

**DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
OAKS ON 6TH STREET**

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

OAKS ON 6TH STREET

THE STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

This Declaration of Covenants, Conditions and Restrictions for Oaks on 6th Street (this "Declaration") is made on the date hereinafter set forth by M/I Homes of Houston, LLC, a Delaware limited liability company (the "Declarant"). Capitalized terms used herein and not defined shall have the meanings set forth in Article I hereof.

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described on Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, Declarant intends to develop all of such real property described on Exhibit "A" into a single-family home subdivision to be commonly known as Oaks on 6th Street (the "Subdivision" herein); and

WHEREAS, Declarant has caused an association to be incorporated under the name Oaks on 6th Street Community Association (the "Association") to provide for maintenance, preservation, and architectural control of the residential lots and common areas located within the Subdivision and any additions thereto which may be subsequently brought within the jurisdiction of the Association; and

WHEREAS, the Declarant desires to impose the Declaration on all of the real property described on Exhibit "A" to adopt, establish and impose upon the Subdivision certain reservations, easements, restrictions, covenants and conditions applicable thereto.

NOW, THEREFORE, Declarant hereby declares that the real property described on Exhibit "A" to this Declaration, including the improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments, and liens, hereinafter set forth, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the real property hereby or hereafter made subject hereto, and shall be binding on all persons having any right, title, or interest in all or any portion of the real property now or hereafter made subject hereto,

their respective heirs, legal representatives, successors, successors-in-title, and assigns and shall inure to the benefit of each and every owner of all or any portion thereof.

ARTICLE I **Definitions**

Section 1. Specific Definitions.

"Annual Assessment" shall mean the assessment levied pursuant to Article X, Section 2 hereof.

"Area of Common Responsibility" shall mean and refer to the Common Area, together with those areas, if any, which, by the terms of this Declaration, a Supplemental Declaration or by contract or agreement with any Person, become the responsibility of the Association, including but not limited to the entrance areas into the Property or Association Manager or maintenance personnel, and all landscape amenities and/or signage associated therewith. The office of any property or Association manager or maintenance personnel employed by or contracting with the Association, whether or not located on the Properties (if determined by the Board), or any public rights-of-way within or adjacent to the Properties (except right-of-way adjacent or contiguous to Lots or Tracts), or easements (pipeline, power, utility, etc.) may be part of the Area of Common Responsibility. The Area of Common Responsibility shall also include the Project Fence or Wall and may also include other property, even if not owned by the Association, if the Board of Directors determines that such maintenance is necessary or desirable.

"Assessment" shall mean an Annual Assessment, a Special Assessment, or a Reimbursement Assessment.

"Assessments" shall mean the Annual Assessment, the Special Assessment and the Reimbursement Assessment, collectively.

"Association" shall mean and refer to Oaks on 6th Street Community Association, a Texas non-profit corporation, its successors or assigns.

"Board of Directors" or "Board" shall mean the elected body of the Association having its normal meaning under Texas law pertaining to non-profit corporations.

"Bylaws or By-Laws" shall mean and refer to the By-Laws of Oaks on 6th Street Community Association which may be amended from time to time.

"Certificate of Formation" shall mean and refer to the Certificate of Formation of Oaks on 6th Street Community Association, as filed with the Secretary of State of the State of Texas.

"Common Area" shall mean all real property and improvements within the Properties, if any, owned acquired or leased by the Association, dedicated for the common use of the Owners and Declarant, which may include any detention ponds serving the Properties, and may include,

but is not limited to, walkways and walking trails, and recreational facilities, if determined by Declarant and/or the Association.

"Common Expenses" shall mean and include the actual and estimated expenses incurred by the Association for the general benefit of Lot Owners, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the By-Laws, and/or the Certificate of Formation.

"Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Properties, which may be more specifically determined by the Board of Directors and the Architectural Review Committee.

"Declarant Annexation Property" shall mean any real property in a ten (10) mile radius of the property described on Exhibit "A."

"Development Period" is defined in Section 209.002(4-a) of the Texas Property Code as a period stated in a Declaration during which a Declarant reserves the right to facilitate the development, construction and marketing of a subdivision, or, a right to direct the size, shape and composition of any subdivision. For purposes of this Declaration, the period of the existence of the Class B membership is the Development Period.

"Improvement to Property" includes, without limitation: (a) the construction, installation or erection of any building, structure, fence, Residence or other Improvement, including utility facilities; (b) the demolition or destruction, by voluntary action, of any building, structure, fence, or other Improvements; (c) the grading, excavation, filling, or similar disturbance to the surface of any Lot or Tract, including, without limitation, change of grade, change of ground level, change of drainage pattern, or change of stream bed; (d) installation or changes to the landscaping on any Lot (including but not limited to removal of any trees); and (e) any exterior modification, expansion, change or alteration of any previously approved Improvement to Property, including any change of exterior appearance, color, or texture not expressly permitted by this Declaration, residential guidelines, or Rules and Regulations.

"Improvements" shall mean all structures and any appurtenances thereto of every type or kind, which are visible on a Lot or Tract, including, but not limited to: a Residence, buildings, outbuildings, swimming pools, spas, hot tubs, patio covers, awnings, painting of any exterior surfaces of any visible structure, additions, sidewalks, walkways, sprinkler pipes, garages, carports, roads, driveways, parking areas, fences of any type (other than Project Fence or Wall), screening, walls, retaining walls, stairs, decks, fixtures, windbreaks, basketball goals, flagpoles, or any other type of pole, signs, exterior tanks, exterior air conditioning fixtures and equipment, water softener fixtures, exterior lighting, recreational equipment or facilities, radio, conventional or cable or television antenna or dish, microwave television antenna, and landscaping that is placed on and/or visible from any Lot or Tract.

"Lot" shall mean and refer to any plot or tract of land shown upon any recorded map(s) or plat(s) of the Properties, as same may be amended from time to time, which is designated as a lot therein and which is or will be improved with a single Residence in conformity with the building

restrictions set forth herein. A Lot may include the legal description for a patio home or a townhome. It is planned that the Property may have created 12 Lots at full development encumbered by this Declaration.

"Maintenance Fund" or "Reserve Fund" shall mean any accumulation of the Assessments collected by the Association in accordance with the provisions of this Declaration and any Supplemental Declaration together with interest, attorneys' fees, penalties and other sums and revenues collected by the Association pursuant to the provisions of this Declaration and any Supplemental Declaration.

"Member" shall mean and refer to a Person entitled to membership in the Association, as provided herein.

"Mortgage" shall mean and refer to a mortgage, a deed of trust, a deed to secure debt, or any other form of security deed affecting a Lot or Tract.

"Mortgagee" shall mean and refer to a beneficiary or holder of a Mortgage.

"Mortgagor" shall mean and refer to any Owner who gives a Mortgage.

"Neighborhood" shall mean a grouping of Lots or Tracts which comprise a portion of the Subdivision and which are designed by Declarant or a Sub-developer to have a distinctive identity within the Subdivision. Such distinctive identity may be created by such features as a gated community and/or additional landscaping and/or ornamental fencing, and/or some other feature designed to set the Neighborhood apart from the other property within the Subdivision. In the event of Declarant or a Sub-developer designing and creating a Neighborhood, or should a grouping of Lots or Tracts desire to form a Neighborhood after the initial development thereof, all features providing the distinctive identity shall be subject to review by the Architectural Review Committee of the Subdivision for compliance with all design criteria and residential guidelines. Further, any cost and/or expense in creating and/or maintaining the features distinguishing the Neighborhood and its distinctive identity will be deemed additional services to the Lots or Tracts within such Neighborhood and assessed as Neighborhood Reimbursement Assessments (as hereinafter defined), allocated prorata among the Lots or Tracts in the Neighborhood, and shall not be a Common Expense because they are not for the benefit of nor to be paid by all Owners in the Subdivision.

"Owner" shall mean and refer to one (1) or more Persons who hold the record title to any Lot or Tract, including any Sub-developer of a Lot or Tract, and including Declarant, but excluding in all cases any Mortgagee or other party holding an interest merely as security for the performance of an obligation. For the purpose of exercising all privileges of membership in the Association, privileges of ownership are exclusive to each Owner unless otherwise conveyed to a specific Person in writing, with a copy of such written authority given to the Association.

"Person" means a natural person, a corporation, a partnership, a trustee, or any other legal entity.

"Plans" shall mean the final construction plans and specifications (including a related site plan) of any Residence, building or improvement of any kind to be erected, placed, constructed, maintained or altered on any Lot or Tract.

"Project Fence or Wall" shall mean the brick or wood or masonry fence or wall located predominantly around the perimeter of the Property, and on such other locations as determined by Declarant and/or the Board, which is in the nature of a community identify fence or wall, and which is referred to and further identified and for which an easement is granted pursuant to Article XI, Section 5, hereof.

"Property" or "Properties" shall mean the real property in the City of Magnolia, Montgomery County, Texas, described on Exhibit "A" attached hereto and made a part hereof, together with any Improvements thereon or appurtenances thereto and will include such additional property as is hereafter subjected to this Declaration by a Supplemental Declaration, commonly known as Oaks on 6th Street.

"Reimbursement Assessment" shall mean a charge against a particular Owner and his Tract or Lot for the purpose of reimbursing the Association for expenditures and other costs of the Association incurred in curing any violation, directly attributable to the Owner, of this Declaration or the Rules and Regulations, pursuant to Article X, Section 6, hereof.

"Residence" shall mean a portion of the Properties intended for development, use, and occupancy as an attached or detached residence for a single family, and shall, unless otherwise specified, include within its meaning (by way of illustration, but not limitation) townhouse units, patio or zero lot line homes, and single-family detached houses on separately platted Lots, all as may be developed, used, and defined as herein provided or as provided in Supplemental Declarations covering all or a part of the Properties. The term shall include all portions of any Lot owned as well as any structure thereon. In the case of a townhouse or other specifically included structure which contains multiple dwellings, each dwelling shall be deemed to be a separate Residence. Buildings containing apartments shall not (nor shall the individual apartments) be included as single family Residences hereunder.

"Residential Guidelines" shall mean architectural, design, landscaping and other guidelines promulgated by the Declarant or the Architectural Review Committee and governing any Improvement or any modification of an Improvement located on the Property.

"Rules and Regulations" shall mean those rules and regulations which may be established from time to time by the Board of Directors pursuant to this Declaration.

"Special Assessment" shall mean a charge against a particular Owner and its Lot representing a portion of the cost to the Association for the purpose of funding major capital repairs, maintenance, and replacement of Improvements, as more particularly described in and imposed by Article X, Section 4, hereof.

"Sub-developer" shall mean and refer to any and every homebuilding company who purchases a Lot or Lots (or Tract to plat into Lots) from Declarant for the purposes of constructing

or selling single family Residences thereon and selling such Lot and Residence to the general public or a developer who purchases a Tract from Declarant for the purpose of developing the Tract into Lots and selling such Lots to a homebuilding company.

"Supplemental Declaration" shall mean any amendment or supplement to this Declaration executed by or consented to by Declarant which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described therein.

"Tract" shall mean any unimproved portion of the Property, which is separately described by survey description or metes and bounds, and owned by Declarant or conveyed to an Owner by Declarant, but which has not yet been platted.

Section 2. Other Defined Terms. Other terms which are defined herein shall have the meanings given in this Declaration.

ARTICLE II.

Easement of Enjoyment

Section 1. Use of Common Area. Each Owner shall have a nonexclusive right and easement of enjoyment to the Common Area which shall be appurtenant to and shall pass with the title to every Lot or Tract, subject to the following:

- (i) This Declaration may be amended from time to time;
- (ii) Any restrictions or limitations contained in any deed conveying such Common Area to the Association;
- (iii) The right of the Board to limit the number of guests who may use the Common Area, and to adopt other Rules and Regulations regulating the use and enjoyment of the Common Area;
- (iv) The right of the Board to suspend the right of an Owner to use any recreational facilities within the Common Area (i) for any period during which any Assessment or portion thereof owed by such Owner remains delinquent, and (ii) for a period not to exceed sixty (60) days for a single violation, or for a longer period in the case of any continuing violation, of the Declaration, By-Laws, or Rules and Regulations of the Association, unless any such suspension is prohibited by law;
- (v) The right of the Association, with the consent of the Class B member as long as such Class B membership exists, acting through the Board, to dedicate or transfer all or any part of the Common Area;

(vi) The right of the Board to impose reasonable membership requirements and charge reasonable admission or other fees (which fees shall be separate from Assessments) for the use of any recreational facility situated upon the Common Area;

(vii) The right of the Board to permit nonmember use of any recreational facility situated on the Common Area upon payment of user fees established by the Board;

(viii) The right of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval of sixty-seven percent (67%) of the total eligible Class "A" and Class "B" votes;

(ix) The right of the Association to grant easements pursuant to Article IV, Section 11 hereof; and

(x) The right of the Association to enter into and execute contracts with any party (including without limitation, Declarant or their respective affiliates) for the purpose of providing maintenance or other materials or services consistent with the purposes of the Association and this Declaration.

Section 2. Delegation. Any Owner may delegate his or her right of use and enjoyment of Common Area to the members of his or her family, lessees and social invitees, as applicable, subject to reasonable regulation by the Board and in accordance with procedures it may adopt. An Owner who leases his or her Lot must provide written notice to the Association conveying such privileges of use to Common Areas, however such Owner shall remain fully responsible for the actions of such persons.

Section 3. Conveyances to the Association. Declarant may retain, for as long as it deems necessary or convenient, the legal title to easements or fee simple parcels designated as Common Area. Declarant may, at any time after the date hereof, convey legal title to all or a portion of such Common Area to the Association, which conveyance shall be on an "AS IS, WHERE IS" basis. The Association shall be obligated to accept title to, operate and maintain the Common Area conveyed to the Association as elsewhere provided in this Declaration.

ARTICLE III **Establishment of General Plan**

Section 1. General Plan and Declaration. This Declaration is hereby established pursuant to and in furtherance of a common and general plan for the improvement and sale of Tracts and then Lots within the Properties, and for the purpose of enhancing and protecting the desirability and attractiveness of the Properties. The undersigned Owners, for themselves, their heirs, executors, administrators, legal representatives, successors, and assigns hereby declare that the Properties and each part thereof shall be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, maintained, altered, and improved subject to the covenants, conditions, restrictions, limitations, reservations, easements, exceptions, equitable

servitudes, and other provisions set forth in this Declaration, for the duration thereof. The Tracts, Lots and Common Areas in the Properties shall be subject to the jurisdiction of the Association.

Section 2. Equitable Servitudes. The covenants, conditions, restrictions, limitations, reservations, easements, and exceptions of this Declaration hereby are imposed as equitable servitudes upon each Tract and each Lot, and the Common Areas within the Properties, as a servient estate, for the benefit of each and every other Tract and every other Lot and parcel of Common Area within the Properties, as the dominant estate.

Section 3. Covenants Appurtenant. The covenants, conditions, restrictions, limitations, reservations, easements, exceptions, equitable servitudes, and other provisions set forth in this Declaration shall be binding upon and inure to the benefit of: (a) the Properties; (b) Declarant and their successors and assigns; (c) the Association and its successors and assigns; and (d) all Persons (including Owners) having, or hereafter acquiring, any right, title, or interest in all or any portion of the Properties and their heirs, executors, successors, and assigns.

ARTICLE IV. **Management and Operation of Properties**

Section 1. Management by Association.

(i) Generally. The affairs of the Properties shall be administered and managed by the Association. The Association shall have the right, power and obligation to provide for the management, acquisition, construction, maintenance, repair, replacement, administration, and operation of the Properties as herein provided for and as provided for in the Certificate of Formation, Bylaws, and the Rules and Regulations. In the event of any conflict between the Certificate of Formation and the Bylaws, the Certificate of Formation shall control; and in the event of a conflict between the Certificate of Formation or the Bylaws and the provisions of the Declaration, the provisions of the Declaration shall control. The principal purposes of the Association are the collection, expenditure, and management of the Maintenance Fund, enforcement of the restrictions contained herein and in Supplemental Declarations, providing for the maintenance and presentation of the Area of Common Responsibility and the facilities of the Association, ensuring architectural control of the Tracts and Lots, and establishing a method for the administration, maintenance, preservation, use and enjoyment of the Properties.

(ii) Additional Powers of the Association. The Association, acting through the Board, shall be entitled to enter into such contracts and agreements concerning the Properties and Area of Common Responsibility as the Board deems reasonably necessary or appropriate to maintain and operate the Properties in accordance with the Declaration, including without limitation, the right to enter into agreements with adjoining or nearby land owners or governmental entities on matters of maintenance, trash pick-up, repair, administration, security, traffic, operation of recreational facilities, or other matters of mutual interest. The Association, acting through its Board of Directors, shall also have the power to make and to enforce Rules and Regulations governing the use of the Properties and Area of Common Responsibility, including but not limited to Rules concerning traffic and parking matters, in addition to those contained herein, and to impose reasonable user fees for use of Common Area facilities. The Rules and Regulations shall

be binding upon all Owners, occupants, invitees and licensees, if any, until and unless overruled, canceled or modified in a regular or special meeting of the Association by two-thirds of the total eligible Class "A" and Class "B" votes of the Association.

