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DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS FOR

MAY VALLEY VILLAS

After Recording Return To:
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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR MAY VALLEY VILLAS

STATE OF TEXAS §
§
COUNTY OF MONTGOMERY §

This Declaration of Covenants, Conditions and Restrictions for May Valley Villas, is made on the date hereinafter set forth by Beazer Homes Texas, L.P., a Delaware limited partnership, (hereinafter referred to as the "Declarant").

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in Montgomery County, Texas platted as The Woodlands Village of Sterling Ridge Section 100, a subdivision of 9.208 acres with 52 Lots, in 1 Block, and also being out of the James Brown Survey, Abstract 78, according to the map or plat thereof, filed under Document No. 2016059803 (the "Plat") in the Map Records of Montgomery County, Texas (the "Property" and/or "May Valley Villas"); and

WHEREAS, Declarant desires to develop the Property as a residential townhome use subdivision, and to provide and adopt a general plan of development including assessments, conditions, covenants, easements, reservations, and restrictions designed to govern the Property, as applicable; and

WHEREAS, Declarant has deemed it desirable, for the efficient administration of the amenities in said Subdivision and enforcement of the Dedicatory Instruments (hereinafter defined), to create an Association (hereinafter defined) to which shall be delegated and assigned the authority to administer and enforce these assessments, conditions, covenants, easements, reservations and restrictions, including levying, collecting and disbursing the Assessments (hereinafter defined); and

WHEREAS, there has been or will be incorporated one or more non-profit corporations created under the laws of the State of Texas, including the first being the May Valley Villas Homeowners Association, Inc. The directors of the Association either have or will establish certain Bylaws by which the Association shall be governed through its Board of Directors, for the purpose of exercising the functions aforesaid and any other duties as set out in the Bylaws and/or other Dedicatory Instruments (hereinafter defined).

NOW, THEREFORE, Declarant hereby declares that the Property shall be subject to the jurisdiction of the Association, and shall be developed, improved, sold, used and enjoyed in accordance with, and subject to the following plan of development, including the applicable Assessments, conditions, covenants, easements, reservations, and restrictions hereinafter set forth, all of which are hereby adopted for, and placed upon said Property and shall be covenants running with the land and be binding on all parties, now and at anytime hereinafter having or claiming any right, title or interest in the Property or any part thereof, their heirs, executors, administrators, successors and assigns, regardless of the source of, or the manner in which any

such right, title or interest is or may be acquired, and shall inure to the benefit of each Owner of any part of the Property.

The Property is subject to this Declaration which may be amended and/or supplemented from time to time. Additionally, the Property is subject to the Dedicatory Instruments. The Property is also subject to the jurisdiction of the Woodlands Township, a political subdivision of the State of Texas (the "Township"). The Property is further encumbered by certain "Woodlands Governing Documents and Entities" described in detail in Article III hereof. In the event of a conflict between the terms and conditions of this Declaration, the Dedicatory Instruments, and the Woodlands Governing Documents and Entities, the Woodlands Governing Documents and Entities shall control. Further, if any conflict exists between all or any portion of the Declaration, the Dedicatory Instruments, and any amendment and/or supplement thereto, the more restrictive provision shall control. Owners are hereby put on notice that these covenants and the authority of the Association and the ARC (as defined below) are in many cases subordinate to the Woodlands Governing Documents and Entities and any action taken by an Owner, or a condition on any Lot, may necessarily involve a two-step process of obtaining prior approval by the Association and the ARC, which approval may be reversed pursuant to the authority contained in the Woodlands Governing Documents and Entities.

ARTICLE I. DEFINITION OF TERMS

The following words when used herein shall have the following meanings when capitalized (unless the context requires otherwise and then the term is not capitalized):

A. "ARC" means the Architectural Review Committee established for the Property as set forth herein.

B. "Assessment" means the assessments levied against all Lots pursuant to this Declaration, a Supplemental Amendment or other Dedicatory Instrument, for the purposes set out herein/therein or any other charge authorized by this Declaration or other Dedicatory Instrument.

C. "Association" means one or more non-profit corporations, including its successors, assigns, or replacements, created under the laws of the State of Texas, with the first being the May Valley Villas Homeowners Association, Inc. Declarant is hereby authorized to incorporate one or more entities to provide the functions of the Association. No more than one such non-profit corporation shall be in existence at any one time, provided however, the formation of a sub-association is permitted. The Association is a Texas non-profit corporation that has jurisdiction over the Property, as same may be amended from time to time as additional property, if any, is annexed into May Valley Villas as allowed under this Declaration. For purposes of clarity, when "Association" is used herein, that term includes the authority, rights, remedies and obligations of the nonprofit corporation, and the authority of the Board, as defined herein, to carry out the authority, rights, remedies and obligations of the Association.

