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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

OF

NAVARRO TOWNHOMES

Brazos County, Texas

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FOR

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS

OF

NAVARRO TOWNHOMES

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

NAVARRO TOWNHOMES

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

THIS DECLARATION, made on the date hereinafter set forth by NAVARRO TOWNHOMES, owned by B.A. Cathey, LTD, a Texas limited partnership, by and through its General Partner, B. A. Cathey Development, Inc., hereinafter referred to as "Declarant",

WITNESSETH:

WHEREAS, Declarant is the Owner of certain property in the County of Brazos, State of Texas, known as NAVARRO TOWNHOMES and which is more particularly described on the attached Exhibit "A" (herein "Real Property").

NOW THEREFORE, Declarant hereby declares that all of the Real Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Real Property. These easements, covenants, restrictions and conditions shall run with the Real Property and be binding on all parties having or acquiring any right, title or interest in the above described Real Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

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ARTICLE I

DEFINITIONS

1.1 ASSOCIATION. "Association" shall mean and refer to NAVARRO TOWNHOMES OWNERS ASSOCIATION, INC., its successors and assigns.

1.2 CONSTRUCTION AND SALE PERIOD. "Construction and Sale Period" shall mean that period of time during which Declarant is developing the Real Property and selling the Townhouses, which time period shall extend from the date thereof until such time as the Declarant transfers title to all of the Lots.

1.3 LIENHOLDER OF FIRST MORTGAGEE. "Lienholder" or "First Mortgagee" shall mean the holder of a first mortgage lien on any Townhouse in the development.

1.4 LOT. "Lot" shall mean and refer to those thirty-two (32) certain tracts or parcels of land withing the existing Property and more particularly shown in Exhibit "B" hereto on which there is or will be constructed a single-family Townhouse which is to be individually and separately owned. Declarant shall be the Owner of all said Lots, SAVE AND EXCEPT only those particular Lots which Declarant conveys in fee simple title by recordable deed from and after the date hereof.

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

1.6 OWNER. "Owner" shall mean and refer to the record Owner, whether one (1) or more persons or entities, of a fee simple title to any Lot which is a part of the Real Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. However, the term "Owner" shall include any Mortgagee or Lienholder who acquires fee simple title to any Lot which is a part of the Real

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Property, through a deed in lieu of foreclosure or through judicial or non-judicial foreclosure.

1.7 PROPERTY, PREMISES OR DEVELOPMENT. "Real Property" shall mean and refer to that certain real property hereinbefore described.

1.8 TOWNHOUSE OR TOWNHOME. "Townhouse" or "Townhome" shall mean a single-family residential Unit constructed on a Lot.

1.9 Common Area. "Common Area" shall mean any portion of the Real Property which is not a Lot conveyed to an Owner or owned by Declarant, to include, but not limited to, all streets, curbs, and landscape area, as reflected in Exhibit "B".

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

2.1 MEMBERSHIP. Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot which is subject, by covenants of record, to assessment by the Association, including contract sellers, shall be a Member of the Association. The foregoing in not intended to include persons or entities who hold any interest merely as security for the performance of an obligation. No Owner shall have more than one (1) membership. Membership shall be appurtenant to and may not be separated from any ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification of membership. Any Mortgagee or Lienholder who acquires title to any Lot which is a part of the Property, through judicial or non-judicial foreclosure, shall be a Member of the Association.

2.2 VOTING RIGHTS. The Association shall have two (2) classes of voting membership:

a. Class A. Class A Members shall be all Owners, with the exception of B.A. Cathey, LTD, d/b/a NAVARRO TOWNHOMES, the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds such interest in any Lot, all such persons shall be Members. The vote for such Lots shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

b. Class B. The Class B Member(s) shall be B.A. Cathey, LTD, d/b/a, NAVARRO TOWNHOMES, the Declarant, and its successors, and shall be entitled to three (3) votes for each Lot owned; provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(1) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(2) three (3) years from the filing date hereof in the Deed Records of Brazos County, Texas.

2.3 NO CUMULATIVE VOTING. At all meetings of the Owners Association, there shall be no cumulative voting.

ARTICLE III

COVENANT FOR MAINTENANCE ASSESSMENTS

3.1 CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be expressed in such deed or other conveyance, is deemed to covenant and agree

to pay to the Association annual assessments or charges, such as assessment to be fixed, established and collected as hereinafter provided. The annual assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the Lot and shall be secured by continuing lien upon the Real Property against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by the successor.

