DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF PARK LAKE TOWNHOMES, PHASE II

This Declaration of Covenants, Conditions and Restrictions (the "Declaration") is made on the date hereinafter set forth by **HOUSTON PARK LAKE ASSOCIATES LIMITED**, a Texas Limited Partnership, hereinafter referred to as "Declarant".

RECITALS

A. Declarant has filed a subdivision map or plat called Park Lake Condominiums, Phase II, a subdivision of 4.0867 acres (178,017 square feet) in the Office of the County Clerk of Fort Bend County, Texas, under Clerk's File No. 2003137415, and on Slide No. 2535A of the Map Records of Fort Bend County, Texas, which shall herein be referred to as the "Property" or the "Plat."

B. Although the Plat is entitled "Park Lake Condominiums, Phase II," no condominium regime has been established on the Property. The Plat is actually a replat of Park Lake Reserve and a partial replat of Replat of 5.9537 Acre Tract out of the Park Lake Condominium Fourplex. The Property was replatted in order to create thirty nine (39) single family residential lots for the construction of townhome units. Therefore, notwithstanding references to a condominium on the Plat, no Condominium Declaration has been filed or will be filed with respect to the Property. The owners of the lots on the Plat shall own the lots in fee simple.

C. Declarant now desires to provide for the preservation of the values and amenities on the Property and for the establishment and maintenance of a common area for ingress and egress across the Property, and further desires to subject such Property to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of the Property and for the benefit of each owner of a Lot on the Property.

D. Declarant desires to create and carry out a uniform plan for the improvement, development and sale of the Lots on the Property for the benefit of future owners of a Lot on the Property.

NOW, THEREFORE, Declarant hereby declares that (i) the Property, the Lots and the improvements located thereon shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value, desirability and attractiveness of the Property, and which shall run with the Property and be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, legal representatives, successors and assigns, and shall inure to the benefit of each Owner thereof; and (ii) that each deed or other instrument which may hereafter be executed conveying all or any part of the Property shall conclusively be held to have been executed, delivered and accepted subject to the following covenants, conditions, restrictions, easements, charges and

liens regardless of whether or not the same are set out or referred to in said deed or other instrument, all of which are for the benefit of the Property and for the benefit of each Owner.

ARTICLE I. DEFINITIONS

1.1 "Architectural Control Committee" shall mean and refer to the committee created as described in Section 6.1 of this Declaration.

1.2 "Association" shall mean and refer to the Park Lake II Townhomes Association, Inc., a Texas nonprofit corporation, its successors and assigns.

1.3 "Board" shall mean the Board of Directors of the Association.

1.4 "Bylaws" shall mean the Bylaws of the Association.

1.5 "Common Area" shall mean the Property SAVE AND EXCEPT the thirty-nine (39) Lots which are described in Section 1.8 below. In this Declaration, there is created an easement of enjoyment in and to the Common Area for ingress and egress for each Owner as more fully described herein, which Common Area shall be maintained by the Association.

1.6 "Declarant" shall mean Houston Park Lake Associates Limited, a Texas Limited Partnership, its successors, legal representatives and assigns, if such successors, legal representatives or assigns should acquire the Declarant's rights hereunder by an assignment for such purpose.

1.7 "Declaration" shall mean this instrument as it may be amended from time to time.

1.8 "Lot" or "Lots" shall mean and refer to the thirty nine (39) Lots which are shown on the Plat of the Property, which was recorded on September 30, 2003 on Slide No. 2535A of the Map Records of Fort Bend County, Texas, and under Clerk's File No. 2003137415 of the Official Public Records of Fort Bend County, Texas.

1.9 "Member" or "Members" shall mean any person(s), entity or entities which own a Lot subject to the provisions of this Declaration. Each owner of a Lot, whether one or more persons or entities, shall, upon and by virtue of becoming an owner of a Lot, automatically become and remain a member of the Association until his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership in the Association shall be appurtenant to and shall automatically follow ownership of a Lot subject to these Restrictions and may not be separated from such ownership.

1.10 "Owner" shall mean and refer to the record title owner, whether one or more persons are entitled, of fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. However, the term "Owner" shall include any mortgagee or lienholder who

acquires fee simple title to any Lot which is part of the Property, through judicial or nonjudicial foreclosure.

1.11 "Plat" shall mean and refer to the plat of the subdivision entitled "Park Lake Condominiums, Phase II" (although the real property described therein is and shall not be subject to a condominium regime), which was recorded on September 30, 2003 under Clerk's File No. 2003137415 of the Official Public Records in the Office of the County Clerk of Fort Bend County, Texas, and on Slide No. 2535A of the Map Records of Fort Bend County, Texas.

1.12 "Property" or "Properties" shall mean and refer to the 4.0867 acre (178,017 square feet) tract of land being described on the Plat.

1.13 "Townhome" shall mean a single family residence unit located on a single Lot, of which the Owner holds fee simple title. "Townhomes" shall mean more than one Townhome.

ARTICLE II. PURPOSE

The Property is hereby encumbered by the covenants, conditions, and restrictions herein set forth to insure the best and highest use of each Lot within the Property for residential purposes; to protect the Owners of Lots against the improper use of surrounding Lots; to preserve, so far as practicable, the value of the Property; to guard against the erection of structures of improper or unsuitable materials; to prevent haphazard and inharmonious improvement of the Lots; to secure and maintain the proper use of easements within the Property; and, in general, to provide for a high quality use of the Property to enhance the value of the investment made by Owners in purchasing Lots within the Property and the improvements located thereon.

ARTICLE III. PARK LAKE TOWNHOMES ASSOCIATION, INC.

3.1 Organization. Declarant has formed the Park Lake II Townhomes Association, Inc., a community association which was organized and formed as a non-profit corporation under the laws of the State of Texas, for the purpose of maintaining, preserving and promoting the recreation, property values and general welfare of the Park Lake Townhomes, Phase II, as described on the Plat.

3.2 Membership. Every Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

3.3 Membership Classes and Voting. The Association shall have two classes of voting membership:

(a) Class A: Class A members shall be all Owners with the exception of the Class B Members and shall be entitled to one vote for each Lot for which they are the Owner. When more than one person holds an interest in any Lot, the vote for such Lot shall be exercised as they among themselves determine and they shall advise the Secretary of the Association who

will vote prior to any meeting. In no event shall more than one vote be cast with respect to any one Lot. An Owner of a Lot which is leased may assign in writing the voting right appurtenant to such Lot to the lessee thereof, and said lessee shall be entitled to exercise said voting right upon furnishing the Secretary of the Association with a copy of such written assignment. Such written assignment may be revoked by the Owner upon written notice from the Owner to the Secretary of the Association.

(b) Class B: Class B Members shall be the Declarant, any builder constructing a Townhome on a Lot (including, without limitation, Sienna Homes, LLC) and any successors or assigns to Declarant. Class B Members shall be entitled to three (3) votes for each Lot that the Class B Member owns.

