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REAL PROPERTY RECORDS

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LAKWOOD ON LAKE CONROE  
DECLARATION  
OF  
COVENANTS, CONDITIONS AND RESTRICTIONS

Return to: Gary Richardson  
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DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
LAKEWOOD ON LAKE CONROE

THE STATE OF TEXAS            []  
  KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF MONTGOMERY        []

This Declaration, made on the date herinafter set forth by Gary Richardson, Trustee, hereinafter referred to as "Declarant".

W I T N E S S E T H:

WHEREAS, Declarant is the owner of the certain property known as LAKEWOOD ON LAKE CONROE, a subdivision according to the plat ("Plat") of said subdivision recorded in the office of the County Clerk of Montgomery County, Texas, on the 23rd day of March, 1988, after having been approved as provided by law, and being recorded under File No. 8813654, Cabinet F Sheet 014B, 015A & B of the Plat Records of Montgomery County, Texas (sometimes herein referred to as the "Property" or "Subdivision"), and

WHEREAS, it is the desire of Declarant to place certain restrictions, easements, covenants, conditions, stipulations and reservations (herein sometimes refered to as the "Restrictions") upon and against such Property in order to establish a uniform plan for the development, improvement and sale of the Property, and to insure the preservation of such uniform plan for the benefit of both the present and future owners of lots in said Subdivision;

NOW, THEREFORE, Declarant hereby adopts, establishes and imposes upon Lakewood on Lake Conroe, and declares the following reservations, easements, restrictions, covenants and conditions, applicable thereto, all of which are for the purposes of enhancing and protecting the value, desirability and attractiveness of said Property, which Restrictions shall run with said Property and title or interest therein, or any part thereof, and shall inure to the benefit of each owner thereof except that no part of this Declaration shall be deemed to apply in any manner to the areas identified or platted as Unrestricted Reserves

"A" or "B" in the Plat or to apply in any manner to any areas not included in the boundaries of said Plat. Declarant also declares that this Subdivision shall be subject to the jurisdiction of the Association, as hereinafter defined.

ARTICLE I

DEFINITIONS

Section 1.01. "Annexable Area" shall mean and refer to any additional property made subject to the jurisdiction of the Association pursuant to the provisions set forth herein, including, without limitation, any property adjacent to or in the proximity of the Property.

Section 1.02. "Association" shall mean and refer to The Lakewood Property Owners Association, a Texas non-profit corporation formed or to be formed and its successors and assigns.

Section 1.03. "Board of Trustees" shall mean and refer to the Board of Trustees of the Association.

Section 1.04. "Builders" shall mean and refer to persons or entities that purchase Lots and build speculative or custom homes thereon for third party purchasers.

Section 1.05. "Common Area" shall mean all real property (including the improvements thereto) within the Subdivision owned by the Association for the common use and enjoyment of the Owners and/or any other real property and improvements, including, but not limited to, private roads and streets, parks, open spaces, esplanades, sewer plants and lines, drainage areas, boat launch areas, water plant and water lines, and other facilities within the Common Area to which the Owners may hereafter become entitled to use.

Section 1.06. "Contractor" shall mean and refer to the person or entity with whom an Owner contracts to construct a residential dwelling on such Owner's Lot.

Section 1.07. "Declarant" shall mean and refer to Gary Richardson, Trustee, and his heirs, successors and assigns.

Section 1.08. "Lake" or "Lakes" shall mean and refer to Lake Conroe shown on the Plat as Lake Conroe.

Section 1.09. "Lot" shall mean and refer to any plot of land shown upon any recorded Subdivision map of the Property. For purposes of this instrument, "Lot" shall not be deemed to include any portion of any "Reserve" or "Unrestricted Reserve", (defined herein as the Reserves or Unrestricted Reserves shown on the Plat), in the Subdivision, regardless of the use made of such area.

Section 1.10. "Member" shall mean and refer to every person or entity who holds a membership in the Association.

Section 1.11. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Subdivision, including (i) contract sellers (a seller under a Contract-for-Deed), but excluding those having such interest merely as security of the performance of an obligation, (ii) Declarant (except as otherwise provided herein), and (iii) Builders.

Section 1.12. "Utility District" shall mean and refer to any Utility District and/or Company that, now or hereafter services any portion of Lakewood and/or the Annexable Area.

Section 1.13. "Lakewood" shall mean and refer to this Subdivision and any other sections of Lakewood on Lake Conroe hereafter made subject to the jurisdiction of the Association.

## ARTICLE II

### RESERVATIONS, EXCEPTIONS AND DEDICATIONS

Section 2.01. Recorded Subdivision map of the Property.  
The Plat dedicates for use as such, subject to the limitations as set forth therein, the private roads and streets and easements shown thereon. The Plat further establishes certain restrictions applicable to the Property. All dedications, restrictions and reservations created herein or shown on the Plat, replats or amendments of the Plat of the Subdivision recorded or hereafter



recorded shall be incorporated herein and made a part hereof as if fully set forth herein, and shall be construed as being included in each contract, deed, or conveyance executed or to be executed by or on behalf of Declarant or any Owner, conveying said Property or any part thereof whether specifically referred to therein or not.

Section 2.02. Easements. Declarant reserves for public use the utility easements shown on the Plat or that have been or hereafter may be created by separate instrument recorded in the Real Property Records of Montgomery County, Texas, for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line or lines, gas lines, sewers, water lines, storm drainage (surface or underground), or any other utility the Declarant sees fit to install (or permit to be installed) in, across and/or under the Property. All utility easements in the Subdivision may be used for the construction of drainage swales or ditches in order to provide for improved surface drainage of the Reserves, Common Area and/or Lots. Notwithstanding anything to the contrary contained in this Section 2.02, no sewers, electrical lines, water lines, or other utilities may be installed on said Property except as initially approved in writing by the Declarant. Should any utility company and/or Utility District furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, Declarant, without the joinder of any other Owner, shall have the right to grant such easement on said Property without conflicting with the terms hereof. Any utility company serving the Subdivision and/or the Utility District shall have the right to enter upon any utility easement for the purpose of installation, repair and maintenance of their respective facilities. Neither Declarant, nor any utility company or Utility District using the easements herein referred to shall be liable for any damages done by them or their assigns, agents, employees,

or servants, to fences, shrubbery, trees and lawns or any other property of the Owner on the property covered by said easements.

Section 2.03. Title Subject to Easements. It is expressly agreed and understood that the title conveyed by Declarant to any of the Lots by contract, deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, water line, gas, sewer, storm sewer, electric lighting, electric power, telegraph or telephone or other utility purposes and any other easement hereafter granted affecting the Lots. The Owners of the respective Lots shall not be deemed to own pipes, wires, conduits or other service lines running through their Lots which are utilized for or service other Lots, but each Owner shall have an easement in and to the aforesaid facilities as shall be necessary for the use, maintenance and enjoyment of his lot.

Section 2.04. Utility Easements.

(a) A ten foot (10') utility easement has been dedicated along the front of all Lots, and along the side Lot line adjacent to the street right-of-way of all corner Lots except as otherwise indicated on the Plat.

(b) A twenty foot (20') utility easement has been dedicated along the side Lot lines common to Lots 3 and 4 and Lots 5, 17, and 18.

(c) Rear utility easements have been dedicated in accordance with the Plat. Other ground and aerial easements have been dedicated in accordance with the Plat and by separate recorded easement documents.

(d) No building, structure or other improvements shall be located over, under, upon or across any portion of any utility easement, however, the Owner of each Lot shall have the right to construct, keep and maintain driveways and similar improvements across the utility easement along the front of the Lot and/or along the side of corner Lots adjacent to street right-of-ways and shall be entitled to cross such easements at all times for purposes of gaining access to and from such Lots. Any such driveway placed upon such easement by the Owner shall be

constructed, maintained and used at Owner's risk and, as such, the Owner of each Lot subject to said easements shall be responsible for (i) any and all repairs to the driveways which cross or are located upon such easements and (ii) repairing any damage to said driveways caused by Declarant, the Utility District or any public utility in the course of installing, operating, maintaining, repairing, or removing its facilities located within the easements.

(e) The Owner of each Lot shall indemnify and hold harmless Declarant, the Utility District and public utility companies having facilities located over, across or under utility easements from any loss, expense, suit or demand resulting from injuries to persons or damage to property in any way occurring, incident to, arising out of, or in connection with said Owner's installation, maintenance, repair or removal of any driveway or other structure located within utility easements, including where such injury or damage is caused or alleged to be caused by the sole negligence of such public utility or its employees, officers, contractors, or agents.

(f) In no event shall any Owner construct, maintain or use any of the above described improvements or any other improvements within any utility easements located along the rear of such Owner's Lot.

(g) In addition to the utility easements shown on the recorded Plat, there is hereby dedicated a five (5) foot wide electric service utility easement, extending from the surface of the ground downward, and said easement being two and one-half (2 1/2) feet on each side of underground electric service lines as now or hereafter constructed will extend along the route selected by Gulf States Utilities Company from Gulf States Utilities Company's distribution facilities to the electric meter when and as located upon Lots and Reserves in the Subdivision. Gulf States Utilities Company shall have the right to excavate said lot easement strip, and to remove objects, structures, growth or

protusions thereon.

Section 2.05 Perpetual and Exclusive Easement along Shore Line of Lake Conroe

(a) An exclusive and perpetual easement has been granted to Declarant by the San Jacinto River Authority along the rear of Lots 18 through Lot 26 for recreational purposes, which Perpetual and Exclusive Easement will be conveyed by Declarant to the respective Owners of said Lots 18 through 26, said easement being identified on the Plat as Lots 18A through 26A.

(b) No improvements of any kind other than the improvements described in (c) and (d), below, may be made within such perpetual and exclusive easement without the written approval of the "Committee" (as hereinafter defined). Improvements within said easement which may be approved by the Committee are limited to boat docks, boat houses, piers, bulkhead, retaining walls, gazebos, concrete or wood decks or ornamental iron fences that have a minimum of four inches (4") between vertical irons or other decorative fences that do not impede the flow of water.

(c) The Owner shall be responsible for planting and maintaining solid St. Augustine sod or an alternate approved in writing by the Lakewood Architectural Control Committee (the "Committee", as hereinafter more fully defined in Article IV hereof), within said easement to prevent erosion of the Lake bank.

(d) The Owner shall be responsible for all necessary temporary erosion control measures required during all construction on said Lot to insure that there is no erosion into the Lake and will be responsible for any repair or maintenance required due to erosion of the Lake bank.

(e) Structured bank protection (slope, paving, bulkheading and other bank protection improvements) may only be constructed with the written approval of the Committee.

(f) Each Owner who constructs improvements within said perpetual and exclusive easement shall be deemed to have assumed all risk of damage resulting from the location of improvements

within said easement, and, by accepting the Committee's approval for construction of said improvements, shall be deemed to have released the Declarant, Committee, and Association, from any liability whatsoever resulting from property damage or personal injury suffered by owner or liability incurred by the Owner due to the placement of improvements within said easement.

Section 2.06. Road and Street Easements. The roads and streets in this Subdivision are not dedicated to the public, but shall be conveyed to the Association and operated as private streets by the Association, with each Owner having an easement for the use and benefit of such Owner of a Lot fronting thereon or adjacent thereto, which easements shall include rights of ingress, egress, and passage over and along said streets in favor of the Declarant, the Association, the Owners and their respective legal representatives, successors and assigns, guests, invitees, licensees, designees, and the successors-in-title to each Lot Owner and in favor of the invitees and designees of each successor-in-title to each Lot Owner, but not in favor of the public.

Subject to the terms and conditions of this Section 2.06, the private roads and streets in this Subdivision, as shown on the Plat, are hereby dedicated as utility easements strictly for the purpose of construction, operating, maintaining or repairing a system (s) of electric lighting, electrical power, telegraph and telephone lines, gas lines, sewers, water lines, storm drainage (surface or underground) or any other utilities that the Declarant sees fit to install (or permit to be installed) in, across and/or under the Property. The dedication of the private roads and streets as utility easements shall not affect the Association's operation of the roads and streets in this Subdivision as private roads and streets, as set forth above in this Section 2.06.