(iii) Area of Common Responsibility and Common Area. The Association, subject to the rights of Declarant and the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and Area of Common Responsibility and all Improvements thereon (including, without limitation, furnishings and equipment related thereto and common landscaped areas), and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof and consistent with the Community-Wide Standard.

(iv) Personal Properties and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property. The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold, or other property interests within the Properties conveyed to it by Declarant pursuant to the terms of this Declaration.

(v) Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration, the By-Laws or by statute, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 2. Board of Directors. The business and affairs of the Association shall be managed by and the decisions and actions of the Association shall be made or taken by the Board of Directors, unless otherwise reserved to the Members of the Association by law, the terms of the Declaration, Certificate of Formation, or the Bylaws. During the existence of the Class B membership, the Declarant shall be entitled to appoint the Directors; however, on or before the 120th day after the date seventy five percent (75%) of the Lots that may be created and made subject to this Declaration are conveyed to Owners other than the Declarant, at least one-third of the members of the Board of Directors must be elected by the majority of the Owners other than the Declarant and such vote shall be at a meeting of the Owners called for such purpose.

Section 3. Membership in Association. Each Owner, whether one person or more, of a Tract or Lot shall upon and by virtue of becoming such Owner, automatically become and shall remain a Member of the Association until ownership of the Tract or Lot ceases for any reason, at which time the membership in the Association shall also automatically cease. Membership in the Association shall be appurtenant to and shall automatically follow the ownership of each Tract or Lot and may not be separated from such ownership. Prior to changing the name of the Owner of any Tract or Lot on the membership rolls of the Association, the Association or its managing agent (if authorized by the Board of Directors) may charge a transfer fee or processing fee when ownership to any Tract or Lot changes, however, there shall be no charge when Declarant conveys a Tract or Lot to a Sub-developer. There will be a charge when a Sub-developer conveys a Tract to another Sub-developer or a Lot and Residence to the first homebuyer. Membership in the Association shall not include Mortgagees or other persons having an interest merely as a security for the performance of an obligation. Each Owner is required to provide and maintain at all times

with the Association, or its designated management agent, current information regarding such Owner's physical address, email address and phone number and the name, physical address, email address and phone number of the occupant or property manager, if any, of each Lot or Tract owned.

Section 4. Voting and Membership Limitations. The Association shall have two (2) classes of Members:

(i) Class "A". Class "A" Members shall be all Owners, with the exception of Declarant. Each Class "A" Member shall be entitled to one (1) vote for each Lot and two (2) votes per acre for each Tract owned by such Member in the Properties; provided, however, when more than one person holds an interest in any Lot, all such persons shall be Members, and the vote for such Lot or Tract shall be exercised by them as they among themselves determine but in no event shall more than one (1) vote be cast with regard to any Lot or two (2) votes per acre for any Tract owned by a Class "A" Member. With respect to the votes for a Tract, if the total acreage includes a portion of an acre, it shall be rounded up if the portion is .5 or over and shall be rounded down if the portion is .49 or below, to the nearest higher or lower whole number.

(ii) Class "B". The Class "B" Member shall be the Declarant. The Class "B" Member shall have 2,500 votes, until the Class "B" membership and Class "B" votes cease to exist as set forth below. All Class "B" and the Class "B" membership votes shall cease to exist and automatically be converted to Class "A" votes and the Class "B" membership shall no longer exist on the happening of any of the following events, whichever occurs earlier:

(a) When 100% of the Lots and Tracts on the Property (including Property added hereto by annexation) planned for development has been sold to and occupied by Class A Members that are not Sub-developers;

(b) December 31, 2055; or

(c) At such earlier time as the holder of the Class "B" votes may, in its sole discretion, elect, as evidenced by a document recorded in the real property records of Montgomery County, Texas.

(iii) Reinstatement of Class "B" Votes. Notwithstanding the prior provisions of Section 4(b) or 4(c) above, if additional property is made subject to the jurisdiction of the Association pursuant to a Supplemental Declaration, or if Declarant repurchases any Lots and/or Tracts, such that Declarant again owns any Lots or Tracts in the Property, then the provisions regarding Class "B" votes in this Section 4, shall be automatically reinstated ipso facto.

Section 5. Voting. Unless otherwise stated herein, in the Certificate of Formation, in the By-Laws, or required by law, any action which requires the approval of the Members of the Association shall require the approval of a majority of the total eligible votes of all Members represented in person or by proxy at any duly called meeting. Any action of the Board shall require the approval of a majority of the total members thereon. Any Owner who is delinquent in the payment of any Assessment shall not be entitled to vote during any period in which any such Assessment is delinquent, unless such suspension of the right to vote is prohibited by law.

Section 6. Compensation of Board. No person serving on the Board shall be entitled to compensation for services performed. However, (a) any member of the Board may be reimbursed for his actual expenses incurred in the performance of his duties, and (b) the Board may employ one or more architects, engineers, land planners, landscape architects, management companies, accountants, bookkeepers, collection agencies, attorneys or other consultants to assist the Board in carrying out its duties hereunder, and the Association shall pay such consultants for services rendered to the Board, such payment to be made out of the Assessments.

Section 7. Power to Enforce Declaration and Rules and Regulations. The Association shall have the power to enforce the provisions of this Declaration and any Rules and Regulations and shall take such action as the Board of each deems necessary or desirable to cause compliance by each Member and each Member's family, guests, or tenants. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and of the Rules and Regulations of the Association by any one or more of the following means: (a) by entry upon any Tract or Lot within the Properties after notice (unless a bona fide emergency exists in which event this right of entry may be exercised without notice [written or oral] to the Owner, but in such manner as to avoid any unreasonable or unnecessary interference with the lawful possession, use, or enjoyment of the Improvements situated thereon by the Owner or any other Person), without liability by the Association to the Owner, tenant, or guest thereof, for the purpose of enforcement of this Declaration or Rules and Regulations; (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the Rules and Regulations, by mandatory injunction or otherwise; (c) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of this Declaration or the Rules and Regulations; (d) by exclusion, after notice, of any Member or Member's family, guests, or tenants from use of any recreational facilities in the Common Areas during and for up to sixty (60) days following any breach of this Declaration or such Rules and Regulations by such Member or Member's family, guests, or tenants, unless the breach is a continuing breach in which case, such exclusion shall continue for so long as such breach continues; (e) by suspension, of the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or Member's family, guests, or tenants, of this Declaration or such Rules and Regulations unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues, unless such suspension of voting rights is prohibited by law; (f) by levying and collecting, after notice, a Reimbursement Assessment against any Member for breach of this Declaration or such Rules and Regulations by such Member or Member's family, guests, or tenants; and (g) by levying and collecting, after notice, reasonable and uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, which fines and penalties shall be deemed Reimbursement Assessments to be collected as such, from any Member or Member's family, guests, or tenants, for breach of this Declaration or such Rules and Regulations by such Member or Member's family, guests, or tenants.

Section 8. Limitation on Liability. The officers of the Association the Board members of each shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association. Further, a member of the Board of the Association shall not be liable to the Association, any Member, or any other person for any action

taken or not taken as a member of the Board if he acts in good faith, with the care an ordinary prudent person in a like position would exercise under similar circumstances, and in a manner he reasonably believes to be in the best interests of the Association. The officers of the Association and the members of the Board shall also be entitled to the benefit of any provision limiting their liability provided by the By-Laws, the Texas Business Organizations Code, and the federal Volunteer Protection Act of 1997.

Section 9. Intentionally Deleted

Section 10. Indemnification.

(i) Generally. Except as provided in Subsection (vi) of this Section 10, to the greatest extent permitted by Texas law, the Association shall defend, protect, indemnify and hold harmless every officer, member of the Board and committee member and their respective agents, managers or administrators (each, an "Indemnified Party") from and against any and all liabilities and expenses, including legal fees, incurred by or imposed upon such Indemnified Party in connection with any action, claim, demand, suit, or other proceeding (each a "Proceeding") to which he or she may be a party by reason of being or having been an officer, Board member, agent or committee member. This indemnification shall also apply to any liability and expense incurred with the settlement of any Proceeding, if such settlement is approved in advance by the then Board of Directors. The Association shall also indemnify and forever hold each Indemnified Party free and harmless against any and all personal liability to others on account of any contract or commitment made by them, in good faith, on behalf of the Association.

(ii) Continuation. Indemnification under this Section 10 shall continue as to each Indemnified Party who has ceased to serve in the capacity which initially entitled such Indemnified Party to the indemnity hereunder. The rights granted pursuant to this Section 10 shall be deemed contract rights, and no amendment, modification or repeal of this Section 10 shall have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment, modification or repeal.

(iii) Advance Payment. The right to indemnification conferred in this Section 10 shall include the right to be paid or reimbursed by the Association the reasonable expenses incurred by an Indemnified Party who was, is or is threatened to be made a named defendant or respondent in a Proceeding in advance of the final disposition of the Proceeding and without any determination as to the Indemnified Party's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any Indemnified Party in advance of the final disposition of a Proceeding, shall be made only upon delivery to the Association of a written affirmation by such Indemnified Party of his or her good faith belief that he has met the standard of conduct necessary for indemnification under this Section 10 and a written undertaking, by or on behalf of the Indemnified Party, to repay all amounts so advanced if it shall ultimately be determined that the Indemnified Party is not entitled to be indemnified under this Section 10 or otherwise.

(iv) Appearance as a Witness. Notwithstanding any other provision of this Section 10, the Association may pay or reimburse expenses incurred by an Indemnified Party in

connection with his appearance as a witness or other participation in a Proceeding at a time when he is not a named defendant or respondent in the Proceeding.

(v) Non-exclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Section 10 shall not be exclusive of any other right which an Indemnified Party may have or hereafter acquire under any law.

(vi) Limitation on Indemnification. No indemnification shall be provided under this Section 10 to any Indemnified Party with respect to any Proceeding in which an Indemnified Party shall be determined not to have acted in good faith with the care an ordinary prudent person in a like position would exercise under similar circumstances, and in a manner which he does not believe to be in the best interests of the Association. However, it is the intent of this Section 10 not to subject an Indemnified Party to standards of any professional background they may have and therefore not subject such Indemnified Party to any professional liability. An Indemnified Party is intended to serve as a volunteer regardless of their professional background.

Section 11. Power to Grant Easements. Declarant, while Declarant owns any of the Common Area and thereafter the Association, shall have the power to grant access, utility, drainage, water, facility, telephone, cable television, security systems, and other easements, in, on, over, or under the Common Area.

Section 12. Inspection of Records. The Members shall have the right to inspect the books and records of the Association at reasonable times during normal business hours by appointment.

Section 13. Right of Entry: Enforcement by Self Help. The Association shall have the right, but not the obligation, in addition to and not in limitation of all the rights it may have under this Declaration, to enter upon any unoccupied, vacant or abandoned Tract or Lot, including any Improvements located thereon, if deemed reasonably necessary by the Board of Directors of the Association for emergency, health, safety and/or security purposes to make repairs to Improvements, secure the Properties or abate or remove things or conditions which are potentially hazardous or which violate any provisions of this Declaration. Such right may be exercised by the Association's Board, officers, agents, employees, managers, and all police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, the Association shall first attempt to provide reasonable notice to the last known Owner of the Tract or Lot. All costs of such efforts, including reasonable attorneys' fees actually incurred, shall be assessed against the Owner of the Tract or Lot and shall be collected as provided for herein for the collection of the Assessments.

Section 14. Right of Action by Association. Notwithstanding anything to the contrary contained in the governing documents of the Association, including but not limited to this Declaration, the Association shall not have the power to institute, defend, intervene in, settle or compromise litigation, arbitration, or administrative proceedings: (1) in the name of or on behalf of any Owner (whether one or more); or (2) pertaining to a Claim, as defined in Section 15.1.1 below, relating to the design or construction of improvements on a Lot (whether one or more), including Residences. Notwithstanding anything contained in the governing documents of the Association, this Article IV Section 14 may not be amended or modified without Declarant's

written and acknowledged consent, and Members entitled to cast one hundred percent (100%) of the total number of votes of the Association, which must be part of the recorded amendment instrument.

ARTICLE V.
Maintenance

Section 1. Association's Responsibility.

(i) Generally. The Association shall maintain and keep in good repair the Area of Common Responsibility. This maintenance shall include, but need not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, and improvements, including the Project Fence or Wall, situated upon the Common Areas or on any easement area which easement runs to the Declarant and/or Association, landscaped medians within public rights-of-way throughout the Properties (but not right-of-way contiguous to or adjacent to Lots or Tracts), landscaping and other flora on any public utility easement within the Properties (subject to the terms of any easement agreement relating thereto), and such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, or by a contract or agreement for maintenance thereof by the Association. The Association shall maintain such facilities and equipment in continuous operation, except for reasonable periods as necessary to perform required maintenance or repairs, unless Members holding seventy-five percent (75%) of all Class A and B (as long as Class B exists) votes agree in writing to discontinue such operation. The Association may maintain other property which it does not own, including, without limitation, property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

(ii) Maintenance Easements. There are hereby reserved to the Association easements over the Properties as necessary to enable the Association to fulfill the Association's maintenance responsibility described in Section 1 of this Article V or elsewhere in this Declaration.

(iii) Maintenance Expenses. Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense to be allocated among all Tracts and Lots as part of the Assessment, notwithstanding that the Association may be entitled to reimbursement from the owners(s) of certain portions of the Area of Common Responsibility pursuant to this Declaration, other recorded covenants, or agreements with the owner(s) thereof.

(iv) Additional Maintenance Responsibility. The Association shall also be responsible for maintenance, repair and replacement of any property within the Properties to the extent designated in any Supplemental Declaration affecting the Association. The Association may also assume maintenance responsibilities with respect to any Common Area that may be designated by any Supplemental Declaration. This assumption of responsibility may take place either by agreement or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard of the Properties.

Section 2. Owner's Responsibilities.

(i) Generally. Each Owner shall maintain his or her Tract or Lot and all structures, yards, landscaping, parking areas and other improvements on the Tract or Lot in a neat, orderly condition, including any fencing located on a Tract or Lot (except any Project Fence or Wall located on a Lot or Tract), including, but not limited to, side and back fences, and fences adjacent to a road or backing up to a lake or a detention pond. Owners of Tracts or Lots which are adjacent to any portion of the Common Area on which walls, or fences, other than walls which form part of a building, have been constructed shall maintain and irrigate that portion of the Common Area lying within such a fence or wall. Owners of Tracts or Lots adjacent to any roadway within the Properties shall maintain driveways serving their respective Tracts or Lots, whether or not lying within the Lot or Tract boundaries and shall maintain landscaping on that portion of the Common Area, if any, on right-of-way between the Lot or Tract boundary and the back-of-curb of the adjacent or contiguous street.

(ii) Standard of Maintenance by Owner. All maintenance required by this Section 2 shall be performed in a manner consistent with the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or pursuant to any Supplemental Declaration affecting such Lot or Tract.

(iii) Enforcement of Owner's Responsibilities. In addition to any other enforcement rights available to the Association, in the event of violation of any covenant or restriction herein by any Owner or occupant of any Tract or Lot and the continuance of such violation after ten (10) days' written notice thereof, or in the event the Owner or occupant has not proceeded with due diligence to complete appropriate repairs and maintenance after such notice, the Association shall have the right (but not obligation), through its agents or employees, to repair, maintain and restore the Tract or Lot and/or the exterior of the Residence, not limited to include gutters, siding, broken windows, fencing, mowing, etc., and any other existing Improvements located thereon, to the extent necessary to prevent rat infestation, diminish fire hazards, protect property values and accomplish necessary repairs, maintenance and/or restoration. The Association may render a statement of charge to the Owner or occupant of such Tract or Lot for the cost of such work. The Owner and occupant agree by the purchase and occupation of the Tract or Lot to pay such statement immediately upon receipt. Any and all related costs, including but not limited to legal fees, plus interest thereon at the lesser of 18% per annum or the maximum rate permitted under the laws of the State of Texas, shall become a part of a Reimbursement Assessment payable by said Owner and payment thereof shall be secured by the lien created pursuant to this Declaration. The Association and its respective agents and employees shall not be liable, and are hereby expressly relieved from any liability, for trespass or other tort in connection with the performance of the exterior maintenance and other work authorized herein.

Section 3. Party Fences.

(i) General Rules of Law to Apply. Each fence built which shall serve and separate any two (2) adjoining Residences shall constitute a party fence and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and

fences and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(ii) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party fence shall be shared by the Owners who the fence serves in equal proportions.