The Class B membership shall continue to exist on a Lot until the conveyance of thirty (30) of the Lots to a person or entity other than Declarant or a builder constructing a Townhome on a Lot. When thirty (30) of the Lots have been conveyed to a person or entity other than a Class B Member, all Class B Membership shall cease and convert to Class A Membership. Upon and after the initial conveyance of a Lot to a person or entity other than a Class B Member, the Owner of the Lot shall be a Class "A" Member of the Association.

Any remaining Class "B" membership shall cease and be converted to Class A membership on December 31, 2008.

ARTICLE IV. PROPERTY RIGHTS

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

(a) The right of the Association to suspend the voting rights of an Owner (i) for any period during which any assessment against an Owner's Lot remains unpaid; and (ii) for a period not to exceed ninety (90) days for any infraction of the Association's published rules and regulations;

(b) The right of the Association to charge reasonable admission, rental or other fees for the use of the Common Area or any portion thereof;

(c) The right of the Association to permit non-owners to use the Common Area on terms acceptable to the Board, and to limit the number of guests of an Owner who may use Common Area recreational facilities;

(d) The right of the Association, subject to the provisions of the Articles of Incorporation and this Declaration, to borrow money for the purpose of maintaining, operating or constructing improvements on the Common Area;

(e) The right of the Association, with the prior written consent or the affirmative vote (in person or by proxy) of at least two-thirds (2/3) of Owners of Lots (excluding the Declarant) to mortgage, convey, sell, transfer or lease the Common Area; and

(f) The right of the Association to dedicate or transfer all or any part of the Common Area for ingress and egress to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless at least two-thirds (2/3) of Owners of Lots within the Property (excluding the Declarant) shall give their prior written consent or affirmative vote (in person or by proxy) in favor of such dedication or transfer.

4.2 Delegation of Use. Any Owner may delegate, in accordance with this Declaration and the Bylaws, said Owner's rights of enjoyment to the Common Area for ingress and egress to the members of the Owner's family, tenants, or contract purchasers who reside on the Property. It is expressly provided, however, that any person(s) to whom an Owner may delegate the rights of enjoyment must at all times comply with, and such delegation of the Owner's rights is expressly made subject to, the Declaration, the Bylaws and the Rules and Regulations of the Association.

ARTICLE V. COVENANT FOR MAINTENANCE ASSESSMENTS

5.1 Maintenance Fund. All maintenance charges, repair assessments, insurance charges and utility charges, and all interest, penalties, assessments and other sums and revenues collected by the Association constitute the Maintenance Fund. The Maintenance Fund shall be held, managed, invested and expended by the Board, at its discretion, for the benefit of the members of the Association and pursuant to the general guidelines provided in this Declaration, the Bylaws and Articles of Incorporation of the Association. The Board shall have the authority to expend the Maintenance Fund for landscaping, maintaining, insuring, repairing, replacing, operating and constructing improvements on the Common Area, including, without limitation, the private streets, for payment of all reasonable and necessary expenses in connection with the collection and administration of the Maintenance Fund, for payment of security and for lifeguards, to employ a management company to handle the business affairs of the Association, for payment of all legal, accounting and other expenses incurred in connection with the Association and the Maintenance Fund, and for doing other things necessary or desirable, in the opinion of the Board of Directors, to keep the Common Area neat and in good order and of general benefit to the owners of Lots on the Property made subject to the provisions of these Restrictions. Nothing herein contained shall constitute a representation or warranty by the Association that all of the above items will, in fact, be provided by the Association. The judgment of the Board of Directors of the Association in the expenditure of the Maintenance Fund shall be final and conclusive as long as said judgment is exercised in good faith.

5.2 Covenants for Annual Maintenance Charges and Assessments. Each and every Lot subject to these Restrictions is hereby severally subjected to and impressed with an annual maintenance charge or assessment in an amount to be determined annually by the Board, which annual maintenance charge shall run with the land. Each person who becomes an Owner of a Lot, by accepting a deed to such Lot, whether or not it shall be so expressed in such deed, is

hereby conclusively deemed to covenant and agree, as a covenant running with the land, to pay to the Association, its successors or assigns, each and all of the charges and assessments which are assessed against his Lot and/or assessed against him by virtue of his ownership thereof, as the same shall become due and payable, without demand. The charges and assessments herein provided for shall be a charge and a continuing lien upon each Lot made subject to the provisions of these Restrictions, together with all improvements thereon, as hereinafter more particularly stated. Each charge or assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of the Lot at the time the obligation to pay such assessment accrued, but no member shall be personally liable for the payment of any assessment made or becoming due and payable after his ownership ceases. No member shall be exempt or excused from paying any such charge or assessment by waiver of the use or enjoyment of the Common Area, or any part thereof, or by abandonment of his Lot or his interest therein.

5.3 Basis and Maximum Annual Assessment. The annual maintenance assessment shall be established by the Board based upon the amount of current maintenance costs and expenses of the Association, the amount charged to the Association for utilities on the Common Area, insurance on the Common Area and on the Townhomes as described in Section 11.1 hereof, water charges for the common Area and for the townhomes, ad valorem taxes assessed against the Common Area, and projected costs and expenses to be incurred in the future. Annual assessments and special assessments, repair assessments, and other charges may be billed together to Members of the Association. The annual maintenance assessment for 2006, which shall be payable to the Association in equal monthly installments, prorated to the date of purchase of a Lot, shall be due and payable monthly on the first day of each month after the date of purchase, in an amount not to exceed $137.50 per month for each Lot, through the end of year 2006. The annual maintenance assessment for 2007 and subsequent years, prorated (where applicable) to the date of purchase of a Lot, shall be payable to the Association in equal monthly installments on the 1ST day of each month. For the annual assessment period beginning January 1, 2007, and for each subsequent annual assessment period, the maximum annual assessment may be increased by the Board of Directors, effective January 1 of each year, in conformance with the rise, if any, in the Consumer Price Index (published by the Department of Labor, Washington, D.C.) for the preceding month of July or alternatively, by an amount not to exceed a ten percent (10%) increase over the prior year's annual assessment, whichever is greater, without a vote of the members of the Association. For the annual assessment period beginning January 1, 2007, and for each subsequent annual assessment period, the maximum annual assessment may be increased by more than the ten percent (10%) increase described above, only by approval of a two-thirds (2/3) vote of at least a quorum of the Members of the Association voting (in person or by proxy) at a meeting called for that purpose. The annual maintenance assessment levied against each Lot shall be uniform. Maintenance assessments shall be calculated on an annual basis, but shall be paid in twelve equal monthly installments on the first day of each calendar month beginning on the dates described above.

5.4 Determination of Annual Assessment. The annual maintenance assessment for each year shall be established and calculated based upon the projected expenses of the Association for that year. The annual maintenance assessment for each subsequent year shall be calculated by the Board of Directors by November 30, based upon all projected costs and

expenses for the subsequent year. For the annual assessment period beginning January 1, 2007, and for subsequent annual assessment periods, the annual maintenance assessment for the year in question shall be calculated by November 30 of the preceding year, in the manner described in Section 5.3 above, subject, however, to the limitation on increase for the assessment periods beginning January 1, 2007 as set forth in Section 5.3. Written notice of the figure which the Board of Directors of the Association has set for the annual maintenance assessment for the subsequent annual assessment period shall be sent to every Owner by December 15 of each year. The failure of the Board of Directors to send such written notice of the amount of the Annual Maintenance Assessments shall not affect or delay the obligation of Members of the Association to pay maintenance assessments to the Association.

