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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SILVERLAKE TOWNHOMES

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SILVERLAKE TOWNHOMES

THE STATE OF TEXAS §
§ KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF BRAZORIA §

THAT THIS DECLARATION is made on the date hereinafter set forth by SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC., a Texas non-profit corporation (hereinafter referred to as "Association").

WITNESSETH:

NOW, THEREFORE, Association hereby adopts the following covenants, conditions, restrictions, reservations and easements which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property (hereinafter defined) and which shall be applicable to all of the Property from time to time subject hereto (including, without limitation, the Initial Property), and shall run with the land and title to the Property and shall bind all parties having or acquiring any right, title, or interest therein or any part thereof, their heirs or successors in title and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. Definitions.

"Access Control Facilities" shall mean (1) any Access Facility or devices or services intended to or which may have the effect of limiting or controlling access to any Common Facility and/or to the Property; and (2) patrol services, video cameras or other monitoring activities within the Property.

"Access Easements" shall mean an easement for the purposes and ingress and egress, including vehicular access, to the Townhome Sites, designated on the Plat as "Shared Driveway".

"Access Facilities" shall mean (i) any controlled access gate, gatehouse and any other access limiting structure or device, and (ii) any fences, freestanding fence type walls, hedges, gates, gateposts, subdivision identification signs and related improvements which are constructed or maintained by Declarant or the Association within the Property, or any portion thereof.

"Architectural Committee" shall mean and refer to the committee by that name created by the Board of Directors of the Association to exercise exclusive jurisdiction over the modifications, additions, alterations or reconstruction made on or to the exterior of existing Living Units or other improvements on Townhome Sites, as provided in Article IV hereof. In the event a separate committee has not been designated pursuant to the terms of this Declaration, the Board of Directors shall constitute such committee.

"Articles of Incorporation" shall mean the articles of incorporation for the Association.

"Assessable Tract" shall mean and refer to any Townhome Site from and after the date on which Private Street access, and cable, utility and water and sanitary sewer service, have been extended thereto.

"Assessments" shall mean and refer to any or all of the Base Monthly Assessments, Special Assessments (as defined below), and Special Individual Assessments referred to, contemplated or authorized herein or in any Supplemental Declaration from time to time filed of record.

"Association" shall mean and refer to SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC., a non-profit corporation incorporated by Declarant or its representatives under the laws of the State of Texas, its successors and assigns.

"Base Monthly Assessments" shall mean and refer to the uniform assessment made against Assessable Tracts pursuant to Sections 3 and 5 of Article III hereof.

"Board of Directors" and "Board'" shall mean and refer to the duly elected Board of Directors of the Association.

"Builder" shall mean the builder of any Living Unit or other improvement on a Townhome Site, which has been approved by Declarant.

"Bylaws" shall mean the bylaws of the Association.

"Class A Member" as defined in Section 5 of Article II.

"Class B Member" as defined in Section 5 of Article II.

"Common Facilities" shall mean and refer to all existing and subsequently provided improvements constructed upon or within the Common Properties, except those as may be expressly excluded herein. Also, in some instances, Common Facilities may consist of improvements dedicated or under contract to the Association for the use and benefit of the Owners of the Townhome Sites in the Properties, whether exclusively or also for the benefit of owners of property outside the Property, constructed on portions of one or more Townhome Sites or on acreage which has not been brought within the provision of this Declaration. By way of illustration, Common Facilities shall include, but not necessarily be limited to, the following: Shared Driveways; Private Street Facilities; the

Access Control Facilities; structures for recreation; structures for storage or protection of equipment; fountains; statuary; sidewalks; landscaping; gatehouses; esplanades; walls; and improvements designed for common use and enjoyment. References herein to "the Common Facilities" or any "Common Facility" shall mean and refer to Common Facilities as defined or created respectively in this Declaration and all Supplemental Declarations.

"Common Properties" shall mean and refer to all those areas of land within the Properties except the platted Townhome Sites and public streets shown thereon, but including Private Streets, Restricted Reserves "A" to "H" on the Plat, together with such other land as the Association may, at any time or from time to time, acquire by purchase or otherwise; subject, however, to the easements, limitations, restrictions, dedications and reservations applicable thereto by virtue hereof and/or by virtue of the Plats, and/or by virtue of prior grants or dedications by Declarant or Declarant's predecessors in title.

"Common Services" shall mean and refer to those services made available or provided by the Association to all Owners as declared by the Board of the Association in its discretion, and may include by way of illustration, but not limitation, and without any obligation to do so, basic cable television, high speed internet connectivity, telephone service, utility services, pest control, maintenance and repair services, and such other services as the Board of the Association may in its discretion consider necessary or desirable.

"Conveyance" shall mean and refer to conveyance of a fee simple title to a Townhome Site.

"Declarant" shall mean and refer to TMI, INC., a Texas corporation, the Declarant herein, and its successors and, to the extent in compliance with Section 1 of Article XI hereof, its assigns.

"Declaration" shall mean and refer collectively to the covenants, conditions, restrictions, supplemental restrictions, reservations, easements, liens and charges imposed by or expressed in this Declaration of Covenants, Conditions and Restrictions for Silverlake Townhomes, as supplemented and/or amended, including any and all Supplemental Declarations.

"Development Period" shall have the meaning set forth in Article X, Section 10.

"Easements" shall mean and refer to the various utility or other easements of record, those shown on the Plats of the subdivisions within the Property and such other easements as are created or referred to in this Declaration including, but not limited to, the Access Easements, the Private Street Easements and the Landscape and Irrigation Easement.

"Exterior Plan" shall have the meaning set forth in Article IV, Section 5.

"Landscape and Irrigation Easement" shall mean an easement granted to the Association for the purposes of installing, maintaining, removing, re-installing and/or re-planting landscaping and irrigation equipment, in, over, on, under and or across certain portions of the Townhome Sites and/or Common Properties described either on the Plat or in a separate document, recorded or to be recorded in the Deed Records of Brazoria County, Texas, incorporated herein by reference. THE LANDSCAPE AND IRRIGATION EASEMENTS, IF ANY CONSTITUTE EASEMENTS ONLY, AND IN NO WAY GRANT OR CONVEY OWNERSHIP OF ANY PART OF THE UNDERLYING FEE SIMPLE ESTATE.

"Landscaping Plan" shall have the meaning set forth in Article IV, Section 5.

"Living Unit" shall mean and refer to any improvements on a Townhome Site which are designed and intended for occupancy and use as a residence by one person, by a single family, or by persons maintaining a common household, excluding mobile homes or other non-permanent structures.

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

"Members by Merger" is defined as set forth in Article II, Section 4 of this Declaration.

"Merged Association Board Members" is defined as set forth in Article II Section 4 of this Declaration.

"Merged Association Property" is defined as set forth in Article II, Section 4 of this Declaration.

"Non-Surviving Association" shall have the meaning set forth in Section 4 of Article II.

"Original Declaration Members" is defined as set forth in Article II, Section 4 of this Declaration.

"Other Restrictions" is defined as set forth in Article II, Section 4 of this Declaration.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to the surface estate in any Townhome Site or tract of land which is part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

"Occupant" shall mean any person legally entitled to occupy and use all or a portion of the Properties.

"Party Wall" shall mean and refer to the common wall which is built or exists as a part of the original construction between two Townhomes.

"Permanent Occupant" shall have the meaning set forth in Article X, Section 1(c).

"Plans" shall have the meaning set forth in Article IV, Section 5.

"Plats" shall mean and refer to all subdivision plats from time to time filed of record by Declarant (or with Declarant's or the Association's approval as and when herein required) in the Map or Plat Records of Brazoria County, Texas, with respect to Properties covered by this Declaration, as the same may be amended in accordance with the terms hereof.

"Primary Board Members" is defined as set forth in Article II, Section 4 of this Declaration.

"Private Street" shall mean the private street and private drive areas as described in the Plat.

"Private Street Easement" shall mean and refer to the area shown within the boundaries of the Property which is designated on the Plat of the Property as a "Private Street".

"Private Street Facilities" shall mean and refer to all existing and subsequently provided improvements upon or within the Private Street Easement, including the Private Streets and any related curbs, gutters, lighting standards and fixtures and/or other facilities, including without limitation, any Access Facilities constructed by Declarant or the Association within the Private Street Easement.

"Property" or the "Properties" shall mean and refer to the Initial Property described in the Recitals hereof, together with such additional lands as and when they are from time to time (if ever) made subject to this Declaration pursuant to the annexation provisions hereof. All of the Property may sometimes be commonly known and referred to as "SilverLake Townhomes".

"Removal Plan" shall have the meaning set forth in Article VIII, Section 1.

"Reserve" shall mean each reserve indicated on the Plat of the Property.

"Service Easement" shall mean any area designated in the Plat, or by separate instrument recorded by Declarant, as a Common Area reserve or easement to be conveyed to the Association for maintenance of a perimeter subdivision fence or wall around all or a portion of the Property, and all other areas designated by Declarant or the Association for use as to any Access Facilities.

"Shared Driveway" shall mean the same as Access Easement.

"Shared Improvement" shall mean and refer to each improvement on a Townhome Site, other than a Shared Driveway, which is also an improvement shared by the adjacent Townhouse. By way of example, without limitation, the following items are Shared

Improvements: entry ways serving more than one Townhouse, exterior lighting, roofs, decking beneath the roofs, foundations, walls on shared property lines which are party walls, exterior facia and brick on common walls of Townhouses.

"Special Assessments" shall mean and refer collectively to Special Universal Assessments assessed pursuant to Article III, Section 4 hereof, and Special Individual Assessments.

"Special Individual Assessments" shall mean and refer to any amount of money assessed against any particular Owner for payment or reimbursement to the Association of any amount owing by such Owner to the Association because of the act or omission of such Owner or those for whom such Owner is responsible hereunder (such as, but without limitation, amount due as collection costs in connection with legal action to enforce this Declaration against a particular Owner or for maintenance costs incurred by the Association with respect to a particular Townhome Site as a result of the Owner's failure or refusal to do so as required by this Declaration or any Supplemental Declaration). These are not amounts being assessed against all Owners as a generally applicable Special Universal Assessment.

"Special Universal Assessments" shall mean and refer to the sums of money assessed against Assessable Tracts pursuant to Article III, Section 4 hereof.

"Submitted Plans" shall have the meaning set forth in Article IV, Section 6.

"Supplemental Declaration" shall mean and refer to any supplemental declaration of annexation executed and filed of record by Declarant, its successors or assigns, bringing additional property within the scheme of this Declaration under the authority provided in the Declaration, References herein (whether specific or general) to provisions set forth in "all (any) Supplemental Declarations" shall be deemed to relate to the Supplemental Declaration(s) which is or are applicable to the portions of the Property being referenced.

"Townhome" shall mean the same as Living Unit.

"Townhome Site" or "Townhome Sites" shall mean and refer to the lots as indicated on the Plat on which a Living Unit is or will be situated.

ARTICLE II
SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC.

Section 1. Duties and Powers.

In addition to the duties and powers enumerated in its Articles of Incorporation and Bylaws, or elsewhere provided for in this Declaration, and without limiting the generality hereof, the Association shall discharge those functions necessary to the general maintenance of the Common Properties and Common Facilities. The Board of Directors

of the Association shall be empowered to oversee the activities of the Association and may take whatever lawful action that the Board, in its sole discretion, deems necessary to provide for the upkeep, development and aesthetic appearance of the Common Properties and Common Facilities and to enforce this Declaration for the common benefit of all or some of the Members of the Association. All rights of the Association herein and hereunder are vested in its Board of Directors (with such delegation of day-to-day operations to the officers and/or agents of the Association as the Board may from time to time see fit) unless specifically reserved to Declarant or a vote of the Members herein. The Association shall also have authority and responsibility to enforce such other restrictions benefiting the Association as Declarant may create or obtain from nearby landowners and assign in writing to the Association, whether or not the Association has accepted or agreed to such assignment.

Section 2. Membership.

Every person or entity who is an Owner of any of the Properties which are subject to assessment by the Association (including Declarant, whether or not it is obligated to pay Assessments thereon) shall be a Member of the Association. The foregoing description is not intended to include persons or entities who hold an interest in a Townhome Site merely as security for the performance of an obligation. No Owner shall have more than one Membership in the Association, but an Owner may have multiple votes depending on its ownership of multiple Townhome Sites in accordance with the voting provisions hereof. Membership (and Member voting rights, except for proxies granted under terms permitted by the Texas Non-Profit Corporation Act, as from time to time amended) shall be appurtenant to and may not be separated from ownership of the related Townhome Site. Owners may not assign Membership rights (including voting rights) associated with the Townhome Site they own even to another Townhome Site within the Property; provided, however, that this provision will not be construed to prevent granting of proxies pursuant to the Texas Non-Profit Corporation Act but an additional restriction on proxies is that no proxy may survive the conveyance of the Townhome Site as to which the related Member vote(s) is or are appurtenant unless the Townhome Site conveyance occurs between the time when the record Owner of the Townhome Site is conclusively determined for voting purposes for a particular Member meeting and the time when such meeting occurs.

Section 3. Annexation of Other Lands.

Other lands may hereafter be annexed into the jurisdiction of the Association in the manner herein described. If annexed, the Owners of Townhome Sites in each future section or parcel of land so annexed, as well as all Owners subject to the jurisdiction of the Association, shall be entitled to the use and benefit of all Common Properties that may become subject to the jurisdiction of the Association as a result of such annexation, and the Common Facilities thereon, and shall be entitled to the use and benefit of the maintenance fund hereinafter set forth, provided that each future section must be impressed with and subject to the Assessments imposed hereby, and further, such annexed sections shall be made by recorded Supplemental Declaration subject to all of

the terms of this Declaration (as then amended and/or modified as herein permitted) and to the jurisdiction of the Association, with such modifications and exceptions as the Declarant or other owner of the annexed lands may stipulate in the Supplemental Declaration accepted by the Association (and by Declarant during any period that Declarant owns any Property). Such additional sections of land may be annexed in accordance with the provisions of Article XI herein.

Section 4. Merger of Association With Other Association(s).

Upon a merger or consolidation of the Association with another association pursuant to a majority vote of the entire Board, the properties, rights and obligations of the other association may be added to the properties, rights and obligations of the Association as the surviving corporation pursuant to a merger. The surviving or consolidated Association shall administer the covenants and restrictions established by this Declaration, together with the covenants and restrictions applicable to the properties of the other merged association (the "Non-Surviving Association"), as one scheme; provided, however, that:

(A) if the Non-Surviving Association has Members:

(i) the votes in the Association shall be bifurcated such that the members of the Non-Surviving Association (as Members in the Association referenced herein) (such new Members being herein called the "Members by Merger") shall have the right to vote separately, without any participation from other Members of the Association (herein, called the "Original Declaration Members"), with voting rights for the Members by Merger determined for these purposes in the same manner as their votes were determined in the Non-Surviving Association pursuant to the covenants and restrictions authorizing creation of the Non-Surviving Association (herein called the "Other Restrictions"), to elect a separate class of members of the Board of Directors (such separate class of Board Members being herein called the "Merged Association Board Members") who shall vote on and make decisions pertaining to only that land which is encumbered by the Other Restrictions, and not with regard to any matter pertaining to the Property hereunder;

(ii) the members of the Non-Surviving Association who become Members by Merger in the Association referenced herein by reason of such merger shall not have any right to vote in connection with (i) election of the primary Board of Directors of the Association, which shall continue to be elected solely by Members who are Owners of portions of the Property (herein called the "Primary Board Members"), or (ii) any matter or action pertaining to the Property which does not affect the land that is subject to the Other Restrictions (herein separately called the "Merged Association

Property"), including, without limitation, Assessments affecting only the Property and not the Merged Association Property;

(iii) no Assessment affecting the Merged Association Property shall be enacted by the Primary Board Members without concurrence of a majority of the Merged Association Board Members and, if required by the Other Restrictions, an appropriate vote of the Members by Merger; provided, however, that under no circumstances shall the Association be required to expend, on enforcement of the Other Declaration and/or on maintenance, repair or services for the Merged Association Property or its owners, any monies or funds of the Association in excess of the funds raised through Assessments collected from the owners of the Merged Association Property;

(iv) the Bylaws of the Association shall be amended in the plan of merger to accommodate such Board structure;

(B) if the Non-Surviving Association in a merger does not have Members, then the Members of this Association shall continue to elect the Board of the Association as provided herein without any participation from owners of the Merged Association Property and the Merged Association Board Members will continue to be appointed in the manner provided in the deed restrictions authorizing the creation of the Non-Surviving Association. It is expressly provided, however, that no Assessment shall be levied by the Association against the owners of the Merged Association Property in excess of the amount allowed by the Other Restrictions, and under no circumstances shall the Association be required to expend, on enforcement of the Other Restrictions and/or on maintenance, repair or services for the Merged Association Property or its owners, any monies or funds of the Association in excess of the funds raised through Assessments collected from the owners of the Merged Association Property.

No such merger or consolidation shall effect any revocation, change, or addition to the covenants and restrictions established by this Declaration, or give any Members by Merger any right to amend or vote with regard to the amendment of this Declaration.

Section 5. Classes of Membership.

The Association shall have two classes of voting membership as follows:

Class A. Class A Members shall be all Owners of Assessable Tracts which are Townhome Sites, with the exception of the Declarant (unless and until its Class B Membership converts to Class A Membership as contemplated below), and each such Class A Member shall be entitled to one vote for each Townhome Site owned by such person or entity. When more than one person holds an interest in a single Townhome

Site, all such persons shall be Members. The vote of such Townhome Site shall be exercised as such co-owners among themselves determine, but in no event shall more than one vote be cast with respect to any one Townhome Site. If the co-owners of a single Townhome Site do not vote unanimously and in unison, no vote for that Townhome Site shall be counted.

Class B. Class B Members shall be the Declarant herein, as such term is defined in Article I, Section 18, who shall be entitled to nine (9) votes in the Association for each Townhome Site owned by it. Class B Membership shall cease and be converted to Class A Membership (as to Townhome Sites owned by Declarant), on the happening of the earliest to occur of the following three events (A, B or C):

(A) When the last Townhome Site is sold by Declarant to an unaffiliated third party; or

(B) The twenty-fifth (25th) anniversary date of the first recordation of this Declaration; or

(C) When the Declarant in its sole and absolute discretion terminates Class B Membership by an instrument filed in the Real Property Records of Brazoria County, Texas;

and Declarant may thereafter cast votes as Class A Member.

At such time that additional Property is annexed into the Association, the Class B Membership of the Declarant, shall, if it had previously ceased due to one of the conditions listed above in (A), (B) or (C), be automatically deemed reinstated and shall apply to all Townhome Sites owned by Declarant in the newly annexed portion of the Property as well as to all Townhome Sites owned by Declarant in all other areas of the Property. Such reinstatement is subject to further cessation in accordance with the limitations set forth in the preceding paragraphs (A), (B), and (C) of this Article, whichever occurs first. However, upon reinstatement due to annexation of additional Property, the period of time set forth in Section 5(B) of this Article shall be extended to the extent necessary such that in all circumstances it extends for a period no shorter than ten (10) years from the date of each such recorded annexation (i.e., Supplemental Declaration).