3.2 PURPOSE OF ASSESSMENTS. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents in the Real Property and in particular for the improvement and maintenance of the Real Property and of the Townhomes situated thereon. Assessments shall include, but are not limited to, funds to cover actual Association costs for all exterior maintenance of the Lots or Townhomes, as herein authorized or as may from time to time be authorized by the Board of Directors; legal and accounting fees, costs incurred in any condemnation hearing, as provided in Paragraph 9.7, and any fees for management services; and the cost of other facilities and service activities, including, but not limited to, mowing grass, grounds care, sprinkler system, landscaping, and garbage pickup areas, and water in any Common Area furnished to Townhomes by the Association, and other charges required by this Declaration of Covenants, Conditions and Restrictions or that the Board of Directors of the Association shall determine to be necessary to meet the primary

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purposes of the Association, including the establishment and maintenance of a reserve for repair, maintenance, taxes and other charges as specified herein.

3.3 BASIS AND MAXIMUM OF ANNUAL ASSESSMENTS.

a. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Fifty-five and No/100 ($55.00) Dollars per month per Lot.

b. Prior to January 1, 2002, the assessment shall be due on the first day of the month following the conveyance to Owner at the rate of Fifty-five and No/100 ($55.00) Dollars per month until January 1, 2002.

c. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be set effective January 1 of each year without a vote of the membership by an amount not to exceed one hundred and twenty percent (120%) of the budget of the preceding year.

d. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be set above one hundred and twenty percent (120%) only by the written approval of the Owners entitled to cast two-thirds (2/3) of the votes of the Members of each class.

e. After consideration of current maintenance costs and future needs of the Association, the Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

3.4 NOTICE QUORUM FOR ANY ACTION AUTHORIZED UNDER PARAGRAPHS 3.3.

Written notice of any meeting called for the purpose of taking any action authorized under Paragraph 3.3 shall be sent to all Members not less than thirty (30) days nor more than fifty (50) days in advance of the meetings. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership entitled to cast by the Members of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice and quorum requirements. In lieu of a meeting, a door to door canvass may be used to get the written consent of two-thirds (2/3) of the Class A Owners and two-thirds (2/3) of the Class B Owners.

3.5 UNIFORM RATE OF ASSESSMENT. Annual assessments shall be fixed at a uniform rate for all Lots regardless of location, and shall commence and be due in accordance with the provisions of Paragraph 3.6 hereof.

3.6 DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS: DUE DATES.

a. As to each Lot owned by an Owner other than the Declarant, the annual assessment shall commence on the date that such Lot is conveyed by Declarant to Owner subject to paragraph 3.3(b).

b. As long as Declarant holds any Class B voting rights as set out in Article II, Paragraph 2.2 herein, Declarant shall not be liable for annual assessments as set out in Paragraph 3.3 of this Article III. However, Declarant shall be responsible for the difference in the cost of maintenance borne by the

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Association and the assessments received from the Unit Owners holding Class A votes.

c. The annual assessment shall be due and payable in advance by each Owner to the Association in monthly installments.

d. Except for the first assessment year, the Association shall fix the amount of the annual assessment at least thirty (30) days in advance of each assessment year which shall have the right to adjust the annual assessment upon thirty (30) days' written notice given to each Owner, as long as any such adjustment does not exceed the maximum permitted hereunder. Written notice of the annual assessment shall be sent as soon as is practicable to every Owner subject hereto. The Association shall, upon demand at any time, furnish a certificate in writing signed by an officer of the Association setting forth whether the annual assessments on a specified Lot have been paid and the amount of any delinquency. A reasonable charge may be made by the Association for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein state to have been paid.

3.7 EFFECT OF NON-PAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION.

a. All payments of the assessments shall be made to the Association at its principle place of business in Brazos County, Texas, or at such other place as the Association may otherwise direct or permit. Payment shall be made in full regardless of whether any Owner has any dispute with the Declarant, the Association, any other Owner or any other person or entity regarding any matter to

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which this Declaration relates or pertains. Payment of the assessments shall be both a continuing affirmative covenant personal to the Owner (other than the Declarant) and a continuing covenant running with the land. Each Owner, and each perspective Owner, is hereby placed on notice that such provision may operate to place upon him the responsibility for the payment of the assessments attributable to a period prior to the date he purchased his Townhome.

