

Forrest Lake
Legal Documents

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RESERVATIONS, RESTRICTIONS AND EASEMENTS

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, FORREST LAKE TOWNHOUSES, INC., a Texas corporation, (said company, along with its successors and assigns, including but not limited to any person or entity who succeeds to said company's rights by foreclosure or deed in lieu of foreclosure, being hereinafter referred to as the "Developer"), is the owner of that certain 22.584 acre tract of land known as "Forrest Lake Townhouses", a subdivision out of the A. G. Holland Survey, Abstract 346, Harris County, Texas (which land is hereinafter referred to as the "Property"), according to the map or plat thereof recorded under Clerk's File No. E337970 in Volume 222 at Page 102 of the Map Records of Harris County, Texas (hereinafter, as same may be from time to time replatted, referred to as the "Plat"); and

WHEREAS, Developer has divided certain portions of the Property into lots (hereinafter referred to individually as a "Townhouse Site" and collectively as the "Townhouse Sites") as reflected on the Plat and proposes to construct townhouse improvements on same (hereinafter, along with the Townhouse Site attributable thereto, referred to individually as a "Townhouse" and collectively as the "Townhouses") and to sell or rent same for residential site purposes; and.

WHEREAS, the Developer desires to establish a uniform plan to develop the Property for the mutual benefit and pleasure of the future owners of Townhouses therein (hereinafter referred to, along with the Developer to the extent that it owns Townhouse Sites or Townhouses, individually as an "Owner" and collectively as the "Owners"), and to protect the property values therein by imposing upon each Townhouse, each Townhouse Site and the entire Property the matters hereinafter set forth; :

NOW, THEREFORE, for itself and for the future Owners, Developer does hereby make, adopt and establish, in addition to those matters set forth on or otherwise resulting from the Plat and the recordation thereof, the reservations, restrictions, declarations, conditions, easements, limitations, charges, liens, covenants and other matters hereinafter set forth, each of which shall be applicable to the Townhouse Sites and Townhouses individually and to the Property in its entirety, and binding personally upon the Owners thereof.

ARTICLE 1 - ARCHITECTURAL CONTROL

1.01. Developer hereby appoints FORREST LAKE TOWNHOUSE ASSOCIATION, INC., a Texas non-profit corporation (said company, along with its successors, representatives and assigns, being hereinafter referred to as the "Association") to perform, in addition to all its other responsibilities and duties, the function of architectural control for the Property, upon the terms set forth hereinbelow.

1.02. No person shall commence, or permit or cause the commencement of (a) the destruction (in whole or in part) of any Townhouse or the construction, erection or placement of any other or additional improvement or structure, permanent - or temporary, or a change (structural or non-structural) on a Townhouse Site or within a Townhouse, (b) the painting or exterior decorating of same, (c) the placing in any Townhouse window or on any Townhouse wall or roof of any item, temporary or permanent, visible from the outside of such Townhouse, (d) the penetrating of any interior Townhouse wall which abutts the Townhouse wall of any other Townhouse with any material or device other than small brackets to be used solely for the hanging of pictures, mirrors and other wall decorations and which do not adversely impair the sound insulation features of the interior walls or the air space between or (e) the planting, rearrangement or alteration of any trees, shrubs, bushes, hedges, flowerbeds or any other type of garden or decorative vegetation on a Townhouse Site (other than in interior patio areas) or elsewhere on the Property (any of the above items (a)-(e) being hereinafter referred to individually as an "Alteration") until all plans, specifications and drawings therefor or other description thereof as may reasonably be required by the Association, including construction plans, landscaping plans and plot plans showing the exact location and size of such Alteration, shall have been submitted to the Association and written approval thereof shall first have been obtained therefrom; provided, however, that (i) if the Association should fail to approve or disapprove any proposed Alteration within thirty (30) days after the requisite approval documentation therefor is submitted to it for approval, approval shall have been deemed given, (ii) no proposed Alteration shall be approved by the Association if the Association shall find that the proposed Alteration would be disharmonious with the overall appearance and quality, including specifically the design, color, workmanship and materials, of the other Townhouses or would otherwise impair the safety or the market value of any other Townhouse or portion of the Property and (iii) nothing contained in or inferable from the above shall be construed to impose any obligation on the Association to approve any proposed Alteration and the Association may, at its election, refuse to permit same, permit same to be performed by the Owner or permit same but only if performed by or at the direction of the Association.

ARTICLE 2 - GENERAL CONSTRUCTION RESTRICTIONS

2.01. Each and every Alteration shall be a necessary or reasonable incident to the Townhouse of which it is a part.

2.02. No Owner shall be permitted to construct or place, or to allow to remain, any Alteration which in any manner encroaches or overlaps across his Townhouse Site lot line; provided, however, that it is contemplated that various Townhouses and

appurtenances thereto, as originally built by the Developer, will overlap, and as a result of shifting, settlement, movement, repairs or reconstruction may overlap, a Townhouse Site line and encroach over onto an adjacent Townhouse Site or the Common Open Area and therefore there shall be excluded from the foregoing prohibition, and neither the Developer nor any subsequent encroaching Owner shall have any liability because of any and all encroachments and overlaps to the extent that they were due to any of the aforesaid causes; provided, however, that in the case of repair or reconstruction, no encroachment shall be permitted to any greater extent than existed in the Townhouse as originally built by the Developer. Accordingly, upon or after each conveyance by the Developer of a Townhouse which encroaches upon, or is encroached upon by, an adjacent Townhouse, an easement therefor shall be automatically created to the extent of (but only to the extent of) such encroachment as contemplated in the preceding sentence, which easement shall run with the title to and shall be in favor of, and binding upon, the encroaching Townhouse and the encroached Townhouse, respectively. In addition, no Owner whose Townhouse Site is encroached upon by an encroachment permitted hereunder shall, to any extent, have any dominion over, or the right to deny the encroaching Owner, and his contractors, subcontractors and repairman to access to or the right to enjoy, any permitted encroachment.

2.03. No Owner shall permit either prior to, during or after completion of construction of any Alteration any structure of a temporary character, including but not limited to a trailer, tent, shack or outbuilding of any character, to be placed on his Townhouse Site or elsewhere on the Property.

2.04. The Developer hereby reserves unto itself, its successors and assigns, the right to permit any Owner or Owners of two or more contiguous Townhouse Sites, or portions thereof, to consolidate such Townhouse Sites or portions thereof into one Townhouse Site with the privilege of placing or constructing Alterations consistent with these restrictions on such resulting Townhouse Site.

ARTICLE 3 - GENERAL USE RESTRICTIONS

3.01. No Townhouse Site or any Townhouse constructed thereon may be used for any purpose other than as a private, single family residence.

3.02. No Owner shall conduct or permit the conduct of any commercial or noxious or offensive activity whatsoever upon or within his Townhouse or elsewhere upon the Property, nor shall he permit anything to be done on or within his Townhouse or elsewhere on the Property which is or may be an annoyance or nuisance to other Owners, their families or guests.

3.03. No Owner shall use or permit the use of his Townhouse or any other portion of the Property to raise, breed or keep any animals, reptiles or fowl of any kind; provided, however, that (a) dogs, domestic cats and other usual household pets may be

kept by an Owner in his Townhouse if the purpose thereof is not commercial and their presence does not constitute a nuisance to other Owners and (b) no Owner shall keep any pet which the Association, in its sole discretion, considers to be dangerous to or disruptive of the enjoyment of any portion of the Property by, other Owners, their families or guests. All pets which may be kept in compliance herewith shall, at all times, be kept either within the confines of the Owner's Townhouse Site or, if beyond such confines and still within the Property, on leash or in a cage.

3.04. No Owner shall use or permit the use of his Townhouse or any other portion of the Property as a dumping ground for rubbish, trash, garbage or any other waste material. All Owners shall place their rubbish, trash, garbage and waste materials in sanitary, tightly closed, containers located (a) on days when no garbage pickup is scheduled, within the property lines of their Townhouse Site and (b) on days when garbage pickup is scheduled, at a site within the garage or carport assigned to each Owner's Townhouse.

3.05. No Owner shall use or discharge or permit the use or discharge on or from his Townhouse or elsewhere on the Property, for hunting or sport purposes, any pistol, rifle, shotgun or any other firearm, or any bow and arrow, or any other device capable of killing or injuring.

3.06. Each Owner shall keep the foundation, glass, floors, interior Townhouse walls, exterior Townhouse walls that do not face streets or the Common Open Area, utility systems, interior, patio area and patio walls of his Townhouse in a high state of maintenance, repair and appearance. If any Owner should allow his residence to deteriorate or otherwise-reach a state of disrepair so that same has become, in the judgment of the Association, unsightly or otherwise a detriment to the Property? the Association may give written notice-to such Owner specifying the nature of such deterioration or disrepair. If, within thirty (30) days after the giving of such notice, the Owner has not remedied the situation to the complete satisfaction of the Association, the Association shall thereafter be entitled (but shall not be obligated), without further notice to or consent from such Owner, to enter upon his Townhouse and perform all reasonably necessary work therein or thereon, the cost of which shall (a) be borne entirely by such Owner in addition to his Maintenance Charge (as that term is defined in Section 5.01 hereinbelow), (b) be due and payable to the Association upon demand, (c) accrue interest at the rate of 9-1/2% per annum until paid and (d) be secured by the Maintenance Charge Lien (as that term is defined in Section 5.03 hereinbelow). If any Owner, either willfully or negligently, causes any damage to any improvement situated with the Property, the Association may make all expenditures necessary to repair, replace or remove same, the cost of which shall be borne solely by the Owner causing same and shall be subject to the provisions of subparagraph (a) through (d) hereinabove. In addition, at any time or times as the Association may elect, the Association may repaint the exterior of any or all Townhouses at the color of its selection, regardless of whether same are, at that time, in disrepair.

3.07. No Owner shall place or permit to be placed any sign, billboard, poster or advertising device of any character on his Townhouse or elsewhere upon the Property, without the prior written consent of the Association. The Developer, however, shall have the right to construct and maintain, or cause to be constructed and maintained, such signs, billboards, posters and advertising devices as it deems appropriate in connection with the sale or rental of Townhouses.

3.08. No Owner shall build or permit to be built any open fires in his Townhouse or elsewhere on the Property, provided, however, that this Section 3.08 shall not be construed as precluding the use by any Owner of his interior fireplace or of small and safe outdoor cooking facilities such as charcoal grills, but only (a) within his interior patio or such areas as may, from time to time, be designated (and revoked) for such purpose by the Developer or the Association and (b) in strict compliance with such instructions as may be provided in manufacturer's or vendor's manuals.

3.09. The articles of incorporation, by-laws, rules and regulations of the Association, as from time to time adopted and amended by it, shall be deemed incorporated by reference in this instrument to the same extent as if recited verbatim herein; provided, however, that the applicable legal requirements for amending the articles, by-laws, rules and regulations shall be as recited in such document and not as set forth in Section 8.03 hereinbelow, notwithstanding such incorporation by reference. Each Owner shall, at all times, use his Townhouse and otherwise comply fully with - such articles of incorporation, by-laws, rules and regulations and a breach or default thereof shall constitute a violation by such Owner of the provisions of this instrument.

