

line side of any improvements constructed on any Lot. No pockets or low areas may be left on the Lot where water will stand following a rain or during normal yard watering. With the approval of the Committee, an Owner may establish an alternate drainage plan for low areas by installing underground pipe and area inlets or other such methods as approved by the Committee.

Any fill placed on a Lot must have silt fencing or other erosion preventative measures so that no erosion or silting will occur. If erosion or silting should occur, the Owner must take appropriate measures to correct the condition within thirty (30) days of notice from the Association. Such measures shall include the removal of silt from adjoining properties or from Lake Conroe.

Section 28. Concrete Curb/Driveway Maintenance. The Owner or occupant shall at all times keep his entrance lip, driveway curbs, curb ties, and curbs along the street adjacent to his property in a good state of repair and attractive in appearance. In the event of any default by the Owner or other occupant of a Lot in observing the above requirements, which default is continuing after thirty (30) days' written notice thereof to the Owner or occupant, as applicable, the Association or its designated agents may at its option, without liability to the Owner or occupant in trespass or otherwise, enter upon said Lot and make such repairs as deemed necessary by the Declarant or the Association to ensure compliance with this declaration, so as to place such driveway entrance items and street curb in a good state of repair and attractive appearance and may charge the Owner or such Lot for the cost of such work. Such charge, together with interest thereon at the highest rate permitted by applicable laws from the date due until paid and all costs of collection, including reasonable attorney's fees, shall be secured by a Vendor's Lien for the benefit of the Association, which is hereby retained against each Lot in the Subdivision, which lien shall only be extinguished by payment of such sum. Said lien shall be deemed subordinate to the lien or liens of any bank, insurance company or other institutional lender, which hereafter lends money for the purchase of the Lot or for the construction (including improvements) and/or permanent financing of improvements on such property.

During construction, all vehicle access over curbs shall be by wood ramps; no dirt ramps will be allowed. Concrete curbs that are chipped, cracked or broken during the construction of Improvements are to be repaired or replaced by the Builder-Owner or Owner of the Lot prior to occupancy of the Residential Dwelling thereon. Chipped curbs may be repaired with an "epoxy grout" mixture. Where several chipped curbs appear in the same area, the entire section of curb (i.e., driveway to driveway) must be overlaid with the "epoxy grout" mixture. Cracked or broken curbs shall be saw cut on both sides of the crack or break, the cracked or broken area removed, reformed and poured "using five sack concrete mix" to match existing curb.

Section 29. Driveways. Driveways may be built of brick, stone, concrete, or other materials approved by the Committee. No asphalt driveways shall be permitted. All concrete driveways shall be constructed with quality grade concrete, four and one-half (4 1/2) sack cement per cubic yard and be reinforced with a minimum of #6, 6" X 6" welded wire mesh. Driveway widths shall be a minimum of nine (9) feet. If more than one driveway is constructed on a common Property, such driveways shall be separated by a minimum distance of at least twenty (20) feet. Driveways shall be constructed so as to prevent normal street flooding from entering upon the adjoining property accessed by the driveway. The Committee shall have the right to approve the location of the driveway on the Lot. Driveways connecting into Subdivision streets shall be saw cut when constructing the concrete driveway. An expansion joint shall be installed at each saw cut and at the property line. Any repairs to the curb made necessary because of the driveway shall be made during construction.

Section 30. Walkways/Sidewalks. No walkways or sidewalks shall be constructed across the front of any Lot nor across the side of any corner Lot. Walkways may be constructed from the street adjacent to the front of the Lot to the front entrance of the Residential Dwelling constructed on the Lot.

Section 31. Swimming Pools. No swimming pool may be constructed on any Lot without the prior written consent of the Committee. Two sets of plans and specifications for the proposed pool shall be submitted to the Committee including a plot plat showing the location and dimensions of the pool and related improvements together with the plumbing and excavation disposal plan. All

swimming pools on Waterfront Lots shall be located no nearer to the bulkhead than fifteen (15) feet. Swimming pools on Interior Lots shall be located no nearer to the rear lot line than fifteen (15) feet. Swimming pool drains shall be piped into the Lake, storm sewer or the street in front of the Lot. In no case shall the street curb be broken or cut to facilitate a pool drain without the prior written approval of the Committee. Excavation required for swimming pools shall be hauled from the site to a place outside of the Subdivision.