5.5 Special Assessments. If the Board at any time, or from time to time, determines that the annual maintenance charges assessed for any period are insufficient to provide for the continued operation, expenses, repair, replacement and/or maintenance of the Property, then the Board shall have the authority to levy special assessments ("Special Assessments") as it shall deem necessary to provide for such continued maintenance, operation, expenses, repair and replacement of the Property. Without limiting the generality of the foregoing, such Special Assessments may also be assessed because of casualty or other loss to any part of the Common Area. No Special Assessment shall be effective until the same is approved by a two-thirds (2/3) vote of at least a quorum of the Members of the Association voting (in person or by proxy) at any regular or special meeting of the Members with notice being given of the purpose of the meeting. Any such Special Assessment shall be payable in the manner determined by the Board and the payment thereof may be enforced in the manner herein specified for the payment of the annual maintenance charges.

5.6 Enforcement of Annual Maintenance Assessment. The annual maintenance assessment which is assessed against each Lot shall be due and payable in equal monthly installments in an amount equal to one-twelfth (1/12) of the total annual maintenance charge for a full calendar year. Any monthly maintenance assessment or other amount which is owed to the Association pursuant to this Declaration but not received by the Association by the fifth (5th) day of the month that such amount is due shall be deemed to be delinquent, and, without notice, shall bear interest at the rate of ten percent (10%) per annum from the date originally due until paid. The Board of Directors of the Association shall also have the authority to impose a monthly late charge on any monthly or special maintenance assessment or other amount owed to the Association pursuant to this Declaration which is not paid when due, to cover the increased costs associated with receiving and accounting for such late payment. The monthly late charge, if imposed, shall be in addition to interest.

To secure the payment of the annual and monthly maintenance assessments, Special Assessments levied hereunder and any other sums hereunder (including, without limitation, repair assessments, insurance, utilities, interest, late charges, attorneys' fees or delinquency charges), there is hereby created and fixed a separate, valid and subsisting lien upon and against each Lot and all improvements thereon for the benefit of the Association, and superior title to each Lot is hereby reserved in and to the Association. The collection of such annual maintenance assessment and other sums due hereunder may, in addition to any other applicable method at law or in equity, be enforced by suit for a money judgment and, in the event of such

suit, the expense incurred in collecting such delinquent amounts, including interest, late charges, litigation expenses, court costs and attorney's fees shall be chargeable to and be a personal obligation of the defaulting Owner, which amounts shall also be secured by the lien of the Association. Further, the voting rights and right to use the Common Area of any Owner in default in the payment of the annual or monthly maintenance assessment, Special Assessments or other charge owing hereunder for which the Owner is liable, may be suspended by action of the Board for the period during which such default in payment exists.

Notice of the lien referred to in the preceding paragraph may be, but shall not be required to be, given by the recordation in the Office of the County Clerk of Fort Bend County, Texas, of an affidavit, duly executed and acknowledged by an authorized representative of the Association, setting forth the amount owed, the name of the Owner or Owners of the affected Lot, according to the books and records of the Association, and the legal description of such Lot.

Each person who becomes an Owner of a Lot, by acceptance of a deed to his Lot, hereby expressly recognizes the existence of such lien and hereby vests in the Association the right and power to bring all actions against such Owner or Owners personally for the collection of such unpaid maintenance charge and all other sums due hereunder as a debt, and to enforce the aforesaid lien by all methods available for the enforcement of such debts and liens, including both judicial foreclosure, and non-judicial foreclosure pursuant to Chapter 51 of the Texas Property Code (as same may be amended or revised from time to time hereafter). In addition to and in connection therewith, each person who becomes an Owner of a Lot, by acceptance of the deed to his Lot, expressly grants, bargains, sells and conveys to the President of the Association from time to time serving, as trustee (and to any substitute or successor trustee as hereinafter provided for) such Owner's Lot, and all rights appurtenant thereto, in trust, for the purpose of securing the aforesaid maintenance charge, and all other sums due hereunder remaining unpaid by such Owner from time to time and grants to such trustee on behalf of the Association a power of sale. The trustee herein designated may be changed any time and from time to time by execution of an instrument in writing signed by the President, Vice President or other officer of the Association and filed in the Office of the County Clerk of Fort Bend County, Texas. Each person who becomes an Owner of a Lot, by acceptance of a deed to his Lot, hereby expressly grants to the trustee of the Association, and to any substitute or successor trustee of the Association, a power of sale for the purpose of foreclosing the lien of the Association herein provided because of nonpayment of sums secured by such lien. In the event of the decision by the Board to non-judicially foreclose the lien herein provided because of the nonpayment of sums secured by such lien, then it shall be the duty of the trustee, or his successor, as hereinabove provided, to enforce the lien and to sell such Lot, and all rights appurtenant thereto, in accordance with the provisions of Chapter 51 of the Texas Property Code as same may hereafter be amended. The election by the Association to exercise one or more of the remedies described in this Article V in order to enforce the lien of the Association and to collect amounts owed to the Association shall not be deemed an election of remedies, all such remedies being hereby expressed reserved by the Association and by the trustee, or his successor, acting on its behalf. The exercise by the Association of one remedy to collect the amount owed and to enforce the lien shall not prohibit the Association from exercising other remedies provided in this Article V or under Texas law.

At any foreclosure, judicial or non-judicial, the Association shall be entitled to bid up to the amount of the sum secured by its lien, together with interest, late charges, expenses, costs and attorneys' fees, and to apply as a cash credit against its bid all sums due to the Association covered by the lien foreclosed. From and after any such foreclosure the occupants of such Lot shall be required to pay a reasonable rent for the use of such Lot and such Lot and such occupancy shall constitute a tenancy-at-sufferance, and the purchaser at such foreclosure sale shall be entitled to the appointment of a receiver to collect such rents. At any time, the purchaser at such foreclosure sale shall be entitled to demand and recover possession of such Lot by forcible detainer action upon one (1) day written notice to vacate.

5.7 Notice of an Owner's Default. The first mortgagee of a Lot with a recorded lien against a Lot, may be provided written notification from the Association of any default in the performance by any Lot Owner of any obligation under these Restrictions which is not cured within thirty (30) days after the giving of written notice of default to such Lot Owner.

5.8 Notice of Sums Owing. Upon the written request of an Owner, the Association shall provide to such Owner a written statement setting out the then current total of all maintenance charges, Special Assessments, and other sums, if any, owing by such Owner with respect to his Lot. In addition to such Owner, the written statement from the Association so advising the Owner shall also be addressed to and be for the benefit of a prospective lender or purchaser of the Lot, as same may be identified by said Owner to the Association in the written request for such information. The Association shall be entitled to charge the Owner a reasonable fee for such statement.