3.10. The Developer, in its sole discretion, shall allocate to each Townhouse Site, at the time of the initial sale from the Developer to the first Owner, either a carport, a garage or a carport and a garage (or one or more of each) and a storage area. Each carport and/or garage allocated to each Townhouse Site shall be immediately adjacent to the back lot line of such Townhouse Site. The Owner of the Townhouse Site to which the carport and/or garage is allocated shall have, notwithstanding anything to the contrary contained in or inferable from this instrument or the Plat, sole and exclusive right to enter upon and use such carport, garage and storage area and, to that extent, is hereby granted an easement in and to same, exclusive as to all others other than the Developer and the Association (for purposes of implementing the provisions of this instrument or the instruments referred to in Section 3.09 hereinabove) and subject only to the provisions of Sections 4.04 and 7.01 hereinbelow. In addition, such Owner shall have the right to encumber the easement to secure the repayment of any sums as to which the Maintenance Charge Lien will be subordinated under Section 5.03 hereinbelow. The rights granted to an Owner by this Section 3.10 are not severable from the ownership of a Townhouse, voluntarily or involuntarily, and shall automatically pass upon transfer of title to a Townhouse, with or without specific reference to the transfer of such rights in the documents transferring such title.

3.11. No Owner shall place or store, or permit the placement or storage of, anywhere on the Property, (a) any liquids, materials or equipment (i) which are dangerous, noxious, unsanitary or unsightly or (ii) except to the extent provided by the Developer or the Association, of any type whatsoever other than upon or within his Townhouse Site and (b) any items of any nature in any carport other than automobiles, boats or a combination thereof.

3.12. An Owner may lease his Townhouse for occupation as a single family residence provided that (a) is in writing, (b) is expressly subject to all the terms, provisions and conditions set forth herein and in the articles of incorporation and by-laws of the Association, as amended from time to time, and (c) provides that failure of the lessee to comply with the terms, provisions and conditions set forth herein or in the articles of incorporation or by-laws of the Association, as amended from time to time, shall be a default under such lease.

ARTICLE 4 - COMMON OPEN AREA

4.01. Developer hereby declares that portion of the Property lying entirely within its confines and reflected and defined on the Plat as "Common Open Area" and additionally those portions designated "Paved Private Street", "Private Driveway" and "Park" (which last portion shall include all off street parking) to be a common area (herein referred to, as existing and as revised, as the "Common Open Area"), which shall be used and maintained in the manner hereinafter set forth. -

4.02. Subject to Sections 3.10 hereinabove and 4.04 hereinbelow, the Common Open Area shall be and hereby is reserved for the exclusive use of, and used exclusively by, the Owners, their immediate families and guests, for ingress to and egress from Townhouses and for recreational purposes only and, to effectuate the aforesaid, an easement (nonexclusive as among the previously defined permitted users) is hereby granted to each Owner for such purposes; provided, however, that the Association may, from time to time, make, adopt and change such rules and regulations governing the use thereof (which shall thereupon become binding on all permissible users) which it deems to be in the best interest of all such users. The right to use the Common Open Area is not severable from the ownership of a Townhouse, voluntarily or involuntarily, and shall automatically pass upon transfer of title to a Townhouse, with or without specific reference to the transfer of such right to use the Common Open Area in the documents transferring title to a Townhouse.

4.03. No Owner shall ever deface, destroy, cut, remove or injure, or permit any of his family or guests to deface, destroy, cut, remove or injure, any improvement or any trees, shrubs, bushes, hedges or flowers situated upon or planted in or growing upon the Common Open Area.

4.04. Notwithstanding anything to the contrary contained herein, the Developer shall be entitled, and hereby reserves the right, at any time and from time to time, both before and after any Townhouse has been conveyed by it and without the necessity of obtaining any prior, coincident or subsequent consent from any Owner, to grant easements to utility companies or to any municipal district for utility purposes (including specifically for the installation, maintenance and operation of any and all utility systems or facilities) in, along, across, under and over all or any portions of the Property, including specifically any Townhouse Site, the Common Open Area and the public streets and/or the private streets and driveways as reflected on the Plat, provided that the right to grant utility easements within the Common Open Area shall automatically be transferred to the Association upon the transfer by the Developer to the Association of title to the Common Open Area, with or without specific reference to such right to grant utility easements in the documents transferring the title to the Common Open Area.

4.05. In addition to the provisions of Section 4.04 hereinabove, an underground electric distribution system will be installed within the Property at the execution of the Agreement for Underground Electric Service between the electric company and the Developer. Each Owner shall, at his own cost, furnish, install, own and maintain (all in accordance with the requirements of local governing authorities and the National Electrical Code) the underground service cable and appurtenances from the point of the electric company's metering on the customer's structure to the point of attachment at such company's installed transformers or energized secondary junction boxes, such point of attachment to be made available by the electric company at a point designated by such company at the property line of each Townhouse Site. The electric company furnishing service shall make the necessary connections at said point of attachment and at the meter. In addition, each Owner shall, at his own cost, furnish, install, own and maintain a meter loop (in accordance with the then current standards and specifications of the electric company furnishing service) for the location and installation of the meter of such electric company for such Owner's Townhouse. For so long as such underground service is maintained the electric service to each Townhouse Site shall be underground, uniform in character and exclusively of the type known as single phase, 120/240 volt, three wire, 60 cycle, alternating current.

The electric company has installed the underground electric distribution system in the Property at no cost to the Developer (except for certain conduits, where applicable) upon the Developer's representation that the Property is being developed for single family townhouses of the usual and customary type, constructed upon the Townhouse Sites, designed to be permanently located where originally constructed and built for sale to bona fide purchasers (such category of townhouses expressly excludes, without limitation, mobile homes and duplexes). The terms "sale to bona fide purchasers" mean an

outright sale to a resident at the time such resident first occupies the Townhouse and not a lease, a delayed sale by means of a contract for deed, a sale with provisions calculated to subsequently relieve such resident from the obligation to pay for the Townhouse, or similar devices. Therefore, should the plans of the Developer be changed so that dwellings of a different type will be permitted within the Property, the electric company shall not be obligated to provide electric service to a Townhouse Site where a dwelling of a different type is located unless (a) the Developer has paid to the electric company an amount representing the excess in cost, for the entire Property of the underground distribution system over the cost of equivalent overhead facilities to serve such Property, or (b) the Owner of such Townhouse Site, or the applicant for service, shall pay to the electric company/the sum of (i) \$1.75 per front lot foot in the case of a single family dwelling or \$2.50 per front lot foot in the case of a townhouse, it having been agreed that such amount reasonably represents the excess in cost of the underground distribution system to serve such Townhouse Site over the cost of equivalent overhead facilities to serve such Townhouse Site, plus (ii) the cost of rearranging and adding any electric facilities serving such Townhouse Site, which rearrangement and/or addition is determined by the electric company to be necessary.

The provisions of the two preceding paragraphs also apply to any future residential development in Reservets) shown on the Plat. Specifically, but not by way of limitation, if an Owner in a former Reserve undertakes some action which would have invoked the above per front lot payment if such action had been undertaken in the Property other than the Reserve, such lot owner shall pay the electric company \$1.75 per front lot foot in the case of a single family dwelling or \$2.50 per front lot foot in the case of a townhouse for his/her lot unless the Developer has paid the electric company as above described. The provisions of this paragraph and the two preceding paragraphs do not apply to any future non-residential development in such Reserve(s).

4.06. Subject to the provisions of Section 4.04, the Common Open Area shall not be transferred or encumbered by the Association without the prior approval of all holders of recorded first lien deeds of trust covering any Townhouse.

ARTICLE 5 - MAINTENANCE CHARGE

5.01. Each Townhouse, upon (but not before) the initial sale by the Developer to the first Owner thereof, shall be subjected to a maintenance charge (herein referred to as the "Maintenance Charge"). The Maintenance Charge shall accrue monthly and, subject to Section 5.07 hereinbelow, shall be equal to one-twelfth (1/12th) of one-two hundred and forty third (1/243rd), being each Owner's pro rata portion, of the projected Maintenance Fund (as that term is defined in Section 6.01 hereinbelow) requirement for the Association's then fiscal year. The Maintenance Charge shall begin to accrue as

aforesaid and shall continue to accrue and be paid until terminated as provided in Section 5.06 hereinbelow. The Maintenance Charge attributable to each Townhouse shall be payable monthly, on a calendar basis, and shall be payable in advance. All payments of the Maintenance Charge shall be made to the Association at its principal place of office in Harris County, Texas, or as the Association may otherwise direct or permit. Payment shall be made in full, regardless of whether any Owner has any dispute with the Developer, the Association, any other Owner or any other person or entity regarding any matter to which this instrument relates or pertains. All past due Maintenance Charge payments shall bear interest at the rate of 9-1/2% per annum until paid. Payment of the Maintenance Charge shall be a continuing affirmative covenant both personal to each Owner (other than the Developer) and any subsequent Owner of each Owner's Townhouse and a covenant running with the land; provided, however, that to the extent, but only to the extent, that a Maintenance Charge attributable to a Townhouse was unpaid on the date a recorded first lien deed of trust was foreclosed or a deed in lieu thereof was executed and delivered, (i) the mortgagee or any other person who takes title thereto by foreclosure or a deed in lieu of foreclosure and (ii) all persons claiming by, through or under such mortgagee or such other person, shall take same free and clear of the unpaid Maintenance Charge which existed on the date such foreclosure was effected or the deed in lieu thereof was executed and delivered. Each Owner, and each prospective Owner (except as excluded in the preceding sentence) is hereby placed on notice that such provision may operate to place upon him the responsibility for the payment of Maintenance Charges attributable to a period prior to the date he purchased his Townhouse but after the initial sale thereof by the Developer; provided, however, that this shall not be construed to deny the priority of the lien of any first recorded deed of trust.

5.02. The purpose of the Maintenance Charge is to create a Maintenance Fund which shall be used for the purposes as hereinbelow prescribed.