b. Any assessment provided for in this Declaration which is not paid when due shall be delinquent. If any such assessment is not paid within thirty (30) days after the date of the delinquency, the assessment will bear interest at the rate of ten percent (10%) per annum until paid. The Association may, at its option, bring an action at law against the Owner personally obligated to pay the same; or, upon compliance with the notice provisions set forth in Subparagraph "c" of this Paragraph 3.7, foreclosure the lien against the Lot, as provided in Subparagraph "d" of this Paragraph 3.7. There shall be added to the amount of such assessment the late charge, the costs of preparing and filing the complaint in such action, and in the event judgment is obtained, such judgment shall include said interest and a reasonable attorney's fee, together with the costs of action. Each Owner vests in the Association or its assigns, the right and power to bring all the actions at law or lien foreclosing against such Owner or the collection of such delinquent assessments. Under no circumstances, however, shall the Declarant or the Association be liable to any Owner or to any other person or entity for failure or inability to enforce any assessments. In addition, to the extent permitted by law, Declarant reserves and assigns to the Association, without recourse, a vendor's lien

against each Lot to secure payment of a common assessment which is levied pursuant to the terms hereof. Such liens may be enforced by appropriate judicial proceedings and the expenses incurred in connection therewith, including interest, costs and reasonable attorney's fees shall be chargeable to the Owner in default.

c. No action shall be brought to foreclosure said assessment lien or to proceed under the power of sale herein provided less than thirty (30) days after the date a notice of claim of lien is deposited with the postal authority, certified or registered, postage prepaid, to the Owner of said Lot, and a copy thereof is recorded by the Association in the Office of the County Clerk of Brazos County; said notice of claim must cite a good and sufficient legal description of any such Lot, the record Owner or reputed Owner thereof, the amount claimed (which may, at the Association's option, include interest on the unpaid assessment at the legal rate, plus reasonable attorney's fees and expenses of collection in connection with the debt secured by said lien), and the name and address of the Association.

d. Any such sale provided for above is to be conducted in accordance with the provisions applicable to the exercise of powers of sale in mortgages and deeds of trust, set forth in § 51.002 of the Texas Property Code, or in any other manner permitted by law. Each Owner, by accepting a deed to his Lot, expressly grants to the Association a power of sale, as set forth in said § 51.002 of the Texas Property Code, in connection with the assessment lien. The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

e. Upon the timely curing of any default for which a notice of claim of lien was filed by the Association, the officers of the Association are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee, to be determined by the Association but not to exceed One Hundred Dollars ($100.00), to cover the costs of preparing and filing or recording such release.

f. Upon written request by a First Mortgagee, the Association shall provide the Mortgagee with written notice of any default by the Owner-Mortgagor in the performance of such Owner's obligations hereunder, including payment of assessments, which is not cured within thirty (30) days after default; provided that any such requirement of notice shall not impair or affect any rights or remedies of the Association, including exercise of the same, provided for in this Declaration.

g. The assessment lien and the right to foreclosure sale hereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its successors or assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

3.8 SUBORDINATION OF THE LIEN TO MORTGAGES. The lien securing the assessments provided for herein shall be subordinate to the lien of any duly recorded purchase money or first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage, pursuant to foreclosure authorized under such mortgage or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments

thereof which became due prior to such sale or transfer, except for its pro-rata share resulting from a reallocation among all Lot Owners. No sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due, according to the terms herein provided.

3.9 EXEMPT PROPERTY. All properties dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of Texas shall be exempt from the assessments created herein, except no land or improvements devoted to dwelling use shall be exempt from said assessments.

3.10 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 shall provide that said management agreements entered into by the Association shall provide that said management agreement may be canceled with or without cause and without penalty by either party with thirty (30) days' written notice. Such termination will be authorized by a majority vote of Members of the Association. In no event shall such management agreement be canceled prior to execution by the Association or its Board of Directors of a new management agreement unless the new management agreement will become operative immediately upon the cancellation of the preceding management agreement. It shall be the duty of the Association or its Board of Directors to effect a new management agreement prior to the expiration of any prior management contract. Any and all management agreements shall be for a term not to exceed three (3) years and shall be

made with a professional and responsible party or parties with proven management skills and experience managing a project of this type. The Members of the Association may terminate the professional management of the Property and assume self-management by the Association upon written agreement executed by Members entitled to cast sixty-seven percent (67%) of the votes of the Association and First Mortgagees which have mortgages on Lots holding fifty-one (51%) of the votes of the Association.

