

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR CAMINO PARK

03/11/93 00200619 P128415 \$ 59.00

THE STATE OF TEXAS

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KNOW ALL MEN BY THESE PRESENTS:

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COUNTY OF HARRIS

§

THIS DECLARATION, made on the date hereinafter set forth:

W I T N E S S E T H :

WHEREAS, BTH, Inc. (herein "Declarant"), a Texas corporation, is the owner of that certain real property situated in Harris County, Texas, more particularly described as Camino Park, a subdivision of 10.6386 acres of land out of the Sarah Deel League, Abstract No. 13, the map or plat of which is recorded under Film Code No. 355006 in the Map Records of Harris County, Texas; and

WHEREAS, Declarant has caused the Property (as hereinafter defined) to be developed as a planned townhome residential development known as CAMINO PARK; and

WHEREAS, it is the intent of Declarant by this Declaration to provide and adopt a general and uniform plan or scheme of covenants, easements, restrictions and conditions designed to govern and control the development, improvement, sales, use and enjoyment of the Property, and each portion thereof, as a planned townhouse residential development and to enhance and protect the value, desirability and attractiveness of the development for residential purposes.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Declarant hereby declares, establishes, adopts and reserves the covenants, restrictions, reservations, conditions, easements and liens set forth below (collectively, the "Restrictions"), with respect to the Property, including the use, development, improvement, sale and rental of the Property. The Restrictions shall be appurtenant to the Property and shall constitute covenants running with and binding upon the Property and each portion thereof and upon each person having or acquiring any right, title or interest in and to the Property or any part thereof. Each contract, deed or other instrument hereafter executed and delivered covering the Property, or any portion thereof or any interest therein, shall be held to have been executed, delivered and accepted subject to the Restrictions, regardless of whether or not the Restrictions are referred to or incorporated by reference in said contract, deed or other instrument. Each Owner (hereinafter defined), by virtue of the acceptance or ownership of a Lot

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(hereinafter defined), assumes and agrees to be bound by the Restrictions as of the time such person becomes an Owner, whether or not such assumption and agreement is set forth in the deed or other title instrument in favor or such Owner.

ARTICLE I

DEFINITIONS

Section 1. "Architectural Control Committee" or "Committee" is defined in Article VII.

Section 2. "Association" shall mean the Camino Park Homeowners Association, a Texas non-profit corporation, the Members of which shall be Owners of the Lots.

Section 3. "Board" shall mean and refer to the Board of Directors of the Association.

Section 4. "Common Area" shall mean that portion of the Property owned by the Association for the common use and enjoyment of the Members of the Association and shall include, but is not limited to, all trees, landscaping, sprinkler systems, pavements, private streets, pipes, wires, conduits, and other public utility lines situated thereon.

Section 5. "Declarant" shall mean and refer to BTH, Inc., a Texas corporation, its successors and assigns, including, but not limited to, any person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, which acquires all or substantially all of the Lots then owned by Declarant (or its subsequent successors in interest), together with their rights hereunder, by conveyance or assignment from Declarant, or by judicial or nonjudicial foreclosure, for the purpose of development and/or construction and/or marketing of the Lots.

Section 6. "Election Date" shall mean the earliest of the dates when (i) Declarant shall have sold all of its Lots; (ii) ten years have lapsed from the date of recordation of these Restrictions; or (iii) Declarant by written notice to the Board notifies the Board of its election to cause the Election Date to occur.

Section 7. "Lienholder" shall mean the holder of a first lien mortgage on any Lot in the development.

Section 8. "Lot" is any parcel of the Property on which there is built or to be built a Townhouse, and which will be conveyed by

metes and bounds description to an Owner for his use as a residence.

Section 9. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 10. "Owner" shall mean each person or entity who owns record title to a Lot.

Section 11. "Property" shall mean that certain real property situated in Harris County, Texas, described more particularly as Camino Park, a subdivision of 10.6386 acres of land out of the Sarah Deel League, Abstract No. 13, a map or plat of which is recorded under Film Code No. 355006 in the Map Records of Harris County, Texas.

Section 12. "Townhouse" shall mean a single family residential unit constructed on a Lot which may be joined together with at least one or more single family residential unit by a common wall, or walls, and/or roof and/or foundation.

ARTICLE II

PROPERTY RIGHTS

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

(a) The right of the Association to make, publish and enforce reasonable rules and regulations for the use of the Common Area and any facilities situated thereon, including but not limited to the use and maintenance of the Common Area, and the right of the Association to contract for exclusive services such as water, sanitary sewage, trash collection and landscaping maintenance to each Lot.

(b) The right of the Association to suspend the right to use of the facilities owned by the Association, excluding domestic water, by a Member and its tenants, guests, and invitees for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its adopted rules and regulations.

(c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency or authority subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless (i) an instrument of agreement to such dedication or transfer, signed by Members holding two-thirds (2/3) of the votes is properly recorded

in the Deed Records of Harris County, Texas, and (ii) written notice of proposed action under this provision is sent to every Owner and lienholder not less than ten (10) days, nor more than fifty (50) days in advance of said action. Notwithstanding the foregoing, Declarant or Association shall have the right at any time to dedicate or transfer without the consent of any Owners all or any part of the private streets within the Common Area to any public agency or authority that agrees to accept such streets for maintenance.

(d) The right of the Association to limit the number of guests of Members and to prohibit Members who do not occupy their Townhouse(s) from using the Common Area facilities when the Townhouse(s) is occupied by a tenant other than the Owner.

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

Section 2. Delegation of Use. Any Owner may delegate his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the Lot. The Owners hereby covenant that any lease executed on a Lot shall be in writing and contain provisions binding any lessee thereunder to the terms of these Restrictions, the By-Laws of the Association, and the rules and regulations applicable to the Property and further providing that noncompliance with the terms of the lease shall be a default thereunder.