5.03. To secure the payment of the Maintenance Charge and the repayment of any sums expended by the Association under Section 3.06 hereinabove or Sections 5.04 or 8.04 hereinbelow, each Townhouse shall be, upon the initial sale thereof by the Developer to the first Owner thereof and continuing thereafter, subjected to, and there shall thereby be reserved in the Developer, an express vendor's lien and the superior title (hereinafter referred to as the "Maintenance Charge Lien") which shall, ipso facto, be assigned without recourse to, and for the benefit of, the Association; provided, however, that the Maintenance Charge Lien shall be junior, subordinate and inferior to the lien of (a) the Deed of Trust executed by Forrest Lake Townhouses, Inc. to Harry Roberts, Jr. Trustee dated September 21, 1973 and filed for record under Harris County Clerk's File No. D 981166, and all renewals, extensions, modifications, continuations, and substitutions for such Deed of Trust (it being understood and agreed that the lien of such Deed of Trust will not continue to cover any Lot which is released from said lien pursuant to

the provisions of such Deed of Trust) and (b) any recorded first lien Deed of Trust (and renewals and extensions thereof) granted by the Owner of any Townhouse to secure the repayment of sums advanced to or otherwise owed by him to cover all or any portion of the purchase price therefor or of any permanent improvement to be placed thereon. The mortgagee or any other person who takes title to a Townhouse by foreclosure or a deed in lieu of foreclosure, and all persons claiming by, through or under such mortgagee or such other person, shall take same free and clear of the Maintenance Charge Lien to the extent that the Maintenance Charge Lien secures the obligations of payment of the Maintenance Charge and repayment of sums expended by the Association under Sections 3.06, 5.04 and 8.04 arising prior to the date such foreclosure was effected or the deed in lieu thereof was executed and delivered; provided, however, that this shall not be construed to extinguish the Maintenance Charge Lien on such Townhouse to the extent that the Maintenance Charge Lien secures the obligations of payment of the Maintenance Charge and repayment of sums expended by the Association under Sections 3.06, 5.04 and 8.04 arising after the date such foreclosure was effected or the deed in lieu thereof was executed and delivered.

5.04. All Maintenance Charge Liens may be enforceable through any appropriate proceeding at law or in equity; provided, however, that (a) such Lien shall be enforceable only by the Association, its successors or assigns and (b) under no circumstances shall the Developer or the Association ever be liable to any Owner or to any other person or entity for failure or inability to enforce or attempt to enforce any Maintenance Charge Lien.

5.05. The formula used for the calculation of the Maintenance Charge set forth in Section 5.01 shall not be changed except with the prior written consent of all holders of recorded first lien Deeds of Trust covering any Townhouse or Townhouse Site.

5.06. All Maintenance Charges, once accrual has begun, shall continue as above provided until January 1, 1998, and shall be automatically extended for successive ten (10) year increments thereafter unless, prior to January 1, 1997 or one (1) year before the termination of any such successive ten (10) year period, an instrument is duly signed and acknowledged by the Owners of at least eighty-five percent (85%) of the then Lots within the Property and recorded in the appropriate records of the Office of the County Clerk of Harris County, Texas, wherein it is agreed to discontinue the Maintenance Charge. The provisions of any such instrument shall become binding and operative upon all Owners, regardless of whether all signed such instrument, on January 1, 1998, or at the end of the respective ten (10) year period.

5.07. After the date the last Townhouse is initially sold by the Developer; the Maintenance Charge shall be equal for each Townhouse, regardless of variations in size, location, value or otherwise. Prior to such date Maintenance Charges attributable to occupied Townhouses may be higher than one-two hundred and forty third (1/243rd) in order to reflect, as accurately as reasonably possible, the higher costs expended by the Association attributable to occupied Townhouses over those which are unoccupied.

ARTICLE 6 - MAINTENANCE FUND

6.01. The Association shall receive each Maintenance Charge, as paid, and shall act as custodian and administrator thereof, and shall have the right to pool, merge and combine all Maintenance Charges and all funds received from other sources into a single Maintenance Fund without the necessity of maintaining a single Maintenance Fund for each Owner or for the entirety of the Owners. However, the Association will keep, or cause to be kept, accurate records of all such funds so received, attributable as to their source, and will advise any Owner or any prospective purchaser of a Townhouse, upon his request, of the total Maintenance Charge payments received from, or due by, him or by the present Owner, as the case may be. Unless the Association is specifically requested to furnish such information, however, it shall have no obligation to furnish same or any liability, either to waive past due Maintenance Charge collections or otherwise, to any person who becomes an Owner without knowledge of the previous Owner's delinquency in the payment thereof. In addition, the Association will furnish to each Owner an annual report of the Association's operations, reflecting all revenues and disbursements during the preceding fiscal year, and a balance sheet prepared as of the end of such fiscal year.

6.02. Neither the Developer nor the Association shall be liable to any person or persons whomsoever for failure or inability to collect any Maintenance Charge or any part thereof from any Owner.

6.03. To the extent permitted by the Maintenance Fund, the Association shall perform each service set forth hereinbelow and may perform any other act permitted elsewhere in this instrument. Where the Maintenance Fund is inadequate to allow all such services or acts to be performed, the Association shall be entitled to determine which of the services or acts are to be performed from available funds and which are to be deferred until additional funds are available. Under no circumstances will the Developer ever be obligated to the Association or the Developer or the Association ever - be obligated to any Owner to contribute or lend any money - to, or to expend any funds other than from, or to borrow any money to supplement, the Maintenance Fund in order to perform any such service, and the Association's judgment in expending funds for these purposes shall be final and conclusive so long as such judgment is not exercised in bad faith.

(a) The landscaping and maintenance of the grounds, lawns, terraces, shrubs and plants on each Townhouse Site, within the Common Open Area and within any esplanades lying within public or private streets, including mowing and watering.

(b) The installation, operation, insurance and maintenance of the pool, tennis courts, lake, lighting, fencing and other recreational facilities within the Common Open Area, including any sums for borrowed money attributable to any of same; provided, however, the Association shall have no obligation to

insure any of same if, in the Association's judgment, there is no significant hazard or risk of loss or damage to be insured against.

(c) The improvement and maintenance of any common passages, walkways, garages, carports, storage areas and easements within the Property.

(d) The collection and disposition of garbage and other rubbish from each Townhouse and from the Common Open Area.

(e) The enforcement of any matter contained herein or in any particular conveyance of a Townhouse, including the collection of the Maintenance Charge and the maintenance and operation of the Maintenance Fund.

(f) The retention of companies, policemen or watchmen to provide security for the Property.

(g) The maintenance and operation of an exterior lighting system for all public and private streets and driveways which lie within the confines of the Property.

(h) The maintenance of all public and private streets and driveways which lie within the confines of the Property.

(i) The maintenance of the exterior of all Townhouses and Townhouse Sites (vacant or otherwise), including without limitation the painting, repair and replacement of the roof and walls which face streets or the Common Open Area.

(j) The payment of any and all taxes, charges and assessments as may be attributable to the Common Open Area and the private streets and driveways, title to which may be vested in the Association.

(k) The doing of all other things which may be necessary or desirable in the opinion of the Association to maintain the entire Property in a well kept manner, and to make each Townhouse Site a more enjoyable residence for its Owner.

6.04. Subject to its by-laws and articles of incorporation, the Association may retain or employ any third party or parties to perform any functions which the Association may or must perform and may use the Maintenance Fund to pay such third parties for the functions so performed.

ARTICLE 7 - RESERVATIONS

7.01. Developer hereby reserves unto itself, its successors and assigns, and hereby grants to the Association, perpetual rights of ingress and egress on, over, in and across the

entirety of the Property and each Townhouse as may be necessary or reasonably appropriate in order for the Association to perform functions required of or permitted it anywhere in this instrument, including specifically but without limitation in Section 3.06 and Section 6.03 hereinabove, or to confirm that each Owner is complying with the matters set forth in this instrument.

7.02. Developer hereby reserves unto itself, its successors and assigns, the temporary rights of ingress and egress on, over, in and across the Common Open Areas with men, materials and equipment in order to complete the construction of all the Townhouses. The rights granted in this Section 7.02 shall terminate upon the earlier to occur of January 1, 1979 or the date the last Townhouse is initially sold by the Developer.

ARTICLE 8 - GENERAL PROVISIONS

8.01. No violation of any matter referred to anywhere in this instrument shall impair, diminish or detrimentally affect the rights of any mortgagee or trustee under any deed of trust or security instrument outstanding against any Townhouse Site or Townhouse at the time of such violation.

8.02. The invalidity, violation, abandonment or waiver of any one or more of, or any part of, any provision provided for in this instrument shall in no way affect, diminish or impair the remaining provisions provided for herein, which remaining provisions shall continue to be in full force and effect.

8.03. Each of the covenants, conditions, reservations and restrictions set forth in this instrument shall be both covenants running with the land and personal obligations, binding upon all Owners of any Townhouse Site or Townhouse therein, from the date hereof until January 1, 1998, at which time each such covenant, condition, reservation and restriction shall be automatically extended for successive ten (10) year increments thereafter; provided, however, that if, prior to January 1, 1998 or, if such extension occurs, any ten (10) year anniversary date thereafter, the Owners of at least eighty-five percent (85%) of the then Lots within the Property execute and record in the appropriate records of the Office of the County Clerk of Harris County, Texas, an instrument wherein it is agreed to terminate, alter or amend all or any such covenants, conditions, reservations and restrictions, same shall be terminated, altered or amended. The provisions of any such instrument shall become operative and binding upon all Owners, regardless of whether all signed such instrument, at the end of the applicable period.

8.04. Any covenant, condition, reservation or restriction set forth in this instrument may be enforced at law or in equity by either the Association or, except

as otherwise limited in Section 5.04 hereinabove, by any aggrieved Owner without the necessity of joining the Association; provided, however, that under no circumstance shall the Association or the Developer ever be liable to any Owner or any other person or entity for failure or inability to enforce, or to attempt to enforce, or to enjoin the breach of, any such covenant, condition, reservation or restriction or the Maintenance Charge Lien. Any and all sums expended by the Association in enforcing any provision of this instrument shall be repaid the Association by the Owner against whom such enforcement is brought, and shall be subject to the provisions of Section 3.06(a) through (d) hereinabove.

8.05. Each contract for sale, deed, deed of trust or other instrument which may hereafter be executed with respect to any property situated within the Property shall be deemed to have been executed, delivered and accepted subject to all of the provisions of this instrument and all such provisions shall, without further action, be incorporated by reference therein, regardless of whether any such instrument specifically incorporates by reference therein any provision hereof or the entirety of this instrument or recites-the same verbatim therein.

8.06. The Association shall be composed of two (2) classes of members, as set forth in Section 8.09 hereinbelow. Each Owner shall automatically become a member of the Association upon his acquisition of, and shall continue to be a member for so long as he owns a fee or undivided fee interest in, a Townhouse. Membership in the Association is not severable from the ownership of a Townhouse, voluntarily or involuntarily, and shall pass automatically upon the transfer of title to a Townhouse, with or without specific reference to the transfer of membership in the documents transferring such title. Each member shall be entitled to all-of the rights set forth in the Texas Non-Profit Corporation Act. No member shall have any greater rights than any other member of the same class, regardless of any variation in size, value or otherwise of his Townhouse.

8.07. Nothing contained in or inferable from this instrument is intended to limit, or shall be construed as limiting, to any extent and under any circumstance any power of the Association granted it under the provisions of the Texas Non-Profit Corporation Act, as in effect on the date hereof, and if subsequently amended, as subsequently amended but only to the extent that such amendment enlarges such powers.