Notwithstanding the Association's operation of the roads and streets in the Subdivision as private streets, Declarant hereby grants to law enforcement agencies and officers of Montgomery

County and the State of Texas, other governmental law enforcement bodies, fire department officials and fire protection personnel, vehicles and equipment, ambulances, school buses, Montgomery County officials and personnel and other governmental officials and personnel, rights of ingress and egress and passage over and along said private roads and streets of the Subdivision in connection with the performance of their official functions.

### ARTICLE III

#### USE RESTRICTIONS

Section 3.01. Single Family Residential Construction. No building shall be erected, altered, or permitted to remain on any lot other than one detached single family dwelling used for residential purposes only and not to exceed two and one half (2 1/2) stories in height and a private garage (or other covered parking facility) and a bona fide servant's or guest quarters; provided, however, that the servant's or guest quarters structure will not exceed the main dwelling in height or number of stories and which structure may be occupied only by a member of the immediate family occupying the main residence on the Lot, by domestic servants employed on the premises or by guests of the family occupying the main residence. Guest quarters may not be used as a permanent residence except by the members of the immediate family of the main residence. Except as hereinafter provided with respect to model homes, each residence shall have a fully enclosed garage for not less than two (2) cars, which garage is available for parking automobiles at all times without any modification being made to the interior of said garage. The garage portion of any model home may be used by Builders for sales purposes, storage purposes and other related purposes. Upon (or prior to) the sale of said model home to the first purchaser thereof, the garage portion of the model home shall be converted to a fully enclosed garage with garage doors. As used herein, the term "residential purposes" shall be construed to prohibit mobile homes or trailers being placed on said Lots, or

the use of said Lots for duplex houses, condominiums, townhouses, garage apartments, or apartment houses; and no Lot shall be used for business, educational, religious or professional purposes of any kind whatsoever, nor for any commercial or manufacturing purposes.

Except as otherwise provided in Section 3.18, no portable buildings of any type or character shall be moved or placed upon any Lot. Buildings of every type and character, whether attached to or detached from the main residential structure or garage constructed on the Lots, must be approved by the Committee in writing prior to the commencement of the construction of such buildings.

All garages shall open to the side or to the rear of the Lot upon which it is built, except that a garage may open to the front of the Lot if the front of the garage is set back at least seventy feet (70') from the front of the Lot.

Section 3.02. Designation of Lot Types.

(a) Estate Lots: Lots One (1) through Seventeen (17), Twenty-Seven (27) Twenty-Eight (28), and Twenty-Nine (29).

(b) Lake Front Lots: Lots Eighteen (18 and 18A) through Twenty-Six (26 and 26A).

Section 3.03. Composite Building Site. Any Owner of one or more adjoining Lots (or portions thereof) may, with the prior written approval of the Committee, consolidate such Lots or portions into one building site, with the privilege of placing or constructing improvements on such resulting site, in which case the side set-back lines shall be measured from resulting side property lines rather than from the Lot lines as indicated on the Plat. Any such composite building site must have a frontage at the building set-back line of not less than the minimum frontage of all Lots in the same block. In addition, any Utility Easement along the side of such Lots (the side Lot Utilities Easement) must be abandoned or released in accordance with applicable law. Upon such abandonment or release and upon the receipt of written

approval of the Committee, such resulting composite building sites shall thereupon be regarded as one (1) "Lot" for all purposes hereunder. Any such composite building site (or building site resulting from the remainder of one of more Lots having been consolidated into a composite building site) must contain not less than one acre in area.

Section 3.04 Minimum Square Footage within Improvements.

The living area of the main residential structure located on any Lot exclusive of garages, servant and guest quarters, patios, porches and parking facilities shall be not less than (1) on Lakefront Lots 2,500 square feet for a one story dwelling and 2,800 square feet for a two-story dwelling, with a minimum of 2000 square feet of living area being on the ground floor; and (2) On Estate Lots - 2200 square feet for a one story dwelling and 2400 square feet for a two story dwelling, with a minimum of 1800 square feet of living area being on the ground floor.

Section 3.05. Location of the Improvements upon the Lot

No residential structure, garage, carport or any other structure or improvement shall be located on any Lot nearer to the front, rear, side or street-side Lot building line shown on the Plat or nearer to the property lines than the minimum building set-back lines shown in the table below, as modified by notes described below the table. The main residential structure on any Lot shall face the front of the Lot, except as described below or unless a deviation is approved in writing by the Committee.

TABLE OF BUILDING SET BACK REQUIREMENTS

Lot Designated	Front Building Setback	Rear Building Setback	Side Building Setback	Corner Lot Side Building Setback
Estate	50 ft.(1)	25 ft.	30 ft.	50 ft.(4)
Lake Front	60 ft.(1)	250 ft.(2)	30 ft.(3)	

(1) The front building setback for all Lots fronting on the bulb of a cul-de-sac shall be 40 feet.



- (2) Rear set back distance on Lake Front Lots is measured from the front of the Lot adjacent to the street and as to Lot 18, 19 and 26 from a southerly or northerly extension of the Lot line on the street on the adjacent Lakefront Lots.
- (3) Side building setback line on the North side of Lots 17 and 18 and the South side of Lot 26 may be 20 feet.
- (4) On corner lots, the front of the Lot shall be defined as the principal side of the Lot having the lesser frontage. The side building set-back line will be measured on the side of the Lot facing the larger street frontage.

Section 3.06 Restrictive Lakefront Building Area. On Lake Front Lots, no structure may be built between the Rear Building Setback line of such Lake Front Lot and Lake Conroe (said area being herein referred to as the "Restrictive Lakefront Building Area") that will impede the flow of waters into the Lake and no improvements of any kind may be constructed within said area without the prior written approval of the Committee. It is contemplated that any improvements approved by the Committee will be limited to swimming pools, concrete or wood decks, gazebos, barbeque pits, fence, concrete or brick decorative walls not to exceed three feet (3') in height, ornamental iron fences with a minimum of four inches (4") between vertical irons or other decorative fences that will not impede the flow of waters and not to exceed three feet (3') in height. Notwithstanding the provisions of Section 3.05, attached non-living area portions of the main residence, including decks and terraces, may be cantilevered over a portion of said Restrictive Lakefront Building Area so long as said cantilevered portion is higher than the one hundred (100) year flood plain level on said Lot.

The Committee's approval of any exceptions to the building lines shown on the Plat or any construction within the Restrictive Lakefront Building Area shall not be construed as representing or implying that any improvements constructed within the Restrictive Lakefront Building Area or any other portion of such Lot will be safe from potential flood damage. Each Owner who constructs improvements on any Lot shall be deemed to have assumed risks of damage resulting from the location of

improvements upon such Lot, and by accepting the Committee's approval for construction shall be deemed to have released the Committee, Association and Declarant, from any liability whatsoever resulting from property damage or personal injury suffered by said Owner or liability incurred by said Owner due to the placement of improvements on such Lot.

Section 3.07. Residential Foundation Requirements. All building foundations shall consist of concrete slabs, unless the Committee approves a different type of foundation when circumstances such as the topography of the Lot make it impractical to use a concrete slab for all or any portion of the foundation of the building improvements constructed on the Lot. Minimum finished slab elevation for all structures shall be the greater of 205.5 Mean Sea Level (MSL), the 100 year flood plain elevation, or such other level as may be established by the Commissioner's Court of Montgomery County, Texas, the San Jacinto River Authority and any other applicable governmental authorities. In no case will a slab be lower than eight (8) inches above finished grade of the Lot at the foundation perimeter.

Section 3.08. Excavation and Tree Removal. The digging of dirt or the removal of any dirt from any Lot is expressly prohibited except as may be necessary in conjunction with the landscaping of or construction on such Lot. No growing trees 8" or more in diameter measured at a point 12" from the ground shall be cut or removed from any Lot without the prior approval of the Committee except to provide room for construction of improvements to remove dead or unsightly trees or as may be approved by the Committee for a previously approved landscaping plan.

Section 3.09. Removal of Trees, Trash and Care of Lots During Construction of Residence.

(a) All Owners, during their respective construction of a residence, are required to remove and haul from the Lot all tree stumps, trees, limbs, branches, underbrush and all other trash or rubbish cleared from the Lot for construction of the residence, construction of other improvements and landscaping. No burning

is allowed on the Lot and no materials or trash hauled from the Lot may be placed elsewhere in the Subdivision or on land owned by Declarant, whether adjoining the Subdivision or not, except as otherwise directed by the Committee, from time to time.

(b) All Owners, during their respective construction of a residence, are required to continuously keep the Lot 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. Other usable building materials are to be kept stacked and organized in a reasonable manner upon the Lot.

(c) No trash, materials, or dirt is allowed in the street or street ditches. All Owners shall keep street and street ditches free from trash, materials, and dirt. Any such trash, materials, or excess dirt or fill inadvertently spilling or getting into the street or street ditch shall be removed, by the Owner, without delay, not less frequently than daily.

Section 3.10. Drainage.

(a) Each Owner of a Lot agrees for himself, his heirs, legal representatives, assigns or successors-in-interest that he will not in any way interfere with the established drainage pattern over his Lot from adjoining or other Lots in the Subdivision; and he will make adequate provisions for the drainage of his Lot in the event it becomes necessary to change the established drainage over his Lot (which provisions for drainage shall be included in the Owner's plans and specifications submitted to the Committee and shall be subject to the Committee's approval). For the purposes hereof, "established drainage" is defined as the drainage which existed at the time that the overall grading of the Subdivision, including landscaping of any Lot in the Subdivision, was completed by Declarant.

(b) Each Owner (including Builders), unless otherwise approved by the Committee, must finish the grade of the Lot so as to establish good drainage from the rear of the Lot to the front

street on Lots 5 through 17, and from the front of the Lot to the rear of the Lot on Lots 1 through 4 and Lots 18 through 29, and from the building site to the front and rear of the Lot as dictated by existing drainage and/or drainage ditches and swales constructed by Declarant for drainage purposes. No pockets or low areas may be left on the Lot (whether dirt or concrete) where water will stand following a rain or during watering. An Owner may establish an alternate drainage plan for low areas by installing underground pipe and area inlets, however, the drainage plan for such alternate drainage must be submitted to and approved by the Committee prior to the construction thereof.

(c) The Subdivision has been designed and constructed utilizing street surface drainage and ditches and swales and, to the extent these drainage ditches and swales are located in front, side or rear Lot easements, the Owners shall not regrade or construct any improvements or other obstruction on the Lot which adversely affects the designed drainage flow. The Owner shall be responsible for returning any drainage swale disturbed during construction or thereafter to its original line and grade, and the Owner shall be responsible for maintaining the drainage ditches or swales appurtenant to said Owner's Lot in their original condition during the term of his ownership and may not impede the designed drainage flow in any way.

Section 3.11. Driveways, Walkways. From the street to the Front or Corner Lot Building Setback Line, driveways shall be constructed entirely of asphalt, colored concrete or such similar material approved by the Committee with the remainder of the driveway of such material or concrete and that portion of the driveway that lies on the Lot shall be constructed a minimum width of ten feet (10') and the specifications and materials shall be subject to the prior approval of the Committee. That portion of the driveway that lies between the front property line and the street shall be a minimum width of twelve feet (12') and the driveway shall be constructed in accordance with detail design and specifications approved by the Committee. The

construction of driveway paving on Side Lot Utility Easements is expressly prohibited, except for Lots 1, 12, and 29.

Walkways providing access to the front door of a dwelling must turn and intersect into the driveways and no walkways or sidewalks shall be constructed across the front of any Lots, and no sidewalks shall be constructed along the street side of any corner Lots.

Section 3.12. Carports. No carports shall be erected or permitted to remain on any Lot without the express prior written approval of the Committee. Said approval will be denied unless the carport is shown to be an integral part of the residence, the carport is constructed with the same design, color and materials as the residence, and is not in lieu of a 2-car garage as required in 3.01 above.

