

**LOT PURCHASE AND DEVELOPMENT CONTRACT**

**LARA AFFORDABLE HOUSING PROGRAM  
\$1 LOT PROGRAM**

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**LOT PURCHASE AND DEVELOPMENT CONTRACT**  
**LARA Affordable Housing Program – \$1 Lot Program**

THIS LOT PURCHASE AND DEVELOPMENT CONTRACT (this "Contract") is made and entered into by and between the LAND ASSEMBLAGE REDEVELOPMENT AUTHORITY ("Seller"), a Texas local government corporation created pursuant to TEX. TRANSP. CODE ANN. § 431.101., and the "Purchaser" defined below.

**WITNESSETH:**

For and in consideration of the sum of TEN AND NO/100THS DOLLARS (\$10.00) and other good and valuable consideration in hand paid by Purchaser, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I**

**DEFINITIONS**

The terms hereinafter used shall have the following meanings unless the context of this Contract otherwise requires:

"City" means the City of Houston, Texas.

"Construction Costs" means the costs incurred by Purchaser to construct a Residence based upon the model(s) submitted by Purchaser and approved by Seller (each such approved model being referred to as a "Model"). Construction Costs include Lot development costs, e.g., site survey, site work, driveway/culvert clearing; applicable regulatory fees; Purchaser's hard costs; construction financing; Purchaser's soft costs, including margin or overhead and marketing costs, including any realtor fees; Purchaser's closing costs; property taxes while Lots are in Purchaser's inventory; and homeowner's warranty and warranty provision. The Construction Costs for each Model are set forth on Schedule 1.

"Contract" means this Contract and all written amendments, modifications, and supplements thereto executed by both Purchaser and Seller.

"Closing" means the act of settlement of the purchase and sale of the Lots at which title is conveyed from Seller to Purchaser.

"Closing Date" means any date on which the Closing occurs.

"Construction Loan Commitment" means a commitment issued to Purchaser by a bona fide third-party lender committing loan to Purchaser funds in at least the amount of the Construction Costs and otherwise provide Purchaser adequate funds to complete Purchaser's obligations hereunder to acquire the Lots, construct the Residences and sell the Property to an Owner all in form and substance reasonably satisfactory to Seller.

"Declaration" means the Declaration of Land Use Restrictions ("Restrictive Covenants") in the form attached hereto as Exhibit "A," and made a part hereof for all purposes, to be

recorded at Closing immediately prior to recordation of the Deed, which instrument encumbers the Lots with conditions, restrictions, and assessments.

"Deed" means a special warranty deed (with vendor's lien, as applicable, at the request of Purchaser) conveying good and indefeasible title in fee simple to the Lot(s) which Purchaser elects to purchase pursuant hereto, subject only to the Permitted Exceptions, and substantially in the form attached hereto as Exhibit "B" and made a part hereof for all purposes.

"Effective Date" means the effective date of this Contract, which shall be the date executed by the Title Company evidencing receipt of a fully executed counterpart of this Contract.

"Existing Title Exceptions" means all of the exceptions set forth in the Title Commitment with respect to the Property and all matters shown on the Survey which indicate the existence of encumbrances not listed in the Title Commitment.

"Governmental Authorities" means the federal government, the State of Texas, the City, County of Harris, and any agency or instrumentality thereof having jurisdiction over Seller or Purchaser (as the case may be), the Property or any portion to hereof.

"Inspection Period" means the period of time identified as such in Schedule 1.

"Lot Purchase Price" means the price for each Lot, which, for purposes of this Contract, is \$1.00.

"Lot(s)" means any or all of those certain residential lots described on Schedule 1.

"Outside Closing Date" means the date specified as such in Schedule 1. In the event the Closing does not occur before the Outside Closing Date, then this Contract will be null and void, Seller shall not have any obligation to sell any Lots to Purchaser.

"Owner" means the Qualifying Low-Income Purchaser to whom Purchaser sells a Lot subject hereto, together with all of the improvements constructed thereon by Purchaser, including but not limited to the Residence thereon.

"Permitted Exceptions" means those Existing Title Exceptions to which Purchaser shall not object or which Purchaser shall waive in accordance with Section 3.01 hereof, the Protective Covenants, and the matters set forth in the Deed.

"Plans and Specifications" means the plans and specifications for Purchaser's construction of the Residence, as described in Schedule 1, as same may be amended, from time to time, with the prior written approval of the Project Manager (and, provided that such amendments comply with the terms hereof, Project Manager shall not unreasonably withhold approval of any such amendments). Project Manager shall indicate approval or disapproval of any such proposed amendments within fourteen (14) days after receipt of written request therefor.

"Project Manager" shall mean the person designated by Seller from time to time as having responsibility for monitoring Purchaser's compliance with the terms of this Contract. The initial Project Manager is Christon Butler.

"Property" means all or any portion of the Lots available for Purchaser's purchase under this Contract, together with all and singular the rights and appurtenances pertaining thereto.

"Protective Covenants" means the Declaration and any other covenants, conditions, restrictions, and assessments affecting the Property.

"Purchaser" means the party identified as such in Schedule 1.

"Qualifying Low-Income Purchaser" means a person satisfying the requirements set forth in the Declaration.

"Residence" means and refers to a detached, single-family home and garage to be constructed on the Lot. A Residence shall be the primary structure on the Lot and only one (1) Residence shall be permitted on each Lot; provided, however, with Seller's prior written approval and subject to the terms of the Protective Covenants, two (2) Lots may be combined into one (1) building site for one (1) Residence. As the context may require, the term "Residence" includes the Lot upon which it is constructed.

"Sales Price" means, with respect to each Residence and Lot, the amount specified as such in Schedule 1. The Sales Price consists of (i) the Lot Purchase Price plus (ii) the Construction Costs. The maximum Sales Price shall be One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00).

"Seller" means the Land Assemblage Redevelopment Authority, a Texas local government corporation created pursuant to TEX. TRANSP. CODE ANN. § 431.101.

"Solicitation of Offers" means the Land Assemblage Redevelopment Authority's Solicitation of Offers for Affordable Housing Development – \$1 Lot Program issued February 9, 2009.

"Term" means the term of this Contract, which shall run from the Effective Date hereof through and until Closing, unless otherwise mutually agreed by the parties in writing.

"Title Commitment" means a written commitment from the Title Company indicating the then current status of title to each Lot, subject only to the standard printed exceptions and to all easements, rights-of-way, liens, restrictions, and other encumbrances which (i) are of record or known to the Title Company and (ii) affect the subject Lot.

"Title Company" means:       Stewart Title Company  
  4700 W. Sam Houston Pkwy. N., Suite 100  
  Houston, TX 77041  
  Attention:       Cheryl Singleton  
  Escrow Officer  
  Telephone:     (713) 232-4357  
  Facsimile:     (713) 934-5196

"Title Policy" means the owner policy of title insurance to be issued by the Title Company pursuant to the Title Commitment.

"Website" means the Land Assemblage and Redevelopment Authority website <http://www.houstontx.gov/lara>, as same may be amended from time-to-time.

## **ARTICLE II**

### **PURCHASE AND SALE**

Seller hereby agrees to sell and convey and Purchaser hereby agrees to purchase and accept the Lot or Lots for the consideration, and upon and subject to the terms, provisions, and conditions, set forth in this Contract.

## **ARTICLE III**

### **TITLE AND SURVEY; INSPECTION PERIOD**

3.01 Title Commitment. Seller will cause the Title Company to deliver to Purchaser the Title Commitment issued through the Title Company and setting forth the state of title to the Property, and all exceptions to coverage which would appear in the Title Policy, together with copies of all instruments identified in the Title Commitment as exceptions to title. Purchaser, at its sole cost and expense, may cause the Title Commitment to be updated before any scheduled Closing hereunder. If after receipt of the original or an updated Title Commitment, together with copies of the instruments referred to therein as exceptions, Purchaser determines that any matter disclosed by the original or an updated Title Commitment which has not previously been approved by Purchaser (or deemed approved by Purchaser failing to timely make objection thereto) is unacceptable to Purchaser in its reasonable business judgment, Purchaser shall so notify Seller in writing specifying such objectionable matters on or before five (5) days after the date Purchaser actually receives a copy of such original or updated Title Commitment, together with copies of the instruments referenced therein. Seller shall have a period of ten (10) days following the receipt of such notice from Purchaser to cure such defect (provided that, subject to the provisions provided in this paragraph, Seller shall not be obligated to cure any such title defect, and, in the event the defect is cured, the date of all subsequent Closing(s) set forth in the Take Down Schedule will be extended for a period of time equal to the period of time, if any, such original Closing was delayed). If (i) Seller is unable or unwilling to cure such defects within the ten (10)-day period or (ii) Seller gives written notice to Purchaser that it is unwilling or unable to cure Purchaser's objection, Purchaser may, as Purchaser's sole and exclusive remedies, either (a) terminate this Contract within five (5) days after expiration of such ten (10)-

day period or receipt of Seller's notice to Purchaser (as the case may be) (in which case neither party shall have any further obligations hereunder except as otherwise provided herein), (b) maintain this Contract in effect with the obligation to purchase all Lots at Closing subject to such defects not cured by Seller which will be included in the definition of Permitted Exceptions or, (c) maintain this Contract in effect and remove any Lots with uncured and unacceptable defects. If Purchaser fails to notify Seller of such election within the prescribed five (5)-day period, Purchaser shall be deemed to have selected alternative (b) with the effect that Purchaser has waived its right to terminate this Contract. Notwithstanding any provision hereof to the contrary, Seller shall be responsible for (and cure) all liens, security interests, or similar encumbrances securing indebtedness imposed on the Property by Seller (the "Monetary Liens"), all mechanics and materialmen's liens encumbering the Property due to Seller's acts or omissions (unless such matters result from the actions of (a) Purchaser, (b) Purchaser's employees, agents, or representatives or (c) Purchaser's contractors and/or subcontractors), all liens for taxes and other unpaid assessments which are due and payable as of the applicable Closing (subject to the applicable proration provision contained herein) and all other liens related to Seller's development of the Property (unless such matters result from an action of Purchaser) and cause all such Monetary Liens to be released or insured against as of the Closing of the particular Lots, and it shall not be necessary for Purchaser to make formal objection to the existence of any such liens.

3.02 Additional Permitted Exceptions. In addition to the Permitted Exceptions as provided in Section 3.01, the following Permitted Exceptions shall not be considered defects in or objections to title:

- A. The Declaration; and
- B. The matters to which the Deed is to be subject as provided in Section 3.03, below.

3.03 Title to be Conveyed. At Closing, Seller shall convey to Purchaser by the Deed good and indefeasible title in fee simple to the Lots, free and clear of any and all liens, encumbrances, conditions, assessments and easements, except the following, which are referred to herein as the "Permitted Exceptions" and are hereby approved by Purchaser:

- A. General real estate taxes for the year of such Closing and subsequent years not yet due and payable;
- B. Easements, dedications, and rights-of-way shown on the recorded plat or otherwise approved in writing by Purchaser (provided Purchaser shall not unreasonably withhold or delay its approval of any utility easement that does not materially, adversely affect the value of the Lots);
- C. The Protective Covenants then recorded and in effect;
- D. The right of reverter described in Section 3.05, below;
- E. The restriction limiting the Lot to single-family residential purposes during the term of the Declaration; and

F. Other matters indicated by the Title Commitment to which Purchaser does not object or has waived as provided in Section 3.01.