Section 3. Title to the Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Area to the Association, subject to any encumbrances or other matters then of record which do in fact cover or affect the Property or any part thereof. The Common Area shall remain undivided and shall at all times be owned by the Association or its successors, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Common Area.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every person or entity who is an Owner of a Lot, including Declarant and contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership per Lot. Membership shall be appurtenant to and may not be separated from any ownership of any Lot. Ownership of such Lot shall be the sole qualification for membership, and such membership shall automatically terminate when such ownership ceases. Any mortgagee or lienholder who acquires title to any Lot which is a part of the Property, through judicial or non-judicial foreclosure or by deed in lieu of foreclosure, shall be a Member of the Association.

Section 2. Classes of Voting. The Association shall have two classes of voting membership, as follows:

Class A. Class A Members shall be all Owners, with the exception of the Class B Member until the Election Date, and shall be entitled to no votes until the Election Date. From and after the Election Date, each Class A Member shall be entitled to one (1) vote for each Lot owned. If there is more than one (1) Owner of the Lot, then such Owners shall designate one of their number as the Member of the Association, which designation shall be made in writing to the Board. After an Owner is so designated, the Board shall have the right to rely on such designation until a written notice revoking such appointment is received by the Board. Any such Owners may designate the Member from among themselves in any manner they deem fit, and in the event that such Owners are unable to agree upon one of their number to be designated as the Member of the Association, then none of such Owners shall have any votes, fractional or otherwise, in the Association.

Class B. The sole Class B Member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned, provided that the Class B membership shall cease and be converted to Class A membership on the Election Date.

Section 3. Suspension. All voting rights of an Owner shall be suspended during any period in which such Owner is delinquent in excess of thirty (30) days in the payment of any assessment duly established pursuant to Article IV hereof, or is otherwise in

default hereunder or under the Bylaws or Rules and Regulations of the Association.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessment. Each Owner of any Lot within the Property by acceptance of a deed therefor, whether or not it shall be expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; and (2) special assessments for capital improvements, such assessments to be fixed, established, and collected as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the applicable Lot and shall be secured by a continuing lien upon such Lot against which each such assessment is made. Each such assessment, together with such interest, costs, and reasonable attorney's fees, shall be the joint and several personal obligation of the person(s) who was Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to such Owner's successors in title unless expressly assumed by them; however, except as otherwise provided herein, the lien shall remain in full force and effect as to any amounts owing with respect to such Lot.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the improvement, operation, administration, management, repair and maintenance of the Property, the Common Area and services and facilities relating to the use and enjoyment thereof and the Townhouses situated thereon, and for the enforcement of these Restrictions. Assessments shall include, but are not limited to, funds to cover actual Association costs for all taxes, insurance, repair, replacement and maintenance of the Common Area and of the maintenance of the exteriors of the Lots and Townhouses as herein authorized or as may from time to time be authorized by the Board, and the cost of other facilities and service activities including, but not limited to, mowing grass, caring for the private streets and walkways, grounds, sprinkler system, landscaping, exterior walls and fences of the Townhouses and garages, garbage pickup areas, water and sewage service furnished to Townhouses by the Association, and other charges required by these Restrictions or that the Declarant or Board shall determine to be necessary to meet the primary purpose of the Association, including the establishment and maintenance of a reserve for repair, maintenance, and replacement of those elements that must be replaced on a periodic basis, taxes and other charges as specified herein. The judgment

of the Declarant or Board in establishing annual assessments, special assessments and other charges and in the expenditure of said funds shall be final and conclusive so long as said judgment is exercised in good faith.

Section 3. Basis and Maximum of Annual Assessments.

(a) Until January 1, 1994, the maximum annual maintenance assessment for each Lot shall be One Thousand Four Hundred Forty and No/100 Dollars (\$1,440.00) per annum, payable in equal monthly installments.

(b) From and after January 1, 1994, the maximum annual assessment may be increased, effective January 1 of each year, without a vote of the membership to an amount not to exceed one hundred twenty percent (120%) of the prior year's annual assessment.

(c) From and after January 1, 1994, the maximum annual assessment may be increased above the assessment established in Section 3(b) above, provided that any such change shall have the assent of Members holding two-thirds (2/3) of the votes at a meeting duly called for this purpose. The limitations hereof shall not apply to any change in the maximum and basis of the assessments undertaken as an incident of consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(d) After consideration of current maintenance costs and future needs of the Association, the Board may levy the annual assessments at an amount not in excess of the maximum permitted in subparagraph (c) above.

Section 4. Special Assessments for Working Capital Fund, Nonrecurring Maintenance and Capital Improvements. In addition to the annual assessment authorized above, the Association may levy, in any assessment year, a special assessment applicable to the year only, for the purpose of (i) defraying, in whole or in part, the cost of any nonrecurring maintenance; (ii) the acquisition, construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto; or (iii) enabling the Board to carry out the functions of the Association hereunder, provided that any such assessment shall have the assent of Members holding two-thirds (2/3) of the votes at a meeting duly called for this purpose.

Section 5. Notice and Quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 4 shall be sent to all Members not less than ten (10) days nor more

than fifty (50) days in advance of the meeting and shall set forth the purposes of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast fifty-one percent (51%) of the votes of the entire membership shall constitute a quorum. If the required quorum is not present, another meeting may be called from time to time, and not subject to the same notice requirement, and the required quorum shall be more than one-half (1/2) of the required quorum at the preceding meeting. The Association may call as many subsequent meetings as may be required to achieve a quorum. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Uniform Rates of Assessment. Except as provided herein, both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis (i.e. 1/12th of the annual assessment on each Lot each month). Neither the Declarant nor the Association shall be subject to payment of annual or special assessments, except Declarant shall pay one-quarter of the monthly assessment for any Lot owned by Declarant, commencing thirty (30) days after completion of the Townhouse on such Lot until sold by Declarant.

Notwithstanding the provisions of this Section 6 above, the Declarant may loan to the Association the difference, if any, between the Association's actual operating expenses for the Property and the total assessments due as herein provided until such time as all of the Lots are occupied. Any such loan shall bear interest at a reasonable rate, and be repayable on reasonable terms, all to be determined by the Board.