Section 6. Non-Profit Corporation.

SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC., a Texas non-profit corporation, has been organized, and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation. Declarant has conveyed the Common Properties to the Association upon final completion of construction of all Common Facilities to be located thereon or, at its option, prior to such construction and reserving the right to design and build the initial Common Facilities to be located thereon.

Section 7. Bylaws.

The Association may make whatever rules or bylaws it may choose to govern the organization, provided that same are not in direct conflict with the terms and provisions hereof.

Section 8. Members' Easements of Enjoyment.

Subject to the provisions of Section 9 below, every Class A Member and Class B Member of the Association shall have a non-exclusive common right and easement of enjoyment in the Common Properties and Common Facilities to the extent they are designed for such use (for example, parks, playgrounds and the like would be subject to the right of common use, but monument sign easements, subdivision wall or fence easements, and landscape easements would not) and such right and easement shall be appurtenant to and shall pass with the title to every Assessable Tract which is a Townhome Site.

Section 9. Extent of Members' Easements.

The rights and easements of enjoyment created hereby in favor of the Class A and Class B Members shall be subject to the rights and easements now existing or hereafter created in favor of Declarant or others as referred to or provided for in this Declaration, and shall also be subject to the following provisions:

(A) The Association shall have the right to borrow money and, with the assent of Members entitled to cast not less than two-thirds (2/3) of the aggregate of the votes of the Class A and Class B Members, to mortgage the Common Properties and Common Facilities.

(B) The Association shall have the right to take such steps as are reasonably necessary to protect the Common Properties and Common Facilities against foreclosure of any such mortgage.

(C) The Association shall have the right to suspend the rights of any Member to enjoyment and use of the Common Properties, Common Services, and Common Facilities for any period during which any Assessment or other amount owed by the Member to the Association remains unpaid.

(D) The Association shall have the right to establish reasonable rules and regulations governing the Members' use and enjoyment of the Common Properties, Common Services, and Common Facilities, and to suspend the enjoyment rights of any Member for any period not to exceed sixty (60) days for each and any infraction of such rules and regulations, including, without limitation, limitations on numbers of guests allowed for any Member at a given time.

(E) The Association shall have the right to assess and collect the Assessments provided for or contemplated herein and to charge reasonable admission and other fees for the use of any recreational facilities which are a part of the Common Properties or Common Facilities or for all or a part of the Common Services.

(F) The right of the Occupants of dwellings within any area of land from time to time owned by the Declarant or any affiliate of Declarant in the vicinity of but not within the Property, with Declarant's written authorization, on terms no more favorable to such users than then made available to the Members, to use the Common Properties, together with all Common Facilities now or hereafter located thereon. The right of Declarant to grant such use privileges is hereby reserved by Declarant.

(G) The Association shall have the right to dedicate, sell or convey all or any part of the Common Properties and Common Facilities, or interests therein, to any public agency, authority, or utility or any utility district, or to any third party whomsoever, for such purposes and subject to such conditions as may be agreed to by a vote of the Members as hereinbelow provided. No conveyance of Common Properties other than the granting of utility easements upon the Common Properties, shall be made without such Member vote. No such dedication or conveyance (except granting of utility easements) shall be effective unless an instrument agreeing to such dedications or conveyance signed by Class A Members and Class B Members entitled to cast not less than two-thirds (2/3) of the aggregate of the votes of both such Classes of Members voting, in person or by proxy, at a meeting duly called for this purpose at which a quorum is present.

(H) The Association shall have the right to use, rent or lease any part of the Common Properties and/or Common Facilities for the operation (for profit or otherwise) of any service activity intended to serve a substantial number of Occupants in the Properties, and/or property owners outside the Properties, provided that any such lease or contract providing for use of Common Properties and Common Facilities by property owners outside the Property shall be approved, prior to being entered into, by an affirmative vote of Class A Members and Class B Members entitled to cast no less than two-thirds (2/3) of the aggregate of the votes of both such classes of Members voting, in person or by proxy, at a meeting duly called for this purpose at which a quorum is present. Such an agreement may also be entered into unilaterally by Declarant on behalf of the Association and as its agent, without a meeting of the Members, so long as it controls two-thirds (2/3) of the aggregate votes of the Class A and Class B Members in the Association and promptly reports such action in writing to the Association.

(l) The Association shall have the right, but not the obligation, to contract on behalf of all Assessable Tracts, for garbage and rubbish pickup, for security, or for any other common service, and to charge the Owner of each Assessable Tract for his pro rata share of the cost thereof, such pro rata share to be determined by dividing the number of Assessable Tracts being served into the total cost of providing such service. If the Association so elects, the charge to each Owner for garbage and rubbish pickup shall be in addition to or part of the Assessments described in Article III hereof.

Section 10. Enforcement of Declaration.

The Association and/or Declarant and/or any Member shall have the power and authority to enforce the terms and provisions of this Declaration by legal action or other means provided for herein.

ARTICLE III
COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments.

The Declarant, for each Townhome Site owned within the Properties, hereby covenants, and each Owner of any Townhome Site by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree, to pay to the Association: (1) Base Monthly Assessments, and (2) Special Assessments, such Assessments to be established and collected as provided in this Declaration. The Assessments assessed against each Townhome Site and its Owner(s), together with interest, collection costs and reasonable attorney's fees relating thereto, shall be a charge on such Townhome Site and shall be and are secured by a continuing contract lien hereby created by, and reserved and retained in favor of, the Association upon the Townhome Site against which each such Assessment is made. Each such Assessment, together with interest, collection costs and reasonable attorney's fees, shall also be the personal obligation of the person or legal entity that was the Owner of such Townhome Site at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to an Owner's successors in title unless expressly assumed by them, but shall be secured by the above-referenced continuing lien on the Townhome Site so transferred as security for the delinquent obligation of the prior Owner, and may be enforced against such Townhome Site notwithstanding any such conveyance.

Section 2. Purpose of Assessments.

Except to the extent otherwise specifically set forth elsewhere in this Declaration, the Assessments levied by the Association shall be used to improve, beautify, maintain, manage and operate the Common Properties, Common Services, and Common Facilities, and to pay taxes and insurance premiums thereon, and to promote the

recreation, convenience and welfare of the Members, such benefits may include, by way of illustration but not limitation:

(A) improvement and maintenance of the Shared Driveway, Access Easements, Landscape and Irrigation Easements, Private Street Easements, Service Easements and other services or facilities which are a part of, devoted to or related to the use and enjoyment of the Common Facilities and the Common Property;

(B) payment of water, gas, electricity and other utilities used in connection with the Common Properties and Common Facilities;

(C) providing professional property and financial management for the Common Properties and funds of the Association;

(D) providing patrol or watchman service;

(E) providing service contractors to manage and maintain recreational facilities;

(F) providing and maintaining lighting standards, fixtures and facilities which are within the jurisdiction of the Association;

(G) providing and maintaining all mechanical and electrical fixtures, plumbing equipment and drainage systems for the Common Properties and Common Facilities;

(H) fogging for insect control:

(I) providing garbage and rubbish pickup;

(J) maintaining the unpaved portion of, and any esplanades on, any street or right of way adjoining the Property or dedicated from time to time out of the Property;

(K) maintaining landscaping and other improvements (including, without limitation walls, retaining walls, monuments, signage and irrigation systems) contained within esplanades and cul-de-sacs in any Private Streets or public streets located within or adjoining the Property, or in any landscape reserves or easements held by the Association from time to time;

(L) cleaning, maintaining, operating and repairing the Common Property and the roof of each Living Unit;

(M) providing the Common Services;

(N) enforcing the provisions contained in this Declaration;

(O) employing, at the request of the Architectural Committee, one or more architects, engineers, attorneys, or other consultants, for the purpose of advising the Committee in carrying out its duties and authority as set forth herein or, at the option of the Board of Directors of the Association, for the maintenance and/or improvement of the Common Properties or Common Facilities or for providing Common Services for the benefit of the Members; and

(P) paying all assessments due pursuant to the Silverlake Homeowners Association, Inc. pursuant to the Declaration of Covenants, Conditions and Restrictions for Silverlake dated January 18, 1995, (as amended from time to time, the "Silverlake Master Restrictions") with respect to the Common Properties and with respect to the Townhome Sites.

The foregoing uses and purposes are permissive and not mandatory, and the decisions of the Board of Directors of the Association shall be final as long as made in good faith and in accordance with the Bylaws of the Association and any applicable governmental laws, rules and regulations.

Section 3. Initial Maximum Base Monthly Assessment; Limits on Increases.

Until January 1 of the year immediately following the conveyance of the first Townhome Site by Declarant to an Owner, the Board of Directors shall levy on each Assessable Tract and collect from the Owner thereof a Base Monthly Assessment not to exceed TWO HUNDRED EIGHTY-FIVE AND NO/100 DOLLARS ($285.00) for each Townhome Site, which shall be due and payable as provided hereinafter. Anything contained herein to the contrary or seemingly to the contrary notwithstanding, the Base Monthly Assessments provided for herein shall be payable by the Owners of each of the Townhome Sites within the boundaries of the Properties, in the manner hereinafter set forth:

(A) From and after January 1 of the year immediately following the conveyance of the first Townhome Site by Declarant to an Owner, the maximum-Base Monthly Assessment may be increased for that calendar year and each calendar year thereafter by not more than 15% of the maximum Base Monthly Assessment allowed for the prior year (such maximum Base Monthly Assessment to be cumulative from year to year) by the Board of Directors without a vote of the Members. In the event the assessments payable to the Silverlake Homeowners Association, Inc. are increased or special assessments are made pursuant to the provisions of the Silverlake Master Declaration, the Board of Directors, may in its sole discretion, exclude such increases special assessments in calculating the

maximum permitted increase in a calendar year without a vote of the Members.

(B) From and after January 1 of the year immediately following the conveyance of the first Townhome Site to an Owner other than Declarant, the maximum Base Monthly Assessment may be increased by an amount in excess of the increase permitted under (a) above by the vote or written assent of at least 51% of the votes of the Members present and voting at a meeting thereof duly called and held for such purpose at which a quorum is present.

(C) The Board of Directors shall from time to time set, fix and levy the Base Monthly Assessment at an amount not in excess of the maximum permitted from time to time herein.

(D) The above limitations on Base Monthly Assessments shall not apply to limit the assessments that the Association can impose and collect on Merged Association Property in the event of a merger of the Association with another property owners association as contemplated in Article II, Section 4 hereof, to the extent the applicable Other Restrictions allow such additional assessments with respect to the Merged Association Property.

Section 4. Special Universal Assessments for Capital Improvements.

In addition to the Base Monthly Assessments authorized by Section 3 hereinabove, the Association may levy against the Assessable Tracts in any calendar year one or more assessments ("Special Universal Assessments") applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, purchase, acquisition, repair, or replacement of a capital improvement of the Association, including necessary fixtures and personal property related thereto, but any such Special Universal Assessment must be approved by Members entitled to cast not less than two-thirds (2/3) of the aggregate of the votes of Members present and voting at a meeting thereof duly called and held for such purpose at which a quorum is present. The Special Universal Assessment, against every Assessable Tract shall be the same as the Special Universal Assessment against every other Assessable Tract.

Section 5. Uniform Rate of Assessments.

The Association, by action of its Board of Directors, shall levy Base Monthly Assessments against the Assessable Tracts to obtain funds reasonably anticipated to be needed for purposes stated in Section 2 of this Article III, including reasonable reserves for contingencies and for capital improvements, replacements, and repairs; provided, however, that the Base Monthly Assessments shall be levied on a uniform basis across all Assessable Tracts as follows:

(A) Townhome Sites owned by Declarant, its designated successors and assigns whether unimproved or improved - None

(B) Townhome Sites containing completed or partially completed Living Units owned by individual (including corporate or other legal entity) homebuyers - 100%

Section 6. Declarant Assessment Liability.

No Townhome Site owned by Declarant shall be subject to Assessments under this Declaration or any Supplemental Declaration and Declarant shall be responsible only for a short fall in the accounts of the Association to carry out its critical functions contemplated hereby, but only in the event that the maximum Base Monthly Assessments chargeable to other owners under the provisions of Article III, Section 3 of this Declaration, are insufficient to cover the actual costs of maintaining the Properties in accordance with the provisions of Article VIII of this Declaration. In calculating the actual costs no provision shall be made for reserves for future replacements or improvements. If financial shortfalls can be reduced before Declarant's subsidy by a reduction in excess or non-life threatening services, such as trash removal, then those services may (and, if requested by Declarant, shall) be reduced to enable the Association to operate within its budget under the constraints of the limitations of Section 4 of this Article III and with the least possible subsidy from Declarant. Declarant may at any time by express written instrument recorded in the Real Property Records of Brazoria County, Texas, release its rights under this Section from and after the date of recordation thereof (or any later date specified therein), and thereafter pay only Assessments due against its Assessable Tracts in the same manner and to the same extent as any other Owner.

Section 7. Commencement of Base Monthly Assessments; Due Dates.

Subject to the provisions of Section 5 of this Article, the Base Monthly Assessments provided for herein shall commence on each Townhome Site on November 1, 2004. The Base Monthly Assessment on each Townhome Site for the first month of such Assessment shall be due and payable on the day a Townhome Site becomes an Assessable Tract, and shall be pro rated for that month. After the first month, the Base Monthly Assessment on such Townhome Site for each such subsequent calendar month shall be due and payable on the first day of each month in accordance with the payment system implemented by the Board from time to time.

Section 8. Commencement of Special Universal Assessments.

The due date of any Special Universal Assessment under Section 5 of this Article shall be fixed in the resolution of the Members of the Association authorizing or approving such Special Universal Assessment or, if not so specified, then as determined by the Board.

Section 9. Common Properties and Common Facilities Exempt.

All Common Properties and Common Facilities, including, all Private Street Easements, Private Street Facilities, Service Easements and Access Facilities, and all portions of the Property owned or otherwise dedicated to any political subdivision or municipal utility district (excluding portions of public or private utility easements located upon or within the boundaries of Townhome Sites, which shall not be exempt), shall be exempt from the Assessments and liens created, reserved and/or contemplated herein.

Section 10. Duties of the Board, of Directors.

The Board of Directors of the Association shall determine the amount to be levied as the Base Monthly Assessment against each Assessable Tract for each calendar year, subject to the criteria and limitations set out in this Article. The Board of Directors of the Association shall cause to be prepared a roster of the Assessable Tracts showing the amount of each Assessment, which roster shall be kept in the office of the Association, and shall be open to inspection by any Owner. The Association shall upon demand at any time furnish to any Owner a certificate in writing signed by an officer or agent of the Association setting forth whether or not there are any unpaid Assessments against said Owner's Townhome Site. Such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid, as to any third party who in good faith relies thereon to his economic detriment. A reasonable charge may be levied for the certificate.

Section 11. Effect of Non-Payment of Assessments; Remedies of the Association; Liens Securing Assessments.

Any Base Monthly Assessment or Special Assessment not paid within thirty (30) days after the due date shall be subject to a late fee as determined by the Board and shall bear interest at the maximum per annum ceiling rate allowed by applicable usury laws from the due date until paid or, if there is no maximum lawful rate applicable to such transaction, then at the rate of eighteen percent (18%) per annum (such applicable rate being herein called the "Default Rate"). The Association may bring an action at law against the Owner personally obligated to pay the same, foreclose the lien against the Townhome Site, or pursue both such remedies to the extent not mutually exclusive. Late fees, interest, court and other collection costs and attorney's fees 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 Townhome Site, hereby expressly vests in the Association, or its agents, the right and power (i) to bring all actions against such Owner personally for the collection of such charges as a debt, and (ii) to enforce the aforesaid lien by all methods available for the enforcement of such liens, including non-judicial foreclosure pursuant to Section 51.002, Tex. Prop. Code Ann. (Vemon 1983), as amended, restated, or replaced, and such Owner hereby expressly grants to the Association a private power of sale in connection with said lien. The contract lien provided for in this Declaration shall be in favor of the Association. No Owner may

waive or otherwise escape liability for the Assessments by non-use of the Common Properties or abandonment of his Townhome Site.

Section 12. Subordination of the Lien to Mortgages.

The lien securing any Assessment provided for herein shall be subordinate to the lien of any mortgage(s) now or hereafter placed upon the Townhome Site subject to the Assessment for the purpose of securing indebtedness incurred to purchase or improve such Townhome Site; provided, however, that such, subordination shall apply only to the Assessments which have become due and payable prior to a sale or transfer of such Townhome Site pursuant to a decree of foreclosure or a foreclosure by trustee's sale under a deed of trust. Such sale or transfer shall not relieve such Townhome Site from liability for any Assessment thereafter becoming due, nor from the lien securing any such subsequent Assessment.

Section 13. Exempt Property.

The Assessments and liens created in this Article III shall apply only to Assessable Tracts. The remainder of the Properties shall not be subject thereto.

Section 14. Collection Policy

(A) All maintenance assessments and related charges are due in full on the first (1^{st}) day of each calendar month.

(B) All assessment dues and related charges are late if not paid by 5 p.m. on the twentieth (20^{th}) day of each calendar month.

(C) Any assessment dues or related charges remaining on an Owner's account at 5 p.m. on the twentieth (20^{th}) day of each month shall be subject to a late charge of $50.00.

(D) If there is any account balance due on an assessment account for any Unit, after the thirtieth (30^{th}) day of any month, the managing agent shall send a notice via certified mail reminding the Owner that the assessment is late and it must be paid within fifteen (15) days. The managing agent shall inform the owner that the owner has the right to dispute the amount before the Board of Directors if written request is received within thirty (30) days of receipt of the letter. The letter shall also inform the owner that after 45 days (30 plus 15) if the account remains unpaid it is subject to being turned over to the attorney for the Association to begin formal collection activities.

(E) Any account over sixty (60) days delinquent shall incur interest charges in the amount of eighteen (18%) percent per annum until fully paid.

(F) Any assessment remaining unpaid for sixty (60) days, or any account accruing five hundred dollars ($500.00) or more in assessments, late charges, collection charges, interest, and attorney's fees shall be turned over to the Association's attorney for collection.

(G) All attorney's fees, court costs, and other related charges of collection incurred through either the management company or the Association's attorney shall be charged back to the Owner, whose failure to timely pay the assessment or related charges caused the expenditure of funds. All such charges shall be added to the amount of the assessments and collected as if they were assessments.

(H) Once turned over, the attorney for the Association is authorized to send a demand letter demanding payment for the account within thirty (30) days of such letter.

(I) If the Owner does not pay in full after the attorney's first demand letter, the attorney is authorized to send a second letter demanding payment within ten (10) days under the threat that suit will be filed to foreclose on the Lien created by the Covenants, Conditions & Restrictions.

(J) If the assessments are not paid in full pursuant to the above demands, the attorney is authorized to draft and file a formal Notice of Lien for filing in the Real Property Records.

