

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

THIS AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR THE VILLAS AT KINGS HARBOR TOWNHOMES (this "Amendment") is made as of the 4th day of May, 2012, by MHI Partnership, Ltd., a Texas limited partnership (herein referred to and acting as "Declarant").

WITNESSETH:

WHEREAS, Land Development Company, Ltd., a Texas limited partnership ("Original Declarant") executed that certain DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR THE VILLAS AT KINGS HARBOR TOWNHOMES dated August 6, 2007, which was filed under County Clerk's File No. 20070511311 and recorded in the Official Public Records of Real Property of Harris County, Texas (the "Declaration") which encumbered the Lots (as defined in the Declaration) within Villas at Kings Harbor, a subdivision in Harris County, Texas according to the map or plat thereof recorded under Film Code No. 610223 in the Map Records of Harris County, Texas (the "Subdivision"); and

WHEREAS, Original Declarant has assigned its rights and status as "Declarant" under the Declaration to Declarant; and

WHEREAS, Section 12.1 of Article XII of the Declaration provides that it may be amended by the owners of at least 67% of the Lots covered by the Declaration; and

WHEREAS, the Declarant is the owner of all of the Lots covered by the Declaration and wishes to amend the Declaration as hereinafter specified; and

NOW, THEREFORE, the Declarant hereby amends the Declaration as follows:

1. Section 4.1(a)(1) of the Declaration is amended and restated to read as follows:

“(1) Insurance against loss or damage by fire and lightening, and such other hazards (“casualty damage”) covering all improvements located on the Common Area, in an amount equal to the full replacement value, without deduction for depreciation, subject to reasonable deductible, or such other amount as the Board of Directors determines to maintain from time to time. At its option from time to time, the Board may elect to obtain casualty insurance or other types of insurance covering all of the Units with the premiums therefor to be paid with General Assessments.”

2. The first sentence of Section 4.1(c) of the Declaration is amended and restated to read as follows:

“Unless the Board elects to provide such insurance for all Owners as an expense paid from General Assessments, the Owner of each Lot must maintain personal liability insurance and casualty insurance covering the applicable Unit.”

3. Section 4.2 of the Declaration is amended and restated to read as follows:

“Section 4.2 Damage or Destruction.

(a) Casualty Losses - Association Responsibilities. Except as hereafter provided, in the event of damage by fire or other casualty to the Common Area or regarding any other matters as to which the Association has an obligation to maintain pursuant to this Declaration, or if any governmental authority requires any repair, reconstruction or replacement as to same, the Association must perform all repairs, reconstruction or replacement necessitated thereby (the "Casualty Work"). The Casualty Work must be such as will substantially restore the Common Area to its condition prior to the casualty or as required by the governmental authority. Any insurance proceeds payable as to the Casualty Work must be paid to the Association. Except for Casualty Work which is required by any governmental authority, the Owners may agree not to perform any Casualty Work. Any decision not to perform Casualty Work must be submitted to the Owners at a special meeting of Members called for that purpose, and must be approved by affirmative vote of the Owners of not less than a majority of all Lots in the Property.

If the Board has elected to maintain casualty insurance on the Units, any Unit that is damaged or destroyed by fire or other insured disaster shall be promptly repaired or reconstructed by the Association to substantially the same condition which existed prior to the damage or destruction. 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). 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 which is covered by an insurance policy obtained by the Association. 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 or 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) Casualty Losses - Owner Responsibilities. Except as otherwise provided in subsection (a) above, whether or not insured, all damage or destruction by fire or other casualty to all or any portion of any Unit on a Lot, including the appurtenant garage, must be repaired, reconstructed or replaced by the Owner thereof using a contractor approved by the Architectural Review Committee in such manner as to restore the residence to its appearance and condition as originally constructed (or as otherwise approved by the Architectural Review Committee) within ninety (90) days after such damage or destruction.

(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 or her tenants, guests or invitees."

4. Section 9.8 of the Declaration is amended and restated to read as follows:

"Section 9.8. Declaration Payment. Notwithstanding anything in this Declaration to the contrary, prior to the Election Date, the Declarant may elect either to pay General Assessments on the Lots it owns or to pay the Association the difference between the amount of General Assessments collected on all other Lots subject to assessment and the amount of the actual expenditures incurred to operate the Association during the applicable assessment period (the "subsidy"). The payment by Declarant of a subsidy in any period in lieu of General Assessments shall under no circumstances obligate the Declarant to pay a subsidy in a future period even if the subsidy is less than the General Assessments that would otherwise have been payable by the Declarant. The subsidy may be paid by the Declarant in increments as funds are needed by the Association."

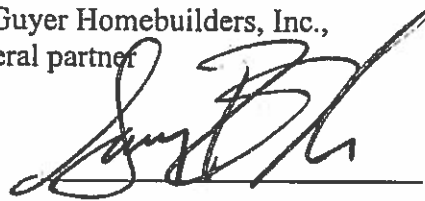
5. Except as expressly amended hereby, the Declaration of Covenants, Conditions, Restrictions and Easements for Villas at Kings Harbor is not affected hereby and the same is ratified as being in full force and effect.

IN WITNESS WHEREOF, this Amendment is executed as of the date specified above.

DECLARANT:

MHI PARTNERSHIP, LTD.,
a Texas limited partnership

By: McGuyer Homebuilders, Inc.,
general partner

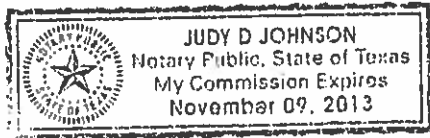
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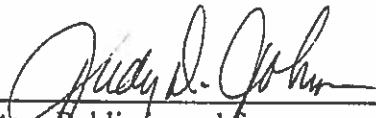
Its: GARY R TESCH
PRESIDENT

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 4th day of May, 2012 by Gary R. Tesch, President of McGuyer Homebuilders, Inc., a corporation which is the general partner of MHI Partnership, Ltd., a Texas limited partnership, on behalf of said limited partnership.

(SEAL)





Notary Public in and for
the State of Texas