(iii) Damage and Destruction. If a party fence is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and therefore not repaired out of the proceeds of insurance, any Owner who the fence serves may restore it, and all other Owners who the fence serves shall contribute to the cost of restoration thereof in equal proportions without prejudice, however, subject to the right of any such Owners to call for a larger contribution from the others under any rule or law regarding liability for negligent or willful acts or omissions.

(iv) Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successor-in-title.

(v) Arbitration. In the event of any dispute arising concerning a party fence, or under the provisions of this Section, each party shall appoint one (1) arbitrator. The arbitrators thus appointed shall appoint one (1) additional arbitrator and the decision by a majority of all three (3) arbitrators shall be binding upon the parties and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof located in Montgomery County, Texas.

ARTICLE VI.
No Partition

Except as is permitted in the Declaration or any Supplemental Declaration, there shall be no judicial partition of the Common Area or any part thereof, nor shall any Person acquiring any interest in the Properties or any part thereof seek any judicial partition unless the Properties have been removed from the provisions of this Declaration. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

ARTICLE VII.
Architectural Approval

Section 1. Architectural Review Committee. As used in this Declaration, the term "Architectural Review Committee" or "ARC" shall mean a committee of three (3) members. The Board shall have the right to appoint all members of the Architectural Review Committee and during the Development Period may be all of the same persons on the Board of Directors or spouses of such directors or persons living in the household of such directors. After the Development Period, no member of the Architectural Review Committee shall be a member of the Board of Directors nor a spouse of a member of the Board of Directors nor a person living in the

household of a member of the Board of Directors. Members of the Architectural Review Committee may be removed at any time by the Board and shall serve for such term as may be designated by the Board or until resignation or removal by the Board. Notwithstanding the foregoing, any removal by the Board of a member of the Architectural Review Committee must be approved in writing by the Declarant as long as Declarant owns one (1) or more Lots or Tracts. The Declarant hereby retains the right to assign modification requests, duties, powers and responsibilities of the Architectural Review Committee to the Association when one hundred percent (100%) of all Lots in the Subdivision are occupied by residents, and the term "Architectural Review Committee" shall include the Association, as such designee. The Declarant shall retain architectural control rights to all new construction until all Lots have a Residence completed thereon and have been sold to Owners other than Declarant or a Sub-developer, thereafter, all Architectural Review Committee functions shall belong to the Board of Directors of the Association or to the Architectural Review Committee if so directed by the Board.

Section 2. Approval of Improvements Required. The approval of a majority of the members of the Architectural Review Committee shall be required for any Improvement to Property on any of the Properties before commencement of construction of such Improvement to Property, other than an Improvement to Property made by Declarant.

Section 3. Address of Committee. The address of the Architectural Review Committee shall be at the principal office of the Association.

Section 4. Submission of Plans. Before commencement of work to accomplish any proposed Improvement to Property, or any modification to any existing Improvement, the Owner proposing to make such Improvement (or modification to an existing Improvement) to Property (the "Applicant") shall submit to the Architectural Review Committee at its offices, copies of such descriptions, surveys, plot plans, drainage plans, elevation drawings, construction plans, specifications, and samples of materials and colors as the Architectural Review Committee reasonably shall request, showing the nature, kind, shape, height, width, color, materials, and location of the proposed Improvement to Property, as may be more particularly described from time-to-time in any minimum construction standards and/or architectural and/or residential guidelines adopted by the Architectural Review Committee. The Architectural Review Committee may require submission of additional plans, specifications, or other information before approving or disapproving the proposed Improvement to Property. Until receipt by the Architectural Review Committee of all required materials in connection with the proposed Improvement to Property, the Architectural Review Committee may postpone review of any materials submitted for approval.

Section 5. Criteria for Approval. The Architectural Review Committee shall approve any proposed Improvement to Property only if it determines in its reasonable discretion that the Improvement to Property in the location indicated will not be detrimental to the appearance of the surrounding areas of the Properties as a whole; that the appearance of the proposed Improvement to Property will be in harmony with the surrounding areas of the Properties, including, without limitation, quality and color of materials and location with respect to topography and finished grade elevation; that the Improvement to Property will comply with the provisions of this Declaration and any applicable plat, ordinance, governmental rule, or regulation; that the Improvement to Property will not detract from the beauty, wholesomeness, and attractiveness of

the Property or the enjoyment thereof by Owners; and that the upkeep and maintenance of the proposed Improvement to Property will not become a burden on the Association. The Architectural Review Committee is specifically granted the authority to disapprove proposed Improvements because of the unique characteristics or configuration of the Lot or Tract on which the proposed Improvement would otherwise be constructed, even though the same or a similar type of Improvement might or would be approved for construction on another Lot or Tract. The Architectural Review Committee may condition its approval of any proposed Improvement to Property upon the making of such changes thereto as the Architectural Review Committee may deem appropriate.

Section 6. Residential Guidelines. The Architectural Review Committee from time to time may supplement or amend the construction/design/residential guidelines. Such guidelines serve as a guideline only and the Architectural Review Committee may impose other requirements in connection with its review of any proposed Improvements. If the guidelines impose requirements that are more stringent than the provisions of this Declaration, the provisions of the guidelines shall control.

Section 7. Decision of Committee. The decision of the Architectural Review Committee shall be made within thirty (30) days after receipt by the Architectural Review Committee of all materials required by the Architectural Review Committee. The decision shall be in writing and, if the decision is not to approve a proposed Improvement to Property, the reasons therefore shall be stated. The decision of the Architectural Review Committee promptly shall be transmitted to the Applicant at the address furnished by the Applicant to the Architectural Review Committee. The Owner, however, is responsible under all circumstances to conform to the provisions of these restrictions in their entirety. Notwithstanding anything to the contrary herein, the Board of Directors shall have the absolute authority to affirm, modify or reverse any decision, in whole or in part, of the Architectural Review Committee that it determines is not in keeping with the Association's governing documents or community wide standard based on the business judgment rule. Any such modification or reversal shall be communicated in writing to the Architectural Review Committee and to the applicable Owner prior to the commencement of any site preparation for, or installation of, the proposed Improvement to Property if reasonably possible but shall be binding on such Owner regardless of when communicated.

Section 8. Failure of Committee to Act on Plans. Any request for approval of a proposed Improvement to Property shall be deemed approved by the Architectural Review Committee, unless disapproval or a request for additional information or materials is transmitted to the Applicant by the Architectural Review Committee within thirty (30) days after the date of receipt by the Architectural Review Committee of all required materials; provided, however, that no such deemed approval shall operate to permit any Owner to construct or maintain any Improvement to Property that violates any provision of this Declaration or the Residential Guidelines. The Architectural Review Committee shall at all times retain the right to object to any Improvement to Property that violates any provision of this Declaration or the Residential Guidelines.

Section 9. Prosecution of Work After Approval. After approval of any proposed Improvement to Property, the proposed Improvement to Property shall be accomplished as promptly and diligently as possible and in strict conformity with the description of the proposed

Improvement to Property in the materials submitted to the Architectural Review Committee. Failure to complete the proposed Improvement to Property within nine (9) months after the date of approval or such other period of time as shall have been designated in writing by the Architectural Review Committee (unless an extension has been granted by the Architectural Review Committee in writing) or to complete the Improvement to Property in strict conformity with the description and materials furnished to the Architectural Review Committee, shall be a breach of the obligations of the Owner under this Declaration and shall operate automatically to revoke the approval by the Architectural Review Committee of the proposed Improvement to Property. No Improvement to Property shall be deemed completed until the exterior fascia and trim on the structure have been applied and finished and all construction materials and debris have been cleaned up and removed from the site and all rooms in the Residence, other than attics, have been finished. Removal of materials and debris shall not take in excess of thirty (30) days following completion of the exterior. It shall be a violation of the approval of any proposed Improvement to Property if any other Owner's property or any Common Area is damaged or destroyed during the preparation for and the installation of any approved proposed Improvement to Property by the Owner/Applicant, and such Owner/Applicant will be liable to any such other Owner or the Association for the damages caused. If such damages are not repaired by the Owner causing same, then the amount(s) to repair such damage will be deemed to be a Reimbursement Assessment and shall be subject to collection from such Owner as such.

Section 10. Inspection of Work. The Architectural Review Committee or its duly authorized representative shall have the right, but not the obligation, to inspect any Improvement to Property before or after completion.

Section 11. Notice of Noncompliance. If, as a result of inspections or otherwise, the Architectural Review Committee finds that any Improvement to Property has been constructed or undertaken without obtaining the approval of the Architectural Review Committee, or has been completed other than in strict conformity with the description and materials furnished by the Owner to the Architectural Review Committee, or has not been completed within the required time period after the date of approval by the Architectural Review Committee, the Architectural Review Committee shall notify the Owner in writing of the noncompliance ("Notice of Noncompliance"). The Notice of Noncompliance shall specify the particulars of the noncompliance and shall require the Owner to take such action as may be necessary to remedy or remove the noncompliance within the period of time set forth therein.

Section 12. Correction of Noncompliance. If the Architectural Review Committee finds that a noncompliance continues to exist after such time within which the Owner was to remedy the noncompliance as set forth in the Notice of Noncompliance, the Association may, at its option but with no obligation to do so, do any or any combination of the following, at the noncomplying Owner's sole cost and expense: (a) record a Notice of Noncompliance against the Tract or Lot on which the noncompliance exists in the Office of the County Clerk of Montgomery County, Texas; (b) remove the noncomplying Improvement to Property; (c) levy a fine for noncompliance; and/or (d) otherwise remedy the noncompliance (including, if applicable, completion of the Improvement in question), and, if the Board elects to take any action with respect to such violation, the Owner shall reimburse the Association upon demand for all expenses incurred therewith. If such expenses are not promptly repaid by the Owner to the Association, the Board may levy a Reimbursement

Assessment for such costs and expenses and/or fines against the Owner of the Lot or Tract in question. The permissive (but not mandatory) right of the Association to remedy or remove any noncompliance (it being understood that no Owner may require the Association to take such action) shall be in addition to all other rights and remedies that the Association may have at law, in equity, under this Declaration, or otherwise.

Section 13. No Implied Waiver or Estoppel. No action or failure to act by the Architectural Review Committee shall constitute a waiver or estoppel with respect to future action by the Architectural Review Committee or the Board of Directors, with respect to any Improvement to Property. Specifically, the approval by the Architectural Review Committee of any Improvement to Property shall not be deemed a waiver of any right or an estoppel against withholding approval or consent for any similar Improvement to Property or any similar proposals, plans, specifications, or other materials submitted with respect to any other Improvement to Property by such Person or otherwise.

Section 14. Power to Grant Variances. The Architectural Review Committee may authorize variances from compliance with any of the provisions of Article VIII of this Declaration (except for the provisions of Article VIII, Section 2 relating to single family residential construction and use, for which no variances may be granted by the ARC), including restrictions upon placement of structures, the time for completion of construction of any Improvement to Property, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic, environmental, or other relevant considerations may require. Such variances must be evidenced in writing and shall become effective when signed by at least a majority of the members of the Architectural Review Committee. If any such variance is granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted; provided, however, that the granting of a variance shall not operate to waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall the granting of any variance affect the jurisdiction of the Architectural Review Committee other than with respect to the subject matter of the variance, nor shall the granting of a variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the Lot or Tract concerned. Any request for a variance which is not responded to within thirty (30) days of its receipt shall be deemed denied.

Section 15. Reimbursement of Architectural Review Committee. The members of the Architectural Review Committee shall be entitled to reimbursement by the Association for reasonable expenses incurred by them in the performance of their duties hereunder as the Board from time to time may authorize or approve.

Section 16. Delegation of Authority. It is understood that the Architectural Review Committee may delegate all or part of its authority hereunder to review the documents submitted to it and that the Architectural Review Committee may retain the services of architects, engineers and others (and Owners shall pay all fees) from time to time for the purpose of reviewing such documents and making recommendations as to approval, disapproval or modification thereof.

Section 17. Authority to Charge Fees, Fines and Deposits. The Architectural Review Committee may charge and collect a reasonable fee for processing an application submitted to the Architectural Review Committee for approval which will initially be set at \$150.00, and may be revised from time to time by the Board as appropriate. Such charges shall be payable at the time and place and in the manner prescribed by the Architectural Review Committee. The Architectural Review Committee also may charge and collect such other fees, fines or deposits as are reasonable and necessary, including but not limited to inspection fees, fines for noncompliance or violation of any Residential Guidelines or this Declaration, deposits against damage to other Owners' property(ies) and/or Common Area, and deposits to secure completion of work being done. All fees, fines and deposits are subject to change by the Architectural Review Committee without prior notice.

Section 18. Non-liability for Architectural Review Committee Action. None of the members of the Architectural Review Committee, the Association, any member of the Board of Directors, or Declarant shall be liable for any loss, damage, or injury arising out of or in any way connected with the performance of the duties of the Architectural Review Committee. In reviewing any matter, the Architectural Review Committee shall not be responsible for reviewing, nor shall its approval of an Improvement to Property be deemed approval of the Improvement to Property from the standpoint of safety, whether structural or otherwise, or conformance with building codes, or other governmental laws or regulations. Furthermore, none of the members of the Architectural Review Committee, any member of the Board of Directors, or Declarant shall be personally liable for debts contracted for or otherwise incurred by the Association or for any torts committed by or on behalf of the Association, or for a tort of another of such individuals, whether such other individuals were acting on behalf of the Association, the Architectural Review Committee, the Board of Directors, or otherwise. Finally, neither Declarant, the Association, the Board, the Architectural Review Committee, or their officers, agents, members, or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, Improvements, or portion thereof, or for failure to repair or maintain the same.

Section 19. Construction Period Exception. During the course of actual construction of any permitted structure or Improvement to Property, and provided construction is proceeding with due diligence, the Architectural Review Committee may temporarily suspend certain provisions of this Declaration as to the Tract or Lot upon which the construction is taking place to the extent necessary to permit such construction; provided, however, that during the course of any such construction, nothing shall be done that will result in a violation of any of the provisions of this Declaration upon completion of construction or that will constitute a nuisance or unreasonable interference with the use and enjoyment of other property within the Properties.

ARTICLE VIII.

Architectural Restrictions

Section 1. Residence Size. Each one or two-story Residence constructed on a Lot shall contain the following minimum and maximum number of total square feet of living area (exclusive of porches and garages) of 2000 square feet minimum with no maximum.

Section 2. Height and Character of Residence. No Residence shall be erected, altered, or permitted to remain on any Lot other than one Residence used for single family residential purposes only, not to exceed two (2) stories in height, and a fully enclosed garage as provided in Section 7.

Section 3. Location of Residence. Except as may be authorized in writing by the Architectural Review Committee, no Residence or Improvement shall be located nearer to the front Lot line nor nearer to any rear or side Lot line than as permitted by the recorded Plat of the Properties, unless a variance has been granted by the Architectural Review Committee.

Section 4. Exterior Walls. No Residence shall have exterior wall construction which is other than what is required in the residential guidelines. Any construction materials used other than brick or masonry concrete or other approved material must have Architectural Review Committee approval.

Section 5. Use of Temporary Structure. No structure of a temporary character, whether trailer, basement, tent, shack, garage, barn, shed, or other outbuilding shall be maintained or used on any Lot or Tract at any time as a Residence, or for any other purpose, either temporarily or permanently (except as expressly provided herein); provided, however, that Declarant reserves the exclusive right to erect, place, and maintain such facilities in or upon any portion of the Property as in its sole discretion may seem necessary or convenient while selling Tracts and Lots, selling or constructing Residences, or constructing other Improvements within the Property. The right to use temporary structures in connection with the construction of Improvements may be assigned from time-to-time, in whole or in part, by Declarant to Sub-developers. All permitted temporary structures shall be reasonably maintained at all times.

Section 6. Drainage.

Unless otherwise approved in writing from the ARC, all drainage must follow the County and City approved drainage and engineering plans for the Subdivision, as applicable.

When a Residence is in place on a given Lot, positive drainage is to be directed away from the Residence.

Drainage runoff onto adjoining properties is acceptable if the natural contours dictate it. No Lot can restrict the natural sheet flow drainage from another Lot. Any such Lot from which natural sheet flow drains onto another Lot is hereby granted an easement for such drainage across the Lot across which it flows.

In the event the Lots do not drain sufficiently, area drains may be installed on a given Lot and conveyed to the Owner of a given Lot who will then be responsible for maintenance, if any, and future replacement, if ever required.