5.9 Foreclosure. In the event of a foreclosure of a mortgage by the mortgagee, or of the assessment lien provided for herein against a Lot by the trustee for the Association, the purchaser at the foreclosure sale shall not be responsible for maintenance charges, Special Assessments, or other sums, if any, which accrued and were payable to the Association by the former owner prior to the date of foreclosure of the Lot, but said purchaser and its successors shall be responsible for maintenance charges, Special Assessments, and all other sums, if any, becoming due and owing to the Association with respect to said Lot after the date of foreclosure, which assessments and other sums shall be prorated for the month and year of the foreclosure.

5.10 Property Exempt from Lien. Notwithstanding anything contained in this Article V to the contrary, the Common Area and following property subject to this Declaration shall be exempt from the assessments, charges and liens created herein:

(a) The Common Area and all Property dedicated and accepted by any local governmental authority and devoted to public use; and

(b) All Lots within the Property owned by Declarant, until December 31, 2007, after which Declarant shall begin paying the applicable assessments for any Lots within the Property still owned by Declarant.

5.11 Subordination of the Lien(s) of the Association to Mortgages. By this Declaration, each Owner has granted to the Association a lien to secure payment of annual and

monthly maintenance charges, Special Assessments, insurance on the Common Area, insurance on individual Townhome units, the cost of utilities, and interest, late charges, attorneys' fees and delinquency charges. The lien securing payment of such amounts shall be subordinate to the lien of any first mortgage granted or created by the Owner of any Lot to secure the payment of monies advanced and used for the purpose of purchasing or refinancing such Lot, and shall also be subordinate to the lien of any first or second mortgage granted or created by the Owner of any Lot for the purpose of improving such Lot. Sale or transfer of any Lot pursuant to the foreclosure of a mortgage or deed of trust, the judicial foreclosure of the lien of the Association or any proceeding in lieu of foreclosure (collectively called the "Foreclosure Proceeding"), shall extinguish the lien of the Association to the extent that it secures payment of amounts owed to the Association which became due prior to such Foreclosure Proceeding. However, all amounts that accrue and are owed to the Association after the Foreclosure Proceeding against a Lot, and which amounts are secured by a lien in favor of the Association pursuant to the provisions of this Declaration, shall again be secured by a new lien in favor of the Association which shall be subordinate to the lien of any first mortgage granted or created by the then Owner of the Lot, as described above.

ARTICLE VI. ARCHITECTURAL CONTROL

6.1 Submission of Plans; Architectural Control Committee. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Property nor shall any exterior addition to or change or alteration to any property be made until the plans and specifications showing the shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures by the Board of Directors of the Association, or by an Architectural Control Committee composed of two (2) or more representatives appointed by the Board of Directors. All architectural control authority granted herein to the Architectural Control Committee for the Association, with respect to the Property, arises solely from this Declaration. In the event the Architectural Control Committee, or if there is no Architectural Control Committee, the Board of Directors fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been received by it, it will be presumed that such plans have been disapproved in their entirety. Notwithstanding the foregoing, the Board of Directors or the Architectural Control Committee, as the case may be, may postpone a decision on plans for up to thirty (30) days upon written notice to the Owner who submitted the plans, if the Board of Directors or the Architectural Control Committee feels, in their sole discretion, that additional information or material is required, or time is needed, in order to make a decision concerning the plans and specifications submitted. The Owner submitting the plans shall immediately comply with the request for additional information or material from the Architectural Control Committee.

6.2 Architectural Control Committee Rules. The Board of Directors or the Architectural Control Committee, as the case may be, shall have the authority to adopt such procedural and substantive rules, not in conflict with this Declaration, as it may deem necessary or appropriate for the performance of its duties hereunder. Such rules shall be distributed to Owners of Lots.

6.3 Conformity. The Board of Directors or the Architectural Control Committee, as the case may be, shall exercise reasonable and prudent judgment to see that the exterior design and location of all improvements, landscaping and alterations on Lots within the Property conform to and harmonize with the surrounding Townhomes and character of the improvements on the Lots.

6.4 Variances. The Board of Directors or the Architectural Control Committee, as the case may be, may grant variances from compliance with any of the provisions of this Declaration, when, in the opinion of the Board or the Committee, in its sole and absolute discretion, such variance will not be adverse to the overall development plan of the Property, and such variance is justified due to unusual circumstances. All variances must be evidenced in writing and must be signed by at least a majority of the members of the Board of Directors or of the Architectural Control Committee, as the case may be. If a variance is granted, no violation on of this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. However, the granting of such variance shall not operate to waive or amend any of the terms and provisions of this Declaration for any purpose except as to the particular Lot and in the particular instance covered by the variance, and such variance shall not be considered to establish a precedent for any future waiver, modification or amendment of the terms and provisions hereof.

6.5 No Waiver of Future Approvals. The approval or consent of the Board of Directors or the Architectural Control Committee, as the case may be, to any plans or specifications shall not be deemed to constitute a waiver of any right to withhold approval or consent as to similar plans and specifications in the future, nor shall such approval or consent be deemed to set a precedent for future approvals.

6.6 Nonliability of Directors or Committee Members. Neither the Board of Directors or the Architectural Control Committee, as the case may be, nor any member thereof, shall be liable to any Owner or to any other person for any loss, damage or injury arising out of the performance of architectural control duties under this Declaration, unless such loss, damage or injury is due to willful misconduct or actual bad faith on the part of such Board member or Committee member.

ARTICLE VII. PARTY WALLS

7.1 General Rules of Law. Each wall which is built as a part of the original construction of the Townhomes upon the Property and placed on the dividing line between the Lots shall constitute a party wall, and to the extent not inconsistent with 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. If a wall which is intended as a party wall is situated on one Townhome Lot instead of on the dividing line between Townhome Lots, due to error in construction, such wall shall nevertheless be deemed to be on the dividing line and shall constitute a party wall for the purposes of this Article.

7.2 Repair and Maintenance. The cost of reasonable repair and maintenance of a Party Wall shall be shared equally by the Owners of the adjoining Townhome unit.

7.3 Destruction by Fire or Other Casualty. If a Party Wall is destroyed by fire or other casualty, then, to the extent such damage is not covered by insurance and repaired out of the proceeds of such insurance, either Owner may restore the Wall; and if the other Owner sharing the Party Wall shall make use of the Wall, said Owner shall contribute one-half (1/2) of the cost of restoration, without prejudice, however, to the right of either Owner to call for a larger contribution from the other under any rule of law regarding liability, for negligence or willful acts or omissions.

7.4 Weatherproofing. Notwithstanding any other provision of this Article, to the extent that such damage is not covered and paid by insurance, an Owner who by his neglect or willful acts or omissions causes the Party Wall to be exposed to the elements shall bear the whole cost of repair and of furnishing the necessary protection against the elements.

7.5 Right of Contribution. The right of any Owner to receive contribution from the other in connection with those matters described in this Article VIII, shall be appurtenant to the land and shall pass to such Owner's successors in title.

