

**RESOLUTION PROVIDING A GUIDELINE FOR INTERPRETATION OF THE
DECLARATIONS FOR WALNUT PLACE PROPERTY OWNERS
ASSOCIATION WITH RESPECT TO MAINTENANCE OF EXTERIOR**

WHEREAS, Walnut Place Property Owners Association (hereinafter "Walnut Place POA") is a Texas non-profit corporation incorporated for one of its purposes as maintaining the Common Area for the real property at Walnut Place.

WHEREAS, the Declarations of Covenants, Conditions, and Restrictions for Walnut Place, filed on October 7, 2002 in the Harris County Property Records under Harris County Clerk's File No. W132512 and under microfilm number 201899052, define the common area as **"all real property located within the boundaries of the plat, excluding the area located within the boundaries of any Lot, but including streets, street lights, entrance monuments, landscape reserves and other areas subject to common use by the general public"**.

WHEREAS, Common area does not include roofs, exterior walls, plumbing, etc., because all of those areas are within the boundaries of any Lot and are not specifically listed as common area, and further are not subject to common use by the general public.

WHEREAS, The Declarations further state "Sixty and No/100 Dollars (\$60.00) per lot of the townhome lot assessment will be deposited in a separate bank account to be held for deferred maintenance of the townhome lot improvements."

WHEREAS, while the Declarations state that sixty dollars shall be assessed and spent on deferred maintenance of the townhome lot improvements, there is no guidance in the Declarations of what the association is responsible for maintaining.

WHEREAS, this resolution is intended to provide guidance for this board, future boards, and owners of property as to the financial responsibility of the association and the financial responsibility of the owners with respect to exterior lot maintenance.

NOW THEREFORE, Resolved, that due to the very limited funds set aside by the Declarant for the board of directors to pay for deferred maintenance of townhome lot improvements, the board's position is that the following areas are the only areas it will maintain financially:

1. mowing and edging the grass areas from the front door of the town homes out to the fence that borders the park.
2. mowing and edging the grass between the alley and the back of the garage.

And Further Resolved, that the board of directors shall expressly not be financially responsible for (and therefore the owners of the townhomes shall be expressly financially responsible for) the following maintenance of townhome lot improvements, if any:

1. Repair / replacement of roofs and/or shingles,

2. Repair / replacement of exterior walls / siding,
3. Repair / replacement of plumbing,
- ~~4. Repair / replacement door(s) and/or door hardware,~~
5. Repair / replacement of window(s), and
6. Repair / Replacement of any exterior lot improvement in need of maintenance and not listed under the association's responsibility above.

AND FURTHER RESOLVED, in the event a question arises as to who is responsible for the maintenance of the townhome lot improvements from a financial standpoint, the presumption of financial responsibility of exterior maintenance is upon the owner, not the association.

CERTIFICATION

I, the undersigned, am the duly elected and acting Secretary of Walnut Place Property Owners Association, a non-profit corporation, and I do hereby certify:

This resolution of Walnut Place Property Owners Association was properly adopted as of the 20th day of March, 2006.

IN WITNESS WHEREOF, I have executed this Resolution to be effective as of the 20th day of March, 2006.

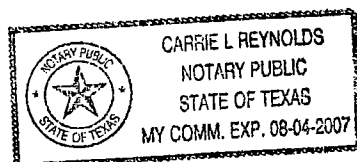
Linda Harris
(Signature)

Linda Harris
(Print name) Secretary
Walnut Place Property Owners Association

THE STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on this 20 day of MARCH, 2006 by LINDA HARRIS, Secretary of Walnut Place Property Owners Association, a Texas non-profit corporation, on behalf of said corporation.



Carrie Reynolds
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS
CARRIE REYNOLDS
(Stamp or Print Name of Notary)

W132512

**DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS FOR WALNUT PLACE**

PREAMBLE

10/07/02 201899052 W132512

\$35.00

This Declaration of Covenants, Conditions and Restrictions is made on August 28, 2002, at Webster, Texas, by FRANZ BROTHERS INC., d/b/a LANCASTER HOMES, a Texas corporation (hereinafter referred to as "Declarant").