3.11 INSURANCE REQUIREMENTS.

a. The Association may obtain blanket insurance coverage on the Townhouses or any Townhouse by a reputable insurance company licensed to do business in the State of Texas protecting against loss or damage from fire or other hazards covered by the standard extended coverage endorsement. In the event of damage or destruction of a Townhouse, the Townhouse shall be rebuilt to its former condition. Alternatively, the Owner may repair or replace. The Association is hereby authorized to undertake to rebuild or repair the Townhouse and assess said Owner for the cost in excess of the insurance proceeds of such repair or replacement. Such assessment shall become the personal obligation of said Owner and shall be enforceable as if it were a maintenance assessment as herein provided.

b. Each Owner shall obtain blanket insurance coverage on their Townhouse by a reputable insurance company licensed to do business in the State of Texas protecting against loss or damage from fire or other hazards covered by the standard extended coverage endorsement. The Owner will provide a certificate of insurance to the Association annually on each renewal date of the policy. Such

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insurance policy shall include the Association as an additional insured. In the event the Owner fails or refuses to rebuild the Townhouse to its former condition and the Association undertakes to rebuild or repair the Townhouse as authorized by paragraph 3.11(a), the insurance proceeds of such repair or replacement shall be paid to the Association. In the event an Owner fails to provide satisfactory certificate of insurance to the Association, the Association may obtain insurance coverage as provided in paragraph 3.11(a) and assess any premium or any increased premiums against the Owner as herein provided. The Association through a vote of the majority of its members may elect to obtain insurance coverage for all of the Townhouses as provided in paragraph 3.11(a) and assess each Owner pro-rata for the premium as determined by the Association.

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c. The Association, through the Board of Directors or its duly authorized agent shall obtain liability insurance for the corporation, its officers, agents, and employees in the amount and with the terms as the Board of Directors deem advisable.

d. Premiums for all such insurance authorized by this Paragraph 3.11(c) shall be a Common Expense payable from property assessments. Liability and personal property insurance for Lots and the contents of Townhouses shall be the responsibility of and the expense of each individual Owner. In the event of damage or destruction by fire or other casualty to any property in the Common Area or Lots covered by insurance written in the name of the Association, the Board of Directors shall, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the Property to their former condition. All such

insurance proceeds shall be deposited in a bank or other financial institution in which the accounts are insured by a Federal government agency, with the provision agreed to by said bank or institution that such funds may be withdrawn only by signature of at least one-third (1/3) of the members of the Board of Directors, or by an agent duly authorized by the Board of Directors. The Board of Directors shall advertise for sealed bids with any licensed contractors and then may negotiate with any contractor, who shall be required to provide a full performance and payment bond for the repair, reconstruction or rebuilding of such destroyed building or buildings. In the event the insurance proceeds are insufficient to pay all costs of repairing and/or rebuilding to the condition formerly existing, the Board of Directors shall levy a special assessment against any Owners, as herein provided, to make up any deficiency.

e. Upon written agreement request to the Association, First Mortgagees shall be notified of any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

f. Any decision to not maintain fire and extended insurance coverage for Common Areas on a current replacement cost basis of one hundred percent (100%) of the insurable value shall require the approval of two-thirds (2/3) of the First Mortgagees (based on one vote for each mortgage owned).

ARTICLE IV

ARCHITECTURAL CONTROL

4.1 PHYSICAL RESTRICTIONS. No building, fence, wall or other structure shall be commenced, erected or maintained upon any Lot after the purchase of any Lot

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from Declarant, its successors or assigns, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same are submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an Architectural Committee composed of three (3) or more representatives appointed by the Board. In the event said Board or its designated committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required; and this Article will be deemed to have been fully satisfied. Approval, once given, shall be irrevocable.

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ARTICLE V

MAINTENANCE

5.1 ASSOCIATION RESPONSIBILITIES. The Association shall provide exterior maintenance upon the Property which is subject to assessment hereunder, as follows: paint, repair, replacement and care of the streets, curbs, trees, shrubs, grass, walks, and other exterior improvements in any Common Area. Such exterior maintenance shall not include roof, walls, glass surfaces, enclosed patio areas, window and door fixtures and hardware, air conditioning equipment, carport/parking area, and Owner landscaping within each Lot. The Association shall be responsible for the landscaping and maintenance of grass, trees, and shrubs in the front (not to include the back yard) of any Lot. The Association or its duly authorized agent will be responsible for the water for landscaping in any Common Area. The Owner of a Lot will be responsible for all other utilities (e.g., electrical, water, sewer, cable, garbage, etc.).

5.2 OWNER RESPONSIBILITY. All fixtures and equipment installed within a Townhouse, commencing at a point where the utility lines, pipes, wires, conduits or systems enter the exterior walls of a Townhouse, shall be maintained and kept in repair by the Owner thereof. In addition, all exterior as well as interior air conditioning systems will be maintained and kept by the Owner thereof. Each owner is responsible for pest control (interior and exterior) for their Townhome and Lot. In the event the need for maintenance or repair of the Common Area or the improvement thereon for which the Association is responsible is caused through the willful or negligent acts of its Owner, or through the willful or negligent acts of the family, guests or invitees of the Owner, the cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject. Notwithstanding anything contained herein, Owner's liability for maintenance and repair is limited to that liability Owner would have under Texas law.