3.04 Title Policy; Survey. Seller shall cause the Title Company to issue the Title Policy at Closing, based on the most recent Title Commitment. If the Seller is unable to deliver good and indefeasible title to any Lot to Purchaser, subject only to the Permitted Exceptions and Seller is therefore unable to cause the Title Company to issue the Title Policy set forth herein, Purchaser, as Purchaser's sole and exclusive remedy, shall have no obligation to purchase such Lot. If a survey of the Lot is required by Title Company as a condition to issuance of the Title Policy, Purchaser shall obtain such survey at Purchaser's expense. The Title Policy will be issued by the Title Company, will be in the amount of the total Lot Purchase Price with respect to the Lots covered and will insure Purchaser's fee simple title to the Lots then being purchased subject to no exceptions other than the liens and exceptions created by Purchaser and the Permitted Exceptions. With regard to the standard printed exceptions contained in the Title Policy, Purchaser at Purchaser's sole cost and expense, can have such standard exceptions deleted or modified to full extent permitted by the rules and regulations of the Texas State Board of Insurance.

3.05 Rights of Reverter. The Deed provides for various rights of reverter in favor of Seller if Purchaser (i) fails to commence construction of a Residence prior to the Construction Commencement Date specified in Schedule 1, (ii) fails to complete construction of a Residence within seven (7) days after the Construction Completion Date specified in Schedule 1 or (iii) attempts to sell or convey the Lot prior to commencement of construction of a Residence. By initialing below, Purchaser acknowledges that the Deed contains these rights of reverter.

Purchaser's Initials: \_\_\_\_\_

3.06 Inspection Period. During the Inspection Period Purchaser shall have the right to physically inspect, and to cause one or more engineers or other representatives of Purchaser to physically inspect, the Property. Purchaser shall make such inspections in good faith and with due diligence. All inspection fees, appraisal fees, engineering fees and other expenses of any kind incurred by Purchaser relating to the inspection of the Property will be solely Purchaser's expense. Seller shall cooperate with Purchaser in all reasonable respects in making such inspections. Seller hereby reserves the right to have a representative present at the time Purchaser conducts any inspection of the Property. Purchaser shall notify Seller not less than one (1) business day in advance of making any such inspection. In making any inspection, Purchaser will treat, and will cause any representative of Purchaser to treat, all information obtained by Purchaser pursuant to the terms of this Contract as strictly confidential. Purchaser agrees to indemnify and hold Seller its successors and assigns, harmless from any and all injuries, losses, liens, claims judgments, liabilities, costs, expenses or damages (including reasonable attorneys' fees and court costs) sustained by or threatened against Seller which result from or arise out of any inspections by Purchaser or its authorized representatives pursuant to this paragraph. Notwithstanding any provision herein to the contrary, the indemnity contained in the preceding sentence shall survive the termination of this Contract or the Closing. In the event Purchaser determines as a result of the foregoing that the condition of the Property is deficient in any respect or for any other reason in Purchaser's sole and absolute discretion, Purchaser may elect to terminate this Contract as to one or more of the Lots by delivering written notice thereof

to Seller prior to the expiration of the Inspection Period. Failure of Purchaser to timely elect to terminate this Contract shall be deemed a waiver by Purchaser of its right to do so pursuant to this Section 3.06.

#### **ARTICLE IV**

##### **CLOSING**

Provided that Purchaser is not in default of this Contract and all terms and conditions of this Contract have been fulfilled, the Closing shall be on or before the Closing Date.

#### **ARTICLE V**

##### **CONDITIONS TO CLOSING**

5.01 Purchaser's Obligations. In addition to the performance by Seller hereunder, the obligation of Purchaser to purchase the Lots is subject to the satisfaction as of the Closing Date of the following conditions, any of which may be waived in whole or in part by Purchaser at or prior to Closing:

A. The material representations and warranties of Seller set forth herein shall be true in all material respects on and as of the Closing Date with the same force and effect as if such representations and warranties were made on and as of the Closing Date.

B. There shall be no general moratorium imposed by any Governmental Authority or utility supplier with respect to the issuance of building permits affecting the Lots to then be purchased or sanitary sewer, water, natural gas, electricity or telephone connections with respect to such Lots.

C. There shall be no Monetary Liens on the Lots then being acquired by Purchaser.

5.02 Seller's Obligation. The obligation of Seller to perform its obligations herein and to sell Lots to Purchaser pursuant to this Contract is conditioned upon Purchaser having performed all obligations to be performed by it under this Contract in a timely manner and Purchaser not being in default under any term, provision, agreement, covenant or condition contained herein.

#### **ARTICLE VI**

##### **CLOSING PROCEDURES**

At Closing, Seller and Purchaser shall have the following obligations:

A. Seller shall deliver to Purchaser a duly executed and acknowledged Deed conveying to Purchaser the Lots being purchased, and such further instruments as may be reasonably required by Purchaser or the Title Company with respect to the Lots being purchased as provided herein, at Seller's expense.

B. Purchaser shall pay the total Lot Purchase Price for the Lots then being purchased to Seller for such Lots and deliver to the Title Company such further instruments as may be reasonably required by Seller or the Title Company to consummate the purchase of the Lots then being purchased by Purchaser.

C. General real estate taxes and any homeowners' association dues with respect to each Lot shall be prorated as of the date of Closing. If subsequent to the Closing, by reason of change in assessment or change in rate or for any other reason, real estate taxes and/or homeowners' association dues for any fiscal year covered by the apportionment should be determined to be higher or lower than those that are apportioned, a new computation and retroactive adjustment shall be made between Seller and Purchaser within ten (10) days of demand therefor by either party. The provisions of this subsection shall survive Closing.

D. Seller shall deliver to Purchaser in accordance with Section 1445 of the Internal Revenue Code and regulations promulgated thereunder an affidavit by the Seller stating, under penalty of perjury, the Seller's United States taxpayer identification number and that the Seller is not a foreign person as defined by I.R.C. 1445(f)(3).

E. Complete and sole possession of the Lots being purchased will be delivered to Purchaser subject only to the Permitted Exceptions.

F. Seller shall pay the cost of the basic premium for the Title Policy and Purchaser shall pay any additional premiums for any endorsements requested by Purchaser (to the extent the Title Company agrees to provide such endorsements). All other costs and expenses related to the Closing and not otherwise allocated herein shall be paid by Seller and Purchaser as is customary in Houston, Harris County, Texas, in the purchase and sale of property similar to the Lots.

## **ARTICLE VII**

### **REPRESENTATIONS AND WARRANTIES**

7.01 Seller's Representations and Warranties. Seller represents and warrants to Purchaser that to Seller's actual knowledge: (a) there is no pending or threatened condemnation or similar proceeding affecting the Property or any portion thereof; (b) there exist no uncured written notices which have been served by any Governmental Authority of violations of law, rules or regulations which would affect the Property or any portion thereof or its proposed development in any material respect; (c) no Governmental Authority has imposed any requirement that would bind Purchaser to pay directly or indirectly any special fees or contributions or incur any expenses or obligations in connection with the development of the Property or any portion thereof, except for customary building permit and inspection fees, customary connection or tap-in fees and other ordinary and usual fees paid by homebuilders, if any; and (d) Seller has full right, power and authority to enter into this Contract and, at each Closing, will have the right, power and authority to consummate the transactions contemplated thereby and all required corporate, partnership or other action necessary to authorize Seller to enter into and consummate the transactions contemplated herein has been, or upon each

applicable closing will have been, taken and the joinder of no person or entity other than Seller will be necessary to execute and deliver such documents and instruments at each applicable Closing and to perform all obligations of Seller hereunder applicable thereto. As used in this Section 7.01, any and all references to "Seller's actual knowledge" shall mean the actual (not constructive) knowledge of the Chairman of the Board of Seller then serving. It is also expressly agreed and understood that the Chairman of the Board of Seller has no duty imposed or implied to investigate, inspect, or audit any such matters contained in this Section 7.01 and such individuals are acting solely in their representative capacity for Seller and any liability resulting hereunder based on the actions of such individuals, including, but not limited to, the breach of any warranty or representation contained herein, shall merely be that of Seller and not such individual. To the extent Purchaser has or acquires actual knowledge that these representations and warranties are inaccurate, untrue, or incorrect in any way, such representations and warranties shall be deemed modified to reflect Purchaser's knowledge or deemed knowledge. Purchaser shall be deemed to know a representation or warranty is untrue, inaccurate, or incorrect if this Contract or any files, documents, materials, analyses, studies, tests, or reports delivered to and obtained by Purchaser from Seller prior to Closing contains information which is inconsistent with such representation or warranty. If it is determined before Closing that Seller has breached its representations and warranties set forth in this section, Purchaser shall have the right, as its sole remedy, to terminate this Contract by giving notice thereof to Seller upon the earlier to occur of the date of the next applicable Closing or within thirty (30) days after Purchaser becomes aware of said breach. In the event that Purchaser fails to so terminate on or before the earlier to occur of the date of the next applicable Closing or expiration of such thirty (30)-day period, Purchaser shall automatically be deemed to have waived any objection to such untrue or inaccurate warranty or representation and no rights or remedies shall ever be available to Purchaser with respect to such breach.

7.02 Purchaser's Representations and Warranties. Purchaser represents and warrants to Seller that (a) there are no attachments, executions or assignments for the benefit of creditors, generally, or voluntary or involuntary proceedings in bankruptcy or under any other debtor-relief laws pending or threatened against Purchaser, and (b) Purchaser has full right, power and authority to enter into this Contract and, at each Closing, will have the right, power and authority to consummate the transactions contemplated thereby and all required corporate, partnership or other action necessary to authorize Purchaser to enter into and consummate the transaction contemplated herein has been or upon each applicable Closing, will have been taken, and the joinder of no person or entity other than Purchaser will be necessary to execute and deliver such documents and instruments at each applicable Closing and to perform all the obligations of Purchaser hereunder applicable thereto.

7.03 AS-IS, WHERE-IS. EXCEPT AS EXPRESSLY SET FORTH IN SECTION 7.01, PURCHASER ACKNOWLEDGES THAT IT HAS INDEPENDENTLY INSPECTED AND INVESTIGATED ALL ASPECTS OF THE PROPERTY, THAT IT HAS MADE AND ENTERED INTO THIS AGREEMENT AND WILL CLOSE ANY ACQUISITION OF LOTS BASED UPON SUCH INSPECTION AND INVESTIGATION AND ITS OWN EXAMINATION OF THE CONDITION OF THE PROPERTY, AND THAT THE PROPERTY IS SATISFACTORY FOR PURCHASER'S INTENDED USE THEREOF. SELLER IS HEREBY RELEASED FROM ALL RESPONSIBILITY REGARDING THE VALUATION OR CONDITION OF THE PROPERTY, AND PURCHASER IS

PURCHASING THE PROPERTY ON AN "AS IS" AND "WHERE IS" BASIS, SUBJECT ONLY TO THE SPECIFIC WARRANTIES AND TERMS SET FORTH IN THIS AGREEMENT;

PURCHASER ACKNOWLEDGES THAT NO PERSON ACTING ON BEHALF OF SELLER IS AUTHORIZED TO MAKE, AND UPON EXECUTION HEREOF, PURCHASER ACKNOWLEDGES THAT NO PERSON HAS MADE, ANY REPRESENTATION, WARRANTY, GUARANTY OR PROMISE, WHETHER ORAL OR WRITTEN, EXCEPT AS SET FORTH IN THIS AGREEMENT, AND ANY STATEMENT, AGREEMENT, REPRESENTATION OR PROMISE MADE BY ANY SUCH PERSON WHICH IS NOT CONTAINED IN THIS AGREEMENT SHALL NOT BE VALID OR BINDING UPON SELLER;

THE ONLY REPRESENTATIONS OR WARRANTIES OUTSTANDING WITH RESPECT TO THE SUBJECT MATTER OF THIS TRANSACTION, EITHER EXPRESSED OR IMPLIED, ARE SET FORTH IN THIS AGREEMENT.