RECITALS

1. Declarant is the owner of all that certain real property (the "Property") located in Harris County, Texas, described as follows:

A 5.7465 ACRE TRACT OF LAND OUT OF LOT 9, BLOCK 23 OF WEBSTER OUTLOTS, HARRIS COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 67, PAGE 197 OF THE DEED RECORDS OF HARRIS COUNTY, TEXAS, CONTAINING 30 SINGLE-FAMILY DETACHED LOTS AND 9 TOWNHOUSE LOTS.

2. The Declarant has devised a general plan of improvement for the Property. This general plan provides a reasonable procedure for development designed to protect and safeguard the owners of the Property).

3. This general plan will benefit the Property, the parcels and lots that constitute the Property, the Declarant, and each successive Owner of an interest in the Property.

4. This Declaration shall subject the Property to the following easements, restrictions and conditions, shall be binding on all owners and any party having any right, title or interest in the Property and the heirs, legal representatives, successors and assigns of the owners and all other parties.

**ARTICLE 1
DEFINITIONS**

Developer

1.01. "Developer" means FRANZ BROTHERS INC, d/b/a LANCASTER HOMES.

Lot

1.02. "Lot" means any of the residential plots of land shown on the plat and subdivision map recorded in Volume 67, Page 197 in the County Clerk's Records of Harris County, Texas, on which there will be built a single-family dwelling (detached home or attached townhome). The term "lot" does not include the common area or commercial area.

Owner

1.03. "Owner" means the record owner or owners of the fee simple title to any Lot or portion of a Lot on the Property on which there is or will be built a single-family dwelling (detached home or attached townhome). "Owner" includes contract sellers but excludes persons having only a security interest.

Common Area

1.04. "Common Area" includes all real property located within the boundaries of the plat, excluding the area located within the boundaries of any Lot, but including streets, street lights, entrance monuments, landscape reserves and other areas subject to common use by the general public.

Association

1.05. "Association" means WALNUT PLACE PROPERTY OWNERS INC., a Texas non-profit corporation, consisting of all Owners, which shall have the duty of maintaining, operating, and managing the Common Area as provided in this Declaration. Each Owner shall become a member of the Association contemporaneously with acquiring a Lot, without any further documentation of any kind.

Board

1.06. "Board" means the Board of Directors of the Association.

ARTICLE 2 ARCHITECTURAL CONTROL

Architectural Control Committee

2.01. Developer shall designate and appoint an Architectural Control Committee consisting of not less than three (3) qualified persons, which shall serve at the pleasure of the Developer. After all of the Lots have been conveyed to third parties, the Architectural Control Committee shall serve at the pleasure of the Board.

Approval of Plans and Specifications

2.02. The Architectural Control Committee must review and approve in writing all of the following projects on the Property:

- (a) Construction of any building, fence, wall or other structure.
- (b) Any exterior addition, change, or alteration in any building, fence, wall, or other structure. Any landscaping or grading of any Lot or Lots.
- (c) Any reconstruction of improvements that have been damaged or destroyed by fire, wind, hail or other causes (except for repair or replacement of roofing or siding materials, subject to the provisions of Section 3.02 below).

Application for Approval

2.03. To obtain approval to do any of the work described in Paragraph 2.02, an Owner must submit an application to the Architectural Control Committee showing the plans and specifications for the proposed Work. Such plans and specifications shall detail the nature, shape, height, materials, colors, and location of the proposed work.

Standard for Review

2.04. The Architectural Control Committee shall review applications for proposed work in order to (a) ensure conformity of the proposal with these covenants, conditions, and restrictions and (b) ensure harmony of external design in relation to surrounding structures and topography. An application can be rejected for providing insufficient information. The Committee shall have broad, discretionary authority to interpret and apply these standards. In rejecting an application, the Committee should detail the reasons for rejection and suggest how the applicant could remedy the deficiencies. If the plans and specifications have not been prepared by a Texas licensed architect or engineer, the Architectural Control Committee may have such plans reviewed by such licensed professional, which review shall be conducted at the Owner's expense and the Owner shall deposit with the Architectural Control Committee such sums as will be required to compensate such licensed professional for his or her services in reviewing the plans and specifications.