5.3 AUTHORITY OF ASSOCIATION. In the event an Owner is responsible for certain exterior maintenance, as set forth in Paragraph 5.1 and , and such Owner shall fail to maintain the premises and improvements in a manner satisfactory to the Board of Directors, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain and restore said Lot and improvements, including exterior pest control (e.g., termites) for said Lot and adjoining Townhomes as determined to be necessary. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject.

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ARTICLE VI

PARTY WALLS

6.1 GENERAL RULES OF LAW TO APPLY. Each wall which is built as a part of the original construction of the Townhomes upon the Properties 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. If the party wall is on one (1) Lot or another due to an error in construction, such wall shall, nevertheless, be deemed to be on the dividing line and constitute a party wall for purposes of this Article. Reciprocal easements shall exist upon and in favor of the adjoining Townhouse Lots for the maintenance, repair and reconstruction of party walls.

6.2 SHARING OF REPAIR AND MAINTENANCE. The cost of reasonable repair and maintenance of a party wall shall be shared in equal proportions by the Owners who make use of it. If other Owners thereafter make use of the wall, they shall contribute to the cost of any restoration necessary in proportion to such use. This provision is not intended to prejudice the right of any Owner to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

6.3 WEATHERPROOFING. Notwithstanding any other provision of this Article, an Owner, who by his 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.

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6.4 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.

6.5 ARBITRATION. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one (1) arbitrator. Those arbitrators shall in turn choose one (1) additional arbitrator, and the decision shall be by a majority of all arbitrators. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefor, the Board of Directors of the Association shall select an arbitrator for the refusing party.

ARTICLE VII

USE RESTRICTIONS

7.1 RESIDENTIAL USES AND LIMITATIONS. The Property is hereby restricted to residential dwellings for residential use only. All Buildings or structures erected upon said Property shall be of new construction. No Buildings or structures shall be moved from other locations onto said Property, and no subsequent Buildings of structures other than Townhouses shall be constructed. No structures of a temporary character, including trailers, motor vehicles, tents, shacks, garages, barns or other outbuildings, shall be used on any portion of said Property at any time as a residence either temporarily or permanently.

7.2 FREEHOLD ESTATE. Each Lot shall be conveyed as a separately designated and legally described freehold estate subject to the terms, conditions and provisions hereof.

7.3 DECLARANT EXEMPTION. Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for Declarant to maintain, during the Construction and Sale Period, upon such portion of the premises as Declarant deems necessary, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction and sale of said Townhouses. This shall include, but shall not be limited to, a business office, storage area, construction yards, model Units and sales office.

7.4 DOMESTIC ANIMALS. No animals, livestock or poultry of any kind shall be raised, bred or kept on any of said Lots, except that a reasonable number, consistent with a residence, of dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose.

7.5 SIGNS. No advertising signs (except not more than one [1] five [5] square foot "for rent" or "for sale" sign per parcel), billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on said Property, nor shall said Property be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Townhouse or any resident thereof. Declarant, however, shall have the sole right to erect identifying signs of any size at each entrance to the Property. The Board of Directors reserves the right to approve the design and wording of all signs, and reserves the right to enter in and upon any Lot for the purpose of removing any sign being maintained thereon which has not been approved. No business activities, of any kind whatever shall be conducted in any Townhouse or in any portion of

the Property. However, this covenant shall not apply to Declarant or the Associate, their agents and assigns in furtherance of their powers and purposes.

7.6 VISUAL CONTROLS. All clotheslines, equipment, service yards or storage piles shall be kept within the patio area or other screened areas so as to conceal them from view of neighboring Townhouses and streets. All rubbish, trash and garbage shall be kept in containers within the area provided with each Townhouse and designated by the Association for collection purposes.

7.7 SPECIFIC USES. Except in the individual patio areas appurtenant to a Townhouse, no planting or gardening shall be done; and no fences, hedges or walls shall be erected or maintained upon said Property, except privacy fences may be installed to partition a Lot backyard area as approved by the Association's Board of Directors or their designated representative (Architectural Committee). Except for the right of ingress and egress, the Owners of the Lots are hereby prohibited and restricted from using any of said Property outside the exterior building lines, except as herein provided or as may be allowed by the Association's Board of Directors. It is expressly acknowledged and agreed by all parties concerned that this Paragraph is for the mutual benefit of all Owners of Lots in the NAVARRO TOWNHOMES Development, and is necessary for the protection of said Owners.