## **ARTICLE VIII**

### **BROKERS**

Purchaser and Seller each represents and warrants to the other that no real estate brokers or agents have been used or consulted in connection with the negotiation or execution of this Agreement or the purchase and sale of the Lots by it; and each covenants and agrees that it will defend, indemnify and save the other harmless from and against any and all actions, real estate commissions, fees, costs and/or expenses (including reasonable attorney's fees), resulting or arising from any actions or claims taken or brought by any person or entity whatsoever, including claims for commissions, fees, costs and/or expenses, because of the negotiation or execution and delivery of this Agreement or the purchase and sale of the Lots due to the acts of the indemnifying party. The provisions of this section shall survive the Closing or any termination of this Agreement.

## **ARTICLE IX**

### **SELLER'S DEFAULT**

9.01 Default. In the event Seller fails to meet any obligation imposed on Seller pursuant to this Contract and such failure to perform or cure shall continue for thirty (30) days following notice in writing from Purchaser, then Purchaser may, as Purchaser's sole and exclusive remedies, either (i) terminate this Contract whereupon Purchaser and Seller shall be released and relieved of and from any and all further obligations or liabilities under this Contract except for those obligations or liabilities which expressly survive such termination, (ii) enforce specific performance of this Contract (assuming Seller is not prevented from performing its obligations under this Agreement by operation of law or court order exercising jurisdiction); or (iii) waive such default and continue to close Lots under this Contract with no reduction in Lot Purchase Price.

9.02 Partial Default. In the event Seller is unable at any Closing to convey title to all of the Lots designated by Purchaser for such Closing in accordance with terms, provisions and conditions of the Contract, Purchaser may, at its option and without penalty to it, elect by written notice delivered to Seller to purchase only those Lots which Seller can convey as provided herein. In this event, the Closing Date shall be extended for an additional fourteen (14) days to allow time to revise the Closing documents.

9.03 Purchaser's Limited Right of Specific Performance. Except only as provided in Paragraph 9.01 above, Purchaser specifically waives any right to specific performance of this Contract, and agrees that it shall not claim or file any *lis pendens* against the Property, and any such claim of specific performance, if made, shall be deemed an act of bad faith on the part of Purchaser, entitling Seller to recover any and all actual and special damages which may directly or indirectly result therefrom, including but not limited to damages resulting from such causes as delay and lost profits. Any such suit for specific performance must be commenced within sixty (60) days after the originally scheduled Closing Date and failure to do so shall constitute a waiver by Purchaser of its right to file such suit.

## ARTICLE X

### **PURCHASER'S DEFAULT**

In the event that Purchaser shall default hereunder and such default shall continue for thirty (30) days following notice thereof in writing from Seller, then Seller may, as Seller's sole and exclusive remedies, either (i) declare Purchaser's default under this Contract and terminate this Contract only as to the Lots not yet purchased, or (ii) enforce specific performance of Purchaser's obligations hereunder. Any such default may also result in barring Purchaser (and its affiliates) from future participation in any of Seller's affordable housing programs.

## ARTICLE XI

### **ADDITIONAL COVENANTS AND POST CLOSING OBLIGATIONS**

11.01 Additional Information. As required in the Solicitation of Offers, Purchaser shall submit the Builder Qualification Excel File, Builder Specs Excel File, Bid Cost Pro Forma Excel File and Requested Parcel List Excel File, fully completed and filled out. Such files are available on the Website.

11.02 Qualifying Low-Income Purchasers. Purchaser represents, warrants, covenants and agrees that no Residence shall be sold, conveyed, transferred, leased or otherwise disposed of to any person or entity other than a Qualifying Low-Income Purchaser.

11.03 Approval of Closing Documents. All closing documents (including, without limitation, all HUD-1 settlement or closing statements) to be executed and delivered in connection with the sale by Purchaser of a Residence to an Owner shall be subject to review and approval by Seller to insure conformity by Seller of the terms and conditions of this Agreement. Any conveyance of a Residence by Purchaser without such approval by Seller shall be null and

void and of no force or effect. Approval of such documents by Seller shall not constitute (or be deemed to constitute) matter set forth therein, and Seller shall have no liability to Purchaser or Owner as a result of such approval.

11.04 Down Payment Assistance; Financing Purchase of Residence. Purchaser shall be entitled to offer down payment assistance to Owners pursuant to the Home Buyer Assistance Program (the "HAP") and Good Neighbor Next Door programs of the City as described on the Website, subject to compliance by Purchaser and such Owner with all the terms and conditions thereof. Seller shall have no liability with respect to the providing of such down payment assistance. Financing for the purchase of a Residence shall be provided only by a lender who is approved and certified under HAP or, if not HAP approved and certified, who agrees to comply with all HAP requirements with respect to such financing (including, without limitation, all HAP requirements regarding interest rates, points, fees and closing costs).

11.05 Construction Standards. Each Residence shall comply with the Development Standards set forth in Exhibit "E" attached hereto and the Construction Standards set forth in Exhibit "F" attached hereto. Purchaser represents and warrants to Seller that each Residence will be (i) constructed by Purchaser in accordance with the Plans and Specifications and this Agreement, in a good and workmanlike manner and in accordance with all applicable laws, rules, regulations imposed by any Governmental Authority, and (ii) free from defects in labor or materials for a period of twelve (12) months following the completion thereof. Prior to expiration of the warranty period, Seller shall have the right, at its cost, through a licensed home inspector or other agent designated by the City, to inspect the Residence for defects. Any such defects shall be promptly corrected by Purchaser. Additionally, as part of the sale of a Residence to an Owner, such Owner shall be provided with a limited homeowner warranty in form and substance in accordance with standard home building practices for comparable properties, as required by the Texas Residential Construction Commission.

11.06 Utilities. Seller shall cause the City to waive impact fees with respect to each Lot in accordance with its customary policies and procedures and will cause water and sanitary sewer utility taps to be available to the curb or edge of the pavement adjacent to the Lot. If such taps are not available (or are not usable) Purchaser shall install such taps and, upon written request of Purchaser, Seller shall cause the City to reimburse Purchaser the reasonable costs thereof up to \$5,000.00 at the time of the sale of the Residence to an Owner. All other Lot development costs will be the sole responsibility of Purchaser.

11.07 Reports. Upon request Seller will make available to Purchaser certain Phase I environmental site assessments with respect to the lots, as well as various inspection reports (collectively, the "Reports"). Seller makes no representation or warranty with respect to the accuracy of the materials contained in the Reports or the completeness thereof and shall have no liability with respect thereto. If during the course of construction an unforeseen environmental condition is encountered, Seller reserves the right to repurchase the Lot.

11.08 Seller's Inspection Rights. Seller shall be entitled to inspect the Lot(s) at any time (including, without limitation, during the twelve (12) month warranty period described in Section 11.05, above) and will receive from Purchaser, during construction, bi-weekly (or as otherwise requested by Seller) updates and certifications on the progress of construction of the

Residence(s) in form and substance reasonably satisfactory to Seller. If Seller believes that any completed work is defective or is not in conformity with the terms of this Agreement or the Plans and Specification, which determination shall be made in Seller's reasonable business judgment, then Purchaser shall cause such work to be uncovered and any defective nor non-conforming work shall be rectified promptly by Purchaser at Purchaser's sole cost. Seller's inspection of the work, failure to inspect or failure to object to any defective or non-conforming work shall not be deemed an approval of same or impose any liability upon Seller with respect thereto.

11.09 Permits. Prior to commencement of construction, Purchaser shall obtain all necessary permits required by Governmental Authority.

11.10 Energy Star. Purchaser must certify, by a HERS "Certified Rater" that their plans are Energy Star certified (visit their website at: <http://www.energystar.gov>). Seller will reimburse Purchaser Two Dollars (\$2.00) per square foot (not to exceed \$2,500.00), of the incremental increased expenses associated with constructing the Residence to Energy Star standards.

11.11 Site Construction Matters. After Closing and prior to the sale of the Residence to an Owner:

A. Purchaser will mow and maintain each of the Lot(s) from the Closing Date in a neat and orderly manner and keep such Lot(s) free of all trash and debris. If Purchaser fails to mow and maintain each Lot after the Closing Date for such Lot after such mowing and maintenance is requested by the Seller, then Seller may at its option, have the lots mowed and maintained and Purchaser shall reimburse Seller for the cost of such mowing and maintenance upon demand by Seller.

B. Purchaser will cause all construction sites on Lots or elsewhere (including streets) to be kept clean of trash and/or debris. If Purchaser fails to keep such areas clean of trash and/or debris, then Seller shall be entitled to remove such trash and/or debris and receive reimbursement from Purchaser on demand of Seller's actual cost thereof.

C. If any on-site sidewalk(s) is/are required to be constructed on a Lot by any applicable plat, ordinance, restriction or other requirements, Purchaser, at its sole cost and expense, agrees to construct, repair or reconstruct such sidewalk(s) prior to the completion of construction of any Residence on the Lot so affected. It is also expressly agreed and understood that Purchaser shall be required to construct and install, at Purchaser's sole cost and expense, on Lots owned by Purchaser, all front yard sidewalks and both the front yard sidewalk and the side yard sidewalk on all Lots constituting corner lots.

11.12 Protective Covenants. Purchaser acknowledges that each Lot is subject to and encumbered by the Protective Covenants, and Purchaser covenants and agrees that it will comply with the Protective Covenants at all times and covenants and agrees to deliver a complete copy of the Protective Covenants to every Owner purchasing a Residence from Purchaser on or before the closing of the sale of such Residence and obtain a receipt from such Owner acknowledging

receipt thereof and agreement to comply therewith, including specifically, but without limitation, the Declaration.

11.13 Security. Purchaser is responsible for providing security to its Lot(s).

11.14 Marketing of Residences. Purchaser represents and warrants that all marketing of the Lot and Residence after Closing in connection with a sale to an Owner shall be conducted in strict compliance with all applicable brokerage laws regarding the sale of real estate, including, without limitation, the Texas Real Estate License Act and that only duly licensed brokers and agents shall be engaged to market the Lot(s) and Residence(s). Purchaser will list all unsold Residences on the Houston Association of Realtor's Multiple Listing Service either through arrangements made by Seller or through its own resources. Purchaser will also participate (at no cost to Purchaser) in marketing activities of Seller designed to promote home ownership in Houston Hope neighborhoods.

11.15 Compliance with City Delinquent Taxes Policy. Purchaser acknowledges that the City prohibits affiliated entities such as Seller from contracting with parties who are delinquent in taxes, fines, fees or other amounts or obligations owed to the City ("Delinquent Party"). Purchaser agrees that Purchaser shall not contract with a "builder" (as defined by the Texas Residential Construction Commission) that is a Delinquent Party. Purchaser shall cause each such builder to execute and deliver to Seller such forms and certificates confirming that such builder is not a Delinquent Party as may be required by the City from time to time. Upon written request from Seller, Purchaser shall furnish Seller a certified list of the names of all parties with whom Purchaser has contracted to provide any services, labor or materials with respect to the Lot or Residence and shall, in all events, not enter into any contract for services, labor or materials with a Delinquent Party.

11.16 Insurance. Purchaser shall comply with the insurance requirements set forth in Exhibit "C" attached hereto and incorporated by reference herein for all purposes.