Failure of Committee to Act

2.05. If the Architectural Control Committee fails either to approve or reject an application for proposed work within forty-five (45) days after submission, then Committee approval shall not be required, and the applicant shall be deemed to have fully complied with this Article.

Waiver of Liability

2.06. Neither the Developer nor the Architectural Control Committee or the members thereof shall be liable in damages to anyone submitting plans or specifications to them for approval, or to any Owner of property affected by these restrictions by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. Every person who submits plans and specifications to the Architectural Control Committee for approval agrees, by submission of such plans and specifications, that he will not bring any action or suit against the Developer or the Architectural Control Committee or any of the members thereof to recover any such damage.

Variances

2.07. Where circumstances, such as topography, location of property lines, location of trees, or other matters are considered, the Architectural Control Committee, by the vote or written consent of a majority of the members thereof, may allow reasonable variances as to any of the restrictions contained herein under the jurisdiction of such committee pursuant to this section. The variances will be granted on such terms and conditions as it shall require, provided, however, that all such variances shall be in keeping with the general plan for the improvement and development of the Property and such variances shall comply with City Codes.

ARTICLE 3 EXTERIOR MAINTENANCE

3.01. If an Owner of any Lot fails to maintain the premises in a neat and orderly manner, the Developer or the Architectural Control Committee shall have the right, through its agents and employees, to enter the Lot in order to repair, maintain, and restore the Lot, including landscaping, and the exterior of any buildings and other improvements located on the Lot, all at the expense of the Owner.

3.02 If an Owner of any Lot chooses to apply exterior paint, roofing or siding materials to any improvements located on such Lot, and the color or materials selected by such Owner are not the same, or similar to the color or materials presently used on such improvements, or on other improvements located on the Property, the Architectural Control Committee must first approve such selection(s) before they may be applied to the improvements.

ARTICLE 4 USE RESTRICTIONS AND ARCHITECTURAL STANDARDS

Residential Use Only

4.01. All Lots shall be used for single-family residential purposes only. However, Developer, as well as any other person engaged in the construction and sale of residences on the Property, shall have the right, during the construction and sales period, to use facilities which may be reasonably necessary or convenient for its business purpose of constructing and selling residences on the Property, including, but not limited to, temporary construction offices and materials and equipment storage areas.

Type of Buildings Permitted

4.02. No building shall be erected, altered, or permitted on more than two (2) lots, including a single-family dwelling (detached or townhome) not to exceed two and one-half (2½) stories in height, with a private garage for not more than three (3) automobiles and not less than two (2) automobiles.

Design, Minimum Floor Area, and Exterior Walls

4.03. The ground floor area of the main structure, exclusive of one-story open porches and garages, shall not be less than one thousand four hundred (1,400) square feet for one-story dwellings, not less than seven hundred (700) square feet for a dwelling of more than one story.

4.04. No building shall be located on any Lot nearer to the front line or nearer to the street side line than the minimum building setback line shown on the recorded plat. There shall be a side building setback of five (5) feet on detached houses and three (3) feet on detached garages (fireplaces are not included in the five (5) foot side set back). During original construction, the Architectural Control Committee, or its designee, at its sole discretion, is hereby permitted to approve deviations in the location of improvements upon the Lot, subject to setbacks shown on the recorded plat and previous recorded instruments.

Front of Improvements

4.05. All improvements in WALNUT PLACE shall be constructed on a residential Lot with the front of the improvement facing the street. The Architectural Control Committee is granted the right to designate the direction in which the improvements in WALNUT PLACE on any corner residential Lot shall face, and such decision shall be made with the thought in mind of the best general appearance of that immediate section. All townhome lots face the park.

Easements

4.06. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Neither the Developer, nor any utility company using the easements herein referred to shall be liable for any damage done by them or their assigns, their agents, employees, or servants.

to shrubbery, trees or flowers, or other property of the Owners situated on the land covered by said easements.