Section 7. Date of Commencement and Due Date of Annual Assessments. The annual assessments provided for herein shall commence as to all Lots no later than the first day of the month following the conveyance of the first Lot sold. The first annual assessment shall be prorated according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual assessment against each Lot in the last calendar quarter of each year. At least thirty (30) days in advance of such annual assessment becoming due, notice of each annual assessment shall be sent to every Owner subject thereto. Assessments shall be due and payable monthly, in advance, on the first day of each calendar month during the year for which such assessment has been assessed, or as otherwise directed by the Board. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 8. Effective of Nonpayment of Assessment and Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment may bear interest from the due date until paid at the maximum non-usurious rate of interest per annum or at such lesser rate of interest as fixed by the Board. The Association shall have authority to impose late charges to compensate for the administrative and processing costs of late payments on such terms as it may establish by duly adopted resolutions. The Association shall also be entitled to attorneys' fees and other costs of collecting delinquent assessments. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot. In order to secure payment of the assessments with respect to each Lot, a vendor's lien and superior title to such Lot shall be and is hereby reserved to the Association. As additional security for payment of the assessments, each Owner of a Lot, by such party's acceptance of a deed thereto, hereby grants the Association a contractual lien on such Lot, which lien may be foreclosed either through appropriate judicial proceeding by the Association or by public sale without judicial proceedings. Without limitation, each Owner, by virtue of acceptance or ownership of a Lot, irrevocably grants to the Association a power of sale so that the lien securing payment of the unpaid sums required to be paid by this Declaration may be foreclosed at public sale upon compliance with Section 51.002 of the Texas Property Code (or any successor statute), as the same may be amended from time to time. Whenever the Association proceeds with non-judicial foreclosure pursuant to the provisions of Section 51.002 of the Texas Property Code (or any successor statute) and said power of sale, it shall designate in writing a nominee or trustee to post or cause to be posted all required notices of such foreclosure sale and to conduct such foreclosure sale. The trustee may be changed at any time and from time to time by the Association by means of a written instrument executed by the President or any Vice-President of the Association and filed for record (either before or following any action by such trustee) in the Official Public Records of Real Property of Harris County, Texas. If the Association has determined non-judicially to foreclose the lien provided herein pursuant to the provisions of Section 51.002 of the Texas Property Code (or any successor statute) and to exercise the power of sale hereby granted, the Association shall mail to the defaulting Owner a copy of the notice of trustee's sale no less than twenty-one (21) days before the date on which said sale is scheduled by posting such notice through the United States Postal Service, postage prepaid, registered or certified, return receipt requested, properly addressed to such Owner at the last known address of such Owner according to the records of the Association. If required by law, the Association or trustee shall cause a copy of the notice of trustee's sale to be recorded in the Official Public Records of

Real Property of Harris County, Texas. Out of the proceeds of such sale, there first shall be paid all expenses incurred by the Association in connection with such default, including reasonable attorneys' fees and a reasonable trustee's fee; second, from such proceeds there shall be paid to the Association an amount equal to the amount in default; and third, any remaining balance shall be paid to such Owner. Following any such foreclosure, each occupant of any such Lot foreclosed on and each occupant of any improvements thereon shall be deemed to be a tenant at sufferance and may be removed from possession by any lawful means, including a judgment for possession, an action of forcible detainer, and the issuance of a writ of restitution thereunder. Suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving the lien securing same. Each Owner, by virtue of acceptance or ownership of a Lot, hereby expressly vests in the Association, and its agents, the right and power to bring all actions against the Owner personally in Harris County, Texas, or elsewhere as the Association may elect, for the collection of unpaid assessments as debt. In addition to the remedy of foreclosure of the lien hereby retained and all other rights and remedies available at law or otherwise, in the event of nonpayment by any Owner of such Owner's Assessment for in excess of thirty (30) days after the due date, the Association may, acting through the Board, pursue any or all of the following remedies:

(a) The Association may, without prior notice or liability to the nonpaying Owner, publish in appropriate newsletters or other publications, information concerning the nonpaying Owner and the amount and time of delinquency; and

(b) The Association may, without prior notice or liability to such nonpaying Owner, notify such Owner's lenders, the Credit Bureau or other credit sources or any title company, or may file an appropriate claim of public record.

(c) The Association may, without prior notice or liability to such nonpaying Owner, terminate any services provided for such Owner and funded from the annual or special assessments.

Section 9. Subordination of the Lien to Mortgages. The lien securing the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages granted or created by the Owner of any Lot to secure the payment of monies advanced and used for the purpose of purchasing and/or improving such Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to a foreclosure under such purchase money or improvement mortgages, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien for any such assessments due prior to such sale or transfer. No sale or transfer shall relieve such Lot from

liability for any assessments thereafter becoming due or from the lien thereof.

Section 9. Exempt Property. The Common Area and all properties dedicated to, and accepted by, a local public authority shall be exempt from the assessments created herein, except no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

MANAGEMENT AND OPERATION OF PROPERTY

Section 1. Management by Association. The affairs of the Property shall be administered by the Association. The Association shall have the power to provide for the maintenance, repair, replacement, administration, insuring and operating of the Property pursuant to this Declaration, the Bylaws and the Rules and Regulations and to perform such other acts as may be reasonably necessary in the operation of the Property so long as such actions are not inconsistent with the terms of this Declaration. Without limiting the generality of the foregoing, the Association, acting with authorization of the Board, shall be entitled: (a) to enter into such agreements concerning the Property as the Board deems reasonably necessary or appropriate to maintain and operate the Property as a viable residential development, including, without limitation, the right to grant utility and other easements with respect to the Property, or portions thereof, for uses the Board shall deem appropriate and the right to enter into agreements for cable television service to the Property; (b) to enter into agreements with adjoining or nearby land owners, associations or entities representing such landowners or others, with respect to matters of maintenance, trash pick-ups, repair, administration, security, traffic, operation of recreational facilities or other matters of mutual interest; (c) to make rules and regulations relating to parking, flow, on-street parking, traffic and other uses of streets and drives within the Property; (d) to regulate noise within the Property, including, without limitation, the right to require mufflers on engines and to prohibit the use of devices producing excessive noise; and (e) to assume such other obligations and/or responsibilities of the operation and maintenance of the Property as the Association, in its sole discretion, shall so decide. The rights, powers and duties of the Association set forth in this Declaration shall be exercised by the Board or its designees. Any and all management agreements entered into by the Association shall be reviewed on an annual basis.