Section 3.13 Walls, Fences and Hedges. No wall, fence, planter or hedge in excess of four feet (4') high shall be erected, planted or maintained (i) nearer to the front property line than the front building set-back line or (ii) on corner Lots nearer to the side Lot line than the building set-back line parallel to said side street. Except as otherwise provided in this Section 3.13 and Section 3.27, no wall, fence, planter or hedge shall be more than six feet (6') high except a wall, fence, planter or hedge may be eight feet (8') high along the rear of Lots 1 through 17, 27, 28 and 29, and along the East side of Lots 4 and 5 and the North side of Lots 17, 18 and 18A. To protect views and maintain the character of the Subdivision, no opaque wall, fence or hedge may be erected, planted or maintained beyond the two hundred fifty foot (250') rear building set-back line of Lake Front Lots that exceeds three (3') feet in height except along the North line of Lot 18 and 18A and along the South line of Lot 26. The following additional restrictions shall apply to fences constructed on the Lots described below:

(a) Lake Front Lots: A wood, ornamental iron or other decorative fence, as approved by the Committee, that would

not unreasonably obstruct the view of the Lake by adjacent Property Owners may be constructed between the front building set-back line and the rear building set-back line. Ornamental iron fences shall have not less than four inches (4") between vertical irons and any fence constructed shall not impede the flow of water. A fence may not be constructed within fifty (50') feet of the 201' MSL Level of Lake Conroe except along the North line of Lot 18 and 18A and the South line of Lot 26 and 26A.

(b) Estate Lots: A wood or other decorative fence, as approved by the Committee, may be constructed between the front building set-back line and the rear property line.

(c) All wood fences shall be constructed with first quality wood, pressure treated wood posts and stringers and shall be set in concrete.

Section 3.14. Visual Obstruction at the Intersections of Streets. No planting or object which obstructs sight lines at elevations between two feet (2') and six feet (6') above the roadways within the triangular area formed by the intersecting street property lines and a line connecting them at points twenty-five feet (25') from the intersection of the street property lines or extension thereof shall be placed, planted or permitted to remain on any corner Lots.

Section 3.15 Air Conditioning Requirements. No window or wall type air conditioning units shall be permitted to be used, erected, placed or maintained in or on any building in any part of Subdivision, without the prior approval of the Committee.

Section 3.16. Disposal Unit Requirements. Each kitchen in each residential dwelling or servant's quarters situated on any Lot shall be equipped with a garbage disposal unit, which garbage disposal unit shall at all times be kept in a serviceable condition.

Section 3.17. Prohibition of Offensive Activities. Without expanding the permitted uses of the Lots, no activity, whether for profit or not, shall be conducted on any Lot which is not

related to single family residential purposes. No noxious or offensive activity of any sort shall be permitted nor shall anything be done on any Lot which may be or may become an annoyance or a nuisance to the Subdivision. This restriction is waived in regard to the customary sales activities required to sell homes in the Subdivision. No exterior speaker not an integral part of the house, horn, whistle, bell or other sound device, except security and fire devices used exclusively for security and fire purposes, shall be located, used or placed on a Lot. The Board of Trustees of the Association ("Board of Trustees") shall have the sole and absolute discretion to determine what constitutes a nuisance or annoyance. Activities expressly prohibited, include without limitation, (1) the performance of work on automobiles or other vehicles upon the Lot or in driveways or streets abutting Lots, (2) the use or discharge of firearms, firecrackers or other fireworks within the Subdivision, (3) the storage of flammable liquids in excess of five gallons, (provided, however, this provision shall not be construed to prohibit the proper storage of LP gas in approved tanks) or (4) other activities which may be offensive by reason of odor, fumes, dust, smoke, noise, vibration or pollution, or which are hazardous by reason of excessive danger, fire or explosion.

As indicated above, no Lot in the Subdivision shall be used for any commercial, educational, manufacturing, business or professional purpose nor for church purposes. The renting or leasing of any residential dwelling is subject to the provisions of Section 5.06.

No Lot or other portion of the Subdivision shall be used or permitted for hunting or for the discharge of any pistol, rifle, shotgun, or any other firearm, or any bow and arrow or any other device capable of killing or injuring persons.

Section 3.18. Use of Temporary Structures. No structure of a temporary character, whether trailer, basement, tent, shack, garage, barn or other outbuilding shall be maintained or used on any Lot at any time as a residence, or for any other purpose,

either temporarily or permanently; provided, however, that Declarant reserves the exclusive right to erect, place and maintain such facilities in or upon any portions of the Subdivision as in its sole discretion may be necessary or convenient while selling Lots, selling or constructing residences and constructing other improvements within the Subdivision. Such facilities may include, but not necessarily be limited to sales and construction offices, storage areas, model units, signs, and portable toilet facilities. Builders and Contractors may, with the prior written approval of the Committee, exercise the rights reserved by Declarant in this Section 3.18.

Section 3.19. Storage of Vehicles or Equipment. No motor vehicle or non-motorized vehicle (including, without limitation, trucks and recreational vehicles), boat, trailer, camper, marine craft, machinery or equipment of any kind may be parked or stored for longer than ninety six (96) hours or on a semi-permanent or daily basis on any part of any Lot, private road or street, easement, right-of-way, or Common Area unless such vehicle or object is completely concealed from public view inside a garage or approved enclosure. Notwithstanding the ninety six (96) hour parking restriction, there shall be no over-night parking on any road or street. Passenger automobiles, passenger vans, motorcycles, or pick-up trucks that are in operating condition, having current license plates and inspection stickers, and that are in daily use as motor vehicles on the streets and highways of the State of Texas are exempt from the ninety six (96) hour parking restriction only as it pertains to parking or storing of vehicles on the driveway portion of any Lot. No vehicle shall be parked in a yard or in the street or along the side of the street that blocks the flow of traffic. No vehicle may be repaired on a Lot unless such vehicle is concealed inside a garage or other approved enclosure during the repair thereof.

This restriction shall not apply to any vehicle, machinery or equipment temporarily parked and in use for the construction,



repair or maintenance of (i) residential dwelling(s) or related improvements in the immediate vicinity thereof or (ii) utility improvements in the subdivision.

Section 3.20. Mineral Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted upon or in any Lot, nor shall any wells, tanks, tunnels, mineral excavation, or shafts be permitted upon or in any Lot. No derrick or other structures designed for the use of boring for oil or natural gas shall be erected, maintained or permitted upon any Lot. At no time shall the drilling, usage or operation of any water well be permitted on any Lot, except that the Committee may, in its discretion, allow water wells to be drilled for homes requiring water wells for solar heating and cooling purposes. The prohibition of water wells shall not in any manner be deemed to apply to the Unrestricted Reserves designated on the Plat or to any land within the Subdivision or Annexable Area owned by the Declarant or Association.

Section 3.21. Animal Husbandry. No animals, livestock, bees or poultry of any kind shall be raised, bred or kept on any Lot except that dogs, cats or other common household pets may be kept provided that they are not kept, bred or maintained for commercial purposes and do not become a nuisance or threat to other Owners. No Owner shall permit any dog, cat or other domestic pet under his ownership or control to leave such Owner's Lot unless leashed and accompanied by a member of such Owner's household.

Section 3.22. Lot Maintenance.

(a) All Lots shall be kept at all times in a neat attractive, healthful and sanitary condition, and the Owner or occupant of all Lots shall keep all weeds, and grass, and vegetation (except as part of a landscaping plan approved by the Architectural Control Committee) thereon cut, trimmed or mowed and shall in no event use any Lot for storage of materials or equipment except for normal residential requirements or incident

to construction of improvements thereon as herein permitted, or permit the accumulation of garbage, trash or rubbish of any kind thereon. All yard equipment or storage piles shall be kept screened by a service yard or other similar facility as herein otherwise provided, so as to conceal them from view of neighboring Lots, streets or other property.

(b) In the event of any default by the Owner or other occupant of any Lot in observing the above requirements or the requirements of Section 3.09, which default is continuing after ten (10) days written notice thereof to the Owner or occupant, as applicable, the Declarant or the Association or their designated agents may, without liability to the Owner, Contractor or any occupants of the Lot in trespass or otherwise, enter upon (or authorize one or more others to enter upon) said Lot, cut, or cause to be cut, such weeds and grass and remove, or cause to be removed, such garbage, trash and rubbish or do any other thing necessary to secure compliance with this Declaration, so as to place said Lot in a neat, attractive, healthful and sanitary condition, and may charge the Owner, Builder or occupant of such Lot for the cost of such work and associated materials. Payment thereof shall be collected by adding the charges to the hereinafter described "Maintenance Charge" (secured by a Vendor's Lien, as described in Section 6.03) and shall be payable on the first day of the next calendar month with the regular monthly Maintenance Charge payment.

Section 3.23. Signs, Advertisements, Billboards. No sign, advertisement, billboard, or advertising structure of any kind may be erected or maintained on any Lot in the Subdivision without the prior approval of the Committee and any such approval which is granted may be withdrawn at any time, in which event, the parties granted such permission shall immediately remove such structures. Additionally, no street or directional signs may be installed within the Subdivision without the prior written approval of the Declarant and the Committee.

The Declarant or the Association (or any agent designated in

writing by Declarant or the Association) shall have the right to remove and dispose of any such prohibited sign, advertisement, billboard or advertising structure which is placed on any Lot, and in doing so shall not be subject to any liability for trespass or any other tort in connection therewith or arising from such removal nor in any way be liable for any accounting or other claim by reason of the disposition thereof.

Section 3.24. Maximum Height of Antenna. No radio or television aerial wires, antenna or satellite receiving dish shall be maintained on any portion of any Lot outside of the building set-back lines of the Lot or forward of the front of the improvements thereon; nor shall any antennae of any style (excluding satellite receiving dishes which are discussed below), be permitted to extend more than thirty (30') feet above the roof of the main residential structure on said Lot. No satellite receiving dish may be erected or installed that extends more than six feet (6') above the natural grade, and every satellite receiving dish shall be enclosed with a six foot (6') high fence, hedge or wall constructed so that the dish is not visible from adjoining Lots, streets, Common Areas, or Lake Conroe.

Section 3.25. Wind Generators. No wind generators shall be erected or maintained on any Lot if said wind generator is visible from any other Lot or public street.

Section 3.26. Solar Collectors. No solar collector shall be installed without the prior written approval of the Committee. Such installation shall be in harmony with the design of the residence. Solar collectors shall be installed in a location not visible from the public street in front of residence.

Section 3.27. Swimming Pools and Tennis Courts. No swimming pool and/or tennis court may be constructed on any Lot without the prior written approval of the Committee. Each application made to the Committee shall be accompanied by two sets of plans and specifications for the proposed swimming pool and/or tennis court construction to be done on such Lot, including a plot plan showing the location and dimensions of the

swimming pool and/or tennis court and all related improvements, together with the plumbing and excavation disposal plan. The Committee's approval or disapproval of such swimming pool and/or tennis court shall be made in the same manner as described in Article IV hereof for other building improvements. Notwithstanding anything contained in Section 3.13 to the contrary, a perimeter fence for tennis courts may be up to nine feet (9') in height, as approved by the Committee.

Section 3.28. Drying of Clothes in Public View. The drying of clothes in public view is prohibited, and the Owners or occupants of any Lots where the rear yard or portion of the Lot is visible to the public, shall construct and maintain a drying yard or other suitable enclosure to screen drying clothes from public view.

Section 3.29. Garage Doors. Garage doors visible from any street shall be kept the closed position when the garage is not being used by the Owner or occupant.

Section 3.30. Control of Sewage Effluent. No outside toilets will be permitted, and no installation of any type of device for disposal of sewage shall be allowed which would result in raw or untreated or unsanitary sewage being carried into the streets, Lake Conroe, onto adjoining Lots, or into any body of water. No means of sewage disposal may be installed or used except a septic tank or other approved sanitary method of sewage disposal meeting the requirements of and approval of the Montgomery County Health Department, the San Jacinto River Authority and any other governmental agencies or authorities having jurisdiction with respect thereto, and shall be maintained by the Owner at all times in a proper sanitary condition and accordance with applicable sanitary laws and regulations of the State, County or other authorities regulating same. If a sewerage treatment plant and collective system for the subdivision is provided it shall be used as the sole means of sewerage disposal for said subdivision and each Lot Owner must

connect to such collection system, and each Lot Owner must pay for the hook up fee charge and his monthly assessment thereafter.

Section 3.31. Residences and Improvements Damaged by Fire or Other Casualty. Any buildings or other improvements within the subdivision that are destroyed partially or totally by fire, storm, or any other casualty, shall be repaired or demolished within a reasonable period of time, and the Lot and improvements thereon, as applicable, restored to an orderly and attractive condition.