Noxious or Offensive Activities Prohibited

4.07. No noxious or offensive activity shall be conducted on any Lot that may be or may become an annoyance or nuisance to the neighborhood.

Prohibited Residential Uses

4.08. No structure not approved for residential use by the Architectural Control Committee, including but not limited to trailers, mobile homes, motor homes, basements, tents, shacks, garages, and other outbuildings and accessory structures, shall be used on any Lot at any time as a residence, either temporarily or permanently.

Signs

4.09. No signs of any type shall be allowed on any Lot except (a) one sign of not more than four (4) square feet advertising the Property for sale or rent and (b) no more than two (2) small signs indicating the existence of a home security system. However, Developer, as well as any other person engaged in the construction and sale of residences on the Property shall have the right, during the construction and sales period, to construct and maintain signs advertising the construction and sale.

Oil Development and Mining Prohibited

4.10. No oil well drilling, development, or refining, and no mineral quarrying or mining operations of any kind shall be permitted on any Lot. No oil well, tank, tunnel, mineral excavation, or shaft shall be permitted on any Lot. No derrick or other structure designed for use in boring for oil, natural gas, or other minerals shall be erected, maintained, or permitted on any Lot.

Rubbish, Trash and Garbage

4.11. No Lot shall be used or maintained as a dumping ground for rubbish or trash. All garbage and other waste shall be kept in sanitary containers. There shall be no burning or incineration of trash, garbage, leaves, brush, or other debris.

Garage Apartments

4.12. No garage apartment for rental purposes shall be permitted on any residential Lot. Living quarters on Property other than in main building on any residential Lot may be used for bona fide servants or family members only.

Sidewalks

4.13. Before the dwelling unit is completed or occupied, the Owner shall construct a concrete sidewalk, four (4) feet in width as shown on plat. All sidewalks, whether meandering or in a straight line, shall meet at each side Lot boundary line. The Lot Owner who first installs his sidewalk shall establish where the sidewalks shall meet at the respective side Lot boundary for the adjacent Lots. Sidewalks shall extend

to street curbs at corner Lots. Owners of corner Lots shall install such a sidewalk as may be prescribed by Declarant, or its successors and assigns. The Architectural Control Committee, or its assignee, at its sole discretion is hereby permitted to grant deviations as to geometric sidewalk placement or construction materials.

Slope Control Areas

4.14. All drainage of water from any Lot and the improvements thereon shall drain or flow as set forth below:

(a) Any such water may drain or flow into adjacent streets and drainage easements and shall not be allowed to drain or flow upon adjoining Lots unless an easement for such purpose is granted.

(b) All slopes or terraces on any Lot shall be maintained so as to prevent any erosion thereof upon adjacent streets or adjoining property.

(c) No structure, planting, or other material shall be placed or permitted to remain or other activities undertaken within the Property or any portion thereof by any Owner which might damage or interfere with established slope ratios or interfere with established drainage functions or facilities.

Roof Construction

4.15. The roof of any building shall be constructed or covered with composition shingles. Any other type of roofing material shall be permitted only at the sole discretion of the Architectural Control Committee.

Animals

4.16. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot, except that a reasonable number of dogs, cats, or other common household pets (excluding swine) may be kept, provided they are not kept, bred, or maintained for any commercial purpose.

Fences, Walls, and Hedges

4.17. With the exception of Lots 15 and 16, no fence is permitted within a building line. No fence, wall, hedge or shrub shall be placed or permitted to remain on any of said Lots in the area between any street adjoining same and the front building line. Further, no fence or wall shall be constructed that exceeds six (6) feet in height unless prior approval is obtained from the Architectural Control Committee, except for Lots 15 and 16, as provided in Section 4.15 above. Lots 15 and 16 will have a fence with a minimum height of eight feet (8') above ground level located along the rear Lot line of each such Lot.

Trucks, Buses, and Trailers

4.18. No trucks, vans, trailers, boats, passenger cars or any other vehicle will be permitted to be parked on streets in front of residences for longer than twenty-four (24) hour periods. No parking will be allowed in Alleys A, B or C. All vehicles must be parked in garages or driveways. No portion of any vehicle should be parked in the Alley.