Section 32. Subdivision/Combination of Lots. No Lot in the Subdivision shall be divided or resubdivided. With written approval of the Committee, two (2) or more entire Lots may be combined for the sole purpose of establishing a single building site for one (1) Residential Dwelling. In such event, the building set back lines shall be adjusted accordingly. When two (2) or more entire Lots are so combined with the Committee's approval, the resulting building site shall become a "Lot" for all purposes under this Declaration, with the result that the building site thereafter shall be subject to only one (1) annual maintenance charge and the Owner shall have only one (1) vote attributable to the resulting building site. However, adjoining or contiguous Lots shall not be deemed a single building site unless written approval therefore is obtained from the Committee. The Committee shall not approve the combination of two (2) or more Lots as a single building site unless the Residential Dwelling and/or other Improvements associated therewith (excluding a fence) are located or are to be located on each Lot comprising the building site. Unless two (2) or more entire Lots have been approved by the Committee as a single building site, each Lot shall be subject to a separate annual maintenance charge and the Owner of such Lots shall have one (1) vote for each such Lot owned.

ARTICLE IV Special Restrictions for Waterfront Lots

Section 1. Permitted Structures in Lake Conroe; Committee Approval Required. Except as specifically permitted in this Article, no structure whatsoever shall be permitted which projects beyond the Lot line into Lake Conroe, nor shall any boat slip or other Improvement be constructed between the waters of Lake Conroe and the setback lines shown on the Subdivision Plat. Declarant has caused to be constructed "low profile" docks, boat slips, and/or piers on certain lots in the Subdivision and/or in Lake Conroe adjacent to certain Lots. No other dock, boat slip, pier or other such structure shall be permitted without the express written consent of the Committee, which consent may be granted or withheld in the sole discretion of the Committee. No existing dock, boat slip, pier or other such structure may be altered, modified or rebuilt without the written consent of the Committee. Requests to construct, alter, modify or rebuild any such structure shall be in writing to the Committee and must be accompanied with complete plans and specifications and conform to the "low profile" concept. The Committee shall act upon such request as with other structures.

Section 2. Ownership and Responsibility of Maintenance of Bulkheading, Docks, Etc. Ownership of any dock, pier, boat slip, or bulkheading installed on a Lot (including but not limited to any bulkheading installed by the Declarant) shall pass with title to the Lot, and it shall be the Owner's responsibility to maintain such dock, boat slip, boat cover and bulkheading thereafter. In the event of default on the part of the Owner or occupant of any Lot in maintaining said items and such failure continuing after ten (10) days written notice thereof, the Association, at its option, without liability to the Owner or occupant in trespass or otherwise, may, in its discretion, enter upon said Lot and cause said items to be repaired or maintained or do any other thing necessary to secure compliance with these Restrictions so as to place said item in a satisfactory condition and may charge the Owner or occupant of such Lot for the cost of such work. The Owner or occupant, as the case may be, agrees by the purchase or occupancy of the Lot to pay such statement immediately upon receipt thereof and all such payments by the Association shall, likewise, be secured by a Vendor's Lien for the benefit of the Association in the same manner as the maintenance charges payable in accordance with Article VII hereof.

Section 3. Approval by Governmental Authorities. In addition to being approved by the Committee, all plans for all docks and boat slips must be approved in writing by the San Jacinto River Authority and any other governmental agencies having jurisdiction.

ARTICLE V
Architectural Control Committee

Section 1. Approval of Improvement Plan. No Improvement shall be erected, placed or altered on any Lot until the construction plans and specifications and a plot plan showing the location of the Improvement have been approved in writing by the Architectural Control Committee. A copy of the construction plans and specifications and a plot plan, together with such other information as may be deemed pertinent, shall be submitted to the Committee or its designated representative prior to commencement of construction. Failure on the part of the Committee to act within sixty (60) days following the date of submission of the required plan and specification shall constitute approval. The Committee may charge a reasonable fee to cover the administrative expense of its review and comment, such fee to be payable the Architectural Control Committee. A form survey prepared by a registered surveyor in the State of Texas shall be submitted to the Committee prior to pouring the foundation of any building or other Improvement that is to be erected, placed or altered on any Lot.