(K) If arrangements have not been made by the Owner to pay the account within ten (10) days of the lien having been drafted, the Association attorney is authorized to file suit on the next available posting date seeking among other relief, foreclosure of the property.

(L) The Board President, Treasurer, and the manager agent are authorized to sign any liens, affidavits, or other documents necessary in the collection process.

(M) The Association attorney is authorized to obtain an abstract of Judgment, and filing of the same in the real property records, and to obtain a writ of execution and Order of sale in the enforcement of the judgment.

(N) In the event a Constable's sale does occur, the Association attorney is authorized to bid, on behalf of the Association, up to the amount of the judgment and all costs at said sale. After foreclosure, the lender, holding the first lien on the property, and the owner will be notified of the Association's action, at the last known address on file with the Association or any other address located by the Association's attorney.

(O) If after foreclosure, an Owner or his tenant continues to occupy the unit, a forcible detainer case may be filed seeking possession.

(P) The Association's attorney may be authorized to file a deficiency suit against the Owners whose units have been foreclosed, but who still owe a balance of assessments to the Association.

(Q) At all times during the collection process, the Association's attorney is authorized to enter into reasonable payment arrangements with Owners in an attempt to collect the obligation owed to the Association. In the absence of a reasonable payment schedule, or full payment of the assessment account, the Association attorney is authorized to complete the entire collection process without necessity of further instruction or authorization.

(R) At all stages of collection, payments made by Owners shall be applied to the oldest balance first. The "balance" shall include, without differentiation, maintenance assessments, late charges, interest, attorney's fees, Owner maintenance charge backs, fines, penalties, insurance, and insurance deductibles.

Section 15. Payment Plan Policy

(A) Owners are entitled to one approved payment plan to pay their annual assessments.

(B) All payment plans require a down payment and monthly payments.

(C) Upon request, all Owners are automatically approved for a payment plan consisting of 50% down, with the balance paid off in three (3) monthly installments.

(D) If an owner defaults on the payment plan, the payment plan is automatically terminated and the Association is not obligated to make another payment plan with the owner for the next two years.

(E) Alternative payment plan proposals must be submitted to and approved by the Association. The Association is not obligated to approve alternative payment plan proposals. No payment plan may be shorter than 3 months or longer than 18 months. The Association cannot charge late fees during the course of a payment plan, but can charge interest at the rate it is entitled to under its Governing Documents and can charge reasonable costs of administering the payment plan. The term of a payment plan cannot be less than 3 months or more than 18 months.

ARTICLE IV
ARCHITECTURAL COMMITTEE

Section 1. Architectural Committee; Tenure.

The Declarant shall appoint an Architectural Committee, consisting of not less than three (3) members, who need not be Members of the Association. The persons serving on the Architectural Committee, or their successors, shall serve until such time as replaced by the Declarant, or otherwise in accordance with the terms hereof. In the event of the death or resignation of any person serving on the Architectural Committee, the remaining person(s) serving on the Committee shall designate a successor, or successors (unless same occurs during the Declarant control period specified in Section 2 hereof, in which event Declarant shall make such appointment), who shall have all of the authority and power of his or their predecessors). A majority of the Architectural Committee may from time to time designate someone serving on the Committee to act for it as the Designated Representative. No person serving on the Committee shall be entitled to compensation for services performed pursuant to this Article IV. However, the Committee may employ one or more architects, engineers, attorneys, or other consultants to assist the Committee in carrying out its duties hereunder, and the Association shall pay such consultants for such services as they render to such Committee.

Section 2. Rights of the Architectural Committee.

The Declarant reserves the right to control and direct the Architectural Committee (including the making of all appointments thereto and removing any member thereof) for a period of fifteen (15) years from the date of the recording of this initial Declaration. At the time when future properties are annexed into this Declaration and the jurisdiction of the Association, if ever, the term of the members of the Architectural Committee will extend no less than ten (10) years from the date of the recordation of the annexation document (i.e., the Supplemental Declaration), and Declarant's control of the Architectural Committee shall continue throughout that extended term.

At the expiration of the Declarant's control or should the Declarant decide to relinquish control of the Architectural Committee prior to the expiration of the control period stated above, it may do so by notifying the Board of Directors of the Association in writing thereof and causing all its members to resign with a minimum of thirty (30) days' prior written notice to the Board at which time the Board shall replace such members and thereafter may remove and replace members of the Architectural Committee as the Board in its absolute discretion deems necessary.

Section 3. Architectural Control Guidelines.

The Architectural Committee shall have the right to develop, adopt and from time to time revise "Architectural Control Guidelines" (herein so called) for use in the review and approval of modification, additions, alterations and reconstruction of improvements on

Townhome Sites. The Architectural Committee shall also set standards, review and act upon all proposed modifications of improvements to those Townhome Sites where the Living Units have been constructed and sold and are owned by someone other than the Declarant, its designated successors or assigns. This Committee will also act with respect to any replacement improvements. After the end of the period of Declarant's control, this Committee will be comprised of no fewer than three (3) members with at least two (2) members required to be Members of the Association. The Architectural Committee will be governed by the Board of Directors and shall adhere to all the provisions set forth in this Declaration.

The Architectural Committee shall promulgate standards and procedures governing its area of responsibility and practice, and may adopt separate standards and procedures governing modifications and alterations on Townhome Sites. In addition thereto, the following requirements shall be adhered to: plans and specifications showing the nature, kind, shape, color, size, materials and location of such modifications, additions or alterations, shall be submitted to the Architectural Committee for approval as to quality of workmanship and design and harmony of external design with existing structures on and off the Townhome Site in question, and as to location in relation to surrounding structures, topography and finish grade elevation. Nothing contained herein shall be construed to limit the right of an Owner to remodel or to paint or otherwise alter the interior of a Living Unit provided that such remodeling does not affect the structure of the Townhome.

Section 4. General.

All Property which is now or may hereafter be subjected to this Declaration is subject to architectural and environmental review as provided in this Declaration prior to any modification, addition, alteration or reconstruction on any Townhome Site. No Living Unit or other improvements (including, without limitation, garages, driveways, sidewalks, drainage facilities, landscaping, fences, walks, fountains, statuary and flagpoles, but excluding interior improvements not readily visible from outside the structure) shall be modified or altered, without the prior written approval of the Architectural Committee. This review shall be in accordance with this initial Declaration (as amended), any relevant Supplemental Declaration(s) (as amended), and such standards as may be promulgated by the Board or the Architectural Committee (subject to review by the Board), and such review and standards shall or may include, without limitation: general aesthetic character of improvements so as to ensure harmony and compatibility of improvements within the Property; placement, orientation and location of improvements on a Townhome Site in a manner so as to be aesthetically and functionally compatible with improvements on or to be constructed on other Townhome Sites in the Property; landscaping species, location, number and arrangement; and appropriateness of permitting any proposed structures or improvements other than the main buildings, garages, driveways and parking areas, such as fountains, flagpoles, statuary, outdoor lighting, or others, the Architectural Committee not being obligated under any circumstances to approve any such other improvements if they determine that same would detract from the overall aesthetic quality of the area. Any obligation of Declarant

to enforce provisions relating to historic preservation shall become the responsibility of the Association and the Committee created in this Article shall ensure compliance therewith. The Board of Directors shall have the right and power on behalf of the Association to enforce in courts of competent jurisdiction decisions of the Architectural Committee. The Architectural Committee is not constrained to set as a minimum standard or guideline, for any matter, subject to its jurisdiction or review hereunder any minimum legal requirements or standards established by applicable or non-applicable law, ordinance, rule or regulation of any federal, state or local governmental authority or agency covering the same or similar subject matter.

Section 5. Submissions to the Architectural Committee.

To secure the approval (the "Final Approval") of the Architectural Committee, an Owner shall submit:

(A) An "Exterior Plan" (herein so called) which shall contain drawings and details of all exterior surfaces, including the roof, showing elevations and the color, quality and type of exterior construction materials; and

(B) All such other information as may be reasonably required which will enable the Architectural Committee to determine the location, scale, design, character, style and appearance of such Owner's intended improvements.

All of the foregoing (collectively, as originally submitted and as revised and resubmitted, the "Plans") shall conform to the applicable provisions of this Declaration. The Owner shall supply the Architectural Committee with number of sets of Plans, not to exceed three (3), as deemed appropriate by the Committee (which may be set forth in the Architectural Control Guidelines).

Where Owner has neglected to submit a full set of required Plans for approval, failure of the Architectural Committee to exercise the powers granted by this Article IV shall never be deemed a waiver of the right to do so either before or after a building or other improvement in the Properties, or any exterior addition to or alteration therein, has been completed.

Where not otherwise specified herein or in an applicable Supplemental Declaration, the Architectural Committee also shall have the right to specify requirements for each Townhome Site as follows: minimum setbacks; impervious cover restrictions, driveway access to adjacent street; the location, height and extent of fences, walls or other screening devices; garage access; and the orientation and placement of structures with respect to streets, walks and structures on adjacent property. There shall be no chain link fencing except as may be utilized for temporary storage of building materials and supplies during the construction phase. The Architectural Committee shall have full power and authority to reject any plans and specifications that do not comply with the restrictions herein imposed (or imposed in any applicable Supplemental Declaration) or

meet its minimum construction requirements or architectural design requirements as set forth in the relevant Development Guidelines, or that might not be compatible, in its judgment, with the overall character and aesthetics of the Properties.

Section 6. Time for Review of Plans.

Upon submission of Plans to the Architectural Committee accompanied by a written request for Final Approval (the "Submitted Plans"), the Committee shall endeavor to review same within thirty (30) days from receipt of plans and respond in writing whether the Submitted Plans are approved or disapproved. The Committee, as required, shall approve the plans if such plans do not violate this Declaration (including the requirements of any applicable Supplemental Declaration, if any) or the guidelines and criteria from time to time existing and established by the Committee, and are consistent with its judgment on aesthetic compatibility of the proposed improvements with other portions, of the Properties and/or improvements thereon. Any such disapproval shall set forth the specific reason or reasons for such disapproval. Any failure by the Committee to approve or disapprove the Submitted Plans in writing within such thirty (30) day period shall not constitute a waiver of the requirements of this Declaration or constitute the Committee's approval. No construction of the improvements provided for in the Submitted Plans (including those resubmitted under this Article) shall be commenced until the receipt of the Committee's written approval of the Plans for such improvements. However, in the event the Architectural Committee fails to either (i) approve or disapprove Plans submitted to it, or (ii) request additional information reasonably required, within thirty (30) days after submission, the Plans for modifications shall be deemed approved as long as such Plans are in compliance with the requirements of this Declaration.

Section 7. Review of Revised Plans.

If the Architectural Committee shall disapprove any part of the Submitted Plans, the Submitted Plans may be revised to incorporate such change(s) requested by the Architectural Committee and may deliver the required number of complete sets of revised Submitted Plans to the Architectural Committee and the Architectural Committee shall endeavor to review such revised Submitted Plans within thirty (30) days to determine compliance with the Architectural Committee's requested changes.

Section 8. Appeal of Decisions of the Architectural Committee.

If an Architectural Committee separate from the Board of Directors has been designated pursuant to the terms of this Declaration, and an Owner does not agree with the Architectural Committee's decision regarding Submitted Plans, such Owner shall have the right to appeal the Architectural Committee's decision to the Board of Directors and the Board of Directors will, within forty-five (45) days after submission of the Owner's appeal, which appeal shall be in writing and the Owner's specific basis for appeal, make a final determination of whether to overrule the decision of the Architectural Committee regarding the Submitted Plans. In the event the Board of Directors does not affirmatively

decide to overrule the Architectural Committee in such 45 day time period, the decision of the Architectural Committee shall be final.

Section 9. Changes in Approved Plans.

The written approval of the Architectural Committee shall be secured for any material change or revisions in approved Plans in the manner provided in this Article for the approval of Plans.

Section 10. Variances.

The Architectural Committee (or, subsequent to its existence, the Board) may authorize variances from compliance with any other of the architectural provisions of this Declaration and/or the applicable Architectural Control Guidelines, including restrictions upon height, size, placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may, in the Committee's judgment and discretion, require. The Committee's decision on a requested variance shall be final, conclusive and binding. Such variances must be evidenced in writing, must be signed by at least a majority of the Architectural Committee (or Board, as applicable), and shall become effective upon their execution. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred so long as the Townhome Site in question complies with the restrictions, limitations and conditions stated in such variance. Variances shall be strictly and narrowly construed, and no granting of a variance shall be construed as being broader or less restrictive than its plain wording. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration or the Architectural Control Guidelines for any purpose except as to the particular provision hereof covered by the variance, and shall only constitute a waiver or variance for the particular Townhome Site for which it is issued and is not transferable. Neither shall the granting of such variance affect in any way the obligation to comply with all governmental laws and regulations.

Upon the recommendation of the Architectural Committee, the Board of Directors may authorize variances, as stated above, with regard to modifications or alterations within its jurisdiction. Such Architectural Committee's variances must be evidenced by a written instrument signed by a majority of the Board of Directors and a majority of the Architectural Committee. UNDER NO CIRCUMSTANCES SHALL THE ARCHITECTURAL COMMITTEE, ARCHITECTURAL COMMITTEE OR BOARD EVER BE COMPELLED (BY COURT ORDER OR OTHERWISE) TO GRANT A VARIANCE UNDER THE PROVISIONS OF THIS SECTION 9.

Section 11. No Liability.

Neither Declarant, the Association, Board of Directors, the Architectural Committee or the members thereof or their agents shall be liable in damages to anyone submitting plans or specifications to them for approval, or to any Owner of a Townhome Site

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, including specifically, but without limitation, consequences of any delay or any defect in any plans or specifications. Every person who submits plans or specifications to the Architectural Committee for approval agrees, by submission of such plans and specifications, and every Owner agrees, that he will not bring action or suit against Declarant, the Association, the Board of Directors, the Architectural Committee, any of the members thereof, or any of their agents to recover any such damages.

Section 12. Rules and Regulations.

The Architectural Committee may from time to time, in its sole discretion, adopt, amend and repeal rules and regulations interpreting and implementing the provisions hereof.

ARTICLE V
EASEMENTS

Section 1. Sewer or Water Line Easements.

Wherever (i) sanitary sewer or water service connections, (ii) natural gas, electricity, telephone or cable television lines, or (iii) drainage facilities are installed within the Property, which connections, lines or facilities or any portion thereof lie in or upon a Townhome Site served by the connections, lines or facilities. Owners of Townhome Sites served shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon the Townhome Sites within the Property in or upon which said connections, lines or facilities, or any portion thereof, lie, to repair, replace and generally maintain said connections as and when the same may be necessary.

Section 2. Easement for Police, Mail and Emergency Access.

An easement is hereby granted to all police, fire protection, ambulance and other emergency vehicles, and to garbage and trash collection vehicles, and other service vehicles to enter upon the Common Properties and Common Facilities, including the Private Street Facilities and Access Facilities in the performance of their duties. An easement is also specifically granted to the United States Post Office, its agents and employees to enter upon any portion of the Property in performance of mail delivery or any other United States Post Office services. Further, an easement is hereby granted to the Association, its officers, agents, employees, and management personnel to enter the Private Street Facilities and Access Facilities to render any service or perform any function contemplated herein.

Section 3. Declarant and Association Access Easements.

An easement is hereby granted to Declarant and to the Association, and respective officers, agents, employees and management personnel to enter in or cross over any

Townhome Site, Common Facility, Access Easement, Landscape and Irrigation Easement, Private Street Easement and Access Easement and/or any other easement for the conveying out of its rights and obligations under this Declaration to render any service or to perform any maintenance which the Association is permitted or required to provide or perform under this Declaration, and all work necessary to construct, maintain, repair, replace and operate the Private Street Facilities and Access Facilities; and by virtue of said easement to do all things reasonably necessary to provide services or perform maintenance.

Section 4. Members' Easements.

Every Member and every Occupant shall have a right and easement of us and enjoyment in and to the Shared Driveways and any Reserve shown on the Plat, and such easements shall be appurtenant to and shall pass with the title to every Townhome Site.

Section 5. Easements and Rights Reserved by Declarant.

Declarant hereby reserves for itself, its successors and assigns, and to the Association the right to dedicate Shared Driveways and walks throughout the Property, and reserve or grant easements of ingress and egress and for the installation, construction, maintenance, repair and replacement of utilities and related facilities, which shall include, but not be limited to, sewer (sanitary and storm), gas, electric, telephone, cable television and water lines, upon, over, under, and across the Property, as it in its sole discretion deems proper or appropriate. Further, Declarant hereby reserves to itself and the Association temporary construction easements for the construction, repair, removal, maintenance and reconstruction of improvements within the Property, including without limitation, fences, Shared Driveways, irrigation equipment, landscaping and other improvements as shall be reasonably necessary to enable (i) Declarant to complete the development and improvement of the Property and (ii) Declarant and/or the Association to maintain the Property; provided, that any such improvements removed by Declarant or the Association shall be replaced and/or restored, upon completion of the construction or maintenance activities. All claims for damages, if any arising out of any such construction or other activities by Declarant are hereby waived by each Owner and the Association.

Section 6. Perpetual Easement of Access and Enjoyment.

Subject to the other provisions and restrictions herein, every Owner of a Townhome Site, and such Owner's family, shall have and is hereby granted a perpetual non-exclusive common right and easement of enjoyment in the Private Street Easements and Private Street Facilities located in the Property for the purposes for which such facilities are designed, and a right to obtain access thereto through any controlled Access Facilities, and such rights and easements shall be appurtenant to and shall pass with the title to every Townhome Site in the Property. The guest, invitees and visitors of each Owner of a Townhome Site in the Property shall have access to the Private Street

Easements and Private Street Facilities in the Property subject to such system of regulation of access by telephone call-through facilities, key-pad access facilities or other access regulation facilities as may be established from time to time as herein provided. The rights and easements of enjoyment created hereby in favor of the Owners shall be subject to the rights and easements now existing or hereafter created in favor of Declarant or others as referred to or provided for in this Declaration, and shall also be subject to the rights of the Association as set forth in this Declaration, below.

Section 7. Reservation of Easements.

Easements over the Townhome Sites and Common Properties for the installation and maintenance of electric, telephone, cable television, water, gas and sanitary sewer lines and drainage facilities are hereby reserved by Declarant, together with the right to grant and transfer such easements and/or the dedication rights retained herein.

Section 8. Surface Areas of Utility Easements.