Prohibited Activities

4.19. No professional, business, or commercial activity to which the general public is invited shall be conducted on any Lot, except for Builder to build and sell homes.

Adjoining Lots

4.20. No Owner shall take any action nor perform any work that will impair the structural soundness or integrity of another Lot or the improvements located thereon, or impair any easement or hereditament nor do any act nor allow any condition to exist which will adversely affect other Lots, improvements thereon, or their Owners.

Poles, Masts, and Antennas

4.21. No radio or television aerial wires or antennae shall be maintained on any portion of any residential Lot forward of the front building line of said Lot. No radio or television aerial wires or antennae shall be placed or maintained on any building or any residential Lot to extend above the roof ridge line of the main residence of said Lot; all aerials, antennae and satellite receivers shall be located at the rear of such roof ridge line. No aerial, antennae or satellite receiver shall be erected as a free-standing structure.

ARTICLE 5 EASEMENTS

Reservation of Easements

5.01. All easements and all alleys for the installation and maintenance of utilities and drainage facilities are reserved as shown on the Plat. Right of use for ingress and egress shall be available at all times over any dedicated easement or alleyway for purposes of installing, operating, maintaining, repairing, or removing any utility or any obstruction placed in such easement or alleyway that would interfere with the installation, maintenance, operation, or removal of such utility.

Underground Electrical System

5.02. An under ground electric distribution system will be installed in that part of WALNUT PLACE designed herein as Underground Residential Subdivision, which underground service area embraces all of the Lots which are platted in WALNUT PLACE. The Owner/Developer of each Lot containing a single dwelling unit, shall, at his or her own cost, furnish, install, own and maintain (all in accordance with the requirements of local governing authorities and, the National Electric Code) the underground service cable and appurtenances from the point of the 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 services shall make the necessary connections at said point of attachment and at the meter. Developer has either by designation on the plat of the Subdivision 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 homeowners reciprocal easements providing for access to the area occupied by and centered on the service and the service wires of the various homeowners to permit installation, repair, and maintenance of each homeowner's owned and installed service wires. In addition, the Owner/Developer of each Lot

containing a single dwelling unit, shall at his or her 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 240/120 volt, three (3) wire, sixty (60) cycle, alternating current.

ARTICLE 6 ASSOCIATION

Creation

6.01. The Owners shall constitute the Association. Each Owner of a Lot, including the Developer, shall automatically be a member of the Association. Association membership shall be appurtenant to ownership of a Lot. Ownership of a Lot is the sole criterion for membership in the Association.

Transfer of Membership

6.02. Association membership shall be transferred to the grantee of a fee conveyance of a Lot. Membership shall not be assigned, pledged, or transferred in any other way. Any attempt to make a prohibited transfer shall be void.

Management of Association

6.03. The Association is incorporated as a nonprofit corporation. The Association shall be managed by the Board pursuant to the procedures set forth in the Association's Articles of Incorporation and bylaws, subject to this Declaration.

Membership Voting, Elections, and Meetings

6.04. Except as provided in the Association's Articles of Incorporation, each Owner shall have one (1) vote per Lot owned. The Developer shall have three (3) votes per Lot owned. There shall be at least one (1) meeting of the membership each year. At that meeting, the Owners shall elect a Board consisting of three (3) directors, vote on any other matters the Board chooses to place before the membership, and discuss any matter of Association business that the Board or any Owner wishes to bring before the entire membership. The Board may call special meetings at such times as it deems necessary; provided, written notice of the time, place and purpose of the meeting must be sent to each Owner by personal delivery or by depositing such notice in the United States mail.

Duties and Powers of Board

6.05. Through the Board, the Association shall have the following powers and duties:

- (a) To adopt rules and regulations to implement this Declaration and the Association's bylaws.
- (b) To enforce this Declaration, the bylaws, its rules and regulations.

(c) To elect officers of the Board and select members of the Architectural Control Committee when that power devolves to the Board.

(d) To delegate its powers to committees, officers, or employees.