ARTICLE VIII. MAINTENANCE AND REPAIR

8.1 Maintenance by the Association. The Association shall reasonably maintain and repair the Common Area and all improvements located thereon. The Association shall provide exterior maintenance and repairs upon each Townhome on a Lot, including maintenance and repairs of the exterior roofs on each Townhome; painting, repairing and replacing exterior building surfaces of a Townhome, including overhangs and balconies; maintaining and repairing gutters and downspouts (if any), and fences (except fences between Lots); maintaining trees, shrubs, grass and walkways on the Common Area adjacent to Townhome units. The Association shall also maintain the water distribution system and sewage disposal system on the Common Area up to the foundation of a Townhome unit. Notwithstanding the foregoing, the Association shall not be required to perform maintenance and repair of the following items associated with a Townhome unit: glass and glass surfaces, enclosed patio areas (if any), windows, doors and hardware fixtures, exterior light fixtures installed on a Townhome unit, air conditioning and heating equipment installed to serve a Townhome unit, utility company meters, circuit breakers, circuit breaker boxes and switch panels, water, sewer, gas and electric power service lines beginning at the point of entry into, under or in the attic area of the Townhome unit, or landscaping installed by an Owner. Additionally, the Association shall own, but shall not be required to maintain or repair, any lines, pipes, wires, conduits or systems which run through a Townhome unit and serve more than one Townhome unit. Such lines, pipes, wire, conduits or systems described in the preceding sentence shall not be disturbed or relocated by an Owner without the written consent and approval of the Declarant or the Association. Furthermore, if any tangible improvement on the Property should be damaged by fire or other casualty which damage is covered by an insurance policy of an Owner or of the Association, then the costs associated with the reconstruction after such fire or other casualty shall be paid for by the proceeds of such insurance, as more particularly described in Article XI hereof.

8.2 Maintenance by the Owner. With respect to an Owner's Townhome unit, each Owner shall perform maintenance and repairs to the interior areas, the framing and the attic area,

including roofing joists, support beams and similar elements of the framework of the Townhome unit, unless such structural items are covered by a third party warranty or the need for repair is the result of the failure of the Association to adequately maintain the exterior roof of the Townhome building. The Owner shall also perform maintenance and repairs to the following: glass and glass surfaces, enclosed patio areas (if any), windows, doors and hardware fixtures, permitted fences between Lots, exterior light fixtures installed on a Townhome unit, air conditioning and heating equipment installed to serve a Townhome unit, water, sewer, gas and electric power service lines, including pipes, wires and conduits, beginning at the point of entry into, under or in the attic area of the Townhome unit, and landscaping installed by an Owner. Additionally, the Owner shall maintain and keep in repair the air conditioning compressor unit which serves the Owner's unit(s), including the coolant pipes and electrical lines connecting the air conditioning compressor unit to the Townhome unit. An Owner shall do no act nor any work which will impair the structural soundness or integrity of the Owner's Townhome unit or of another Townhome unit or impair any easement, or do any act or allow any condition to exist which will adversely affect the other Townhome units or their Owners.

8.3 Neglect by Owner. In the event any Owner fails to maintain, in accordance with the provisions of Section 8.2 above, his Lot and Townhome unit, the Board of Directors, after a majority vote of such Board, shall have the right (but not the obligation), through its agents and employees, to enter upon said Lot and Townhome unit in order to repair, maintain and restore the Lot and/or the Townhome unit and any other improvements erected thereon all at the expense of the Owner of that Lot. Before the Board votes to repair such Lot and Townhome unit, the Owner shall receive written notice of the intended action of the Board and a date and time upon which the Owner may appear before the Board to be heard in order to give the Owner a final opportunity to repair the Tomehome unit and his Lot. The decision of the Board in determining whether to enter upon the Lot and Townhome unit shall only be made after the appointed date and time for the Owner to be heard. In the event the Board votes to enter upon an Owner's Lot and/or Townhome unit to perform maintenance and repairs, and the Association must expend any of its funds to repair, maintain and restore an Owner's Lot and any improvements thereon as described in this paragraph, the costs associated with such repair, maintenance and restoration shall be a charge against the Owner's Lot, and shall constitute a repair assessment against the Owner and the Lot in question. Such repair assessment shall be treated in the same manner as a maintenance assessment as described in Article V hereof. Each Owner grants to the trustee on behalf of the Association a power of sale to enforce the collection of such repair assessment. The provisions of this Declaration as described in Article V hereof concerning maintenance assessments shall apply to the collection of a repair assessment, including, without limitation, the right of non-judicial and/or judicial foreclosure against a unit for nonpayment of a repair assessment, as more particularly described in Section 5.9 hereof.

8.4 Foundation Repairs. Each Owner of a Townhome unit shall be responsible for the cost of repairing the foundation under their Townhome unit. Any Owner who believes that his Townhome unit may be in need of foundation repair shall promptly notify the Board in writing that the foundation of the Owner's Townhome unit may be in need of repair. The Owner shall provide to the Board copies of all inspection and engineering reports concerning foundation repairs. No repairs shall be performed to the foundation of any Townhome unit until a detailed foundation repair plan has been submitted for approval to the Board or, if directed by the Board, to the Architectural Control Committee. The Board and/or the Architectural Control Committee shall have thirty (30) days within which to review the foundation repair plan and to obtain the

opinion of a person knowledgeable in the repair of foundations concerning the effect of the foundation repair on the Owner's Townhome unit and on other Townhome units within the building. The Board and its foundation repair expert may require modifications to the foundation repair plan submitted by the Owner. Each Owner shall pay the entire cost of repairs to the foundation of their Townhome unit, and to the interior of their Townhome unit, including, without limitation, sheetrock cracks, damage to doors or windows, damage to floors, walls, fixtures and plumbing. If only one Townhome unit in a building is affected by foundation problems, then the Owner of such Townhome unit shall be wholly responsible for the cost of such foundation repair, which cost may include, without limitation, engineering fees, geotechnical costs and actual foundation repair costs (collectively called the "Foundation Repair Costs"). If, however, more than one Townhome unit in a building is affected and in need of structural foundation repairs, then all Owners of Townhome units which require structural foundation repairs under and within their Townhome shall pay a pro-rata percentage of the Foundation Repair Costs, based on the number of Townhomes affected and on the foundation work to be performed on each Townhome unit. To the extent that an Owner who is required by this Section to pay a portion of the Foundation Repair Costs fails to tender payment upon written demand, then the Association and the Owners within the building so affected shall have a cause of action against the non-paying Owner and may seek all remedies available in a Court of competent jurisdiction to enforce the payment of the non-paying Owner's share of the Foundation Repair Costs.

ARTICLE IX. GENERAL RESTRICTIONS, COVENANTS AND CONDITIONS

All of the Property shall be owned, held, encumbered, leased, used, occupied and enjoyed by Owners, tenants of Owners, users of the Property and all other persons (except as specifically excluded within this Declaration) subject to the following restrictions, covenants and conditions:

9.1 Residential Use. Each and every Lot shall be used for residential purposes only, and no business or commercial activity of any kind shall be conducted upon any Lot or Townhome in the Property.

9.2 Parking. Parking of motor vehicles on the private streets and in designated parking areas on the Common Area of the Property, as shown on the plat of the Property, shall be regulated by rules promulgated by the Board of Directors of the Association. Motor vehicles of Owners and their tenants shall, if possible, be parked in the garage of each Townhome unit.