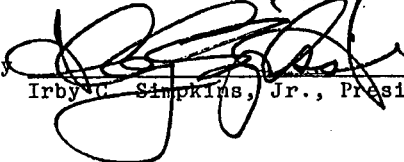
8.08. It is contemplated that the Property will be developed in phases as set forth in Exhibit A hereto. The reservations, restrictions, declarations, conditions, easements, limitations, charges, liens, covenants and other matters set forth in this instrument shall apply equally to all Townhouses and all parts of the Common Open Area regardless of in which phase such Townhouse or portion of the Common Open Area lies.

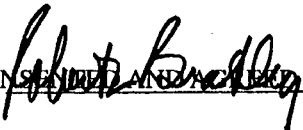
8.09. The Association shall have two classes of voting memberships. Class A members shall be all Owners other than the Developer. Class A members shall be entitled to one (1) vote for each Townhouse in which they hold the interest required for membership by Section 8.06. When more than one person holds such interest in any Townhouse, all such persons shall be members. The vote for such Townhouse shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Townhouse. The Class B members shall be the Developer and it shall be entitled to three (3) votes for each Townhouse in which it holds the interest required for membership by Section 8.06; provided, however, 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: (a) when the total votes outstanding in the Class A membership first equals or exceeds the total votes outstanding in the Class B membership or (b) December 31, 1977.

EXECUTED as of this the 17th day of February,
1975.

ATTEST:

FORREST LAKE TOWNHOUSES, INC.

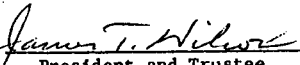
By 
Irby C. Simpkins, Jr., President


CONSENTED AND APPROVED TO:

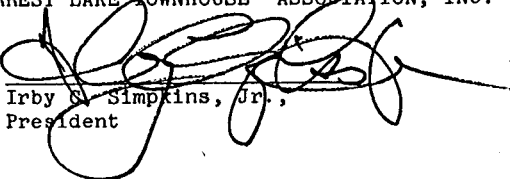
State Mutual Investors is executing this instrument for the purpose of consenting and approving thereto and for the purpose of subordinating the lien of the Deed of Trust, Mortgage and Security Agreement dated September 21, 1973 from Forrest Lake Townhouses, Inc. to Harry M. Roberts, Jr., Trustee filed for record in the Office of the County Clerk of Harris County, Texas on September 21, 1973 under Clerk's File No. D-981166, securing the payment of one certain promissory note of even date therewith in the principal amount of \$7,300,000 payable to the order of the Trustees of State Mutual Investors (but such subordination shall not extend to the Maintenance Charge Lien which shall be inferior to the lien of said Deed of Trust as provided in Section 5.03 hereof). The term "Trustees" as used in this Section shall mean and include W. Douglas Bell, Roland A. Erickson, Frederick Fedeli, Michael Greenbaum, Jacob Hiatt, Bartow Kelly, Thomas R. Mulroy, Stewart Oakes, Francis H. Dewey, III and James T. Wilcox, not individually, but as Trustees of State Mutual Investors, a Massachusetts business trust formed under Declaration of Trust dated December 2, 1970, as amended, and their respective successor

Trustees under said Declaration of Trust. Neither the shareholders nor the Trustees nor officers nor employees nor agents of State Mutual Investors shall be personally liable for its obligations and all persons shall look solely to the trust estate of State Mutual Investors for payment or satisfaction of any claim hereunder or the performance hereof.

STATE MUTUAL INVESTORS,
as lienholder

By 
President and Trustee

FORREST LAKE TOWNHOUSE ASSOCIATION, INC.

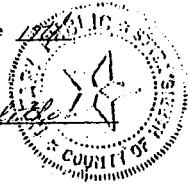
By 
Irby C. Simpkins, Jr.,
President

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared Irby C. Simpkins, Jr., President of FORREST LAKE TOWNHOUSES, INC., known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 19th day of February, 1975.

Deanna C. Lane Sibley
Notary Public in and for
Harris County, Texas




THE COMMONWEALTH OF MASSACHUSETTS §
§
COUNTY OF WORCESTER §

BEFORE ME, the undersigned authority, on this day personally appeared James T. Wilcox, President and TRUSTEE OF STATE MUTUAL INVESTORS, a Massachusetts business trust, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 4th day of March, 1975.

Margarita Savasta
Notary Public in and for
Worcester County, Massachusetts

MARGARITA SAVASTA
NOTARY PUBLIC
MY COMMISSION EXPIRES
MARCH 14, 1980



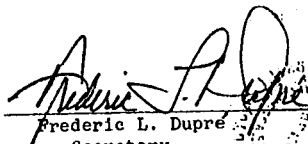
CERTIFICATE

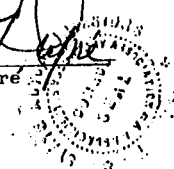
The undersigned, as the duly elected and acting Secretary of STATE MUTUAL INVESTORS, a Massachusetts business trust, certifies as follows:

1. That, pursuant to Section 3.2(c) of the Declaration of Trust dated December 2, 1970, as amended, establishing STATE MUTUAL INVESTORS, a Massachusetts business trust, the Trustees without any action or consent by the Share holders shall have and may exercise at any time and from time to time the following powers and authorities:

"To sell, rent, lease, hire, exchange, release, partition, assign, mortgage, pledge, hypothecate, grant security interests in, encumber, negotiate, convey, transfer or otherwise dispose of any of and all the Trust Estate by deeds, trust deeds, assignments, bills of sale, transfers, leases, mortgages, financing statements, security agreements and other instruments for any of such purposes executed and delivered for and on behalf of the Trust or the Trustees by one or more of the Trustees or by a duly authorized officer, employee, agent or nominee of the Trust;" and

2. That James T. Wilcox is a Trustee of STATE MUTUAL INVESTORS, a Massachusetts business trust, and is the duly elected and acting President thereof; and
3. That, pursuant to Section 3.4 of the Declaration of Trust dated December 2, 1970, as amended, establishing STATE MUTUAL INVESTORS, a Massachusetts business trust, and the Trustees' Regulations adopted pursuant thereto, "the President shall... have general supervision, direction and control of the business of the Trust and its employees and shall exercise such general powers of management as are usually vested in the office of president of a corporation."


Frederic L. Dupre
Secretary



Dated: March 4, 1975
Worcester, Massachusetts

THE COMMONWEALTH OF MASSACHUSETTS §

§

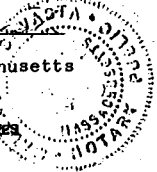
COUNTY OF WORCESTER

§

BEFORE ME, the undersigned authority, on this day personally appeared FREDERIC L. DUPRE, Secretary of STATE MUTUAL INVESTORS, a Massachusetts business trust, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 4th day Of March , 1975 .

Margarita Savasta
Notary Public in and for
Worcester County, Massachusetts
MARGARITA SAVASTA
NOTARY PUBLIC
MY COMMISSION EXPIRES
MARCH 14, 1980



CORRECTION TO
RESERVATIONS, RESTRICTIONS AND EASEMENTS

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, that certain instrument entitled "Reservations, Restrictions and Easements" (the terms, provisions and conditions of which are incorporated by this reference herein and which is hereinafter referred to as the "Reservations") was recorded under Film Code No. 117-08-2556 of the Official Public Records of Real Property of Harris County, Texas; and .

WHEREAS, Section 8.08 of the Reservations refers to an Exhibit "A" to be attached thereto; and


WHEREAS, the said Exhibit "A" was inadvertently omitted from the Reservations at the time of its recordation; and

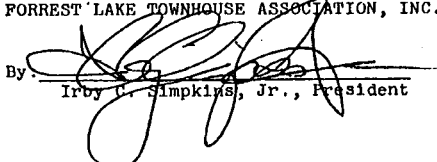
WHEREAS, the Exhibit "A" intended to be attached thereto is the same Exhibit "A" as is attached hereto;

NOW, THEREFORE, the undersigned, as owners of the property to which the Reservations are applicable, do hereby execute this corrective instrument for the sole purpose of incorporating into the Reservations as the Exhibit "A" referred to in Section 8.08 thereof, the Exhibit "A" which is attached hereto and incorporated by this reference herein.

Dated this the 14th day of March, 1975.

FILED
COUNTY CLERK
HARRIS COUNTY, TEXAS
MAR 14 3 59 PM 1975

FORREST LAKE TOWNHOUSES, INC. 214
By: 
Irby C. Simpkins, Jr., President

FORREST LAKE TOWNHOUSE ASSOCIATION, INC.
By: 
Irby C. Simpkins, Jr., President

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared IRBY C. SIMPKINS, JR., President of Forrest Lake Townhouses, Inc., a corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 14 of March, 1975.

Genevieve C. Lane
Notary Public in and for
Harris County, Texas



THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared IRBY C. SIMPKINS, JR., President of Forrest Lake Townhouse Association, Inc., a corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 14 of March, 1975.

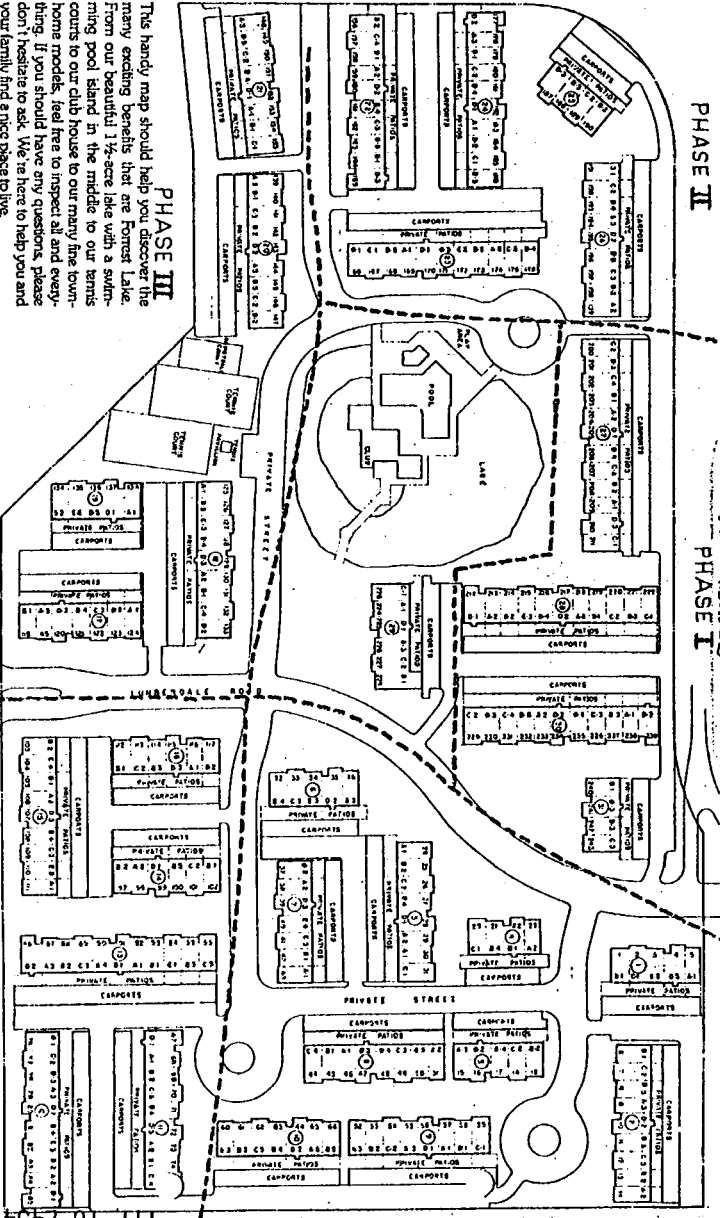
Genevieve C. Lane
Notary Public in and for
Harris County, Texas



FOREST LAKE

Welcom to
 FOREST LAKE
 TOWNHOMES
 PHASE I

Map Records: Harris County
 Texas V222, P. 102



PHASE III

This handy map should help you discover the many exciting benefits that are Forest Lake. From our beautiful 1 1/2-acre lake with a swimming pool island in the middle to our tennis courts to our club house to our many fine town-home models, feel free to inspect all and everything. If you should have any questions, please don't hesitate to ask. We're here to help you and your family find a nice place to live.

