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University Title Company
P.O. Drawer DT
College Station, Texas 77841

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00784724 BR 4769 229

GF# 21652 ^{Ln} SUPPLEMENT TO DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF THE TOWNHOMES AT CANYON CREEK

This Supplement to Declaration of Covenants, Conditions and Restrictions of the Townhomes at Canyon Creek is executed by Canyon Creek Partners, Ltd., a Texas limited partnership ("Declarant") effective as of August 1, 2002.

Declarant executed that certain Declaration of Covenants, Conditions and Restrictions of the Townhomes at Canyon Creek dated 15 FEBRUARY, 2002 and filed for record in the office of the County Clerk of Brazos County, Texas under Clerk's File No. 00774889 (the "Declaration"). Section 3.18 of the Declaration permits Declarant to prepare, execute and record a supplement to the Declaration to correct or clarify language in the Declaration which is susceptible of conflicting interpretations, and Declarant believes that certain provisions of Article IX of the Declaration are subject to conflicting interpretations.

Therefore, in accordance with the provisions of Section 3.18 of the Declaration, Article IX of the Declaration is hereby clarified, corrected and restated in its entirety to read as follows:

"ARTICLE IX
INSURANCE AND CASUALTY

9.1 Insurance-General.

(a) By acceptance of a deed to a Townhome Lot, each Owner shall be deemed to have irrevocably appointed the Association (which appointment shall be deemed a power coupled with an interest), together with any insurance trustee, successor trustee or authorized representative designated by the Association, as such Owner's attorney-in-fact for the purpose of purchasing and maintaining the insurance required hereunder as well as for submission of and adjustment of any claim for loss, the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purpose. The Association or such trustee, successor trustee or authorized representative must receive, hold or otherwise properly dispose of any proceeds of insurance in trust for the Owners, and their mortgagees as their interests may appear based on the fair market value of the interests damaged or destroyed. Any proceeds paid under any such policy shall be disbursed first for the repair or restoration of any damaged Common Facilities and Townhomes, and no Owner or lienholder shall receive payment of any portion of such proceeds unless a surplus remains after the Townhome has been completely restored.

(b) Each policy of insurance maintained by the Association shall provide that:

(i) The Association shall be named as the insured;

(ii) Each Owner is an insured person under such policies with respect to liability arising out of the Owner's ownership of any undivided interest in the Common Area or membership in the Association;

(iii) Insurance trust agreements will be recognized;

(iv) Any right to claim (A) by way of subrogation against the Declarant, the Board, the Owners, and their respective agents and employees, and (B) invalidity arising from acts of the insured is waived;

(v) The coverage of the policy is not prejudiced by any act or omission of an Owner to the extent that such act or omission is not within the collective control of all Owners;

(vi) Such policy is primary insurance if at the time of a loss under the policy any Owner has other insurance covering the same property covered by the policy;

(vii) No act or omission by any Owner, unless validly exercised on behalf of the Association, will void the policy or be a condition to recovery under the policy; and

(viii) Such policy may not be cancelled, not renewed or substantially modified without prior written notice to the Association and, in the case of physical damage and fidelity insurance, to all Owners and to all mortgagees.

(c) The Declarant, so long as Declarant shall own any Townhome Lot shall be protected by all such policies as an Owner.

(d) The Board shall have the express authority, on behalf of the Association, to name as insured an authorized representative, including any trustee (or successor thereto) with whom the Association has entered into any insurance trust agreement, which authorized representative shall have exclusive authority to negotiate losses under any policy providing the property or liability insurance required to be provided herein.

(e) The cost of all insurance required to be carried hereunder by the Association shall be a common expense paid from the regular assessments.