Section 7. Carports/Garages. No free-standing carports shall be constructed on any Lot or Tract, however, a porte cochere connecting the house and garage is acceptable. All garages shall be: (a) fully operable; (b) capable of housing at least two (2) automobiles; and, (c) enclosed by fully functional and operational garage doors which must be kept in the closed position when the garage is not being used by the Owner or occupant. The garage portion of any model home may be used by Sub-developers for sales purposes, storage purposes, and other related purposes. Upon (or before) the sale of any such model home to the first purchaser thereof, the garage portion of the model home shall be converted to a fully enclosed garage capable of housing not less than two (2) automobiles, with fully functional and operational garage doors. No garage shall be enclosed, modified or otherwise used so as to reduce its capacity for parking vehicles below that originally approved by the Architectural Review Committee, nor may any portion of a garage be diverted to any use other than the parking of vehicles and other generally accepted and customary uses of a garage. In particular, but not in limitation of the foregoing, no portion of any garage may be used as a residence, game room or for any similar use as living quarters.

Section 8. Roofs. Unless otherwise approved, the roof of all buildings on the Lot or Tract shall be covered with composition shingles with a life of twenty-five (25) years or better, or comparable to minimum specifications as defined by the Federal Housing Authority. The color of any composition shingles shall be subject to written approval by the Architectural Review Committee prior to installation. Any other type roofing material may be used only if approved in writing prior to installation.

Section 9. Grass, Shrubbery and Landscaping. The Owner of each Lot with a Residence thereon shall solid sod with grass the area between the Residence and the curb line(s) of the abutting street(s) within thirty (30) days of a closing to a homebuyer. All grass, plants, and shrubs shall be maintained by the Owner of the Lot or Tract. The grass, plants, shrubs and trees shall be of a type and within standards approved by the Architectural Review Committee. No front yard of any Lot (nor any side yard of a corner Lot) maybe landscaped entirely with cactus and/or crushed rock; crushed rock and/or cactus shall only be used in planting beds and the front (and side on corner Lots) yards must be sodded with grass. The landscaping requirements of the Architectural Review Committee may be revised from time-to-time.

Section 10. Satellite Dishes and Antennas. No television, radio, or other electronic towers, aerials, antennae, satellite dishes or device of any type for the reception or transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or Tract or upon any improvements thereon, except that this prohibition shall not apply to those antennae specifically covered by the regulations promulgated under the Telecommunications Act of 1996, as amended from time to time. The Architectural Review Committee is empowered to adopt rules governing the types of antennae that are permissible in the Subdivision and to establish reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae. To the extent that receipt of an acceptable signal would not be impaired, an antenna permissible pursuant to the rules of the Architectural Review Committee may only be installed in a side or rear yard location, not visible from the street or neighboring property, and integrated with the dwelling and surrounding landscape. Antennae shall be installed in compliance with all state and local laws and regulations.

Section 11. Intentionally Deleted.

Section 12. Exterior Lighting. All exterior lighting must first be approved by the Architectural Review Committee. No exterior lighting may shed light onto other Properties or into residential dwellings in such a manner that creates a nuisance.

Section 13. Sound Devices. No external horns, whistles, bells, or other sound devices, except for security systems used exclusively to protect the Residence, shall be placed or used on any Lot or Tract or Improvements. This paragraph shall not preclude the use of outdoor speakers, stereos, home entertainment systems, or radios if the sound level is maintained at a reasonably low level with respect to adjoining property.

Section 14. Window Treatment. No window in any Residence or other Improvement that is visible from any other Lot or Tract or a street may be covered with any aluminum foil or other reflective material. Window coverings must be compatible with the design of the Residence and the overall appearance of the Properties and from the exterior must be neutral or white if visible from the street. The Architectural Review Committee shall have the sole authority to determine whether particular window coverings are compatible with the design and color of the Residence and the overall appearance of the Properties. Permanent window coverings must be installed within ninety (90) days of a conveyance of a Residence from a Sub-developer to a homeowner.

Section 15. Air Conditioners. No window, roof or wall-type air conditioner that is visible from any street or any other Lot or Tract, shall be used, placed or maintained on or in any Residence, garage or other Improvement with the exception of the Model Home. The Model Home may have a wall-type air conditioner as long as it is removed prior to sale to a third party.

Section 16. Tents, Mobile Homes and Temporary Structures. Except for Declarant's marketing and construction trailers and temporary buildings and except as may be permitted by the Architectural Review Committee during initial construction within the Properties, no tent, shack, mobile home, or other structure of a temporary nature shall be placed upon a Lot or Tract or any part of the Properties. The foregoing prohibition shall not apply to the construction or installation of a permanent or non-permanent utility or similar storage outbuilding to be located on a Lot, provided it receives the prior approval of the Architectural Review Committee in accordance with Article VII hereof, and be in compliance with any and all governing municipal codes covering such structures. All such permitted structures shall be properly maintained at all times, at no time be used as a residence, and be positioned on the Lot so as to minimize visibility from the fronting street and not encroach on any easements. Additionally, all such permitted structures shall be limited to a maximum height of eight (8') feet at the highest point of said roof, and shall be no more than one hundred twenty square feet (120') of floor space. Materials, color and design of all permitted structures must be compatible with the primary dwelling. Metal buildings must have bonded coating warranted for a minimum of twenty (20) years from fading, chipping or peeling. In addition, party tents or similar temporary structures may be erected for a limited period of time for special events with prior written approval of the Board.

Section 17. Drainage. Catch basins and drainage areas are for the purposes of natural flow of water only. No obstructions or debris shall be placed in these areas. Provided, however, the Association hereby reserves for itself and the Association a perpetual easement across the Properties for the purpose of altering drainage and water flow. No Owner or occupant shall dump grass clippings, leaves or other debris, petroleum products, fertilizers or other potentially hazardous or toxic substances, in any drainage ditch, storm sewer, sanitary sewer, stream, or pond within the Properties.

Section 18. Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.

Section 19. Artificial Vegetation, Exterior Sculpture and Similar Items. No artificial vegetation shall be permitted on the exterior of any portion of the Properties. No exterior sculpture, fountains, birdhouses, birdbaths, other decorative embellishments or similar items shall be permitted unless approved in accordance with Article VII of this Declaration. No such decorative embellishment or similar items shall be permitted on the front portion of any Tract or Lot or yard.

Section 20. Playground. No jungle gyms, swing sets or similar playground equipment shall be erected or installed on any Lot or Tract without prior written approval of the Architectural Review Committee in accordance with Article VII hereof. These items shall be positioned on the Lot so as not to be visible from any street. These items must be placed on the rear of the Lot no closer to the side than ten feet (10'), and shall be no taller than twelve feet (12'). Any playground or other play areas or equipment furnished by the Association or erected within the Properties shall be used at the risk of the user, and the Association shall not be held liable to any Person for any claim, damage, or injury occurring thereon or related to use thereof.

Section 21. Walls, Fences and Hedges. No hedge in excess of three feet (3') in height, shall be erected or maintained nearer to the front Lot or Tract line than the building set-back line adjacent to the walls of the dwelling existing on such Lot or Tract. No side or rear fence or wall shall be more than eight feet (8') nor less than four feet (4') in height. Further fencing requirements will be contained in the Residential Guidelines. All fences and walls shall be constructed and located as described in the residential guidelines or as described by the Architectural Review Committee. Unless approved by the Architectural Review Committee, no chain link, chicken wire, or other wire fence will be permitted on any Lot or Tract. No fence or wall shall be erected on any Lot or Tract nearer to the street than the building setback lines as shown on the Plat. The Architectural Review Committee has the right to deviate its approval for the style and materials and/or placement to be used based on the location within the Properties. It is the intent to maintain visual continuity especially along entryways and/or main thoroughfares and/or adjacent to common area properties. Title to any wall, fence, or hedge shall pass ownership with title to the Lot or Tract, and it shall be the Owner's responsibility to maintain said wall, fence or hedge thereafter in the manner prescribed by the Association.

Section 22. Exterior Paint. The exterior surfaces of buildings (including doors), fences or walls located in the Properties shall not be painted or stained unless the Architectural Review Committee gives its prior written approval of the color of paint or stain to be used; even when

repainting with the existing color. The purpose of this covenant is to maintain harmony of the exterior paint colors of the buildings throughout the Properties. Iridescent and/or pastel colors or tones considered to be brilliant are not permitted. Any fence shall be maintained in its natural state, or in compliance with the residential guidelines if such residential guidelines apply to the wall or fence in question, except the Project Fence or Wall.

ARTICLE IX. **Use Restrictions**

Section 1. General. The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by Declarant or the Association). Any Supplemental Declaration imposed on the Properties may impose stricter standards than those contained in this Article. The Association, acting through its Board of Directors, shall have standing and the power to enforce such standards.

Section 2. Single Family Residential Use. Each Owner shall use its Tract only to develop into Lots, unless another use is approved by the Board. A Sub-developer's use of a Lot for a Model home until Sub-developer sells all of its Lots will not violate this restriction. Each Owner shall use his Lot and the Residence on his Lot, if any, for single family residential purposes only. As used herein, the term "single family residential purposes" shall be deemed to specifically prohibit, by way of illustration but without limitation, the use of any Lot for a duplex apartment, a garage apartment or any other apartment or for any multifamily use or for any business, educational, church, professional or other commercial activity of any type, except that an Owner may use his Residence as a personal office for a profession or occupation, provided: (a) the public is not invited, permitted, or allowed to enter the Residence or any structure or Improvement upon such Lot and conduct business therein; (b) no signs advertising such profession or business are permitted; (c) no on-site employees are permitted; (d) no offensive activity or condition, noise, odor, or traffic (vehicular or pedestrian) is generated and (e) such use in all respects complies with the laws of the State of Texas, any applicable ordinances, and the laws, rules, and regulations of any regulatory body or governmental agency having authority and jurisdiction over such matters. The term "single family residential purposes" shall also be defined as: (a) one or more persons related by blood, marriage or adoption, which may include only parents, their children (including foster children and wards), their dependent brothers and sisters, their grandparents and domestic servants; and (b) no more than two unrelated persons living together as a single housekeeping unit and their children (including foster children and wards), their dependent brothers or sisters, their grandparents and their domestic servants.

Section 3. Occupants Bound. All provisions of the Declaration, By-Laws and of any Rules and Regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners shall also apply to all occupants, guests and invitees of any Lot or Tract. Every Owner shall cause all occupants of his or her Lot or Tract to comply with the Declaration, By-Laws, and the Rules and Regulations adopted pursuant thereto, and shall be responsible for all violations and losses to the Common Areas caused by such occupants, notwithstanding the fact that such occupants of a Lot or Tract are fully liable and may be sanctioned for any violation of the Declaration, By-Laws, and Rules and Regulations adopted pursuant thereto.

Section 4. Quiet Enjoyment. No portion of the Properties shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any structure, thing, or material be kept upon any portion of the Properties that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious, illegal, or offensive activity shall be carried on upon any portion of the Properties, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any portion of the Properties. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Properties. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted within the Properties. The use and discharge of firecrackers and other fireworks is prohibited within the Properties.

Section 5. Business Use. No garage sales, moving sales, rummage sales or similar activity (provided, however, an Owner of a Lot may have one of the following types of sales: (i) garage, (ii) moving, (iii) rummage, lasting no more than one (1) full weekend no more than one time during each one (1) year period of ownership) and no trade or business may be conducted in or from any Lot or Tract, except that an Owner or occupant residing in a Residence on a Lot may conduct business activities within the Residence, so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Lot; (b) the business activity conforms to all zoning requirements for the Properties; (c) the business activity does not involve persons coming onto the Properties who do not reside in the Properties or door-to-door solicitation of residents of the Properties; and (d) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board. A Sub-developer's use of a Lot as a Model home will not violate this restriction.

Section 6. Definition of "Business" and "Trade". The terms "business" and "trade", as used herein, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefore. Notwithstanding the above, the leasing of a Lot shall not be considered a trade or business within the meaning of this Section. The definition of "business" and "trade" shall not apply to any activity conducted by Declarant with respect to its development and sale of any and all Tracts and Lots and Residences located thereon.

Section 7. Unsightly or Unkempt Conditions. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Lot or Tract. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Properties. Notwithstanding the above, the

disassembly and assembly of motor vehicles to perform repair work shall be permitted provided such activities are not conducted on a regular or frequent basis, and are either conducted entirely within an enclosed garage or, if conducted outside, are begun and completed within twelve (12) hours.

Section 8. Intentionally Deleted.

Section 9. Compliance with Declaration, By-Laws and Rules and Regulations. Every Owner shall cause all occupants of his or her Lot or Tract to comply with the Declaration, By-Laws, and the Rules and Regulations adopted pursuant thereto, and shall be responsible for all violations and losses to the Common Areas caused by such occupants, notwithstanding the fact that such occupants of a Lot or Tract are fully liable and may be sanctioned for any violation of the Declaration, By-Laws, and Rules and Regulations adopted pursuant thereto.

Section 10. Laws and Ordinances. Every Owner and occupant of any Lot or Tract, their guests and invitees, shall comply with all laws, statutes, ordinances and rules of federal, state and municipal governments applicable to the Properties and any violation thereof may be considered a violation of this Declaration; provided, the Board shall have no obligation to take action to enforce such laws, statutes, ordinances and rules.

Section 11. Subdivision of Lots or Tracts. Declarant hereby expressly reserve the right to plat and/or replat any Lot or Lots or Tract or Tracts owned by Declarant in accordance with all applicable subdivision and zoning regulations.

Section 12. Parking and Prohibited Vehicles. No motor vehicles or non-motorized vehicle, boat, trailer, marine craft, recreational vehicle, camper rig off of truck, hovercraft, aircraft, machinery, or equipment of any kind may be parked or stored on any part of any Lot or Tract, easement, or right-of-way, unless such vehicle or object is completely concealed from public view inside a garage or enclosure approved by the Architectural Review Committee. Passenger automobiles, passenger vans, motorcycles, or pick-up trucks that: (a) are in operating condition; (b) have current license plates and inspection stickers; (c) are in daily use as motor vehicles on the streets and highways of the State of Texas; and (d) which do not exceed six feet six inches (6' 10") in height, or eight feet (8') in width, or twenty-four feet (24') in length or have more than six (6) wheels, may be parked in the driveway on a Lot or Tract; however, no vehicle shall be parked so as to obstruct or block a sidewalk, if any, and no vehicle shall be parked upon any portion of the grassed areas or yard. For purposes hereof "stored" shall mean longer than five (5) days. No vehicle may be repaired on a Lot or Tract unless the vehicle being repaired is concealed from view inside a garage or other approved enclosure unless permitted pursuant to Section 7 above. This restriction shall not apply to any vehicle, machinery, or equipment temporarily parked and in use for the construction, repair or maintenance of a house or houses in the immediate vicinity; provided, however, Owners or occupants of Lots or Tracts may seek a temporary variance from these restrictions for their guests; however, any such request for a variance must receive the prior approval of the Board of Directors of the Association. The Board of Directors of the Association may adopt additional Rules and Regulations regulating parking on the streets in the Properties.

Section 13. No Hazardous Activities. No activity shall be conducted on and no Improvements shall be constructed on any property within the Properties that is or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any property and no open fires shall be lighted or permitted on any property except in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior or exterior fireplace.

Section 14. On-Site Fuel Storage. No on-site storage of gasoline, heating or other fuels shall be permitted on any part of the Properties except that up to five (5) gallons of fuel may be stored on each Lot or Tract for emergency purposes and operation of lawn mowers, grills and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators and similar equipment. Owners will also be permitted to have fuel in vehicles without violating this Section.

Section 15. Removal of Trash and Debris During Construction. During the construction, repair, and restoration or remodeling of Improvements, each Owner shall remove and haul (or cause to be removed and hauled) from the Lot or Tract all tree stumps, tree limbs, branches, underbrush, and all other trash or rubbish cleared from the Lot or Tract to permit construction of the Improvements, including landscaping. No burning of trash or other debris is permitted on any Lot or Tract, and no materials or trash hauled away from any Lot may be placed elsewhere within the Properties, unless approved in writing by the Architectural Review Committee. Additionally, each Owner, during construction or remodeling of the Improvements, shall continuously keep (or cause to be kept) the Lot or Tract in a reasonably clean and organized condition, papers, rubbish, trash, scrap, and unusable building materials are to be kept, picked up, and hauled from the Lot or Tract on a regular basis. Other useable building materials are to be kept stacked and organized in a reasonable manner. No trash, materials, or dirt shall be placed in the street. Any such trash, materials, or dirt inadvertently spilling or getting into the street or street gutter shall be removed, without delay. Notwithstanding the above, during the initial construction of Residences, a Sub-developer shall only be required to use reasonable efforts to comply with this section. For purposes of this section, unless otherwise determined by the ARC, "reasonable efforts" shall mean the typical practice during construction of homebuilding companies in the general area for similarly priced houses.

Section 16. Lighting. Except for traditional holiday decorative lights, which may be displayed for one (1) month prior to and one (1) month after any commonly recognized holiday for which such lights are traditionally displayed, all exterior lights must be approved in accordance with Article VII of this Declaration.