APPROVED:

Michael P. Deetz
 County Engineer
 3-14-75

FOREST LAKE
 5801 Lumbertale Flood
 Houston, Texas 77018

PHASE IV

STATE OF TEXAS }
COUNTY OF HARRIS }

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

MAR 14 1975



Petermonteugh
COUNTY CLERK
HARRIS COUNTY, TEXAS

FIRST AMENDMENT TO RESERVATIONS, RESTRICTIONS
AND EASEMENTS

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

WHEREAS, FORREST LAKE TOWNHOUSES, INC., a Texas corporation, (said company, along with its successors and assigns, including but not limited to any person or entity who succeeds to said company's rights by foreclosure or deed in lieu of foreclosure, being hereinafter referred to as the "Developer") , is the owner of that certain 22.584 acre tract of land known as "Forrest Lake Townhouses", a subdivision out of the A. G. Holland Survey, Abstract 346, Harris County, Texas (which land is hereinafter referred to as the "Property"), according to the map or plat thereof recorded under Clerk's File No. E337970 in Volume 222 at Page 102 of the Map Records of Harris County, Texas; and

WHEREAS, while it was the sole owner of the Property, the Developer executed that certain instrument entitled Reservations, Restrictions and Easements dated February 17, 1975 and recorded under Film Code No. 117-08-2556 of the Official Real Property Records of Harris County, Texas, making, adopting and establishing certain reservations, restrictions, declarations, conditions, easements, limitations, charges, liens, covenants and other matters affecting the Property; and

WHEREAS, by General Warranty Deed dated March 10, 1975, and recorded under Film Code No. 117-14-0142 of the Official Real Property Records of Harris County, Texas, the Developer conveyed a portion of the Property to FORREST LAKE TOWNHOUSE ASSOCIATION, INC., a Texas non-profit corporation (hereinafter called the "Association"); and

WHEREAS, the Developer and Association executed that certain instrument entitled Correction to Reservations, Restrictions and Easements dated March 14, 1975 and recorded under Film Code No. 117-16-2432 of the Official Real Property Records of Harris County, Texas (hereinafter said Correction to Reservations, Restrictions and Easement and said Reservations, Restrictions and Easement are referred to collectively as the "Declaration") and

WHEREAS, the Developer and Association now own all of the Property;

NOW, THEREFORE, for themselves and for the future Owners, as defined in the Declaration, Developer and Association hereby amend the Declaration as follows:

ARTICLE I

Section 4.04 of the Declaration is hereby amended to read as follows:

"4.04. Notwithstanding anything to the contrary contained herein, the

shall be entitled, and hereby reserves the right, at any time and from time to time, both before and after any Townhouse has been conveyed by it and without the necessity of obtaining any prior, coincident or subsequent consent from any Owner, to grant easements to utility companies or to any municipal district for utility purposes (including specifically for the installation, maintenance and operation of any and all utility systems or facilities) in, along, across, under and over all or any portions of the Property, including specifically any Townhouse Site, the Common Open Area and the public streets and/or the private streets and driveways as reflected on the Plat, provided that the right to grant utility easements within the Common Open Area shall automatically be transferred to the Association upon the transfer by the Developer to the Association of title to the Common Open Area, with or without specific reference to such right to grant utility easements in the documents transferring the title to the common Open Area and provided further that neither the Developer nor the Association shall grant any easement in, along, across, under or over any Townhouse Site after its initial sale by the Developer without the written approval of the holder of a recorded first lien deed of trust on such Townhouse Site, if any.”

ARTICLE II

Section 5.01 of the Declaration is hereby amended by deleting in its entirety the last sentence thereof, which begins with the words:

“Each Owner, and each prospective Owner . . .”

ARTICLE III

Section 5.07 of the Declaration is hereby amended to read as follows:

“5.07. The Maintenance Charge shall be equal for each Townhouse, regardless of variations in size, location, value or otherwise.”

ARTICLE IV

Section 6.03 of the Declaration is hereby amended to read as follows:

“6.03 To the extent permitted by the Maintenance Fund, the Association shall perform each service set forth hereinbelow and may perform any other act permitted elsewhere in this instrument. Where the Maintenance Fund is inadequate to allow all such services or acts to be performed, the Association shall be entitled to determine which of the services or acts are to be performed from available funds and which are to be deferred until additional funds are available. The Association’s judgement in expending funds for these purposes shall be final and conclusive so long as such judgement is not exercised in bad faith.

- (a) The landscaping and maintenance of the grounds, lawns, terraces, shrubs and plants on each Townhouse Site, within the Common Open Area and

within any esplanades lying within public or private streets, including mowing and watering.

- (b) The installation, operation, insurance and maintenance of the pool, tennis courts, lake, lighting, fencing and other recreational facilities within the Common Open area, including any sums for borrowed money attributable to any of same.
- (c) The improvement and maintenance of any common passages, walk ways, garages, carports, storage areas and easements within the Property.
- (d) The collection and disposition of garbage and other rubbish from each Townhouse and from the Common Open Area.
- (e) The enforcement of any matter contained herein or in any particular conveyance of a Townhouse, including the collection of the Maintenance Charge and the maintenance and operation of the Maintenance Fund.
- (f) The retention of companies, policemen or watchmen to provide security for the Property.
- (g) The maintenance and operation of an exterior lighting system for all public and private streets and driveways which lie within the confines of the Property.
- (h) The maintenance of all public and private streets and driveways which lie within the confines of the Property.
- (i) The maintenance of the exterior of all Townhouses and Townhouse Sites (vacant or otherwise), including without limitation the painting, repair and replacement of the roof and walls which face streets of the Common Open Area.
- (j) The payment of any and all taxes, charges and assessments as may be attributable to the Common Open Area and the private streets and driveways, title to which may be vested in the Association.
- (k) The doing of all other things which may be necessary or desirable in the opinion of the Association to maintain the entire Property in a well kept manner, and to make each Townhouse Site a more enjoyable residence for its Owner.
- (l) The insurance of the improvements, facilities and personal property owned by the Association and located upon the Common Open Area for the full replacement value thereof covering (1) loss or damage by fire and other hazards covered under the standard extended coverage endorsement and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief,

windstorm and water damage, and (11) covering such other risks as are customarily covered in the insurance of similar properties in Harris County, Texas, all with such exclusions and endorsements as are customary in the insurance of similar properties in Harris County, Texas.

(m) The insurance of the Association against liability arising in connection with the Common Open Area including water damage liability, liability for property of others, and liability arising from such other risks as are customarily insured against by similar projects in Harris County, Texas, which comprehensive public liability insurance shall have limits of not less than One Million Dollars (\$1,000,000) for all claims of personal injury, loss of life and loss of and damage to property arising out of a single occurrence.”

ARTICLE V

Section 7.01 if the Declaration is hereby amended to read as follows:

“7.01 Developer hereby reserves unto itself, its successors and assigns, and hereby grants to the Association, perpetual rights of ingress and egress on, over, in and across the entirety of the Property and each Townhouse as may be necessary or reasonably appropriate in order for the Association to perform functions required of or permitted it anywhere in this instrument, including specifically but without limitation in Section 3.06 and Section 6.03 herein-above, or to confirm that each Owner is complying with the matters set forth in this instrument; provided however that the Developer’s, but not the Association’s, rights of ingress and egress shall terminate at such time as the Class B membership will cease and be converted into Class A membership as provided for in Section 8.09 hereof.”

ARTICLE VI

Section 8.03 of the Declaration is hereby amended to read as follows:

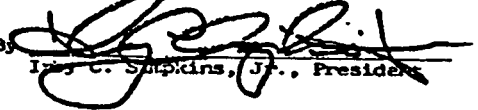
“8.03. Each of the covenants, conditions, reservations and restrictions set forth in this instrument shall be both covenants running with the land and personal obligations, binding upon all Owners of any Townhouse Site or Townhouse therein, from the date hereof until January 1, 1998, at which time each such covenant, condition, reservation and restriction shall be automatically extended for successive ten (10) year increments thereafter; provided, however, that if, prior to January 1, 1998 or, if such extension occurs, any ten (10) year anniversary date thereafter, the Owners of at least eighty-five percent (85%) of the then Lots within the Property and all holders of recorded first lien deeds of trust covering the then Lots within the Property execute and record in the appropriate records of the Office of the County Clerk of Harris County, Texas, an instrument wherein it is agreed to terminate, alter or amend all or any such covenants, conditions, reservations and restrictions, same shall be terminated, altered or amended. The provisions of any such instrument shall become operative and binding upon all Owners, regardless of whether all signed such instrument, at the end of the applicable period.”

ARTICLE VII


Except for the foregoing amendments, both instruments constituting the Declaration are hereby ratified and reaffirmed in their entirety.

EXECUTED this 14th day of April, 1975, effective as of February 17, 1975.

FORREST LAKE TOWNHOUSES, INC.

By 
Irby C. Siskins, Jr., President

FORREST LAKE TOWNHOUSE ASSOCIATION, INC.

By 
Irby C. Siskins, Jr., President

CONSENTED AND AGREED TO:

State Mutual Investors, which holds liens on the Property, is executing this instrument for the purpose of consenting and approving thereto. The term "Trustees" as used in this Section shall mean and include W. Douglas Bell, Roland A. Erickson, Frederick Fedeli, Michael Greenebaum, Jacob Hiatt, Bartow Kelly, Thomas R. Mulroy, Stewart Oekes, Francis H. Dewey, III and James T. Wilcox, not individually, but as formed under Declaration of Trust dated December 2, 1970, as amended, and their respective successor Trustees nor officers nor employees nor agent of State Mutual Investors shall be personally liable for its obligations and all persons shall look solely to the trust estate of State Mutual Investors for payment or satisfaction of any claim hereunder or the performance hereof.

STATE MUTUAL INVESTORS,
as lienholder

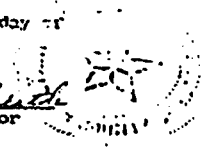
By 
James T. Wilcox
President and Trustee

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared Irby C. Simpkins, Jr., President of FORREST LAKE TOWNHOUSE ASSOCIATION, INC., a corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 16th day of April, 1975.