9.2 Physical Damage Insurance.

(a) The Association shall obtain and maintain a policy of insurance (an "All Risk Policy") against fire and such other hazards within the meaning of "all risk" insuring the Improvements and naming the Association as insured as trustee for the use and benefit of all Owners and their mortgagees as their interests may appear subject, however, to loss payment and adjustment provisions in favor of the Board, in an amount equal to one hundred percent (100%) of the then current replacement cost of the Townhomes exclusive of land, excavations, foundations and other items usually excluded from such coverage, such amount to be re-determined periodically by the Board with the assistance of the insurance company affording such coverage. The portion of the Townhomes insured shall include, without limitation, all original improvements (and replacements thereof) to the exterior of the Townhomes and

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replacements of the foregoing, but shall exclude additions or betterments to the Townhomes and to the interior of the Townhomes, cabinets and original appliances, water heaters, HVAC units, the paint, texture and/or wall coverings of interior walls. Any deductible shall not exceed 1% of the replacement cost. The insurance company's determination of the amount of coverage required shall be binding and conclusive on the Association and each Owner for purposes of the coverage required by this Section. A stipulated value or agreed amount endorsement deleting the co-insurance provision of the policy shall be provided with such insurance. If not otherwise included within the "All Risks" coverage specified above, then the Association shall carry or cause to be carried, by endorsement to such "All Risks" policy, coverage against damage due to water and sprinkler leakage, flood and collapse and shall be written with limits of coverage typically required with respect to facilities similar to the Townhomes.

(b) Notwithstanding Section 9.2(a): (i) during the course of alteration of any improvements to a Townhome, the party causing the alterations to be performed (or its contractor) shall carry replacement cost builder's risk insurance as to the alterations, naming (in addition to such party and its contractor) the Owner of the Townhome, and the Association (as loss payee) and any mortgagee(s) of the Owner as insureds, as their interests may appear.

(c) Each All Risk Policy shall also provide (unless otherwise provided):

(i) The following endorsements (or equivalent): "contingent liability from operation of building laws", "demolition cost", "increased cost of construction", "agreed amount" or its equivalent and "inflation guard," if available.

(ii) That any "other insurance" clause expressly excludes individual Owners' or lessees' policies from its operation so that the physical damage policy purchased by the Association shall be deemed primary coverage and any individual Owners' or lessees' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Association hereunder provide for or be brought into contribution with insurance purchased by individual Owners or their mortgagees, unless otherwise required by law.

(iii) The right of subrogation against the Declarant and the Owners shall be waived.

(d) A duplicate original of the policy of physical damage insurance, all renewals thereof and any subpolicies or certificates and endorsements issued thereunder together with proof of payment of premium shall be delivered by the insurer to any mortgagee so requesting at least 10 days prior to expiration of the then current policy. All mortgagees shall be notified of any event giving rise to a claim under such policy in excess of \$10,000 (in the case of damage to the Townhome covered by such mortgagee's lien).

(e) The Association shall not obtain any policy of insurance where (i) under the terms of the carrier's charter, bylaws or policy, contributions or assessments may be made against the Owner or mortgagee or become a lien against the Townhome; or (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders or members; or (iii) the policy includes any limiting clauses (other than

insurance conditions) which could prevent the Association, Owners or mortgagees from collecting insurance proceeds.

9.3 Liability Insurance. The Association shall obtain and maintain commercial general public liability and property damage insurance in such limits as the Board may from time to time determine (but not less than one million dollars (\$1,000,000) for bodily injury or property damage for any single occurrence), insuring the Association, each member of the Board, each Owner, and the Declarant, against any liability to the public arising out of, or incident to the ownership or use of the Common Areas and Joint Upkeep Areas. Such insurance shall be issued on a comprehensive liability basis and shall contain a cross-liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his action against another named insured. The Board shall review such limits periodically. "Umbrella" liability insurance in excess of the primary limits may also be obtained. The obtaining of liability insurance shall not constitute a waiver of sovereign immunity or any other defense by any person.

9.4 Separate Insurance. Each Owner shall have the right and responsibility, at his own expense, to obtain insurance for his personal property and for such other risks as he may desire (including an "All Risk Policy" against the contents of his Townhome, liability insurance, business interruption and workmen's compensation insurance); provided, however, that no Owner shall be entitled to exercise his right to acquire or maintain such insurance coverage so as to decrease the amount which the Association may realize under any insurance policy maintained by the Association or to cause any insurance coverage maintained by the Association to be brought into contribution with insurance coverage obtained by an Owner. Each Owner shall have the right and responsibility, at his own expense, to obtain such liability coverage as he shall deem prudent. All such policies shall contain waivers of subrogation as against other Owners, the Association, its Board, the Declarant, and their respective agents and employees.