7.8 STRUCTURAL INTEGRITY OF TOWNHOUSES. An Owner shall do no act nor any work that will impair the structural soundness or integrity of another Townhouse or impair any easement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other Townhouses or their Owners.

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7.9 ANTENNAS. Without prior written approval of the Board of Directors, no exterior television or radio antennas of any sort shall be placed, allowed or maintained upon any portion of the improvements upon the Property, nor upon any structure situated upon the Property. The placement of any satellite system/dish must be approved by the Board of Directors or the designated representatives.

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7.10 PARKING AND STORAGE AREA RESTRICTIONS. Each Lot will have three (3) designated parking spaces which will be marked and reserved for use by the owner(s) of said Lot. Any additional parking spaces are intended for the guests and visitors of the lot owners. No parking space on the Property shall, without express 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.

7.11 ANNOYANCE. No activity shall be carried on upon any Lot which might reasonably be considered as giving annoyance to neighbors of ordinary sensibilities and which might be calculated to reduce the desirability of the Property as a residential neighborhood, even though such activity is in the nature of a hobby and not carried on for profit. The Board of Directors of the Association shall have the sole and exclusive discretion to determine what constitutes an annoyance.

7.12 NO DISCRIMINATION. No action shall at any time be taken by the Association or its Board of Directors which in any manner would discriminate against any Owner or Owners in favor of the other Owners.

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ARTICLE VIII

EASEMENTS

8.1 ENCROACHMENTS. Each Townhouse shall be subject to an easement for minor encroachments created by construction, settling, overhangs, brick ledges, balconies, fences or other protrusions designed or constructed by Declarant and for the maintenance (if any) of same, so long as it exists. In the event a multi-family structure containing two (2) or more Townhouse Units is partially or totally destroyed and then rebuilt, the Owners of the Townhouses so affected agree that minor encroachments onto parts of the adjacent Townhouse Units due to construction or repair shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist.

8.2 RESERVATION OF VARIANCE. In the original construction of Townhomes upon the Property, Declarant expressly reserves the right, in order to facilitate construction and to avoid monotony of design, to extend front or back walls of Townhomes into adjoining Lots and create a valid permanent easement for the maintenance of same and for the repair or rebuilding of such encroaching wall in the event of partial or total damage or destruction thereof. Conveyance of the Lot, plot or tract upon which any such home is erected shall, without specific mention thereof, serve as a conveyance of the easement for such encroachment.

8.3 ADDITIONAL EASEMENTS. There is hereby created a blanket easement upon, across, over and under said Property for ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to, water, sewers, gas, telephones, electricity, cable television, and a master televison cable/satellite system. By virtue of this easement, it shall be expressly permissible for the electric and/or

telephone company to erect and maintain the necessary poles and other necessary equipment on said property and to affix and maintain electric and/or telephone wires, circuits and conduits on, above, across and under the roofs and exterior walls of said Townhouses. An easement is, in addition, specifically granted to the United States Post Office, its agents and employees to enter upon the Lots in the performance of mail delivery or any other United States Post Office services. An easement is further granted to all police, fire protection, ambulance and all similar persons to enter upon the Lots in the performance of their duties. Further, an easement is hereby granted to the Association, its officers, agents, employees or any management company duly selected by the Association, to enter in or to cross over the Lots and Townhomes to perform the duties of maintenance and repair provided for herein. Notwithstanding anything to the contrary contained in this Paragraph, no sewers, electrical lines, water lines or other utilities may be installed or relocated on said Property, except as initially programmed and approved by the Declarant or thereafter approved by Declarant or the Association's Board of Directors. Should any utility furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, Declarant shall have the right during the Construction and Sale Period to grant such easement of said Property without conflicting with the terms hereof. The easements provided for in this Article VIII shall in no way affect any other recorded easements on said Premises.

8.4 UNDERGROUND ELECTRIC SERVICE. Underground single phase electric service may be available to all residential Townhouses on the aforesaid Lots, and the metering equipment shall be located on the exterior surfaces of walls at points to be designated by the utility company. For so long as such underground service is maintained,

the electric service to each Townhouse shall be uniform and exclusively of the type known as single phase, 120/240 volt, 3-wire, alternating current. Easements for the underground service may be crossed by driveways, walkways and patio areas, provided the Declarant makes prior arrangements with the utility company furnishing such service. Such easements for the underground service shall be kept clear of all buildings and neither the Declarant nor the utility company using the easement shall be liable for any damage done by either of them or their assigns, their agents or employees to shrubbery, trees, flowers or other improvements of the Owner located on the land covered by said easements.