Section 2. Number and Election of Board. The number, term and election of the Board of Directors shall be as determined in the Articles of Incorporation and Bylaws of the Association.

Section 3. Initial Board of Directors; Election of First Board. As of the date of this Declaration, the initial Board shall be composed of Henry Broesche, David Orlando and Gary Römer. The Declarant may fill vacancies on the Board until the Election Date.

Such initial Board shall serve until the first Board is elected by the Members. The election of the first Member elected Board shall be held in accordance with the Bylaws upon the Election Date. After the Election Date, the members of the Board shall be elected as set forth in the Bylaws.

Section 4. Meeting of the Board of Directors. The Board shall meet as set forth in the Bylaws.

Section 5. Powers and Duties of Board. The Board, for the benefit of the Owners, shall have the following general powers and duties, in addition to the specific powers and duties provided for herein and in the Bylaws of the Association:

a. To execute all declarations of ownership for tax assessment purposes with regard to the Common Area on behalf of all Owners.

b. To borrow funds to pay costs of operation secured by assignment or pledge of rights against delinquent Owners if the Board sees fit.

c. To enter into contracts, maintain one or more bank accounts, and generally to have all the power necessary or incidental to the operation and management of the Association.

d. To protect or defend the Common Area from loss or damage by suit or otherwise and to provide adequate reserves for replacements.

e. To make reasonable rules and regulations for the operation of the Common Area and to amend them from time to time. The rules and regulations may provide for limitations on use of common recreational areas during certain periods by youthful persons, visitors or otherwise.

f. To make available for inspection by Owners within ninety (90) days after the end of each year an annual report and to make all books and records of the Association available for inspection by Owners at reasonable times and intervals.

g. To adjust the amount, collect and use any insurance proceeds to repair damage or replace lost Property. If insurance proceeds are insufficient to repair damage or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency.

h. To enforce the provisions of these Restrictions and any rules made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules.

i. To delegate the duty to collect assessments provided for herein to pay for such service.

Section 6. Board Actions in Good Faith. Neither the Board nor any member or agent thereof shall be or become liable to the Association, its Members or any other party with respect to any action or inaction made or taken in good faith.

ARTICLE VI

INSURANCE REQUIREMENTS

Section 1. Fire and Extended Coverage. (Each Owner shall be required to furnish annually to the Association, and to the complete satisfaction of the Board, proof of insurance coverage on his Townhouse by a reputable insurance company acceptable to the Association and licensed to do business in the State of Texas) in an amount equal to the full insurable replacement cost of the Townhouse as determined annually by the Board, affording protection against loss or damage from fire or other hazards covered by the standard extended coverage policy. The ownership of the Townhouses also includes private ownership of any fence surrounding the Lot. The Owner's insurance shall also provide coverage against damage or destruction of any fence appurtenant to such Townhouse. Should an Owner fail to provide adequate proof of insurance coverage as herein provided, the Association shall have the authority to purchase such coverage. Premiums for any insurance obtained by the Association on individual Townhouses shall not be part of the common expense but shall be a debt owed by the Owner of said Townhouse and shall become part of the assessments payable by said Owner and collectible as such as herein provided.

In lieu of the foregoing, the Association shall have the option to obtain a Texas Master Hazard Insurance policy, with such endorsements and in such amounts as the Board shall deem advisable, the premiums for which shall be paid from annual assessments. The proceeds of the above policy shall be paid to the Association or the respective insureds as their interests may appear, and shall name the Lienholders as additional insureds.

Section 2. Common Area Insurance. The Association, through the Board, or its duly authorized agent, shall obtain the following types of insurance policies covering the Common Area and covering all damage or injury caused by the negligence of the Association or any of its agents:

(a) Property insurance in an amount equal to the full replacement value of the common facilities owned by the Association (including all building service equipment and the like) with an "Agreed Amount Endorsement" or its equivalent, a "Demolition Endorsement" or its endorsement equivalent, and if necessary, an "Increased Cost of Construction Endorsement" or "Contingent Liability from Operation of Building Laws Endorsement" or the equivalent, affording protection against loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, and water damage and any such other risks as shall customarily be covered with respect to projects similar in construction, location and use; and

(b) A comprehensive policy of public liability insurance covering all of the Common Area insuring the Association against liability for bodily injury and property damage, with such limits as the Board may consider acceptable, such coverage to include protection against water damage liability, motor vehicle liability, liability for property of others, and, any other coverage the Association deems prudent and which is customarily carried with respect to projects similar in construction, location and use.

Premiums for all such insurance shall be a common expense payable from annual assessments. Liability and personal property insurance for Lots and the contents and furnishings of Townhouses shall be the responsibility of and at the expense of each individual Owner. Each Owner and the Association agree to and hereby waive all rights of subrogation against the Declarant they may have now or in the future under any property insurance policies.

Section 3. Fire or Casualty; Rebuilding. In the event of a fire or other casualty causing damage or destruction to a Townhouse, if the Association has elected not to carry insurance on the Townhouse, then the Owner of such damaged or destroyed Townhouse shall thereupon speedily repair or reconstruct the damaged portion of such Townhouse substantially in accordance with the plans and specifications therefor, or as the Architectural Control Committee may otherwise approve. Such repairs or reconstruction shall be commenced within thirty (30) days after the casualty causing the damage or destruction and shall be pursued diligently until the Townhouse is repaired or rebuilt in as good a condition as prior to such damage or destruction. In the event such Owner fails or refuses to repair or reconstruct the damaged portion of such Townhouse as set forth herein, the Association is hereby authorized to undertake to rebuild or repair the Townhouse

and assess said Owner for the cost of such repair or replacement, plus interest thereon at the maximum non-usurious rate of interest per annum until paid. Such assessment shall become the personal obligation of said Owner and a lien against such Owner's Lot, and shall be enforceable as if it were an annual assessment as herein provided. Each Owner shall be responsible for the reconstruction, repair and replacement of all personal and other property in or a part of such Owner's Townhouse. Each Owner shall be responsible for any costs not otherwise covered by insurance carried by the Association and caused by such Owner's negligence or misuse or by the negligence or misuse of his immediate family, invitees or his agents or employees in the course of their duties, and, to the extent not covered by insurance proceeds collected by the Association, each Owner, by virtue of acceptance or ownership of a Lot, indemnifies the Association and all other Owners against any such costs.