9.5 When Repair and Reconstruction are Required. Each Owner and each mortgagee, in the event of damage to or destruction of all or any of the Improvements as a result of fire or other casualty agree that the Board shall arrange for and supervise the prompt repair and restoration of the Improvements. Notwithstanding the foregoing or anything herein to the contrary, except as otherwise agreed to in a document signed by the Association, the affected Owner and its mortgagee, the cost and other responsibility for repair and restoration of an alteration, which is to be covered by builder's risk insurance as set forth herein, shall be that of the Owner or its agent performing such construction or alteration, and the Association and all other insureds under such builder's risk policy shall release the proceeds of such insurance so as to permit such repair or restoration.

9.6 Procedure for Reconstruction and Repair.

(a) Subject to the last sentence of Section 9.5, promptly after a fire or other casualty causing damage to any portion of the Improvements, the Board shall obtain reliable and detailed estimates of the cost of repairing and restoring such Improvements to restore to a condition as good as that existing before such casualty. Such costs may also include professional and consulting fees and premium for such bonds as the Board determines to be necessary.

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(b) Subject to the last sentence of Section 9.5, if the insurance proceeds are not sufficient to pay such estimated costs of reconstruction and repair, or if upon completion of reconstruction and repair the funds for the payment of the costs thereof (from all sources including the obligation of tenants to restore) are insufficient, then the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve for replacement funds and/or shall be deemed common expenses and a special assessment therefor shall be levied against all Owners in accordance with their respective interests. Such special assessment shall be payable within thirty (30) days of the notice thereof being delivered by the Association to the Owners.

(c) Any such reconstruction or repair shall be substantially in accordance with the original construction of the Improvements.

(d) Any restoration and repair work undertaken by the Association shall be performed in a good and workmanlike manner with a view to restoring the Improvements to a condition similar to that existing prior to such damage or destruction. All such restoration and repair work, whether done by the Association or an Owner, shall be effected in a manner so as to observe all Townhome Lot boundaries existing prior to such damage or destruction.

9.7 Association as Attorney-in-Fact. Each Owner, by acceptance or possession of title to a Townhome Lot, hereby irrevocably makes, constitutes and appoints the Association, and each and every of its successors in interest hereunder, as Owner's true and lawful attorney-in-fact, for and in Owner's name, place and stead, upon the damage or destruction of the Property, or any part thereof, or upon any determination by the Owners made pursuant to this Article, to take any and all actions, and to execute and deliver any and all instruments, as the Board may, in its reasonable discretion, deem necessary or advisable to effect the intents and purposes of this Article IX, hereby giving and granting unto the Association full power and authority to do and perform each and every act whatsoever requisite or necessary to be done in and about the Property as fully, to all intents and purposes, as an Owner might or could do, hereby ratifying and confirming whatsoever the Association may do by virtue hereof. The Association is hereby authorized, in the name and on behalf of all the Owners, to do and perform all actions necessary or appropriate to effect the intent and purposes of this Article as aforesaid, including, without limitation, the power and authority to make and settle claims under any insurance policies maintained by the Association, contract for and with respect to restoration and repair work to the Improvements, and to execute and deliver all instruments necessary or incidental to any such actions. The Association shall have the right to change the foregoing coverages to reflect changes in policy forms and endorsements or if it would be commercially reasonable to obtain alternative insurance; however, in no event shall the Association ever not maintain liability insurance and property and casualty insurance."

Executed to be effective as of the date first set forth above.

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CANYON CREEK PARTNERS, LTD,
a Texas limited partnership

By: American Collegiate Housing, Inc.,
a Texas corporation, its general partner

By: Todd P. Sullivan
Name: TODD P. SULLIVAN
Title: PRESIDENT

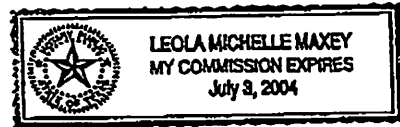
THE STATE OF TEXAS §
 §
COUNTY OF BRAZOS §

BEFORE ME, the undersigned authority, on this day personally appeared Todd P. Sullivan, President of American Collegiate Housing, Inc., a Texas corporation, general partner of Canyon Creek Partner, Ltd., a Texas limited partnership, on behalf of said partnership.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 6th day of August, 2002.