ARTICLE IX

GENERAL PROVISIONS

9.1 ENFORCEMENT. The Association, or any Owner, shall have the right to enforce, by any preceding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, the By-Laws and Articles of Incorporation. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

9.2 SEVERABILITY. Invalidation of any one (1) of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

9.3 AMENDMENT.

a. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot subject to this Declaration, their respective

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legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first thirty (30) year period by an instrument signed by Owners of not less than eighty percent (80%) of the Lots now in the Development, and thereafter by an instrument signed by Owners of not less than sixty-seven percent (67%) of the Lots now in the Development. Any amendment must be properly recorded in the Deed Records of Brazos County, Texas.

b. However, notwithstanding the above, any amendment hereto or to the By-Laws or to the Articles of Incorporation hereof (i) to change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot Owner, or (ii) to change, waive, or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior maintenance of the Lots and improvements thereon, or the upkeep of lawns and plantings, have the additional approval of sixty-seven percent (67%) of the First Mortgagees (based upon one vote for each mortgage owned).

c. Any material amendment, including any amendment affecting any of the following must have the additional approval of fifty-one percent (51%) of the First Mortgagees (based upon one vote for each mortgage owned):

(1) Voting;

(2) Reserves for maintenance, repair and replacement of the project;

(3) Insurance or fidelity bonds;

(4) Rights to use of the Property;

(5) Responsibility for maintenance of the Property;

(6) Expansion or contraction of the Project or the addition or withdrawal of property to or from the Project;

(7) Boundaries of any Lot;

(8) The interests in the Property;

(9) Convertibility of Lots into Common Areas or of Common Areas into Lots;

(10) Leasing of Townhomes;

(11) Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his or her Lot;

(12) A decision by the owners' association to establish self-management when professional management had been required previously by an eligible mortgage holder;

(13) Restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents;

(14) Any action to terminate the legal status of the project after substantial destruction or condemnation occurs; or

(15) Any provisions which are for the express benefit of mortgage holders, or eligible insurers or guarantors of first mortgages on Lots.

d. The Declarant reserves the right during the Construction and Sale Period, without joinder or consent of any Owner or Mortgagee, to amend this

Declaration or the By-Laws by an instrument in writing duly signed, acknowledged and filed for record, for the purpose of resolving or clarifying any ambiguities or conflicts herein, or correcting any inadvertent misstatements, errors or omissions herein, or to comply with the requirements of Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Veteran's Administration, or Federal Housing Administration, provided that no such amendment shall change the vested property rights of any Townhome Owner.

9.4 MORTGAGEE RIGHTS.

a. Upon written request to the Owners Association any holder of a first mortgage lien will be entitled to: (i) inspect the books and records of the Association during normal business hours, (ii) receive annual financial statements audited and otherwise, within ninety (90) days following the end of the Association's fiscal year, (iii) receive notice of the Association's meetings and designate a representative to attend such meetings, (iv) receive notice of any default in the performance of its mortgagor of any obligation under this Declaration or the By-Laws which is not cured within sixty (60) days, and (v) receive notice of any proposed action which requires the consent of a specified percentage of eligible mortgage holders.

b. The Association shall immediately reimburse First Mortgagees who may, jointly or singly pay overdue premiums on fidelity insurance policies.

9.5 LEASES. Any lease agreement between an Owner and a lessee shall be in writing and provide that the terms of the lease are subject to the provisions of the Declaration, By-Laws and Articles of Incorporation, and any violation of any provision of said documents will be a default under the terms of the lease.

9.6 SUBSTANTIAL TAKING OR DESTRUCTION. Any holder of a first mortgage lien will be entitled to timely written notice of substantial damage to or destruction of any Unit on which it holds the mortgage.

9.7 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 proceedings incident thereto at their respective expense. The Association shall give timely written notice of the existence of such proceedings to all Owners and to all First Mortgagees known to the Association to have an interest in any Lot. The expense of participation in such proceedings by the Association may be borne by the Common Fund. The Association is specifically authorized to obtain and pay for such assistance form attorneys, appraisers, architects, engineers, expert witnesses and other persons as the Association in its discretion deems necessary or advisable to aid or advise it in matters relating to such proceedings.

9.8 GENDER AND GRAMMAR. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, in all cases shall be assumed as though fully expressed in each case.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereto set its hand and seal this _____ day of _____, 2001.