In the event of damage or destruction by fire or other casualty to any property covered by insurance written in the name of the Association (including insurance on individual Townhouses as provided above), the Board shall, upon receipt of the insurance proceeds contract to rebuild or repair such damaged or destroyed portions of the property to as good condition as formerly. All such insurance proceeds shall be deposited in a bank or other financial institution, the accounts of which bank or institution are insured by a Federal governmental agency, with the provision agreed to by said bank or institution that such funds may be withdrawn only by signature of at least one-third (1/3) of the members of the Board, or by an agent duly authorized by the Board. The Board may negotiate with any contractor, who shall be required to provide a full performance and payment bond for the repair, reconstruction or rebuilding of such destroyed building or buildings. In the event the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding to the same condition as formerly, the Board shall levy a special assessment against all Owners of the damaged Townhouses in such proportions as the Board deems fair and equitable in the light of the damage sustained by such Townhouses to make up any deficiency, except that the special assessment shall be levied against all Townhouse Owners, as provided herein, to make up any deficiency for repair or rebuilding of the Common Area not a physical part of a Townhouse unit. In the event that such insurance proceeds exceed the cost of repair and reconstruction, such excess shall be paid over the respective mortgagees and Owners of the damaged Townhouses in such proportions as the Board deems fair and equitable in the light of the damage sustained by such Townhouses.

ARTICLE VII

ARCHITECTURAL CONTROL

Section 1. Function of Architectural Control Committee. No building, fence, wall or other structure or improvement shall be commenced, erected or maintained upon any Lot, or upon the patio or garage used in connection with any Lot, after the purchase of any Lot from Declarant, its successors or assigns, nor shall any exterior addition to or change or alteration thereof be made until the plans and specifications showing the nature, color, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing by an Architectural Control Committee.

Section 2. Designation of Committee. An Architectural Control Committee, which shall consist of three (3) members who shall be natural persons, shall be appointed by the Board and any and all members of such Committee may be removed by the Board of Directors without cause. The Committee shall consist of Henry Broesche, David Orlando, and Gary Romer, or such other persons as the Board shall appoint from time to time. Such Committee shall act by majority vote of the members thereof.

Section 3. Content of Plans and Specifications. The plans and specifications to be so submitted and approved shall include the following:

- a. A plot plan showing the location of all improvements, structures, walks, driveways, fences and lot corners and the corners of proposed improvements. Lot drainage provisions shall be indicated as well as cut and fill details if any appreciable change in the lot contours is contemplated;
- b. Exterior elevations;
- c. Exterior materials, colors, textures and shapes;
- d. Structural design;
- e. Landscaping plan, including walkways, fences and walls, elevation changes, sprinkler systems, vegetation and ground cover;
- f. Parking area and driveway plan;
- g. Any screen, including size, location and method;

h. Any exterior illumination, including location and method;

i. Fire protection system, if required;

j. Mailboxes, if any; and

k. Any additional plans, specifications, or other information requested by the Committee.

Section 4. Basis of Approval. Approval of plans and specifications shall be based, among other things, on adequacy of site dimensions, structural design, conformity and harmony of external design, materials, and location with neighboring structures and sites, relation of finished grades and elevations to neighboring sites, quality of workmanship and materials, and conformity to both the specific and general intent of these Restrictions.

Section 5. Variances. In case of special size or shape of site or condition of terrain or change of circumstances arising from either advances in technology or other unforeseen developments resulting in the need for such action in order to accomplish the original purposes of these Restrictions. The Committee may, in its discretion, permit such variances or exceptions as it deems necessary or desirable.

Section 6. Failure of the Committee to Act. The Committee shall approve or disapprove such plans and specifications or reject them as being inadequate within thirty (30) days after receipt thereof. If plans and specifications are not sufficiently complete or are otherwise inadequate, the Committee may reject them as being inadequate or may approve or disapprove part, conditionally or unconditionally, and reject the balance.

Section 7. Limitation of Liability. Neither the Declarant, the Committee nor any of the members of such Committee shall be liable in damages or otherwise to anyone submitting plans and specifications for approval or to any Owner by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or to disapprove any plans and specifications.

ARTICLE VIII

EXTERIOR MAINTENANCE

Section 1. Definition. In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows:

paint, repair, replacement and care of all private streets and walkways, roofs, gutters, down-spouts, exterior building surfaces, fences, walks, trees, shrubs, grass, walks and other like exterior improvements. Such exterior maintenance shall not include glass surfaces, window and door fixtures and hardware, weather stripping, air conditioning equipment, owner landscaping, and enclosed patio areas. The Association expressly agrees that it shall maintain and provide insurance covering any retaining walls. Moreover the Association agrees that it shall maintain any of the landscaping within the Common Area and all facilities located within the Common Area.

Section 2. Owner's Maintenance. The Owner shall maintain and keep in repair the enclosed or patio areas and the following equipment and lines located outside the Townhouse: air conditioning compressor condenser, including pipes and electrical lines connecting same to the Townhouse, sanitary sewer line connecting the residence to the sanitary sewer, electric, natural gas, and/or telephone service lines located on the Lot but not maintained by the gas and/or telephone companies; provided, however, that any lines, pipes, wires, conduits or systems running through a Townhouse which serve one or more Townhouses and which are not maintained by any utility company, shall be operated, repaired and maintained by the Association, and shall not be distributed or relocated by an Owner without the written consent and approval of Declarant or the Board. An Owner shall do no act nor any work that will impair the structural soundness or integrity of any Townhouse or impair any easement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other Townhouses or their Owners.