11.17 Construction Loan Commitment. On or before the date specified in Schedule 1, and as a condition precedent to Seller's obligation to Close, Purchaser shall deliver to Seller the Construction Loan Commitment. Failure of Purchaser to timely deliver the Construction Loan Commitment shall, at Seller's option, result in termination of this Contract with no further notice.

11.18 Purchaser's Contracts. Upon written request by Seller, Purchaser shall furnish Seller true and correct copies of all agreements with other parties to furnish labor, materials or services with respect to the Lots and/or Residences.

11.19 Release and Indemnity.

A. PURCHASER AGREES TO AND SHALL RELEASE SELLER, THE CITY, THEIR AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "SELLER PARTIES") FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS CONTRACT OR IN CONNECTION WITH THE DEVELOPMENT OF THE LOTS, SALE OF THE RESIDENCE OR OTHERWISE,

EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE SELLER PARTIES' SOLE OR CONCURRENT NEGLIGENCE AND/OR THE SELLER PARTIES' STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY.

B. PURCHASER AGREES TO AND SHALL DEFEND, INDEMNIFY, AND HOLD THE SELLER PARTIES HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, COURT COSTS, AND ALL OTHER DEFENSE COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS CONTRACT INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY PURCHASER'S AND/OR ITS AGENTS', EMPLOYEES', OFFICERS', DIRECTORS', CONTRACTORS', OR SUBCONTRACTORS' (COLLECTIVELY, THE "INDEMNITOR") ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL ACTS OR OMISSIONS; SELLER'S, THE CITY'S AND INDEMNITOR'S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE; AND SELLER'S, THE CITY'S AND INDEMNITOR'S ACTUAL OR ALLEGED STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY. INDEMNITOR SHALL DEFEND, INDEMNIFY, AND HOLD THE SELLER PARTIES HARMLESS DURING THE TERM OF THIS CONTRACT AND FOR FOUR YEARS AFTER THE CONTRACT TERMINATES. INDEMNITOR SHALL NOT INDEMNIFY THE SELLER PARTIES FOR THEIR OWN SOLE NEGLIGENCE. THIS INDEMNITY SHALL BE GOVERNED BY THE INDEMNIFICATION PROCEDURES SET FORTH ON EXHIBIT "D" ATTACHED HERETO AND INCORPORATED BY REFERENCE FOR ALL PURPOSES.

11.20 Survival; Memorandum of Agreement. The provisions of this Article XI shall survive Closing. At Closing, Seller and Purchaser shall execute and deliver a recordable memorandum of this Agreement, specifically referencing this Article XI. Upon compliance by Purchaser with all the terms and provisions of this Agreement, at the closing of a sale of Residence to Owner, Seller shall execute and deliver a recordable release or termination of such memorandum.

## **ARTICLE XII**

### **MISCELLANEOUS**

12.01 Assignment. The terms and conditions of this Contract are hereby made binding on the executors, heirs, administrators, successors and permitted assigns of the parties hereto. Except as permitted hereunder, neither party may assign its interest in this Contract without the prior written consent of the other party. Any attempt to assign this Contract without prior written consent of the other party will be of no effect and will be an event of default hereunder.

12.02 Notice. Any notice to be given or served upon any party hereto in connection with this Contract must be in writing, and will be deemed delivered, whether or not actually received, any notice to be given to any party hereto in connection with this Contract shall be in

writing and shall be deemed received (a) on the date delivered if hand delivered by receipted hand delivery and (b) three (3) days after postmark if sent postage prepaid by certified or registered mail, return receipt requested. Notices to the parties shall be sent to their addresses set forth below. Either party, by written notice to the other, may change its address to which notices are to be sent. The parties shall copy Title Company on all notices sent hereunder, but failure to notify Title Company shall not be deemed a failure of notice to a party to whom notice has been given.

If to Seller:                    Land Assemblage Redevelopment Authority  
   P.O. Box 1562  
   Houston, TX 77251  
   Attention:     Stephen Tinnermon  
   Telephone:    (713) 247-3199

with a copy to:                Winstead PC  
   1100 JPMorgan Chase Tower  
   600 Travis Street  
   Houston, Texas 77002  
   Attention: K. Gregory Erwin  
   Telephone: (713) 650-2781

If to Purchaser:                To the address for Purchaser specified in Schedule 1

12.03 Entire Agreement. This Contract embodies the entire agreement between the parties and cannot be varied except by the written agreement of the parties.

12.04 Attorney's Fees. If any legal action is commenced by any party to enforce any provision of this Contract, the losing party will pay to the prevailing party all reasonable costs and expenses incurred by the prevailing party including reasonable attorney's fees.

12.05 Dates. Time is of the essence in all things pertaining to the performance of this Contract. Notwithstanding the foregoing, if the final day of a period or date of performance under this Contract falls on a Saturday, Sunday or legal banking holiday for national banks in the State of Texas, then the final day of the period or the date of performance shall be deemed to fall on the next day which is not Saturday, Sunday or legal banking holiday for national banks in the State of Texas.

12.06 Application. The terms, provisions, warranties, representations, covenants and agreements contained in this Contract shall apply to, be binding upon, and inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns. This Contract shall, however, be for the sole and exclusive benefit of the parties hereto and their respective legal representatives, successors, and permitted assigns and shall not be construed to confer any right upon any third party, unless so expressly stated herein.

12.07 Cooperation. Seller and Purchaser will each reasonably cooperate with each other, their employees and agents in a good faith attempt to facilitate the purchase of Lots by Purchaser pursuant to the terms and conditions contained herein. Any consent or approval

reasonably requested or required by one party under the terms of this Contract shall not be unreasonably withheld or delayed by the other party hereto.

12.08 Applicable Law; Headings. This Contract shall be governed, construed, enforced and interpreted pursuant to the laws of The State of Texas and venue shall lie in Harris County, Texas. Any section or subsection headings used in this Contract are for convenience of reference purposes only and shall not be used in the interpretation of this Contract.

12.09 Waiver. The failure of Purchaser or Seller to insist in any one or more instances upon the performance of any of the covenants and/or conditions of this Contract, or to exercise any right, power or privilege herein conferred shall not be construed as a waiver of any such covenant, agreement, condition, right or privilege.

[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]

EXECUTED as of the dates indicated by the signatures below to be effective on the Effective Date.

**SELLER:**

LAND ASSEMBLAGE REDEVELOPMENT  
AUTHORITY, a Texas local government  
corporation created pursuant to TEX. TRANSP. CODE  
ANN. § 431.101

By: \_\_\_\_\_  
David L. Collins, Chairman of the Board

**PURCHASER:**

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Title Company hereby acknowledges receipt of this Contract and agrees to perform its duties as escrow agent herein in accordance with the provisions of this Contract.

STEWART TITLE COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**ATTACHMENTS:**

- Schedule 1 - Schedule of Basic Business Terms
- Exhibit A - Form of Declaration of Land Use Restrictions (Restrictive Covenants)
- Exhibit B - Form of Special Warranty Deed
- Exhibit C - Insurance Requirements
- Exhibit D - Indemnification Procedures
- Exhibit E - Development Standards
- Exhibit F - Construction Standards
- Exhibit G - Energy Efficiency Standards

**SCHEDULE 1**

Schedule of Basic Business Terms

for

Lot Purchase and Development Agreement – Standard Take Down

dated \_\_\_\_\_, 200\_ by and between

Land Assemblage Redevelopment Authority as "Seller"

and \_\_\_\_\_, as "Purchaser"

Contract No. [to be filled in by Seller] \_\_\_\_\_

Construction Costs:

Model Description [To be filled in by Seller]	Construction Costs

Inspection Period: The period commencing on the Effective Date and terminating fourteen (14) days thereafter.

Closing Date: Ten (10) days after the expiration of the Inspection Period, at which time Purchaser must purchase the Lots.

Lots: The Lots to be acquired on by Purchaser identified on Attachment A to this Schedule 1. If the Lots include any Lots in the Trinity Garden Subdivision, the following shall apply: Construction of a Residence on each Lot in the Trinity Gardens Subdivision must be commenced prior to or simultaneously with commencement of construction on the Lots not located in the Trinity Gardens Subdivision. In such event, the right of reverter contained in Paragraph 2 of Exhibit B to the Deed shall be appropriately modified.

Outside Closing Date: Twenty-four (24) days after the Effective Date.

Plans and Specifications: Plans and Specifications described on Attachment B to this Schedule 1, as same may be amended as provided in the Contract.

Construction Commencement Date: Thirty (30) days after Closing

Construction Completion Date: Five (5) months after the Construction Commencement Date

Construction Loan Commitment Delivery Date: Thirty (30) days after the Effective Date

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Purchaser

Purchaser's Address:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Attention: \_\_\_\_\_

Telephone: \_\_\_\_\_

Signed for Identification:

Land Assemblage Redevelopment Authority

By: \_\_\_\_\_  
David L. Collins, Chairman of the Board  
Seller



**ATTACHMENT B**  
**[PLANS AND SPECIFICATIONS BY MODEL]**

[To be attached by Seller]

**EXHIBIT A**

**FORM OF DECLARATION OF LAND USE RESTRICTIONS**  
**(Restrictive Covenants)**

The form follows this page

**DECLARATION OF LAND USE RESTRICTIONS (RESTRICTIVE COVENANTS)**

This **DECLARATION OF LAND USE RESTRICTIONS (RESTRICTIVE COVENANTS)** ("Restrictive Covenants") is executed this \_\_\_\_ day of \_\_\_\_\_, 200\_\_, by the **LAND ASSEMBLAGE REDEVELOPMENT AUTHORITY** ("Land Bank" or "Owner"), a Texas local government corporation created pursuant to TEX. TRANSP. CODE ANN. § 431.101.

**RECITALS**

Owner has purchased with funds supplied by City, the land described on **Exhibit A** attached hereto and incorporated herein by reference (said land and any improvements to be constructed thereon are hereinafter collectively referred to as the "Single Family Property").

The funds supplied by the City are restricted to the purpose of funding a housing program for homeless and low and moderate income persons within the City. Accordingly, as a condition of the City's funding, Owner must agree to comply with certain development, occupancy and resale restrictions with respect to the Single Family Property which are designed to promote its use for affordable housing. In consideration of the mutual benefits to the City and Owner as set out in various funding agreements, Owner has agreed to execute this Declaration to further evidence its agreement to comply with such restrictions

**NOW THEREFORE**, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner hereby agrees as follows:

**ARTICLE I**

**Definitions**

**Section 1.1 General.** Capitalized terms used in this Declaration shall have, unless the context clearly requires otherwise, the meanings specified in this Article I. Certain additional terms may be defined elsewhere in this Declaration.

**"Affordability Period"** means, for any particular Single Family Property, a ten (10) year period commencing upon the date such Single Family Property is purchased by a Qualifying Low-Income Purchaser, during which time the Single Family Property must be occupied as the principal residence of a Qualifying Low-Income Purchaser whose family meets the requirements of a Low-Income Family at the time of the purchase.

**"Annual Income"** means "annual income" as defined in 24 C.F.R. § 92.203(b)(1), (2), or (3), as determined by the Director in his or her sole discretion.

**"Certifying Entity"** means an appropriate entity which has been designated by the City, acting through the Director, to be responsible for the processing of prospective purchasers'

applications for consideration as Qualifying Low Income Purchasers, and the monitoring of the Owner's development, construction and sale of the Single Family Property in accordance with this Declaration.

**"City Investment"** means the amount of \$5,000 (which may or may not equal the actual amount of funds provided by the City and invested in a specific Single Family Property for development as affordable housing).

**"Declaration"** means this Declaration of Land Use Restrictions (Restrictive Covenants), as it may from time to time be amended.

