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**DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND
EASEMENTS FOR
VILLAS AT KINGS HARBOR
TOWNHOMES**

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Official Public Records of
HARRIS COUNTY
BEVERLY KAUFMAN
COUNTY CLERK
Fees 140.00

RECORDERS MEMORANDUM

This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.
THE STATE OF TEXAS
COUNTY OF HARRIS
I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me, and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas.



Beverly Kaufman
CLERK OF COUNTY
HARRIS COUNTY, TEXAS

THIS DOCUMENT HAS BEEN
ELECTRONICALLY RECORDED

**DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND
EASEMENTS FOR
VILLAS AT KINGS HARBOR
TOWNHOMES**

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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS FOR
VILLAS AT KINGS HARBOR TOWNHOMES**

WHEREAS, LAND DEVELOPMENT COMPANY, LTD., a Texas limited partnership ("Declarant"), is the owner of that certain real property described as follows:

All lots within Villas at Kings Harbor, a subdivision of land in Harris County, Texas according to the plat thereof recorded under Film Code No. 610223 in the Map Records of Harris County, Texas (the "Property"); and

WHEREAS, certain covenants, restrictions, easements, charges and liens have been imposed on the Property as set forth in the Declaration of Covenants, Conditions and Restrictions dated December 16, 1991 filed under Clerk's File No. N467646 and recorded in the Official Public Records of Real Property of Harris County, Texas (the "Official Records"), the Declaration of Covenants, Conditions and Restrictions of Kings Harbor Center, Sections One and Two dated January 8, 1998 filed under Clerk's File No. S229900 and recorded in the Official Records, and the Declaration of Covenants, Conditions and Restrictions for Kings Harbor dated June 9, 2006 filed under Clerk's File No. Z466373 and recorded in the Official Records (collectively, the "Prior Restrictions"); and

WHEREAS, the Property is to be developed as a townhome project; and

WHEREAS, LAND DEVELOPMENT COMPANY, LTD. desires to establish a uniform plan for the further development, improvement, and sale of the Property to ensure the reservation of such uniform plan for the benefit of both the present and future owners of the Property.

NOW THEREFORE, LAND DEVELOPMENT COMPANY, LTD. hereby supplements the Prior Restrictions with the additional covenants, conditions, restrictions, easements, charges and liens, as follows:

**ARTICLE 1
DEFINITIONS**

As used in this instrument, the terms set forth below shall have the following meanings:

Section 1.1. Architectural Review Committee. The committee which has the authority to approve plans and specifications for proposed improvements on the Lots pursuant to Section 5.1 hereof.

Section 1.2. Association. Villas at Kings Harbor Homeowners Association, Inc., a Texas non-profit corporation, its successors and/or assigns.

Section 1.3. Assessment or Assessments. A General Assessment, a Special Assessment, or a Reimbursement Assessment.

Section 1.4. Board or Board of Directors. The Board of Directors of the Association as elected in accordance with the Certificate of Formation and the Bylaws.

Section 1.5. Bylaws. The Bylaws of the Association, as same may be amended from time to time.

Section 1.6. Cash Reserve Account. That fund created pursuant to Section 9.9 of this Declaration to meet unforeseen expenditures or to purchase any additional equipment or services for the Property.

Section 1.7. Certificate of Formation. The Certificate of Formation of the Association.

Section 1.8. Common Area. All real property or improvements thereupon designated as Common Area on the Plat or designated by the Board from time to time which exists for the benefit of and for the common use and enjoyment of the Owners.

Section 1.9. Declarant. Shall mean and refer to LAND DEVELOPMENT COMPANY, LTD., its successors and assigns so designated in writing as Declarant hereunder by the Declarant at such time. No person or entity merely providing loans to or purchasing one or more Lots from the Declarant shall be considered a "Declarant".

Section 1.10. Declaration. The covenants, conditions, restrictions, easements, reservations, and stipulations that shall be applicable to and govern the improvement, use, occupancy, and conveyance of all the Lots in the Property set out in this instrument or any amendment hereto.

Section 1.11. Documents. The Certificate of Formation, Bylaws, Declaration, and Rules and Regulations, as amended from time to time.

Section 1.12. Election Date. The later of the following dates: (a) four (4) months after Declarant shall have conveyed one hundred percent (100%) of the Lots to Owners; or (b) the date Declarant, by written notice to the Board, notifies the Board of its election to cause the Election Date to occur.

Section 1.13. Eligible Mortgagee. Mortgagees who have submitted a written request to the Association that the Association notify them of any proposed action requiring the consent of a specified percentage of Eligible Mortgagees.

Section 1.14. General Assessment or General Assessments. The assessments levied by the Association pursuant to Article IX hereof for managing, maintaining, operating, repairing and insuring the Common Area, and the other purposes set out in this Declaration.

Section 1.15. Lot or Lots. Any one or more of the forty-two (42) Lots reflected on the Plat.

Section 1.16. Maintenance Fund. Any accumulation of the Assessments collected by the Association in accordance with the provisions of this Declaration and interest, penalties, fines, and other sums and revenues collected by the Association pursuant to the provisions of the Declaration, the Bylaws, or Rules and Regulations.

Section 1.17. Member or Members. All Owners of Lots who are Members of the Association as provided in Section 3.3 of this Declaration.

Section 1.18. Mortgage. A security interest, mortgage, deed of trust, or lien instrument voluntarily granted by an Owner of a Lot to secure the payment of a purchase money loan made to such Owner or a loan for improvements on a Lot, duly recorded in the Official Records of Real Property of Harris County, Texas, and creating a lien or security interest encumbering a Lot and some or all improvements thereon.

Section 1.19. Mortgagee. A mortgagee under a Mortgage or a beneficiary under a deed of trust, as the case may be, and the insurer, guarantor or assignees of any such mortgagee or beneficiary.

Section 1.20. Notice. A written notice from or on behalf of the Board of Directors in the manner provided in this Declaration, the Bylaws, or the Rules and Regulations.

Section 1.21. Owner. Any Person or other entity, including Declarant, or any combination thereof that is the record owner of fee simple title to a Lot, including contract sellers, but excluding those having an interest merely as a security for the performance of an obligation.

Section 1.22. Person. A natural person, a corporation, a partnership, or any other legal entity.

Section 1.23. Plat. The plat of Villas at Kings Harbor recorded under Film Code No. 610223 in the Map Records of Harris County, Texas.

Section 1.24. Prior Restrictions. Those certain covenants, restrictions, easements, charges and liens as have been imposed on the Property as described in the preambles of this Declaration.

Section 1.25. Property. All that certain real property described in the Plat.

Section 1.26. Rear Yard. That portion of the Lot located behind the rear wall of the Unit.

Section 1.27. Reimbursement Assessment. A charge against a particular Owner and Lot for the purpose of reimbursing the Association for expenditures and other costs of the Association incurred in curing any violation, directly attributable to the Owner, or the invitee, agent or tenant of such Owner, for a violation of the Documents, pursuant to Section 3.10 hereof.

Section 1.28. Rules and Regulations. Such rules and regulations as the Board may promulgate from time to time with respect to the Property, which may include reasonable provisions for the fines for violation of such Rules and Regulations, however, no such rules or regulations may be in derogation of or contrary to the interests of The Woodlands Association under the Prior Restrictions.