Easements for installation and maintenance of utilities are reserved by Declarant as shown and provided for on the recorded Plat(s), and/or in the deeds of conveyance by which such Townhome Sites are conveyed by Declarant to the subsequent Owner thereof, and/or in separate easement instruments recorded by Declarant prior to or contemporaneously with the conveyance of portions of the Property affected thereby. All electric, gas and telephone service within the Townhome Sites shall be located underground. For so long as such underground service is maintained, the electric service to each Townhome Site shall be uniform and exclusively of the type known as single-phase, 120/240 volt, three-wire, 60-cycle, alternating current. Subject to the applicable rules and regulations of the utilities owning lines or other facilities therein, and provided the Declarant or the Association makes any required or necessary arrangements with the utility companies furnishing electric, gas and telephone service and provides and installs any necessary conduit of approved type and size under such improvements, utility easements reserved within the Property for the underground service may be crossed by driveways, walkways, patios, brick walls and fences. Such easements for utilities shall, prior to construction of such underground service, be kept clear of all improvements other than fences. Neither Declarant, nor the grantor of such utility easements, nor any utility company using such utility easements shall be liable for any damage done by either of them or their assigns, their agents, employees or servants, to shrubbery, trees, flowers or other improvements (including crossing driveways, walkways, patios, brick walls or fences) of the Owner located on the land covered by said easements as a result of the maintenance, repair, installation, removal, reinstallation, upkeep, inspection or rearrangement or replacement of any underground utility lines, facilities or improvements installed by any such utility in such easements.

Section 9. Private Streets.

All Townhome Sites within the Property shall abut and have access to a Private Street as to which a Private Street Easement is created as herein contemplated.

Section 10. Universal Easement.

Each Townhome Site and its Owner within the Properties is hereby declared to have an easement, and such an easement is hereby granted to Declarant, over all adjoining Townhome Sites and Common Properties for the purpose of accommodating any encroachment due to settlement or shifting of any improvements constructed thereon pursuant to approved Plans. There shall be easements for the maintenance of said encroachment by settling or shifting; provided, however, that in no event shall an easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the negligence or willful misconduct of said Owner or Owners or their contractors, surveyors or engineers. Each Townhome Site Owner grants a perpetual easement to the Association for any encroachment of Common Facilities onto such Owner's Townhome Site caused by Declarant or the Association prior to such Townhome Site Owner's purchase of said Townhome Site. Each of the easements hereinabove referred to shall be deemed to be established upon the recordation of this Declaration and shall be appurtenant to or a burden upon the Townhome Site being serviced and shall pass with each conveyance of said Townhome Site.

Section 11. Audio and Video.

Audio and video communication services and utilities may be made available to any said Townhome Sites, pursuant to an agreement entered into by Declarant or the Association, in the form of an underground coaxial, fiber optic or other type of cable system. The company furnishing such services and facilities shall have a two foot (2') wide easement along and centered on the underground wire or cable when and as installed by said company from the utility easement nearest to the point of connection on the permanent improvement or structure constructed, or to be constructed upon said Townhome Site, and in a direct line from said nearest utility easement to said point of connection.

Section 12. Electric distribution System.

An electric distribution system will be installed within the boundaries of the Properties pursuant to one or more agreements for electric service to be executed and recorded by Declarant and the relevant utility. This electrical distribution system shall consist of overhead primary feeder circuits constructed on wood or steel poles, single or three-phase, as well as underground primary and secondary circuits, pad mounted or other types of transformers, junction boxes and such other appurtenances as shall be necessary to make electrical service available to the boundary of each Townhome Site. The Association shall, at his or its own cost, furnish, install, own and maintain (all in accordance with the requirements of the local governing authorities and the National Electrical Code) the underground service cable and appurtenances from the point of the electric company's metering on the exterior of 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 Townhome Site. The electric company furnishing service (the "Electric Company") shall make the necessary connections at said point of attachment and at the meter. Declarant has granted or will grant either by designation on the Plat(s) or by separate instrument, necessary easements to the Electric Company providing for the installation, maintenance and operation of its electric distribution system and has also granted or will grant to the various homeowners reciprocal easements providing for access to the area occupied by and centered on the service wires of the various Owners to permit installation, repair and maintenance of each Owner's owned and installed service wires, but the Declarant has no responsibility for the construction of any electrical service facilities.

The Electric Company has installed or will install the electric distribution system at no cost to Declarant (except for certain conduits, where applicable, and except as hereinafter provided) upon Declarant's representation that, the Property is being developed for Living Units, all of which are or will be designed to be permanently located where originally constructed (such category of Living Units expressly to exclude mobile homes), and are built for sale or rent.

The provisions of the two (2) preceding paragraphs also apply to any future development of Living Units within Properties shown on one or more Plats as such Plats exist at the execution of the agreement for underground electric service between the electric company and Declarant or thereafter.

Section 13. Access Facility.

Declarant shall retain full and complete control of the operations of any such Access Facilities, if any, regulating access to the Property or any portion thereof until the earlier of the following: (1) the Property is completely built out, with all Townhomes having been conveyed to third parties and developed by completing construction of a residence thereon; or (2) Declarant specifically conveys control of the Access Facilities over to the Association in writing. Declarant emphasizes that the Access Facilities, if any, are not to be construed as a comprehensive security system. Declarant and the Association disclaim any representation that any Access Facility constitutes a comprehensive security system. There maybe a better, or more complete method of restricting access. After the termination of the Declarant's period of control, the Association, at the Association's expense, may decide upon any upgrade or variation of the Access Facilities.

Section 14. Shared Improvements Access Easement.

Declarant grants to the Owners of the Property, their heirs, executors, administrators, successors and assigns, an easement over adjacent Townhome Sites for the purpose of accessing and maintaining Shared Improvements.

ARTICLE VI
UTILITY BILLS, TAXES, AND INSURANCE

Section 1. Obligation of the Owners.

Owners' utility bills, taxes and insurance shall be governed by the following:

(A) Each Owner shall pay at his own cost and expense for all electricity, telephone service, cable television, internet service and other utilities used or consumed by him or any Occupant on his Townhome Site not included in Common Services.

(B) Each Owner shall directly render for taxation his own Townhome Site and improvements thereon, and shall at his own cost and expense directly pay all taxes levied or assessed against or upon his Townhome Site and his improvements and property thereon.

(C) The Owner of each Townhome Site shall be responsible at his own cost and expense for his own property insurance on the contents and (subject to the provisions of Section 2(c) below) the interior improvements of his own Living Unit on such Townhome Site, and his additions and improvements thereto, including decoration, furnishings, and personal property therein; and also for his personal liability for injury, loss or damage to persons or property on such Owner's Townhome Site.

Section 2. Obligation of the Association.

The Association shall have the following responsibilities regarding utility bills, taxes, cable and insurance:

(A) The Association shall pay as a common expense of all Owners, for all water, gas, electricity and other utilities used in connection with the enjoyment and operation of the Common Properties and the Common Facilities thereon and the appurtenances appertaining thereto or to any part thereof, including, but not limited to, and/or comprising the Common Facilities, including but not limited to, the Private Street facilities and the Access Control Facilities.

(B) The Association shall render for taxation and shall pay, as part of the common expenses of all Owners, all taxes levied or assessed against or upon the Common Properties and the Common Facilities thereon and appurtenances appertaining thereto or to any part thereof, including, but not limited to, and/or comprising the Common Facilities, including but not limited to, the Private Street Facilities, the Access Control Facilities.

(C) The Association shall have authority to obtain and continue in effect as a common expense of all Owners, a blanket property insurance policy or policies to insure the Townhome structures (including, if elected by the Association in its sole discretion, the interior improvements of the Townhome, other than contents), the structures and facilities, if any, located in the Common Properties and/or comprising the Common Facilities, including but not limited to, the Private Street Facilities, the Access Control Facilities and the contents thereof and the Association against the risks of loss or damage by fire and other hazards as are covered under standard extended or all-risk coverage provisions, in such limits as the Association deems proper, and said insurance may include coverage against vandalism and such other coverage as the Association may deem desirable. The Association shall also have the authority to obtain comprehensive public liability insurance in such limits as it shall deem desirable, insuring the Common Properties and Common Facilities, the Association, the Board of Directors, and the agents and employees of the Association, from and against liability in connection with the Common Properties and Common Facilities. The Board may also obtain directors and officers liability insurance and fidelity insurance and such other coverages as it may consider necessary or desirable as a common expense of the Association.

(D) All costs, charges and premiums for all utility bills, taxes and any insurance to be paid by the Association as hereinabove provided shall be paid out of the Association maintenance fund as a common expense of all Owners and shall be a part of the Base Monthly Assessment.

(E) The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(i) A waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Owners and their respective tenants, servants, agents, and guests.

(ii) A waiver by the insurer of its rights to repair and reconstruct instead of paying cash;

(iii) That no policy may be cancelled, invalidated, or suspended on account of any act or omission of any one or more individual Owners or Occupants of the Townhome Sites;

(iv) That no policy may be cancelled, invalidated or suspended on account of the conduct of any director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the

allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner or Mortgagee; and

(v) That any "other insurance" clause in any policy exclude individual Townhome Site Owners' policies from consideration.

Section 3. Disbursement of Proceeds.

Proceeds of Association insurance policies covering fire or other casualty to property shall be disbursed as follows:

If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction (including permitting, design, clearing and disposal costs), as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction, or in the event no repair or reconstruction is made, the balance of such insurance proceeds shall be retained by and for the benefit of the Association.

If it is determined, as provided for in Section 4 of this Article, that the damage or destruction to the Common Properties or Common Facilities for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner as provided for excess proceeds herein.

Section 4. Damage and Destruction.

Immediately after the damage or destruction by fire or other casualty to all or any part of the property covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the damaged property to substantially the same condition in which it existed prior to the fire or other casualty.

Any damage or destruction to any Living Unit shall be repaired or reconstructed.

Any damage or destruction to the Common Properties or Common Facilities shall be repaired or reconstructed unless at least seventy five percent (75%) of all votes in the Association shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, that such extensions shall not exceed an aggregate of an additional

sixty (60) days. No mortgagee of a Townhome Site shall have the right to participate in the determination of whether the Common Properties or Common Facilities damaged or destroyed shall be repaired or reconstructed.

In the event that it should be determined by the Association in the manner described above that the damage or destruction of the Common Properties or Common Facilities shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the damaged property shall be restored to its natural state and maintained as an undeveloped portion of the Common Properties by the Association in a neat and attractive condition.

Section 5. Repair and Reconstruction.

If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Association's Members, levy a Special Universal Assessment against all Class A Members in proportion to the number of votes attributed to the Townhome Sites owned by them. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the cost of repair, such excess shall be deposited to the benefit of the Association.

ARTICLE VII
CONDEMNATION

In the event that all or any part of the Common Properties shall be taken by any authority having the power of condemnation or eminent domain, no Owner shall be entitled to notice thereof nor be entitled to participate in the proceedings incident thereto. Any decision by the Board of Directors to convey Common Properties in lieu of or under threat of condemnation, or to accept an agreed award as compensation for such taking, shall require approval by a vote of fifty-one percent (51%) of the Members of the Association present and voting at a regular meeting or a special meeting called for such purpose at which a quorum is present. The award made for such taking shall be payable to the Association to be handled and disbursed as follows:

If the taking involves a portion of the Common Properties on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant and at least seventy five percent (75%) of the total number of votes in the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Properties, to the extent lands are available therefor, in accordance with plans approved by the Board. If such improvements are to be repaired or restored, the above provisions in Article VI hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not affect any improvements on the Common Properties, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such

award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine from time to time, including, but without obligation to do so, to reduce or defray Base Monthly Assessments for a period of time determined by the Board.

ARTICLE VIII
MAINTENANCE AND REPAIRS

(A) By the Owners. In addition to all maintenance obligations of Owner set forth in Article X, it shall be the duty, responsibility and obligation of each Owner at his own cost and expense to care for, maintain and repair the Living Unit and all structural elements of the Living Unit including the exterior doors, windows, their respective frames and hardware, and the foundations, and interior of all improvements on his Townhome Site including the fixtures, appliances, equipment and other appurtenances thereto, including any fixtures, appliances, equipment and other appurtenances located outside the Living Unit, but exclusively serving the Living Unit, and any plumbing, electrical, and communication lines exclusively serving the Living Unit from and including the connection from any Common lines excepting only Association-owned improvements located in any easement benefiting the Association, which shall be maintained by the Association and those elements of the Living Unit maintained by the Association in accordance with paragraph (b) of this Article VIII. The Association shall have the right to enforce the requirements of this Section by any means provided for enforcement of this Declaration, including by self-help entry and repairs by the Association at the cost and expense of a Townhome Site owner as a Special Individual Assessment hereunder.

(B) By the Association. The Association, as a common expense of all Owners, shall perpetually care for, maintain and keep in good repair the Common Property, Common Facilities and all parts thereof and all other easements or services related to or devoted to the use and enjoyment of the Common Property and/or the Common Facilities, including but not limited to, Landscape and Irrigation Easements, Private Street Easements, Private Street Facilities, Access Facilities, Service Easement, landscaped lawns, esplanades, parking areas and improvements and facilities owned by the Association. The Association, as a common expense of all Owners, shall perpetually care for, maintain and keep in good repair the exterior building surfaces of the Living Units, including painting, roof maintenance and similar maintenance activities, but expressly excluding doors, windows, and their respective frames and hardware, any fixtures and appliances and any approved additions to or modifications of the exterior of the Living Units which are the responsibility of each individual Owner. The Board has the additional right, but not the obligation, to have the grass or vegetation in readily accessible areas of the lots cut and maintained, in a neat and

sanitary manner, on the land that is owned by or dedicated to the City of Pearland, Brazoria County or any municipal utility district or other governmental entity and that lies within the Properties (or adjacent thereto) if the appropriate county agency's or utility district's maintenance standards are not acceptable to the Board of the Association.

(C) The sanitary sewer lines and the storm sewer lines are private sanitary sewer and storm sewer lines which service the Townhome Sites situated on the property. The Association shall be responsible for maintenance and repairs of the common sanitary sewer and storm sewer lines.

(D) The Association shall, at its own cost, furnish, install, own and maintain (all in accordance with the requirements of the local governing authorities and the National Electrical Code) the underground service cable and appurtenances from the point of the electric company's metering on the exterior of 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 utility company at a point designated by such company at the property line of each Townhome Site.

(E) The Shared Driveways and Access Easements, will be maintained by the Association.

The Board of Directors of the Association shall be empowered to oversee the activities of the Association and may take whatever lawful action that the Board, in its sole discretion, deems necessary to provide for the upkeep, maintenance, repair and replacement of the Common Facilities, including the Private Street Facilities and the Access Facilities and the structure and foundation of the Living Units and to enforce this Declaration for the common benefit of all or some of the Members of the Association. All rights of the Association herein and hereunder are vested in its Board of Directors unless specifically reserved to Declarant or a vote of the Members herein.

If the Living Unit is damaged or destroyed, the Association in coordination with the Owner shall promptly commence and diligently proceed to complete the restoration of such improvements to their condition existing prior to such damage or destruction, to the extent of Insurance proceeds. Any shortfall shall be the responsibility of Owner.

ARTICLE IX
RIGHTS, OBLIGATIONS, AND LIABILITY OF THE ASSOCIATION AND DECLARANT

Section 1. The Common Properties.

The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Properties and Common Facilities (including furnishings and equipment related thereto), and shall keep

it in good, clean, attractive, and sanitary condition, order and repair, pursuant to the terms and conditions hereof. All landscape reserves dedicated in any Plat (or to the Association in any separate recorded instrument) shall be utilized and maintained as Common Properties for the Association and for no other purpose.

The Board of Directors shall be authorized to contract with outside associations or with developers of areas outside the Properties to share usage of the recreational Common Facilities of this Association. Such contract shall set forth usage privileges and obligations and monetary payment for such privileges to the Association. All arrangements, fee schedules and contracts will be on terms no more favorable to such users than made available to the Members, but otherwise will be developed and approved at the total discretion of the Board of Directors of the Association.

Section 2. Access Control Procedures of The Association.

The Association shall have the right to establish and regulate a limited access gate and such other access control and monitoring systems and procedures as it may determine, to issue, charge for, and require as a condition of entry to the Common Facilities, such identification cards, passes, keys, or similar devices as the Board may from time to time determine, and to limit the number of guests of Owners and Occupants who may use the Common facilities.

Section 3. Party Walls.

The cost of maintenance of the Party Wall or any Shared Improvement shall be shared equally by the Owners of the applicable Party Wall, or the Owners who benefit from the Shared Improvement. In the event that a Townhouse is destroyed or removed for any reason and not reconstructed, the cost of the restoration of the Party Wall shall be borne by the owner of the Townhome which was destroyed or removed. No Owner shall alter or change the Party Wall in any manner (interior decoration excepted) and the Party Wall shall always remain in the same location as when erected. Notwithstanding any other provision herein, an Owner who by such Owner's negligent or willful act causes the Party Wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements. The rights of any Owner to contribution from any other Owner under this agreement shall be appurtenant to the land and shall pass to such Owner's successors in title. Each Owner shall have the right to enforce by any proceeding at law or in equity the provisions contained in this paragraph. Failure by any Owner to enforce any provision, however, shall in no event be deemed a waiver of the right of any other Owner to do so thereafter.

Section 4. Personal Property and Real Property for Common Use.

The Association, through action of its Board of Directors, may acquire, hold and dispose of tangible and intangible personal property and real property. The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold, or other property interests within the Property conveyed to it by the Declarant. Notwithstanding

anything contained in this Declaration to the contrary, Declarant, and the Association upon its succeeding to Declarant's rights, shall have the right, power and authority to dedicate to any public or quasi-public authority water lines, sanitary sewer systems, storm water facilities, streets and esplanades situated in the Common Properties and to unilaterally terminate or modify these restrictive covenants with respect to such dedicated Property. Such dedication and acceptance thereof shall not prohibit the Association from maintaining the land and facilities located within dedicated areas, nor relieve the Owners of the obligation to participate in the payment of the cost of such maintenance.

Section 5. Board Powers, Exclusive.

The Board shall have the exclusive right to contract for all goods, services, and insurance, payment for which is to be made from the Assessments and the exclusive right and obligation to perform the functions of the Board, except as otherwise provided herein.

Section 6. Rules and Regulations.

The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Properties, which rules and regulations shall be consistent with the rights and duties established by this initial Declaration and any subsequent Supplemental Declarations. Sanctions may include reasonable monetary fines which shall be a debt of the Owner and constitute a lien upon the Owner's Townhome Site (and improvements located thereon), and suspension of the right (i) to vote, (ii) to use the Common Properties and Common Facilities, and (iii) to receive services contracted for through the Association. In addition, the Board shall have the power (but not the obligation) to seek relief in any court for violations or to abate unreasonable disturbance.

Section 7. Non-Liability of Association and Declarant for Security.

Without limitation of any other provision of this Declaration, each Owner and Member and their Occupants, family, guests and invitees, covenant and agree with respect to any and all Access Control Facilities provided directly or indirectly by the Association as follows:

(A) Security is the sole responsibility of local law enforcement agencies and individual Owners and Members, their Occupants, and their respective guests and invitees. IT IS ACKNOWLEDGED THAT THE ASSOCIATION HAS NO OBLIGATION WHATSOEVER TO PROVIDE SECURITY. The provision of any Access Control Facilities at any time shall in no way prevent the Board from thereafter electing to discontinue or temporarily or permanently remove such Access Control Facilities or any part thereof.

(B) Any third party providers of any security services (including those providing maintenance and repair of Access Control Facilities) shall be independent contractors, the acts or omissions of which shall not be imputed to the Association or its officers, directors, committee members, agents or employees.