Section 3.32. Common Area. Any Common Area shall be used only for streets, roads, paths, recreation, utility easement and drainage purposes, as applicable.

Section 3.33. Vehicles Permitted to Use Private Roads.

(a) The only motorized vehicles allowed on the roads and street easements in the Subdivision shall be (1) motor vehicles currently licensed and inspected for use on public highways or (2) golf carts with a current permit issued by the Association.

(b) The use of all other non-licensed motor vehicles including, but not limited to, automobiles, trucks, motorcycles, dirt bikes, off-road vehicles and go-carts is expressly prohibited.

(c) Vehicles, regardless of type, may only be operated by individuals holding a current driver's license valid in the State of Texas.

(d) Licensed motorized two-wheel, three-wheel or four-wheel vehicles shall be allowed within the Subdivision solely for the purpose of access to and from the Subdivision Lots and only if such vehicle does not constitute an annoyance or nuisance as determined by the Board of Trustees and/or the Declarant.

Section 3.34. Roofing. No external roofing material other than not less than three hundred (300) pound composition shingles, as approved by the Committee, shall be used on any residence or other improvement on any Lot without the prior written approval of the Committee.

Section 3.35. Mailboxes. Only mailboxes installed or

approved by the United States Postal Service and approved by the Committee shall be installed and shall be located at places within the Subdivision, as may be provided by the Declarant or the Association.

Section 3.36. Landing, Storage and Parking of Aircraft. No helicopters, hovercraft or other aircraft shall land or be stored or parked within the Subdivision.

Section 3.37. Lots Abutting Lake Conroe; Construction of Pier, Docks, Boat Slip and Boat House.

(a) No pier, dock, boat slip, boat house or other structure shall be constructed on the Lot or which projects beyond the Lot line or into the water of Lake Conroe, (whether within or outside of the Lot line), unless prior written approval is given by the Committee and such improvement complies with the specifications set forth in (c) below. Architectural approval shall be granted or withheld based upon: (i) architectural design and character of improvements, (ii) engineering design and specifications of planned structures, and (iii) whether or not proposed improvements conform to the Committee's pre-determined plan for such improvements and the location thereof in the approximate center of the lot, except on Lot 18-18A, the location may be between the center and the North line of the lot.

(b) In addition to being approved by the Committee, all plans for the pier, dock, boat slip, boat house or other structure to be constructed on the Lot or which projects beyond the Lot line or into the water of Lake Conroe, (whether within or outside of the Lot line), must satisfy the requirements of and be approved in writing in the form of a permit by the San Jacinto River Authority prior to beginning construction.

(c) A pier, dock, boat slip or boat house may not project more than forty feet (40') into the Lake as measured from the bulkhead installed by the Declarant. A pier may not be constructed unless and without constructing at the same time a boat slip or other improvements as may be required by the Committee in its plan for such structures. The bulkhead along

the Lake shoreline shall not be cut without submitting a plan to the Committee by a Registered Professional Engineer and approved in writing by the Committee. No improvements or modifications of any kind to any approved pier, dock, boat slip, boat house or other improvement constructed by an Owner shall be made unless prior written approval is given by the Committee and all such improvements must conform to the Committee's pre-determined plan for such improvements.

## ARTICLE IV

ARCHITECTURAL CONTROL COMMITTEESection 4.01. Basic Control.

(a) No building or other improvements of any character shall be erected or placed, or the erection or placing thereof commenced, or changes made in the design or exterior appearance thereof (including, without limitation, painting, staining or siding), or any addition or exterior alteration made thereto after original construction, or demolition or destruction by voluntary action made thereto after original construction, on any Lot in the Subdivision until the obtaining of the necessary approval (as hereinafter provided) from the "Committee" (as hereinafter defined) of the construction plans and specifications for the construction or alteration of such improvements or demolition or destruction of existing improvements by voluntary action. Approval shall be granted or withheld based on matters of compliance with the provisions of this instrument, quality and color of materials, drainage, harmony of external design and color with existing and proposed structures and location with respect to topography and finished grade elevation.

(b) Each application made to the Committee shall be accompanied by three sets of plans and specifications for all proposed construction (initial or alterations) to be done on such Lot, including the drainage plan for the Lot, plot plans showing the location and elevation of the improvements on the Lot and dimensions of all proposed walkways, driveways, the sewage system

plan and all other matters relevant to architectural approval. The address of the Committee shall be the address of the principal office of the Association.

Section 4.02. Architectural Control Committee.

(a) The authority to grant or withhold architectural control approval as referred to above is initially vested in the Declarant; provided, however, the authority of the Declarant shall cease and terminate upon the election of the Lakewood Architectural Control Committee (sometimes herein referred to as the "Committee"), in which event such authority shall be vested in and exercised by the Committee (as provided in (b) below), hereinafter referred to, except as to plans and specifications and plot plans theretofore submitted to the Declarant which shall continue to exercise such authority over all such plans, specifications and plot plans. The term "Committee", as used in this Declaration, shall mean or refer to the Declarant or to the Lakewood Architectural Control Committee composed of Owners, as applicable.

(b) At such time as all of the Lots in the Subdivision and in all other future sections of Lakewood (as platted, from time to time, hereafter) and the entirety of the Annexable Area shall have been sold by the Declarant (which date is hereinafter referred to as the "Control Transfer Date"), the Declarant shall cause a statement of such circumstances to be placed of records in the Real Property Records of Montgomery County, Texas (which statement shall include the Control Transfer Date). Thereupon, the Owners by vote, as hereinafter provided, shall elect a committee of three (3) members to be known as the Lakewood Architectural Control Committee. From and after the Control Transfer Date, each member of the Committee must be an Owner of Property in some Section of Lakewood on Lake Conroe. The Owner(s) of each whole Lakefront Lot or Lakefront building site shall be entitled to twenty-ninths (20/9) votes and the Owner(s) of each whole Estate Lot or Estate building site shall be



entitled to one (1) vote. In the case of any building site composed of more than one (1) whole Lot, such building site Owner shall be entitled to twenty-ninths (20/9) votes, or one (1) vote, (as applicable, depending on Lot designation) for each whole Lot contained within such building site. Regardless of the number of persons who may own a Lot (such as husband and wife or joint tenants, etc.), there shall be but twenty-ninths (20/9) votes or one (1) vote (as applicable, depending on Lot designation) for each Lot.

The Declarant shall be obligated to arrange for the holding of such election within sixty (60) days following the filing of the aforesaid statement by the Declarant in the Real Property Records of Montgomery County, Texas, and to give notice of the time and place of such election (which shall be in Montgomery County, Texas) not less than thirty (30) days prior to the holding thereof. Nothing herein shall be interpreted to require that the Declarant actually file any such statement so long as it has not subdivided and sold the entirety of the Annexable Area nor affect the time at which the Declarant might take such action if in fact, the Declarant does take such action. Additionally, the Declarant shall have the right to discontinue the exercise of architectural control privileges and arrange for the election by the Owners at any time prior to the Control Transfer Date by filing a statement to such effect in the Real Property Records of Montgomery County, Texas.

(c) For the initial election, votes of the Owners shall be evidenced by written ballot furnished by the Declarant (and by the Board of Trustees, after the initial election). The Board of Trustees shall maintain said ballots as a permanent record of such election for a period of not less than three (3) years after such election. Any Owner may appoint a proxy to cast his ballot in such election, provided that his written appointment of such proxy is attached to the ballot as a part thereof. The Committee members initially elected by the Owners, as aforesaid, shall serve a two (2) year term. Thereafter, the Board of Trustees

shall determine the length of the term of said Committee members, which in no event shall be less than one (1) year or more than two (2) years.

The results of each such election shall promptly be determined on the basis of a plurality vote of those Owners voting in such election. The results of any such election and of any removal or replacement of any member of the Committee may be evidenced by the recording of an appropriate instrument properly signed and acknowledged on behalf of the Declarant or by a majority of the Board of Trustees.

(d) After the first such election shall have been held, the Board of Trustees thereafter shall be obligated to arrange for elections (in the manner and after notice as set forth above), including elections requested in writing by Members having voting rights equal to 21 votes to remove a member of the Committee. No member of the Committee may be removed except upon majority vote (voting in favor of removing said Committee member) of those voting in an election called for said purpose.

(e) Upon the death, resignation, refusal or inability of any member of the Committee to serve, the Board of Trustees, by majority vote, shall fill the vacancy by appointment, and the person appointed shall complete the unexpired term of his predecessor.

(f) If the Board of Trustees should fail or refuse to take any action herein provided to be taken by the Board of Trustees with respect to setting elections, conducting, elections, counting votes, determining results and evidencing such results, or naming successor Committee members, and such failure or refusal continues for a period which is unreasonably long (in the exclusive judgment of the Declarant), then the Declarant may validly perform such function.

(g) The members of the Committee shall be entitled to such compensation for services rendered and for reasonable expenses incurred as may, from time to time, be authorized or approved by

the Association, and shall be entitled to retain architects, engineers and contractors on a fee basis to assist the Committee in reviewing plans and specifications and inspecting Lots and improvements. All such sums payable as compensation and/or reimbursement shall be payable only out of the "Maintenance Fund", as hereinafter defined.

Section 4.03. Effect of Inaction. Approval or disapproval as to architectural control matters as set forth in the preceding provisions shall be in writing. In the event that the authority exercising the prerogative of approval or disapproval (whether the Declarant or the Committee) fails to approve or disapprove in writing any plans and specifications and plats received by it in compliance with the preceding provisions within thirty (30) days following such submission, such plans and specifications and plot plan shall be deemed approved and the construction of any such building and other improvements may be commenced and proceeded with in compliance with all such plans and specifications and plot plan and all of the other terms and provisions hereof.

Section 4.04. Effect of Approval. The granting of the aforesaid approval (whether in writing or by lapse of time) shall constitute only an expression of opinion by the Committee that the terms and provisions hereof shall be complied with if the building and/or other improvements are erected in accordance with said plans and specifications and plot plan; and such approval shall not constitute any nature of waiver or estoppel either as to the persons expressing such approval or any other person in the event that such building and/or improvements are not constructed in accordance with such plans and specifications and plot plan or in the event that such building and/or improvements are constructed in accordance with such plans and specifications and plot plan, but, nevertheless, fail to comply with the provisions hereof. Further, no person exercising any prerogative of approval or disapproval shall incur any liability by reason of the good faith exercise thereof. Exercise of any such prerogative by one (1) or more members of the Committee in their capa-

city as such shall not constitute action by the Declarant after the election of such Committee members, notwithstanding that any such Committee member may be an officer, owner or director of Declarant.

Section 4.05. Minimum Construction Standards; Inspections.

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 only and such Committee shall not be bound thereby. In order to control the quality of construction and to reasonably insure that all residential construction (including the construction of the residence and all other improvements on the Lot) are constructed in accordance with (a) the Plat, (b) this Declaration, (c) the Montgomery County and other governmental regulations, (d) minimum acceptable construction standards as promulgated from time to time by Committee, and (e) Committee regulations and requirements, the Committee may conduct certain building inspections and the Owner, in the construction of all improvements, shall hereby be subject to such building inspections and building inspection policies and procedures as established from time to time by the Committee. A fee in an amount to be determined by the Committee shall be paid to the Committee prior to architectural approval, or at such other time as designated by the Committee, to defray the expense of such building inspections and re-inspections.

Section 4.06. Variances. The Committee may authorize variances from compliance with any of the provisions of this Declaration or minimum acceptable construction standards or regulations and requirements as promulgated from time to time by the Committee, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require a variance. Such variances must be evidenced in writing and shall become effective when signed by the Declarant or by at least a majority of the members of the Committee. If any such variances are granted, no violation of the provisions of

this Declaration shall be deemed to have occurred with respect to the matter for which the variance is 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 provisions hereof covered by the variance, nor shall the granting of any variance affect in any way the Owner's obligations to comply with all governmental laws and regulations affecting the property concerned and the Plat.

Section 4.07. Notices of Completion and Noncompliance.