Section 1.29. Special Assessment. A charge against each Owner and Lot representing a portion of the cost to the Association for the purpose of funding major capital repairs, maintenance, and replacement of improvements, imposed pursuant to Section 9.6 hereof.

Section 1.30. Townhome Modifications Committee. The committee which has authority to approve plans and specifications for proposed modifications or alterations on the Lots pursuant to Section 5.1 hereof.

Section 1.31. Unit. A residential unit designed for, limited and restricted to, occupancy by a single family on a Lot

ARTICLE II

ESTABLISHMENT OF GENERAL PLAN

Section 2.1. General Plan and Declaration. This Declaration is hereby established pursuant to and in furtherance of a common and general plan for the improvement and sale of Lots within the Property. Declarant, for itself, its successors, and assigns, hereby declares that the Property and each part thereof shall be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, maintained, altered, and improved subject to the covenants, conditions, restrictions, limitations, reservations, easements, exceptions, equitable servitudes, and other provisions set forth in the Prior Restrictions and in this Declaration, for the duration thereof. To the extent legally possible, the terms of the Prior Restrictions shall be read to harmonize with this Declaration and all Owners must comply with the Prior Restrictions and this Declaration, and all rights herein established are in all respects inferior and subordinate to the Prior Restrictions, and no use or operation shall be conducted that would in any manner interfere with, obstruct, alter or diminish the rights of the property owners associations which administer the Prior Restrictions under the Prior Restrictions. Unless otherwise specified herein, the terms of the Documents shall apply equally to all Owners, including Declarant.

Section 2.2. Equitable Servitude. The covenants, conditions, restrictions, limitations, reservations, and easements, of this Declaration hereby are imposed as equitable servitude upon each Lot and the Common Areas within the Property as a servient estate for the benefit of each and every other Lot within the Property, as the dominant estate.

Section 2.3. Covenants Appurtenant. The covenants, conditions, restrictions, limitations, reservations, easements, exceptions, equitable servitudes, and other provisions set forth in this Declaration shall run with, and shall inure to the benefit of and shall be binding upon, all of the Property, each Lot and the Common Area, and shall be binding upon and inure to the benefit of: (a) the Property; (b) Declarant and its successors and assigns; (c) the Association

and its successors and assigns; and (d) all Persons having, or hereafter acquiring, any right, title, or interest in all or any portion of the Property and their heirs, executors, successors, and assigns.

ARTICLE III
MANAGEMENT AND OPERATION OF THE PROPERTY

Section 3.1. Management by Association. The affairs of the Property shall be administered by the Association. The Association shall have the right, power and obligation to provide for the management, acquisition, construction, maintenance, repair, replacement, administration, and operation of the Property as provided for in the Documents. In the event of a conflict between the Certificate of Formation, Bylaws and Rules and Regulations and the provisions of this Declaration, the provisions of this Declaration shall control. In the event of any conflict between the Certificate of Formation, Bylaws, and Rules and Regulations, the Certificate of Formation shall control. In the event of any conflict between the Bylaws and the Rules and Regulations, the Bylaws shall control. The business and affairs of the Association shall be managed by the Board of Directors, unless any particular item is otherwise reserved to the Members of the Association by law or the terms of the Documents. It shall be the responsibility of each Owner or occupant of a Unit to obtain copies of and become familiar with the terms of the Documents and the Prior Restrictions.

The Association, acting through the Board, shall be entitled to enter into such contracts and agreements concerning the Property as the Board deems reasonably necessary or appropriate to maintain and operate the Property in accordance with the Declaration, including without limitation, the right to grant utility, access and other easements for uses the Board shall deem appropriate and the right to enter into agreements with adjoining or nearby land owners or governmental entities and/or the Prior Associations on matters of maintenance, trash pick-up, repair, administration, courtesy patrol, operation of recreational facilities, insurance, or other matters of mutual interest. The Board of Directors shall also have the power to create procedures for resolving disputes between Owners or occupants of Units, including appointment of committees to consider or reconsider resolutions of any disputes.

Section 3.2. Board of Directors. The number, term, and qualifications of the members of the Board of Directors shall be governed by the Certificate of Formation and the Bylaws.

Section 3.3. Membership in Association. Each Owner, whether one Person or more, of a Lot shall, upon and by virtue of becoming such Owner, automatically become and shall remain a Member of the Association until ownership of the Lot ceases for any reason, at which time the membership in the Association shall also automatically cease. Membership in the Association shall be appurtenant to and shall automatically follow the ownership of each Lot and may not be separated from such ownership.

Section 3.4. Unit Owner Information. Not later than the 30th day after the date of acquiring an interest in a Lot or granting a Mortgage against a Lot, the Lot Owner shall provide the Association with:

(a) The Owner's mailing address, telephone number and driver's license number, if any;

(b) The name and address of the holder of any Mortgage against the Lot, and any loan number;

(c) The name and telephone number of any person occupying the Lot other than the Owner; and

(d) The name, address, and telephone number of any person managing the Lot as agent of the Owner.

Section 3.5. Notice of Change. Each Owner shall notify the Association not later than the 30th day after the date the Owner has notice of a change in any information required by Section 3.4 above, and shall provide the information on request by the Association from time to time.

Section 3.6. Notice in Writing. Notices provided for in this Declaration shall be in writing and shall be deemed sufficiently given when delivered personally at the appropriate address provided by Owner under Section 3.4 above, 72 hours after deposit in any United States post office box, postage prepaid, addressed to the appropriate address provided by Owner under Section 3.4 above, or when sent by facsimile or electronic mail with confirmation of transmission.

Section 3.7. Transfer Fee. Prior to changing the name of the Owner of any Lot on the membership rolls of the Association or the name of the Mortgagee of the Owner, the Association or its managing agent (if authorized by the Board of Directors) may charge a transfer fee or processing fee when ownership to any Lot changes or the Mortgage on the Lot is refinanced.

Section 3.8. Voting of Members. The Association shall have two (2) classes of membership.

Class A. Class A Members shall be all those Owners as defined in Section 3.3, with the exception of Declarant. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership in Section 3.3. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership by Section 3.3; provided, however, that the Class B membership shall cease and be converted to Class A membership on the Election Date.

Section 3.9. Power to Adopt Rules and Regulations. The Association, through its Board of Directors, may adopt, amend, repeal, and enforce the Rules and Regulations, fines, levies, and enforcement provisions as it deems necessary or desirable with respect to the interpretation and implementation of the Declaration, Certificate of Formation, and Bylaws; the operation of the Association; the use and enjoyment of the Common Areas, if any; and, the use of any other property within the Property, including Lots. Any such Rules and Regulations shall be reasonable and uniformly applied to all Members and their family, tenants, and guests. Such Rules and Regulations shall be effective only upon adoption by resolution of the Board of Directors. Each Member shall comply with such Rules and Regulations and shall see that Persons claiming through such Member comply with such Rules and Regulations. Such Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Declaration.