(e) To prepare a balance sheet and operating income statement for the Association and deliver a report to the membership at its annual meeting.

(f) To establish and collect regular assessments to defray expenses attributable to the Association's duties, to be levied against each Owner, including Developer.

(g) To establish and collect special assessments for capital improvements or other purposes. To file liens against unit Owners because of nonpayment of assessments duly levied and to foreclose on those liens.

(h) To receive complaints regarding violations of this Declaration, the bylaws, or the rules and regulations.

(i) To give reasonable notice to all Owners of all annual meetings of the membership.

(j) To hold regular meetings of the Board at least quarterly.

(k) To manage and maintain all of the Common Area in a state of high quality and in good repair.

(l) To pay taxes and assessments that are or could become a lien on the Common Area.

(m) To pay the costs of any liability insurance and fire insurance on the Common Area and any liability insurance for members of the Board.

(n) To maintain the front yards of the townhome buildings.

(o) To maintain the street and alley ways.

ARTICLE 7 COVENANT FOR MAINTENANCE ASSESSMENTS

Creation of the Lien and Personal Obligation For Assessments

7.01. The Declarant, for each Lot within the subdivision, hereby covenants, and each Owner of any Lot by acceptance of a Deed therefor, whether or not expressed in the Deed or other evidence of the conveyance, and however acquired by a subsequent Owner, shall be deemed to covenant and agree to pay the Association the following:

(a) Annual assessments;

- (b) Special unit assessments; and
- (c) Special assessments as hereinafter limited.

Such assessments shall be established and collected as hereinafter provided. The annual and special assessments, together with such interest thereon, costs of collection thereof, and attorney's fees, shall be a charge on the land and shall be secured by a continuing Vendor's Lien upon the Lot which declarant reserves and assigns to the Association, without recourse, against which such assessments or charges are made. Each such assessment, together with such interest at the highest rate permitted by law, costs, and reasonable attorney's fees for collection thereof shall also be and remain the personal obligation of the Owner of the particular Lot at the time the assessment fell due. Each assessment shall be a charge on the Lot and a continuing lien upon the Lot against which each such assessment is made, and shall not be affected by any change in ownership thereof.

Purpose of Assessments

7.02. The assessments levied by the Association shall be used exclusively for the purpose of promoting the health, safety, welfare and recreation of the residents of the subdivision and any other purpose authorized or permitted by this Declaration. Subject to the provisions of Sections 7.03 and 7.04 of this Article 7, the judgment of the Board of Directors of the Association in establishing annual assessments and special assessments and with respect to the accumulation and expenditure of said funds, shall be final and conclusive unless said judgment is exercised in bad faith.

Basis and Maximum Level of Annual Assessments

7.03. The annual assessment shall be TWO HUNDRED FORTY AND NO/100 DOLLARS (\$240.00) per lot on the single family detached lots and THREE HUNDRED AND NO/100 DOLLARS (\$300.00) per lot on the townhome lots. SIXTY AND NO/100 DOLLARS (\$60.00) per lot of the townhome lot assessment will be deposited in a separate bank account to be held for deferred maintenance of the townhome lot improvements. There will also be a capital reserve fee assessed by the Association as needed. There will be a ONE HUNDRED AND NO/100 DOLLARS (\$100.00) transfer fee assessed to each lot each time the title is transferred. This money will be deposited in the capital reserve account. Annual assessments for the year in which a Lot is sold by the Declarant to an Owner, as well as the annual assessment due for the next succeeding calendar year of annual assessment, shall be due and payable in advance upon the sale of such Lot. The Developer will pay no assessment or transfer fee on any Lot. No bona fide builder or contractor who purchases a Lot from Declarant shall be required to pay any annual or special maintenance fee assessment for the year or partial year in which such builder or contractor purchases the Lot or Lots from Declarant. This exemption applies only to the year, or partial year, of sale from the Declarant to the builder or contractor. Thereafter, all such annual assessments shall be payable in advance on January 1 of each year. From and after the first day of January of the year immediately following the conveyance of the first Lot to an Owner other than Declarant, the maximum annual assessment may be increased by the Board of Directors of the Association, effective the first day of January of each year, in conformity with the rise, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers published by the Department of Labor, Washington, D.C., for the Houston region, or if discontinued, by any successor or comparable index for the preceding month of September of each year; or, alternatively, by an amount equal to a percentage increase