Each Owner shall send a written notice of the completion ("Notice of Completion") of such Owner's construction of residential improvements to the Committee and to the Association within fifteen (15) days after completion of such Owner's construction. If, as a result of inspections or otherwise, the Committee finds that any residential construction has been done without obtaining the approval of the Committee or was not done in conformity with the approved plans and specifications and plot plan, the Committee shall notify the Owner in writing of the noncompliance, which notice ("Notice of Noncompliance") shall be given, in any event, within thirty (30) days after the Committee receives a Notice of Completion. 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 the noncompliance. If for any reason other than Owner's act or neglect, the Committee fails to notify the Owner of any noncompliance within thirty (30) days after receipt by the Committee and the Association of the Notice of Completion, the improvements constructed by such Owner on the Lot shall be deemed in compliance if such improvements were, in fact, completed as of the date of the Notice of Completion. If, however, the Committee issues a Notice of Noncompliance, the Owner shall commence to correct the noncompliance without delay. If the Owner does not correct the noncompliance within forty-five (45) days after receipt of the Notice of Noncompliance or commence, within ten (10) days after

receipt of the Notice of Noncompliance, the correction of such noncompliance in the case of a noncompliance which cannot reasonably be expected to be corrected within forty-five (45) days (provided that such Owner diligently continues the removal of such noncompliance) the Board of Trustees may, at its option, record a Notice of Noncompliance against the Lot on which the noncompliance exists, and/or may otherwise correct such noncompliance, and the Owner shall reimburse the Association, upon demand, for all expenses incurred therewith, which reimbursement obligation shall be a charge on such Owner's Lot and shall be a continuing lien (secured by the same lien which secures the Maintenance Charge). The right of the Board of Trustees to remedy or remove any noncompliance shall be in addition to all other rights and remedies which the Board of Trustees may have at law, in equity, or under this Declaration to cure such noncompliance.

Section 4.08. No Implied Waiver or Estoppel. No action or failure to act by the Committee or by the Board of Trustees shall constitute a waiver or estoppel with respect to future action by the Committee or Board of Trustees with respect to the construction of any improvements within the Subdivision. Specifically, the approval by the Committee or Board of Trustees of any such residential construction shall not be deemed a waiver of any right or an estoppel to withhold approval or consent for any similar residential construction or any similar proposals, plans, specifications or other materials submitted with respect to any other residential construction by such person or other Owners.

Section 4.09. 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, specifications or standards will result in a properly designed structure or satisfy any legal requirements, including compliance with the provisions of Section 3.10.

Section 4.10. Non-Liability For Committee Action. No member of the Committee or any member of the Board of Directors

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 unless due to the willful misconduct or bad faith of the party to be held liable. In reviewing any matter, the Committee shall not be responsible for reviewing, nor shall its approval of an improvement or modification to an improvement on a lot be deemed approval of the improvement or modification of the improvement from the standpoint of safety, whether structural or otherwise, or conformance of building codes or other governmental laws or regulations.

## ARTICLE V

LAKWOOD PROPERTY OWNERS ASSOCIATION, INC.

Section 5.01. Membership. Every person or entity who is a record Owner of any Lot which is subject to the Maintenance Charge and other assessments provided herein, including contract sellers, shall be a "Member" of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation or those having only an interest in the mineral estate. No Owner shall have more than one membership for each Lot owned by such Member. Memberships shall be appurtenant to and may not be separated from the ownership of the Lots. Regardless of the number of persons who may own a Lot (such as husband and wife or joint tenants, etc.), there shall be but one membership for each Lot. Additionally, the initial Trustees of the Association (and said initial Trustees' successors) shall also be Members of the Association (as more particularly described in the Bylaws). Other than with respect to the said initial Trustees, ownership of the Lots shall be the sole qualification for membership. The voting rights of the Members will be set forth in the Bylaws of the Association subject to each Member owning a whole Lakefront Lot or Lakefront building site being entitled to twenty-ninths (20/9) votes and each Member owning a whole Estate Lot or Estate

building site being entitled to one (1) vote.

Section 5.02. Non-Profit Corporation. Lakewood Property Owners Association, Inc., a non-profit corporation, has been (or will be) organized and it shall be governed by the Articles of Incorporation and Bylaws of said Association; and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

Section 5.03. Bylaws. The Association may adopt whatever Bylaws it may choose to govern the organization or operation of the Subdivision and the use and enjoyment of the Lots and Common Areas, provided that the same are not in conflict with the terms and provisions hereof.

Section 5.04. Members' Right of Enjoyment. Every Member shall have a beneficial interest of use and enjoyment in and to the Common Areas and such right shall be appurtenant to and shall pass with the title to every assessed Lot, subject to the following provisions:

(a) the right of the Association, with respect to the Common Areas, to limit the number of guests of Members;

(b) the right of the Association, in accordance with its Articles and Bylaws (and subject to the prior written approval of the Declarant), to (i) borrow money for the purpose of improving and maintaining the streets and roads within the Subdivision, Common Area and facilities (including borrowing from the Declarant or any entity affiliated with the Declarant) and (ii) mortgage said property, however; the rights of such mortgagee of said property shall be subordinate to the rights of the Owners hereunder;

(c) the right of the Association to suspend the Member's voting rights and the Member's and "Related Users" (as hereinafter defined) right to use any recreational facilities within the Common Areas during any period in which the Maintenance Charge or any assessment against his Lot remains unpaid; and

(d) the right of the Association to suspend the



Member's voting rights and the Member's and Related Users right to use any recreational facilities within the Common Area, after notice and hearing by the Board of Trustees, for the infraction or violation by such Member or Related Users of this Declaration or the Rules and Regulations, (as hereinafter defined) which suspension shall continue for the duration of such infraction or violation, plus a period not to exceed sixty (60) days following the cessation or curing of such infraction or violation; and

(e) the right of the Association, subject to the prior written approval of the Declarant, to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility, for such purposes and subject to the provisions of Section 8.22.

Section 5.05. Delegation of Use. Any Member may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his "family" (defined herein as those members of the Member's immediate family), his tenants, or contract purchasers who reside on the Property (collectively, the "Related Users"). If a Member leases his Lot to a tenant, the tenant, but not the Member, shall have the exclusive privilege of enjoyment of the Common Area and facilities of the Association during the term of said tenant's tenancy.

Section 5.06. Rental and Leasing. Owners must notify the Association if their Lots are leased. Owners must also provide the Association with the name of the tenant, a copy of the lease and the current mailing address of the Owner of the Lot. In no event, however, shall any leasing be allowed except pursuant to a written agreement or form that affirmatively obligates all tenants and other residents of the Lot to abide by this Declaration, the Bylaws, and the Rules and Regulations of the Association.

## ARTICLE VI

MAINTENANCE FUND

Section 6.01. Maintenance Fund Obligation. Each Owner of a Lot by acceptance of a deed therefor, whether or not it shall be expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association a monthly maintenance charge (the "Maintenance Charge") and any other assessments or charges hereby levied. The Maintenance Charge, and any other assessments or charges hereby levied, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the Lots and shall be a continuing lien upon the property against which each such Maintenance Charge and other charges and assessments are made.

Section 6.02. Basis of the Maintenance Charge.

(a) The Maintenance Charge referred to shall be used to create a fund to be known as the "Maintenance Fund", which shall be used as herein provided; and each such Maintenance Charge (except as otherwise hereinafter provided) shall be paid by the Owner of each Lot (or residential building site) to the Association monthly, in advance, on or before the first day of each calendar month, beginning with the first day of the first full calendar month after the date of purchase of the Lot, or on such other basis (quarterly, semi-annually, or annually), as the Board of Trustees may designate in its sole discretion.

(b) Any Maintenance Charge not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of (i) the rate of eighteen percent (18%) per annum or (ii) the maximum rate permitted by law. The Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the hereinafter described lien against the Owner's Lot. No Owner may waive or otherwise escape liability for the Maintenance Charge by non-use of any Common Areas available for use by Owners of the Subdivision or by the

abandonment of his lot.

(c) The exact amount of Maintenance Charge will be determined, from time to time, by the Board of Trustees. All other matters relating to the Maintenance Charge and the collection, expenditure and administration of the Maintenance Fund shall be determined by the Board of Trustees, subject to the provisions hereof.

(d) The Maintenance Charge described in this Article VI, and other charges or assessments described in this Declaration shall not, without the consent of the Declarant, apply to the Lots owned by the Declarant. The Declarant, prior to the Control Transfer Date, and the Association, from and after the Control Transfer Date, reserve the right at all times, in their own judgment and discretion, to exempt any Lot ("Exempt Lot"), in the Subdivision from the Maintenance Charge, including, without limitation, Lots owned by Builders, and the exercise of such judgment and discretion when made in good faith shall be binding and conclusive on all persons and interests. If an Exempt Lot is sold to any party, the Maintenance Charge shall automatically be reinstated as to the Exempt Lot and can only be waived at a later date pursuant to the provisions of the preceding sentence. The Declarant, prior to the Control Transfer Date, and the Association, from and after the Control Transfer Date, shall have the further right at any time, and from time to time, to adjust or alter said Maintenance Charge from month to month as it deems proper to meet the reasonable operating expenses and reserve requirements of the Association in order for the Association to carry out its duties hereunder.

Section 6.03. Creation of Lien and Personal Obligation. In order to secure the payment of the Maintenance Charge and other charges and assessments hereby levied, a vendor's lien for the benefit of the Association, shall be and is hereby reserved in the deed from the Declarant to the purchaser of each Lot or portion thereof, which lien shall be enforceable through appropriate judicial and non-judicial proceedings by the

Association. As additional security for the payment of the Maintenance Charge and other charges and assessments hereby levied, each Owner of a Lot in the Subdivision, by such party's acceptance of a deed thereto, hereby grants the Association a contractual lien on such Lot which may be foreclosed on by non-judicial foreclosure and pursuant to the provisions of Section 51.002 of the Texas Property Code (and any successor statute); and each such Owner hereby expressly grants the Association a power of sale in connection therewith. The Association shall, whenever it proceeds with non-judicial foreclosure pursuant to the provisions of said Section 51.002 of the Texas Property Code and said power of sale, designate in writing a Trustee to post or cause to be posted all required notices of such foreclosure sale and to conduct such foreclosure sale. The Trustee may be changed at any time and from time to time by the Association by means of a written instrument executed by the President or any Vice President of the Association and filed for record in the Real Property Records of Montgomery County, Texas. In the event that the Association has determined to nonjudicially foreclose the lien provided herein pursuant to the provisions of said Section 51.002 of the Texas Property Code and to exercise the power of sale hereby granted, the Association shall mail to the defaulting Owner(s) a copy of the Notice of Trustee's Sale not less than twenty-one (21) days prior to the date on which said sale is scheduled by posting such notice through the U.S. Postal Service, postage pre-paid, registered or certified, return receipt requested, properly addressed to such Owner(s) at the last known address of such Owner(s) according to the records of the Association. If required by law, the Association or Trustee shall also cause a copy of the Notice of Trustee's Sale to be filed with the County Clerk of Montgomery County, Texas. Out of the proceeds of such sale, if any, there shall first be paid all expenses incurred by the Association in connection with such default, including reasonable attorneys' fees and reasonable

trustee's fee; second, from such proceeds there shall be paid to the Association an amount equal to the amount in default; and , third, the remaining balance shall be paid to such Owner. Following any such foreclosure, each occupant of any such Lot foreclosed on and each occupant of any improvements thereon shall be deemed to be a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgement for possession in an action of forcible detainer and the issuance of a writ of restitution thereunder.

In the event of nonpayment by any Owner of any Maintenance Charge or other charge or assessment levied hereunder, the Association may, in addition to foreclosing the lien hereby retained, and exercising the remedies provided herein, upon ten (10) days prior written notice thereof to such nonpaying Owner, exercise all other rights and remedies available at law or in equity.

It is the intent of the provisions of this Section 6.03 to comply with the provisions of said Section 51.002 of the Texas Property Code relating to non-judicial sales by power of sale and, in the event of the amendment of said Section 51.002 of the Texas Property Code hereafter, the President or any Vice President of the Association, acting without joinder of any other Owner or mortgagee or other person may, by amendment to this Declaration filed in the Real Property Records of Montgomery County, Texas, amend the provisions hereof so as to comply with said amendments to Section 51.002 of the Texas Property Code.