Section 3.10. Power to Enforce Documents. The Association shall have the power to enforce the provisions of the Documents and shall take such action as the Board of the Association deems necessary or desirable to cause compliance by each Member and each Member's family, guests or tenants. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of the Documents by any one or more of the following means: (a) by entry upon any Lot after Notice (unless a bona fide emergency exists in which event this right of entry may be exercised without notice [written or oral] to the Owner, but in such manner as to avoid any reasonable or unnecessary interference with the lawful possession, use, or enjoyment of the improvements situated thereon by the Owner or any other Person), without liability by the Association to the Owner thereof or any other person, for the purpose of enforcement of the Documents or Rules and Regulations, as more particularly described in Section 13.6 hereof; (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of the Documents, by mandatory injunction or otherwise; (c) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of the Documents; (d) by exclusion, after Notice, of any Member or Member's family, guests, or tenants from use of the Common Area during and for up to sixty (60) days following any breach of this Declaration or such Rules and Regulations relating to the Common Area by such Member or Member's family, guests, or tenants, unless the breach is a continuing breach in which case, such exclusion shall continue for so long as such breach continues; (e) by suspension, after Notice, of the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or Member's family, guests, or tenants, of the Documents, unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues; (f) by levying and collecting, after Notice, a Reimbursement Assessment against any Member for breach of this Declaration or such Rules and Regulations by such Member or Member's family, guests, or tenants; and (g) by levying and collecting, after Notice, reasonable and uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, from any Member or Member's family, guests, or tenants, for breach of this Declaration or such Rules and Regulations by such Member or Member's family, guests or tenants.

Section 3.11. Board Actions in Good Faith. Any action, inaction or omission by the Board made or taken in good faith shall not subject the Board or any individual member of the Board to any liability to the Association, its Members or any other party.

Section 3.12. Property Rights of Owners.

(a) Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title of every Lot subject to the following provisions:

1. The right of the Association to establish uniform rules and regulations and to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area and to regulate the time and circumstances by which Owners may use the facilities;
2. The right of the Association to limit the number of guests of Members and to make provisions for use by fee-paying third parties who are not Members;
3. The right of the Association to suspend the voting rights and right to use of the recreational facilities, if any, located in the Common Area, by an Owner as provided in Section 3.10;
4. The right of the Association to grant or dedicate easements in, on, under, or above the Common Area or any part of the Common Area to any public or governmental agency or authority or to any utility company for any service to the Property or any part of the Property;
5. The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for the purposes and subject to conditions that may be agreed to by the Board. No dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of Members, agreeing to dedication or transfer, has been recorded except that easements for utility purposes may be approved solely by the Board of Directors.

(b) Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, the Owner's right of enjoyment to the Common Area and facilities to the members of the Owner's family, tenants, or contract purchasers who reside on the Property, subject to the Documents and the Prior Restrictions.

(c) Waiver of Use. No Owner may be exempt from personal liability for assessments duly levied by the Association, nor release a Lot owned from the liens and charges of the Declaration, by waiver of the use and enjoyment of the Common Area or by abandonment.

Section 3.13. Management Agreements. Each Owner of a Lot hereby agrees to be bound by the terms and conditions of all management agreements entered into by the Association. A copy of all such agreements shall be available to each Owner. Any and all management agreements entered into by the Association: (I) shall provide the management agreement may be canceled, with or without cause, with thirty (30) days written notice; and, (II) shall not provide for any penalty due to cancellation or termination.

Section 3.14. Condemnation. If all or any part of the Property is taken or threatened to be taken by eminent domain or by power in the nature of eminent domain (whether permanent or temporary), the Association and each Owner shall be entitled to participate in the condemnation proceedings at their own expense. The Association shall give timely written notice of the existence of these proceedings to all Owners and to all holders of first Mortgages known to the Association by notice to the Association to have an interest in any property subject to assessment. The expense of participation in such proceedings by the Association shall be borne by the Association. The Association is authorized to obtain and pay for assistance from attorneys, appraisers, architects, engineers, expert witnesses, and other persons that the Association in its discretion deems necessary or advisable to aid or advise it in matters relating to these proceedings.

All damages or awards for any taking shall be deposited with the Association, and damages or awards shall be applied as provided in this Declaration. If an action in eminent domain is brought against a portion of the Common Area, the Association, as attorneys-in-fact for all Owners, in addition to its general powers, shall have the sole authority to determine whether to defend or resist any such proceeding; to make any settlement of such proceedings; or to convey such portion of the Property to the condemning authority in lieu of the proceeding. With respect to any taking, all damages and awards shall be determined for the taking as a whole and not for each Owner's interest in the portion sought to be condemned. After the damages or awards for the taking are determined, the damages or awards shall be paid to the Association, which may use the funds in the manner determined by the Board. Alternatively, the Board, if it deems advisable, is authorized to call a meeting of the Members, at which meeting the Members, by a majority vote, shall decide whether to replace or restore, as far as possible, the Common Area so taken or damaged. If it is determined that the Common Area should be replaced or restored by obtaining other land, this Declaration shall be duly amended by instrument executed by the Association on behalf of the Owners.

ARTICLE IV INSURANCE AND CASUALTY

Section 4.1. Insurance.

(a) The Board or its authorized agent shall obtain and maintain at all times, to the extent obtainable, policies of insurance consistent with the then current specific requirements of the Federal National Mortgage Association for a development of the size and type of the Property, written with financially responsible companies licensed to do business in Texas, covering, without limitation, the risks set forth below. The type of coverage's to be obtained and risks to be covered are, at a minimum, as follows, to-wit:

(1) Insurance against loss or damage by fire and lightning, and such other hazards ("casualty damage") as are customarily covered in townhome projects in Harris County, Texas, under extended coverage and all risk endorsements. Said casualty insurance shall insure the entire Property and all buildings thereon, together with all equipment contained therein, in an amount equal to the full replacement value, without deduction for depreciation, subject to reasonable deductible.

(2) Bodily injury and property damage insurance in such limits as the Board may from time to time determine, but not in an amount less than \$1,000,000.00 per occurrence covering all claims for bodily injury or death, and \$100,000.00 per occurrence for property damage. Coverage shall include, without limitation, liability for personal injuries, operation of automobiles on behalf of the Association, and activities in connection with the ownership, operation, maintenance and other use of the Property. All liability insurance shall name the Association, the Board, the Declarant, the Owners, the managing agent and the officers of the Association as insureds thereunder.

(3) Worker's Compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association, in the amounts and on the forms now or hereafter required by law or deemed reasonable and necessary by the Board.

(4) Directors and officers liability insurance with respect to the actions of the Board and officers of the Association.

(5) Insurance against such other risks of similar or dissimilar nature as the Board may deem appropriate with respect to the Property, including insurance for any personal property of the Association located thereon.

(b) All casualty insurance maintained by the Association shall be carried in blanket form naming the Association as the insured.

(c) Each Owner shall maintain personal liability insurance. The amounts and specifics of such required insurance may be specified by the Board, at its reasonable discretion. Each Owner may obtain, at each Owner's option, coverage for the Owner's personal property and casualty insurance covering alterations, additions, betterments and improvements to such Owner's Unit.

(d) Owners may carry other insurance for their benefit and at their expense, provided that the liability of the carriers issuing insurance obtained by the Board shall not be affected or diminished by reason of any such additional insurance carried by any Owner.

Section 4.2 Damage or Destruction.

(a) Attorney-in-fact. All Owners irrevocably constitute and appoint the Board as their attorney-in-fact for the purpose of dealing with the repair or reconstruction of damage or

destruction to any Unit, by fire or other disaster. A claim for any loss covered by the policy under Section 4.1, (a) must be submitted by and adjusted with the Board, as attorney-in-fact. As attorney-in-fact, the Board, by its president and secretary, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or any other instrument with respect to the interests of an Owner, which is necessary and appropriate to exercise the powers herein granted. The proceeds of any insurance collected shall be available to the Association for the purpose of repair, reconstruction or replacement. Maintenance assessments shall not be abated during the period of insurance adjustment and repair and reconstruction.