(C) Providing of any Access Control Facilities shall never be construed as an undertaking by the Association to provide personal security or as a guarantee or warranty that the presence of any Access Control Facilities will in any way increase personal safety or prevent personal injury or property damage due to negligence, criminal conduct or any other cause.

(D) EACH OWNER, BY HIS ACCEPTANCE OF A DEED TO A TOWNHOME SITE, SHALL BE DEEMED TO WAIVED, ON BEHALF OF SUCH OWNER AND SUCH OWNER'S OCCUPANTS, AND THEIR RESPECTIVE FAMILY MEMBERS, GUESTS AND INVITEES, ANY AND ALL CLAIMS, NOW OR HEREAFTER ARISING AGAINST THE DECLARANT AND THE ASSOCIATION AND THEIR RESPECTIVE OFFICERS, DIRECTORS, COMMITTEE MEMBERS, AGENTS AND EMPLOYEES ARISING OUT OF OR RELATING TO ANY INJURIES, LOSS OR DAMAGES WHATSOEVER, INCLUDING, WITHOUT LMITATION ANY INJURY OR DAMAGES CAUSED BY THEFT, BURGLARY, TRESPASS, ASSAULT, VANDALISM OR ANY OTHER CRIME, TO ANY PERSON OR PROPERTY ARISING, DIRECTLY OR INDIRECTLY, FROM THE PROVIDING OR FAILURE TO PROVIDE ANY ACCESS CONTROL FACILITIES, OR THE DISCONTINUATION, DISRUPTION, DEFECT, MALFUNCTION, OPERATION, REPAIR, REPLACEMENT OR USE OF ANY ACCESS CONTROL FACILITIES, WHETHER CAUSED OR ALLEGEDLY CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OF THE DECLARANT OR THE ASSOCIATION OR THEIR RESPECTIVE OFFICERS, DIRECTORS, COMMITTEE MEMBERS, AGENTS, CONTRACTORS OR EMPLOYEES.

(E) TO THE EXTENT THE RELEASE IN THIS ARTICLE IS NOT DEEMED EFFECTIVE AS TO ANY OCCUPANT, OR ANY FAMILY MEMBER, GUEST OR INVITEE OF AN OWNER OR OCCUPANT OF A TOWNHOME SITE, THE OWNER OF EACH TOWNHOME SHE HEREBY INDEMNIFIES AND AGREES TO DEFEND AND HOLD HARMLESS THE DECLARANT AND THE ASSOCIATION, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, COMMITTEE MEMBERS, AGENTS, AND EMPLOYEES FROM AND AGAINST ANY AND ALL CLAIMS, ACTIONS, SUITS, JUDGMENTS, DAMAGES, COSTS AND EXPENSES (INCLUDING ATTORNEY FEES AND COURT COSTS) ARISING FROM BODILY INJURY (INCLUDING, WITHOUT LIMITATION, MENTAL ANGUISH, EMOTIONAL DISTRESS AND DEATH) AND/OR LOSS OR DAMAGE TO PROPERTY SUFFERED OR INCURRED BY

ANY SUCH OCCUPANT OF SUCH TOWNHOME SITE, OR ANY FAMILY MEMBER, GUEST OR INVITEE OF THE OWNER OR OCCUPANT OF SUCH TOWNHOME SITE, AS A RESULT OF CRIMINAL ACTIVITY WITHIN OR IN THE VICINITY OF THE PROPERTY, WHETHER CAUSED OR ALLEGEDLY CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OF THE DECLARANT, THE ASSOCIATION OR THEIR RESPECTIVE OFFICERS, DIRECTORS, COMMITTEE MEMBERS, AGENTS, CONTRACTORS OR EMPLOYEES

(F) Any obligation or liability of the Association which is borne by the Association because of an Owner not abiding by such waiver, release and indemnity obligations under this Article shall be assessed by the Association against the Townhome Site of the Owner who failed to perform such obligation giving rise to such liability, as a Special Individual Assessment against such Townhome Site and its Owner. Nothing herein shall make any Owner of a Townhome Site liable to the Association or any other Townhome Site Owner for any bodily injury (defined above) and/or loss or damage to property of the Occupant, family member, guest or invitee of any other Townhome Site Owner.

Section 8. Waiver of Environmental Conditions.

The term "Declarant" as used in this Section 8 shall include, without limitation, the Declarant, its general partner(s), partners, directors, managers, officers, employees, agents, contractors, sub-contractors, design consultants, architects, advisors, brokers, sales personnel and marketing agents. The term "Association" as used in this Section 8 shall include, without limitation, the Association, its directors, managers, employees, and agents. The Declarant and the Association shall not in any way be considered an insurer or grantor of environmental conditions or indoor air quality within the Living Unit. Neither shall the Declarant or the Association be held liable for any loss or damage by reason of or failure to provide adequate indoor air quality or any adverse environmental conditions. The Declarant and the Association do not represent or warrant that any construction materials, air filters, mechanical, heating, ventilating or air conditioning systems and chemicals necessary for the cleaning or pest control of the condominium will prevent the existence or spread of biological organisms, cooking odors, animal dander, dust mites, fungi, pollen, tobacco smoke, dust or the transmission of interior or exterior noise levels. The Declarant and the Association are not an insurer and each Owner and occupant of any Living Unit and each tenant, guest and invitee of any Owner assumes all risks for indoor air quality and environmental conditions and acknowledges that the Declarant and the Association, any owner, occupant, tenant, guest or invitee relied upon any representations or warranties, expressed, or implied, including any warranty or merchantability or fitness for any particular purpose, relative to the air quality within the Living Unit.

ARTICLE X
RESTRICTIONS OF USE

Section 1. Townhome Sites.

(A) Each Townhome Site shall be used only for the construction of Living Units (i.e., single-family residential structures), each for use only as a residence for a single family of individuals related by blood or marriage, or maintaining a common household as husband and wife, or by co-owners (excluding cooperative-type ownership if being used to avoid the intent of this restriction), and residential related improvements and amenities not intended for occupancy. All Living Units and other improvements erected, altered, or placed upon any Townhome Site within the Property shall be of new construction. No part of any Townhome Site shall ever be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or other non-residential purposes, nor (subject to constraints of applicable law) for any commercial use of a residential nature (e.g., as a boarding house, day-care facility, half-way house, nursing home, rehabilitation or therapy facility, church or place of religious assembly, etc.). No activity, whether for profit or not, which is not directly related to single-family residential use, shall be carried on upon any Townhome Site, except on those Townhome Sites which may be designated by the Declarant for use as new residential sales offices, construction offices and storage facilities for a period of time commensurate with home construction and new residential sales. Notwithstanding the foregoing, however, any Occupant of a Townhome Site may engage in a home occupation on a full or part time basis upon the Townhome Site if and only if (A) such business is transacted or conducted (insofar as activity on or within the Townhome Site is concerned) entirely through telephone communication (including facsimile transmissions, computer modems and similar communications equipment), (B) there is no visible manifestation exterior to the Living Unit structure that would indicate that such home occupation is being conducted in the Living Unit, and (C) the home occupation usage complies with the following other specific restrictions:

(i) No employees of the business (other than the permitted occupant(s) or permitted Occupant(s) conducting the business) shall be permitted on the Townhome Site in connection with the conduct of the business;

(ii) The business shall not permit customers to visit the Townhome Site in connection with the business being conducted thereon;

(iii) No inventory of the business (other than samples) shall be stored on the Townhome Site;

(iv) The home occupation use shall not generate any noise that would be in excess of or materially different in nature from that normally associated with a strictly residential use;

(v) The home occupation use shall not cause there to be traffic generated on or in the vicinity of the Townhome Site in excess of that normally associated with a strictly residential use;

(vi) There shall be no assembly, fabrication or manufacturing process carried out on the Townhome Site in connection with such home occupation;

(vii) There shall be no shipping of goods, parts, products, equipment, inventory or materials to or from the Townhome Site in connection with such home occupation; and

(viii) There shall be absolutely no signage or advertisement of the home occupation business located on the Townhome Site, whether permanent or temporary in nature.

(B) Notwithstanding the foregoing, however, certain Townhome Sites (including Townhome Sites) may be designated by Declarant for use as new residential sales offices, construction offices, and storage facilities for a period of time commensurate with home construction and sales within the Property. Except for this temporary use of selected Townhome Sites, no noxious or offensive activity of any sort shall be permitted, nor shall anything be done, on any portion of the Properties which may be or become an annoyance or nuisance to the owners or users of the Property.

(C) No Living Unit shall be occupied by permanent Occupants numbering more than two (2) for each room designated as a "bedroom" or "alternate bedroom" on the Plans and Specifications for such Living Unit approved by the relevant Architectural Committee. A person shall be conclusively deemed a "Permanent Occupant" if the person is expected to continue in occupancy on a regular basis for in excess of three months, or if the person does not own or have under bona fide lease in his or her name any other lawful place of abode (unless the person is a legal dependent of a person who owns or leases the Living Unit).

Unless the Architectural Committee otherwise agrees in writing, the exterior finish or construction of a Living Unit shall be at least ninety percent (90%) brick, stone, or other masonry on the first floor. In computing such percentages, roof areas shall be excluded, but garages, porches, and other structures constituting part of the Living Unit proper

shall be included. All exterior wood products shall require the written approval of the relevant Architectural Committee. No building shall be erected, altered or permitted to remain on any single Townhome Site, other than one single-family residential dwelling and a private garage for not less than two (2) cars nor more than three (3) cars. No carports or porte cocheres shall be permitted on any Townhome Site within the Properties. The maximum allowable height of any residential structure shall not exceed three (3) stories.

Section 2. Residential Purpose Only.

Each Townhome Site and Living Unit shall be used exclusively for single-family residential purposes only. No building or structure intended for or adapted to business purposes, and no apartment house, lodging house, rooming house, hospital, sanitarium or doctor's office, or other multiple-family dwelling shall be erected, placed, permitted or maintained on any Townhome Site, or on any part thereof. No improvement or structure whatever, other than a private Living Unit or attached garage may be erected, placed or maintained on any Townhome Site.

Section 3. No Temporary Structures.

No structure of a temporary character, trailer, mobile home, tent, shack, barn, or outbuilding shall be permanently or temporarily erected, maintained, or installed on any Townhome Site or Common Area at any time, except as may be approved by the Association, but in no event shall and such approved temporary structure on a Townhome Site be used as a residence, either temporarily or permanently. Temporary Structures may be used as construction offices or other related purposes by Declarant.

Section 4. Reasonable Enjoyment.

No nuisance shall ever be erected, placed, or suffered to remain upon any Townhome Site, and (subject to the Declarant's rights reserved herein) no Owner or Occupant of any Townhome Site shall use the same so as to endanger the health or disturb the reasonable enjoyment of any other Owner or Occupant. The Association's Board of Directors is hereby authorized to conclusively determine what constitutes a violation of this restriction.

Section 5. Animal Husbandry.

No sheep, goats, horses, cattle, swine, poultry, dangerous animals (the determination as to what is a dangerous animal shall be in the sole discretion of the Board), snakes or livestock of any kind shall ever be kept in or upon any part of the Property, except that two (2) dogs, cats or other common household pet may) be kept by the Owner or Occupant of any Living Unit, provided it is not kept for any commercial purpose. Any allowable pet that is kept in a household must be confined to its Owner's Townhome Site either by constraints of a backyard fence or a leash, or kept within the Living Unit. No animal shall be permitted to run freely away from its Owner's Townhome Site and

must be controlled on a leash by a responsible person whenever outside of the Living Unit (including any enclosed private patio). All applicable leash and licensing laws in effect in Brazoria County shall, to the extent more restrictive than this provision, also apply to this animal husbandry provision and shall be complied with by all Owners and Occupants of Townhome Sites. The Owner is responsible for cleaning up and removing any waste left by his animal.

Section 6. Trash and Receptacles and Collection.

(A) All trash receptacles shall be stored so as not to be generally visible by the public, unless otherwise approved by the Architectural Committee in writing. Each and every Owner shall observe and comply with any and all regulations or requirements promulgated by the applicable governmental authority, and/or the Association, in connection with the storage and removal or trash receptively and garbage. All Townhome Sites shall at all times be kept in a healthful, sanitary and attractive condition. No Townhome Site shall be used or maintained as a dumping ground for garbage, trash, junk, or other waste matter. All trash, garbage, or waste matter shall be kept in adequate containers which shall be constructed of metal, plastic or masonry materials, with tightly-fitting lids, and which shall be maintained in a clean and sanitary condition. No Townhome Site shall be used for open storage of any materials whatsoever, except that new building materials used in the construction of improvements erected on any Townhome Site may be placed upon such Townhome Site at the time construction is commenced and may be maintained thereon for a reasonable time, so long, as the construction progresses without unreasonable delay, until completion of the improvements, after which these materials shall either be removed from the Townhome Site, or stored in a suitable enclosure on the Townhome Site. No garbage, trash, debris, or other waste matter of any kind shall be burned on any Townhome Site. All woodpiles, yard equipment and other similar items shall be concealed from view of neighboring Living Units, Shared Driveways, and property located adjacent to the Townhome Site. All rubbish, trash, and garbage shall be stored in appropriate containers and shall regularly be removed from the Property and shall not be allowed to accumulate thereon.

(B) Trash cans may not be placed at the curb for trash pick-up earlier than 5:00 p.m. of the day preceding the day for scheduled trash pick-up. Trash cans must be removed from view by 6:00 p.m. of the trash pick-up day. Trash cans kept on a Lot in public view are deemed by the Board of Directors of the Association to be in violation of the Owner's obligation under Article X, Section 18, of the Declaration to maintain the Owner's Lot in a neat and attractive condition. Accordingly, if an Owner keeps or stores trash cans on the Owners Lot (except for the limited

period during which a trash can may be placed at the curb for trash pick-up), the Association may take the following action:

i. A written notice shall be sent to the Owner of the Lot which directs the Owner to comply with the dedicatory instruments of the Association as they relate to trash cans. The notice shall advise the Owner that, if the trash cans are not removed from public view within ten (10) days of the date of the notice and thereafter kept or stored out of public view (except for the limited period during which a trash can may be placed at the curb for trash pick-up), the Association, acting through its employee or contractor, shall have the right, but not the obligation, to go onto the Lot to remove the trash cans. The notice shall also advise the Owner that, if such action is taken by the Association, all costs incurred by the Association will be charged to the Owner.

ii. The written notice shall be sent to the Owner by certified mail, return receipt requested, at the last known mailing address of the Owner according to the records of the Association.

iii. If the Owner fails to respond to the Association's notice and the trash cans have not been removed upon the expiration of the 10-day period, or, having been removed, are again kept or stored in public view at unauthorized times, the Association may, at its option, direct its employee or contractor to go onto the Lot to remove the trash cans.

iv. As soon as possible, the Association shall prepare an invoice to the Owner, which invoice shall reflect the costs incurred by the Association to have the trash cans removed. The invoice shall be mailed to the Owner at the last known mailing address of the Owner- according to the records of the Association. Payment of the invoice shall be due on receipt. The invoice shall be deemed to be delinquent if payment has not been received by the Association within thirty (30) days of the date of the invoice.

v. If an invoice submitted to an Owner becomes delinquent, the charges reflected in the invoice shall be added to the Owner's assessment account. Payment of such charges shall be secured by the Association's lien on the Owner's Lot pursuant to Article III, Section 1, and Article X, Section 18, of the Declaration.

vi. If the Owner of a Lot receives two (2) or more notices from the Association regarding the Owner's failure' to keep trash cans out of view (except for the limited time during which a trash can may

be place at a curb for trash pick-up) within any sixty (60) day period, the Association may send a notice to the Owner describing the repeated failure to comply and advising that an additional violation within the succeeding six (6) month period may result in the exercise of the Association's right to go onto the Lot to remove trash cans at the Owner's expense without additional notice.

Section 7. Oil and Mining Operations.

Except upon and within drill sites designated by Declarant or its predecessors in title to the Property, which Declarant shall have no-obligation to any Owner to approve or designate under any circumstance, no oil or natural gas drilling, oil or natural gas development, or oil refining, quarrying, or mining operations of any kind, no oil, natural gas or water wells, tanks, tunnels, mineral excavations or shafts, and no derricks or other structures for use in boring for oil, natural gas, minerals or water shall be erected, maintained or permitted in the Properties.

Section 8. Prohibited Use.

No Townhome Site, and no building erected or maintained on any Townhome Site, shall be used for manufacturing, industrial, business, commercial, institutional or other non-residential purposes. No use of any Townhome Site shall be permitted which is offensive by reason of odor, fumes, dust, smoke, noise or pollution, or which is hazardous by reason of excessive danger of fire or explosion. No activity or use shall be permitted on or with respect to any of the Townhome Sites which is determined by the Board to be obnoxious to or out of harmony with a residential community, including, but not limited to, any trailer houses and parks, junk or scrap metal yard, waste material business, any dumping, disposal, incineration or reduction of garbage or refuse, and any fire, bankruptcy, auction or garage sale or operation. No excavations shall be made and no sand, gravel or soil shall be removed from the Properties except in connection with a grading and/or building plan approved as provided by the Architectural Committee. No burning of rubbish or trash shall be permitted at any time.

Section 9. Septic Tanks.

No privy, cesspool or septic tank shall be placed or maintained in the Property.

Section 10. Declarant's Rights During Development Period.

During that period of time while any parcels of land, Townhome Sites or Living Units located within the Property are being developed and marketed (the "Development Period"), the Declarant, with the right of assignment, shall have and hereby reserves the right to reasonable use of the Common Properties and land owned by the Declarant within the Property in connection with the promotion and marketing of land within the boundaries of the Properties. Without limiting the generality of the foregoing, Declarant

may erect and maintain such signs, temporary buildings, model townhomes and other structures as Declarant may reasonably deem necessary or proper with the promotion, development, and marketing of land within the Property during the Development Period.

Section 11. Storage of Boats, Trailers and Other Vehicles and Equipment.

No boat, trailer, recreational vehicle, camping unit, bus, commercial use truck, or self-propelled or towable equipment or machinery of any sort or any item deemed offensive by Declarant or the Association shall be permitted to park on the Property, except that during the construction of improvements on a Townhome Site, necessary construction vehicles may be parked thereon from and during the time of necessity therefor. This restriction shall not apply to automobiles or small non-commercial passenger trucks in good repair and attractive condition, provided that any such vehicles are parked on an improved driveway or parking space which has been approved by the Architectural Committee. Storage of approved vehicles on the driveway or street right-of-ways is defined as parking without removal for a period of forty eight (48) hours or more during a period of seven (7) consecutive days and is not permitted. No vehicle shall ever be permitted to be parked on any lawn, or landscaped area. No vehicle shall, ever be permitted to park on a driveway on a Townhome Site at a point where the vehicle obstructs pedestrians from use of a sidewalk.

Section 12. Clothes Lines.

No clothing or other materials shall be aired or dried within the boundaries of the Property except inside a Living Unit.

Section 13. Construction Work.