**"Director"** means the Director (or the chief executive officer, if otherwise designated) of the City's Department of Housing and Community Development, or of such Department's successor entity, or such Director's duly empowered designee.

**"HUD"** means the United States Department of Housing and Urban Development, or any duly constituted successor or designee thereof.

**"Low-Income Families"** means families and individuals whose Annual Incomes do not exceed 80 percent of area median income in the area in which the Single Family Property is located, as determined by HUD, with adjustment for family size, except that HUD may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

**"Owner"** means the Land Assemblage Redevelopment Authority, as set forth at the beginning of this Declaration, or any successor in title to the Single Family Property during the term of this Declaration, including, without limitation, any Purchaser or Qualifying Low-Income Purchaser who takes title to a Single Family Property.

**"Purchaser"** means a public agency, a nonprofit organization, or an individual, corporation, partnership or other entity, which is approved by the Director as a purchaser of one or more Single Family Properties under Section 2.1(a)(ii) hereafter.

**"Qualifying Low-Income Purchaser"** means a Low-Income Family which agrees to occupy, and certifies in writing that it intends to occupy, a Single Family Property as a principal residence for the Affordability Period, and which enters into an agreement, in the form approved by the City, upon purchase of a Single Family Property, providing for the recapture by the City of the City Investment made in the Single Family Property, prorated as provided in Section 3.1(a) hereafter, if such resale takes place within the Affordability Period, in the absence of such particular circumstances as may be specified in such agreement.

**"Related Entity"** means, with respect to any party which has been an Owner hereunder: (i) any spouse, parent, child, grandchild, brother or sister of such Owner; or (ii) any person or entity (A) that directly or indirectly controls or is controlled by or is under common control with such Owner, (B) that is an officer of, partner in or trustee of, or serves in a similar capacity with respect to, such Owner or of which such Owner is an officer, partner or trustee, or with respect to which such Owner serves in a similar capacity, or (C) that is the beneficial owner, directly or

indirectly, of 10% or more of any class of equity securities of such Owner or of which such Owner is directly or indirectly the owner of 10% or more of any class of equity securities.

**"State"** means the State of Texas.

**"Term"** means, with respect to each Single Family Property governed by this Declaration, the period commencing on the date hereof and continuing until the earliest to occur of the following:

(1) the date upon which there is an involuntary loss of the particular Single Family Property by a Qualifying Low-Income Purchaser, caused by seizure, condemnation, foreclosure, deed in lieu of foreclosure or a change in federal or State law, which involuntary loss prevents the City from enforcing this Declaration; provided, however, that in the event of loss of the Single Family Property caused by foreclosure or deed in lieu of foreclosure, and if at any time thereafter, the party which was the Qualifying Low-Income Purchaser at the time of or immediately prior to such foreclosure or deed in lieu of foreclosure, or a Related Entity of such party, acquires an ownership interest in such Single Family Property, then the covenants and restrictions set forth in this Declaration shall be revived and shall remain in force until the further occurrence of an event described in this subsection;

(2) the date which is the later of (i) twenty (20) years from the date of this Declaration or (ii) fifteen (15) years from the date the particular Single Family Property was initially sold to a Qualifying Low-Income Purchaser; or

(3) the date upon which the particular Single Family Property has been occupied by one or more Qualifying Low-Income Purchasers for the Affordability Period.

**Section 1.2 Generic Terms.** Unless the context clearly indicates otherwise, where appropriate the singular shall include the plural and the masculine shall include the feminine or neuter, and vice versa, to the extent necessary to give the terms defined in this Article and/or the terms otherwise used in this Declaration their proper meanings.

## ARTICLE II

### Sale of Single Family Property

#### **Section 2.1 Sale of Single Family Property.**

(a) During the Term, Owner (which term for purposes of this section does not include a Qualifying Low-Income Purchaser) will either:

- (i) sell the Single Family Property to a Qualifying Low-Income Purchaser; or
- (ii) sell the Single Family Property to Purchaser that agrees in writing:

(A) to construct a single family residence upon each such Single Family Property, such construction to commence within twelve (12) months from the date of

transfer of title to the Single Family Property to the initial Purchaser, such residence to be constructed in accordance with the terms of this Declaration;

(B) to abide by the restrictions set forth in this Declaration; and

(C) to assume all of the obligations of Owner under this Declaration and under the terms of any other statute or agreement relating to the Property.

(b) At least twenty (20) days prior to the sale of any Single Family Property, Owner shall notify City of the legal name and address of the proposed purchaser, and, if applicable, shall provide or cause to be provided to the City and/or the Certifying Entity all documentation and other information necessary to determine the qualification of the proposed purchaser as a "Qualifying Low-Income Purchaser."

**Section 2.2 Sale of Single Family Property Under Section 2.1(a)(ii).** Any sale of a Single Family Property under Section 2.1(a)(ii) shall be subject to the following requirements:

(a) The Purchaser shall be required to develop and sell the Single Family Property in accordance with this Declaration and any other statute or agreement relating to the Single Family Property and will construct or cause to be constructed upon each Single Family Property a single family residence which meets the housing quality standards in 24 C.F.R. § 92.251 and § 92.355.

(b) The Purchaser shall be required to make each completed residence available for sale to a Qualifying Low-Income Purchaser only, upon the following terms:

(i) Such Single Family Property shall have an initial purchase price that does not exceed 95% of the median purchase price for that type of single family housing (1- to 4-family residence or condominium unit) for the jurisdiction as determined under 24 C.F.R. § 92.254(a)(2)(iii);

(ii) Such Single Family Property shall be subject to the recapture provisions contained in this Declaration for the Affordability Period; and

(iii) Such Single Family Property shall meet all other requirements of affordability set forth under 24 C.F.R. § 92.254.

### **ARTICLE III**

#### **Recapture Provisions**

**Section 3.1 Sale by Qualifying Low-Income Purchaser.** In the event that after the Affordability Period has commenced, the Qualifying Low-Income Purchaser ("Homeowner") sells his Single Family Property to other than a Qualifying Low-Income Purchaser (the "Non-Qualifying Purchaser"), then the following agreements shall apply:

(a) From the sale proceeds, the Homeowner shall be required to refund to the City the City Investment. The City Investment shall be reduced prorata based upon the time the Single Family Property has been actually occupied by a Qualifying Low-Income Purchaser, measured

against the required Affordability Period. For the purpose of prorating the City Investment, each complete year of ownership and occupancy by a Qualifying Low-Income Purchaser shall reduce the City Investment by the same percentage which such year bears to the entire applicable Affordability Period.

(b) If the net proceeds (i.e., the sales price minus closing costs and repayment of loans other than the City Investment) are not sufficient to recapture the full City Investment, prorated as described in subsection (a) above, plus enable the Homeowner to recover the amount of the Homeowner's down payment and any capital improvement investment, the net profits shall be divided proportionally as set forth in the following formulas:

$$\frac{\text{City Investment}}{\text{City Investment} + \text{Homeowner investment}} \times \text{Net Proceeds} = \frac{\text{Recaptured}}{\text{City Investment}}$$

$$\frac{\text{Homeowner Investment}}{\text{City Investment} + \text{Homeowner investment}} \times \text{Net Proceeds} = \frac{\text{Amount to}}{\text{Homeowner}}$$

(c) Except as provided in subsection (d) below, the Homeowner shall not be required to return to the City more than the amount of net sales proceeds actually realized upon a sale of the Single Family Property.

(d) The limitation in subsection (c) above shall not apply if Homeowner commits fraud, waste or mismanagement or otherwise fails to comply with the Affordability Period such as by vacating and/or renting the Single Family Property.

**Section 3.2 Special Provisions Relating to Federal HOME Investment Partnership Funds.** In the event that all or part of the City Investment consists of federal HOME Investment partnership funds, and if the Affordability Period terminates prematurely whether due to a sale by a Qualifying Low-Income Purchaser within the Affordability Period, or foreclosure of a senior lien, or otherwise, the City shall not be required to repay to the United States Department of Housing and Urban Development ("HUD") any more than the amount of net sales proceeds or other proceeds, if any, actually recaptured by the City.

## **ARTICLE IV**

### **Administration**

**Section 4.1 Use of a Certifying Entity.** At its election and from time to time, the City, acting through the Director, may designate an appropriate entity (the "Certifying Entity") to be responsible for the processing of prospective purchasers' applications for consideration as Qualifying Low-Income Purchasers, and the monitoring of the Owner's development and sale of the Single Family Property in accordance with this Declaration.

**Section 4.2 Examination of Incomes.**

(a) The City or the Certifying Entity shall be responsible for determination of the Annual Income and family composition of Qualifying Low-Income Purchasers.

(b) As a condition of purchasing a Single Family Property, Owner shall require the household head and such other household members as it designates to execute a City approved release and consent authorizing any depository or private source of income, or any Federal, State or local agency, to furnish or release to Owner and to City and/or the Certifying Entity such information as Owner, City or Certifying Entity determines to be necessary. Owner shall also require the household to submit directly documentation determined to be necessary. Information or documentation shall be determined to be necessary if it is required for purposes of determining or auditing a household's eligibility as a Qualifying Low-Income Purchaser, or for verifying related information. The use or disclosure of information obtained from a household or from another source pursuant to this release and consent shall be limited to purposes directly connected with administration of this Declaration.

(c) Owner shall not be deemed to be in violation of Article II of this Declaration if, in determining Annual Income and family composition of a prospective purchaser, Owner has relied upon the certification of the City or the Certifying Entity that the prospective purchaser is a Qualifying Low-Income Purchaser, or if (i) Owner has relied in good faith upon information which is supplied to Owner by the prospective purchaser, (ii) Owner has no reason to believe such information is false, and (iii) Owner shall have complied with all requirements of the City or the Certifying Entity with respect to verification of household income and family composition.

**Section 4.3 Certification by Owner.** During the Term, on each anniversary of the date upon which this Declaration was first recorded in the Official Public Records of Real Property of Harris County, Texas, or upon such other annual date as City, in its discretion, upon reasonable notice to the Owner, shall establish, Owner shall submit to City a certification, in a form prescribed by City, as to Owner's compliance with all of the terms and provisions of this Declaration.

**Section 4.4 Maintenance of Documents.** All applications, waiting lists, income examinations and reexaminations relating to any Single Family Property shall at all times be kept separate and identifiable from any other business of Owner which is unrelated to the Single Family Property, and shall be maintained, as required by City, in a reasonable condition for proper audit and subject to examination and photocopying during business hours by representatives of City, the Certifying Entity for such period of time as is required for retention of documentation and records 24 C.F.R. § 92.508(c).

**Section 4.5 Compliance Review.** City or the Certifying Entity periodically will monitor Owner's compliance with the requirements of this Declaration. In conducting its compliance review, City or Certifying Entity will rely primarily on information obtained from Owner's records and reports, findings from on-site monitoring, and audit reports. City or the Certifying Entity may also consider relevant information gained from other sources, including litigation and citizen complaints. Owner shall cooperate with City or the Certifying Entity in any

such compliance review and shall furnish all notices, information and reports reasonably required by City or the Certifying Entity for such purpose.

**Section 4.6 Releases.**

(a) City shall execute such documents as may be required to evidence release of the Single Family Property, or any portion thereof, from the covenants and restrictions set forth in this Declaration based upon the expiration of the Term as provided in Section 1.1(t) hereof (subject, in the event of foreclosure or deed in lieu of foreclosure, to revival as set forth in Section 1.1(t)(1)), upon receipt from Owner of a certification as to the occurrence of the event giving rise to such expiration and such other evidence as City may reasonably require.