(b) **Duty to Rebuild.** Any Unit that is damaged or destroyed by fire or other disaster shall be promptly repaired or reconstructed by the Association. Repair and reconstruction of the damaged or destroyed Units shall be to substantially the same condition to which they existed prior to the damage. If insurance proceeds are insufficient to complete the necessary repair or reconstruction, they shall be allocated to the repair of each damaged Unit based upon its percentage damage interest. The cost of repair and replacement to any Unit in excess of the insurance proceeds shall be paid by the Owner(s) of the damaged Unit(s).

(c) **Owner Liability.** Notwithstanding anything set out above, each Owner shall be liable to the Association for all costs incurred by the Association in excess of insurance proceeds (including the full amount of any deductible payable to the Association) if the loss was caused by the negligence of the Owner, his tenants, guests or invitees.

ARTICLE V ARCHITECTURAL REVIEW COMMITTEES

Section 5.1. Creation. There is hereby created a Villas at Kings Harbor Townhomes Architectural Review Committee (herein referred to as the "Architectural Review Committee") and a Villas at Kings Harbor Townhomes Modifications Committee (herein referred to as the "Townhome Modifications Committee") (the Architectural Review Committee and the Townhome Modifications Committee being collectively referred to herein as the "Committees") The Architectural Review Committee shall have jurisdiction over construction of Units and other improvements on the Lots within the Property and the Townhome Modifications Committee shall have jurisdiction over all modifications, additions or alterations made on or to the Units and other improvements on the Lots within the Property, respectively. No person serving on a Committee shall be entitled to compensation from the Association for services performed in such capacity, however, the Committees may employ one or more architects, engineers, attorneys, or other consultants to assist the Committees in carrying out their duties and may levy a reasonable charge to the Owner requesting approval of plans pursuant to the provisions hereof.

Section 5.2. Number and Appointment of Members. Each Committee shall consist of three (3) members. The initial members and all successor members of the Committees shall be appointed by the Board of Directors which also shall have the power to remove any member at any time.

Section 5.3. Powers of the Committees. No building, structure, fence, patio, patio cover, pool, spa, trellises, deck, wall or other improvements (including landscaping of Rear Yards) shall be commenced or constructed on any Lot, and no exterior addition or alteration to Unit or other improvements shall be made until the site plan and the final working plans and specifications have been submitted to and approved in writing by the required vote of the applicable Committee as to conformity with this Declaration and the Prior Restrictions and harmony of external design and location in relation to existing structures and topography.

The Committees shall have the right to specify architectural and aesthetic requirements for improvements on the Lots, including structures, patios, patio covers, pools, spas, trellises, and decks, the location, height, and extent of fences, walls, or other screening devices, the orientation of structures with respect to streets, walks, paths, golf course fairways and structures on adjacent property and shall have the right to limit the number of acceptable exterior materials and finishes that may be utilized in construction or repair of any Unit or other improvements. The Committees shall have full power and authority to reject any site plan or final working plans and specifications that do not comply with the restrictions herein contained or that do not meet its minimum construction or architectural design requirements or that, in the sole and uncontrolled discretion and opinion of the applicable Committee, will not be compatible with the overall character and aesthetics of the Property.

The Committees shall have the right, exercisable at their sole discretion, to grant variances to the restrictions of this Declaration in specific instances where the applicable Committee in good faith deems that such variance does not adversely affect the architectural and environmental integrity of the Property. A Committee may require the submission of such documents and items as it shall deem appropriate in connection with its consideration of a request for a variance. If the Committee shall approve such request for a variance, it shall evidence such approval, and grant its permission for such variance, only by written instrument addressed to the Owner of the Lot or Unit relative to which such variance has been requested, describing the applicable restriction(s) or guideline(s) and the particular variance requested, expressing the decision of the Committee to permit the variance, and describing (when applicable) the conditions on which the variance has been approved. Any request for a variance shall be deemed to have been disapproved in the event of either (a) written notice of disapproval from the Committee or (b) failure by the Committee to respond to the request for variance.

Notwithstanding anything to the contrary herein, the Townhome Modifications Committee is inferior and subordinate to the Architectural Review Committee. The Architectural Review Committee shall have the right to veto any decision of the Townhome Modifications Committee which the Architectural Review Committee decides is not in compliance with this Declaration or the Prior Restrictions.

Section 5.4. Rules and Regulations. The Board may from time to time adopt, amend, and repeal Rules and Regulations interpreting and implementing the provisions of this Article V.

Section 5.5. Limitation of Liability. The Committees have no liability or obligation whatsoever in connection with any plans and/or specifications and no responsibility for the adequacy thereof or for the construction of any improvements contemplated by any such plans and/or specifications. The Committees have no duty to inspect any improvements; and, if a Committee should inspect any improvements, it shall have no liability or obligation to any party arising out of such inspection. The Committees expressly shall have no liability or responsibility for defects in or omissions from any plans and/or specifications or for defects in or omissions from the construction of any improvements. Notwithstanding any covenant, condition or term contained in this Declaration or any provision of the By-Laws of the Association to the contrary, a Committee shall not have any liability to any Owner arising or resulting from any act or omission of the Committee taken or omitted pursuant to this Declaration or the By-Laws of the Association. Each Owner by accepting a conveyance of any Lot or of any portion of the Property conclusively shall be deemed to have unconditionally and irrevocably waived all claims against the Committees arising or resulting from acts or omissions pursuant to this Declaration or the By-Laws of the Association.

ARTICLE VI EXTERIOR MAINTENANCE

Section 6.1. Owner Maintenance. Owners shall maintain and keep in good repair the interior of their Units as well as their enclosed porches, if any; interiors of chimneys, if any; all glass surfaces and doors, including all fixtures, framing, and related hardware; air conditioning equipment; utility company meters; circuit breakers and switch panels; sanitary sewer lines; gas and electric power service lines; Rear Yards (including the landscaping inside the Rear Yard, if any); and the foundations of their Units. All fixtures and equipment installed on the Lot for the exclusive use of the Lot, commencing at a point where the utility lines, pipes, wires, conduits or systems (which for brevity are hereafter referred to as "utilities") enter the Lot, shall also be maintained and kept in repair by the Owner thereof. All improvements made to the Rear Yards must not interfere with or disturb the proper functioning of the drainage system of adjoining Lots. Replacement of light bulbs in light fixtures under the exclusive control of an Owner, shall also be the responsibility of the Owner.

In the event an Owner is responsible for certain exterior maintenance and such Owner shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors, the Association shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain and restore the Lot and any improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the Assessments to which such Lot is subject.