Section 3. Neglect of Owner. In the event that the necessity of maintenance or repair is caused by a negligent act of the Owner, his family, or guests, invitees, employees or agents, the cost of such maintenance or repair shall be added to and become a part of the assessment of the offending Owner to which such Lot is subject.

Section 4. Authority of Association. In the event an Owner is responsible for certain exterior maintenance, including enclosed patios, as set forth in the rules and regulations of the Association and such Owner shall fail to maintain the premises and improvements situated thereon in a manner satisfactory to the Board, the Association shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain and restore the Lot and any improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject.

ARTICLE IX

PARTY WALLS

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

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

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

Section 4. Right to Contribution Runs with Land. The right of contribution referred to under this Article shall be a burden upon and appurtenant to the Property and shall pass to such Lot Owner's successors in title.

Section 5. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all three arbitrators. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefor, the Board shall select an arbitrator for the refusing party or parties.

ARTICLE X

USE RESTRICTIONS

Section 1. Residential Use. Except for Common Area facilities, the Property is hereby restricted to residential dwellings for residential use only. Only one family may reside in each Townhouse. Except as provided herein, the Common Area shall not be used for any commercial purposes. All buildings or structures erected upon said Property, except for the Common Areas shall be of on-site construction and no buildings or structures shall be moved from other locations onto said Property and no subsequent buildings or structures other than Townhouses shall be constructed. No structures of a temporary character, including trailers, motor vehicles, tents, shacks, or other out-buildings may be used on any portion of said Property at any time as a residence, either temporarily or permanently.

Section 2. Freehold Estate. Each Lot shall be conveyed as a separately designated and legally described freehold estate subject to the terms, conditions and provisions hereof.

Section 3. Use by Declarant. Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for Declarant or the builder of said Townhouses to maintain, during the period of construction and sale of said Townhouses, upon such portion of the Property as Declarant deems necessary, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction and sale of said Townhouses, including, but without limitation, a Business office, storage area, construction yards, model units and sales office.

Section 4. Animals. No animals, livestock or poultry of any kind shall be raised, bred, or kept on any of said Lots, except that a total of two (2) dogs, cats or other common household pets may be kept, provided that they are not kept, bred or maintained for any commercial purposes.

Section 5. Signs. No advertising signs (except not more than one (1) five square foot "for rent" or "for sale" signs per Lot), billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on said Property, nor shall said Property be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Townhouse or any resident thereof. Declarant, however, shall have the sole right to place identifying signs of any size at each entrance to the Property. The Board reserves the right to approve the design and wording of all signs, and reserves the right to enter in and upon any Lot for the purpose of removing any sign being maintained

thereon which has not been approved and shall not be liable to any person or persons for any damages of whatever nature in doing so in a reasonable manner. No business activities of any kind whatsoever, whether part time or full time, shall be conducted in any Townhouse or in any portion of said Property; provided, however, the foregoing covenants shall not apply to the business activities, signs, and billboards, or the construction and maintenance of buildings, if any, of Declarant, its agents and assigns during the construction and sale period, or of the Association as incorporated or to be incorporated under the laws of the State of Texas, its successors and assigns, in furtherance of its powers and purposes as herein set forth, and further provided that an Owner may use his Townhouse for professional or other home occupations so long as there is no external evidence thereof (such as consultation in person with clients or customers at the Townhouse).

Section 6. Garbage. All rubbish, trash, and garbage shall be kept in clean and sanitary containers within the areas provided with each Townhouse and designated by the Association for collection purposes. Other than on the day of trash pick-up, no trash cans or garbage cans shall at any time be permitted to remain on the street or where same can be seen from the street. No Lot shall be used or maintained as a dumping ground for trash.

Section 7. Landscaping. No planting or gardening shall be done, and no fences, hedges or walls shall be erected or maintained upon said Property except such as are installed in accordance with the initial construction of the buildings located thereon or as approved by the Architectural Control Committee. Except for the right of ingress and egress, the Owners of the Lots are hereby prohibited and restricted from using any of said Property outside their respective Lots, except as herein provided or as may be allowed by the Board. It is expressly acknowledged and agreed by all parties concerned that this paragraph is for the mutual benefit of all Owners of Lots in the Property and is necessary for the protection of said Owners.

Section 8. Antennas. Without prior written approval of the Board, no exterior television or radio antennas or satellite dishes of any sort shall be placed, allowed or maintained upon any portion of the Property, other than an aerial for a master antenna system for the Property, should any such master system or systems be utilized by the Association and require any such exterior antenna.

Section 9. Storage of Vehicles. No outdoor parking space on the Property shall, without written permission of the Association, be used for storage of campers, boats, trailers, unused or inoperable automobiles or any other items which the Association deems unsightly or inappropriate, and all outdoor parking spaces

shall be used by Owners subject to the rules and regulations of the Association.

Section 10. Nuisance. No noxious or offensive activity shall be carried on upon any Lot or the Common Area, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the other Owners. No repair work, dismantling or assembling of motor vehicles or any other machinery or equipment shall be permitted in any street, driveway or yard adjacent to a street, or in the Common Area. No vehicle shall be parked on streets or driveways except for the reasonable needs of emergency, construction, or service vehicles for a time limited to as briefly as possible. For a period not to exceed forty-eight (48) hours, family, guests and invitees of Owners of Lots may park their vehicles in the guest parking areas. Guest parking areas are not intended for use by the Owners of Lots for parking or storing boats, trailers, camping units, or any personal vehicles and the Architectural Control Committee may insure the proper use of said areas in such legal manner as it deems necessary.

Section 11. No Further Subdivision. No Lot shall be further subdivided and separated into smaller lots, and no portion less than all of any Lot shall be transferred or conveyed.