(b) If City shall have contracted with the Certifying Entity for the performance of its responsibilities hereunder, the Certifying Entity shall execute the appropriate release and/or modification to this Declaration in the name of City in accordance with the terms of subsection (a) of this Section, and shall provide appropriate evidence to Owner of its authorization so to act in the name of City.

**ARTICLE V**

**Representations and Warranties of Land Bank**

**Section 5.1 Representations and Warranties.** Land Bank represents and warrants to City that:

(a) Non-profit Status. Land Bank is a nonprofit local government corporation, validly organized under the laws of the State.

(b) Valid Execution. Land Bank has validly executed this Declaration and the same constitutes the binding obligation of Land Bank. Land Bank has full power, authority and capacity (i) to enter into this Declaration, (ii) to carry out Owner's obligations as described in this Declaration and (iii) to assume responsibility for compliance with all applicable federal rules and regulations.

(c) No Conflict or Contractual Violation. To the best of Land Bank's knowledge, the making of this Declaration and Owner's obligations hereunder:

(i) will not violate any contractual covenants or restrictions (A) between Land Bank and any third party or (B) affecting the Single Family Property;

(ii) will not conflict with any of the instruments that create or establish Land Bank's authority;

(iii) will not conflict with any applicable public or private restrictions;

(iv) do not require any consent or approval of any public or private authority which has not already been obtained; and

(v) are not threatened with invalidity or unenforceability by any action, proceeding or investigation pending or threatened, by or against (A) Land Bank, without regard to capacity, (B) any person with whom Land Bank may be jointly or severally liable, or (C) the Single Family Property.

(d) No Litigation. No litigation or proceedings are pending or, to the best of Land Bank's knowledge, threatened against Land Bank, which if adversely determined could individually or in the aggregate have an adverse effect on title to or the use and enjoyment or value of the Single Family Property, or any portion thereof, or which could in any way interfere with the consummation of this Declaration.

(e) No Bankruptcy. There is not pending or, to Land Bank's best knowledge, threatened against Land Bank any case or proceeding or other action in bankruptcy, whether voluntary or otherwise, any assignment for the benefit of creditors, or any petition seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for Land Bank under any present or future federal, state or other statute, law, regulation relating to bankruptcy, insolvency or relief for debtors.

**Section 5.2 Indemnification**. Land Bank agrees to indemnify and hold harmless City or the Certifying Entity from and against all liabilities, losses, claims, damages, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by City or the Certifying Entity as a result of any material inaccuracy in any of the representations and warranties contained in this Article.

## ARTICLE VI

### **Enforcement and Remedies**

#### **Section 6.1 Remedies of City or the Certifying Entity**

(a) If Owner defaults in the performance of any of its obligations under this Declaration or breaches any covenant, agreement or restriction set forth herein, and if such default remains uncured for a period of sixty (60) days after notice thereof shall have been given by City or the Certifying Entity (or for an extended period approved in writing by City or the Certifying Entity, if the default or breach stated in such notice can be corrected, but not within such 60-day period, unless Owner does not commence such correction or commences such correction within such 60-day period but thereafter does not diligently pursue the same to completion within such extended period), City or the Certifying Entity shall be entitled to apply to any court having jurisdiction of the subject matter for specific performance of this Declaration, for an injunction against any violation of this Declaration, for the appointment of a receiver to take over and operate the Single Family Property in accordance with the terms of this Declaration, or for such other relief as may be appropriate, it being acknowledged that the beneficiaries of Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of Owner's default. City or the Certifying Entity shall be entitled to its reasonable attorneys' fees in any such judicial action in which City or the Certifying Entity shall prevail.

(b) Each right, power and remedy of City or the Certifying Entity provided for in this Declaration now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Declaration or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by City or the Certifying Entity of any one or more of the rights, powers or remedies provided for in this Declaration or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by City or the Certifying Entity of any or all such other rights, powers or remedies.

**Section 6.2 Remedies of Other Parties.** The occupancy requirements set forth in this Declaration also shall inure to the benefit of, and may be judicially enforced against Owner by, affected Low-Income Families. Any such party that prevails in any such judicial action shall be entitled to its reasonable attorneys' fees.

**Section 6.3 Avoidance of Sale.** Any purported sale of all or any of the Single Family Property, including, without limitation, any Single Family Property, which is not carried out fully in compliance with the requirements of this Declaration shall be void and without effect, and City or the Certifying Entity shall be empowered to seek a judicial declaration to such effect. Upon a judicial determination that any such purported sale is void, if the prior Owner of such Single Family Property shall fail to re-occupy or operate such Single Family Property within thirty (30) days of such judicial determination, the City or the Certifying Entity may dispose of such Single Family Property for the benefit of the Owner thereof, in accordance with the terms of this Declaration.

**Section 6.4 Reliance Upon Information.** In carrying out its obligations hereunder, Owner shall be entitled to rely upon information provided by City or the Certifying Entity with respect to (i) income limits applicable to Low-Income Families and Very-Low Income Families, (ii) the method for calculating the incomes of such families and (iii) the maximum purchase prices which may be charged to such families pursuant to Section 2.2(b)(i) of this Declaration.

## ARTICLE VII

### Miscellaneous

**Section 7.1 Notices.** All notices required or permitted to be given under this Declaration must be in writing and will be deemed to have been duly given if delivered personally or mailed, postage prepaid, by registered or certified United States mail, return receipt requested, addressed to the parties at the following addresses:

If to City:	Housing and Community Development Department City of Houston Post Office Box 1562 Houston, Texas 77251-1562 Attention: Director
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with copies to:           Legal Department  
                                  City of Houston  
                                  Post Office Box 1562  
                                  Houston, Texas 77251-1562  
                                  Attention: City Attorney

If to Owner:               Land Assemblage Redevelopment Authority  
                                  P. O. Box 1562  
                                  Houston, Texas 77251  
                                  Attention: Stephen Tinnermon

Any party may change its address for notice purposes by giving notice to the other parties in accordance with this Section.

**Section 7.2   Applicable Law.** This Declaration shall be governed by and construed in accordance with applicable federal law and the laws of the State, including, without limitation Chapter 379D of the Texas Local Government Code ("Applicable Law"). To the extent of any conflict between this Declaration and Applicable Law, Applicable Law will control.

**Section 7.3   Severability.** This Declaration is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Declaration or the application thereof to any person or circumstance shall be held invalid or unenforceable, the remainder of this Declaration and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

**Section 7.4   Binding Effect: Covenants Running with the Land.** During the Term, this Declaration and the covenants, reservations and restrictions contained herein shall be deemed covenants running with the land and shall pass to and be binding upon Owner's heirs, personal representatives, assigns and successors in title to the Single Family Property; provided, however, that upon expiration of the Term in accordance with the terms hereof, said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Single Family Property shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. If a portion or portions of the Single Family Property are conveyed, all of such covenants, reservations and restrictions shall run to each portion of the property. Owner, at its cost and expense, shall cause this Declaration to be duly recorded or filed and re-recorded or refiled in such places, and shall pay or cause to be paid all recording, filing, or other taxes, fees and charges, and shall comply with all such statutes and regulations as may be required by law, in the opinion of qualified counsel, in order to establish, preserve and protect the ability of City or the Certifying Entity to enforce this Declaration. Any conveyance of all or any portion of the Single Family Property in contravention of the terms of this Declaration shall be null and void and of no force or effect.

**Section 7.5   Counterparts.** This Declaration and any amendments hereto may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of

which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

**Section 7.6 Section Titles.** Section titles and the table of contents are for descriptive purposes only and shall not control or limit the meaning of this Declaration as set forth in the text.

**IN WITNESS WHEREOF,** the undersigned has affixed its signature as of the date first above written.

**LAND ASSEMBLAGE REDEVELOPMENT  
AUTHORITY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THE STATE OF TEXAS     §  
  §  
COUNTY OF HARRIS     §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 200\_\_, by \_\_\_\_\_, \_\_\_\_\_ of **LAND ASSEMBLAGE REDEVELOPMENT AUTHORITY**, a Texas local government corporation, on behalf of said local government corporation.

\_\_\_\_\_  
Notary Public in and for the State of Texas

**NOTARY SEAL**

**EXHIBIT B**

**FORM OF SPECIAL WARRANTY DEED**

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY AND ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

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

THAT the LAND ASSEMBLAGE REDEVELOPMENT AUTHORITY, a Texas local government corporation created pursuant to TEX. TRANSP. CODE ANN. § 431.101 (the "Grantor"), for and in consideration of the sum of Ten and No/100ths Dollars (\$10.00) cash and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, paid by \_\_\_\_\_, (the "Grantee"), whose address is \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, HAS GRANTED, BARGAINED, SOLD and CONVEYED, and by these presents DOES GRANT, BARGAIN, SELL and CONVEY, subject to the matters set forth herein, unto Grantee the following described real property (collectively, the "Lots", and individually, a "Lot") situated in Harris County, Texas, to-wit:

LOT \_\_ in BLOCK \_\_ out of \_\_\_\_\_, a subdivision in Harris County, Texas, according to the map(s) or plat(s) thereof recorded in Volume \_\_\_\_\_, Page \_\_\_\_\_ of the Map Records of Harris County, Texas.

TO HAVE AND TO HOLD the Lot unto Grantee, and Grantee's successors and assigns forever, and Grantor does hereby bind Grantor, and Grantor's successors and assigns, to WARRANT and FOREVER DEFEND, all and singular the Lot unto Grantee and Grantee's successors and assigns, against every person lawfully claiming or to claim the same or any part thereof by, through or under Grantor, but not otherwise, and subject to the matters set forth herein.

This conveyance and the warranties herein are made subject to the following matters affecting the Lot:

1. The matters set forth on Exhibit A attached hereto and made a part hereof for all purposes.
2. Declaration of Land Use Restrictions (Restrictive Covenants) recorded of even date herewith under County Clerk's File No. \_\_\_\_\_.
3. The rights, restrictions and reservations contained in Exhibit B, attached hereto and made a part hereof for all purposes.

4. Taxes for the year of Closing have been prorated by agreement between Grantor and Grantee, and Grantee assumes payment thereof.

The reservations, covenants, conditions, and restrictions set forth in this Deed shall be covenants running with the land for the benefit of Grantor and shall be binding on Grantee and Grantee's successors, heirs, executors, administrators, other legal representatives, and assigns.

When the context requires, singular nouns and pronouns include all plural.

EXECUTED on the date of the acknowledgment hereinafter set forth, but made effective as of the \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

GRANTOR:

LAND ASSEMBLAGE REDEVELOPMENT  
AUTHORITY, a Texas local government  
corporation created pursuant to TEX. TRANSP. CODE  
ANN. § 431.101

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THE STATE OF TEXAS     §  
  §  
COUNTY OF HARRIS     §

Before me, the undersigned authority, on this day personally appeared \_\_\_\_, \_\_\_\_\_, of the Land Assemblage Redevelopment Authority, a Texas local government corporation created pursuant to TEX. TRANSP. CODE ANN. § 431.101, acknowledged the foregoing as the act of said local government corporation and for the purposes and consideration expressed in the foregoing instrument.

Given under my hand and seal of office on the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

\_\_\_\_\_  
Notary Public in and for the State of Texas

Exhibit A  
to  
Special Warranty Deed

1. All covenants, conditions, easements, reservations and other matters of record in the Official Records of Harris County, Texas, but only to the extent that same affect the Lot(s) hereby conveyed.
2. All matters which would be revealed by a current, on-the-ground survey of the Lot(s).