Section 6.2. Maintenance by Multiple Owners. In the event that the responsibility for certain maintenance described in Section 6.1 extends to more than one Owner, any one of the affected Owners may repair or provide for the needed maintenance, with or without the consent of (but with prior written notice to) the other affected Owners, and the cost of reasonable repair and maintenance of such item shall be shared by the Owners of the affected Lots in proportion to the affect on such Lots. The right of any Owner to contribution from any other Owner under this Section 6.2 shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6.3. Association Maintenance. In addition to maintenance of the Common Area, if any, the Association shall provide exterior maintenance upon each Unit, as follows: paint; repair; replacement (but not in the event of fire or other casualty loss normally covered by insurance on the premises) of exterior surfaces including care of roofs (shingles and decking only); gutter; downspouts, if any; driveways; sidewalks and walkways; and fencing. In addition, the Association shall maintain the structural supports for roofs and walls. Such maintenance provided by the Association shall not, however, include any of those items defined as Owner maintenance in Section 6.1. The Association shall not be responsible for any alterations made to the Unit or Lot by the Owner. The Association shall also be responsible for installing and maintaining all landscaping on the Lot located outside the Rear Yard and any sprinkler systems installed by Declarant or the Association outside the Rear Yard. The Association is granted an easement over, across and under all areas on the Lot for the purpose of maintaining the grounds and other site improvements. In the event that the need for maintenance or repair of a Lot, Unit, Common Area, or the improvements thereon is caused through the willful or negligent acts of its Owner, or through the willful or negligent acts of the family, guests or invites of the owner of the Lot needing such maintenance or repair, the cost of such exterior maintenance shall be added to and become part of the Assessments to which such Lot is subject.

Section 6.4. Maintenance Dispute. In the event of any dispute between Owners, or any Owner(s) and the Association as to maintenance responsibilities of any Lot or any improvements thereon, the decision of the Board shall control and be final.

ARTICLE VII PARTY WALLS

Section 7.1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Units upon the Property and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 7.2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared equally by the Owners who make use of the wall.

Section 7.3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty not covered by the Association's insurance, it shall be the responsibility of the Owners who make use of the party wall to restore it. Any Owner who has used the party wall may restore it, and if other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omission. If a party wall is destroyed or damaged by fire or other casualty covered by the Association's insurance, the Association shall have the right to negotiate the repair thereof with the insurance company and contractors pursuant to Section 4.2 hereof and all Owners shall be bound by the settlement made by the Association.

Section 7.4. Waterproofing. Notwithstanding any other provision of this Article, an Owner who by his negligence 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.

Section 7.5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

ARTICLE VIII USE RESTRICTIONS

Section 8.1. General. No Owner shall use the Common Area, or use or permit such Owner's Lot or Unit to be used for any purpose that would (a) void any insurance in force with respect to the Property; (b) make it impossible to obtain any insurance required by this Declaration; (c) constitute a public or private nuisance, which determination may be made by the Board in its sole discretion; (d) constitute a violation of the Documents, the Prior Restrictions, or any applicable law, or (e) unreasonably interfere with the use and occupancy of the Property by other Owners. These Use Restrictions are subject to and subordinate and inferior to the Prior Restrictions and the power of the Prior Associations to enforce same.

Section 8.2. Single Family Residential Use. Each Owner shall use his Lot and the Unit on his Lot for single family residential purposes only. As used herein the term "single family residential purposes" shall be deemed to specifically prohibit, by way of illustration but without limitation, the use of any Lot for any business, educational, church, professional or other commercial activity of any type, except that an Owner may use his residence as a personal office for a profession or occupation, provided: (a) the public is not invited, permitted, or allowed to enter the Unit or any structure or improvement upon such Lot and conduct business therein; (b) no signs advertising such profession or business are permitted; (c) no on-site employees are permitted; (d) no offensive activity or condition, noise and/or odor are permitted; and (e) such use in all respects complies with this Declaration and the Prior Restrictions, the laws of the State of Texas, and the laws, rules, and regulations of any other regulatory body or governmental agency having authority and jurisdiction over such matters. The term "single family residential purposes" shall also be defined as: (a) one or more persons related by blood, marriage, or adoption, which may include only parents, their children (including foster children and wards), their dependent brothers and sisters, their dependent parents, their dependent grandparents, and their domestic servants; or (b) no more than three (3) unrelated persons living together as a single housekeeping unit and their children (including foster children and wards), their dependent brothers or sisters, their dependent parents, their dependent grandparents, and their domestic servants; provided, however, in no event, shall any single family residence be occupied by more persons than the product of the total number of bedrooms contained in the single family residence as originally constructed multiplied by two and one-half (2 ½).

Section 8.3. Animals. No animals of any kind shall be raised, bred, or kept on a Lot, except as hereinafter provided. A total of two (2) dogs, cats, or other household pets may be kept on a Lot (except for fish of a type customarily kept within normal home aquariums, with respect to which there shall be no limitation on amount) provided that: (a) they are not kept,

bred, or maintained for commercial purposes; (b) they do not make objectionable noises, create any objectionable odor, or otherwise constitute an unreasonable nuisance to other Owners; (c) they are kept within the Unit, an enclosed patio on the Lot occupied by the Owner of such pets, or on a leash being held by a Person capable of controlling the animal; and (d) they are not in violation of any other provision of this Declaration and such other limitations as may be set forth in the Rules and Regulations. The Association, acting through the Board, shall have the right to prohibit maintenance of any animal that, in the sole opinion of the Board, is not being maintained in accordance with the foregoing restrictions. Each Owner, tenant or guest of an Owner shall have the absolute duty and responsibility to clean up after such animals to the extent they have used any portion of the Lot of another Owner or any Common Area.

Section 8.4. Signs, Advertisements, Billboards. No sign, advertisement, billboard or advertising structure of any kind shall be displayed to the public view on any portion of the Property except one sign for each Lot may be permitted, provided it is approved by the Architectural Review Committee. Such sign may have one maximum dimension of twenty-four inches (24") and a maximum area of 576 square inches for the purpose of advertising the Unit located on the Lot for sale or rent.

Section 8.5. Antennae. No television, radio, or other electronic towers, aerials, antennae, satellite dishes or device of any type for the reception or transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any structure specifically covered by the regulations promulgated under the Telecommunications Act of 1996, as amended. The Board is empowered to adopt rules governing the types of antennae that are permissible in the Properties and to establish reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae. To the extent that receipt of an acceptable signal would not be impaired, an antenna permissible pursuant to the rules of the Board may only be installed in a side or rear yard location, not visible from a Street, and integrated with the dwelling and surrounding landscape. Antennae shall be installed in compliance with all state and local laws and regulations.

Section 8.6. Visible Storage. All clothesline, equipment, service yards, or storage piles shall be subject to the Documents and shall be kept within the Rear Yard, or other screened areas, so as to conceal them from view of neighboring Lots, streets, and adjacent property.

Section 8.7. Restrictions on Garbage and Trash. No refuse, garbage, trash, or debris of any kind shall be kept stored, or allowed to accumulate on any Lot except within an enclosed container. All rubbish, trash, and garbage shall be kept in containers and within areas designated by the Association for collection purposes. The storage and removal of rubbish, trash and garbage shall be subject to Rules and Regulations which may be promulgated by the Board from time to time.

Section 8.8. No Noxious or Offensive Activity. No noxious or offensive activity shall be carried on upon any Lot within the Property nor shall anything be done or placed thereon that is or may become a nuisance or cause an unreasonable embarrassment, disturbance, or annoyance to others.

Section 8.9. No Hazardous Activities. No activity shall be conducted on any Lot that is or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon the Property (except as allowed by law for the protection of persons or property) and no open fires shall be lighted or permitted on any Lot except in a contained barbecue unit (located a safe distance from the Unit while attended and in use for cooking purposes) or within an interior fireplace, which is a part of the original construction or has been approved for installation by all applicable Committees.