9.3 Buildings Permitted. No building shall be erected, altered or permitted to remain on any Lot other than one single-family residential Townhome dwelling. Any replacement dwelling which might be constructed on a Lot shall be of equivalent size and construction material as the existing building on each Lot. No outbuildings or storage sheds shall be permitted on any Lot. No additions to the existing structure of each Townhome on a Lot shall be permitted at any time. All townhome buildings constructed on a Lot shall have three bedrooms. Each three bedroom Townhome to be constructed on a Lot shall contain not less than one thousand seven hundred (1,700) square feet of living area, exclusive of open porches and garages.

9.4 Existing Easements, Restrictions and Setback Lines. The Property is subject to easements, restrictions and building or setback lines as reflected by the Plat of the Property, and is subject to ordinances of the City of Missouri City, Texas.

9.5 Rubbish, Trash and Garbage. All garbage, refuse or waste shall be kept in sanitary containers in accordance with rules and regulations issued by the Board.

9.6 Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot except that household pets may be kept, provided not for any commercial purpose. No more than two (2) household pets may be kept on any Lot. The Board may issue rules and regulations governing household pets and the size of household pets permitted on a Lot.

9.7 Signs. No signs of any character shall be allowed on any Lot except one sign of not more than five (5) square feet advertising the property for sale; provided, however, that the Declarant or any other person or entity engaged in the construction and sale of the Townhome units shall have the right, during the sale period, to construct and maintain such facilities as may reasonably be necessary or convenient for such sales, including, but not limited to, signs, offices, storage areas and model units.

9.8 Antenna. The Declarant acknowledges that the Federal Communications Commission ("FCC") has adopted rules which preempt certain community association restrictions on the installation, maintenance and use of direct broadcast satellite antenna, television broadcast antenna and multipoint distribution service antennas (the "Covered Antennas"). Generally, an antenna shall be deemed to be any device used for the transmission and receipt of video, audio, digital or analog signals, including direct broadcast satellite (DBS) signals, television broadcast signals and multipoint distribution service (MDS). The mast, cabling, supports, guy wires, conduits, wiring, fasteners or other accessories necessary for the proper installation, maintenance and use of an antenna shall be considered part of the antenna. The Board of Directors of the Association shall adopt reasonable restrictions, rules and regulations governing the installation, maintenance and use of Covered Antennas which reasonably benefit the Association and Owners of Lots, and which restrictions are consistent with the FCC's Over the Air Reception Devices (OTARD) Rule. The restrictions, rules and regulations governing Covered Antennas shall address such issues as antenna size and type, installation and placement rules, maintenance requirements, camouflaging, recommendations for mast installation, safety, removal and reasonable requirements for notice to the Association if an antenna is to be installed. The Board of Directors may adopt such other rules and regulations as it deems reasonably necessary for the protection of the Association and its Owners, and in order to be in compliance with state and federal laws and regulations concerning antennas on the Property or on a Lot.

9.9 Leasing. All leases of any Townhome unit on a Lot shall be subject to the terms and provisions of this Declaration. The Owner of a Townhome unit on a Lot shall include in the written lease agreement with the Owner's tenant a provision specifically stating that the lease is subject to this Declaration and to the Articles of Incorporation and Bylaws of the Association. An Owner shall be held responsible for the acts or omissions of its tenant in the

event of a violation of this Declaration, the Bylaws, or the Rules and Regulations of the Association, during such tenancy. If the tenant of an Owner is in violation of this Declaration, the Bylaws or the Rules and Regulations of the Association, which tenant does not cure the violation after reasonable notice by the Association to the Owner, then the Association may require the Owner to bring an action for forcible detainer against the tenant to gain possession of the Townhome unit. The Association shall be entitled to any other remedies against the Owner and the tenant as may be permitted under Texas law. The Owner shall pay all attorneys' fees incurred by the Association as a result of the acts or omissions of the Owner's tenant in violation of this Declaration, the Bylaws and/or the Rules and Regulations of the Association.

9.10 Subdividing. No Lot shall be further divided or subdivided, nor may any easements or other interests less than the whole be conveyed by the Owner thereof without the prior written approval of the Board of Directors of the Association.

9.11 Nuisance. It is further expressly provided that no activity shall be carried on upon any portion of the Property which might be reasonably considered as giving annoyance to Owners or neighbors of ordinary sensibilities or which might be considered to reduce the value or desirability of the Property. No part of any Lot shall be used (i) for the sale, display or storage of junk or used automobiles, (ii) for the sale, display or storage of any other articles in connection with a commercial enterprise, or (iii) for any activity that shall constitute a public or private nuisance. No article deemed to be unsightly by the Board of Directors or the Architectural Control Committee, as the case may be, shall be permitted to remain on any Lot so as to be visible from adjoining Lots or from public or private thoroughfares. Without limiting the generality of the foregoing, no boats, campers, wagons or trailers shall be permitted on any Lot. Motorcycles and garden maintenance equipment shall be kept at all times, except when in actual use, within the garage. No Owner of a Lot shall allow his Townhome building to fall into disrepair, and all buildings shall be kept in a first class condition, consistent in appearance with the other buildings on the Property. No noise shall be permitted to exist or operate upon any Lot which is offensive or detrimental to any other Owner or an occupant.

9.12 Roofing Materials. All roofing materials must be consistent with roofing materials on the Townhome units as originally constructed, except as may be permitted by the Board of Directors or Architectural Control Committee, as the case may be.

9.13 Fences. No fence shall be constructed anywhere on the Property unless the Board of Directors or the Architectural Control Committee, as the case may be, has approved the location, size and design of such fence. Chainlink fences are strictly prohibited. The Board of Directors or the Architectural Control Committee, as the case may be, shall have the express right to refuse to permit the construction of any fence on the Property. If the Board of Directors or the Architectural Control Committee approves of a fence between Lots which are owned by adjoining Owners, the adjoining Owners shall share the cost of installing, repairing and maintaining the fence. The Association, or its duly authorized managing agent, shall at least annually inspect the fences which are on the perimeter of the Property, and make necessary repairs to the fences as may be reasonably necessary. In the year 2020, and every fifteen (15) years thereafter, any wood fence on the perimeter of the Property, shall be replaced. All repairs and replacement of fences which are on the perimeter of the Property, or which are on the

Common Area, shall be paid for from either the annual maintenance charge assessed against each Lot, or from a Special Assessment as provided for in Section 5.5 of the Declaration, as may be determined by the Board of Directors.

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

9.15 Compliance with Provisions of Declaration. Each Owner shall comply strictly with the provisions of the Declaration. Failure to comply with any of the provisions of the Declaration shall constitute a violation of the Declaration, and shall give rise to a cause of action to recover sums due for damages, costs and attorney's fees, and injunctive relief, maintainable by the Board of Directors on behalf of the Association or by an aggrieved Owner.

9.16 Garage Doors. The garage of each Townhome unit shall have a sixteen foot by seven foot (16' x 7') eight panel steel garage door with no windows, in a design and quality similar to the Heritage III garage door manufactured by Amarr Garage Doors. The reference to Amarr Garage Doors is made only for the purpose of describing the general design and quality of the door, and nothing herein shall require the purchase of the brand Amarr Garage Doors instead of a similar brand. The color of garage doors shall be as determined by the Architectural Control Committee. To the extent that there is currently in place a different style or design of garage door on the garage of a Townhome unit within the Property at the time of the recording of this First Amendment, such garage door may remain in place until it is in need of replacement. At that time, the garage door shall be replaced with a garage door similar in style and design to the Heritage III garage door manufactured by Amarr Garage Doors.