D. "Board" means the Board of Directors of the Association as provided within the Bylaws.

E. "Builder" means an individual or entity that purchases a single or multiple Lots from the Declarant or its affiliates for the purpose of constructing Dwellings thereon, which Dwellings will be offered for sale to purchasers. "Builder" shall not include an individual or entity constructing additions onto a Dwelling already in existence, performing repairs or maintenance or re-constructing or replacing a Dwelling after demolition or destruction, either partial or complete.

F. "Bylaws" mean the Bylaws of the Association, as they may be amended from time to time.

G. "Common Area" means all real property owned in fee or held in easement, lease, or license by the Association, and any improvements thereon, for the common use and/or enjoyment of the Owners and shall include areas designated by the Declarant to be conveyed by deed or easement to the Association.

H. "Community Wide Standard" means the standard of conduct, maintenance, or other activity generally prevailing throughout the Subdivision. Such standards may be defined in the Guidelines or rules and regulations. Such standards may be specifically determined, and modified, by the Board, with the approval of Declarant during the Development Period.

I. "Declarant" means Beazer Homes Texas, L.P., a Delaware limited partnership, its successors and assigns as same may be evidenced by a written instrument recorded in the real property records of the Montgomery County Clerk's.

J. "Declaration" means this Declaration of Covenants, Conditions, and Restrictions for May Valley Villas, which encumbers the Property, and any other property brought under the control of this Declaration, or any Supplemental Amendment, Annexation Agreement and/or amendment thereto.

K. "Dedicatory Instruments" shall mean each document governing the establishment, maintenance and operation of the Subdivision, including but not limited to the Declaration, Bylaws, Certificate of Formation, and similar instruments governing the administration or operation of the Association, as well as any and all rules, Guidelines and policies, and any supplements or amendments to such documents, enforceable by the Association.

L. "Deed Restriction Violation" means any damage that an Owner or Occupant has caused to the Common Area or a condition on a Lot or an improvement located upon a Lot that does not comply with the terms and conditions of the Dedicatory Instruments covering the establishment, maintenance, and operation of the Subdivision. Failure to pay all amounts due and owing on a Lot shall also be considered a Deed Restriction Violation.

M. "Development Period" means the period of time that Declarant reserves the right to facilitate the development, construction and marketing of the Subdivision or the right to direct the size, shape and composition of the Subdivision, which retained rights shall be vested in the Declarant until Declarant no longer owns any portion of the Property or such time as Declarant assigns or relinquishes all of its retained rights.

N. "Dwelling" means a residential structure constructed on a Lot intended for single family residential use.

O. "Guidelines" means general, architectural, and/or builder guidelines, and application and review procedures, if any, that may set forth various standards relating to exterior harmony of any and all improvements placed upon or constructed on any Lot and/or construction types and aesthetics. There shall be no limitation on the scope of amendments to the Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Guidelines less restrictive. Guidelines are enforceable by the Board.

P. "Hardscape" shall include but not be limited to such items as rocks, landscape timbers, railroad ties, fountains, statuary, sculpture, terracing materials, lawn swings, and yard art.

Q. "Homesite" means a Lot upon which a single-family Dwelling may be erected subject to this Declaration.

R. "Lot" means a parcel of Property defined as one Lot by the Plat and/or any replat thereof recorded in the real property records of Montgomery County, Texas, and encumbered by this Declaration, and restricted to single-family residential use. There shall be an Assessment due for each Lot owned as defined by the then-plat of record. No Lot may be further subdivided and separated into smaller Lots, and no portion less than all of any Lot shall be transferred or conveyed. Notwithstanding anything contained herein to the contrary, this definition shall not include any Lot for so long as it is being used by Declarant as a model home Lot and/or a sales information center.