Section 12. Leasing. Townhouses may be leased solely for residential purposes and only for periods in excess of thirty (30) days. Every lease shall provide that the tenant shall be bound by and subject to this Declaration. The Owner making such lease shall not be relieved from any of such obligations.

ARTICLE XI

EASEMENTS

Section 1. Minor Encroachments. Each Townhouse and the Property included in the Common Area shall be subject to an easement for minor encroachments created by construction, settling, overhangs, brick ledges, balconies, fences or other protrusions designed or constructed by Declarant and for the maintenance (if any) of same, so long as it stands, and shall and does exist. In the event any Townhouse is partially or totally destroyed and then rebuilt, the Owners of the Townhouse so affected agree that minor encroachments onto parts of the adjacent Townhouse Lots or Common Areas due to construction or repairs shall be permitted and that a valid easement for such encroachment and the maintenance thereof shall exist.

Section 2. Blanket Easement. There is hereby created a blanket easement upon, across, over and under the Property for ingress, egress, installation, examination, replacing, repairing

and maintaining all utilities serving the Property, including but not limited to water, sewer, gas, telephone and electrical, and a master/cable television antenna system. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment on said Property and to affix and maintain electrical, cable and/or telephone wires, circuits and conduits on, above, across and under the roofs and exterior walls of said Townhouses. An easement is, in addition, specifically granted to the United States Post Office Services, its agents and employees to enter upon the Common Area and Lots in the performance of mail delivery or any other United States Post Office services. An easement is further granted to all police, fire protection, ambulance and all similar persons to enter upon the Common Area and Lots in the performance of their duties. Further, an easement is hereby granted to the Association, its officers, agents, employees, and to any management company duly selected by the Association, to enter in or to cross over the Common Area and/or any Townhouse to perform the duties of maintenance and repair of the Townhouse or Common Area provided for herein. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on said Property except as initially planned, programmed and approved by the Declarant owning the portion of said Property affected by said utility installation or location unless thereafter approved by said Declarant or the Board. Should any utility furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, Declarant or the Board shall have the right to grant such easement on the portion of said Property owned by it without conflicting with the terms hereof. The easements provided for in this Article XI shall in no way affect any other recorded easement on said premises.

Section 3. Underground Electrical Service. An underground electronic distribution system will be installed in that part of Camino Park Subdivision, designated as Underground Residential Subdivision, which underground service area embraces all of the Lots. This electrical distribution system shall consist of overhead primary feeder circuits constructed on wood or steel poles, single or three phase, as well as underground primary and secondary circuits, pad mounted or other types of transformers, junction boxes, and such other appurtenances as shall be necessary to make underground service available. In the event that there are constructed within the Underground Residential Subdivision structures containing multiple dwelling units such as townhouses, duplexes or apartments, then the underground service area embraces all of the dwelling units involved. The Owner of each Lot shall, at his or its own cost, furnish, install, own and maintain (all in accordance with the requirements of local governing authorities and the National Electrical Code) the underground service cable and

appurtenances from the point of electric company's metering at the structure to the point of attachment at such company's installed transformers or energized secondary junction boxes, such point of attachment to be made available by the electric company at a point designated by such company at the property line of each Lot. The electric company furnishing service shall make the necessary connections at said point of attachment and at the meter. Declarant has either by designation on the plat of the Property or by separate instrument granted necessary easements to the electric company providing for the installation, maintenance and operation of its electric distribution system and has also granted to the various Owners reciprocal easements providing for access to the area occupied by and centered on the service wires of the various Owner's owned, and installed service wires. In addition, the Owner of each Lot containing a single dwelling unit shall, at his or its own cost, furnish, install, own and maintain a meter loop (in accordance with the then current Standards and Specifications of the electric company furnishing service) for the location and installation of the meter of such electric company for each dwelling unit involved. For so long as underground service is maintained in the Underground Residential Subdivision, the electric service to each dwelling unit therein shall be underground, uniform in character and exclusively of the type known as single phase, 120/240 volt, three wire, 60 cycle, alternating current. Easements for the underground service may be crossed by driveways, walkways, and patio areas, provided the Declarant or builder makes prior arrangements with the utility company furnishing such service. Such easements for the underground service shall be kept clear of all buildings and neither Declarant nor the utility company using the easement shall be liable for any damage done by either of them or their assigns, their agents, employees or servants to shrubbery, trees, flowers, driveways, walkways or other improvements of the Owner located on the Property covered by said easements. The Association will repair damages to driveways and walkways caused by the utility company in connection with its use of the easement.

ARTICLE XII

GENERAL PROVISIONS

Section 1. Enforcement. The Association or any Owner shall have the right to enforce, by and proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, or abate, prevent or enjoin any violation or attempted violation hereof, or recover monetary damages caused by such violation or attempted violation. Failure or delay by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Duration. The covenants and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors, and assigns for a term of twenty (20) years from the date of this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless at the end of the original term or any extension thereof, a document signed by Owners of not less than ninety percent (90%) of the Lots evidencing their desire not to extend is properly recorded in the Real Property Records of Harris County, Texas.

Section 4. Amendment. Declarant reserves, and shall have the continuing right until the Election Date, without the joinder of any Owner, or any other person or entity to amend these Restrictions for the purpose of clarifying or resolving any ambiguities or conflicts herein, or correcting any inadvertent misstatements, errors or admissions herein, or to meet any requirements specified by the Veterans Administration, the Federal Housing Administration, the Federal National Mortgage Association, or any other similar secured or guaranteed mortgage agency or authority with an interest in any loan relating to any Lot within the Property.

These Restrictions may also be amended as follows:

(1) So long as Declarant is a Class B Member of the Association, then the Declarant may amend this document without the approval of any additional Owners or lienholders; or

(2) By an instrument signed by Owners of not less than seventy-five percent (75%) of the Lots within the Property.

Any amendment must be properly recorded in the Real Property Records of Harris County, Texas. All first lienholders shall be given written notice of (i) any proposed termination of these Restrictions, or (ii) any amendment of these Restrictions, or (iii) any proposed election not to extend these Restrictions as herein provided, or (iv) any amendments which would allow the Members to alienate the Common Area without the consent of all the lienholders, or (v) any amendment to change the ratio of assessments against the Owners as herein provided.