Except in an emergency or when other unusual circumstances exist, as determined by the Board of Directors of the Association, outside construction work or noisy interior construction work on new construction of a Living Unit shall be permitted only after 6:00 A.M. and before 8:00 P.M., and on modification or alteration work subsequent to original construction, only after 8:00 A.M. and before 6:00 P.M. on Mondays through Saturdays. No noisy modification or alteration work is permitted on Sundays, except with the prior approval of the Association

Section 14. Television and Radio Antennas and Satellite Dishes.

(A) No television, radio, or other electronic towers, aerials, antennae, satellite dishes or devices of any type for the reception of transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted on the exterior of any Living Unit or on the exterior of any permitted building or other improvement located on a Townhouse Site within the Property, except as specifically covered by the regulations promulgated under the Telecommunications Act of 1996 as amended from time to time. The Board is empowered to adopt rules

governing the types of antenna that are permissible within the Property and to establish reasonable, non-discriminatory restrictions relating to safety, location and maintenance on antennae. To the extent that receipt of an acceptable signal would not be impaired, an antenna permissible or pursuant to the rules of the Board may only be installed on the rear of the Living Unit so as not to be visible from the Common Properties in front of the Living Unit. Antennae shall be installed in compliance with all state and local laws and regulations.

(B) No permitted antenna shall be placed, allowed or maintained on a Lot or residential dwelling on a Lot if visible from the street in front of the Lot or, in the case of a corner Lot, the side street, unless it is not possible to receive an adequate signal from a location that is not visible from the street in front of the Lot or, in the case of a corner Lot, the side street. In the event that an adequate signal can only be received from a location that is visible from the street in front of the Lot or, in the case of a corner Lot, the side street, the visible location of the antenna must be approved by the ARC prior to installation. The ARC may require the antenna to be screened in whatever manner is deemed appropriate so long as the screening does not substantially interfere with reception.

Section 15. Electrical, Telephone and Other Utility Lines.

All electrical, telephone, cable and other utility lines and facilities which (i) are located on a Townhome Site, (ii) are not within or part of any building, and (iii) are not owned by a governmental entity, a public utility company, or the Association, shall be installed in underground conduits or other underground facilities. Lighting fixtures may be installed above ground if approved in writing by the Architectural Committee.

Section 16. House Numbers and Mail Boxes.

House numbers, mail boxes and similar matter used in the Property must be harmonious with the overall character and aesthetics of the community and be continually maintained in an attractive manner. The decision of the Architectural Committee, as applicable, that any such matter is not harmonious shall be final.

Section 17. Signs, Advertisements, Billboards.

No sign, advertisement, billboard, or advertising structure of any kind shall be displayed to public view on any Townhome Site except signs used by Declarant, or its successors or assigns, for a period of time commensurate with its home construction/sales program. No sign shall be permitted that shall advertise that a Property has been or will be foreclosed. Declarant and the Architectural Committee shall have the right to remove any non-conforming sign. Except as provided to the contrary herein, in no event shall the use of flags or banners be permitted in the promotion or sale of any Townhome Site

or Living Unit in the Property, except those owned by Declarant. The Architectural Committee must approve any use of said items by Declarant.

Section 18. Townhome Site Maintenance.

The Owner of each Townhome Site shall maintain the same and within any fences located thereon, the sod, trees, hedges, and plantings thereon, in a neat and attractive condition. Such maintenance shall include regular mowing, edging of turf areas, weeding of plant beds, fertilizing, weed control and watering of the turf and landscape areas within the fences on each Townhome Site. Diseased or dead plants or trees must be removed and replaced within a reasonable time. On front lawns and wherever visible from any street, there shall be no decorative appurtenances placed, such as sculptures, birdbaths, birdhouses, fountains or other decorative embellishments unless such specific item(s) have been approved in writing by the Architectural Committee or are exempt under Article X Section 33. The Association or Declarant shall have the right, after ten (10) days' notice to the Owner of any Townhome Site, setting forth the action intended to be taken by the Association or Declarant, provided at the end of such time such action has not already been taken by such Owner (i) to mow or edge the grass thereon, (ii) to remove any debris therefrom, (iii) to trim or prune any tree, hedge, or planting that, in the opinion of the Association or Declarant, by reason of its location or height, or the manner in which it has been permitted to grow, is detrimental to the enjoyment of adjoining Property or is unattractive in appearance, (iv) to repair or stain/paint any fence thereon that is out of repair or not in harmony, with respect to color, with fencing on adjacent Property, and (v) to do any and all things necessary or desirable in the opinion of the Association or Declarant to place such Property in a neat and attractive condition consistent with the intention of this Declaration. The person who is the Owner of such Property at the time such work is performed by the Association shall be personally obligated to reimburse the Association (or Declarant, as the case may be) for the cost of such work within ten (10) days after it is performed by the Association or Declarant, and if such amount is not paid within said period of time, such Owner shall be obligated thereafter to pay interest thereon at the maximum rate allowable by law, and to pay attorney's fees and court costs incurred by the Association in collecting said obligation, and all of the same to the extent performed by the Association shall be secured by a lien on such Owner's Townhome Site, subject to liens then existing thereon. Such lien shall be enforceable as any other Assessment lien as provided in this Declaration.

Section 19. Artificial Vegetation, Exterior Sculpture, and Similar Items.

No artificial vegetation shall be permitted on the exterior of any portion of the Property. No exterior sculpture, fountains, and birdhouses, birdbaths, other decorative embellishments or similar items shall be permitted unless approved by the applicable Architectural Committee or unless exempt under Article X Section 33.

Section 20. Removal of Dirt and Trees.

The digging or removal of dirt of the Property is expressly prohibited except as necessary in conjunction, with the initial construction and subsequent landscaping or improvements. No trees shall be removed without the prior written approval of Declarant or Architectural Committee, as applicable, except to remove the dead or diseased trees, to provide room for permanent improvements, or to permit construction of drainage swales.

Section 21. Roof Ventilators or Projections.

All roof ventilators (other than ridge ventilators) shall be located to the rear of the roof ridge line and/or gable of any structure and shall not extend above the highest point of such structure so as not to be visible from any public street. Declarant and the Architectural Committee may approve exceptions to this restriction when energy conservation and heating/cooling efficiency require ventilators that, because of a particular roof design, cannot be hidden from view as described above.

No projections of any type shall be placed or permitted to remain above the roof of any Living Unit or related structure with the exception of one (1) or more chimneys and one (1) or more vent stacks without the written permission of the Architectural Committee.

Section 22. Window Coolers.

No window or wall type air conditioners or water coolers shall be permitted to be used, erected, placed or maintained on or in any residential building on any part of the Property.

Section 23. Outbuildings.

No tree house or children's playhouse shall be permitted on any Townhome Site in the Property. No detached accessory buildings or outbuildings shall be erected, placed or constructed upon any Townhome Site, except that private patios shall specifically be allowed. The Architectural Committee shall be entitled to review and approve or disapprove, without limitation, play structures (including basketball backboards and hoops), and storage structures. All playground and recreational equipment and storage structures pertaining to a Townhome Site may only be placed at the rear of such Townhome Site within the enclosed private patios, if any. No basketball hoop and/or backboard shall be installed except on the garage of a Living Unit. No outbuilding or play structure will be permitted to (a) be placed on an easement; or (b) be located nearer to a Townhome Site boundary than the applicable building setback established by Plat or Supplemental Declaration. The Architectural Committee is hereby authorized to determine what constitutes a violation of this restriction.

Section 24. Townhome Site Drainage.

All drainage of water from any Townhome Site and the improvements thereon shall drain or flow as set forth below:

(A) Any such water shall drain or flow from the Townhome Site into adjacent streets and shall not be allowed to drain or flow upon adjoining Townhome Sites or Common Properties except through the common drain for the back patio of each Townhome Site for which an easement for such purpose is granted.

(B) All slopes or terraces on any Townhome Site 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.

Section 25. Paint.

All painted improvements on each Townhome Site shall be repainted by the Association as often as the Board determines is reasonably necessary to ensure the attractiveness and aesthetic quality of such Townhome Site or Living Unit. The approval of the Architectural Committee otherwise required for improvements shall not be required for such repainting so long as neither the color scheme nor the arrangement of the colors of any improvements, nor the color of any paint thereon is altered.

Section 26. Building Height; Minimum Square Footage.

No building or Living Unit on any Townhome Site in the Property shall exceed three (3) stories in height. Furnished attics and/or basements shall not be considered for the purposes of this Section to be separate stories. No Living Unit shall contain less than the minimum per square foot living area provided for in the relevant Supplemental Declaration for such area, unless the Architectural Committee agrees to the contrary in writing. All computations of living area shall be exclusive of attics, basements, open or screened porches, terraces, patios, driveways, and garages. Measurements shall be to the face of the outside walls of the living area.

Section 27. Building Requirements.

As to each Townhome Site in the Property, the following building requirements shall apply unless the Architectural Committee agrees to the contrary in writing, to-wit:

(A) No building (i) shall be placed or built on any Townhome Site nearer to the front Townhome Site line or nearer to a side Townhome Site line than the

building lines therefor shown on the relevant subdivision Plat, or (ii) shall encroach on any easement shown on the relevant subdivision Plat unless (A) approved in writing by the Architectural Committee as having resulted from setting or shifting of improvements, and (B) permitted by applicable law and governmental authorities having jurisdiction.

(B) Before the Living Unit constructed on the Townhome Site is completed, the Owner shall construct an improved walkway of a size, nature, type and configuration to be approved by the Architectural Committee.

(C) Each Living Unit located on a corner Townhome Site shall face the Private Street having the lesser frontage, unless otherwise approved by the Architectural Committee or otherwise provided in an applicable Supplemental Declaration.

(D) Orientation of each garage entrance to the Private Street on which the Living Unit fronts, and other aspects of garage location, type, configuration and construction materials shall be as approved by the Architectural Committee or in any applicable Supplemental Declarations filed (now or hereafter) in the Real Property Records of Brazoria County, Texas, with respect to the particular Townhome Site.

Section 28. Fences/Walls.

No walls or fences shall be erected or maintained nearer to the front Townhome Site line than the front building line on such Townhome Site, nor on corner Townhome Sites nearer to the side Townhome Site line than the building setback line parallel to the side street, except in special circumstances, necessitated by the geography and platting of a particular Townhome Site. No fence or wall shall be more than eight (8) feet in height, unless approved for such Townhome Sites in writing by the Architectural Committee in its sole judgment and discretion. No chain link fence type construction will be permitted on any Townhorne Site except, however, Declarant is exempt from this prohibition as long as it owns portions of the Property. Any wall or fence erected on a Townhome Site by Declarant, or its assigns, shall pass ownership with title to the Townhome Site and it shall be Owner's responsibility to maintain said wall or fence thereafter. Approval of the Architectural Committee shall be obtained prior to the erection of any wall or fence on any Townhome Site.

All walls and fencing shall be made of ornamental metal or brick, except fences for patios may be wood as permitted in the discretion of the Architectural Committee. The use of chain link fencing is prohibited on all Townhome Sites, except as permitted herein or except for other special applications, and then only with prior written permission from the Architectural Committee.

Specific Townhome Sites in the Property are subject to the requirement that uniform fencing be constructed as specified by the Architectural Committee along the building

set-back lines of such Townhome Sites adjacent to the roads and/or landscape reserves which abut such Townhome Sites and along the perimeter of the Property. The Board of the Association may, but shall not be obliged to, undertake the maintenance and replacement of such uniform fencing as a common expense of the Association.

Section 29. Roofs.

(A) The roof of each Living Unit shall be covered with asphalt or composition type shingles of a weight and color approved by the Architectural Committee, or such other architecturally compatible and attractive roofing material as may from time to time be approved by the Architectural Committee in its sole discretion for particular Townhome Sites or areas. The decision with regard to shingle weight and color shall rest exclusively with the Architectural Committee and its decision regarding same shall be final and binding. All roof stacks and flashings must be painted to match the approved roof color.

(B) Storm and Energy Efficient Shingles. Section 202.011 of the Texas Property Code provides that a property owners' association may not enforce a provision in a dedicatory instrument that provides or restricts a property Owner from installing shingles that:

i.) are designed to:

a) be wind hail resistant;

b) provide heating and cooling efficiencies greater than those provided by customary composition shingles; or

c) provide solar generation capabilities; and

ii) when installed:

a) resemble the shingles used or otherwise authorized for use on property in the subdivision;

b) are more durable than and are of equal or superior quality to the shingles described below; and

c) match the aesthetics of the property surrounding the Owner's property.

(C) ARC Approval. In order to confirm the proposed shingles conform to the foregoing Guidelines, Owners are encouraged to apply to the ARC for prior approval. The Association may require an Owner to remove shingles that do not comply with these Guidelines.

(D) Regulations. The Declaration requires roofing -materials to be fiberglass shingles of a dark wood or other approved color with a minimum 20 year manufacturer's guarantee. Accordingly, when installed, storm and energy efficient shingles must resemble, be more durable than, and be of equal or superior quality to the types of shingles otherwise required or authorized for use in Silverlake Townhome Community Association, Inc. In addition, the storm or energy efficient shingles must match the aesthetics of the Lots surrounding the Lot in question.

Section 30. Garages.

No garage shall be permanently enclosed for living space or any other use.

Section 31. Rain Barrels and Rain Harvesting Systems

Rain Barrels and Rain Harvesting Systems. Section 202.007 of the Texas Property Code provides that a property owner's association may not enforce a provision in a dedicatory instrument that prohibits or restricts a property Owner from installing rain barrels or a rain harvesting system on the property Owner's Lot. However, Section 202.007 of the Texas Property Code further provides that a property owner's association is not required to permit a rain barrel or rainwater harvesting system to be installed on a Lot in particular circumstances or restricted from regulating rain barrels and rain harvesting devices in specified manners.

The following Guidelines shall be applicable to rain barrels and rain harvesting systems in SilverlakeTownhome Community Association, Inc.:

(A) ARC Approval. In order to confirm the proposed rain barrel or rain harvesting device is in compliance with these Guidelines, Owners are encouraged to apply to the ARC for prior approval. The Association may require an Owner to remove a rain barrel or rain harvesting device that does not comply with requirements of these Guidelines.

(B) Location. A rain barrel or rain harvesting system is not permitted on a Lot between the front of the residential dwelling on the Lot and an adjacent street.

(C) Color and Display. A rain barrel or rain harvesting system is not permitted:

i. unless the color of the rain barrel or rain harvesting system is consistent with the color scheme of the residential dwelling on the Owner's Lot; or

ii. if the rain barrel or rain harvesting system displays any language or other content that is not typically displayed by the rain barrel or rain harvesting system as it is manufactured.

(D) Regulations if Visible - If a rain barrel or rain harvesting system is located on the side of the residential dwelling on the Lot or at any other location on the Lot that is visible from a street, another Lot, or a common area, the rain barrel or rain harvesting system must comply with the following regulations:

i. Rain Barrel:

a) Size: A maximum height of forty-two (42) inches and a maximum capacity of fifty (50) gallons.

b) Type: A rain barrel that has the appearance of an authentic barrel and is either entirely round or has a flat back to fit flush against a wall. A rain barrel must have a manufactured top or cap to prevent or deter the breeding of mosquitoes.

c) Materials: Wood, metal, polyethylene or plastic resin designed to look like an authentic barrel in brown or other earthtone color.

d) Screening: The rain barrel must be screened with evergreen landscaping to minimize its visibility from a .street, another Lot, and common area, unless otherwise approved in writing by the ARC.

e) Downspout: The downspout which provides water to the rain barrel must be the same color and material as the gutters on the residential dwelling. Further, the downspout must be vertical and attached to the wall against which the rain barrel is located.

ii. Rain Harvesting System: A rain harvesting system must collect and store the water underground. The portion of a rain harvesting system that is above-ground must appear to be a landscape or water feature. The above-ground portion of the rain harvesting system shall not extend above the surface of the ground by more than thirty-six (36) inches. The above-ground portion of the rain harvesting system must be screened with evergreen landscaping to minimize visibility from a street, another Lot, and common area, unless otherwise approved in writing by the ARC.

Provided that, the regulations in this Section 31(D) shall be applicable only to the extent that they do not prohibit the economic installation of the rain barrel or rain harvesting system on the Lot and there is a reasonably sufficient area on the Lot in which to install the rain barrel or rain harvesting system.

Section 32. Flags

Section 202.011 of the Texas Property Code provides that a property owner's association may not enforce a provision in a dedicatory, instrument that prohibits, restricts, or has the effect of prohibiting or restricting a flag of the United States of America, the flag of the State of Texas, or an official or replica flag of any branch of the United States armed forces, except as otherwise provided therein. The following Guidelines shall be applicable to flagpoles and the three (3) types of flags listed in Section 202.011 of the Texas Property Code:

(A) ARC Approval. Above-ground flagpole stands and/or footings and illumination under Section (F) must be approved by the ARC. Additionally, in order to confirm a proposed flagpole conforms to the following standards, Owners are encouraged to apply to the ARC for prior approval.

The Association may require an Owner to remove flagpoles, flagpole footings, or flags that do not comply with these Guidelines.

(B) Flag of the United States. The flag of the United States must be displayed in accordance with applicable provisions of 4 U.S.C. Sections 5-10, which address, among other things, the time and occasions for display, the position and manner of display, and respect for the flag.

(C) Flag of the State of Texas. The flag of the State of Texas must be displayed in accordance with applicable provisions of Chapter 3100 of the Texas Government Code, which address, among other things, the orientation of the flag on a flagpole or flagstaff, the display of the flag with the flag of the United States, and the display of the flag outdoors.

(D) Flagpoles.

i. Not more than one (1) freestanding flagpole or flagpole attached to the residential dwelling or garage (on a permanent or temporary basis) is permitted on a Lot.

ii. A freestanding flagpole shall not exceed twenty (20) feet in height, measured from the ground to the highest point of the flagpole.

iii. A flagpole attached to the residential dwelling or garage shall not exceed six (6) feet in length.

iv. A flagpole, whether freestanding or attached to the residential dwelling or garage, must be constructed of permanent, long-lasting materials with a finish appropriate to materials used in the construction of the flagpole and harmonious with the residential dwelling on the Lot on which it is located.

v. A flagpole shall not be located in an easement or encroach into an easement.

vi. A freestanding flagpole shall not be located nearer to a property line of the Lot than the applicable setbacks as either shown on the recorded plat or as set forth in the Declaration.

vii. A flagpole must be maintained in good condition; a deteriorated or structurally unsafe flagpole must be repaired, replaced or removed.

viii. An Owner is prohibited from locating a flagpole on property owned or maintained by the Association.

ix. A freestanding flagpole must be installed in accordance with the manufacturer's guidelines and specifications.

x. if the footing and/or stand for a freestanding flagpole extends above the surface of the ground, the ARC may require the installation of landscaping, to screen the stand and/or footing from view.