Section 17. Excavation and Tree Removal. The digging of dirt or the removal of any dirt from any Lot or Tract is expressly prohibited except as may be necessary in conjunction with the landscaping of or construction on such Lot or Tract. No trees shall be cut or removed except to provide room for construction of Improvements or to remove dead or unsightly trees; provided, however, that removal of any tree in excess of a four inch (4") caliper requires the approval of the Architectural Review Committee and the replacement, one for one, of such tree with a tree of equal or greater caliper. Any void, depression or hole created by the removal of dirt or a tree must be filled in accordance with the requirements of the Architectural Review Committee.

Section 18. Damage or Destruction of Improvements. Owners are bound and obligated through the purchase of a Lot or Tract to maintain the Lot or Tract and all Improvements thereon in a neat and habitable manner. In the event of damage to any Improvement, the Owner shall have the shorter of the period permitted by applicable laws or sixty (60) days to begin repairing or demolishing the destroyed or damaged portion, and, once timely commenced, such repairs or demolition must be pursued diligently to completion. If, however, damage to the Improvements is not covered by insurance, or if the Owner's claim is not approved by the Owner's insurance company, or if the Owner decides not to restore the Improvements at such time, then the Owner may apply for a "hardship" extension to the operation of this restriction to be submitted to the Board within sixty (60) days from the date of such destruction or damage. The Board shall rule on the Owner's application for a "hardship" extension within thirty (30) days from the date of submission. In no event shall the granting of a "hardship" extension in a particular case be deemed a waiver of the right to enforce this restriction thereafter. If a hardship extension is granted, the Owner thereafter immediately shall cause the damaged or destroyed Improvement to be demolished and the Lot or Tract to be suitably landscaped, subject to the approval of the Architectural Review Committee, so as to present a pleasing and attractive appearance. Such Lot or Tract will be properly mowed, cleaned and maintained after the removal of such Improvement.

Section 19. Restrictions on Garbage and Trash. No refuse, garbage, trash, lumber, grass, shrub or tree clippings, plant waste, compost, metal, bulk materials, scrap, refuse, or debris of any kind shall be kept, stored, or allowed to accumulate on any Lot or Tract except within an enclosed container of a type, size and style approved by the Board and appropriately screened from view, except that any such container may be placed in a designated area for garbage or trash pickup no earlier than six o'clock p.m. on the day preceding trash pickup of such garbage and trash and shall be returned to an enclosed structure or an area appropriately screened from view no later than midnight of the day of pickup of such garbage or trash.

Section 20. Clothes Drying. No outside clothesline or other outside facilities for drying or airing clothes shall be erected, placed or maintained on any Lot or Tract, if visible from the street or any other Lot or Tract, nor shall clothing or household fabric or any other article be hung, dried or aired on any Lot or Tract in such a way as to be visible from other Tracts/Lots/streets or the Common Area.

Section 21. Animals. No animals of any kind shall be raised, bred, or kept on any Lot or Tract except bona fide household pets such as dogs, cats, fish or other domestic animals of a reasonable number as determined by the Board as long as such pets (i) are not kept for any commercial purpose, (ii) are kept under control at all times, and (iii) are not kept in such number or such manner as to constitute a nuisance. No exotic animals will be allowed such as pigs, miniature horses, etc. Further, no dog runs shall be allowed to be placed alongside any side Lot or Tract property line.

Section 22. Signs and Billboards. Other than signs of Sub-developer as set forth below, no signs, billboards, posters or advertising devices of any character shall be erected, permitted or maintained on any Lot or Tract except one (1) sign of not more than seven (7) square feet which is used to: (a) advertise the property for sale or lease; (b) identify the builder or contractor while

construction is in progress on such Lot or Tract; or (c) promote a political candidate, party or issue for a period starting no earlier than ninety (90) prior to the date of the election or referendum and which must be removed no later than ten (10) days after the date of the election or referendum. Additionally, the right is reserved by Declarant (and any Sub-developer, with Declarant' prior consent) to construct and maintain signs, billboards, and advertising devices as is customary in connection with the development of the Subdivision and the sale of newly constructed Residences. Declarant and the Association shall also have the right to erect identifying signs at each entrance to the Properties. In no event shall any sign, billboard, poster or advertising device of any character, other than as specifically prescribed in the first sentence of this Section be erected, permitted or maintained on any Lot or Tract without the express prior written consent of the Architectural Review Committee. The Association shall have the right to enter any Lot or Tract and remove any sign, billboard, poster or advertising device which is not permitted by this Section and in so doing will not be subject to any liability for trespassing or other tort in connection therewith or arising from such removal.

Section 23. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon any of the Property, nor shall any walls, tanks, tunnels, mineral excavations or shafts be permitted upon any of the Property. No derrick or other structures designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any of the Property.

Section 24. Treatment Facilities. No Lot or Tract shall be used for the operation of a boarding or rooming house, a residence for transients, a "group home", "family home", "community home", "half-way house", day-care center, rehabilitation center, treatment facility, or Residence of unrelated individuals who are engaging in, undertaking, or participating in any group living, rehabilitation, treatment, therapy, or training with respect to previous or continuing criminal activities or convictions, alleged criminal activities, alcohol or drug dependency, physical or mental handicap, or illness, or other similar matters, unless otherwise allowed by the terms of any law specifically negating the provisions of restrictive covenants prohibiting same.

ARTICLE X.

Covenants for Assessments

Section 1. Creation of the Lien and Personal Obligation for Assessments. The undersigned Owners hereby covenant, and each Owner of any Lot or Tract by acceptance of a deed from Declarant therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- (i) Annual Assessments;
- (ii) Special Assessments; and
- (iii) Reimbursement Assessments.

The Annual, Special, and Reimbursement Assessments (collectively the "Assessments"), together with interest, costs and reasonable attorney's fees, shall also be a charge on the Lot or Tract and

shall be a continuing lien upon the Properties and Lots and Tracts against which the Assessments are made. Each such assessment and other charges, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of the Lot or Tract at the time when the assessments fell due and shall not be affected by any change in the ownership thereof. At this time, the Tracts will not be assessed any Assessments, but the Board may in the future determine to assess the Tracts by Board action. If so the terms and conditions of this Declaration that apply to Assessments and/or Capitalization Fees shall also apply to the Tracts.

Section 2. Annual Assessments.

(i) Generally. Each Lot and Tract in the Properties is hereby subjected to a regular annual assessment (the "Annual Assessment"), commencing for such Lot on the date upon which the Declarant convey the record fee title to the Lot to another Person. Such amount will be prorated based on the number of days remaining in the calendar year. Unless otherwise decided by the Board, the Annual Assessment will be paid by the Owner or Owners of each Lot within the Properties to the Association on an annual basis, on the dates determined by the Board of Directors, unless the Board determines otherwise.

The rate at which each Lot and Tract will be assessed will be determined annually and may be adjusted from year to year by the Association, as hereinafter provided, or as the needs for the Properties may, in the judgment of the Association, require. The Annual Assessment shall be assessed on a per Lot basis, except as hereinafter provided for Declarant. When a Tract changes to Lots, each of the Lots that originally comprised the Tract shall thereafter be individually assessed on a per Lot basis, which will be when a plat is recorded for the Tract by anyone other than Declarant.

At such time as a plat is recorded changing a Tract into Lots by anyone other than Declarant, those Lots will be assessed at the full Annual Assessment for Lots. At the time any Lots are sold by Declarant to a Sub-Developer for the construction of a Residence, the full Annual Assessments for a Lot as determined by the Board shall apply to such Lot. Such full Annual Assessment will be set by the Board with an initial rate not to exceed \$250.00 per Lot.

It shall be the obligation of the Owner of each Lot and/or Tract to promptly notify the Association (or its managing agent) in writing, at such time as a plat is recorded for any Tract by anyone other than Declarant.

(ii) Uses. The Association may accumulate any portion of the Annual Assessments for the Maintenance Fund and/or the Reserve Fund and may use the Maintenance Fund and/or Reserve Fund for any purpose provided by this Declaration, including by way of clarification and not limitation, at its sole option, any or all of the following: constructing and maintaining, any paths, parks, landscape reserves, parkways, easements, detention ponds, esplanades, fences, cul-de-sac and street medians, play courts, recreational facilities, meeting rooms, swimming pool and other common areas, payment of all legal and other expenses incurred in connection with the enforcement of all charges, Assessments, covenants, restrictions and conditions affecting the Properties, payment of all reasonable and necessary expenses in connection with the collection and administration of the Assessments, employing patrol services,

instructors, and operators, caring for vacant Tracts or Lots, garbage collection, and doing other things necessary or desirable, in the opinion of the Board of Directors to keep the Properties neat and in good order or which is considered of general benefit to the Owners or occupants of the Properties. It is understood that the judgment of the Board of Directors in the expenditure of the Maintenance Fund shall be final and conclusive so long as said judgment is exercised in good faith. Nothing herein shall constitute a representation or obligation that any of the above will, in fact, be provided by the Association.

(iii) Rendition and Notice. Annual Assessments shall be payable annually, unless the Board of Directors decides otherwise. The Board of Directors may fix the Annual Assessment at an amount not in excess of the maximum, and shall fix the amount of the Annual Assessment against each Lot by December 1 preceding the Annual Assessment period. The Annual Assessment period shall begin on January 1 of each year. Written notice of the Annual Assessment and the annual (or monthly) due date shall be sent to every Owner subject thereto at the address of each Lot or at such other address provided to the Association in writing. Annual Assessments shall be considered delinquent if not received within ten (10) days of the date for which the payment of the Annual Assessment pertains.

(iv) Declarant's Obligations. So long as the Declarant own any Lots, even though Annual Assessments shall not commenced as to such Lots, the Declarant shall have three (3) options with respect to funding the Association, which may be exercised singly or in combination: (1) the Declarant may annually elect either to pay Annual Assessments on the Lots they own at one half (1/2) of the rate of the then Annual Assessment or (2) the Declarant may elect to pay to the Association the difference between the amount of assessments collected on all other Lots subject to assessment and the amount of expenditures required to operate the Association during the fiscal year, or (3) Declarant may require the Board (whether the Board is the same as Declarant, their agents, servants, or employees and without being liable for any claim made by any Member of the Association that the Board's fiduciary duty to the other Members of the Association has been breached due to a conflict of interest) to execute promissory notes and/or other instruments evidencing any debt the Association owes the Declarant for monies expended by the Declarant or loaned to the Association by Declarant for and on behalf of the Association for obligations of the Association; provided, however, such promissory notes shall not be secured by a lien on any of the Common Area conveyed by Declarant to the Association. Further, any promissory note(s) shall be limited to the amount of any annual deficit that is in excess of the amount that would have been paid in such year if the Declarant has chosen to pay Annual Assessments at half rate, regardless of whether the Declarant chooses to pay the one half rate or subsidize the deficit for the year in question.

The Declarant shall be given preliminary budget numbers for the next fiscal year no later than October 1st of each year, so that it may evaluate its decisions under this paragraph. Upon Declarants' sale of all Assessable Tracts owned by them, Declarant shall have no further obligation to pay Assessments to, or fund any deficits of, or make any contributions to, the Association.

The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services or materials or a combination of services and

materials with Declarant or other entities for the payment of some portion of the Common Expenses.

So long as the Declarant owns any Lots, the Declarant may elect on an annual basis, but shall not be obligated, to reduce the resulting Assessment Rate for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant above); provided, any such subsidy shall be conspicuously disclosed as a line item in the income portion of the Common Expense budget and shall be made known to the membership. The payment of such subsidy in any year shall under no circumstances obligate the Declarant to continue payment of such subsidy in future year.

Section 3. Maximum Annual Assessments.

(i) Without Vote of Members. The maximum Annual Assessment for Lots for calendar year 2025 shall be in the amount set by the Declarant. Beginning with Annual Assessment for calendar year 2026, the maximum Annual Assessment for Lots may be increased once a year by the Board of Directors of the Association, by an amount not to exceed twenty five percent (25%) over the prior year's Annual Assessment, without a vote of the Members of the Association. In the event the Association becomes indebted to the Declarant in any manner, the Board of Directors will be required to assess the Owners the maximum assessment provided for in this Section 3(i) of Article X each year to provide for the repayment to the Declarant until the Declarant has been paid in full.

(ii) With Vote of Members. The Annual Assessment may be increased above that allowed by Section 3(i) of this Article X, if, and only if, the increase is approved by the affirmative vote of two-thirds (2/3) of the combined total of Class A and Class B eligible votes of the Association at a meeting duly called for that purpose. In lieu of notice to and a meeting of Members as provided in the By-Laws of the Association, a door-to-door canvas of Members eligible to vote may be made to secure the required two-thirds (2/3) approval. Voting may also be handled by mail ballot or electronic means as long as the ballots contain the name, property address, certification by the Secretary of the Association, alternate address of the Member, if applicable, and the date and signature of the Member. Ballots may be returned by U.S. mail in envelopes specifically marked as containing ballots for the election, or may be collected by door-to-door canvas.

Section 4A. Special Assessments for Capital Improvements. In addition to the Annual Assessments, the Board of Directors may, upon the affirmative vote of two-thirds (2/3) of the combined total of Class A and Class B eligible votes of the Association at a meeting duly called for this purpose, levy a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto. Voting may also be handled by mail ballot or electronic means as long as the ballots contain the name, property address, certification by the Secretary of the Association, alternate address of the Member, if applicable, and the date and signature of the Member. Ballots may be returned by U. S. First Class Mail in envelopes specifically marked as containing ballots for the election, or may be collected by door-to-door canvas. Upon the levying of any Special Assessment pursuant to the provisions

of this Section, the Association shall cause the Class A Members to be notified of, among other items that may be appropriate, the total number of eligible votes of the Association as of the date of the voting, the quorum required, the number of votes voting "For" and "Against" the Special Assessment, the amount of the Special Assessment authorized, and the date by which the Special Assessment must be paid in order to avoid being delinquent.

Notwithstanding the foregoing, if an emergency exists such that the Board of Directors determines that the repair of a capital improvement upon the Common Area is necessary to eliminate or reduce the risk of injury to third parties and there is not enough money held by the Association, in reserve or otherwise, to repair the capital improvement to reduce or eliminate this risk, the Board of Directors may levy a Special Assessment to sufficiently repair the capital improvement to reduce or eliminate such risk without the affirmative vote of two-thirds (2/3rds) of the combined total of eligible Class A and Class B vote of the Association.

Section 4B. Capitalization Fee. At each purchase of a Lot other than by Declarant or a Sub-Developer (whether one or more Persons) at the time of the purchase and sale, there shall be a Capitalization Fee which is obligated to be paid to the Association in the amount of one percent (1%) of the gross sales price of the Lot and Residence, beginning for each Lot at the point in time when a Residence is constructed on a Lot and the Lot and Residence are sold to the general public and continuing on each re-sale. One-half of the Capitalization Fee shall be paid by the seller in each purchase and sale – including when the Declarant or a Sub-Developer are a seller, and the other one-half of the Capitalization Fee shall be paid by the buyer in the purchase and sale. Sales of Lots prior to such time shall not be subject to a Capitalization Fee. Such funds from the Capitalization Fee collected at each sale shall initially be used to defray initial operating costs and other expenses of the Association, and later used to ensure that the Association shall have adequate funds to meet its expenses and otherwise, as the Declarant (and later the Association) shall determine in their sole discretion (hereinafter "Capitalization Fee"). Such Capitalization Fee shall be non-refundable and shall not be considered an advance payment of any Assessments levied by the Association pursuant to the Declaration. The amount of the Capitalization Fee may be changed prospectively (but not retrospectively) by the Association from time to time in its discretion. Such Capitalization Fee will be collected from the buyer and seller directly at the purchase and sale of the Lot. If any Lot is subdivided and/or platted into multiple Lots, then the multiple Lots will thereafter each be subject to the Capitalization Fee at the time of each sale. Such Capitalization Fee shall be deemed an Assessment hereunder, and may be collected in the same fashion.

Section 5. Notice and Quorum of any Action Authorized. The relevant provisions of the By-Laws dealing with regular or special meetings, as the case may be, shall apply to determine the time required for and proper form of notice of any meeting for the purposes set forth in Section 3(b) or Section 4, as applicable, of this Article X, and to ascertain the presence of a quorum at such meeting.

Section 6. Reimbursement Assessments. The Board of Directors, subject to the provisions hereof, may levy a Reimbursement Assessment against any Member if the failure of the Member or the Member's family, guests, or tenants to comply with this Declaration, the Certificate of Formation, the Bylaws, or the Rules and Regulations shall have resulted in the expenditure of funds or the determination that funds will be expended by the Association to cause such

compliance. Additionally, any fines and/or penalties levied pursuant to this Declaration or pursuant to the Rules and Regulations shall be deemed Reimbursement Assessments to be collected in the same manner as other Reimbursement Assessments. Further, any damage or destruction caused by a Member or that Member's family, guests, contractors or tenants ("Member Responsible") to any other Member's property or to any Common Area or to any landscaping or landscaping features, green space, fencing, mechanical equipment such as entry gates, playground equipment or other real or personal property or equipment in the Subdivision shall be billed to the Member Responsible and if not paid when due, will be deemed a Reimbursement Assessment against the Member Responsible and collected in the same manner as other Reimbursement Assessments. The amount of the Reimbursement Assessment shall be due and payable to the Association ten (10) days after notice to the Member of the decision of the Board of Directors that the Reimbursement Assessment is owing.

