 and recorded under Film Code No. 520217 of the Map Records. A true and correct copy of the Plat is attached hereto, incorporated by reference herein and marked EXHIBIT "B".

The ratification, confirmation and adoption set forth herein is given *nunc pro tunc* and shall be effective as of the recording of the plat as set forth above.

OWNER:

URBAN LOFTS III, LTD.,
A TEXAS LIMITED PARTNERSHIP

By: Urban Lofts Partners, Inc.
a Texas corporation.
its General Partner


BY: 
NAME: JOEL DAVIS
TITLE: Vice President

THE STATE OF TEXAS §

COUNTY OF HARRIS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared JOEL DAVIS, as VICE-PRESIDENT of URBAN LOFTS PARTNERS, INC., A TEXAS CORPORATION, the general partner of URBAN LOFTS III, LTD., A TEXAS LIMITED PARTNERSHIP, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 22 day of JUNE, 2005.


Notary Public, State of Texas

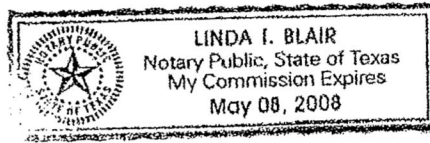


EXHIBIT "A"
LEGAL DESCRIPTION
(W053351)

Lots One (1) through Thirty (30) in Block One (1) of the Crosby Street Square Townhomes, a Subdivision of 1.17 acres of land being a replat of Lots 1-14, Crosby Street Townhomes recorded under Film Code No. 490052 and Lots 1-5, Block 7, Justin Castanic Subdivision, recorded in Volume M, Page 571 of the Harris County Deed Records, situated in the Obedience Smith Survey, A-696 City of Houston, Harris County, Texas.

EXHIBIT "B"
REPLAT W053351