equal to the prior year's actual increase, whichever is greater, in either event without a vote of the members of the Association. The maximum annual assessment may be increased above that established by the Consumer Price Index formula or the above-mentioned percentage increase only by written approval of two-thirds (2/3) of all members of the Association. In lieu of notice to and a meeting of members as provided in the bylaws of the Association, a door-to-door canvass may be made to secure the required two-thirds (2/3) written approval of the members for such increase in the annual assessment or for the special assessment as provided below. Such increase shall become effective on the date specified in the document evidencing such approval, and shall be filed for record in the Official Public Records of Real Property in Harris County, Texas. Assessments for any year in which a Lot is sold by Declarant shall be prorated to the date of closing, and assessments shall be due from the Owner thereof from that date forward.

Special Assessments and Special Unit Assessments

7.04. In addition to the annual assessments authorized above, the Association may levy, in any year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or unexpected repair or replacement of a particular capital improvement located upon the Common Areas or Reserves, including the necessary fixtures and personal property related thereto, or for any other purpose consistent with the provisions of this Article 7, provided that any such assessment shall have the approval of sixty percent (60%) of all members in the Association, who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent or delivered to all members not less than ten (10) nor more than fifty (50) days in advance of the meeting, setting forth the purpose of such meeting. The Owners of a majority of townhomes within a single attached unit may authorize a special unit assessment for the purpose of maintenance or repair of such unit; all sums collected from such assessment will be used solely for maintenance or repair of such unit and will not be comingled with the deferred maintenance fund provided in Section 7.03 above.

Rates of Assessment

7.05. Both annual and special assessments on all Lots (except for a special unit assessment referred to in Section 7.04 above) shall be fixed at uniform rates (i.e., the same rate for each Lot); provided, however, that such assessments shall not commence with regard to any Lot until such Lot is conveyed to an Owner other than the Declarant, notwithstanding any provision contained in this Declaration to the contrary.

Effect of Nonpayment of Assessments; Remedies of the Association

7.06. Any assessments which are not paid when due shall be delinquent and bear interest at the highest non-usurious rate permitted by law, or if no such limitation is imposed, then at the rate of eighteen percent (18%) per annum from thirty (30) days after the due date until paid. If any assessment is not paid within thirty (30) days after the due date, the Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the Vendor's Lien herein retained against the Lot. Interest, costs of court, and reasonable attorney's fees (when placed with an attorney for collection, whether with or without suit) incurred in any such action shall be added to the amount of such assessment or charge. Each such Owner, by his acceptance of a Deed to a Lot, hereby expressly vests in the Association or its representative the right and power to institute and maintain an action against such Owner personally for the collection of such assessments and charges as a debt and to enforce the Vendor's Lien by any methods

available for the enforcement of such liens, including foreclosure by non-judicial action as provided for in Section 51.002 of the Texas Property Code, and such Owner expressly grants to the Association the power of sale, and judicial foreclosure in connection with the Vendor's Lien. No Owner may waive or otherwise escape said Vendor's Lien and liability for the assessments provided for herein by non-use of the Common Areas or Reserves, or abandonment or divestiture of ownership of a Lot for any annual or special assessment which became due and payable during the time when such Owner owned the Lot.

Subordination of the Lien to Mortgages

7.07. The lien for the assessments provided for herein shall be subordinate to the lien of any first mortgage existing at any time upon the particular Lot involved. Sale or transfer of any Lot shall not affect the assessment lien; however, the sale or transfer of any Lot pursuant to mortgage foreclosure (whether by exercise of power of sale or otherwise), or any proceeding in lieu thereof, shall extinguish the lien for such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but such lien shall exist as, and constitute, a separate and distinct charge and lien on each Lot.