Reimbursement Assessments may also be levied when additional services are provided to any Lot or Tract or any group of Lots or Tracts or Neighborhood to pay for such additional services when such additional services are not provided to the Subdivision as a whole ("Neighborhood Reimbursement Assessments"). Such Neighborhood Reimbursement Assessments may be included with the Annual Assessments for the Lots and/or Tracts affected, or may be assessed and collected quarterly or monthly, as the Board shall decide. Factors which the Board may consider with respect to the timing or amount of the billing of such Neighborhood Reimbursement Assessments shall include, but shall not be limited to, the timing of additional expenses to the Association in providing such additional services, when such expenses must be paid, the recurring nature of the additional services and any reserves needed for large recurring expenses involved in providing such additional services which would not be Special Assessments against the Subdivision as a whole. The Board may change the timing of the assessment of any such Neighborhood Reimbursement Assessments from time to time, as circumstances warrant, and may change the amount of any such Neighborhood Reimbursement Assessments from time to time, as circumstances warrant. When such Neighborhood Reimbursement Assessments are assessed, the Board shall direct them to be billed and collected as other Assessments in the Declaration, with all of the same remedies for nonpayment.

Such Neighborhood Reimbursement Assessments may not be terminated unless the additional services are no longer being provided. The Lot or Tract or Lots or Tracts or Neighborhood receiving the benefit of such additional services may not request the termination of such additional services unless 75% of the Lot(s) or Tract(s) or Neighborhood receiving such additional services have agreed in writing to request such termination, in person or by proxy. If terminating the additional services would cause the Association to take over maintenance obligations or incur any expenses, then the prior written consent of the Association shall be required for the termination of the additional services. Upon receipt of such a request signed in person or by proxy of the required percentage, the Board shall make all of the arrangements needed to discontinue such additional services and the Lot(s) or Tract(s) or Neighborhood that was/were receiving such additional services shall pay the expenses of such arrangements as a Neighborhood Reimbursement Assessments."

Section 7. Estoppel/Resale Certificates. The Association or its agent shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association or its agent

setting forth whether the Assessments on a specified Lot or Tract have been paid, however the Declarant shall not be charged for any such certificate when selling to a Sub-developer or an Owner. A properly executed certificate of the Association as to the status of assessments on a Lot or Tract is binding upon the Association as of the date of its issuance.

Section 8. Attribution of Payments. If any Owner's Assessment payment is less than the amount assessed and the payment does not specify whether it should be applied against a Annual Assessment, Special Assessment, or Reimbursement Assessment, the payment received by the Association from the Owner shall be credited in the following order of priority, unless a different order of priority is required by law: (a) Reimbursement Assessment until the Reimbursement Assessment has been satisfied; (b) Special Assessment until the Special Assessment has been satisfied; and (c) Annual Assessment until the Annual Assessment has been satisfied. Unless the Owner is in default of a payment plan entered into with the Association, in each of the foregoing cases, payments received shall be credited in accordance with the following order of priority: (1) any delinquent assessment; (2) any current assessment; (3) any attorneys' fees or collection costs incurred by the Association associated solely with assessments or any other charge that could provide the basis for foreclosure; (4) any additional attorneys' fees; (5) any fines assessed by the Association; and then to (6) any other amount owed to the Association..

Section 9. Effect of Nonpayment of Assessments. Any of the Assessments which are not paid within thirty (30) days after the due date shall be delinquent and shall be subject to the following:

(i) interest at the rate of eighteen percent (18%) per annum from the due date or the maximum rate of interest allowed by law, if less than eighteen percent (18%), and all costs of collection, including reasonable attorney's fees;

(ii) all rights of the Owner as a Member of the Association (but not such Owner's responsibilities as a Member of the Association), including usage of the Common Area, may be suspended until all Assessments and related costs are paid in full, and during such suspension, such Owner shall not be entitled to vote upon any matters on which Members are entitled to vote, unless such suspension is prohibited by law; and

(iii) an action at law against the Owner personally obligated to pay the same, and/or foreclose on the lien herein retained against the Lot or Tract. Interest, costs of court, and reasonable attorneys' fees (when placed with an attorney for collection, whether with or without suit) incurred in any such action shall be added to the amount of such Assessment or charge.

Section 10. Contractual Lien.

(i) Generally. Assessments (together with interest, any fines assessed, and reasonable attorney's fees if it becomes necessary for the Association to enforce collection of any amount in respect of any Lot or Tract) shall be a charge on each Lot or Tract, and shall be secured by a continuing lien upon each Lot or Tract against which such assessment is made until paid.

(ii) Notice of Lien. Additional notice of the lien created by this Section may be effected by recording in the Office of the County Clerk of Montgomery County, Texas, an affidavit, duly executed, sworn to and acknowledged by an officer of the Association, setting forth the amount owed, the name of the Owner or Owners of the affected Lot or Tract, according to the books and records of the Association, and the legal description of such Lot or Tract.

(iii) Creation of Lien. Each Owner, by his acceptance of a deed to a Lot or Tract, hereby expressly grants to the Association a lien for the purpose of securing payment of Assessments upon such Lot or Tract. The Association, acting by and through the Board of Directors may, but shall not be obligated to, prepare and record in the Real Property Records of Montgomery County, Texas, a notice of such lien which will constitute further evidence of the lien for Assessments against a Lot or Tract. In addition to and in connection therewith, by acceptance of the deed to his Lot or Tract, each Owner expressly GRANTS, BARGAINS, SELLS and CONVEYS to the President and/or Vice President or agent of the Association from time to time serving, as Trustee (and to any substitute or successor trustee as hereinafter provided for), such Owner's Lot or Tract, and all rights appurtenant thereto, in trust, for the purpose of securing the Assessments levied hereunder, and other sums due hereunder remaining unpaid hereunder from time to time. The Trustee herein designated may be changed for any reason and at any time and from time to time by execution of an instrument in writing signed by the President or a Vice-President of the Association and attested to by the Secretary or an Assistant Secretary of the Association and filed in the Office of the County Clerk of Montgomery County, Texas.

(iv) Enforcement of Lien. The Association shall have the right to enforce the aforesaid lien by all methods available for the enforcement of such liens, both judicially and by nonjudicial foreclosure pursuant to Section 51.002 of the Texas Property Code (as may be amended or revised from time to time hereafter). In the event of the election by the Board of Directors of the Association to foreclose the lien herein provided for non-payment of sums secured by such lien, then it shall be the duty of the Trustee, or his successor, as hereinabove provided, at the request of the Board (which request shall be presumed) to enforce this trust and to sell such request Lot or Tract, and all rights appurtenant thereto in accordance with Section 51.002 of the Texas Property Code (as said statute shall read at the time of enforcement) and to make due conveyance to purchaser or purchasers by deed binding upon the Owner or Owners of such Lot or Tract, and his heirs, executors, administrators and successors. The Trustee shall give notice of such proposed sale as required by Section 51.002 of the Texas Property Code (as said statute shall read at the time notice is given).

(v) Additional Matters Pertaining to Foreclosure. At any foreclosure, judicial or nonjudicial, the Association shall be entitled to bid up to the amount of the sum secured by its lien, together with costs and attorney's fees, and to apply as a cash credit against its bid all sums due to the Association covered by the lien foreclosed. From and after any such foreclosure the occupants of such Lot or Tract shall be required to pay a reasonable rent for the use of such Lot or Tract, and such occupancy shall constitute a tenancy-at-sufferance, and the purchaser at such foreclosure sale shall be entitled to the appointment of a receiver to collect such rents and further, shall be entitled to sue for recovery of possession of such Lot or Tract by forcible detainer without further notice.

Section 11. Non-Use. No Owner may waive or otherwise escape said lien and liability for the assessments provided for herein by non-use of the Common Area, or abandonment, non-use or divestiture of ownership of a Lot or Tract for any Assessment which became due and payable during the time when such Owner owned the Lot or Tract.

Section 12. Exempt Portions of the Properties. All portions of the Properties dedicated to, and accepted by, a local public authority exempt from taxation by the laws of the State of Texas, and all Common Area shall be exempt from the Assessments and other charges created herein. Notwithstanding the foregoing, no Lot or Tract which is used, or is intended for use, as a Residence or other approved use shall be exempt from Assessments and charges and the lien herein securing payment thereof.

Section 13. No Offsets. The Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted for any reason including, without limitation, (a) any claim that the Association or the Board of Directors is not properly exercising its duties and powers under this Declaration, (b) any claim by the Owner of non-use of the Common Areas or abandonment of his Lot or Tract, (c) any claim by the Owner of inconvenience or discomfort arising from the making of repairs or Improvements to Common Area, or (d) any claim by the Owner of inconvenience or discomfort arising from any action taken to comply with any law or any determination of the Board of Directors or for any other reason.

Section 14. Subordination of the Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate to any first priority lien mortgages relating to the Lots or Tracts or liens relating to acquisition and/or construction upon the Lots or Tracts provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to a sale or transfer of such Lot or Tract pursuant to a decree of foreclosure or a foreclosure by trustee's sale under a deed of trust or a foreclosure of the assessment lien retained and reserved herein. Sale or transfer of any Lot or Tract shall not affect the lien of the Assessment; however, the sale or transfer of any Lot or Tract pursuant to the foreclosure of a first priority lien mortgage or any proceeding in lieu thereof, shall extinguish the lien of the Assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot or Tract from liability for the Assessments thereafter becoming due or from the lien thereof. A selling Owner of a Lot shall not be relieved of personal liability for any Assessments accruing on such Lot or Tract prior to the date of sale or transfer.

ARTICLE XI.

Easements and Utilities

Section 1. Title to Utility Lines. The title conveyed to any Lot or Tract within the Properties shall be subject to any easement affecting same for utility or other purposes and shall not be held or construed to include the title to the water, gas, electricity, telephone, cable television, security, storm sewer, or sanitary lines, poles, pipes, conduits, or other appurtenances or facilities constructed upon, under, along, across, or through such utility easements. No Lot or Tract Owner shall own the pipes, wires, conduits, or other service lines running through his Lot or Tract that are used for or serve other Lots or Tracts, but each Lot or Tract Owner shall have an easement to use such facilities to the extent necessary for the use, maintenance, and enjoyment of his Lot or Tract.

Section 2. Association Easements. The Association, its agents, servants, and employees shall have and be entitled to all easements specifically referenced throughout this Declaration.

Section 3. Easements for Utilities.

(i) Generally. Declarant hereby reserves unto Declarant (so long as Declarant owns any portion of the Properties), and the designees of Declarant, a blanket easement upon, across, over, and under all of the Properties for ingress, egress, installation, replacing, repairing, and maintaining cable television systems, master television antenna systems, alarm monitoring systems, and similar systems, roads, walkways, bicycle pathways, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephones, gas, and electricity; provided, the exercise of this easement shall not unreasonably interfere with the use of any Lot or Tract and, except in an emergency, entry onto any Lot or Tract shall be made only after reasonable notice to the Owner thereof.

(ii) Specific Easements. Should any entity furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Board of Directors shall have the right to grant such easement over the Properties without conflicting with the terms hereof. The easements provided for in this Article shall in no way adversely affect any other recorded easement on the Properties.

(iii) Dedications to Public. The Board shall have, by a two-thirds (2/3) vote, the power to dedicate portions of the Common Area to any local, state, or federal governmental entity.

Section 4. Easement Regarding Electric Service Cables. Declarant hereby reserve for each Owner an easement for access to any easement area occupied and centered on electric company service wires immediately adjacent to the Owner's Lot or Tract for the purpose of installing, repairing, and maintaining the underground service cables each Owner is obligated to furnish, install, own, and maintain pursuant to Article XII, Section 2 below.

Section 5. Easement Regarding Project Fence or Wall. Declarant hereby reserves for themselves and for the Association a non-exclusive right-of-way and easement for the purpose of constructing, maintaining, operating, repairing, removing and re-constructing an entry way and identifying Subdivision community identify perimeter fence (the "Project Fence or Wall") under, across and through a 5' strip of certain Lots or Tracts that are adjacent to certain of the outer perimeter streets of the Property, as well as a 5' strip in such other locations as determined by Declarant or the Association, on which 5' strip such Project Wall or Fence is constructed. Prior to construction of such entry way and such Project Fence or Wall, the Declarant and/or the Association shall have the right to go over and across the portions of the Lots or Tracts that are adjacent to such to such 5' easement strip for the purpose of performing surveys and other such necessary pre-construction work. After the construction of the entry way and such Project Fence or Wall, Declarant and/or the Association, from time to time, and at any time, shall have a right of ingress and egress over, along, across and adjacent to said 5' easement strip for purposes of maintaining, operating, repairing, removing, re-constructing, and/or inspecting the fence. The Owners of the Lots or Tracts shall have all other rights in and to such 5' easement strip located on

each Owner's respective Lot or Tract; provided however, such Owner shall not damage, remove or alter the Project Fence or Wall or any part thereof without first obtaining written approval from the Declarant and/or the Association with respect to any such action, such approval to be at the Declarant' and/or the Association sole discretion.

However, this Section shall not apply to, and the Association shall not be responsible to, install or maintain any fencing located along Lot or Tract lines which separate individual Lots or Tracts from one another, nor any fencing located along interior boundary lines of the Property, or at the rear of lake Lots which are not Project Fence or Wall.

Section 6. Additional and Other Services. The Association may elect to provide services and facilities for the Properties and shall be authorized to enter into contracts with other entities to provide such services and facilities. In addition to Assessments, the Board shall be authorized to charge additional use and consumption fees for selected services and facilities. By way of example, some services and facilities which may be provided include landscape maintenance and pest control services. The Board shall be permitted to modify or cancel existing services or facilities provided, if any, or to provide additional services and facilities. Nothing contained herein is a representation as to what services and facilities will or will not be provided.

ARTICLE XII.

Underground Electrical Distribution System

Section 1. Generally. An underground electrical distribution system (the "System") will be installed within that part of the Properties which, according to the Plat, contain Lots (the "Underground Residential Subdivision). The System shall embrace all Lots in the Underground Residential Subdivision. The System shall consist of overhead primary feeder circuits constructed on wood or steel poles, single or three phase, as well as underground primary and secondary circuits, pad mounted or other types of transformers, junction boxes, and such other appurtenances as shall be necessary to make underground service available to the Lots. For so long as underground service is maintained in the Underground Residential Subdivision the electric service to each Residence shall be underground, uniform in character and exclusively of the type known as single phase, 120/240 volt, three wire, 60 cycle, alternating current.

Section 2. Owner's Responsibility. The Owner of each Lot containing a Residence shall, at his own cost, furnish, install, own, and maintain (all in accordance with the requirements of local governing authorities and the National Electric Code) the underground service cable and appurtenances from the point of the electric company's metering at the structure to the point of attachment at such company's installed transformers or energized secondary junction boxes, such point of attachment to be made available by the electric company at a point designated by such company at the property line of each Lot. The electric company furnishing service shall make the necessary connections at said point of attachment and at the meter. In addition, the Owner of each Lot containing a Residence shall, at his own cost, furnish, install, own, and maintain a meter loop (in accordance with the then current Standards and Specifications of the electric company furnishing service) for the location and installation on the meter of such electric company for the Residence constructed on such Owner's Lot.

Section 3. Easement Grants. Declarant has either by designation on the Plat, this Declaration, or by separate instrument granted the necessary easements to the electric company providing for the installation, maintenance, and operation of the System and have also granted to the various Owner's reciprocal easements providing for access to the area occupied by and centered on the service wires of the various Owners to permit installation, repair, and maintenance of each Owner's owned and installed service wires.

Section 4. Rights to Build on Easement Area. Easements for the System may be crossed by driveways and walkways provided the Sub-developer or Owner makes prior arrangements with the utility company furnishing electric service and provides and installs the necessary electric conduit of approved type and size under such driveways or walkways prior to construction thereof. The easement for the System shall be kept clear of all other Improvements, including buildings, patios, or other pavings, and the utility company using the easements shall not be liable for any damage done by it, its assigns, agents, employees, or servants, to shrubbery, trees, or Improvements (other than crossing driveways or walkways provided the conduit has been installed as outlined above) of the Owner and located on the land covered by said easements.

ARTICLE XIII.