[Signature]
Notary Public in and for
Harris County, Texas

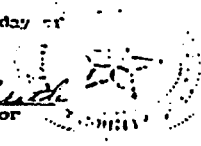


THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared Irby C. Simpkins, Jr., President of FORREST LAKE TOWNHOUSE ASSOCIATION, INC., a corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 16th day of April, 1975.

[Signature]
Notary Public in and for
Harris County, Texas



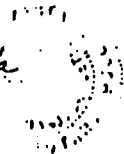
THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared Irby C. Simpkins, Jr., President of FORREST LAKE TOWNHOUSE ASSOCIATION, INC., a corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed, in the capacity therein stated and as the act of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 16th day of April, 1975.

[Signature]
Notary Public in and for
Worcester County, Massachusetts

MARGARITA SAVASTA
NOTARY PUBLIC
MY COMMISSION EXPIRES




CERTIFICATE

The undersigned, as the duly elected and acting Secretary of STATE MUTUAL INVESTORS, a Massachusetts business trust, certifies as follows:

1. That, pursuant to Section 3.2(c) of the Declaration of Trust dated December 2, 1970, as amended, establishing STATE MUTUAL INVESTORS, a Massachusetts business trust, the Trustees without any action or consent by the Share holders shall have and may exercise at any time and from time to time the following powers and authorities:

“To sell, rent, lease, hire, exchange, release, partition, assign, mortgage, pledge hypothecate, grant security interests in, encumber, negotiate, convey, transfer or otherwise dispose of any of and all the Trust Estate by deeds, trust deeds, assignments, bills of sale, transfers, leases, mortgages, financing statements, security agreements and other instruments for any of such purposes executed and delivered for and on behalf of the Trust or the Trustees by one or more of the Trustees or by a duly authorized officer, employee, agent or nominee of the Trust;” and

2. That James T. Wilcox is a Trustee of STATE MUTUAL INVESTORS, a Massachusetts business trust, and is the duly elected and acting President thereof; and
3. That, pursuant to Section 3.4 of the Declaration of Trust dated December 2, 1970, as amended, establishing STATE MUTUAL INVESTORS, a Massachusetts business trust, and the Trustees' Regulations adopted pursuant thereto, “the President shall...have general supervision, direction and control of the business of the Trust and its employees and shall exercise such general powers of management as are usually vested in the office of president of a corporation.”


Frederic L. Dupre
Secretary

Dated: April 16, 1975
Worcester, Massachusetts

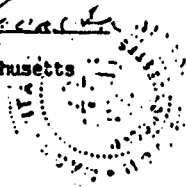
THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared
FREDERIC L. DUPRE, Secretary of STATE MUTUAL INVESTORS, a Massachusetts
business trust, known to me to be the person whose name is subscribed to the foregoing
instrument and acknowledged to me that he executed the same for the purpose and
consideration therein expressed and in the capacity therein stated.

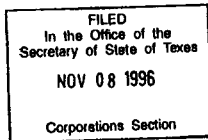
GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 16th day of April,
1975

Margaret S. ...
Notary Public in and For
Worcester County, Massachusetts

MASSA-... STA
NOTARY PUBLIC
MY COMMISSION EXPIRES
MARCH 14, 1980



ARTICLE OF INCORPORATION
OF



FORREST LAKE TOWNHOUSE ASSOCIATION, INC.

We, the undersigned natural persons of the age of twenty-one years or more, at least two of whom are citizens of the State of Texas, acting as incorporators of a corporation under the Texas Non-Profit Corporation act, do hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE ONE

The name of the corporation is FORREST LAKE TOWNHOUSE ASSOCIATION, INC.

ARTICLE TWO

The corporation is a non-profit corporation.

ARTICLE THREE

The period of its duration is perpetual.

ARTICLE FOUR

The purpose of purposes or which the corporation is organized are:

To administer, enforce and otherwise implement, in any and all ways, the maintenance and operation of Forrest Lake Townhouses, a planned unit development of 22.584 acres of land, more or less, in the A. G. Holland Survey, Abstract 346, Harris County, Texas, according to the map or plat thereof duly recorded in the Map Records of Harris County, Texas.

To consent, approve, grant permission and otherwise perform all such functions and do any and all things that may be permitted or required by the restrictions pertaining to said subdivision.

To promote and supervise the beautification, care, maintenance and upkeep of said subdivision.

To own, operate, manage and maintain a swimming pool, tennis courts, private streets and driveways, carports and other land and related facilities for use by the residents of said subdivision.

In general, to carry out any other activity in connection with the foregoing and to have and exercise all the powers conferred by the laws of Texas upon non-profit corporations formed under the Texas Non-Profit Corporation Act and to do any and all other things hereinbefore set forth to the same extent as natural persons might or could do.

ARTICLE FIVE

The street address of the registered office of the corporation is 5805 Lumberdale Road, Houston, Texas 77092, and the name of the initial registered agent at such address is Travis E. Hunt.

ARTICLE SIX

The number of directors constituting the initial board of directors of the corporation is five (5) and the names and addresses of the persons who are to serve as the initial directors are:

<u>Name</u>	<u>Address</u>
Travis E. Hunt	5801 Lumberdale Road #227 Houston, Texas 77092
Richard Duncan, M.D.	5800 Lumberdale Road #64 Houston, Texas 77092
Barbara Dixon	5800 Lumberdale Road #25 Houston, Texas 77092
Robert Eliason	5801 Lumberdale Road #241 Houston, Texas 77092
Carol Carroll	5801 Lumberdale Road #132 Houston, Texas 77092

ARTICLE SEVEN

The name and street address of each incorporator is:

<u>Name</u>	<u>Address</u>
Travis E. Hunt	5801 Lumberdale Road #227 Houston, Texas 77092

Richard Duncan, M.D.

5800 Lumberdale Road #64
Houston, Texas 77092

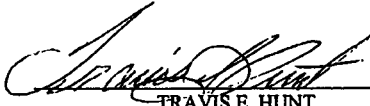
Barbara Dixon


5800 Lumberdale Road #25
Houston, Texas 77092

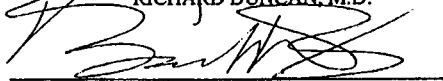
ARTICLE EIGHT

A person shall become a member of the corporation upon his/her acquisition, and shall continue to be a member for so long as he/she owns a townhouse site in the above-referenced Forrest Lake Townhouses. Each member shall be entitled to all of the rights as set forth in the Texas NonProfit Corporation Act. When more than one (1) person holds an interest in a townhouse site, all such persons shall be members. The vote for such townhouse site shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any townhouse site. No member shall have any greater rights than any other member, regardless of any variation in size, value or otherwise of his/her townhouse site.

IN WITNESS WHEREOF, we have hereunto set our hands, this 30 day of October, 1996.


 TRAVIS E. HUNT


 RICHARD DUNCAN, M.D.


 BARBARA DIXON

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

I, Charlene Rauss, a Notary Public, do hereby certify that on this 30 day of October, 1996, personally appeared before me, Travis E. Hunt, Richard Duncan, M.D., and Barbara Dixon, who each being by me duly sworn, severally declared that they are the persons who signed the foregoing document as incorporators, and that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year above written.


 Notary Public and for the State of Texas

CHARLENE RAUS
 Notary Public In and for the State of Texas
 My Commission Expires 11/2/97

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
FORREST LAKE TOWNHOUSE ASSOCIATION, INC.

FILED
In the Office of the
Secretary of State of Texas
MAR 12 1975
James B. Clute
Deputy Director, Corporation Division

Pursuant to the provisions of Article 139604.03 of the Texas Non-Profit Corporation Act, FORREST LAKE TOWNHOUSE ASSOCIATION, INC., a Texas non-profit corporation that is subject to the provisions of the Texas Non-Profit Corporation Act, adopts the hereinafter stated Articles of Amendments to its Articles of Incorporation, which: will provide for two classes of membership, Class A and Class B, Class A members having one vote per townhouse site owned, and the Class B member having three (3) votes per townhouse site owned, and the Class B the earlier to occur of (i) the total votes outstanding in the Class A membership first equals or exceeds the total votes outstanding in the Class B membership or (ii) December 31, 1997, at which time Class B membership shall cease and be converted to Class A membership.

ARTICLE ONE

The name of the corporation is Forrest Lake Townhouse Association, Inc.

ARTICLE TWO

The following amendment to the Articles of Incorporation was adopted by the Corporation on March 10, 1975.

Article Eight of the Articles of Incorporation is hereby amended to read as follows:

A person shall become a member of the Corporation upon his acquisition of, and shall continue to be a member for so long as he owns, a townhouse site in the above referenced Forrest Lake Townhouses. Each member shall be entitled to all of the rights set forth in the Texas Non-Profit Corporation Act. The Corporation shall have two classes of voting memberships. No member shall have any greater rights than any other member of the same class, regardless of any variation in size, value or otherwise of his townhouse site. Class A members shall be all owners of a townhouse site other than the developer, Forrest Lake Townhouse, Inc. Class A members shall be entitled to one (1) vote for each townhouse site which they own. When more than one person holds such interest in any townhouse site, all such persons shall be members. The vote for such townhouse site shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any other townhouse site. The Class B member shall

be the developer, Forrest Lake Townhouses, Inc., a Texas corporation, and it shall be entitled to three (3) votes for each townhouse site which it owns; provided, however, that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occur earlier: (a) when the total votes outstanding in the Class A membership first equals or exceeds the total votes outstanding in the Class B membership or (b) December 31, 1977.

ARTICLE THREE

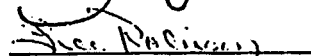
The amendment was adopted in the following manner:

The amendment was adopted by consent in writing by all members entitled to vote with respect thereto.

Dated March 10, 1975.

FORREST LAKE TOWNHOUSE
ASSOCIATION, INC.


By 
Irby C. Simpkins, Jr.
President

By 
Lee Robinson
Secretary

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

I, Genevieve Clara Salathe, a Notary Public, do hereby certify that on this 10th day of March, 1975, personally appeared before me Irby C. Simpkins, Jr., who, being duly sworn, declared that he is the President of the corporation executing the foregoing document in the capacity therein set forth, and that the statements therein contained are true.


IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year before written.


Notary Public in and for
Harris County, Texas

Genevieve Clara Salathe

CERTIFICATE OF SEC

I, the undersigned Secretary of Forrest Lake Townhouse Association, Inc., a Texas non-profit corporation, hereby do certify that the attached is a true and correct copy of the By-laws of the said Forrest Lake Townhouse Association, Inc. that are in effect as of this 13th day of March, 1975.

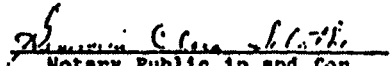

LEE ROBISON, Secretary

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

Genevieve Clara

I, salathe, a Notary Public, do hereby certify that on this 10TH day of MARCH, 1975, personally appeared before me Lee Robinson, who, being duly sworn, declared that she is the Secretary of the corporation executing the foregoing document in the capacity therein set forth, and that the statements therein contained are true.