Section 2. Committee Membership. For a period of three (3) years after this Declaration is filed for record in the Real Property Records of Montgomery County, Texas, the Declarant, in its sole discretion, shall appoint the members of the Committee, which will consist of three (3) members, none of whom shall be required to be Owners or residents of the Subdivision. During such period, the Committee shall and will act independently of the Property Owner's Association. Upon the expiration of such three (3) year period (or at such earlier time as Declarant shall determine), the Committee shall be appointed by and act under the authority of the Association, and after such date, all members of the Committee must be Owners.

Section 3. Replacement. Until the expiration of the three (3) year period referenced in Section 2 above, in the event of death, resignation or removal of any member or members of said Committee, the Declarant shall appoint its successor member or members, and until such successor member or members shall have been so appointed, the remaining member or members shall have full authority to approve or disapprove plans, specifications and plot plans. After such three (3) year period (or sooner if Declarant shall so determine), the Association shall make such appointments.

Section 4. Minimum Construction Standards. The Committee may from time to time promulgate an outline of minimum acceptable construction standards; provided, however, that such outline will serve as a minimum guideline and may be amended from time to time.

Section 5. Disclaimer. No approval of plans and specifications and no publication or designation of architectural standards shall ever be construed as representing or implying that such plans or specifications will result in a properly designed structure or satisfy any legal requirements.

Section 6. Non-Liability for Committee Action. No member of the Committee, the Association Board of Directors, their successors or assigns, or the 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 Committee. The Committee's approval of any Improvement shall not be construed as approval of the Improvement from the standpoint of safety, whether structural or otherwise, or a determination of compliance with building codes or other governmental laws or regulations.

ARTICLE VI
Falcon Sound
Property Owners Association

Section 1. Formation and Purpose. The Declarant shall cause a property owners association to be organized and formed as a non-profit corporation under the laws of the State of Texas. The purpose of the Association in general shall be to provide for and promote the health, safety, and welfare of the members, to collect the maintenance charges, to administer the maintenance fund, to provide for the maintenance, repair, preservation, upkeep and protection of open spaces, common properties, storm water detention facilities, street lighting, and other facilities

of the Subdivision, to perform all functions conferred upon property owners associations by applicable law and such other purposes as are stated in the Articles of Incorporation or Bylaws and consistent with the provisions of these restrictions and all supplemental or amended restrictions. To this end the Association shall have all of the powers and authority set out in its Articles of Incorporation and/or Bylaws, including, but not limited to, all of the powers and authority of property owners associations as provided in Chapter 202 and Chapter 204 of the Texas Property Code.

Section 2. Membership; Voting; Board of Directors. The Property Owners Association shall consist of all the Owners of Lots in the Subdivision, including any other sections which subsequently may be developed on adjacent land. The name of the Association shall be Falcon Sound Property Owners Association. Each Lot Owner from all sections shall be a member of such Association and, except for Declarant, entitled to one (1) vote for each Lot owned. The Declarant shall be a member of the Association if it owns legal title to any Lot in the Subdivision which has not been conveyed to a third party by Deed or Contract for Deed. Subject to the provisions of the Association's Articles of Incorporation and/or Bylaws, the Declarant shall be entitled to three (3) votes for each Lot owned. The Association shall be governed by a Board of Directors, and the Declarant shall name and select the initial members of the Board of Directors. The initial Board of Directors shall serve for a term of three (3) years and thereafter until each successor is duly elected and qualified. Thereafter, the Board of Directors shall be selected in the manner and for the terms provided in the By-Laws of the Association.

Section 3. By-Laws; Rules and Regulations. The Association may adopt such By-Laws, Rules and Regulations as it deems appropriate consistent with these restrictions.

Section 4. Failure to Form Association. If, for any reason, the Declarant shall fail to form the Association within one (1) year of the date on which this Declaration is recorded, any Owner within the Subdivision may cause such Association to be formed and the initial Board of Directors shall be elected by a majority vote of the Lot Owners within the Subdivision.

ARTICLE VII **Maintenance Charges**

Section 1. Maintenance Charge; Use of Maintenance Fund. Each Lot shall be subject to an annual maintenance charge to be used for the purpose of maintaining any open spaces and common areas, maintenance and installation of streets, paths, parks, pathways, esplanades and vacant lots, lighting, fogging, employing, security personnel and workmen, paying ad valorem taxes on all common areas, cost of administration of the fund and other purposes necessary or desirable in the opinion of the Administrator of such fund to maintain or improve the Properties or which it is considered to be of general benefit to the Owners or occupants of the Property covered by these restrictions. Such fund may also be used for the purpose of enforcement of all covenants and restrictions of this section or subsequent sections of the Subdivision. The amount of the maintenance charge shall be set by the Administrator of the fund from time to time, subject to the limitations contained herein.