Annexation

Section 1. Annexation. Additional residential property (other than the Declarant Annexation Property) and Common Area may be annexed into the jurisdiction of the Association upon the favorable vote of two-thirds (2/3) of the membership votes entitled to be cast by each membership class at a meeting of the Members or otherwise. Provided, however, for so long as there is a Class "B" membership and Class B voting status, additional residential property (if a part of the Declarant Annexation Property) or Common Area may be unilaterally annexed by Declarant without approval by Members of the Association, however, if such property is not owned by Declarant, only with the consent of the owner thereof. Further, additional real property may be annexed hereto from time to time by the Board without the consent of the Owners. Annexation of additional property shall encumber said property with all of the covenants, conditions, restrictions, reservations, liens, and charges set forth in this Declaration and shall become effective on the date a Supplemental Declaration is signed and acknowledged by the owner of said annexed property and the appropriate annexing authority (either Declarant or the Association), is filed for record in Montgomery County, Texas, evidencing the annexation. Each such instrument evidencing the annexation of additional property shall describe the portion of the property comprising the Lots or Tracts and Common Area. The funds resulting from any assessment, whether annual or special, levied against any property hereinafter annexed to the Properties may be combined with the funds collected from the Owners of Lots or Tracts within the Properties and may be used for the benefit of all property and all Owners in the manner hereinabove provided.

Section 2. Withdrawal of Property. Declarant reserves the unilateral right to amend this Declaration, so long as it has a right to annex additional property pursuant to Section 1 above, for the purpose of removing unimproved portions of the Property from the coverage of this Declaration. Such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Declarant. If the property is Association Property, the Association shall consent to such withdrawal by majority vote of the Board. For purposes of this

Section 2, the term "unimproved" means no above ground, vertical improvements located on such property.

ARTICLE XIV.
General Provisions

Section 1. Duration and Amendment. The covenants, conditions, restrictions, reservations, liens, and charges set forth in this Declaration shall run with the land and shall be binding upon and inure to the benefit of the Association, all owners, their respective legal representatives, heirs, successors, and assigns for a term of sixty (60) years from the date this Declaration is filed with the County Clerk of Montgomery County, Texas, after which time said covenants, conditions, restrictions, reservations, liens, and charges shall be automatically extended and renewed for successive periods of ten (10) years each, unless prior to said renewal date an instrument signed by the then Owners of not less than seventy-five percent (75%) of the total number of Lots within the Properties is filed for record with the County Clerk of Montgomery County, Texas, altering, rescinding, or modifying said covenants and restrictions, in whole or in part, as of said renewal date. Notwithstanding anything to the contrary herein contained, it is expressly understood and agreed that the Owners of seventy-five percent (75%) of the total number of Lots or Tracts within the Properties shall always have the power and authority to amend this Declaration and such amendment shall become effective on the date any instrument signed by the then Owners of not less than seventy-five (75%) of the total number of Lots within the Properties is filed for record in Montgomery County, Texas, so amending this Declaration; provided, however, so long as the Declarant owns any Lots, no amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant. In addition, so long as Declarant owns any Lots, Declarant shall have the right at any time and from time-to-time, without the joinder or consent of any other party, to amend this Declaration by any instrument in writing duly signed, acknowledged, and filed for record in Montgomery County, Texas, for the purpose of correcting any typographical or grammatical error, ambiguity, or inconsistency appearing herein, or for the purpose of complying with any statute, regulation, ordinance, resolution, or order of the Federal Housing Administration, the Veterans Administration, or any federal, state, county, or municipal governing body, or any agency or department thereof or for any other purpose or reason whatsoever that Declarant deems to be in the best interest of the Subdivision; provided that any such amendment shall be consistent with and in furtherance of the general plan and scheme of development as evidenced by this Declaration and any Supplemental Declaration taken collectively, and shall not impair or effect the vested rights of any Owner or Mortgagee.

Section 2. Declarant Reservation. Any provision of this Declaration to the contrary notwithstanding, until Declarant has completed all of the contemplated improvements and closed the sales of all of the Lots, neither the Owners nor the Association shall interfere with, or allow the interference with, the completion of Declarants' planned improvements and the sale of the Lots. Declarant may make such lawful use of the unsold Lots and the Common Area, without charge, as may facilitate such completion and sale, including, but not limited to, maintenance of sales and construction trailers and offices, the showing of the Lots and the display of signs and the use of Lots for vehicular parking. Without limiting the generality of the foregoing, except only when the express provisions of this Declaration prohibit Declarant from taking a particular action,

nothing in this Declaration shall be understood or construed to prevent or prohibit Declarant from any of the following:

- i. Doing on any property or Lot or Tract owned or controlled by it, whatever it determines to be necessary, convenient or advisable in connection with the completion of the development of the Property, including without limitation, the alteration of its construction plans and designs as Declarant deems advisable in the course of development (all models or sketches showing plans for future development of the Property, as same may be expanded, may be modified by Declarant at any time and from time to time, without notice); or
- ii. Erecting, constructing and maintaining on any property or Lot or Tract owned or controlled by Declarant, such structures as may be reasonably necessary for the conduct of its business of completing said development and establishing the Property as a community and disposing of the same by sale, lease or otherwise; or
- iii. Conducting on any property or Lot or Tract owned or controlled by Declarant, their business of developing, subdividing, grading and constructing improvements in the Property and of disposing of Lots or Tracts therein by sale, lease or otherwise; or
- iv. Determining in its sole discretion the nature of any type of improvements to be initially constructed as part of the Development or the Property; or
- v. Maintaining such sign or signs on any property or Lot or Tract owned or controlled by Declarant as may be necessary or desired in connection with the operation of any Lots or Tracts owned by Declarant or the sale, lease, marketing or operation of the Lots or Tracts; or
- vi. Recording Supplemental Declarations which modify or amend this Declaration, which add or withdraw additional Property, or that otherwise limit or impair Declarant from effecting any action which may be required of Declarant by the local government or any other governmental authority or quasi-governmental agency in connection with the development and continuing operation of the Property; or
- vii. Modifying, changing, re-configuring, removing or otherwise altering any improvements located on the Common Area or utilizing all or portions of the Common Area for construction access or staging (provided that same does not impair existing platted access (as shown on any recorded plats) or utility services to the Lots or Tracts); or
- viii. Causing utilities to be available to all portions of the Property, including, but not limited to, the reserving or granting of easements and rights of way as may be necessary to locate, install and maintain facilities and connections.

Section 3. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 4. Cumulative Effect; Conflict. The covenants, conditions, restrictions, and provisions of this Declaration shall be cumulative with any others pertaining to the Properties (the "Additional Covenants") and the Association may, but shall not be required to, enforce the Additional Covenants; provided, however, in the event of conflict between or among (a) the covenants, conditions, and restrictions of this Declaration; and (b) the terms of the Additional Covenants, and provisions of any certificate of formation, By-Laws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, the Additional Covenant shall be subject and subordinate to those of this Declaration. The foregoing priorities shall apply, but not be limited to, the lien for Assessments created in favor of the Association.

Section 5. Compliance. It shall be the responsibility of each Owner or occupant of a Residence to obtain copies of and become familiar with the terms of this Declaration, Certificate of Formation, Bylaws, and Rules and Regulations. Every Owner of any Lot or Tract shall comply with all lawful provisions of this Declaration, the By-Laws, and Rules and Regulations of the Association. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, maintainable by the Association or, in a proper case, by any aggrieved Lot or Tract Owner or Owners. In addition, the Association may avail itself of any and all remedies provided in this Declaration or the By-Laws, including, but not limited to, the right to assess fines for failure to comply.

Section 6. Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be. NEITHER THE ASSOCIATION, ITS DIRECTORS, OFFICERS, AND AGENTS, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND OCCUPANTS OF ANY LOT OR TRACT, TENANTS, GUESTS, AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION, AND ITS BOARD OF DIRECTORS, ITS AGENTS, DECLARANT, OR ANY SUCCESSOR DECLARANT AND THE ARCHITECTURAL REVIEW COMMITTEE DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED BY DECLARANT OR THE ARCHITECTURAL REVIEW COMMITTEE MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE, NOR THAT FIRE PROTECTION OR BURGLARS ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR

INTENDED, EACH OWNER AND OCCUPANT OF ANY LOT OR TRACT, AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE, ASSOCIATION, ITS BOARD OF DIRECTORS, ITS DIRECTORS, OFFICERS AND AGENTS AND COMMITTEES, DECLARANT, OR ANY SUCCESSOR DECLARANT IS NOT INSURERS AND THAT EACH OWNER AND OCCUPANT OF ANY RESIDENCE AND EACH TENANT, GUEST, AND INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO LOTS, AND TO THE CONTENTS OF LOTS, AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS, ITS DIRECTORS, OFFICERS AND AGENTS AND COMMITTEES, DECLARANT, OR ANY SUCCESSOR DECLARANT HAS MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTIES.

Section 7. Assignment of Declarant Rights. Any or all of the special rights and obligations of the Declarant set forth in this Declaration or the By-Laws may be transferred to other Persons, in whole or in part, provided the transfer shall neither reduce an obligation nor enlarge a right beyond that contained herein or in the By-Laws, as applicable, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the applicable Declarant and duly recorded in the Office of the County Clerk of Montgomery County, Texas. This Section may not be amended without the express written consent of Declarant. Notwithstanding anything to the contrary herein, in the event of a merger or consolidation or other restructure of a Declarant with another entity, that Declarant's rights and obligations shall automatically run to such Declarant's successor in interest, regardless of whether an express written assignment is executed and recorded as required herein and regardless of whether such written instrument is recorded.

Section 8. Additional Restrictions Created by Those Other Than Declarant. No Person shall record any covenants, conditions, and restrictions, or declaration of condominium or townhome of similar instrument affecting any portion of the Properties without Declarant's review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of covenants, conditions, and restrictions, or declaration of condominium or similar instrument being void and of no force and effect unless subsequently approved by recorded consent signed by Declarant.

Section 9. Severability. In the event of the invalidity or partial invalidity or partial unenforceability of any provision in this Declaration, the remainder of the Declaration shall remain in full force and effect.

Section 10. Number and Gender. Pronouns, whenever used herein, and of whatever gender, shall include natural persons and corporations, entities and associations of every kind and character, and the singular shall include the plural, and vice versa, whenever and as often as may be appropriate.

Section 11. Delay in Enforcement. No delay in enforcing the provisions of this Declaration with respect to any breach or violation thereof shall impair, damage or waive the right of any party entitled to enforce the same to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation thereof at any later time.

Section 12. Enforceability. This Declaration shall run with the Properties and shall be binding upon and inure to the benefit of and be enforceable by the Association and each Owner of a Lot or Tract in the Properties, or any portion thereof, and their respective heirs, legal representatives, successors and assigns. In the event any action to enforce this Declaration is initiated against an Owner or occupant of a Lot or Tract by the Association, the Association or other Owner, as the case may be, shall be entitled to recover reasonable attorneys' fees and costs from the Owner or occupant of a Lot or Tract who violated this Declaration.

Section 13. Remedies. In the event any person shall violate or attempt to violate any of the provisions of the Declaration, the Association, each Owner of a Lot or Tract within the Properties, or any portion thereof, may institute and prosecute any proceedings at law or in equity to abate, preempt or enjoin any such violation or attempted violation or to recover monetary damages caused by such violation or attempted violation.

Section 14. Violations of Law. Any violation of any federal, state, municipal, or local law, ordinance, rule, or regulation, pertaining to the ownership, occupation, or use of any Lot or Tract hereby is declared to be a violation of this Declaration and shall be subject to any and all of the enforcement procedures set forth in this Declaration.

Section 15. No Representations or Warranties. No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by the Association or its agents or employees in connection with any portion of the Properties, or any Improvement thereon, its or their physical condition, compliance with applicable laws, fitness for intended use, or in connection with the sale, operation, maintenance, cost of maintenance, taxes, or regulation thereof, unless and except as specifically shall be set forth in writing.

Section 16. Captions for Convenience. The titles, headings, captions, articles and section numbers used in this Declaration are intended solely for convenience of reference and shall not be considered in construing any of the provisions of this Declaration. Unless the context otherwise requires, references herein to Articles and Sections are to articles and sections of this Declaration.

Section 17. No Condominium. This Declaration does not and is not intended to create a condominium within the meaning of the Texas Condominium Act, Tex. Prop. Code Ann. §81.001-81.210 (Vernon 1983).

Section 18. Governing Law. This Declaration shall be construed and governed under the laws of the State of Texas.

Section 19. Notices. Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage pre-paid, to the

last known address of the person who appears as Owner on the records of the Association at the time of such mailing.

ARTICLE XV **Dispute Resolution**

Section 15.1 Introduction & Definitions The Association, the Owners, Declarant, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, the “Parties”) agree to encourage the amicable resolution of disputes involving the Subdivision and to avoid the emotional and financial costs of litigation and arbitration if at all possible. Accordingly, each Party hereby covenants and agrees that this Article applies to all Claims as hereafter defined. The provisions of this Article 15 shall be specifically enforceable under applicable law in any court having jurisdiction thereof. Notwithstanding anything contained in the governing documents of the Association, this Article 15 may only be amended with the prior written approval of the Declarant, and Owners holding 100% of votes in the Association. As used in this Article only, the following words, when capitalized, have the following specified meanings:

15.1.1 “Claim” means:

- a. Claims relating to the rights and/or duties of Declarant, the Association, any managing agent engage by the Declarant or the Association, or the Architectural Review Committee, under the governing documents of the Association.
- b. Claims relating to the acts or omissions of the Declarant, the Association or a Board member or officer of the Association during Declarant’s control and administration of the Association, and any claim asserted against the Architectural Review Committee.
- c. Claims relating to the design or construction of the Subdivision, including Common Area, Areas of Common Responsibility, Residences, or any improvements located on the Lots.

15.1.2. “Claimant” means any Party having a Claim against any other Party.

15.1.3. “Respondent” means any Party against which a Claim has been asserted by a Claimant.

Section 15.2. Mandatory Procedures. Claimant may not initiate any proceeding before any administrative tribunal seeking redress or resolution of its Claim until Claimant has complied with the procedures of this Article. As provided in Section 15.9 below, a Claim will be resolved by binding arbitration. A Claimant, whether Owner or the Association, may not consolidate any Claims or bring a Claim on behalf of any class; provided however, a Respondent may join or add additional parties to a Claim as may be allegedly responsible in whole or in any part for matters which are the subject of such Claims.

Section 15.3. Claim Affecting Common Areas. In accordance with Article IV Section 14 of this Declaration, the Association does not have the power or right to institute, defend, intervene in, settle, or compromise litigation or administrative proceedings: (1) in the name of or on behalf of any Owner (whether one or more); or (2) pertaining to a Claim, as defined in Section 15.1.1 herein, relating to the design or construction of improvements on a Lot (whether one or more), including Residences or any Area of Common Responsibility. In the event the Association or an Owner asserts a Claim related to the Common Areas, as a precondition to providing the Notice defined in Section 15.5, initiating the mandatory dispute resolution procedures set forth in this Article 15, or taking any other action to prosecute a Claim related to the Common Area, the Association or Owner, as applicable, must:

15.3.1. Independent Report on the Condition of the Special Common Areas. Obtain an independent third-party report (the “Common Area Report”) from a licensed professional engineer which: (1) identifies the Common Areas subject to the Claim including the present physical condition of the Common Areas; (2) describes any modification, maintenance, or repairs to the Common Areas performed by the Owner(s) and/or the Association; (3) provides specific and detailed recommendations regarding remediation and/or repair of the Common Areas subject to the Claim. For the purposes of this Section, an independent third-party report is a report obtained directly by the Association or an Owner and paid for by the Association or Owner, as applicable, and not prepared by a person employed by or otherwise affiliated with the attorney or law firm that represents or will represent the Association or Owner in the claim. As a precondition to providing the Notice described in Section 15.5, the Association or Owner must provide at least ten (10) days prior written notice of the inspection, calculated from the date of receipt of such notice, to each party subject to a Claim which notice shall identify the independent third-party engaged to prepare the Common Area Report, the specific Common Areas to be inspected, and the date and time the inspection will occur. Each party subject to a Claim may attend the inspection, personally or through an agent. Upon completion, the Common Area Report shall be provided to each party subject to a Claim. In addition, before providing the Notice described in Section 15.5, the Association or the Owner, as applicable, shall have permitted each party subject to a Claim the right, for a period of ninety (90) days, to inspect and correct, any condition identified in the Common Area Report.