Exempt Property

7.08. All properties dedicated to, and accepted by, a local public authority exempt from taxation by the laws of the State of Texas, and all Common Areas and Reserves, shall be exempt from the assessments and charges created herein. Notwithstanding the foregoing, no Lot which is used as a residence shall be exempt from said assessments and charges and the Vendor's Lien herein securing payment thereof.

ARTICLE 8 GENERAL PROVISIONS

Enforcement

8.01. The Developer or the Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, and reservations imposed by this Declaration. Failure to enforce any covenant or restriction shall not be deemed a waiver of the right of enforcement either with respect to the violation in question or any other violation. All waivers must be in writing and signed by the party to be bound.

Severability

8.02. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision, and all other provisions shall remain in full force and effect.

Covenants Running With the Land

8.03. These easements, restrictions, covenants, and conditions are for the purpose of protecting the value and desirability of the Property. Consequently, they shall run with the real property and shall be binding on all parties having any right, title, or interest in the Property in whole or in part, and their heirs.

successors, and assigns. These easements, covenants, conditions, and restrictions shall be for the benefit of the Property, each Lot, and each Lot Owner.

Duration and Amendment

8.04. The covenants, conditions, and restrictions of this Declaration shall be effective for a term of twenty (20) years from the date this Declaration is recorded, after which period the covenants, conditions, and restrictions shall be automatically extended for successive periods of ten (10) years subject to termination by an instrument signed by more than seventy-five percent (75%) of the Owners and any such termination will be effective as of January 1 of the year following the year such instrument of termination has been executed by more than seventy-five percent (75%) of such Members. The covenants, conditions, and restrictions of this Declaration may be amended by an instrument signed by more than seventy-five percent (75%) of the Owners and any such amendment will be effective as of January 1 of the year following the amendment; no amendment may be applied retroactively, unless such amendment is approved by one hundred percent (100%) of the Owners. Neither any amendment nor any termination shall be effective until recorded in the deed records of Harris County, Texas, and all requisite governmental approvals, if any, have been obtained.

Attorney's Fees

8.05. If any controversy, claim, or dispute arises relating to this instrument, its breach, or enforcement, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees, and costs.

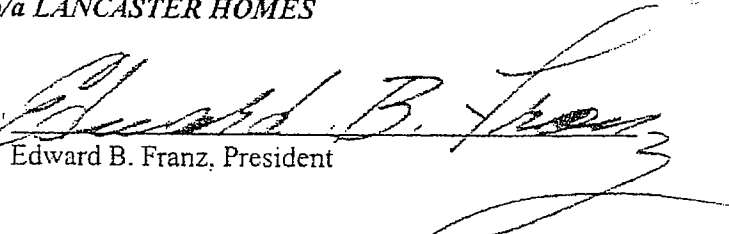
Liberal Interpretation

8.06. This Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for development, use and enjoyment of the Property.

This Declaration is executed this 30th day of September, 2002, at Houston, Texas.

**FRANZ BROTHERS INC.,
d/b/a LANCASTER HOMES**

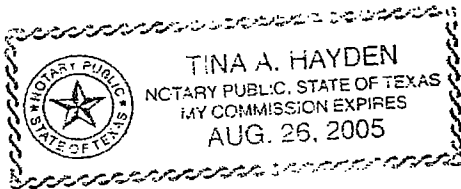
By


Edward B. Franz, President

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on this the 20th day of September, 2002, by EDWARD B. FRANZ, President of Franz Brothers Inc., a Texas corporation, d/b/a Lancaster Homes, in the capacity therein stated and for and on behalf of said corporation..

Tina A. Hayden
NOTARY PUBLIC, STATE OF TEXAS



FILE FOR RECORD
8:00 AM

OCT - 7 2002

Dorothy L. Hayden
County Clerk, Harris County, Texas

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

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

OCT - 7 2002



Dorothy L. Hayden
COUNTY CLERK
HARRIS COUNTY, TEXAS

RETURN TO
ALVIN L. FREEMAN
ALVIN L. FREEMAN, P.C.
9800 RICHMOND AVE., SUITE 520
HOUSTON, TEXAS 77042