Exhibit B  
to  
Special Warranty Deed

1. (a) The restriction that the Lot shall be used for single family residential purposes only and further subject to the restrictions contained in Schedule 1 to this Exhibit (collectively, the "Use Restrictions").

(b) The Use Restrictions shall run with and bind the Lot(s) and shall inure to the benefit of and be enforceable by Grantor and its respective legal representatives, heirs, successors and assigns, until the 31<sup>st</sup> day of December in the year 2057 after which time the Use Restrictions shall be automatically extended for successive periods of ten (10) years unless terminated effective the 31<sup>st</sup> day of December 2057 (or effective at the end of any such ten (10) year period) by written agreement of Grantor and the then-owner(s) of the Lot(s).

(c) Any violation or breach of any Use Restriction herein contained shall give Grantor or its respective legal representatives, successors and assigns, in addition to all other remedies, the right (after the elapsing of 15 days from the time of written notice to the owner of the Lot(s) involved setting forth in reasonable detail the nature of such violation or breach and the specific action or actions to be taken to remedy such violation or breach and if at the end of such time reasonable steps to accomplish such action have not been taken), to enter upon the Lot(s) on which such violation or breach exists, and to take the actions specified in the notice to the owner to remedy, abate and remove, at the expense of the owner thereof, any structure, thing or condition that may be or exist thereon contrary to the intent and meaning of the Use Restrictions; and such parties shall not thereby be deemed guilty of any manner of trespass for such entry, abatement or removal, provided that such remedy, abatement or removal is carried out in accordance with the provisions of this section. Nothing herein contained shall be deemed to affect or limit the rights of Grantor to enforce the Use Restrictions by appropriate judicial proceedings.

(d) The failure of Grantor to enforce the Use Restrictions or any portion thereof shall in no event be considered a waiver of the right to do so thereafter as to the same violation or breach or as to such other violation or breach occurring prior or subsequent thereto.

(e) Damages shall not be deemed to be the exclusive remedy for any breach or violation of the Use Restrictions. Any person or entity entitled to enforce any provision hereof shall be entitled to relief by way of injunction, as well as any other available relief either at law or in equity.

(f) If Grantor succeeds in enforcing or enjoining the violation of a Use Restriction, Grantor shall be reimbursed for its court costs and reasonable attorney fees incurred in such action.

(g) No violation of any of these Use Restrictions shall defeat or render invalid the lien of any mortgage made in good faith and for value upon the Lot(s); provided, however, that any mortgagee in possession or any purchaser at any mortgagee's or foreclosure sale shall be bound by and subject to the Use Restrictions as fully as any other owner of the Lot(s).

(h) Each person or entity accepting a deed, lease, mortgage, easement or other instrument conveying an interest in the Lot(s), whether or not the same incorporates or refers to the Use Restrictions, thereby agrees for himself, his heirs, successors and assigns to observe, perform and be bound by the Use Restrictions and to incorporate the same by reference in any deed or other conveyance of his interest in real property subject to the Use Restrictions.

(i) Grantor shall have the right to assign its rights, or any part thereof to any successor public body, authority, agency, district or non-profit membership corporation, including, without limitation, any homeowners' or property owners' association which may be created by Grantor (hereinafter referred to as the "Successor Entity"). Upon any such assignment the Successor Entity shall have all the rights of Grantor assigned thereby. If for any reason Grantor shall cease to exist without having first assigned its rights hereunder to a Successor Entity, the Use Restrictions imposed hereunder shall nevertheless continue and the City of Houston, Texas shall be deemed the Successor Entity with respect thereto.

2. This conveyance is made by Grantor and accepted by Grantee subject to the conditional limitation that fee title to the Lot(s) shall automatically revert to Grantor if Grantee fails to pour the foundation slab ("Commencement of Construction") for the Residence to be constructed on the Lot(s) within thirty (30) days after the date of this Deed. The right of reverter set forth in this Paragraph 2 shall automatically terminate upon the timely Commencement of Construction of a Residence on the Lot(s).

**[NOTE: USE THIS ALTERNATIVE IF TRINITY GARDENS LOTS ARE INVOLVED:**

2. This conveyance is made by Grantor and accepted by Grantee subject to the conditional limitation that fee title to all of the Lots hereby conveyed shall automatically revert to Grantor if either (i) Grantee fails to pour the foundation slab ("Commencement of Construction") for the Residence to be constructed on the Lot(s) within thirty (30) days after the date of this Deed or (ii) Commencement of Construction of a Residence on each of the Lots identified in Exhibit "A" as the "Trinity Gardens Lots" does not occur prior to or contemporaneously with Commencement of Construction of a Residence on each of the Lots identified on Exhibit "A" as the "Other Lots." The right of reverter set forth in this Paragraph 2 shall automatically terminate upon the timely Commencement of Construction of a Residence on all of the Lot(s) as set forth herein.

3. This conveyance is made by Grantor and accepted by Grantee subject to the conditional limitation that fee title to the Lot(s) shall automatically revert to Grantor if Grantee fails to complete the Residence on the Lot(s), in conformity with the Plans and Specifications for such Residence as provided in that certain Lot Purchase Contract by and between Grantor as

Seller and Grantee as Purchaser dated \_\_\_\_\_, 200\_\_, as amended (the "Contract") within six (6) months after the Commencement of Construction. The right of reverter set forth in this Paragraph 3 shall automatically terminate upon timely completion of the Residence on the Lot(s) in conformity with the Plans and Specifications and as provided in the Contract.

4. The reservation of a right of first refusal (the "Right of First Refusal") as to the Lot(s) as follows: If Grantee desires to sell the Lot(s) before Commencement of Construction of a Residence on the Lot(s), Grantee shall first give written notice of the proposed sale of the Lot(s) to Grantor, which notice shall specify: (i) the identity of the party to whom Grantee proposes to sell the Lot(s), (ii) the price, terms, and any conditions of the proposed sale of the Lot(s), and (iii) an offer to sell the Lot(s) to Grantor at a purchase price equal to one hundred percent (100%) of the purchase price paid for the Lot(s) to Grantor by Grantee less any taxes and assessments unpaid as of the date of Grantee's notice to Grantor. During the thirty (30) days following Grantor's receipt of notice of a proposed sale of the Lot(s), Grantee shall neither sell nor agree to sell the Lot(s) except to Grantor and Grantor shall have the exclusive option to purchase the Lot(s). Grantor may exercise its Right of First Refusal by written notice delivered to Grantee before 5:00 p.m. on the last day of the thirty (30)-day exclusive option period, after which date the Right of First Refusal shall terminate. The Right of First Refusal shall automatically terminate upon Commencement of Construction of a Residence on the Lot(s) in accordance with the Plans and Specifications and as provided in the Contract.

5. Grantor hereby agrees and acknowledges that the Right of First Refusal hereby reserved does not and shall not in any manner pertain or apply to the execution or delivery of any deed of trust and security agreement or any other writings securing any note against the Lot(s) or any foreclosure sale (whether judicial or non-judicial) of the Lot(s) or any proceeding or act in any manner connected with any such foreclosure sale. Upon satisfaction of the conditions precedent to the termination of the rights of reverter, or the Right of First Refusal, Grantor, its successors and assigns, shall execute and deliver to Grantee, its successors or assigns, a recordable affidavit confirming that the condition precedent to the termination of any such rights has occurred and confirming that Grantor and its successors and assigns have no further rights or interest in the Lot(s) under the applicable provision. Should Grantor or its successors and assigns fail to execute such an affidavit within thirty (30) days following Grantee's, or its successors' and assigns', written request for such affidavit, Grantee and its successors and assigns may execute and record an affidavit to the same effect and such affidavit shall be conclusive and binding upon Grantor and its successors and assigns as to the facts stated therein.

6. Grantee's obligations under Paragraphs 2 and 3 to commence and complete construction within the time frames set forth therein are subject to delays due to force majeure, including, without limitation, inability to obtain permits or utility services from the City, provided that Grantee has timely made applications therefor and is diligently attempting to obtain same.

7. The provisions in this Exhibit B shall be deemed covenants running with the Lot(s) and shall be binding upon and inure to the benefit of Grantor and Grantee and their respective legal representatives, heirs, executors, administrators, successors, and assigns.

Grantee's signature below indicates that Grantee has read, understands, agrees to, and accepts this Deed subject to the provisions of this Exhibit B, all of which shall be binding upon Grantee, their heirs, executors, administrators, successors and assigns.

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

("Grantee")

THE STATE OF TEXAS           §

§

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me by \_\_\_\_\_, the \_\_\_\_\_ of \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public, State of Texas

**Schedule 1  
to  
Exhibit B**

**USE RESTRICTIONS**

1. The Lot(s) described in the Deed to which this Exhibit "B" is attached shall each be known and described as a residence. No commercial activity or enterprise will be permitted.
2. No trailer, vehicle, tent or shack shall at any time be used as a residence temporarily or permanently, nor shall any structure of a temporary character be used as a residence.
3. Vehicles may only be parked on the driveway, in the garage, or legally on the street.
4. No livestock, poultry, or animals of any kind, except household pets, shall be raised, bred, or kept, nor shall any animals be kept, bred, or maintained for commercial purposes. Pet owners shall control their own pets as required by applicable ordinances of the City of Houston.
5. Unsafe, illegal, unusually loud, and similarly offensive nuisance activities are prohibited.
6. The exterior of any structure (specifically including roof, doors, windows, screens, awnings, shutters, carports and exterior surface) must be maintained in good condition and repair, adequately, uniformly and completely painted or otherwise finished (without substantial peeling of the finish). Fences shall be maintained in an erect and safe condition.
7. Lawns and landscaping shall be maintained in a neat and attractive condition at all times, and weeds and grass must be cut regularly to maintain good appearance. The accumulation of trash, rubbish, or other unsightly obstacles on the premises in the easement or alley or in the street(s) abutting the Lot, is prohibited and must be removed promptly.

**EXHIBIT C**

**INSURANCE REQUIREMENTS**

Purchaser shall maintain (or cause to be maintained) in effect certain insurance coverage, which is described in this Exhibit C. If the insurance is written as "claims made" coverage, then Purchaser's insurance must include a two-year extended coverage period after the last date that Purchaser performs under this Contract.

1. Minimum Insurance Requirements. Purchaser shall maintain (or cause to be maintained) the following insurance coverage in the following amounts:

**REQUIRED COVERAGES**

<b>Coverage</b>	<b>Limit of Liability</b>
<b>Worker's Compensation</b>	<b>Statutory Limits for Worker's Compensation</b>
<b>Employer's Liability</b>	Bodily Injury by Accident      \$1,000,000 (each accident) Bodily Injury by Disease      \$1,000,000 (policy limit) Bodily Injury by Disease      \$1,000,000 (each employee)
<b>Commercial General Liability</b> Including Contractor's Protective Liability, Broad Form Property Operations, Damage, Contractual Liability, Bodily Injury, Personal Injury and Products and Completed Operations (for a period of one year following completion of the Work under this Contract)	Combined single limit of \$1,000,000 each occurrence, subject to general aggregate \$2,000,000; Products and Completed \$1,000,000 aggregate
<b>Owners and Contractors Protective Liability</b>	\$1,000,000 combined single limit each Occurrence/Aggregate
<b>Automobile Liability Insurance</b> (for vehicles Contractor uses in performing under this Contract, including Employer's Non-Owned and Hired Auto Coverage)	\$1,000,000 combined single limit

**Excess Coverage**

\$1,000,000 each occurrence/combined aggregate in excess of the limits specified for Employer's Liability, Commercial General Liability, and Automobile Liability

**Optional Coverages**

(Required when checked)

- \_\_\_\_\_ (a) Pollution Legal Liability \$1,000,000 per occurrence/aggregate
- \_\_\_\_\_ (b) Coverage for tools, equipment, etc., not included in cost of the work. Value of items covered
- \_\_\_\_\_ (c) Equipment floater policy to cover equipment in transit, at warehouse, jobsite or elsewhere until the Residence is sold. Value of Equipment
- \_\_\_\_\_ (d) Property & Casualty Coverage: "All Causes of Loss" Builders Risk Form for building or plant construction on a site. 100% Contract price, including all change orders
- \_\_\_\_\_ (e) Increased Excess Coverage As appropriate for project
- \_\_\_\_\_ (f) Other Insurance As appropriate for project

Defense costs are excluded from the face amount of the policy.  
Aggregate Limits are per 12-month policy period unless otherwise indicated.