Section 8.10. Leasing. Lots may only be leased for single family residential purposes as defined in Section 8.2. No Owner shall be permitted to lease his Lot for hotel or transient purposes, which for purposes of this Section 8.10 is defined as a period of less than thirty (30) days. No Owner shall be permitted to lease less than the entire Lot. Every such lease shall be in writing. Every such lease shall provide that the tenant shall be bound by and subject to all of the obligations of the Owner in the Documents. The Owner making such lease shall not be relieved from any of such obligations. Copies of all leases entered into by Owners for occupancy of a Unit shall be deposited with the managing agent of the Association prior to the tenant taking occupancy of the Unit.

Section 8.11. Window Treatment. No window in any Unit or other improvement that is visible from any other Lot or street may be covered with paper, cardboard, newspaper, boards, aluminum foil, or any other reflective material. Portions of window treatments facing streets must be shades of white, beige or wood toned for shutters, unless otherwise approved by the Board.

Section 8.12. Parking. On-street parking is restricted to approved deliveries, pick-ups, and short term guests. Lots shall not, without express written permission of the Association, be used for storage of boats, trailers, campers, unused or inoperable automobiles or any other items which the Association deems unsightly or inappropriate. Parking on streets in, along, adjacent to the Property and on Lots, shall be subject to further restrictions in the Rules and Regulations.

Section 8.13. Fences. Rear Yards must at all times be completely enclosed by a fence, which has been approved in writing by the Declarant or the applicable Committee pursuant to Article V.

Section 8.14. Declarant Exemptions. For so long as Declarant owns a Lot, notwithstanding any provisions contained in this Declaration to the contrary, it shall be expressly permissible for Declarant to maintain upon the Property such facilities (as in the sole opinion of the Declarant) may be reasonably required, convenient or incidental to the sale of any Lot, including, but not without limitation, a business office, storage area, construction yards, model units, sales offices and advertising signs of any size. Declarant however, is not exempt from the Prior Restrictions.

ARTICLE IX
COVENANTS FOR ASSESSMENTS

Section 9.1. Creation of the Lien and Personal Obligation for Assessments. Each Owner (except the Declarant until after the Election Date), by acceptance of a deed to any Lot, whether or not it shall be expressed in such deed, is deemed to covenant and agree to pay to the Association the General Assessments, Special Assessments and Reimbursement Assessments fixed, established, and collected from time to time as hereinafter provided. The General Assessments, Special Assessments and Reimbursement Assessments, together with interest thereon and costs of collection thereof, including reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon each Lot and any rents or insurance proceeds with respect to each Lot. Such Assessments, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the Owner of each Lot at the time when the Assessment becomes due. The personal obligation shall not pass to an Owner's successor in title unless expressly assumed by the successor. Each Lot is subject to Assessments levied by the Association and to separate assessments to be paid to the property owners associations which administer the Prior Restrictions pursuant to the Prior Restrictions.

Section 9.2. General Assessments. The General Assessments levied by the Association shall be used for the improvement and maintenance of the Property and improvements thereon which generally benefit the Owners and for services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, and for the performance of such other duties as are given to the Association by this Declaration. The purposes of the General Assessments shall include, but are not limited to, the payment of the expenses of the Association, and the establishment of adequate reserves for, insurance, insurance deductibles, such repair, replacement and maintenance of the Property for which the Association is responsible pursuant to this Declaration, and other uses that the Board shall determine, in its sole discretion, benefit the Owners including, without limitation, payment on behalf of the Owners of assessments made pursuant to the Prior Restrictions.

Section 9.3. Amount of General Assessment. After consideration of the current maintenance and operating costs and future needs of the Association, the Board shall fix the General Assessment in an amount necessary to fund the anticipated revenue needs of the Association, including an adequate reserve fund for the purposes set forth in Section 9.2 above. The Board may adjust the amount of the General Assessment not more than one time during any calendar year. Written notice of any adjustment in the amount of the General Assessment shall be sent to every Member at least thirty days prior to the effective date of the adjustment; provided that the failure of the Association to provide such notice shall not release or relieve the Owner of the duty to pay the General Assessment.

Section 9.4. Uniform Rate of Assessments. General Assessments shall be a uniform rate for all Lots, and shall be due and payable monthly in advance without notice on the first day of each calendar month or at any such time as the Board may determine after providing reasonable notice to the Owners.

Section 9.5. Date of Commencement of General Assessments. General Assessments shall commence to accrue against each Lot on the first day of the first calendar month following the date of closing of the sale of that Lot from the Declarant to another Owner.

Section 9.6. Special Assessments for Capital Improvements. In addition to the General Assessment authorized above, the Association may levy Special Assessments from time to time in an amount necessary and for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of capital improvements, or other capital or operating expenditures deemed necessary. Any Special Assessment shall require the consent of sixty-seven percent (67%) of the Members voting at a meeting duly called for such purpose, written notice of which shall be sent to all Members not less than fifteen (15) days in advance of the meeting, setting forth the purposes of the meeting. Special Assessments levied in accordance with this Section 9.6 shall be a uniform sum for each Lot, and shall be due and payable on the date or dates and in the manner determined by the Board and specified in a statement mailed to the Members.

Section 9.7. Application of Payments. All Assessment payments received from Owners shall be applied by the Board first to payment of accrued fines, legal fees, court costs and costs of collection, then to accrued late charges and interest, then to delinquent Special Assessments, and finally to those General Assessments with the longest delinquency.

Section 9.8. Declarant Payment. Until the Election Date, Declarant shall subsidize the Association's annual budget approved by the Board to the extent such the amount of such budget exceeds amounts assessed against the Owners. Declarant shall not be obligated to pay Assessments until the Election Date. Commencing on the Election Date, Assessments shall commence to accrue against any Lot which has not been sold by Declarant to another Owner.

Section 9.9. Cash Reserve Account. In addition to any required escrow deposit for General Assessments, each purchaser of a Lot agrees, at the closing of the Lot purchase, to pay to the Association's cash reserve account an amount equal to two (2) times the monthly General Assessment for the Lot being purchased. Neither the cash reserve account nor the portion of the General Assessments allocated to reserves as referenced in Section 9.2 shall be used to pay operational expenses until the Election Date.

Section 9.10. Effect of Nonpayment of Assessments. Remedies of the Association. If any Assessment is not paid on or before ten (10) days following the due date, same shall be delinquent and shall, at the option of the Board, bear interest from the date of delinquency at the rate established by the Board from time to time but not to exceed the highest legal rate as may be permitted under the laws of the State of Texas. The defaulting Owner shall also be assessed a late charge in the amount of \$25.00 or such greater amount as may be imposed by the Board from time to time, to cover the extra cost and expense involved in handling delinquent assessments. The Association is authorized to impose a charge of \$25 or such greater amount as may be imposed by the Board from time to time, for checks which are returned unpaid. The Association may bring an action at law against the Owner personally obligated to pay the delinquent General or Special Assessments and/or Reimbursement Assessments to recover the delinquent amount and all accrued interest and late charges thereon, and/or to foreclose the lien

against the Lot securing such assessment. In any such action, the Association shall be entitled to recover its costs incurred in the proceeding, including reasonable attorney's fees, all of which shall be secured by the lien securing payment of assessment. Each Owner, by acceptance of a deed to a Lot, hereby expressly vests in the Association or its agents, the right and power to bring an action against such Owner personally for the collection of delinquent assessments and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure in a like manner as a mortgage or deed of trust lien on real property. Each Owner hereby expressly grants to the Association a power of sale in connection with said lien, same to be exercised in compliance with the terms of the applicable Texas Civil Statutes relating to the foreclosure of deed of trust or other contractual liens (Texas Property Code Section 51.002). The lien provided for in this Section shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid at a foreclosure sale and to acquire, hold, lease and mortgage a Unit so required. No Owner may waive or otherwise escape liability for any Assessments by non-use of any Common Area or other services or facilities, or abandonment of his Lot. No Owner may offset liability for any Assessment for any reason.