Section 6.04. Notice of Lien. In addition to the right of the Association to enforce the Maintenance Charge or other charge or assessment levied hereunder, the Association may file a claim or lien against the Lot of the delinquent Owner by recording a notice ("Notice of Lien") setting forth (a) the amount of the claim of delinquency, (b) the interest and costs of collection which have accrued thereon, (c) the legal description and street address of the Lot against which the lien is claimed and (d) the name, if known, of the Owner thereof. Such Notice of Lien shall

be signed and acknowledged by an officer of the Association or other duly authorized agent of the Association. The lien shall continue until the amounts secured thereby and all subsequently accruing amounts are fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien have been fully paid or satisfied, the Association shall execute and record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the Board of Trustees to cover the preparation and recordation of such release of lien instrument.

Section 6.05. Liens Subordinate to Mortgages. The liens described in Section 6.03 hereof and the superior title herein reserved shall be deemed subordinate to a first lien or other liens of any bank, insurance company, savings and loan association, university, pension and profit sharing trusts or plans, or other bona fide, third party lender, including Declarant, which may have heretofore or may hereafter lend money in good faith for the purchase or improvements of any Lot and any renewal, extension, rearrangement or refinancing thereof. Each such mortgagee of a mortgage encumbering a Lot who obtains title to such Lot pursuant to the remedies provided in the deed of trust or mortgage or by judicial foreclosure shall take title to the Lot free and clear of any claims for unpaid Maintenance Charges or other charges or assessments against such Lot which accrued prior to the time such holder acquires title to such Lot. No such sale or transfer shall relieve such holder acquiring title to a Lot from liability for any Maintenance Charge or other charges or assessments thereafter becoming due or from the lien thereof. Any other sale or transfer of a Lot shall not affect the Association's lien for Maintenance Charges or other charges or assessments. The Association shall make a good faith effort to give each such mortgagee sixty (60) days advance written notice of the Association's proposed foreclosure of the lien described in

Section 6.01 hereof, which notice shall be sent to the nearest office of such mortgagee by prepaid United States registered or certified mail, return receipt requested, and shall contain a statement of delinquent Maintenance Charges or other charges or assessments upon which the proposed action is based; provided, however, the Association's failure to give such notice shall not impair or invalidate any foreclosure conducted by the Association pursuant to the provisions of this Article VI.

Section 6.06. Purpose of the Maintenance Charge. The Maintenance Charge levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the Owners of the Subdivision and other portions of the Annexable Area which become subject to the jurisdiction of the Association. In particular, the Maintenance Charge shall be used for any improvement or services in furtherance of these purposes and the performance of the Association's duties described in Article VIII, including the maintenance of the Common Areas and the establishment and maintenance of the reserve fund for maintenance of the Common Areas (including, without limitation, the private roads and streets). The Maintenance Fund may be expended by the Association for any purposes which, in the judgment of the Association, will tend to maintain, or protect, the property values in the Subdivision, including, but not limited to, providing funds for the actual cost to the Association of all taxes, insurance, repairs, street lighting charges, energy charges, replacement and maintenance of the Common Area as may from time to time be authorized by the Board of Trustees, and other facilities, services and activities as may from time to time be authorized by the Board of Trustees, including, but not limited to, construction, maintenance and operation of an administration and/or maintenance building(s), salaries of personnel and fees paid to independent contractors, mowing of grass and weeds within the Subdivision and maintaining and caring for the Common Areas (as more particularly described in Article VIII), rent or purchase of any equipment needed to

perform the duties of the Association and maintenance or replacement of such equipment, security services, collecting and disposing of garbage, payment of all legal and other expenses incurred in connection with the enforcement of this Declaration and Rules and Regulations, payment of all reasonable and necessary expenses in connection with the collection and administration of the Maintenance Charge and other charges and assessments required by this Declaration or that the Board of Trustees shall determine to be necessary to meet the primary purposes of the Association. Except for the Association's use of the Maintenance Charge to perform its duties described in this Declaration and in the Bylaws, the use of the Maintenance Charge for any of these purposes is permissive and not mandatory. It is understood that the judgment of the Association as to the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith.

Section 6.07. Exempt Property. The following property subject to this Declaration shall be exempt from the Maintenance Charge and all other charges and assessments created herein: (a) all properties dedicated to and accepted by a local public authority; (b) the Common Areas; and (c) all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Texas; however, no land or improvements devoted to dwelling use shall be exempt from said Maintenance Charge, except as otherwise provided in Section 6.02.

#### ARTICLE VII

##### DECLARANT'S RIGHTS AND RESERVATIONS

Section 7.01. Period of Declarant's Rights and Reservations. Declarant shall have, retain and reserve certain rights as hereinafter set forth with respect to the Association and the Common Area from the date hereof, until the earlier to occur of (i) the Control Transfer Date or (ii) Declarant's



written notice to the Association of Declarant's termination of the rights described in Article VII hereof. The rights and reservations hereinafter set forth shall be deemed excepted and reserved in each conveyance of a Lot by Declarant to an Owner whether or not specifically stated herein and in each deed or other instrument by which any property within the Common Area is conveyed by Declarant. The rights, reservations and easements hereinafter set forth shall be prior and superior to any other provisions of this Declaration and may not, without Declarant's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration. Declarant's consent to any one such amendment shall not be construed as consent to any other or subsequent amendment.

Section 7.02. Right to Construct Additional Improvements in Common Area. Declarant shall have and hereby reserves the right (without the consent of any other Owner), but shall not be obligated, to construct improvements within the Common Area at any time and from time to time in accordance with this Declaration for the improvement and enhancement thereof and for the benefit of the Association and Owners, so long as such construction does not directly result in the increase of such Maintenance Charge. Declarant shall convey or transfer such improvements to the Association and the Association shall be obligated to accept title to, care for and maintain the same as elsewhere provided in this Declaration.

Section 7.03. Declarant's Rights to Use Common Areas in Promotion and Marketing of the Property and Annexable Area. Declarant shall have and hereby reserves the right to reasonable use of the Common Area and of services offered by the Association in connection with the promotion and marketing of land within the boundaries of the Property and Annexable Area. Without limiting the generality of the foregoing, Declarant may erect and maintain on any part of the Common Area such signs, temporary buildings and other structures as Declarant may reasonably deem necessary or proper in connection with the promotion, development and

marketing of land within the Property and Annexable Area; may use vehicles and equipment within the Common Area for promotional purposes; and may permit prospective purchasers of property within the boundaries of the Property and Annexable Area, who are not Owners or Members of the Association, to use the Common Area at reasonable times and in reasonable numbers; and may refer to the services offered by the Association in connection with the development, promotion and marketing of the Property and Annexable Area.

Section 7.04. Declarant's Rights to Complete Development of the Subdivision. No provision of this Declaration shall be construed to prevent or limit Declarant's right (or require Declarant to obtain any approval) to (i) complete development of the real property within the boundaries of the Property and Annexable Area; (ii) construct, alter, demolish or replace improvements on any real property owned by Declarant within the Property or Annexable Area; (iii) maintain model homes, storage area, offices for construction, initial sales, resales or leasing purposes or similar facilities on any property owned by Declarant or owned by the Association within the Property; (iv) post signs incidental to development, construction, promotion, marketing, sales or leasing of property within the Property and Annexable Area; (v) excavate, cut, fill or grade any property owned by Declarant; or (vi) require Declarant to seek or obtain the approval of the Committee or of the Association for any such activity or improvement to property by Declarant on any property owned by Declarant. Nothing in Article VII of this Declaration shall limit or impair the reserved rights of Declarant as elsewhere provided in this Declaration.

Section 7.05. Declarant's Right to Grant and Create Easements. Declarant shall have and hereby reserves the right, without the consent of any other Owner or the Association, to grant or create temporary or permanent easements, for access, utilities, pipeline easements, cable television systems,

communication and security systems, drainage, water and other purposes incident to development, sale, operation and maintenance of the Subdivision, located in, on, under over and across (i) the Lots or other property owned by Declarant, (ii) the Common Area, and (iii) existing utility easements. Declarant also reserves the right, without the consent of any other Owner or the Association, to (i) grant or create temporary or permanent easements for access to and from FM 1097 and Lake Conroe over and across the streets and roads within the Subdivision for the benefit of owners of property within the Annexable Area or Owners of any other property, regardless of whether the beneficiary of such easements own property which is hereafter made subject to the jurisdiction of the Association and (ii) permit Owners of property within the Annexable Area which is not made subject to the jurisdiction of the Association to use the recreational facilities of the Association and other Common Area, provided that said Owners pay to the Association their proportionate share of the cost of operating and maintaining said facilities and Common Areas.

Section 7.06. Declarant's Rights to Convey Additional Common Area to the Association. Declarant shall have and hereby reserves the right, but shall not be obligated to, convey additional real property and improvements thereon, if any, to the Association as Common Area at any time and from time to time in accordance with this Declaration, without the consent of any other Owner or the Association.

Section 7.07. Annexation of Annexable Area. Additional residential property and Common Areas outside of the Subdivision including, without limitation, the Annexable Area, may, at any time and from time to time, be annexed by the Declarant into the real property which becomes subject to the jurisdiction and benefit of the Association, without the consent of the Owners or any other party; provided, however, any additional residential property outside of the Annexable Area may be made subject to the jurisdiction of the Association by the Declarant, without the

consent of the owners or any other party, provided that the annexation is in accordance with a general plan theretofore approved by the Board of Trustees. The Owners of Lots in such annexed property, as well as all other Owners subject to the jurisdiction of the Association, shall be entitled to the use and benefit of all Common Areas that are or may become subject to the jurisdiction of the Association, provided that such annexed property is impressed with and subject to at least the Maintenance Charge imposed hereby.

ARTICLE VIII

DUTIES AND POWERS OF THE PROPERTY OWNERS ASSOCIATION

Section 8.01. General Duties and Powers of the Association.

The Association will be formed to further the common interests of the Members. The Association, acting through the Board of Trustees or through persons to whom the Board of Trustees has delegated such powers (and subject to the provisions of the Bylaws), shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interests of the Members, to maintain, improve and enhance the Common Areas and to improve and enhance the attractiveness, desirability and safety of the Subdivision and any portion of the Annexable Area which becomes subject to the jurisdiction of the Association. The Association shall have the authority to act as the agent and attorney-in-fact for all Members of the Association and to enter into any and all contracts on behalf of the Members in order to carry out the duties, powers and obligations of the Association as set forth in this Declaration.

Section 8.02. Duty to Accept the Property and Facilities Transferred by Declarant. The Association shall accept title to any property, including any improvements thereon and personal property transferred to the Association by Declarant, and equip-

ment related thereto, together with the responsibility to perform any and all administrative functions and recreation functions associated therewith (collectively herein referred to as "Functions"), provided that such property and Functions are not inconsistent with the terms of this Declaration. Property interests transferred to the Association by Declarant may include fee simple title, easements, leasehold interests and licenses to use such property. Any property or interest in property transferred to the Association by Declarant shall be within the boundaries of the Property or Annexable Area. Any property or interest in property transferred to the Association by Declarant shall, except to the extent otherwise specifically approved by resolution of the Board of Trustees, be transferred to the Association free and clear of all liens and mortgages (other than the lien for property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration, the terms of any Declaration of Covenants, conditions and restrictions annexing such property to the Common Area, and all easements, covenants, conditions, restrictions and equitable servitudes or other encumbrances which do not materially affect the use and enjoyment of such property by the Association or by the Owners authorized to use such property. Except as otherwise specifically approved by resolution of the Board of Trustees, no property or interest in property transferred to the Association by the Declarant shall impose upon the Association any obligation to make monetary payments to Declarant or any affiliate of Declarant including, but not limited to, any purchase price, rent, charge or fee. The property or interest in property transferred to the Association by Declarant shall not impose any unreasonable or special burden on the Association other than the normal burdens of ownership of property, including the management, maintenance, replacement and operation thereof.

Section 8.03. Duty to Manage and Care for the Common Area.

The Association shall manage, operate, care for, maintain and repair all Common Areas and keep the same in a safe, attractive

and desirable condition for the use and enjoyment of the Members. The duty to operate, manage and maintain the Common Areas shall include, but not be limited to the following: establishment, operation and maintenance of a security system for the Sub-division; landscaping (including the installation and maintenance of a sprinkler system); maintenance, repair and replacement of the private roads and streets, drainage areas, roadside ditches and culverts, culvert pipes underneath streets, bridges, traffic control improvements (traffic signals and street lights); maintenance of roadside ditches and swales; and mowing of street right-of-ways, drainage areas, and other portions of the Sub-division.