Declarant shall collect and maintain control over the maintenance fund and administer same until all of the Lots in the Subdivision are sold by Deed or Contract or until July 1, 2005, whichever comes first, or at any earlier time if Declarant so elects, at which time the right to collect the maintenance fees and maintain control over the maintenance fund shall be transferred to the Association. After transfer, no association, group, corporation, individual or entity other than the Association formed pursuant to these restrictions shall be authorized to collect the maintenance fees or to administer the maintenance fund.

The initial maintenance charge shall be \$360.00 per year. The maintenance charge shall be paid annually in advance by January 1 of each year. The maintenance charge will not accrue against any Lot in which the legal and/or equitable title is vested in Declarant, notwithstanding that a Lot may have been previously sold by a Deed or Contract and title thereto reverted back to Declarant. The Association may adjust the annual charge pursuant to the By-laws or the Rules and Regulations of the Association. At the option of the Administrator, interest on past due charges shall accrue at

the highest rate allowable by law from any of such delinquency. The payment of such maintenance charges shall be secured by a Vendor's Lien to insure payment of such maintenance charge in accordance with the provisions of law. In the event it becomes necessary to employ legal counsel to collect past due maintenance charges, the delinquent Lot Owners shall be responsible for reasonable attorney's fees and other reasonable costs incurred in such collection efforts including all costs of court in any legal proceeding. No owner may waive or otherwise escape liability for the maintenance charge provided for herein by non-use of any common areas or abandonment of his Lot.

The Administrator of the fund shall have the sole discretion as to how such money shall be used to comply with the provisions of this Article. During all times that Declarant is the Administrator of such fund it shall maintain the proceeds in an account separate and apart from all other accounts of Declarant and shall keep accurate records of all receipts and disbursements. In the event Declarant is compelled to advance its own funds to defray expenses of maintenance of the facilities and properties to be maintained by the fund, Declarant shall be entitled to repayment from the fund.

Section 2. Enforcement of Maintenance Fee Collection. Each such assessment not paid when due shall, in the option of the Administrator, a late fee of Twenty Five (\$25.00) Dollars or ten percent (10%) of the amount due, whichever is greater. Each such assessment and late fee, if not paid when due, and interest at the highest legal rate permitted by Texas law together with costs of collection, including reasonable attorneys fees, shall be the personal obligation of the Owner against whom they were assessed and shall be secured by a lien as provided herein. To secure the payment of the maintenance charge established hereby and to be levied on individual Lots, together with all interest, late charges attorney fees and collection costs, there shall be reserved in each Deed (whether specifically stated therein or not) by which the Declarant shall convey such Lots, a Vendor's Lien for the benefit of the Administrator of the fund, whether Declarant or the Association. Each such lien shall be secondary, subordinate, and inferior to the lien or liens of Declarant or any bank, insurance company or other institutional lender, which hereafter lends money for the purchase of the Lot or for the construction (including Improvements) and/or permanent financing of Improvements on such property. Each Owner, by his acceptance of a Deed expressly vest in the Administrator and its agents the right and power to bring all actions against such Owner personally for the collection of such assessments and charges as a debt and to enforce the lien by all methods available for the enforcement of such liens, including foreclosure by a judicial action brought in the name of the Administrator in a like manner as a mortgage or deed of trust lien foreclosure on real property, and such Owner also expressly grants to the Administrator a power of sale and non-judicial foreclosure in connection with the lien. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the commons area or abandonment of his Lot.

Section 3. Term of Maintenance Fees. The above maintenance charges and assessments, as adjusted from time to time by the Administrator, will remain effective for the full term (and extended terms) of these restrictions.

Section 4. Collection after Default by Purchaser. It is specifically stated and agreed that if any Lot is sold to persons or entities by the Declarant by contract for sale of land, or Deed with lien and note, or other instrument and the purchaser defaults in the contract or note payments in any manner and said Lot is repossessed, foreclosed, or such contract canceled by Declarant, its successors or assigns, the Association will release its right to collect the past due maintenance charges, assessments and penalties on such Lots from the Declarant. Nothing herein contained shall relieve the purchaser in default from whom the Lot was repossessed from his personal obligation to pay such delinquent charges, assessments and penalties to the Association.