(E) Flags.

i. Not more than two (2) of the permitted types of flags shall be displayed on a flagpole at any given time.

ii. The maximum dimensions of a displayed flag on a freestanding flagpole that is less than fifteen (15) feet in height or on a flagpole attached to the residential dwelling or garage shall be three (3) feet by five (5) feet.

iii. The maximum dimensions of a displayed flag on a freestanding flagpole that is fifteen (15) feet in height or greater is four (4) feet by six (6) feet:

iv. A displayed flag must be maintained in good condition; a deteriorated flag must be replaced or removed.

(F) Illumination. Illumination of a flag is permitted but the lighting must be in-ground and have a maximum of 150 watts. High intensity lighting such as mercury vapor, high pressure sodium, or metal halide is not permitted. The lighting is required to be compatible with exterior lighting within the

subdivision and appropriate for a residential neighborhood. Lighting used to illuminate a flag shall be positioned in a manner so that the lighting is not directed toward an adjacent Lot or a street adjacent to the Lot and does not otherwise unreasonably affect an adjacent Lot.

(G) Noise. An external halyard on a flagpole is required to be securely affixed to the flagpole so that it is not moved by the wind and thereby permitted to clang against the flagpole.

Section 33. Religious Items

Section 202.018 of the Texas Property Code provides that a property owners' association may not enforce or adopt a restrictive covenant that prohibits a property Owner or resident from displaying or affixing on the entry to the Owner's or resident's dwelling one or more religious items, the display of which is motivated by the Owner's or resident's sincere religious belief, except as otherwise provided therein. Section 202.001(4) of the Texas Property Code defines "restrictive covenant" to mean any covenant, condition, or restriction contained in a dedicatory instrument. The following Guidelines shall be applicable to the display of religious items in SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC.:

(A) ARC Approval. As authorized by the Declaration and, therefore, allowed by Section 202.018(c) of the Texas Property Code/any alteration to the entry door or door frame must first be approved by the ARC.

(B) Location. Except as otherwise provided in this Section, a religious item is not permitted anywhere on a Lot except on the entry door or door frame of the residential dwelling. A religious item shall not extend past the outer edge of the door frame.

(C) Size. The religious item(s), individually or in combination with each other religious item displayed or affixed on the entry door or door frame, shall not have a total size of greater than twenty-five (25) square inches.

(D) Content. A religious item shall not contain language, graphics, or any display that is patently offensive to persons of ordinary sensibilities.

(E) Limitation. A religious item shall not be displayed or affixed on an entry door or door frame if it threatens the public health or safety or violates a law.

(F) Color of Entry Door and Door Frame. An Owner or resident is not permitted to use color for an entry door or door frame of the Owner's or resident's residential dwelling or change the color of an entry door or door frame that is not authorized by the ARC.

(G) Other. (i) Notwithstanding the above provisions the ARC shall have the authority to allow a religious statue, such as by way of example and not in limitation, a statue of St. Francis of Assisi or other religious item in a landscape bed or other portion of a Lot, and (ii) these Guidelines shall not prohibit or apply to temporary seasonal decorations related to religious holidays.

Section 34 Basketball Goals

Basketball goals are not permitted on Lots in Silverlake Townhome Community.

Section 35 Solar Energy Devices

Section 202.010 of the TEXAS PROPERTY CODE provides that a property owner's association may not enforce a provision in a dedicatory instrument that prohibits or restricts a property Owner from installing a solar energy device except as otherwise provided therein. As used in Section 202.010 of the TEXAS PROPERTY CODE, "solar energy device" has the meaning assigned by Section 171.107 of the TAX CODE, which defines the term as "a system or series of mechanisms designed primarily to provide heating or cooling or to produce electrical or mechanical power by collecting and transferring solar generated power". The term includes a mechanical or chemical device that has the ability to store solar-generated energy for use in heating or cooling or in the production of power.

The following Guidelines shall be applicable to solar energy devices in SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC.:

(A) ARC Approval. The installation of a solar energy device requires the prior written approval of the ARC. Provided that, the ARC may not withhold approval if these Guidelines are met or exceeded, unless the ARC determines in writing that placement of the device as proposed constitutes a condition that substantially interferes with the use and enjoyment of land by causing unreasonable discomfort or annoyance to persons of ordinary sensibilities. The written approval of the proposed placement of the device by all Owners of property adjoining the Lot in question constitutes prima facie evidence that substantial interference does not exist.

(B) Location. A solar energy device is not permitted anywhere on a Lot except on the roof of the residential dwelling or other permitted structure on the Lot or in a fenced yard or patio within the Lot.

(C) Devices. Mounted on a Roof. A solar energy device mounted on the roof of the residential dwelling or permitted structure on a Lot:

(D) Visibility. A solar energy device located in a fenced yard or patio shall not be taller than or extend above the fence enclosing the yard patio.

(E) Warranties. A solar energy device shall not be installed on a Lot in a manner that voids material warranties.

(F) Limitations. A solar energy device is not permitted on a Lot if, as adjudicated by a court, it threatens the public health or safety or violates a law.

Section 36 Fines

A violation of the provisions in the Declaration or these Rules and Regulations may result in fines as follows:

(A) Notice. If the Association determines that a violation exists on a Lot, the Association shall send a notice of violation to the Owner of the Lot by certified mail, return receipt requested. The notice shall:

i. describe the violation;

ii. inform the Owner that the Owner:

a) is entitled to a reasonable period to correct the violation and avoid a fine;

b) may request a hearing before the Board of Directors on or before the 30th day after the date the Owner receives the notice; and

c) may have special rights or relief related to enforcement action under federal law, including Servicemembers Civil Relief Act (50 U.S.C. app. Section 501 et seq.), if the Owner is serving on active military duty.

ARTICLE XI
ANNEXATION OF ADDITIONAL PROPERTY; DEANNEXATION

Section 1. Annexation Without Approval of Membership.

(A) As the Owner thereof, or if not the Owner, with the consent of the Owner thereof, Declarant, its successors or assigns, shall have the unilateral right, privilege, and option, from time to time at any time until twenty (20) years from the date this initial Declaration is recorded in the Office of the County Clerk of Brazoria County, Texas, to annex and subject to the provisions of this Declaration and the jurisdiction of the Association any property it may desire, whether in fee simple or leasehold, whether contiguous or non-contiguous, by filing in the Brazoria County, Texas, Real Property Records a Supplemental Declaration annexing such property as more fully described below. Such Supplemental Declaration

shall, not require the vote of Members of the Association or approval by the Association or any person. Any such annexation shall be effective upon the filing of such Supplemental Declaration in the Brazoria County, Texas, Real Property Records, unless otherwise provided therein.

Any such annexation or addition shall be accomplished by the execution and filing for record by Declarant (or the other Owner of the Property being added or annexed, to the extent such Owner has received a written assignment from Declarant of the right to annex), of an instrument to be called "SUPPLEMENTAL DECLARATION." Each Supplemental Declaration of annexation must set out and provide for the following:

(i) the name of the Owner of the Property being added or annexed who shall be called the "Declarant" for purposes of that Supplemental Declaration;

(ii) the legally sufficient perimeter (or recorded subdivision) description of the Property being added or annexed, separately describing all portions of the annexed Property that are dedicated and/or conveyed to the public or any governmental or quasi-governmental authority for street right-of-way or utility facility purposes, those portions that are to comprise Townhomne Sites, and those portions that comprise Common Property (those being the only four permitted uses for annexed Property);

(iii) a mutual grant and reservation of rights and easements of the Owners in and to the existing and annexed Common Property and Facilities;

(iv) that the Property is being added or annexed in accordance with and subject to the provisions of this initial Declaration, as theretofore amended, and that the Property being annexed shall be developed, held, used, sold and conveyed in accordance with and subject to the provisions of this Declaration as theretofore and thereafter amended;

(v) that all of the provisions of this Declaration, as theretofore amended, shall apply to the Property being added or annexed with the same force and effect as if said Property were originally included in this Declaration as part of the Initial Property (subject to such modifications and exceptions as are stated therein and approved by the Association and Declarant as required herein); and

(vi) that a contract lien is therein reserved in favor of the Association, in the same manner as herein provided, to secure collection of the Assessments provided for, authorized or contemplated herein or in the Supplemental Declaration of annexation.

Each such "Supplemental Declaration" may contain other provisions not inconsistent with the provisions of this Declaration, as amended.

At such time as any "Supplemental Declaration" (of annexation) is filed for record as herein above provided, the annexation shall be deemed accomplished and the annexed area shall be a part of the Properties and subject to each and all of the provisions of this initial Declaration (as theretofore amended), and to the jurisdiction of the Association, in the same manner and with the same force and effect as if such annexed Property had been originally included in this initial Declaration as part of the Initial Property.

After additions or annexations are made, all Assessments collected by the Association from the Owners in the annexed areas shall be commingled with the Assessments collected from all other Owners so that there shall be a common maintenance fund for the Properties. Nothing in this Declaration shall be construed to represent or imply that Declarant, its successors or assigns, are under any obligation to add or annex additional Property to this development.

Section 2. Annexation With Approval of Membership.

Subject to the written consent of the owner thereof, upon the written consent by affirmative vote of two-thirds (2/3) of the total number of votes of the Association present or represented by proxy at a meeting duly called for such purpose at which a quorum is present, but only if Declarant approves the same in writing during any period when the Declarant is a Class B Member, the Association may annex or permit the annexation of real property to the provisions of this Declaration and the jurisdiction of the Association by filing, or having the party owning such property file, a Supplemental Declaration in respect to the Property being annexed in the Brazoria County, Texas, Real Property Records. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, and any such annexation shall be effective upon recording in the Brazoria County, Texas, Real Property Records unless otherwise provided therein. The timing of and manner in which notice of any such meeting of the Members of the Association, called for the purpose of determining whether additional Property shall be annexed, and the quorum required for the transaction of business at any such meeting, shall be as specified in the By-Laws of the Association for regular or special meetings, as the case may be.

Section 3. Deannexation.

At any time and from time to time, as Declarant may determine in its sole and absolute discretion, without any obligation or liability to any Owner or any Owner's lender by reason thereof, Declarant may remove Property owned by it from this Declaration (and, thereby, from the jurisdiction of the Association) by filing in the Real Property Records of Brazoria County, Texas, a "Notice of Deannexation of Property" stating that the parcel or parcels of land described therein are no longer part of the Property or subject to this Declaration. Such deannexation shall be effective immediately upon the filing of the Notice of Deannexation in the Brazoria County, Texas, Real Property Records, without notice to any party whomsoever, including, without limitation, any other Owner.

ARTICLE XII
GENERAL PROVISIONS

Section 1. Assignment of Declarant Rights.

Declarant may assign or transfer some or all of its rights as Declarant hereunder to one or more third parties provided that (i) at the time of the assignment such assignee owns more man one Townhome Site (or, contemporaneously with the assignment of the Declarant's rights, is being conveyed more than one Townhome Site), and (ii) such assignee is expressly designated in writing by TMI, INC., as an assignee of all or part of the rights of TMI, INC., as Declarant hereunder. In any assignment of all or part of the Declarant's rights to a third party pursuant to the terms hereof, TMI, INC., may specify that the assignee or designee has or does not have the right (or has a limited right) to further assign the Declarant rights being transferred to the assignee. However, in the absence of any reference to a restriction on further assignment, the assignee shall have the right to further assign such transferred Declarant rights on the same terms as are stated above for TMI, INC., except that the assignment under clause (ii) will be executed by the assignee of Declarant's rights having such power of assignment and the assignment by such assignee may not transfer Declarant rights more expansive than those transferred to the assigning Declarant pursuant to the assignment instrument by which it received such rights. Any attempted assignment or transfer of Declarant rights hereunder which does not strictly comply with the requirements of this Section shall be liberally interpreted as being in compliance with the requirements hereof if the intent of the parties to transfer Declarant rights pursuant hereto is reasonably clear.

Section 2. Enforcement.

The terms and provisions of this Declaration shall run with and bind the land included in the Property, and shall inure to the benefit of and be enforceable by Declarant the Association, or the Owner of any Townhome Site, and by their respective legal representatives, heirs, successors and assigns. This Declaration may be enforced in any proceeding at law or in equity against any person or entity violating or threatening to violate any term or provision hereof, to enjoin or restrain violation or to recover damages, and against the Property to enforce any lien created by this Declaration, and failure of Declarant, the Association, or any Owner to enforce any term or provision of this Declaration shall never be deemed a waiver of the right to do so thereafter.

Section 3. Incorporation.

The terms and provisions of this Declaration shall be construed as being adopted in each and every contract, deed, or conveyance hereafter executed by Declarant conveying all or any part of the land in the Property, whether or not referred to therein, and all estates conveyed therein and warranties of title contained shall be subjected to the terms and provisions of this Declaration.

Section 4. Duration.

This Declaration shall remain in full force and effect for a term of thirty (30) years from the date this Declaration is recorded in the Office of the County Clerk of Brazoria County, Texas, after which time this Declaration shall be extended automatically for successive periods of ten (10) years each unless and until an instrument signed by the Members entitled to cast not less than seventy-four percent (74%) of the aggregate of the votes of all of the Classes of Membership viewed as a whole has been filed for record in the Office of the County Clerk of Brazoria County, Texas, agreeing to terminate this Declaration. Such an instrument so filed for record shall become effective on the date stated therein or one (1) year after it is so filed for record, whichever is the later date.

Section 5. Amendments.

This Declaration may be amended in whole or in part by any instrument executed by the President of the Association when approved by Members entitled to cast not less than seventy-four percent (74%) of the aggregate of the votes of all Members of the Association, regardless of whether such Members are or are not present at a meeting of the Members called for that purpose. Following any such amendment, every reference herein to this Declaration shall be held and construed to be a reference to this Declaration as so amended. All amendments shall be recorded in the ReaL Property Records of Brazoria County, Texas. Nothing herein shall permit or be construed to permit the Owners of Townhome Sites within a portion of the Property annexed by Supplemental Declaration to alone decide to de-annex all or any part of such annexed Property from this Declaration or the jurisdiction of the Association, or to amend any particular restriction, requirement or provision herein, except upon a vote of seventy-four percent (74%) of all of the Members in the entire Association, including (but not requiring any particular percentage vote of) those Owners who were Members of the Association prior to the annexation of the annexed area in question. No group of Owners or Members shall have such right to secede from the Association or amend such restrictions except on an Association-wide vote as above contemplated.

Section 6. Amendments by Declarant.

(A) Declarant shall have and reserves the right at any time and from time to time, without the joinder or consent of any other party, to amend this Declaration by any instrument in writing duly signed, acknowledged, and filed for record for the purpose of correcting any typographical or grammatical error, ambiguity or inconsistency appearing herein, provided that any 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 or affect the vested property or other rights of any Owner or such Owner's mortgagee.

(B) Particularly reserved to Declarant is the right and privilege of Declarant to designate, by Supplemental Declaration, additional and/or more specific restrictions applicable to any portion of the Properties within this Declaration so long as Declarant owns at least ninety percent (90%) of the number of Townhome Sites within the portion(s) of the Property to be so affected. Such additional restriction may be done by Declarant without the consent or joinder of the other ten percent (10%) of Townhome Site owners in such affected area. No such designation of additional or more specific requirements or restrictions, or subsequent change of requirements or restrictions, as provided for herein, shall be deemed to adversely affect any substantial right of any existing Owner.

Section 7. Books and Records.

The books and records of the Association shall, during reasonable business hours, be subject to reasonable inspection by any Member. The Board of Directors may, by resolution, establish rules and regulations including reasonable charges governing the frequency of inspection and other matters to the end that inspection of the books and records by any Member or Members will not become burdensome to nor constitute harassment of the Association. This Declaration and the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

(A) Record Production Policy

i. Copies of Association records will be available to all Owners upon their proper request and at their own expense. A proper request:

a. is sent certified mail to the Association's address as reflected in its most recent management certificate;

b. is from an Owner, or the Owner's agent, attorney, or certified public accountant; and

c. contains sufficient detail to identify the records being requested.

ii. Owners may request to inspect the books and records or may request copies of specific records.

a. If the owner makes a request to inspect the books and records, then the Association will respond within 10 business days of the request, providing the dates and times the records will be made available and the location of the records. The Association and the owner shall arrange for a mutually agreeable time to conduct the inspection. The

Association shall provide the owner with copies of specific documents upon the owner paying the Association the cost thereof.

b. If an owner makes a request for copies of specific records, and the Association can provide the records easily or with no cost, then the Association will provide the records to the owner within 10 business days of the owner's request.

c. If the owner makes a request for copies of specific records, the Association shall send a response letter advising on the date that the records will be made available (within 15 business days) and the cost the owner must pay before the records will be provided. Upon paying the cost to provide the records, the Association shall provide the records to the owner.

iii. The Association hereby adopts the following schedule of costs:

Copies:

10 cents per page, for a regular 8.5" x 11" page

50 cents per page, for pages 11" x 17" or greater

Actual cost, for specialty paper (color, photograph, map, etc...)

$1.00 for each CD or audio cassette $3.00 for each DVD

Labor:

$15.00 per hour for actual time to locate, compile and reproduce the records (can only charge if request is greater than 50 pages in length)

Overhead/Administrative Costs:

20% of the total labor charge (can only charge if request is greater than 50 pages in length)

Materials:

Actual costs of labels, boxes, folders, and other supplies used in producing the records, along with postage for mailing the records

iv. The Association hereby adopts the following form of response to Owners who request to inspect the Association's Books and Records:

SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC.
Response To Request For Association Records

<DATE>

Dear Homeowner:

On <DATE>, the Association received your request to inspect the books and records of the Association. The books and records of the Association are available for you to inspect on regular business days, between the hours of 9:00 A.M. and 5:00 P.M., at the office of Association Management, Inc., 12234 Shadow Creek Parkway, Building 3, Suite 112, Pearland, Texas 77584.

Please contact Alycia Long, Property Manager at (713) 436-4563 to arrange for a mutually agreeable time for you to come and inspect the books and records. Please be advised that if you desire copies of specific records during or after the inspection, you must first pay the associated costs before the copies will be provided to you. A schedule of costs is included with this response.

Very Truly Yours,
*SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC.*V.

v. The Association hereby adopts the following form of response to Owners who request copies of specific records:

SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC.
Response To Request For Association Records

<DATE>

Dear Homeowner:

On <DATE>, the Association received your request for copies of specific Association records. We are unable to provide you with the requested records

within 10 business days of your request. However, the requested records will be available to you no later than 15 business days after the date of this response.

In order to obtain the records you must first pay the Association the cost of providing the records to you. The estimated cost to obtain the records you requested is $_____.__Upon receiving payment, the Association will mail the requested documents to you. You may also make payment and pick up the documents in person at the offices of Association Management, Inc., 12234 Shadow Creek Parkway, Building 3, Suite 112, Pearland, Texas 77584.

Very Truly Yours,
SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC.

vi. If the estimated cost provided to the Owner is more or less than the actual cost of producing the documents, the Association shall, within 30 days after providing the records, submit to the owner either an invoice for additional amounts owed or a refund of the overages paid by the Owner.

vii. Unless authorized in writing or by court order, the Association will not provide copies of any records that contain the personal information of an owner, including restriction violations, delinquent assessments, financial information, and contact information.