ARTICLE X. EASEMENTS

Easements for the installation and maintenance of utilities are reserved as shown and provided for on the Plat or as dedicated by separate instruments. Neither Declarant nor any utility company or authorized political subdivision using the easement referred to herein shall be liable for any damages, done by them or their assigns, agents, employees or servants to fences, shrubbery, trees, flowers, improvements or other property of the Owner situated on the land covered by such easements as a result of construction, maintenance or repair work conducted by such parties or their assigns, agents, employees or servants.

ARTICLE XI. INSURANCE, TAXES AND UTILITIES

11.1 Insurance - General Provisions. The Board of Directors of the Association shall have the authority to obtain insurance for the Property and the Association as follows:

(a) Insurance on the buildings and structures in the Common Area against loss or damage by fire and loss or damage by risks now or hereafter embraced by standard extended coverage policies in use in the State of Texas, in an amount not less than the full insurable replacement cost thereof. The "full insurable replacement cost" shall be determined from time to time but not less often that once in a twenty-four (24) month period by the Board. If necessary, the Board shall have the authority to obtain and pay for an appraisal by a person or organization selected by the Board in making such determination. The cost of any and all appraisals shall be borne by the Association.

(b) Comprehensive public liability and property damage insurance against claims for personal injury or death or property damage suffered by the public or any Owner, the family, agent, employee or invitee of any Owner, occurring in, on or about the Common Area or upon, in or about the private driveways, roadways, walkways and passageways, on or adjoining the Property, which public liability and property damage insurance shall afford protection to such limits as the Association shall deem desirable. Such liability and property damage insurance policy shall contain a cross-liability endorsement wherein the rights of named insureds under the policy or policies shall not prejudice his, her or their action or actions against another named insured.

(c) Insurance on each Owner's Townhome and Lot against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any hazard. All such insurance coverage shall be written in the name of the Association as Trustee for the Townhome Owner. Premiums for insurance obtained by the Board of Directors on individual Townhomes and Lots shall be included in the calculation of the annual maintenance assessments. In the event of damage or destruction by fire or other casualty to any Townhome covered by insurance written in the name of the Association, the Board of Directors shall, with concurrence of the mortgagee, if any, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the Townhome to as good condition as prior to such destruction. All such insurance proceeds shall be deposited in a bank or other financial institution, the accounts of which bank or institutions are insured by a Federal Governmental agency, with the proviso agreed to by said bank or institution that such funds may be withdrawn only by signature of at least fifty-one percent (51%) of the members of the Board of Directors or by an agent duly authorized by the Board of Directors. The Board of Directors shall advertise for bids with any reputable contractors, and then may negotiate with any contractor, who shall be required to provide a full performance and payment bond for the repair, reconstruction or rebuilding of such destroyed building or buildings. In the event the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding to the same condition as before the damage, the Board of Directors may levy a special assessment against the Owner or Owners of the damaged Townhome or Townhomes, as the case may be, in such proportions as the Board of Directors deems fair and equitable in light of the damage sustained by such Townhome or Townhomes to make up any deficiency. In the event that such insurance proceeds exceed the cost of repair and reconstruction, such excess shall be paid over to the respective mortgagees and Owners of the damaged Townhome in such proportions as the Board of Directors deems fair and equitable in light of the damage sustained by such Townhome.

(d) Such worker's compensation insurance as may be necessary to comply with applicable laws, as determined by the Board of Directors of the Association.

(e) Employer's liability insurance in such amount as the Association may deem desirable, as determined by the Board of Directors of the Association.

(f) Fidelity bonds indemnifying the Association, the Board of Directors of the Association and the Owners from loss of funds resulting from fraudulent or dishonest acts of any employee of the Association or of any other person handling the funds of the Association in such an amount as the Board of Directors of the Association may deem desirable.

(g) Such other insurance in such reasonable amounts as the Board of Directors of the Association shall deem desirable.

All insurance provided for in this Section shall be written under valid and enforceable policies issued by insurers of recognized responsibility authorized to do business in the State of Texas. All insurance provided for in this Section may be written on a common policy with the townhome units in the Park Lake Townhomes, Phase I, which are located immediately south of the Property. All policies of insurance of the character described in subsection (c) of this Section 11.1 shall name as insureds the Association and the Owner and shall contain standard mortgage clause endorsements in favor of the mortgagee or mortgagees of each Lot, if any, as their respective interests may appear; shall be without contradiction with regard to any other policies of insurance carried individually by any Owner, whether such insurance covers the Lot, including the improvements made by such Owner on his respective Townhome unit; and shall provide that such policy shall not be terminated for non-payment of premiums or for any other cause without at least thirty (30) days prior written notice to the Association and to the mortgagee of the Townhome insured. If possible, all policies of insurance of the character described in subsection (c) of this Section 11.1 shall contain an endorsement extending coverage to include the payment of maintenance charges during the period of reconstruction of the Townhome(s) damaged.

11.2 Owner's Insurance. Each Owner shall be responsible at his own expense and cost for obtaining his own personal insurance on the contents of his own Townhome, garage and the additions and improvements thereto, including decorations, furnishings and personal property therein, and his personal property on the Property; and for his personal liability not covered by the liability insurance obtained by the Board of Directors for all Owners as a part of the common expense.

11.3 Insurance Assessment. The premiums for all insurance acquired on behalf of the Association or the Owners pursuant to the provisions of Section 11.1 above shall be borne by all Owners as a common expense of the Association and shall be a part of the maintenance assessment provided for in Article V hereof.

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

levied or assessed against or upon the Common Area and the improvements and property located on the Common Area.

11.5 Utilities. Each Owner shall pay directly to the utility company the cost of electricity and any other utilities which are separately metered to the Owner's Lot. The cost of water, sewage disposal and any other utilities not separately metered shall be included as an expense in the annual maintenance assessment of the Association.

11.6 Liability of Officers and Directors. The Association shall indemnify every officer and director against any loss or damage, including a reasonable amount for attorney's fees, litigation expenses and court costs incurred by such officer of director in connection with any action or suit involving a claim against such director or officer arising out of such person having been an officer of director, unless said officer or director is found by a court of competent jurisdiction to have acted in bad faith in the performance or attempted performance of his or her duties. The Association shall maintain adequate officers' and directors' liability insurance to fund this obligation.