IN WITNESS WHEREOF, I have set my hand and seal the day and year before written.


Notary Public in and for
Harris County, Texas

Genevieve Clara Salathe

CERTIFICATE OF SECRETARY

I, the undersigned Secretary of Forrest Lake Townhouse Association, Inc., a Texas nonprofit corporation, hereby do certify that the attached is a true and correct copy of the By-laws of the said Forrest Lake Townhouse Association, Inc. that are in effect as of this 13th day of March, 1975.


LEE ROBISON, Secretary

FORREST LAKE TOWN HOUSE ASSOCIATION, INC.

BY-LAWS

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Forrest Lake Townhouse Association, Inc., a non-profit corporation organized and existing under the laws of the State of Texas.

Section 2. The "Properties" shall mean and refer to that certain 22.584 acre tract of land out of the G. Holland Survey, Abstract 346, Harris County, Texas, as set forth and particularly described on the map or plat thereof recorded under Clerk's File No. E 337970 in Volume 222 at Page 102 of the Map records of Harris County, Texas.

Section 3. "Common Open Area" shall mean and refer to such part of the Properties as may at any time hereafter be owned by the Association for so long as the Association may be the owner thereof, and any improvements thereon.

Section 4. "Declaration" shall mean the Reservations, Restrictions and Covenants to which the Properties are subject and which are recorded in the Office of the County Clerk of Harris County, Texas, as amended from time to time.

Section 5. "Townhouse" shall mean any recorded and platted lot in the Properties and any building thereon.

Section 6. "Owner" shall mean any person or entity who is the owner of fee title to a Townhouse.

Section 7. "Maintenance charge" shall mean the standard fee charged to each Townhouse each month.

ARTICLE II

Location

Section 1. The principal address and office of the Association shall be located at 5805 Lumberdale Road, Houston, Texas 77092.

ARTICLE III Membership

Section 1. Every Owner shall be a member of the Association. For the purpose of determining membership, such ownership will be deemed to have vested upon delivery of a duly executed deed to the grantee or vendee. Disposition, voluntary or involuntary, of title to a Townhouse shall terminate the previous Owner's membership, whereupon all rights to such membership shall vest in the new Owner.

Section 2. The rights of membership are subject to the payment of the maintenance charges levied by the Association, the obligation of which maintenance charges is imposed against each owner of and becomes a lien upon the property against which such maintenance charges are made as provided by Section 5.01 of the Declaration and which are fully set forth and governed by the provisions of Section 3 of this Article III and Articles V and VI of the Declaration.

Section 3. When a Townhouse is conveyed, the new Owner shall pay forthwith to the Association an amount equal to three (3) times the Maintenance Charge applicable for the then current month. Part of such amount shall be considered as payment of that share of the Maintenance Charge due from the new Owner for the then current month, prorated as of the date of the conveyance.

When an Owner conveys a Townhouse, the Association shall refund to such Owner an amount equal to the sum of (a) the amount set forth in the second sentence of this Section 3 and (b) the amount set forth in the first sentence of this Section 3 reduced by the amount considered as payment of the current month's Maintenance Charge applicable to such conveying Owner at the time such Owner acquired the Townhouse, calculated pursuant to the second sentence of this Section 3.

Section 4. The membership rights of any person whose interest in the Properties is subject to the maintenance charge under Section 1 of this Article, whether or not he/she be personally obligated to pay such annual charge, may be suspended by action of the Directors during the period when the maintenance charges remain unpaid; but, upon payment of such maintenance charge or charges and any interest or penalties thereon, his/her rights and privileges shall be automatically restored. If the Directors have adopted and published rules and regulations governing the use of any of the Common Open Area and the personal conduct of any person thereon, they may, in their discretion, suspend the rights of any person for violation of such rules and regulations for a period not to exceed thirty (30) days for any such violation. The Board of Directors shall notify the owner of any Townhouse of violation(s) in writing, and if said Townhouse owner does not correct the violation within thirty (30) days thereafter, said Townhouse owner shall be assessed a penalty of \$200.00. If the penalty is not paid within fifteen (15) days thereafter, a lien may be filed against said Townhouse.

Section 5. Upon the conveyance of a townhouse, the new owner shall furnish proof of title to Forrest Lake Townhouse Association, Inc. at its office at 5805 Lumberdale RD, to be maintained on file for the duration of said ownership. Such proof shall be any Texas Real Estate document showing proof positive the names of all owner(s) in fee of said property.

ARTICLE IV

Voting Rights

Section 1. Members shall be entitled to as many votes as they are entitled to exercise under the provisions of the Declaration for each Townhouse in which they hold fee title as shown by the records of the Association as of the last day of the month preceding the next membership meeting. When more than one person holds such title in any Townhouse, all such persons shall be members and the vote for such Townhouse shall be exercised as they may among themselves determine, but in no event shall more than the number of votes set forth in the Declaration be cast with respect to any Townhouse.

ARTICLE V

Rights of Enjoyment of Common Open Area

All members and their immediate families and guests shall have the rights of use and enjoyment of the Common Open Area subject to payment of the maintenance charges and to such reasonable rules, regulations, fees and charges as may be established by the Board of Directors.

ARTICLE VI

Association Purposes and Powers

The Association has been organized for the purposes set forth in its Articles of Incorporation and have the powers granted by the Texas Non-Profit Corporation Act.

ARTICLE VII

Board of Directors

Section 1. The property and affairs of the Association shall be managed and controlled by the Board of Directors. Subject to the restrictions imposed by law, by the articles of incorporation or by these by-laws, the Board of Directors shall exercise all of the powers of the Association.

Section 2. The number of directors shall be five (5) but the number of directors may be increased or decreased (providing such decrease does not shorten the term of any incumbent director) from time to time by amendment to these By-Laws, provided that the number of directors shall never be less than three (3).

Section 3. Vacancies in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors, and any such appointed Director shall hold office for the unexpired term of his predecessor in office.

Section 4. The term of the directors shall be two (2) years, such that two (2) directors shall be elected one year and three (3) shall be elected the following year.

ARTICLE VIII

Election of Directors; Nominating Committee;

Election Committee

Section 1. The election of the Board of Directors shall be by written ballot as hereinafter provided. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of Articles III and IV of these by-laws. The name(s) receiving the largest number of votes shall be elected. There shall not be cumulative voting.

Section 2. Nominations for election to the Board of Directors shall be made by a Nominating Committee that shall be one of the standing committees of the Association.

Section 3. The Nominating Committee shall consist of the Chairman, who shall be a member of the Board of Directors, and one or more members of the Association. The Nominating Committee shall be appointed by the Board of

Directors prior to each annual meeting of the members to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting.

Section 4. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nomination shall be made from among members of the Association in good standing at the time of nomination. Nominations shall be placed on a written ballot as provided in Section 5 and shall be made in advance of the time fixed in Section 5 for the mailing of such ballots to the members.

Section 5. All elections of the Board of Directors shall be made on written ballots which shall (a) describe the vacancies to be filled; (b) set forth the names of those nominated by the Nominating Committee for such vacancies; and (c) contain a space for write-in vote by the members for each vacancy. Such ballot shall be prepared and mailed by the Office Manager to the members at least fourteen (14) days in advance of the date set forth therein for a return (which date for a return shall be a date not later than the day before the annual meeting or special meeting called for elections).

Section 6. Each member shall be mailed a ballot on which he/she may cast the number of votes to which he/she is entitled. The completed ballot shall be returned in the manner hereinafter outlined. The ballot shall be placed in a sealed envelope marked "ballot" but not marked in any other way. Such "ballot" envelope shall, in turn, be placed in another sealed envelope which shall bear on its face the name and signature of the member or his proxy, the number of votes being cast and such other information as the Board of Directors may determine will serve to establish his/her right to cast the vote or votes stated therein. The ballot shall be returned to the Office Manager at 5805 Lumberdale Road.

Section 7. Upon receipt of each return, the Office Manager shall immediately place it in a safe or other locked place until the day set by the Board of Directors for the counting of the ballots. On that day, the external envelopes containing the "ballot" envelopes shall be turned over, unopened, to the Election Committee which shall consist of three (3) persons appointed by the Board of Directors. The Election Committee shall then adopt a procedure which shall (a) establish that the member is entitled to cast, either personally or by proxy, the number of votes indicated on the outside envelope; (b) that the signature of the member or his/her proxy on the outside of the envelope is genuine; and (c) if the vote is by proxy, that a proxy has been filed with the Office Manager as provided in Article XIV, Section 2, and that such proxy is valid. Such procedure shall be taken in such manner that the vote of any member or his/her proxy shall not be disclosed to anyone, including the Election Committee.

The outside envelope shall thereupon be placed in a safe or other locked place and the Election Committee shall proceed to the opening of the "ballot" envelopes and the counting of the vote. Immediately after the announcement of the results, unless a review of the procedure is demanded by the members present, the ballots and the outside envelopes shall be destroyed.

ARTICLE IX

Powers and Duties of the Board of Directors

Section 1. Without limiting the power of the Board of Directors, the Board of Directors shall have the express power (a), subject to Section 9 of Article XVIII herein below, to contract for and on behalf of the Association for such duration as it, in its sole discretion, deems necessary or advisable; (b) to call special meetings of the members whenever it deems it necessary and it shall call a meeting at any time upon written request of one-fourth (1/4) of the voting membership; (c) to appoint and remove at its pleasure all officers and agents and employees of the Association, prescribe their duties, fix their compensation and

require of them security or fidelity bonds as it may deem expedient, provided that nothing contained in these by-laws shall be construed to prohibit the employment of any member, officer or director for the Association in any capacity whatsoever; (d) to establish, levy and assess and collect the maintenance charges and all other charges, if any, referred to in the Declaration covering the Property; (e) to adopt and publish rules and regulations governing the use of the Common Open Area and the personal conduct of the members and their guests thereon; (f) to exercise for the Association all powers, duties and authority vested in or delegated to the Association, except those reserved to the members in the Declaration; (g) in the event any member of the Board of Directors of this association shall be absent on three (3) consecutive regular meetings of the Board of Directors, to declare by action taken at the meeting in which such third absence occurs the office of said absent Director to vacant.

Section 2. It shall be the duty of the Board of Directors (a) to cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting when such is required in writing by one-fourth (1/4) of the voting membership as defined in Article III of these by-laws; (b) to supervise all officers, agents and employees of the Association, and to see that their duties are properly performed; (c) as more fully provided in Articles V and VI of the Declaration applicable to the Property, (I) to fix the amount of the maintenance charge against each Townhouse for each annual period at least thirty (30) days in advance of such date or period, and at the same time (ii) to prepare a roster of the Properties and maintenance charges applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any member, and at the same time (iii) to send written notice of each assessment to every owner subject thereto; and (d) to issue or to cause an appropriate officer to issue, upon

demand by any person a certificate setting forth whether any maintenance charge has been paid; such certificate shall be conclusive evidence of any charge therein stated to have been paid.