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ATTEST:

B. A. Cathey, LTD
B. A. Cathey Development, Inc.
General Partner

BY: _____
B. A. CATHEY, President

THE STATE OF TEXAS §
§
COUNTY OF BRAZOS §

This instrument was acknowledged on this the 24th day of July 2001, by B. A. Cathey, as President of B. A. Cathey Development, Inc., General Partner of B. A. Cathey, LTD on behalf of said limited liability company.

SUSAN L. TOOMER
Notary Public, State of Texas
My Commission Expires
SEPTEMBER 21 2003

_____
Notary Public in and for the State of Texas

Filed for Record in:
BRAZOS COUNTY,
On: Jul 25,2001 at 04:35PM
As a
Recordings
Document Number: 0749991
Amount 74.00
Receipt Number - 196790
By,
Barbara Johnson

STATE OF TEXAS
COUNTY OF
I hereby certify that this instrument was
FILED on the date and time stamped hereon by me
and duly recorded in the volume and page
of the named records of:
BRAZOS COUNTY,
as stamped hereon by me.

Jul 25,2001

HONORABLE KAREN KEESEE, COUNTY CLERK
BRAZOS COUNTY,

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FIELD NOTES
0.6454 ACRES

Being all that certain tract or parcel of land lying and being situated in the CRAWFORD BURNETT SURVEY, Abstract No. 7, College Station, Brazos County, Texas and being a portion of the 46.914 acre tract conveyed to Brazos Triad Land Development Partnership, Ltd. by Frank Elbrich, Sr., et al by deed recorded in Volume 3290, Page 342 of the Official Records of Brazos County, Texas (O.R.B.C.) and being the same land described as Lots 1 through 14 on the un-recorded final plat of Steeplechase Subdivision, Phase Seven (dated December, 2000) and being more particularly described by metes and bounds as follows:

COMMENCING: at a found 1/2-inch iron rod marking the most southerly corner of Lot 1, Block 5, Steeplechase Subdivision, Phase Three as recorded in Volume 3454, Page 159 (O.R.B.C.), the most easterly corner of said Steeplechase Subdivision, Phase Seven and being in the northwest right-of-way line of Navarro drive (based on a 60-foot width as described by Plat recorded in Volume 3454, Page 157 [O.R.B.C.]);
THENCE: N 63° 10' 49" W along the common line of the said Steeplechase Subdivision Phases Three and Seven for a distance of 237.37 feet to a found 5/8-inch iron rod;
THENCE: S 28° 45' 42" W into the interior of the said Steeplechase Subdivision, Phase Seven for a distance of 50.24 feet to a 1/2-inch iron rod set for the POINT OF BEGINNING;
THENCE: along the outer margin of Lots 1 through 14 as described on the said un-recorded plat of Steeplechase Subdivision, Phase Seven for the following eight (8) calls:

1) S 37° 51' 52" E for a distance of 62.27 feet to a 1/2-inch iron rod set for corner,
2) N 46° 49' 16" E for a distance of 17.35 feet to a 1/2-inch iron rod set for corner,
3) S 48° 29' 36" E for a distance of 62.27 feet to a 1/2-inch iron rod set for corner,
4) S 46° 49' 16" W for a distance of 226.72 feet to a 1/2-inch iron rod set for corner, from whence a set 1/2-inch iron rod bears S 04° 55' 12" E at a distance of 87.18 feet for reference,
5) N 48° 29' 36" W for a distance of 62.27 feet to a 1/2-inch iron rod set for corner,
6) S 46° 49' 16" W for a distance of 17.35 feet to a 1/2-inch iron rod set for corner,
7) N 37° 51' 52" W for a distance of 62.27 feet to a 1/2-inch iron rod set for corner and
8) N 46° 49' 16" E for a distance of 226.72 feet to the POINT OF BEGINNING and containing 0.6454 acres of land, more or less.

I, Michael R. McClure, Registered Professional Land Surveyor No. 2859 in the State of Texas do certify that this survey substantially complies with the current Texas Society of Professional Surveyors Standards and Specifications for a Category 1B, Condition II Survey. This description is based on the Standard Land Survey and Plat dated February 14, 2001.

Michael R. McClure, R.P.L.S. #2859

Exhibit A

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EXHIBIT "B"
Page 1 of 1

Lots 1 & 2, Steeplechase Subdivision Phase Seven, City of College Station, Brazos County, Texas, according to the Plat recorded in Volume 4069, Page 121, of the Official Records of Brazos County, Texas.

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