

Page 1-4

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AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR PIRATES COVE TOWNHOMES

THE STATE OF TEXAS

COUNTY OF GALVESTON

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KNOW ALL MEN BY THESE PRESENTS

WHEREAS, by instrument entitled Declaration of Covenants, Conditions and Restrictions ("Declaration"), dated February 2, 1985, filed for record under County Clerk's File No 8406238 of the Real Property Records of Galveston County, Texas, Mitchell Development Corporation of the Southwest, a Delaware Corporation, did impose upon all the Property shown on the plat entitled Lake Como Townhouses at Pirates' Beach, recorded in Volume 17, Page 111 of the Map Records of Galveston County, Texas, certain covenants, conditions and restrictions, and

WHEREAS, the Declaration was amended by instrument dated October 4, 1984 filed for record under County Clerk's File No 8448675 of the Real Property Records of Galveston County, Texas, and

WHEREAS, the Declaration was amended by instrument dated April 30, 1985 filed for record under County Clerk's File No 8520654 of the Real Property Records of Galveston County, Texas, and

WHEREAS, Section 9 08 of the Declaration, as amended, provides that the covenants, restrictions or other terms and provisions of the Declaration, may be repealed, amended or modified by an instrument in writing executed by the persons or entities who own 75% of the Townhouse Lots, then subject to and covered by the Declaration and filed for record in the Real Property Records of Galveston County, Texas, and

WHEREAS, it is the desire of the undersigned owners to amend the Declaration of Covenants, Conditions and Restrictions, and to execute and record in Galveston County, Texas, this instrument embodying such amendments in order that all parties shall be charged with the same

NOW THEREFORE, for and in consideration of the premises, the undersigned owners do hereby delete Section 4 09 in its entirety, and replace it with the following

Section 4.09 - Insurance. The Corporation, as defined in Section 1 01 of the Declaration, or its duly authorized officers, shall have the authority to and shall obtain Commercial Property insurance for all buildings located on the property Such insurance shall cover all Townhouses against loss by fire and other perils covered by a Commercial Property Special Form policy, Flood as covered by a National Flood Insurance Association policy, and Windstorm, Hurricane and Hail as covered in a policy issued by the Texas Catastrophe Property Insurance Association. These

policies shall be written with limits sufficient to cover the full replacement cost of all of the buildings and Townhouses in the event of damage or destruction from any covered peril. The deductible on these policies shall be determined by the Corporation or its duly authorized officers and in the event of loss or damage to the buildings the deductible shall be apportioned in a manner to be determined by the Corporation. The Commercial Property, Flood, and Windstorm insurance policies shall cover the exterior and interior walls, floors, roofs, ceilings, interior cabinets and fixtures, built in appliances, air conditioning and heating systems, windows, doors, plumbing, wiring and other exterior building fixtures. These policies shall not cover carpet or other floor coverings, furniture, interior alterations or improvements done at the Townhouse owner's expense or other personal property. Coverage for these items not insured by the Corporation shall be the responsibility of the individual Townhouse owner, as further set forth below.

The Corporation shall also obtain a Commercial General Liability policy covering the Common Areas owned or maintained by the Corporation against all damage or injury caused by the negligence of the Corporation or its agents. This policy shall be written with the following minimum coverage limits:

General Aggregate	\$2,000,000
Products/Completed Operations Aggregate	\$1,000,000
Personal and Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Fire Damage	\$ 50,000
Medical Payments	\$ 1,000

The Commercial General Liability policy shall contain an endorsement naming each individual Townhouse owner as an Additional Insured as respects their liability for the Common Areas of the Corporation. The cost of the Commercial General Liability policy covering the Common Areas may be paid for out of the assessments made and levied against the townhouse lots in accordance with Article IV of this Declaration, and amendments hereto.

All insurance coverage, including insurance on individual Townhomes, shall be written in the name of the Corporation as Trustee for each of the Townhome owners.

Premiums for insurance obtained by the Corporation on individual Townhomes shall not be part of the common expense but shall be an expense of the specific Townhouse or Townhouses.

so covered and a debt owed by the Townhouse Owner to the Corporation. The debt for insurance shall be a charge upon the land and a lien to secure its payment is hereby created. The debt shall become a personal obligation of the Townhouse Owner and if not paid within thirty days shall bear the same interest and be foreclosed in the same manner as the liens for maintenance assessments as set forth in section 4 07 of the Declaration. Such lien shall be subordinate to the lien of any purchase money and/or improvement mortgage.

In addition to the aforesaid insurance required to be carried in the name of the Corporation as Trustee for each of the individual Townhomes, it shall be the responsibility of each Townhouse Owner to provide personal property and liability insurance covering damage to personal property within or about an individually owned Townhome and the Townhome Owner's personal liability for the interior of their individual Townhomes. Such insurance shall be written at the Townhome Owner's expense. Each Owner hereby acknowledges that damage to personal property shall not be the responsibility of the Corporation, and that each Owner is responsible for obtaining personal property insurance to protect against damage to his or her own personal property within or about an individually owned Townhouse, and for obtaining insurance covering each Owner's personal liability for the interior of his or her individual Townhouse.

In the event of damage or destruction by fire or other casualty to any property covered by insurance written in the name of the Corporation, the Corporation shall, with concurrence of the mortgagee thereof, if any, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the property. All insurance proceeds shall be deposited in a bank or other financial institution, the accounts of which bank or financial institution are insured by a federal governmental agency, with the proviso that the funds may be withdrawn only by signature of at least one-third (1/3) of the members of the Board of Directors of the Corporation, or by an agent duly authorized by the Board of Directors of the Corporation. The Corporation shall advertise for sealed bids with any licensed contractors, and then may negotiate with any contractor, who shall be required to provide full performance and payment bonds, for the repair, reconstruction or rebuilding of such destroyed property.

In the event the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding to the same condition as formerly, the Corporation shall levy a special assessment against all owners of the damaged Townhouses in such proportions as the Corporation shall deem fair and equitable in the light of the damage sustained by such Townhouses to make up any deficiency, except that the special assessment shall be levied against all Townhouse owners, to make up any deficiency for repair or rebuilding of the Common Area not a physical part of a Townhouse In the event that the insurance proceeds exceed the cost of repair and reconstruction, the excess shall be paid over to the respective mortgagees and owners of the damaged Townhouses as their interest may then appear

THE FOREGOING shall be covenants running with the land and shall be binding upon any purchaser, grantee, owner, or lessee of any land or building comprising the Property, and upon the respective heirs, executors, administrators, devisees, successors and assigns of such purchaser, grantee, owner or lessee

EXCEPT and as herein amended, all of the provisions of the Declaration of Covenants, Conditions and Restrictions and any other amendments are hereby ratified and confirmed and shall remain in full force and effect as originally written

PIRATES COVE TOWNHOME ASSOCIATION, INC
Stephen A. Cook, VP
(Signature and Title)
7/3/99
(Date) *EC*

THE STATE OF TEXAS

COUNTY OF HARRIS

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This instrument was acknowledged before me on the 3rd day of April 1999 by Stephen Cook who is the President of Pirates Cove Townhome Association, Inc, on behalf of said corporation Vice *Paula Sharon*

Notary Public in and for the State of Texas

PAULA SHARON
MY COMMISSION EXPIRES
January 10, 2001