Section 3. The Board of Directors may, by a simple majority vote, authorize the payment from Forrest Lake Townhouse Association funds of the deductible amount of the Directors' and Officers' Liability Insurance Policy in the event of a legal action against any or all of the Board members and/or officers of the Association, arising out of the discharge, or manner of discharge, of his or her duties as a member of said Board of Directors or Officer.

ARTICLE X

Directors' Meeting

Section 1. A regular meeting of the Board of Directors shall be held on the third Thursday of each month at 7:00 PM, provided the Board of Directors may, by resolution, change the day and hour of holding such regular meeting.

Section 2. Notice of such regular meeting is hereby dispensed with. If the day of the regular meeting shall fall upon a holiday, the meeting shall be held at the same hour on the first day following which is not a holiday, and no notice there of need be given.

Section 3. Special meetings of the Board of Directors shall be held when called by any three (3) Directors after not less than three (3) days' notice to each Director.

Section 4. The transaction of any business at any meeting of the Board of Directors, however called or wherever held, shall be as valid as though made at a meeting duly held after regular notice, if a quorum is present and, if either before or after the meeting, each Director not present signs a written Waiver of Notice or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the Corporate records and made a part of the minutes of the meeting.

Section 5. The majority of the Board of Directors shall constitute a quorum thereof.

ARTICLE XI

Officers

Section 1. The Officers shall be a President, one or more Vice Presidents, Secretary and a Treasurer.

Section 2. The officers shall be chosen by a majority vote of the Directors present at any meeting at which a quorum is present. Vacancies shall be filled by the Board at any regular or special meeting thereof.

Section 3. All officers shall be elected for a term of two (2) years.

Section 4. The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and, unless otherwise provided by the Board, sign all contracts, notes, leases, mortgages, deeds, and all other written instruments which have been approved by the Board or pursuant to authority granted by the Board.

Section 5. Each Vice President shall have such power and duties as may be assigned to him or her by the Board of Directors. If more than one Vice President is elected, the Board shall designate who is the 1st Vice President, who is the 2nd Vice President, etc. In the absence of the President, the 1st Vice President shall perform the duties of the President. Such authority to act for the President shall vest to the Vice Presidents in the order of their numerical designation at the time of their election to such office by the Board of Directors.

Section 6. The Secretary shall be ex-officio the Secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for that purpose. The Secretary shall sign all certificates of membership, if any are approved by the Board. The Secretary shall be responsible for the records of the Association. The Secretary shall see that a record is kept in a book for that purpose the names of all members of the Association

together with their addresses as registered by such members.

Section 7. The Treasurer shall oversee the receipt and deposit of monies in appropriate bank accounts of the Association and shall monitor the disbursement of such funds as directed by resolution of the Board of Directors, provided, however, that a resolution of the Board of Directors shall not be necessary for the disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The Treasurer shall sign all checks and notes of the Association.

The Treasurer shall be responsible for maintaining proper books of account. He shall prepare an annual budget and it, along with an annual balance sheet statement shall be presented to the membership at its regular October General Meeting.

ARTICLE XII

Committees

Section 1. Standing committees of the Association shall be the Nominations Committee, the Recreation Committee, the Maintenance Committee, and the Audit Committee. Unless otherwise provided herein, each committee shall consist of a Chairman and two or more members. The Board member shall chair the committee. The committees shall be appointed by the Board of Directors at the first regular Board meeting following the annual General Meeting, to serve from the close of such annual meeting until the close of the next annual meeting. The Board of Directors may appoint other committees at such other times as it deems desirable.

Section 2. The Nominations Committee shall have the duties and functions described in Article VIII.

Section 3. The Recreation Committee shall advise the Board of Directors on all matters pertaining to the recreational program activities of the Association and shall perform such other functions as the Board, in its discretion, determines.

Section 4. The Maintenance Committee shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of any Common Open Area, and shall perform such other functions as the Board, in its discretion, determines.

Section 5. The Audit Committee shall supervise any and all audits of the Association's books and approve the annual budget and balance sheet statement to be presented to the membership at its October General Meeting as provided in Article XI, Section 8. The Treasurer shall be an ex-officio member of the committee.

Section 6. With the exception of the Nominations Committee, each committee shall have the power to appoint a subcommittee from among its membership and may delegate to any subcommittee any of its powers, duties and functions.

Section 7. It shall be the duty of each committee to receive complaints from the members on any matter involving Corporation functions, duties and activities within the field of its responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE XIII

Meetings of Members

Section 1. The regular annual meeting of the membership shall be held on the third Tuesday in October at 7:30 PM at any the clubhouse located at 5805 Lumberdale RD, Houston Texas.

Section 2. Special meetings of the members for any purpose may be called at any time by the President, or by any three or more members of the Board of Directors, or upon written request of the members who have a right to vote one-fourth (1/4) or more of all of the votes of the entire membership.

Section 3. Notice of meetings of the membership shall be posted in a conspicuous manner in front of the clubhouse three (3) days prior to such meeting. A written notice shall be mailed to each absentee owner at the address registered in the Association office not less than ten (10) nor more than fifty (50) days in advance of the meeting and shall set forth the general nature of the business to be transacted, provided, however, that if the business of any meeting shall involve an election governed by Article VIII or any action governed by the articles of incorporation or by the Declaration, notice of such meeting shall be given or sent to all members of the Association at the registered address as recorded in the Association office.

Section 4. At any membership meeting the presence, whether in person or by proxy, of members entitled to vote 25% of the total membership vote, shall constitute a quorum for the transaction of business. However, should the nature of the business to be transacted be such that a different quorum is required either by the Articles of Incorporation or the Declaration, then the quorum therein provided shall govern action on those matters. All proxies shall be in writing and be filed with the Secretary at least 24 hours prior to the meeting.

ARTICLE XIV

Proxies

Section 1. At all meetings of members, each member may vote in person or by proxy.

Section 2. All proxies shall be in writing and filed with the Secretary. No proxy shall extend beyond the period of eleven (11) months, and every proxy shall automatically cease upon the disposition, whether voluntary or involuntary, by the member of his interest in any Townhouse.

ARTICLE XV

Maintenance Fund

Section 1. There shall be a reserve fund maintained for the specific purpose of replacement of the roofs. This Roof Sinking Fund shall be added to and paid with the monthly maintenance charge. Such charge is currently \$10.00 per month per Townhouse, but may be increased or decreased at the discretion of the Board of Directors from time to time, in order to cover the cost of replacement of said roofs.

Section 2. The Roof Sinking Fund shall be housed in a separate interest bearing account set aside for this purpose and cannot be used for any other purpose than roof replacement with the consent of a simple majority of Townhouse owners meeting in any general or special meeting, and recession of this by-law.

Section 3. This sinking fund is for total replacement of the roof on any of the thirty two (32) buildings and not for routine maintenance.

ARTICLE XVI

Books and Papers

Section 1. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member or by the holder of any recorded first lien Deed of Trust on any Townhouse.

ARTICLE XVII

Corporate Seal

Section 1. The Association shall have a seal as may be approved from time to time by the Board of Directors.

ARTICLE XVIII

Patio Fences

Section 1. It shall be the sole responsibility of the homeowner for repair or replacement of patio fences and gates.

Section 2. All plans shall first be submitted to the Board of Directors for approval before any construction is begun.

Section 3. Patio fences shall be constructed of treated cedar 1X4. Fences shall be 5" high and conform to other specifications as outlined and submitted with written approval by the Board of Directors to begin construction.

ARTICLE XIX

Amendments

Section 1. These by-laws may be altered, amended, or repealed by the affirmative vote of the holders of a majority of the voting power of all the members at any annual meeting, or at any special meeting of members if notice of the proposed amendment be contained in the notice of said special meeting, or by the affirmative vote of a majority of the full Board of Directors at any regular or special meeting, provided notice of said proposed amendment be contained in the notice of the meeting.

Section 2. In the case of any conflict between the Articles of Incorporation and these by-laws, the Articles of Incorporation shall control, except that Section 2 of Article VII of these by-laws shall control; and in the case of any conflict between the Declaration and these by-laws, the Declaration shall control.

ARTICLE XX

Miscellaneous

Section 1. The power of the Association to transfer or encumber the Common Open Area shall be limited as set forth in Section 4.06 of the Declaration.

Section 2. The Association shall not have a right of first refusal or any similar restriction in the event that any member desires to sell his Townhouse.

Section 3. Without prior notice to the holder of any recorded first lien Deed of Trust covering any Townhouse, the Association may not (a) abandon or terminate its corporate status or (b) materially amend these by-laws.

Section 4. The Association shall send to the holder of any recorded first lien Deed of Trust covering any Townhouse, simultaneously with notification to the members, a copy of any and all notices and documents sent to the members as a group, except for the actual ballots sent to members pursuant to Article VIII, and any and all notices of default or failure to pay the maintenance charges sent to specific members.

Section 5. The Association shall give the holder of any recorded first lien Deed of trust covering any Townhouse, timely notice of any condemnation proceeding affecting all or any portion of the Common Open Areas, and, upon the issuance of the award therefor, the Association shall receive and retain the same.

Section 6. The Association shall give timely written notice of any substantial damage or destruction to the holder of any recorded first lien Deed of trust covering any Townhouse if either the Townhouse so covered or any improvement that is a part of the Common Open Area is substantially damaged or destroyed.

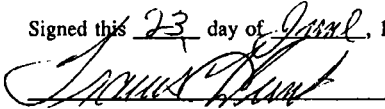
Section 7. The Association shall give notice to the holder of any recorded first lien Deed of Trust covering any Townhouse of any decision to terminate any professional contract should one have been put in place.

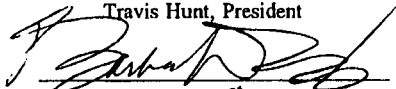
Section 8. The holder of any recorded first lien Deed of Trust shall be entitled to the notices and documents provided for in Sections 3, 4, 5, 6 and 7 of this Article XVIII only if such holder shall have previously (a) requested such, (b) notified the Association in writing of its status as the holder of a recorded

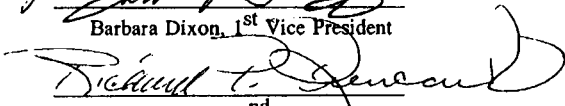
first lien Deed of Trust, and (c) given the Association its address.

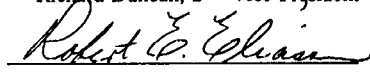
Section 9. Any agreement for the professional management of the Common Open Area shall be (a) terminable by the Association for cause upon no more than thirty (30) days' written notice thereof, and (b) for a term not to exceed one (1) year, provided that it may be renewable for successive periods not to exceed one (1) year each.

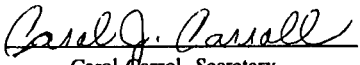
Signed this 23 day of June, 1997:


Travis Hunt, President


Barbara Dixon, 1st Vice President


Richard Duncan, 2nd Vice President


Robert Eliason, Treasurer


Carol Carroll, Secretary