Section 8.04. Duty to Pay Taxes. The Association shall pay all taxes and assessments levied upon the Common Areas and shall have the right to contest any such taxes or assessments provided that the Association shall contest the same by appropriate legal proceedings which shall have the effect of preventing the collection of the tax or assessment and the sale or foreclosure of any lien for such tax or assessment, and provided that the Association shall keep and hold sufficient funds to pay and discharge the taxes and assessments, together with any interest and penalties which may accrue with respect thereto, if the contest of such taxes is unsuccessful.

Section 8.05. Duty to Maintain Casualty Insurance. The Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, casualty, fire and extended coverage insurance with respect to all insurable improvements and personal property owned by the Association including coverage for vandalism and malicious mischief and, if available and if deemed appropriate, coverage for flood, earthquake and war risk. Casualty, fire and extended coverage insurance with respect to insurable improvements shall, to the extent reasonably obtainable, be for the full insurable value based on current replacement cost.

Section 8.06. Disbursement of Proceeds. Proceeds of

insurance policies shall be used to replace, repair or reconstruct damaged portions of the Common Area. Any proceeds remaining after defraying such costs of repairs, replacement or reconstruction of the Common Areas shall be retained by and for the benefit of the Association. This is a covenant for the benefit of any Owner or Mortgagee of a Lot and may be enforced by such Owner or Mortgagee.

Section 8.07. Damage and Destruction. Immediately after the damage or destruction by fire or other casualty to all or any part of the Common areas covered by insurance written in the name of the Association, the Board of Trustees or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Section 8.07, means repairing or restoring the damaged or destroyed property to substantially the same condition in which it existed prior to the fire or other casualty.

Section 8.08. Repair, Replacement and Reconstruction. If the damage or destruction for which the insurance proceeds are paid is to be repaired, replaced or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Trustees shall, without the necessity of a vote of the Association's Members, levy a special assessment against all Owners in proportion to the number of Lots owned by such Owners. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from said special assessment exceed the cost of such repair, replacement or reconstruction, such excess shall be deposited for the benefit of the Association.

Section 8.09. Duty to Maintain Liability Insurance. The Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, broad form comprehensive liability insurance covering public liability for bodily

injury and property damage including, but not limited to, if the Association owns or operates motor vehicles, public liability for bodily injury and property damage arising as a result of the ownership and operation of motor vehicles. Public liability insurance (for other than motor vehicle liability) shall, to the extent reasonably obtainable, have limits of not less than Two Million and No/100 Dollars (\$2,000,000.00) combined single limit coverage.

Section 8.10. General Provisions Respecting Insurance. Insurance obtained by the Association may contain such deductible provisions as good business practice may dictate. Insurance obtained by the Association shall, to the extent reasonably possible without undue cost, contain a waiver of rights of subrogation as against the Association, each Member and any person claiming by, through or under such member and as against any officer, director, agent or employee of any of the foregoing. Insurance obtained by the Association shall, to the extent reasonably possible, and provided Declarant reimburses the Association for any additional premium payable on account thereof, name Declarant as an additional insured and shall contain a waiver of rights of subrogation as against Declarant. Insurance policies and insurance coverage shall be reviewed at least annually by the Board of Trustees to ascertain whether coverage under the policies is sufficient in the light of the current values of the Common Area and in light of the possible or potential liabilities of the Association. Casualty, fire and extended coverage insurance may be provided under blanket policies covering the Common Area and other property of Declarant.

Section 8.11. Other Insurance and Bonds. The Association shall obtain such other insurance as may be required by law, including workmen's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity or other bonds as the Association shall deem necessary or desirable.

Section 8.12. Duty to Prepare Budgets. The Association



shall prepare budgets for the Association, which budgets shall include a reserve fund for the maintenance of all Common Areas.

Section 8.13. Duty to Levy and Collect the Maintenance Charge. The Association shall levy, collect and enforce the Maintenance Charge and other charges and assessments as elsewhere provided in this Declaraton.

Section 8.14. Duty to Provide Annual Review. The Association shall provide for an annual unaudited independent review of the accounts of the Association. Copies of the review shall be made available to any Member who requests a copy of the same upon payment by such Member of the reasonable cost of copying the same.

Section 8.15. Duties with Respect to Architectural Approvals. The Association shall perform functions to assist the Architectural Committee as elsewhere provided in Article IV of this Declaraton.

Section 8.16. Power to Acquire Property and Construct Improvements. The Association may acquire property or an interest in property (including leases) for the common benefit of Owners including improvements and personal property. The Association may construct improvements on the Property and may demolish existing improvements.

Section 8.17. Power to Adopt Rules and Regulations. The Association may adopt, amend, repeal and enforce rules and regulations ("Rules and Regulations"), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Areas and the use of any other property within the Common Area, including Lots. Any such Rules and Regulations shall be reasonable and uniformly applied (as to all Owners, if applicable, and to Owners of similarly restricted Lots). Such Rules and Regulations shall be effective only upon adoption by resolution of the Board of Trustees. Notice of the adoption,

amendment or repeal of any Rule and Regulation shall be given by posting any such Rule or Regulation for thirty (30) days after the date of adoption in the Association office, and copies of the currently effective Rules and Regulations shall be made available to each Member upon request and payment of the reasonable expense of copying the same. Each Member shall comply with such Rules and Regulations and shall see that such Member's Related Users comply with such Rules and Regulations. Such Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Declaration. In the event of conflict between the Rules and Regulations and the provisions of this Declaration, the provisions of this Declaration shall prevail.

Section 8.18. Power to Enforce Restrictions and Rules and Regulations. The Association (and any Owner with respect only to the remedies described in (ii) or (iii), below) shall have the power to enforce the provisions of this Declaration and the Rules and Regulations and shall take such action as the Board of Trustees deems necessary or desirable to cause such compliance by each Member and each Related User. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and of Rules and Regulations of the Association by any one or more of the following means: (i) by entry upon any property within the Subdivision after notice and hearing (unless a bona fide emergency exists in which event this right of entry may be exercised without notice (written or oral) to the Owner 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 thereof, for the purpose of enforcement of this Declaration or the Rules and Regulations; (ii) 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; (iii) 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; (iv) by exclusion, after notice and hearing, of any Member or Related User from use of any recreation facilities within 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 any Related User, unless the breach is a continuing breach in which case such exclusion shall continue for so long as such breach continues; (v) by suspension, after notice and hearing, of the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or a Related User of a provision 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; (vi) by levying and collecting, after notice and hearing, an assessment against any Member for breach of this Declaration or such Rules and Regulations by such Member or a Related User which assessment reimburses the Association for the costs incurred by the Association in connection with such breach; (vii) by levying and collecting, after notice and hearing, reasonable and uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, from any Member or Related User for breach of this Declaration or such Rules and Regulations by such Member or a Related User; and (viii) by taking action itself to cure or abate such violation and to charge the expenses thereof, if any, to such violating Members, plus attorney's fees incurred by the Association with respect to exercising such remedy.

Before the Board may invoke the remedies provided above, it shall give registered or certified mail notice of such alleged violation to Owner, and shall afford the Owner a hearing, except as otherwise provided above. If, after the hearing, a violation is found to exist, the Board's right to proceed with the listed

remedies shall become absolute. Each day a violation continues shall be deemed a separate violation. Failure of the Association, the Declarant, or of any Owner to take any action upon any breach or default with respect to any of the foregoing violations shall not be deemed a waiver of their right to take enforcement action thereafter or upon a subsequent breach or default.

Section 8.19. Power to Provide Public Functions. The Association shall have the power, but no obligation, to acquire, construct, operate, manage, maintain, repair and replace utilities, and additional public facilities, and to provide other functions as more particularly described in this Declaration.

Section 8.20. Power to Provide Special Services for Members. The Association shall have the power, but no obligation, to provide services to a member or group of Members. Any service or services to a Member or group of Members shall be provided pursuant to an agreement in writing, which shall provide for payment to the Association by such Member or group of members of the reasonably estimated costs and expenses of the Association of providing such services, including its proportionate share of the overhead expenses of the Association and shall contain reasonable provisions assuring that the obligation to pay for such services shall be binding upon any heirs, personal representatives, successors or assigns of the Member or group of Members and that the payment for such services shall be secured by a lien on the property of the Member or group of members as provided for in Article VI.

Section 8.21. Power to Grant Easements. In addition to any blanket easements described in this Declaration, the Association shall have the power to grant access, utility, drainage, water facility and other such easements in, on, over or under the Common Area.

Section 8.22. Power to Convey and Dedicate Property to Government Agencies. The Association shall have the power to grant, convey, dedicate or transfer any Common Areas or

facilities to any public or governmental agency or authority for such purposes and subject to such terms and conditions as the Association shall deem appropriate, which power may be exercised (i) prior to the Control Transfer Date by the Board of Trustees and (ii) from and after the Control Transfer Date by the Association, with the approval of not less than three-fourths (3/4) of the Members of each Lot type as designated in Section 3.02 agreeing in writing or by voting at any scheduled meeting of the Members and with the prior written approval of the Declarant. The Association may, subject to the limitations of the preceding sentence, convey property to a public or governmental agency or authority in lieu of such property being condemned by such public or governmental agency or authority.

Section 8.23. Power to Borrow Money and Mortgage Common Area. The Association, with the prior written approval of the Declarant, shall have the power to borrow money and to encumber the Common Area as security for such borrowing, subject to the limitations provided elsewhere in this Declaration and the Bylaws with respect to required approvals and consents to such action. With respect to any deed of trust encumbering the Common Area, the lender's rights thereunder shall be limited to a right, after taking possession of such Common Area following the lender's foreclosure of the deed of trust, to charge reasonable admission and other fees as a condition to the continued enjoyment by the Members and, if necessary, until the mortgage debt is satisfied, whereupon the exclusive possession of such Common Area shall be returned to the Association.

Section 8.24. Power to Employ Manager. The Association shall have the power to retain and pay for the services of a manager or managers to undertake the management of any of the Functions for which the Association has responsibility under this Declaration to the extent deemed advisable by the Association, and may delegate any of its duties, powers or functions to any such Manager. Notwithstanding any delegation to a Manager of any

duties, powers or functions of the Association, the Association and its Board of Trustees shall remain ultimately responsible for the performance and exercise of such duties, powers and functions.

Section 8.25. Power to Engage Employees, Agents and Consultants. The Association shall have the power to hire and discharge employees and agents and to retain and pay for legal, accounting and other professional services as may be necessary or desirable in connection with the performance of any duties or the exercise of any powers of the Association under this Declaration.

Section 8.26. General Corporate Powers. The Association shall have all of the ordinary powers and rights of a Texas non-profit corporation formed under the Texas Non-Profit Corporation Act, including, without limitation, entering into partnership and other agreements, subject only to such limitations upon such powers as may be set forth in this Declaration, the Articles of Incorporation or Bylaws. The Association shall also have the power to do any and all lawful things which may be authorized, required or permitted to be done under this Declaration, the Articles of Incorporation and Bylaws and to do and perform any and all acts which may be necessary or desirable for, or incidental to, the exercise of any of the express powers or rights of the Association under this Declaration, the Articles of Incorporation and Bylaws.

ARTICLE IX

NATURAL GAS OR PROPANE GAS

Section 9.01. Non-Utilization Charge. If Declarant or Association enters into a contract with a natural gas company or a propane gas company to provide gas service to all Lots in the Subdivision, such contract ("Gas Contract") shall require minimum usage to be made of the service. Pursuant to the Gas Contract, all houses not under construction at the time the Gas Contract is entered into by the Declarant or Association shall have a minimum

of gas water heating and gas central comfort heating, or pay a non-utilization fee. Therefore, the Owner of any house completed in the Subdivision (on which construction commenced following the effective date of the Gas Contract) that does not utilize both gas water heating and gas central comfort heating appliances shall pay to the natural gas company or propane gas company providing such gas service the non-utilization of gas facilities charge set out in the Gas Contract. This non-utilization charge shall be due thirty (30) days from completion of the non-utilizing house. In the event this non-utilization charge is not paid timely by the Owner of the non-utilizing house, after demand is made for such payment, the Declarant or Association may, at their option, pay such charge and the payment so made, if any, shall be secured by the lien securing the payment of Maintenance Charge described in Article VI of this Declaration, which lien shall only be extinguished by payment of such charge, plus interest on the amount paid by the Declarant or the Association until Declarant or the Association is reimbursed therefor at the lesser of: (i) eighteen percent (18%) per annum or (ii) the maximum rate permitted by applicable law.