Leola Michelle Maxey
Notary Public in and for the State of Texas

After recording return to:
John G. Cannon
Winstead Sechrest & Minick P.C.
910 Travis, Suite 2400
Houston, Texas 77002



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39080-1 08/02/2002

HARRIETTE WREN KENNEDY, COUNTY CLERK
BRAZOS COUNTY

AUG 06, 2002

STATE OF TEXAS COUNTY OF
I hereby certify that this instrument was
filed on the date and the stamped herein by me
and was duly recorded in the volume and page
of the said records of:
BRAZOS COUNTY
as stamped herein by me.

Filed for Record in:
BRAZOS COUNTY
On: Aug 06, 2002 at 02:45P
As a
Recording
Document Number: 00784724
Amount: 16.00
Receipt Number - 200106
By: Harry Garcia

Bill & Return to:
 University Title Company
 P.O. Drawer DT
 College Station, Texas 77841

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GF# 21652 Lm SUPPLEMENT TO DECLARATION OF
 COVENANTS, CONDITIONS AND RESTRICTIONS
 OF THE TOWNHOMES AT CANYON CREEK

This Supplement to Declaration of Covenants, Conditions and Restrictions of the Townhomes at Canyon Creek is executed by Canyon Creek Partners, Ltd., a Texas limited partnership ("Declarant") effective as of August 1, 2002.

Declarant executed that certain Declaration of Covenants, Conditions and Restrictions of the Townhomes at Canyon Creek dated 15 FEBRUARY, 2002 and filed for record in the office of the County Clerk of Brazos County, Texas under Clerk's File No. 00774889 (the "Declaration"). Section 3.18 of the Declaration permits Declarant to prepare, execute and record a supplement to the Declaration to correct or clarify language in the Declaration which is susceptible of conflicting interpretations, and Declarant believes that certain provisions of Article III of the Declaration are subject to conflicting interpretations.

Therefore, in accordance with the provisions of Section 3.18 of the Declaration, Article III, Section 3.1 (b) of the Declaration is hereby clarified, corrected and restated in its entirety to read as follows:

"ARTICLE III
 USE RESTRICTIONS

3.1 Land Use and Building Type

(b) Garages: No garage shall ever be changed, altered or otherwise converted for any purpose inconsistent with the housing of automobiles at all times. All Owners, their families, tenants and contract purchasers shall, to the greatest extent practicable, utilize such garages for the garaging of vehicles belonging to them. All garage doors must be closed when not in use (vehicles entering or exiting) and/or between the hours of 9:00 PM and 7:00 AM

Executed to be effective as of the date first set forth above.

CANYON CREEK PARTNERS, LTD,
 a Texas limited partnership

By: American Collegiate Housing, Inc.,
 a Texas corporation, its general partner

By: Todd P. Sullivan
 Name: TODD P. SULLIVAN
 Title: PRESIDENT

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THE STATE OF TEXAS §
 §
COUNTY OF BRAZOS §

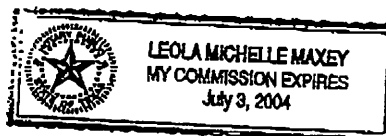
BEFORE ME, the undersigned authority, on this day personally appeared Todd P. Sullivan, President of American Collegiate Housing, Inc., a Texas corporation, general partner of Canyon Creek Partner, Ltd., a Texas limited partnership, on behalf of said partnership.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 6th day of August, 2002.

Leola Michelle Maxey
Notary Public in and for the State of Texas

After recording return to:

John G. Cannon
Winstead Sechrest & Minick P.C.
910 Travis, Suite 2400
Houston, Texas 77002



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39080-1 08/02/2002

Filed for Record in:
BRAZOS COUNTY

On: Aug 06, 2002 at 02:45P

As a
Recording

Document Number: 00784725

Amount: 0.00

Receipt Number - 208105

By:
Mary Garcia

STATE OF TEXAS COUNTY OF

I hereby certify that this instrument was filed on the date and time stated herein by me and was duly recorded in the volume and page of the book records of BRAZOS COUNTY as stated herein by me.

Aug 06, 2002

HANSELLE GREEN JOSEPH, COUNTY CLERK
BRAZOS COUNTY