2. Form of Policies. Seller may approve the form of the insurance policies, but nothing the Seller does or fails to do relieves Purchaser from its duties to provide the required coverage under this Contract. Seller's actions or inactions do not waive Seller's or the City's rights under this Contract.

3. Issuers of Policies. The issuer of any policy (1) shall have a Certificate of Authority to transact insurance business in Texas or (2) shall be an eligible non-admitted insurer in the State of Texas and have a Best's rating of at least B+ and a Best's Financial Size Category of Class VI or better, according to the most current edition Best's Key Rating Guide.

4. Insured Parties. Each policy, except those for Workers' Compensation, Employer's Liability, and Professional Liability, must name Seller and the City (and their officers, agents, and employees) as Additional Insured parties on the original policy and all

renewals or replacements. Seller's and the City's status as an additional insured under Purchaser's insurance does not extend to instances of sole negligence of Seller or the City unmixed with any fault of Purchaser.

5. Deductibles. Purchaser shall be responsible for and bear any claims or losses to the extent of any deductible amounts and waives any claim it may have for the same against Seller, the City, their officers, agents, or employees.

6. Cancellation. Each policy must state that it may not be canceled, materially modified, or nonrenewed unless the insurance company gives Seller and the City 30 days' advance written notice. Purchaser shall give written notice to Seller and the City within 5 days of the date on which total claims by any party against Purchaser reduce the aggregate amount of coverage below the amounts required by this Contract. In the alternative, the policy may contain an endorsement establishing a policy aggregate for the particular project or location subject to this Contract.

7. Subrogation. Each party must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against Seller, the City, their officers, agents or employees.

8. Endorsement of Primary Insurance. Each policy must contain an endorsement that the policy is primary to any other insurance available to the Additional Insured with respect to claims arising under this Contract.

9. Liability for Premium. Purchaser shall pay all insurance premiums, and neither Seller nor the City shall be obligated to pay any premiums.

10. Proof of Insurance.

(a) Prior to Closing, Purchaser shall furnish Seller and the City with Certificates of Insurance, along with an Affidavit from Purchaser confirming that the Certificates accurately reflect the insurance coverage maintained. If requested in writing by Seller and the City, Purchaser shall furnish Seller and the City with certified copies of Purchaser's actual insurance policies.

(b) Purchaser shall continuously and without interruption maintain in force the required insurance coverages specified in this Exhibit C. If Purchaser does not comply with this requirement, Seller or the City, at its sole discretion, may purchase the required insurance and the costs thereof shall be promptly paid by Purchaser to Seller or the City, as applicable, upon demand.

(c) Purchaser shall comply or cause its contractor(s) to comply with all requirements in this Exhibit C with regard to Workers' Compensation insurance unless otherwise provided below.

11. Additional Requirements for Workers' Compensation Insurance Coverage. In addition to meeting the obligations set forth above, Purchaser shall maintain (or cause to be

maintained) workers' compensation coverage and shall comply with all requirements specified below:

(a) Definitions:

"Certificate of coverage" ("Certificate") – A copy of a certificate of insurance, [a certificate of authority to self-insure issued by the commission] (included in original definition under Rule 110.110 but excluded from this Agreement), or a coverage agreement (TWCC-81, TWCC-82, TWCC-83, or TWCC-84), showing statutory workers' compensation insurance coverage for the person's or entity's employees providing services on a project, for the duration of the project.

"Duration of the project" – includes the time from the beginning of work on the Residence until the work on the Residence has been completed and accepted by the governmental entity.

"Persons providing services on the project" ("Subcontractor" in Texas Labor Code §406.096) include all persons or entities performing all or part of the services Purchaser has undertaken to perform on the Residence, regardless of whether that person contracted directly with Purchaser and regardless of whether that person has employees. This includes, without limitation, independent contractors, subcontractors, leasing companies, motor carriers, owner-operators, employees of any such entity, or employees of any entity which furnishes persons to provide services on the Residence. "Services" include, without limitation, providing, hauling, or delivering equipment or materials, or providing labor, transportation, or other services related to a Residence. "Services" do not include activities unrelated to the Residence, such as food/beverage vendors, office supply deliveries, and delivery of portable toilets.

(b) Purchaser shall provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all employees providing services on the Residence.

(c) Purchaser must provide a certificate of coverage to Seller and the City before Closing.

(d) If the coverage period shown on Purchaser's current certificate of coverage ends, Purchaser must, before the end of the coverage period, file a new certificate of coverage with Seller and the City showing that coverage has been extended.

(e) Purchaser shall obtain from each person providing services on a Residence, and provide to the City:

(1) a certificate of coverage, before that person begins work on the Residence; and

(2) no later than 7 days after receipt by Purchaser, a new certificate of coverage showing extension of coverage, if the coverage period ends.

(f) Purchaser shall retain all required certificates of coverage for the duration of the work and for one year after its completion.

(g) Purchaser shall notify Seller and the City in writing by certified mail or personal delivery, within 10 days after Purchaser knows or should have known, of any change that materially affects the coverage of any person providing services on the Residence.

(h) Purchaser shall post on each job site a notice, in the text, form, and manner prescribed by the Texas Workers' Compensation Commission, informing all persons providing services on the Residence that they are required to be covered, and stating how a person may verify coverage and report lack of coverage.

(i) Purchaser shall contractually require each person with whom it contracts to provide services on a Residence to do the following:

(1) meet all requirements stated in paragraphs 11(b)-(h) in this Exhibit C; and

(2) contractually require each person with whom it contracts to meet the requirements of paragraphs 11(b)-(h) above, and provide certificates of coverage to the person for whom it is providing services.

(j) By signing this Contract or providing or causing to be provided a certificate of coverage, Purchaser represents that its employees who provide services on the Residence will be covered by workers' compensation coverage for the duration of the job, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier. Purchaser shall not self-insure Workers' Compensation. If Purchaser provides false or misleading information, it may be subject to administrative penalties, criminal penalties, civil penalties, or other civil actions.

## **EXHIBIT D**

### **INDEMNIFICATION PROCEDURES**

(1) Notice of Claims. If Seller, the City or Indemnitor receives notice of any claim or circumstances which could give rise to an indemnified loss, the receiving party shall give written notice to the other party within 10 days. The notice must include the following:

- (a) a description of the indemnification event in reasonable detail,
- (b) the basis on which indemnification may be due, and
- (c) the anticipated amount of the indemnified loss.

This notice does not estop or prevent Seller or the City from later asserting a different basis for indemnification or a different amount of indemnified loss than that indicated in the initial notice. If Seller or the City does not provide this notice within the 10 day period, it does not waive any right to indemnification except to the extent that Indemnitor is prejudiced, suffers loss, or incurs expense because of the delay.

(2) Defense of Claims.

(a) Assumption of Defense. Indemnitor may assume the defense of the claim at its own expense with counsel chosen by it that is reasonably satisfactory to Seller and the City. Indemnitor shall then control the defense and any negotiations to settle the claim. Within 10 days after receiving written notice of the indemnification request, Indemnitor must advise Seller and City as to whether or not it will defend the claim. If Indemnitor does not assume the defense, Seller or the City shall assume and control the defense, and all defense expenses constitute an indemnification loss.

(b) Continued Participation. If Indemnitor elects to defend the claim, Seller or the City may retain separate counsel to participate in (but not control) the defense and to participate in (but not control) any settlement negotiations. Indemnitor may settle the claim without the consent or agreement of Seller or the City, unless it (i) would result in injunctive relief or other equitable remedies or otherwise require Seller or the City to comply with restrictions or limitations that adversely affect Seller or the City, (ii) would require Seller or the City to pay amounts that Indemnitor does not fund in full, (iii) would not result in Seller's and the City's full and complete release from all liability to the plaintiffs or claimants who are parties to or otherwise bound by the settlement.

## **EXHIBIT E**

### **BUILDING SET BACK LINE STANDARDS**

For all properties, new development must conform to the building line requirements as follows:

- Local Street – The front building line will be 20 feet and 10 feet on any side or rear property line that abuts a public street.
- Major Thoroughfares – shall have a 25 foot building line for front or rear property lines.
- Deed Restrictions and Plat Restrictions – when deed restrictions or plat restrictions addressing front, side or rear building lines are in place, the most restrictive building line will prevail over the above restrictions.

The following are examples of the three scenarios:

- **Chapter 42 Prevails:**  
Since the Independence Heights subdivision plat does not indicate building lines and deed restrictions are not in place, then the building lines shall be 20 feet at the front of the lot and 10 feet on any side or real abutting a local public street.
- **Deed Restrictions Prevail:**  
No building lines are shown on the Trinity Gardens subdivision plat; however, separately filed deed restrictions call for a 30 foot building line. In this case, a 30 foot building line will be required because this is greater than the 20 foot building line required by Chapter 42.
- **Plat Restrictions Prevail:**  
The Sunnyside Gardens subdivision plat requires a front 25 foot set back and 10 feet for lots siding or backing on to a local public street. Since no deed restrictions are in place and the proposed City set back (under Chapter 42) requires only a 20 foot set back, the plat restrictions would prevail. The side and rear set backs are consistent at 10 feet.

## **EXHIBIT F**

### **CONSTRUCTION STANDARDS**

Houses may be of pier and beam or slab on grade construction. Houses may be constructed on-site or may consist of modular units, constructed off-site. Houses may not exceed two stories; shall have hookups and room for side-by-side washers and dryers; shall have space for a 30" cooking range and a 36" refrigerator.

Purchaser must certify, by a HERS "Certified Rater" that their plans are Energy Star certified (visit their website at: <http://www.energystar.gov>). Seller will reimburse the Purchaser at a rate of Two Dollars (\$2.00) per square foot for a sum amount not to exceed \$2,500.00 depending on square footage, of the incremental expenses associated with constructing the Residence to Energy Star standards.

Purchaser shall provide one or more proposed floor plans and elevations, and information that would assist in the approval of each contract for a Lot, including the following:

- a. Foundation construction for each house.
- b. Exterior materials and treatments.
- c. Roof materials.
- d. Window type and construction.
- e. HERS certification.
- f. Mechanical system construction, tonnage, and SEER rating.
- g. Specifications regarding Electrical System design.
- h. Specifications regarding Plumbing System design, as well as types of fixtures and tub/shower enclosure construction.
- i. Interior Finishes.
- j. Specifications regarding millwork and cabinetry construction.
- k. Specifications regarding features of the house that enhance security of the house and residents.
- l. Specifications regarding long-term durability and maintenance of the materials and systems within the house.
- m. Specifications regarding landscaping features including, driveway and trees, both existing and proposed.
- n. Specifications regarding other amenities such as garage, fencing, or other, if applicable.

Purchaser need not match specific plans with specific parcels. If there are multiple plans submitted, then the plan(s) suitable for each lot will be determined and finalized in documents prior to closing.