Section 9.02. Underground Natural Gas or Propane Gas Service Connection and Meter Location: If the Declarant or Association enters into a Gas Contract with a natural gas company or a propane gas company to provide gas service to all Lots in the Subdivision, the following restrictions and conditions shall apply with respect to all Owners who have not commenced construction of their respective residences and to any Owners who have commenced construction of their respective residences but who elect to receive service under the Gas Contract:

a. The residential gas meter, unless otherwise approved by the Committee, shall be located along the side of the house and within ten (10) feet from the front corner of the house. In the event the gas meter shall be located behind a fence, the Owner or Builder shall provide a gate near the meter location as access

for the gas company to read the meter.

b. The requirements with respect to construction, costs of construction and future maintenance of the gas service line from the gas main to the gas meter location which are binding on the Owners shall be determined in accordance with the Gas Contract with the Declarant or Association.

c. In the event the Gas Contract provides for the gas company to construct the gas service line from the gas main to the gas meter: (1) the Owner or Builder shall pay to the gas company a fee to be determined by the gas company for such construction, and (2) there is hereby dedicated a five (5) foot wide gas service utility easement, extending from the surface of the ground downward, said easement being two and one-half (2 1/2) feet on each side of the gas service line as now, or hereafter constructed, and will extend along the route selected by the gas company for its gas main to the gas meter when and as located upon Lots and Reserves in the Subdivision. The gas company shall have the right to excavate said easement strip and to remove objects, structures, growths or protrusions thereon. The Owner's use of this utility easement is subject to the Provisions in Section 2.04.

Section 9.03. Individual Propane Tanks: If the Declarant or Association enters into the Gas Contract with a natural gas company or propane gas company to provide gas service to all Lots in the Subdivision, individual propane tanks may not be installed to service a residence. However, if no Gas Contract is entered into prior to an Owner's commencement of construction of a residence, then such Owner may have the option of supplying propane gas service to his residence with installation of an individual propane tank subject to the following restrictions:

a. Gas piping within and outside of the residence must be installed in accordance with the rules and regulations as established or may be established by the Texas Railroad Commission (and any other applicable governmental agency). The



plumber installing such gas piping must be licensed by the Texas Railroad Commission (and any other applicable governmental agency).

b. The propane tank must be buried with a minimum of two (2) feet of cover complete with appropriate venting and with cathodic protection. The buried tank must be located a minimum of ten (10) feet from any building and ten (10) feet from any property line. The propane tank must be constructed of materials and designed for a minimum twenty (20) year useable life. Installation requirements and location must meet the minimum specifications as established or will be established by the Texas Railroad Commission and any other applicable governmental agency.

ARTICLE X

ELECTRICAL SERVICE

Section 10.01. Underground Residence Electrical Service Connection. Gulf States Utilities Co. shall, in accordance with policies established by Gulf States Utilities Co. from time to time, construct the underground service cable and appurtenances from the point of the electric company's metering at the residence to the point of attachment at such company's transformers or energized secondary junction boxes under and across an easement provided for such construction. The Owner of each Lot shall pay to Gulf States Utilities Co. the cost of constructing such underground service cable and appurtenance in an amount to be determined by Gulf States Utilities Co.

ARTICLE XI

GENERAL PROVISIONS

Section 11.01. Term. The provisions hereof shall run with all property in the Subdivision and shall be binding upon all Owners and all persons claiming under them for a period of forty (40) years from the date this Declaration is recorded, after

which time said Declaration shall be automatically extended for successive periods of ten (10) years each, unless an instrument, signed by not less than two-thirds (2/3rds) of the then Owners (including the Declarant) of each Lot Type, as designated in Section 3.02, has been recorded agreeing to amend or change, in whole or in part, this Declaration.

Section 11.02. Amendments. This Declaration may be amended or changed, in whole or in part, at any time by the written agreement or signed ballot of Owners (including the Declarant) entitled to cast not less than two-thirds (2/3rds) of the votes of all of the Owners of each Lot Type as designated in Section 3.02. If the Declaration is amended by a written instrument signed by those Owners entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Owners of each Lot Types of the Association, such amendment must be approved by said Owners within three hundred sixty-five (365) calendar days of the date the first Owner executes such amendment. The date an Owner's signature is acknowledged shall constitute prima facia evidence of the date of execution of said amendment by such Owner. Those Members (Owners, including the Declarant) entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Members of the Association, by each Lot Designation, may also vote to amend this Declaration, in person or by proxy, at a meeting of the Members (Owners, including the Declarant) duly called for such purpose, written notice of which shall be given to all Owners at least ten (10) days and not more than sixty (60) days in advance and shall set forth the purpose of such meeting. Notwithstanding any provisions contained in the Bylaws to the contrary, a quorum, for purposes of such meeting, shall consist of not less than seventy percent (70%) of all of the Members by each Lot Designation (in person or by proxy) entitled to vote. Any such amendment shall become effective when an instrument is filed for record in the Real Property Records of Montgomery County, Texas, accompanied by a certificate, signed by a majority of the Board of Trustees, stating that the required number of

members (Owners, including the Declarant), by each Lot Designation, executed the instrument amending this Declaration or cast a written vote, in person or by proxy, in favor of said amendment at the meeting called for such purpose. Copies of the written ballots pertaining to such amendment shall be retained by the Association for a period of not less than three (3) years after the date of filing of the amendment or termination.

Section 11.03. Amendments by the Declarant. The Declarant shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged, and filed for record for the purpose of correcting any typographical or grammatical error, oversight, ambiguity or inconsistency appearing herein, 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 shall not impair or adversely affect the vested property or other rights of any Owner or his mortgagee. Additionally, Declarant shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record for the purpose of permitting the Owners to enjoy the benefits from technological advances, such as security, communications or energy-related devices or equipment which did not exist or were not in common use in residential subdivisions at the time this Declaration was adopted. Likewise, the Declarant shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record for the purpose of prohibiting the use of any device or apparatus developed and/or available for residential use following the date

of this Declaration if the use of such device or apparatus will adversely affect the Association or will adversely affect the property values within the Subdivision.

Section 11.04. Severability. Each of the provisions of this Declaration shall be deemed independent and severable and the invalidity or unenforceability or partial invalidity or partial unenforceability of any provision or portion hereof shall not affect the validity or enforceability of any other provision.

Section 11.05. Mergers and Consolidations. The Association may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that (i) prior to the Control Transfer Date any such merger or consolidation shall be approved (in writing or at a meeting duly called for such purpose) by two-thirds (2/3rds) of the Trustees and (ii) from and after the Control Transfer Date any such merger or consolidation shall have the consent (in writing or at a meeting duly called for such purpose) of those Members entitled to cast not less than two-thirds (2/3rds) of the votes of all of the Members of each Lot Type of the Association and the Declarant.

Upon a merger or consolidation of the Association with another association as provided in its Articles of Incorporation, the properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or alternatively, the properties, rights and obligations of the other association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to the merger. The surviving or consolidated association will be subject to the covenants and restrictions established by this Declaration within the Subdivision, together with the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation, however, shall effect any revocation, change or addition to the covenants and restrictions established by this Declaration, except as changed by amendment of this Declaration

or by the plan of merger or consolidation. In the event of any inconsistency between the terms and provisions of this Declaration and the terms and provisions of any of the merger or consolidation documents, the terms and provisions of the merger or consolidation documents shall control.

Section 11.06. Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purpose of this Declaration.

Section 11.07. Successors and Assigns. The provisions hereof shall be binding upon and inure to the benefit of the Owners, the Declarant and the Association, and their respective heirs, legal representatives, executors, administrators, successors and assigns.

Section 11.08. Effect of Violations on Mortgagees. No violation of the provisions herein contained, or any portion thereof, shall affect the lien of any mortgage or deed of trust presently or hereafter placed of record or otherwise affect the rights of the mortgagee under any such mortgage, the holder of any such lien or beneficiary of any such deed of trust; and any such mortgage, lien, or deed of trust may, nevertheless, be enforced in accordance with its terms, subject, nevertheless, to the provisions herein contained.

Section 11.09. Terminology. All personal pronouns used in this Declaration and all exhibits attached hereto, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Title of Articles and Sections are for convenience only and neither limit nor amplify the provisions of this Declaration itself. The terms "herein", "hereof" and similar terms, as used in this instrument, refer to the entire agreement and are not limited to referring only to the specific paragraph, section or article in which such terms appear. All references in this Declaration to Exhibits shall refer to the Exhibits attached hereto.

Section 11.10. Effect on Annexable Area. The provisions of this Declaration do not impose any restrictions whatsoever or otherwise encumber the Annexable Area, unless and until portions of the Annexable Area are made subject to the jurisdiction of the Association by a separate instrument executed solely by Declarant or its successors and assigns and any lienholders, which instrument is recorded in the Real Property Records of Montgomery County, Texas.

Section 11.11. Declarant's Rights and Prerogatives. Prior to the Control Transfer Date, the Declarant may file a statement in the Real Property Records of Montgomery County, Texas, which expressly provides for the Declarant's (i) discontinuance of the exercise of any right or prerogative provided for in this Declaration to be exercised by the Declarant or (ii) assignment to any third party owning property in the Subdivision or Annexable Area, of one or more of Declarant's specific rights and prerogatives provided in this Declaration to be exercised by Declarant. The assignee designated by Declarant to exercise one or more of Declarant's rights or prerogatives hereunder shall be entitled to exercise such right or prerogative until the earlier to occur of the (i) Control Transfer Date or (ii) date that said assignee files a statement in the Real Property Records of Montgomery County, Texas which expressly provides for said Assignee's discontinuance of the exercise of said right or prerogative. From and after the date that the Declarant discontinues its exercise of any right or prerogative hereunder and/or assigns its right to exercise one or more of its rights or prerogatives to an assignee, the Declarant shall not incur any liability to any Owner, the Association or any other party by reason of the Declarant's discontinuance or assignment of the exercise of said right(s) or prerogative(s).

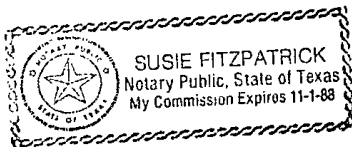
IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand as of March 31, 1988.

Gary Richardson, Trustee  
GARY RICHARDSON, TRUSTEE

STATE OF TEXAS            []  
COUNTY OF MONTGOMERY    []

This instrument was acknowledged before me on 31 day of March 1988, Gary Richardson, Trustee.

Susie Fitzpatrick  
Notary Public in and for  
The State of Texas



JOINER OF LIENHOLDER

The undersigned, Lee McLemore, being the sole owner and holder of existing mortgages and liens upon and against the real property described in the foregoing Declaration as the "Property", as such mortgagee and lienholder, does hereby consent to and join in this Declaration.

This consent and joinder shall not be construed or operate as a release of said mortgages or liens owned and held by the undersigned, or any part thereof, but the undersigned agrees that its said mortgages and liens shall hereafter be upon and against each and all of the Lots and all appurtenances thereto, subject to the restrictions hereby agreed to.



Witness this 31st day of March 1988.

*Lee McLemore*  
Lee McLemore

STATE OF TEXAS []

COUNTY OF FT. BEND []

This instrument was acknowledged before me on March 31st, 1988 by Lee McLemore.

FILED FOR RECORD

83 APR 22 AM 10:40

*Roy Harris*

Return to: GARY RICHARDSON, TRUSTEE  
P.O. Box 525  
Willis, TX 77378

*Carol Valencia*  
Notary Public in and for  
The State of Texas  
My commission expires: 12/9/89

STATE OF TEXAS  
COUNTY OF MONTGOMERY )  
I hereby certify that this instrument was filed  
in File Number Sequence on the date and at the  
time stamped hereon by me, and was duly RECORDED,  
in the official Public Records of Real Property of  
Montgomery County, Texas

APR 22 1988

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*Roy Harris*  
COUNTY CLERK  
MONTGOMERY COUNTY, TEXAS