Section 9.11. Certificate. The Association shall upon request at any time furnish a certificate in writing, signed by an officer or agent of the Association, setting forth whether the Assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for the issuance of a certificate, which shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

Section 9.12. Subordination of the Lien to Mortgage. The lien of the Assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages imposed on a Lot to secure debt incurred for the purchase price thereof or for improvements thereto. Sale, transfer or other disposition of any Lot shall not affect the Assessment lien. However, the sale or transfer of any mortgaged Lot pursuant to a decree of foreclosure under such mortgage shall extinguish the Assessment lien as to payments which became due prior to such sale or transfer. No sale or transfer of any Lot, including foreclosure sale or transfer by deed in lieu of foreclosure, shall release such Lot from liability for any assessments thereafter becoming due or from the lien provided in this Declaration.

Section 9.13. Subordination of the Lien to the Prior Restrictions. The lien securing the Assessments provided for herein shall be subordinate to the lien provided for in the Prior Restrictions. The sale or transfer of any Lot pursuant to a decree of foreclosure under the lien provided for in the Prior Restrictions shall extinguish the lien hereunder as to payments which become due prior to such sale or transfer. Foreclosure of the lien provided for in the Prior Restrictions shall not relieve such Lot from liability for any General Assessments, Special Assessments or Reimbursement Assessments thereafter becoming due or from the lien securing payment thereof.

ARTICLE X
UTILITIES AND EASEMENTS

Section 10.1. Utility Easements. The rights and duties of the Owners of Lots within the Property with respect to sanitary sewer and water, electricity, gas and telephone, security system and cable television lines and drainage facilities shall be governed by the following:

- (a) Permanent easements are hereby created upon, across, over and under those portions of the Property as may be reasonably necessary for the installation, maintenance and repair of all utilities, including, but not limited to, water, sewers, gas, telephone, electricity and a master or cable television system, security system and drainage facilities, which easements shall run to and be administered by the Association. Declarant reserves the right to grant (without necessity for consent from any Owner) such additional utility easements as may, in its sole judgment, be necessary to properly serve the Property's utility requirements.
- (b) Wherever sanitary sewer house connections and/or water house connections or electricity, gas or telephone and cable television lines, security system, or drainage facilities are installed within the Property, which connection lines or facilities or any portion thereof, lie in or upon land owned by the Association or persons other than the Owner of a Lot served by these connections, lines or facilities, the Owners of Lots served shall have the right, and are granted an easement to the full extent necessary, to enter upon the Lots and/or on land owned by the Association within the Property in or upon which the connections, lines, or facilities, or any portion of them, lie to repair, replace, and generally maintain the connections as and when repair, replacement, and maintenance may be necessary.
- (c) Wherever sanitary sewer house connections and/or water house connections or electricity, gas, telephone, security system and cable television lines or drainage facilities are installed within the Property, and the connections, lines or facilities serve more than one Lot, the Owner of each Lot served by the connections, lines or facilities shall be entitled to the full use and enjoyment of the portions of the connections, lines, or facilities which service that Owner's Lot.

Section 10.2. Emergency and Service Vehicles. An easement is granted to all police, fire protection, ambulance, and other emergency vehicles and other service vehicles to enter upon the Common Area in the performance of their duties.

Section 10.3. Ingress and Egress Easement of Owner. Each Owner is granted an unrestricted right of ingress and egress to his Lot.

Section 10.4. Sprinkler System. Declarant or the Association may install an underground sprinkler system on the Lots and Common Area for the general benefit of all Owners. If installed, the Association shall maintain the sprinkler system and pay for all costs related to same and is hereby granted an easement for the maintenance (and relocation, if necessary) of the sprinkler system as the Board may deem necessary from time to time.

Section 10.5. Association Easements. The Association shall have all other such easements necessary to perform those duties, tasks or rights and enforcement of remedies as referenced throughout this Declaration.

Section 10.6. Easements for Encroachments. Should any part of a Unit or driveway providing access to a Unit ever encroach upon the Common Area or another Lot, or the Common Area upon a Lot or Unit, due to construction, reconstruction, repair, shifting, settlement, or other movement of any portion of said improvements, a valid easement is hereby granted for both the encroachment and its repair and maintenance, provided the physical boundaries of any such Unit after construction, reconstruction, repair, shifting, settlement, or other movement is in substantial accord with the description of the boundaries of the Unit as referenced in the Plat.

Section 10.7. Easements for Repairs and Maintenance. Each Owner shall have such easements as are reasonably necessary to perform the repair and maintenance responsibilities set forth in Section 6.1 of this Declaration.

Section 10.8. Easements for Shared Walkways. "Shared walkway" shall mean each of those walkways situated, in whole or in part, on two adjacent Lots which provide access to the front entry doors of the Units on each such adjacent Lot. Each Owner of a Lot upon which a shared walkway is located shall have an easement over and across that portion of the adjacent Lot upon which the shared walkway is constructed for the use of the shared walkway.

ARTICLE XI MORTGAGES AND BOOKS

Section 11.1. Notice to Association. An Owner who mortgages his Lot shall notify the Association in accordance with Section 3.4 of this Declaration.

Section 11.2. Examination of Books. The Association shall permit its current Members to examine the books and records of the Association during normal business hours by appointment subsequent to a written request to view specific records.

Section 11.3. Insurance Proceeds. Subject to the provisions of Section 4.2 hereof, with respect to substantial damage to or destruction of any Lot or any part of the Common Area, nothing herein or in any other document establishing the Association will entitle the owner of a Lot or other party to priority over a Mortgagee with respect to any distribution to such Owner of any insurance proceeds.

ARTICLE XII AMENDMENT AND DURATION OF DECLARATION

Section 12.1. Amendment by Owners. The terms of this Declaration may be amended at any time (including termination of the Declaration) by the Owners of at least sixty-seven percent (67%) of the Lots within the Property. No Person shall be charged with notice of or inquiry with respect to any amendment until and unless it has been filed of record in the Real Property Records of Harris County, Texas.

Section 12.2. Amendment by Declarant. Notwithstanding anything in this Declaration to the contrary, Declarant may amend this Declaration at any time and from time to time, without the joinder of any Owner, Mortgagee or other party, (a) if such amendment is necessary to bring any provision hereof into compliance with the Prior Restrictions or with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is required by an institutional or governmental lender, or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on any Lot subject to this Declaration; (c) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the property subject to this Declaration; (d) to correct any mistake or errors of a clerical nature resulting from typographical or similar errors; or (e) for any other purpose, provided that the amendment has no material adverse effect upon any right of any Owner or that the Owner or Owners so affected have consented thereto. Any amendments by Declarant under this Section must be by written instrument executed by Declarant and duly recorded in the Real Property Records of Harris County, Texas.

Section 12.3. Duration. This Declaration shall remain in full force and effect until December 31, 2027, and shall be extended automatically for successive ten (10) year periods; provided however, that this Declaration may be amended at any time, as set forth in Sections 12.1 and 12.2.