(B) Record Retention Policy

The Association shall maintain its records as follows:

RECORD	**RETENTION PERIOD**
Certificate of Formation/ Articles of Incorporation, Bylaws, Declarations and all amendments to those documents.	Permanent
Association Tax Returns and Tax Audits	Seven (7) Years
Financial Books and Records	Seven (7) Years
Account Records of Current Owners	Five (5) Years
Contracts with a term of more than one year	Four (4) Years After Contract Expires

Minutes of Member Meetings and Board Meetings	Seven (7) Years

Records not listed above are not subject to retention. Upon expiration of the retention date, the applicable record will be considered not maintained as a part of the Association books and records.

Section 8. Indemnification and Hold Harmless.

(A) By the Association. The Association shall indemnify every officer, director and member of a duly appointed committee, including the members of the Architectural Committee, against any and all expenses, including fees of legal counsel, reasonably incurred by or imposed upon any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reasons of being or having been an officer, director or member of a committee. The officers, directors and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers, directors and committee members shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers, directors or committee members may also be members of the Association), and the Association shall indemnify and forever hold each such officer, director and committee member free and harmless from and against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director or committee member, or former officer, director or committee member may be entitled. The Association may, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation.

(B) By an Owner. Each Owner shall be liable to the Association for any damage to the Common Property and the Common Facilities of any type or to any equipment thereon which may be sustained by reason of the negligence of said Owner, his Occupant, employees, agents, customers, guests or invitees, to the extent that any such, damage shall not be covered by insurance. Further, it is specifically understood that neither the Declarant, the Association, the Board of Directors, their agents, or any other Owner shall be liable to any person for injury or damage sustained by such person occasioned by the use of any portion of such Owner's Townhome Site or any portion of the Common Property and/or the Common Facilities within the Properties. Every Owner does hereby agree to defend, indemnify and hold harmless the Declarant, the Association, the Board of Directors, their agents and other Owners from and against any

such claim or damage as referenced in the immediately preceding sentence hereof, including, without limitation, legal fees and court costs WHETHER CAUSED OR ALLEGEDLY CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OF THE ASSOCIATION OR ITS OFFICERS, DIRECTORS, COMMITTEE MEMBERS, AGENTS, CONTRACTORS OR EMPLOYEES.

Section 9. Rights of Mortgagees and Lienholders.

No violations of any of these restrictions, covenants or conditions shall affect or impair the rights of any mortgagee or lienholder under any mortgages or deed of trust, or the rights of any assignee of any mortgagee or lienholder under any such mortgage or deed of trust.

Section 10. Right to Subdivide or Re-subdivide.

Prior to the time Declarant parts with title thereto, Declarant shall have the right (but shall never be obligated) to subdivide or re-subdivide into Townhome Sites, by recorded Plat or in any other lawful manner, all or any part of the land included within the Property. During any period that Declarant owns any part of the Property, Declarant's prior written approval must be obtained to any subdivision plat to be filed of record by any Owner if such Plat would result in the division of the Property being Platted into more platted Townhome Sites or reserves than was the case prior to the recordation thereof. Except for Platting by Declarant, the Association's prior written approval shall also be required for any subdivision Platting which changes the boundaries of any Plat previously filed or approved by Declarant or the Association.

Section 11. No Obligation as to Adjacent Property.

The Property is or may be a part of a larger tract or block of land owned by or under contract to Declarant. While Declarant may subdivide other portions of its property now or hereafter acquired, or may subject the same to a declaration similar to or dissimilar from this Declaration, Declarant shall have no obligation to do so, and if Declarant elects to do so, any subdivision plat or declaration executed by Declarant with respect to any of its other property may be the same as or as similar to or dissimilar from any subdivision Plat, this Declaration or Supplemental Declaration covering the Property, or any part thereof, as Declarant may desire and determine in its sole and exclusive discretion. Some of the tracts shown as "Acreage" on the initial Plats of the Property are or may be a part of the other property of Declarant referred to in this Section.

Section 12. Renting or Leasing.

Improvements on Townhome Sites may be rented or leased only by written leases and subject to the following restrictions:

(A) All tenants shall be subject to the terms and conditions of this Declaration, the By-Laws, the Articles of Incorporation, and the rules and regulations promulgated thereunder as though such tenant were an Owner.

(B) Each Owner agrees to cause his lessee, Occupant, or persons living with such Owner to comply with this Declaration By-Laws, and the rules and regulations promulgated thereunder, and is responsible for all violations and losses caused by such tenants or Occupants, notwithstanding the fact that such Occupants of the Living Unit are fully liable for any violation of the documents and regulations; failure to comply shall, at the Board's option, be considered a default under the Occupant's lease.

(C) In the event that a lessee, Occupant or person living with the lessee violates a provision of this Declaration, By-Laws or rules and regulations adopted pursuant to thereto, the Board shall have the power to bring an action or suit against the lessee or other Occupant and/or Owner (in the Association's sole discretion) to recover sums due for damages or injunctive relief, or for any other remedy available at law or equity, including, but not limited to, all remedies available to a landlord upon the breach or default of the lease agreement by the lessee.

(D) The Board of Directors shall also have the power to impose reasonable fines upon the lessee, other Occupant and/or the Owner for any violation by the lessee, Occupant, or person living with the lessee of any duty imposed under this Declaration, the Association By-Laws, or rules and regulations adopted pursuant thereto, and to suspend the right of the Owner, lessee, Occupant or person living with the lessee to use the Common Properties and Facilities. The Board shall have authority and standing to enforce any lease restrictions contained in or promulgated in accordance with any recorded instrument causing any part of the Property to become subject to this Declaration and/or any Supplemental Declaration.

(E) All Prospective Tenants 18 years of age and older shall undergo a background check by the Association's Attorney appointed by the Board of Directors of the Association before the prospective tenant moves into the Unit.

i. The Unit Owner must pay the $75.00 screening fee (to be performed by Association's Attorney; this fee may increase as necessary) by personal check, cashier's check, or money order to Silverlake Townhome Community Association, Inc.

ii. If screening fee is paid by the Prospective Tenant, then payment must be made in the form of a money order or a cashier's check. No cash or personal checks will be

accepted from a prospective tenant for payment of screening fee.

iii. Any Prospective Tenant who is found to have a felony criminal history shall not knowingly be approved as a tenant by the Association. However, if a Prospective Tenant has a criminal history which does not involve any felonies within the last ten (10) years, then the Board may vote on the issue of whether to approve or reject the Prospective Tenant.

iv. Prospective Tenants who are found to have ever been previously convicted of a sex crime or are required to register with the Texas Department of Public Safety as a sex offender shall not be knowingly approved as a tenant by the Association.

v. Unit owners shall be responsible for conducting a credit history check for prospective tenants.

vi. All lease agreements shall be for a term of no less than one calendar year.

vii. On or before the date that any lease agreement covering a Unit becomes effective, the Owner of the Unit shall provide the Association with the following:

a) the Unit Owner's mailing address and telephone number, if different from that previously provided to the Association;

b) the name, telephone number, date of birth and Texas driver's license number of each of the Owner's tenants and any other occupants of the Unit; and

c) the name, address and telephone number of the person managing the Unit for the Owner, if any.

(F) The Association will maintain a form containing this information at the office of its managing agent. In addition, any new Owner or prospective tenant must provide to the Association's managing agent a signed acknowledgement that he or she has received and read the rules and regulations of Silverlake Townhome Community Association, Inc. The Owner of a Unit which is leased is responsible for providing his/her prospective tenant with copies of the Association's governing documents and assuring that his/her prospective tenant complies with all

covenants, conditions, restrictions, Bylaws, policies, and rules and regulations applicable to the development.

(G) The Association shall have the right to evict an Owner's tenant who substantially or repeatedly violates the Association's covenants, conditions and restrictions, bylaws, policies, and rules and regulations.

Section 13. Notice.

Any notice required or desired to be given under this Declaration shall be in writing and shall be deemed to have been properly served when (i) delivered in person and receipted for, or (ii) three (3) days after deposit in the United States Mail, certified, return receipt requested, postage prepaid, addressed, if to an Owner, to the Owner's last known address as shows on the records of the Association at the time of such mailing or, if to the Association, to its President, Secretary or registered agent. The initial address for the Association and Declarant shall be:

SILVERLAKE TOWNHOMES COMMUNITY ASSOCIATION, INC.
c/o Association Management, Inc.
12234 Shadow Creek Parkway
Building 3, Suite 112
Pearland, Texas 77584

And such address for the Association and Declarant shall be effective unless and until a supplement to this Declaration shall be made and filed in the Real Property Records of Brazoria County, Texas, specifying a different address for the party filing such supplement (in which event such address specified in such supplement shall be the address, for the purposes of this Section 13 for the addressee named in such supplement).

Section 14. Enforcement.

The covenants, conditions, restrictions, easements, uses, privileges, Assessments and liens of this Declaration shall run with the land and be binding upon and inure to the benefit of Declarant, the Association and each Owner of the Properties or any part thereof, their respective heirs, legal representatives, successors and assigns. The enforcement of the provisions of this Declaration shall be vested in the Association. In the event the Association fails or refuses to enforce a provision of this Declaration for a period of thirty (30) days after written notice from Declarant or any Owner, as the case may be, Declarant or any Owner shall have the right, but not the obligation, to enforce such provisions. A breach of any of the provisions of this Declaration shall give to the party entitled to enforce such provision the right to bring a proceeding at law or in equity against the party or parties breaching or attempting to breach this Declaration and to enjoin such party or parties from so doing or to cause such breach to be remedied or to recover damages resulting from such breach. A breach of this Declaration by an Owner relating to the use or maintenance of any portion of the Properties or part thereof is

allowed by law or equity for the abatement of a public or private nuisance shall be available to remedy such breach. In any legal or equitable proceedings for the enforcement of this Declaration or to restrain a breach thereof, the party or parties against whom judgment is entered shall pay the attorney's fees and costs of the party or parties for whom judgment is entered in such amount as may be fixed by the court in such proceedings. All remedies provided under this Declaration, including those at law or in equity, shall be cumulative and not exclusive. No party having the right to enforce this Declaration shall be liable for failure to enforce this Declaration.

Section 15. Good Faith Lender's Clause.

No violation of this Declaration shall affect any lien or deed of trust of record upon any Property subject to Assessment or any part of the Property, when held in good faith. These liens may be enforced in due course, subject to the provisions of this Declaration.

Section 16. Conflict with Deeds of Conveyance; Declarant's Rights.

If any part of this Declaration shall be in conflict with any term of a previously recorded deed of conveyance to any portion of the Property, the term of the prior deed of conveyance shall govern, but only to the extent of such conflict. Where rights are reserved to Declarant by the restrictions of this Declaration, Declarant reserves the right to modify such restrictions as necessary in subsequent deeds of conveyance, in which case the terms of the deeds of conveyance shall prevail.

Section 17. Severability.

Invalidation of any term or provision of this Declaration by judgment or otherwise shall not affect any other term or provision of this Declaration, and this Declaration shall remain in full force and effect except as to any terms and provisions which are invalidated.

Section 18. Gender and Grammar.

The singular wherever used herein shall be construed to mean or include the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations (or other entities) or individuals, male or female, shall in all case be assumed as though in each case fully expressed.

Section 19. Titles.

The titles of this Declaration and of Articles and Sections contained herein are for convenience only and shall not be used to construe, interpret, or limit the meaning of any terms or provisions contained in this Declaration.

Section 20. Successors in Title.

The terms and provisions of this Declaration shall apply to, be binding upon, and inure to the benefit of Declarant and the Association, and their respective successors and assigns.

ARTICLE XIII
DISPUTE RESOLUTION/ARBITRATION

Section 1. Dispute Resolution.

No dispute between any of the following entities or individuals shall be commenced until the parties have submitted to non-binding mediation: Owners; Members; the Board of Directors; officers in the Association; Architectural Committee; Declarant; or the Association. Disputes between Owners that are not regulated by the Declaration shall not be subject to the dispute resolution process.

Section 2. Outside Mediator.

The parties must voluntarily submit to the following mediation procedures before commencing any judicial or administrative proceeding. Each party will represent himself/herself individually or through an agent or representative, or may be represented by counsel. The dispute will be brought before a mutually selected mediator. Such mediator will either be an attorney-certified mediator skilled in community association law, a Professional Community Association Manager ("P.C.A.M.") with not less than 10 years experience in the management of Community Associations as certified by the Community Associations Institute, or a Certified Property Manager ("C.P.M.") with not less than 10 years experience in the management of Community Associations as certified by the Institute of Real Estate Managers. In order to be eligible to mediate a dispute under this provision, a Mediator may not reside in Brazoria County, work for any of the parties, represent any of the parties, nor have any conflict of interest with any of the parties. The Board shall maintain a list of no less than ten (10) potential mediators, but the parties will be in no way limited to their choice by this list. Costs for such mediator shall be shared equally by the parties. If the parties cannot mutually agree upon the selection of a mediator after reasonable efforts (not more than thirty (30) days), each party shall select their own mediator and a third will be appointed by the two selected mediators. If this selection method must be used, each party will pay the costs of their selected mediator and will share equally the costs of the third appointed mediator.

Section 3. Mediation is Not a Waiver.

By agreeing to use this Dispute Resolution process, the parties in no way waive their rights to extraordinary relief including, but not limited to, temporary restraining orders or temporary injunctions, if such relief is necessary to protect or preserve a party's legal rights before a mediation may be scheduled.

Section 4. Arbitration.

In the event of any dispute subject to mediation pursuant to Section 1 hereof ("Dispute") is not resolved between the disputing parties (each a "Disputing Party" and collectively the "Disputing Parties"), which cannot be otherwise resolved by the Disputing Parties themselves, the Dispute will be settled by arbitration by an arbitrator mutually acceptable to the Disputing Parties in an arbitration proceeding conducted in the City of Houston, Texas in accordance with the rules existing at the date hereof of the American Arbitration Association. If the Disputing Parties hereto cannot agree on an arbitrator within ten (10) business days of the initiation of the arbitration proceeding, an arbitrator shall be selected for the Disputing Parties by the American Arbitration Association. The Disputing Parties shall use their reasonable best efforts to have the arbitral proceeding concluded and a judgment rendered by the arbitrator within forty (40) business days of the initiation of the arbitration proceeding. The decision of such arbitrator shall be final, and judgment upon the award rendered by the arbitration may be entered in any court having jurisdiction thereof, and the costs (including, without limitation, reasonable fees and expenses of counsel and experts for the Disputing Parties) of such arbitration (including the costs to enforce or preserve the rights awarded in the arbitration) shall be borne by the Disputing Party whom the decision of the arbitrator is against. If the decision of the arbitrator is not clearly against one of the disputing Parties or the decisions of the arbitrator is against more than one Disputing Party on one or more issues, the costs of such arbitration shall be borne equally by the Disputing Parties.

Section 5. Assessment Collection.

The provisions of this Declaration dealing with Alternate Dispute Resolutions and Arbitration shall not apply to the collection of any assessments by the Association as set out in the Declaration.

Adopted by unanimous vote of the Board of Directors of the SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC., at a meeting held on May 23, 2012.

Signed this the 23RD day of May, 2012.

SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC.

BY: _____
JOSEPH C. SANDERS, President

BY: _____
TONY WEN, Vice President

BY: _____
GREG BOSS, Secretary

BY: _____
CHARLES CARTER, Treasurer

BY: _____
JAMES G. CLARKSON, Director

STATE OF TEXAS §

COUNTY OF BRAZORIA §

ACKNOWLEDGMENT

This instrument was acknowledged before me on this the 23RD day of May, 2012, by JOSEPH C. SANDERS, as a Member of the Board of Directors of SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC., on behalf of said Association.

ROBERT S. CLARK
MY COMMISSION EXPIRES
January 6, 2016

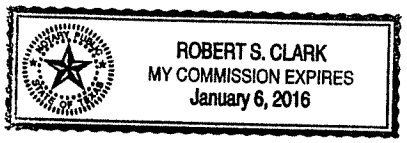
_____
Notary Public in and for
The State of Texas

STATE OF TEXAS §

ACKNOWLEDGMENT

COUNTY OF BRAZORIA §

This instrument was acknowledged before me on this the 23RD day of May, 2012, by TONY WEN, as a Member of the Board of Directors of SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC., on behalf of said Association.



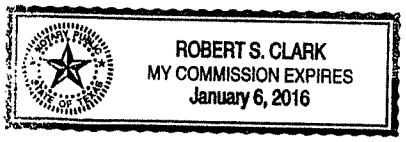
Notary Public in and for
The State of Texas

STATE OF TEXAS §

ACKNOWLEDGMENT

COUNTY OF BRAZORIA §

This instrument was acknowledged before me on this the 23RD day of May, 2012, by GREG BOSS, as a Member of the Board of Directors of SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC., on behalf of said Association.



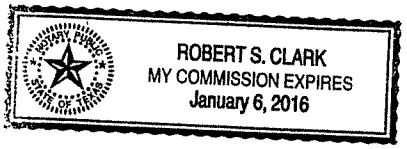
Notary Public in and for
The State of Texas

STATE OF TEXAS §

ACKNOWLEDGMENT

COUNTY OF BRAZORIA §

This instrument was acknowledged before me on this the 23RD day of May, 2012, by CHARLES CARTER, as a Member of the Board of Directors of SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC., on behalf of said Association.



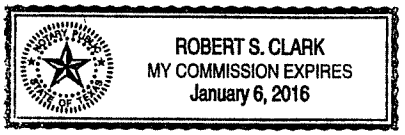
Notary Public in and for
The State of Texas

STATE OF TEXAS §

ACKNOWLEDGMENT

COUNTY OF BRAZORIA §

This instrument was acknowledged before me on this the 23RD day of May, 2012, by JAMES G. CLARKSON, as a Member of the Board of Directors of SILVERLAKE TOWNHOME COMMUNITY ASSOCIATION, INC., on behalf of said Association.



Notary Public in and for
The State of Texas

EXHIBIT "A"
Silverlake Townhomes, a subdivision of 10.8106 acres located in the R.B. Lyle Survey, A-539 Brazoria County, Texas as evidenced by the recorded plat thereof, Recorded at Volume 24, Page 145 of the Plat Records of Brazoria County, Texas.

FILED and RECORDED

Instrument Number: 2012043789

Filing and Recording Date: 09/27/2012 12:54:56 PM Pages: 86 Recording Fee: $352.00

I hereby certify that this instrument was FILED on the date and time stamped hereon and RECORDED in the OFFICIAL PUBLIC RECORDS of Brazoria County, Texas.

Joyce Hudman

Joyce Hudman, County Clerk
Brazoria County, Texas

ANY PROVISION CONTAINED IN ANY DOCUMENT WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE REAL PROPERTY DESCRIBED THEREIN BECAUSE OF RACE OR COLOR IS INVALID UNDER FEDERAL LAW AND IS UNENFORCEABLE.

DO NOT DESTROY - Warning, this document is part of the Official Public Record.

cclerk-carol