ARTICLE VIII General Provisions

Section 1. Term. These Covenants and Restrictions shall run with the land and shall be binding upon all parties and persons claiming under them for a period of forty (40) years from the date these Covenants are recorded, at which time said Covenants and Restrictions shall be

automatically extended for successive periods of ten (10) years each, unless, during such forty (40) year initial term or any such ten (10) year extension, an instrument signed by a majority of the then Owners of the Lots has been recorded agreeing to change or terminate these Covenants and Restrictions; PROVIDED HOWEVER, no such change shall be permitted during the first two (2) years after the execution date of this Declaration without Declarant's express written consent.

Section 2. Enforcement. The Association, the Architectural Control Committee or any Lot Owner is authorized to prosecute proceedings at law or in equity against any person or persons violating or attempting to violate these Covenants and Restrictions and to prevent him or them from doing so and/or to recover damages or other dues for such violations. The Declarant also reserves the right (but shall have no obligation) to enforce these restrictions. Notwithstanding any provision to the contrary contained in this Declaration, the Declarant's, Architectural Control Committee's and Association's collection of maintenance assessments and enforcement of the covenants and restrictions set out in this Declaration shall be pursuant to and in accordance with the relevant provisions of the Texas Property Code and other applicable law and nothing herein shall be construed as authorizing any enforcement procedures or other action by the Declarant, Architectural Control Committee and Association in contravention of any such Property Code provisions or other applicable law.

Section 3. Severability. Invalidation of any one of these Covenants and Restrictions by judgment other court order shall in no way affect any of the other provisions.

Section 4. Corrected Plats. Until the time a Lot within the Subdivision is transferred by the Declarant to another (other than Builder/Owner, an affiliate of the Declarant, or a holder of a first mortgage on the entire Property), no Owner of any Lot or residential unit shall have any rights whatsoever to the continuation of any covenants, conditions or restrictions on the Properties as contained herein or as may be imposed, expressly or impliedly, by recordation of any plat or as might otherwise be implied or expressed. In furtherance thereof, until the time a Lot within the Subdivision is transferred by the Declarant, as aforementioned, the Declarant may revoke or cancel any plat or other instrument which might be deemed, either expressly or impliedly, to impose any covenants, conditions or restrictions or may take whatever steps it deems necessary or desirable to avoid the implication of such existing.

Section 5. Correction of Scrivener's Errors by Declarant. Declarant reserves the right at all times, without the joinder of any Owner or other person owning an interest in any of the Properties, to amend these Restrictions, for the purpose of correcting any inadvertent errors in form, grammar or other ministerial or scrivener's errors.

EXECUTED this 1 day of May, 2002.

FALCON SOUND ON THE LAKE, LTD.,
a Texas limited partnership

By: FALCON SOUND OPERATING COMPANY, LLC,
It's General Partner

By: The Signorelli Company,
a Texas corporation, Member

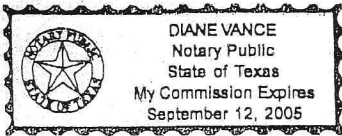
By: [Signature]
Daniel K. Signorelli, President

By: [Signature]
Michael B. Stoecker, Member

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

BEFORE ME, the undersigned authority, on this day personally appeared Daniel K. Signorelli, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was signed by him, as President and on behalf of The Signorelli Company, a Texas corporation, as a Member and on behalf of Falcon Sound Operating Company, LLC, a Texas limited liability company, as General Partner and on behalf of Falcon Sound on the Lake, Ltd., a Texas limited partnership, and that the same was the act of the said entities as stated, and that he executed the same as the act of such entities for the purposes and consideration therein expressed, and in the capacity therein stated.

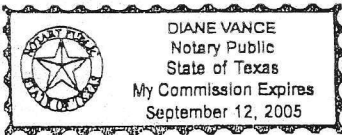


[Signature]
Notary Public, State of Texas

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

BEFORE ME, the undersigned authority, on this day personally appeared Michael B. Stoecker, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was signed by him, as a Member and on behalf of Falcon Sound Operating Company, LLC, a Texas limited liability company, as General Partner and on behalf of Falcon Sound on the Lake, Ltd., a Texas limited partnership, and that the same was the act of the said entities as stated, and that he executed the same as the act of such entities for the purposes and consideration therein expressed, and in the capacity therein stated.



[Signature]
Notary Public, State of Texas