ARTICLE XII. GENERAL PROVISIONS

12.1 Enforcement; No Waiver. The Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, the covenants, conditions, restrictions, and liens contained herein and either prevent him or them from violating or attempting to violate any such covenant or to recover damages or other dues for such violations. The Association shall also have the right to charge an Owner for property damage or levy a fine for a violation of this Declaration, the rules and regulations of the Association or the Bylaws of the Association, subject to applicable provisions of the Texas Property Code. The Association or Owner who successfully prosecutes an action in law or in equity against an Owner shall be entitled to recover from the Owner-defendant any and all costs, fees and expenses including attorney's fees, incurred by the Association or Owner in compelling compliance with these Restrictions. Failure of the Association or any Owner to enforce any of the provisions herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Association shall also have the right to enforce, by any proceeding at law or in equity, any other restrictions, conditions, covenants, and liens imposed upon any portion of the Property which by the terms of the instruments creating same, grant the Association the power to enforce same, and failure of the Association to enforce such provisions shall in no event be deemed a waiver of the right to do so thereafter. The provisions of the Texas Property Code, as such provisions may be amended from time to time, shall apply to enforcement actions of the Association.

12.2 Severability. Invalidation of any one of these covenants or restrictions by judgment, court order or other legal ruling shall not affect any other provision herein which shall remain in full force and effect.

12.3 Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of the Association and the Owner of any Lot subject to this Declaration, their respective successors, legal representatives, heirs, and assigns, through August 1, 2030, after which time they shall automatically extend for

successive periods of ten (10) years. This Declaration may be amended by the affirmative vote (in person or by proxy), or by written consent, of Owners representing two-thirds (2/3) of the total number of Lots which are subject to the provisions of these Restrictions. No amendment shall be effective unless and until the proposed amendment has been sent to every Owner at least fifteen (15) days in advance of any action being taken to approve the amendment. Notwithstanding the foregoing provisions in this Section 12.3, the Declarant reserves the right, without the joinder or consent of any Owner, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed of record, for the purpose of correcting any typographical error, ambiguity or inconsistency appearing in this Declaration, as long as such amendment shall be consistent with and in furtherance of the general plan and scheme of development as evidenced by this Declaration, and shall not impair the vested property rights of any Owner or of any mortgagee of an Owner.

12.4 Notices. Any notice required to be given or given for any other reason under this Declaration shall be given in the following manner:

(a) If to an Owner, by United States mail, postage prepaid, by personal delivery, or by overnight courier by a recognized overnight courier service, addressed in the name of the Owner at the address of his Townhome or by delivery in person to the Townhome, or by mail to such other address previously delivered to the Association.

(b) If to the Association, by United States mail, certified or registered mail, return receipt requested, postage prepaid, or by overnight courier by a recognized overnight courier service, addressed to the then President of the Association at his address, to the then designated agent for the Association or to such other address previously given to the members of the Association.

12.5 Private Streets. Those tracts of land being portions of the Common Area which are used as private streets on the Property are hereby perpetually dedicated, established and set aside as a non-exclusive easement for street purposes for the common use, benefit and enjoyment of the Owners and/or occupants of the Lots which form a part of the Property, to serve the Property as streets for access, ingress and egress to and from each Lot and the Common Area to a street dedicated to public use; provided, however, nothing in this Section shall prohibit the Association from dedicating such streets to the City of Missouri City, Texas if Missouri City, Texas will accept and maintain such streets.

12.6 Rules & Regulations. The Declarant and the Board of Directors of the Association is hereby authorized to enact and amend from time to time, rules and regulations to effect the provisions of this Declaration and to assist the Association to exercise its powers and carry out its responsibilities. Any such rules and regulation enacted under this section shall be filed of record in the official records of Fort Bend County, Texas.

12.7 Phase I Recreational Tract. On July 16, 1997, Declarant recorded the Declaration of Covenants, Conditions and Restrictions of the Park Lake Townhomes (the "Phase I Declaration") in the Office of the County Clerk of Fort Bend County, Texas, under Clerk's File No. 9743919, which Declaration was recorded against a 5.9535 acre tract of land, being the

remainder of the Park Lake Condominium Fourplex, as recorded on Slide No. 615A of the Plat Records of Fort Bend County, Texas. On January 15, 1999, a replat of the Park Lake Townhomes, Phase I, was recorded in the Office of the County Clerk of Fort Bend County, Texas, on Slide No. 1815A of the Plat Records of Fort Bend County, Texas, and under Clerk's File No. 99004006. The replat is called the Replat of a 5.9537 acre tract out of the Park Lake Condominium Fourplex (the "Phase I Replat"). Reserve "A" of the Phase I Replat (the "Recreational Tract"), which is located on the west side of the property shown on the Phase I Replat, includes a swimming pool and tennis court. The Recreational Tract, along with certain other Property, was conveyed by Declarant to the Park Lake Townhomes Association, Inc., a Texas non-profit corporation (the Phase I Association"), by Correction Special Warranty Deed recorded on January 21, 2000 in the Official Public Records of Fort Bend County, Texas, under Clerk's File No. 2000005513. The intent of Declarant has been that the Owners of Lots within the Property as shown on the Plat shall be entitled to the use and benefit of the swimming pool and tennis court on the Recreational Tract, to the same extent and degree that the Owners of Lots on the Phase I Property are entitled to use the swimming pool and tennis court. The Phase I Association executes this Declaration to evidence its consent and approval to the use of the swimming pool and tennis court on the Recreational Tract by Owners of Lots on the Property, and to acknowledge that an agreement shall be entered into between the Phase I Association and the Association more specifically defining the rights and responsibilities of the Owners of Lots on the Phase I Tract and the Owners of Lots on the Property with regard to the use of the swimming pool and tennis court, and with regard to other shared expense items between the Phase I Association and the Association. That agreement shall provide, among other things, that the Association shall reimburse the Phase I Association for a proportionate share of the costs and expenses associated with the repair, cleaning, maintenance, utilities, taxes and insurance for the swimming pool and tennis court on the Recreational Tract, and for other shared expense items between the Phase I Association and the Association.

12.8 Dissolution. The Association may be dissolved with the assent in writing and signed by no less than three fourths ($3/4^{THS}$) of each class of Members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

12.9 Lot Owners. This Declaration is executed on behalf of the Declarant, and is also executed by each person who owns a Lot within the Property. By executing this Declaration, the Owners of each of the Lots which is not owned by Declarant indicate their approval and consent to this Declaration, and understand that the terms of this Declaration shall apply to their Lot as though such Declaration had been recorded against their Lot prior to their taking title to their Lot.

IN WITNESS WHEREOF, HOUSTON PARK LAKE ASSOCIATES LIMITED, a Texas Limited Partnership, being the Declarant herein, and each of the Owners of Lots within the Property which are subject to the provisions of the Declaration, have executed this Declaration as of the 19th day of September, 2006.

DECLARANT: HOUSTON PARK LAKE ASSOCIATES LIMITED, a Texas Limited Partnership, by its general partner, Millennium Development Corp., an Arizona corporation

By: _____
RAYMOND G. TIEDJE, President

STATE OF ARIZONA §
§
COUNTY OF MARICOPA §

This instrument was acknowledged before me on the 19th day of September, 2006 by RAYMOND G. TIEDJE, the President of Millennium Development Corp., an Arizona corporation, which is the general partner of Houston Park Lake Associates Limited, a Texas limited partnership, on behalf of said corporation in its capacity as general partner of said partnership.

NOTARY PUBLIC
STATE OF ARIZONA
Maricopa County
ROBERT R. NORTHROP
My Commission Expires 07/31/09

_____
NOTARY PUBLIC, STATE OF ARIZONA

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