ARTICLE XIII MISCELLANEOUS

Section 13.1. Severability. In the event of the invalidity or partial invalidity or partial unenforceability of any provision in this Declaration, the remainder of the Declaration shall remain in full force and effect.

Section 13.2. Number and Gender. Pronouns, whenever used herein, and of whatever gender, shall include natural persons and corporations, entities and associations of every kind and character, and the singular shall include the plural, and vice versa, whenever and as often as may be appropriate.

Section 13.3. Delay in Enforcement. No delay in enforcing the provisions of this Declaration with respect to any breach or violation thereof shall impair, damage or waive the right of any party entitled to enforce the same to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation thereof at any later time.

Section 13.4. Enforceability. The documents shall run with the Property and shall be binding upon and inure to the benefit of and be enforceable by the Association and each Owner against any Owner violating the terms thereof, or any portion thereof, and their respective heirs, legal representatives, successors and assigns. In the event an action to enforce the Documents is initiated against an Owner or occupant of a Lot by the Association or another Owner, the party

initiating the case shall be entitled to recover reasonable attorney's fees from the Owner or occupant of a Lot who violated the Documents.

Section 13.5. Remedies. In the event any Person shall violate or attempt to violate any of the provisions of the Documents, the Association and each Owner of a Lot within the Property, or any portion thereof, may institute and prosecute any proceeding at law or in equity to abate, preempt or enjoin any such violation or attempted violation or to recover monetary damages caused by such violation or attempted violation.

Section 13.6. Right of Entry; Enforcement by Self Help. The Association shall have the right, in addition to and not in limitation of all the rights it may have under this Declaration, to enter upon any Lot, including the Unit located thereon, for emergency, security, maintenance, repair, or safety purposes, which right may be exercised by the Association's Board its, officers, agents, employees, managers, and all police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall be only during reasonable hours and after reasonable notice to the Owner or occupant of the Lot. In addition to any other remedies provided for herein, the Association or duly authorized agents shall have the power to enter upon any improvements or any portion of a Lot to abate or remove, using such force as reasonably may be necessary, any improvement to Property, other structure, or thing or condition that violates the Documents. Unless an emergency situation exists, such self-help shall be preceded by written notice. All costs of self-help, including reasonable attorney's fees actually incurred, shall be assessed against the violating Owner and shall be collected as provided for herein for the collection of Assessments. All such entries shall be made with as little inconvenience to the Owner as is practicable in the judgment of the Association. Notwithstanding anything contained in the Declaration to the contrary, prior to altering or demolishing any items of construction in or affixed to a Unit, the Association shall file judicial proceedings through which the Association has been granted the right to demolish or alter items of construction in or affixed to a Unit.

Section 13.7. Violations of Law. Any violation of any federal, state, municipal or local law, ordinance, rule, or regulation, pertaining to the ownership, occupation, or use of any property within the Property hereby is declared to be a violation of this Declaration and shall be subject to any and all of the enforcement procedures set forth in this Declaration.

Section 13.8. Remedies Cumulative. Each remedy provided under this Declaration is cumulative and not exclusive.

Section 13.9. No Representations or Warranties. No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant or its agents or employees in connection with any portion of the Property, or any improvement thereon, its or their physical condition, compliance with applicable laws, fitness for intended use, or in connection with the Property, sale, operation, maintenance, cost of maintenance, taxes, or regulation thereof, unless and except as specifically shall be set forth in writing. NEITHER THE ASSOCIATION, THE BOARD, THE DECLARANT, ANY MANAGING AGENT, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, OR EMPLOYEES SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE

PROPERTY AND SHALL NOT BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF ALLEGED FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN, IF ANY.

Section 13.10. Limitation on Liability. Neither the Association, the Board, Declarant, nor any officer, agent, or employee of any of the same acting within the scope of their respective duties described in this Declaration shall be liable to any Person for any reason or for any failure to act if the action or failure to act was in good faith and without malice.

Section 13.11. Captions for Convenience. The titles, headings, captions, article and section numbers used in this Declaration are intended solely for convenience of reference and shall not be considered in construing any of the provisions of this Declaration. Unless the context otherwise requires, references herein to articles and sections are to articles and sections of this Declaration.

Section 13.12. Governing Law. This Declaration shall be constructed and governed under the laws of the State of Texas.

Section 13.13. Conflicts with Prior Restrictions. The Prior Restrictions shall remain prior in time and right to this Declaration. In the event that any clause, sentence, paragraph, subsection, or section of this Declaration shall be inconsistent with the Prior Restrictions, then the Prior Restrictions shall be controlling. Nothing in this document shall be construed to confer upon the Association the right to amend or in any manner change the Prior Restrictions.

IN WITNESS WHEREOF, the undersigned, have executed the foregoing instrument on this 6 day of August, 2007.

LAND DEVELOPMENT COMPANY, LTD.,
a Texas limited partnership

By: Land Development Management Corp.,
general partner

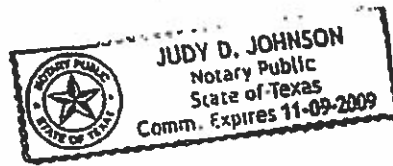
By: _____

Its: _____
President

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on August 6, 2007 by Michael K. Love, President of Land Development Management Corp., a Texas corporation which is the general partner of Land Development Company, Ltd., a Texas limited partnership, on behalf of said limited partnership.

(SEAL)



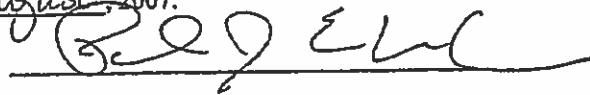
Judy D. Johnson
Notary Public in and for
the State of Texas

**LIENHOLDER'S CONSENT AND SUBORDINATION
TO DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND EASEMENTS FOR VILLAS AT KINGS HARBOR TOWNHOMES**

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HARRIS §

That the undersigned, as the owner and holder of that certain promissory note dated January 31, 2007 in the original principal amount of \$2,338,369, executed by Land Development Company, Ltd. and payable to the order of undersigned, secured by a deed of trust lien on all or a portion of the property subject to the foregoing Declaration, as evidenced by deed of trust instrument filed under County Clerk's File No. 20070065488 and recorded in the Official Public Records of Real Property of Harris County, Texas, executes this instrument to subordinate the lien of such deed of trust and all other liens which secure such note to the foregoing Declaration of Covenants, Conditions, Restrictions and Easements for Villas at Kings Harbor Townhomes.

EXECUTED the 7th day of August, 2007.



By: PAUL J. EDMONDS

Its: V.P.

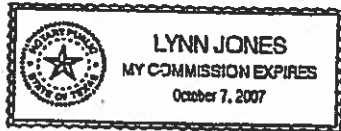
THE STATE OF TEXAS

COUNTY OF HARRIS

107 107 107

The foregoing instrument was acknowledged before me on the 7th day of August, 2007 by Paul J. Edwards V.P. of Conterra Park on behalf of said association.

(SEAL)



Lynn Jones
Notary Public in and for
the State of Texas

LYNN JONES
Name printed or typed
My commission expires: 10/7/07

RETURN TO:
MILLENNIUM TITLE CO.
4700 W. Sam Houston Pkwy, North, Suite 100
Houston, TX 77041
ATTN: Kelly Ford
62 # D750329