15.3.2 Claim by the Association - Owner Meeting and Approval. If the Claim is prosecuted by the Association, the Association must first obtain approval from Members holding sixty-seven percent (67%) of the votes in the Association to provide the Notice described in Section 15.5, initiate the mandatory dispute resolution procedures set forth in this Article 15, or take any other action to prosecute a Claim, which approval from Members, must be obtained at a special meeting of Members called in accordance with the Bylaws. The notice of meeting required hereunder will be provided pursuant to the Bylaws by the notice must also include: (1) the nature of the Claim, the relief sought, the anticipated duration of prosecuting the Claim, and the likelihood of success; (2) a copy of the Common Area Report; (3) a copy of any proposed engagement letter, with the terms of such engagement between the Association and an attorney to be engaged by the Association to assert or provide assistance with the claim (the “Engagement Letter”); (4) a description of the attorney fees, consultant fees, expert witness fees, and court costs,

whether incurred by the Association directly or for which it may be liable if it is not the prevailing party or that the Association will be required, pursuant to the Engagement Letter or otherwise, to pay if the Association elects to not proceed with the Claim; (5) a summary of the steps previously taken, and proposed to be taken, to resolve the Claim; (6) an estimate of the impact on the value of each Residence if the Claim is prosecuted and an estimate of the impact on the value of each Residence after resolution of the Claim; (7) an estimate of the impact on the marketability of each Residence if the Claim is prosecuted and during prosecution of the Claim, and an estimate of the impact on the value of each Residence during and after resolution of the Claim; (8) the manner in which the Association proposes to fund the cost of prosecuting the Claim; and (9) the impact on the finances of the Association, including the impact on present and projected reserves, in the event the Association is not the prevailing party. The notice required by this paragraph must be prepared and signed by a person other than, and not employed by or otherwise affiliated with, the attorney or law firm that represents or will represent the Association or Owner, as applicable, in the Claim. In the event Members approve providing the Notice described in Section 15.5, or taking any other action to prosecute a Claim, the Members holding a Majority of the votes in the Association, at a special meeting called in accordance with the Bylaws, may elect to discontinue prosecution or pursuit of the Claim.

Section 15.4. Claim By Owners – Improvements On Lots. Notwithstanding anything contained herein to the contrary, in the event a warranty is provided to an Owner by the Declarant relating to the design or construction of any improvements located on a Lot, then this Article 15 will only apply to the extent that this Article 15 is more restrictive than such Owner's warranty, as determined in the sole discretion of the Declarant providing such warranty (if any). If a warranty has not been provided to an Owner relating to the design or construction of any improvements located on a Lot, then this Article 15 will apply. If an Owner brings a Claim, as defined in Section 15.1.1, relating to the design or construction of any improvements located on a Lot (whether one or more), as a precondition to providing the Notice defined in Section 15.5, initiating the mandatory dispute resolution procedures set forth in this Article 15, or taking any other action to prosecute a Claim, the Owner must obtain an independent third-party report (the "Owner Improvement Report") from a licensed professional engineer which: (1) identifies the improvements subject to the Claim including the present physical condition of the improvements; (2) describes any modification, maintenance, or repairs to the improvements performed by the Owner(s) and/or the Association; and (3) provides specific and detailed recommendations regarding remediation and/or repair of the improvements subject to the Claim. For the purposes of this Section, an independent third-party report is a report obtained directly by the Owner and paid for by the Owner, and not prepared by a person employed by or otherwise affiliated with the attorney or law firm that represents or will represent the Owner in the Claim. As a precondition to providing the Notice described in Section 15.5, the Owner must provide at least ten (10) days prior written notice of the inspection, calculated from the date of receipt of such notice, to each party subject to a Claim which notice shall identify the independent third-party engaged to prepare the Owner Improvement Report, the specific improvements to be inspected, and the date and time the inspection will occur. Each party subject to a Claim may attend the inspection, personally or through an agent. Upon completion, the Owner Improvement Report shall be provided to each party subject to a Claim. In addition, before providing the Notice described in Section 15.5, the

Owner shall have permitted each party subject to a Claim the right, for a period of ninety (90) days, to inspect and correct, any condition identified in the Owner Improvement Report.

Section 15.5. Notice. Claimant must notify Respondent in writing of the Claim (the “Notice”), stating plainly and concisely: (1) the nature of the Claim, including date, time, location, persons involved, and Respondent’s role in the Claim; (2) the basis of the Claim (i.e., the provision of the governing documents of the Association or other authority out of which the Claim arises); (3) what Claimant wants Respondent to do or not do to resolve the Claim; and (4) that the Notice is given pursuant to this Section. For Claims governed by Chapter 27 of the Texas Property Code, the time period for negotiation in Section 15.6 below, is equivalent to the sixty (60) day period under Section 27.004 of the Texas Property Code. If a Claim is subject to Chapter 27 of the Texas Property Code, the Claimant and Respondent are advised, in addition to compliance with Section 15.6, to comply with the terms and provisions of Section 27.004 during such sixty (60) day period. Section 15.6 does not modify or extend the time period set forth in Section 27.004 of the Texas Property Code. Failure to comply with the time periods or actions specified in Section 27.004 could affect a Claim if the Claim is subject to Chapter 27 of the Texas Property Code. The one hundred and twenty (120) day period for mediation set forth in Section 15.7 below, is intended to provide the Claimant and Respondent with sufficient time to resolve the Claim in the event resolution is not accomplished during negotiation. If the Claim is not resolved during negotiation, mediation pursuant to Section 15.7 is required without regard to the monetary amount of the Claim.

If the Claimant is the Association, the Notice will also include: (a) a true and correct copy of the Common Area Report; (b) a copy of the Engagement Letter; (c) copies of all reports, studies, analyses, and recommendations obtained by the Association related to the Common Area which forms the basis of the Claim; (d) a true and correct copy of the special meeting notice provided to Members in accordance with Section 15.3.2 above; and (e) reasonable and credible evidence confirming that Members holding sixty-seven percent (67%) of the votes in the Association approved providing the Notice. If the Claimant is not the Association and pertains to the Common Area, the Notice will also include a true and correct copy of the Common Area Report. If the Claimant is not the Association and pertains to improvements on a Lot, the Notice will also include a true and correct copy of the Owner Improvement Report.

Section 15.6. Negotiation. Claimant and Respondent will make every reasonable effort to meet in person to resolve the Claim by good faith negotiation. Within sixty days after Respondent’s receipt of the Notice, Respondent and Claimant will meet at a mutually-acceptable place and time to discuss the Claim. At such meeting or at some other mutually-agreeable time, Respondent and Respondent’s representatives will have full access to the Subdivision that is subject to the Claim for the purposes of inspecting the Subdivision. If Respondent elects to take corrective action, Claimant will provide Respondent and Respondent’s representatives and agents with full access to the Subdivision to take and complete corrective action.

Section 15.7. Mediation. If the Parties negotiate but do not resolve the Claim through negotiation within one hundred twenty (120) days from the date of the Notice (or within such other period as may be agreed on by the Parties), Claimant will have thirty (30) additional days within which to submit the Claim to mediation under the auspices of a mediation center or individual mediator on which the Parties mutually agree. The mediator must have at least five (5) years of

experience serving as a mediator and must have technical knowledge or expertise appropriate to the subject matter of the Claim. If Claimant does not submit the Claim to mediation within the thirty (30) day period, Claimant is deemed to have waived the Claim, and Respondent is released and discharged from any and all liability to Claimant on account of the Claim.

Section 15.8. Termination of Mediation. If the Parties do not settle the Claim within thirty (30) days after submission to mediation or within a time deemed reasonable by the mediator, the mediator will issue a notice of termination of the mediation proceedings indicating that the Parties are at an impasse and the date that mediation was terminated. Thereafter, Claimant may file suit or initiate arbitration proceedings on the Claim, as appropriate and permitted by this Article.

Section 15.9. Binding Arbitration-Claims. All Claims must be settled by binding arbitration. Claimant or Respondent may, by summary proceedings (e.g., a plea in abatement or motion to stay further proceedings), bring an action in court to compel arbitration of any Claim not referred to arbitration as required by this Section 15.9.

15.9.1. Governing Rules. If a Claim has not been resolved after mediation as required by Section 15.7, the Claim will be resolved by binding arbitration in accordance with the terms of this Section 15.9 and the rules and procedures of the American Arbitration Association (“AAA”) or, if the AAA is unable or unwilling to act as the arbitrator, then the arbitration shall be conducted by another neutral reputable arbitration service selected by Respondent in Montgomery County, Texas. Regardless of what entity or person is acting as the arbitrator, the arbitration shall be conducted in accordance with the AAA’s “Construction Industry Dispute Resolution Procedures” and, if they apply to the disagreement, the rules contained in the Supplementary Procedures for Consumer-Related Disputes. If such rules have changed or been renamed by the time a disagreement arises, then the successor rules will apply. Also, despite the choice of rules governing the arbitration of any Claim, if the AAA has, by the time of Claim, identified different rules that would specifically apply to the Claim, then those rules will apply instead of the rules identified above. In the event of any inconsistency between any such applicable rules and this Section 15.9, this Section 15.9 will control. Judgment upon the award rendered by the arbitrator shall be binding and not subject to appeal except as provided in Section 15.9.4, but may be reduced to judgment or enforced in any court having jurisdiction. Notwithstanding any provision to the contrary or any applicable rules for arbitration, any arbitration with respect to Claims arising hereunder shall be conducted by a panel of three (3) arbitrators, to be chosen as follows:

- a. One arbitrator shall be selected by Respondent, in its sole and absolute discretion;
- b. One arbitrator shall be selected by the Claimant, in its sole and absolute discretion; and
- c. One arbitrator shall be selected by mutual agreement of the arbitrators having been selected by Respondent and the Claimant, in their sole and absolute discretion.

15.9.2. Exceptions to Arbitration; Preservation of Remedies. No provision of, nor the exercise of any rights under, this Section 15.9 will limit the right of Claimant or Respondent, and Claimant and the Respondent will have the right during any Claim, to seek, use, and employ ancillary or preliminary remedies, judicial or otherwise, for the purposes of realizing upon, preserving, or protecting upon any property, real or personal, that is involved in a Claim, including, without limitation, rights and remedies relating to: (1) exercising self-help remedies (including set-off rights); or (2) obtaining provisions or ancillary remedies such as injunctive relief, sequestration, attachment, garnishment, or the appointment of a receiver from a court having jurisdiction before, during, or after the pendency of any arbitration. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self-help remedies shall not constitute a waiver of the right of any party to submit the Claim to arbitration nor render inapplicable the compulsory arbitration provisions hereof.

15.9.3. Statute of Limitations. All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding under this Section 15.9.

15.9.4. Scope of Award; Modification or Vacation of Award. The arbitrator shall resolve all Claims in accordance with the applicable substantive law. The arbitrator may grant any remedy or relief that the arbitrator deems just and equitable and within the scope of this Section 15.9 and subject to Section 15.10 below (attorney's fees and costs may not be awarded by the arbitrator); provided, however, that for a Claim, or any portion of a Claim governed by Chapter 27 of the Texas Property Code, or any successor statute, in no event shall the arbitrator award damages which exceed the damages a Claimant would be entitled to under Chapter 27 of the Texas Property Code. In all arbitration proceedings the arbitrator shall make specific, written findings of fact and conclusions of law. In all arbitration proceedings the parties shall have the right to seek vacation or modification of any award that is based in whole, or in part, on (1) conclusions of law that are erroneous; (2) an error of federal or state law; or (3) a cause of action or remedy not expressly provided under existing state or federal law. In no event may an arbitrator award speculative, consequential, or punitive damages for any Claim.

15.9.5. Other Matters. To the maximum extent practicable, an arbitration proceeding hereunder shall be concluded within one hundred and eighty (180) days of the filing of the Claim for arbitration by notice from either party to the other. Arbitration proceedings hereunder shall be conducted in Montgomery County, Texas. The arbitrator shall be empowered to impose sanctions and to take such other actions as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Texas Rules of Civil Procedure and applicable law. Each party agrees to keep all Claims and arbitration proceedings strictly confidential, except for disclosures of information required in the ordinary course of business of the parties or by applicable law or regulation. In no event shall any party discuss with the news media or grant any interviews with the news media regarding a Claim or issue any press release regarding any Claim without the written consent of the other parties to the Claim.

Section 15.10. Allocation of Costs. Notwithstanding any provision in this Declaration to the contrary, each Party bears all of its own costs incurred prior to and during the proceedings described in the Notice, Negotiation, Mediation and Arbitration sections above, including its attorney's fees. Respondent and Claimant will equally divide all expenses and fees charged by the mediator and arbitrator.

Section 15.11. General Provisions. A release or discharge of Respondent from liability to Claimant on account of the Claim does not release Respondent from liability to persons who are not Party to Claimant's Claim.

Section 15.12. Period of Limitation.

15.12.1. For Actions by an Owner. The exclusive period of limitation for any of the Parties to bring any Claim, including, but not limited to, a Claim of construction defect or defective design of a Residence, shall be the earliest of: (1) for Claims alleging construction defect or defective design, two years and one day from the date that the Owner discovered or reasonably should have discovered evidence of the Claim; (2) for Claims other than those alleging construction defect or defective design, four years and one day from the date that the Owner discovered or reasonably should have discovered evidence of the Claim; or (3) for all Claims, the applicable statute of limitations under Texas law. In no event shall this Section 15.12.1 be interpreted to extend any period of limitations under Texas law.

15.12.2. For Actions by the Association. The exclusive period of limitation for the Association to bring any Claim, including, but not limited to, a Claim of construction defect or defective design of the Special Common Areas, shall be the earliest of: (1) for Claims alleging construction defect or defective design, two years and one day from the date that the Association or its agents discovered or reasonably should have discovered evidence of the Claim; (2) for Claims other than those alleging construction defect or defective design of the Special Common Areas, four years and one day from the date that the Association discovered or reasonably should have discovered evidence of the Claim; or (3) for all Claims, the applicable statute of limitations under Texas law. In no event shall this Section 15.12.2 be interpreted to extend any period of limitations under Texas law.

Section 15.13. Litigation Approval & Settlement. The Association must levy a Special Assessment to fund the estimated costs of arbitration, including estimated attorney's fees, conducted pursuant to this Article 15 or any judicial action initiated by the Association. The Association may not use its annual operating income or reserve funds or savings to fund arbitration or litigation, unless the Association's annual budget or a savings account was established and funded from its inception as an arbitration and litigation reserve fund.

Section 15.14. Limitation On Consolidation Or Joinder. No mediation, arbitration, or other action arising out of or relating to this Declaration or any other governing documents of the Association shall include, by consolidation or joinder or in any other manner, the Declarant, the Association, any managing agent engaged by the Declarant, the Association, or the Architectural Review Committee as a "Respondent" in such Claim, except by written consent containing specific

reference to this Declaration signed by the Declarant, the Association, any managing agent engaged by the Declarant or the Association, or the Architectural Review Committee named as Respondent, as applicable, the Claimant, and any other person or entity sought to be joined. Consent to mediation, arbitration or other proceeding involving an additional person or entity shall not constitute consent to mediation, arbitration or other proceeding to resolve a Claim not described therein or with a person or entity not named or described therein. Notwithstanding the foregoing, the Declarant if named as a "Respondent" in a Claim, may, at its option and in its sole and absolute discretion, elect to join or consolidate mediation or arbitration with a Claimant and other Claimant(s) or any other party having an interest in the proceedings. Each Owner by taking title to any Lot hereby consents to such joinder or consolidation, which may be ordered at the sole discretion or election of the Declarant.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration to be effective as of the 23 day of April, 2025.

M/I HOMES OF HOUSTON, LLC, a
Delaware limited liability company

By: *Bruce Schuler*
Name: Bruce Schuler
Title: Vice President

THE STATE OF Texas
COUNTY OF Harris

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This instrument was acknowledged before me on the 23 day of April, 2025, by Bruce Schuler, Vice President of M/I Homes of Houston, LLC, a Delaware limited liability company, on behalf of such company.

Erica Unice
Notary Public, State of Texas

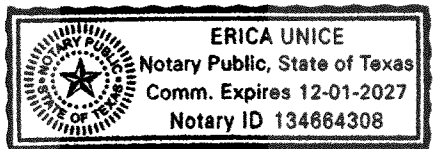


EXHIBIT "A"

Legal Description of Property

All of The Oaks On 6th Street, a subdivision of 7.534 acres situated in the Gamble Dawson Survey, Abstract No. 177, Montgomery County, Texas, as shown on the map or plat thereof recorded under Document 2024032066 in the Official Records of Real Property of Montgomery County, Texas, and in Cabinet 0AA, Sheets 0431-0432, of the Map Records of Montgomery County, Texas, consisting of 12 Lots, 1 Block and 0 Reserves.

E-FILED FOR RECORD

04/28/2025 11:54AM



L. Brandon Steinmann

County Clerk,
Montgomery County, Texas

STATE OF TEXAS,
COUNTY OF MONTGOMERY

I hereby certify that this instrument was e-filed in the file number sequence on the date and time stamped herein by me and was duly e-RECORDED in the Official Public Records of Montgomery County, Texas.

04/28/2025



L. Brandon Steinmann

County Clerk,
Montgomery County, Texas