Section 5. Lienholders. Anything to the contrary contained herein notwithstanding, all Lienholders all have the right to (a) inspect the books and records of the Association during normal working hours, and (b) receive notice of abandonment or termination of the Association. Approval of Lienholders shall be in accordance with the By-Laws of the Association.

Section 6. Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 7. Extension Beyond Building Lines. In the original construction of Townhouses upon the Property, Declarant expressly reserves the right, in order to facilitate construction and to avoid monotony of design, to extend front, back, or side walls of buildings across building lines, as reflected on the recorded plat, and Declarant reserves the right to convey in fee simple such areas to the Owner of any Townhouse which extends beyond said building lines.

Section 8. Notice of Condemnation or Eminent Domain. If all or any part of the Common Area or a Townhouse is taken or threatened to be taken by eminent domain or by power in the nature of eminent domain (whether permanent or temporary), the Association shall be entitled to participate in proceedings incident to its interest at its expense. The Association shall give timely written notice of the existence of such proceedings to all first mortgagees known to the Association to have an interest in any affected Townhouse. The expense of participation in such proceedings by the Association shall be paid out of the maintenance assessments. The Association is specifically authorized to obtain and pay for such assistance from attorneys, appraisers, architects, engineers, expert witnesses and other persons as the Association in its discretion deems necessary or advisable to aid or advise it in matters relating to such proceedings. All damages or awards for any such taking shall be deposited with the Association. In no event shall the Association make any pro-rata disbursements to any Owners of such award, without the prior written consent of the first mortgagees. The Association, in addition to the general powers set out herein, shall have the sole authority to determine whether to defend or resist any such proceeding, to make any settlement with respect thereto; or to convey such Common Area to the condemning authority in lieu of such condemnation proceeding. With respect to any such taking, all damages and awards shall be determined for such taking as a whole and not for each Owner's interest therein. The Association, if it deems advisable, may call a meeting of the Owners, at which meeting the Owners, by a majority

vote, shall decide whether to replace or restore as far as possible the Common Area so taken or damaged.

Section 9. Rules and Regulations. The rules and regulations with respect to the day-to-day maintenance, operation and enjoyment of the Property may be amended from time to time by the Board or seventy-five percent (75%) of the voting Members. The rules and regulations are of equal dignity with, and shall be enforceable in the same manner as, the provisions of this Declaration, but in the event of a conflict, this Declaration shall control. Each Owner, by accepting conveyance or ownership of a Lot, agrees to comply with and abide by the rules and regulations, as the same may be amended from time to time.

Section 10. Result of Conflicting Regulations. These Restrictions shall not permit any action or thing prohibited by the applicable zoning laws, or the laws, rules or regulations of any governmental authority, or by specific restrictive covenants of record. In the event of any conflict, the most restrictive provisions of such laws, rules, regulations, restrictive covenants of record, or these Restrictions shall govern and control.

Section 11. Alternative Dispute Resolution Procedure. The parties agree to mediate in good faith to resolve any dispute under this instrument before filing a suit for damages. Following mediation, all unresolved issues shall be resolved by binding arbitration. Absent an agreement to use other rules, the arbitration will be controlled by the American Arbitration Association's Commercial Arbitration Rules.

Section 12. Attorneys' Fees. Any party subject to this instrument who is the prevailing party in any proceeding, whether it is in negotiation, mediation, arbitration or litigation, against any other party brought under or in connection with this instrument or the subject matter hereof, shall be additionally entitled to recover all costs and reasonable attorneys' fees, and all other related expenses, including deposition costs, arbitrator and mediator fees, travel and expert witness fees from the non-prevailing party.

Section 13. Binding Effect. This instrument shall be binding upon and inure to the benefit of the Declarant, the Association, any Owner or any tenant, invitee, or guest of any Owner and their respective heirs, executors, representatives, successors and assigns where permitted by this instrument.

Section 14. Choice of Law. This instrument shall be subject to and governed by the laws of the State of Texas, excluding any conflicts-of-law rule or principle that might refer the construction or interpretation of this instrument to the laws of

another state. Each party hereby submits to the jurisdiction of the state and federal courts in the State of Texas and to venue in Harris County, Texas.

Section 15. Notices. Any notice or communication required or permitted hereunder shall be deemed to be delivered, whether actually received or not, when deposited in the United States mail, postage fully prepaid, registered or certified mail, and addressed to the intended recipient at the last known address according to the records of the party delivering the notice. Notice given in any other manner shall be effective only if and when received by the addressee. Any address for notice may be changed by written notice delivered as provided herein.

Section 16. Time. Time is of the essence. Unless otherwise specified, all references to "days" shall mean and refer to calendar days. Business days shall exclude all Saturdays, Sundays, and Texas legal banking holidays. In the event the date for performance of any obligation hereunder shall fall on a Saturday, Sunday or Texas legal banking holiday, then that obligation shall be performable on the next following regular business day.

Executed this 10th day of March, 1992.

DECLARANT:

BTH, INC.

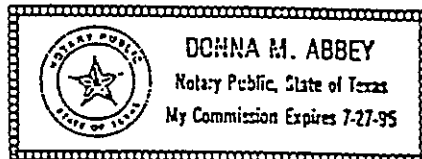
By: Henry F. Broesche
Name: HENRY F. BROESCHE
Title: PRESIDENT

STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 10th day of March, 1993, by Henry F. Broesche, President of BTH, INC., a Texas corporation, on behalf of said corporation.

Donna M. Abbey
Notary Public in and for the State of Texas

Return to:
~~Julie R. Caggiano~~
~~Hughes, Watters & Askanase, L.L.P.~~
~~1415 Louisiana, Suite 3700~~
~~Houston, Texas 77002~~



RETURN TO:
TITLE AGENCY OF HOUSTON, INC.
9176 5251 WESTHEIMER, SUITE 200
HOUSTON, TX 77056
ATTN: KIRSTEN KREYBIG