S. "Member" means an Owner, as defined in this Article, subject to the provisions set forth in this Declaration.

T. "Member in Good Standing" shall mean Declarant and a Member (a) who is not delinquent in the payment of any Assessment against the Member's Lot or any interest, late charges, costs or reasonable attorney's fees added to such Assessment under the provisions of the Dedicatory Instruments or as provided by law, (b) who is not delinquent in payments made pursuant to a payment plan for Assessments, (c) who has not caused damage to the Common Area, (d) who does not have any condition on his Lot which violates any Dedicatory Instrument which has progressed to the stage of a written notice to the Owner of the Owner's right to request a hearing to be held by the Association or its designated committee, or beyond, and which remains unresolved as of the date of determination of the Member's standing, (e) who

has not failed to pay any fine levied against the Member and/or the Member's Lot pursuant to the Dedicatory Instruments, or (f) who has not failed to comply with all terms of a judgment obtained against the Member by the Association, including the payment of all sums due the Association by virtue of such judgment. If one Occupant of a particular Dwelling does not qualify as a Member in Good Standing, then all Occupants of such Dwelling shall not be considered as Members in Good Standing. Additionally, if an Owner of multiple Lots does not qualify as a Member in Good Standing as to one Lot, then such Owner shall not qualify as a Member in Good Standing as to all Lots owned by the Owner.

U. "Occupant" shall mean Owners, residents, tenants, lessees, guests, and invitees of any Lot or Dwelling within the Properties for any period of time.

V. "Outbuildings" shall mean and refer to structures such as (by way of example and not limitation) storage buildings, sheds, greenhouses, gazebos and shade trellises.

W. "Owner" means an owner of any portion of the Property. Persons or entities holding title only as a lienholder shall not be an Owner for purposes of this Declaration.

X. "Property" means all of the property subject to this Declaration as same may be amended and/or supplemented from time to time as additional property is annexed into the Subdivision as allowed under this Declaration.

Y. "Public View" shall mean a condition, structure, item or improvement located on a Lot that is openly visible from or by (i) an individual standing at ground level of at least one neighboring Lot (such neighboring Lot does not have to be adjacent to the Lot with any such condition, structure, item or improvement), (ii) a Common Area, or (iii) a street. "Special Assessment" means an Assessment levied pursuant to the terms set forth herein, for a specific purpose.

Z. "Special Assessment" means an Assessment levied pursuant to the terms set forth herein, for a specific purpose.

AA. "Supplemental Amendment" or "Annexation Agreement" shall mean an amendment or supplement to this Declaration that subjects additional property to this Declaration and/or imposes, expressly or by reference, additional or different restrictions, assessments and/or obligations on the land described therein. The term shall also refer to the instrument recorded by the Declarant or the Association pursuant to the provisions of this Declaration to subject additional property to this Declaration.

BB. "Subdivision" and/or "May Valley Villas" and/or "Property" means the May Valley Villas Subdivision located in Montgomery County, Texas, described hereinabove. The Subdivision is more particularly described on the Plat. The Subdivision may be supplemented as additional land is annexed into the Subdivision by the recording of an Annexation Agreement or Supplemental Amendment.

CC. "Townhome" and/or "Villa" means and refers to a single family residential Dwelling constructed on a fee-simple Townhome Lot. A Villa may be attached by one party

wall with one immediately adjoining Villa. Unless otherwise indicated by context, "Villa" or "Townhome" shall include the Townhome Lot the Townhome or Villa located thereon.

ARTICLE II. PURPOSE AND INTENT

The Subdivision, as initially planned, is intended to be a single-family, residential development that is planned to feature residential uses. This Declaration shall serve as the means by which design, maintenance and use of the Property, and additional property made a part of the Subdivision, will be established.

ARTICLE III. PROPERTY SUBJECT TO RESTRICTIONS

A. Property Initially Encumbered

The Property (as defined hereinabove) is the real property initially encumbered by this Declaration and is therefore a part of the Subdivision. Owners of the Property are Members of the Association and have executed this Declaration.

B. Annexation of Additional Property

Without the joinder of any other Owners or Members, the Declarant reserves the exclusive right for twenty-five (25) years following the recording of this Declaration to annex any additional property into the Subdivision. Such annexation shall be accomplished by the execution and filing for record of a Supplemental Amendment or Annexation Agreement setting forth the land being annexed and/or the specific restrictions relating to such property, if different. Any Supplemental Amendment or Annexation Agreement may contain Assessments, covenants, conditions, restrictions and easements which apply only to the real property annexed and/or may create exceptions to, or otherwise modify, the terms of this Declaration as they may apply to the real property being annexed in order to reflect the different or unique character and/or intended use of such real property.

The right of the Declarant to annex land under this Section shall automatically pass to the Association upon the expiration of the twenty-five (25) year term granted above, or the expiration of the Development Period.

C. De-annexation of Property

During the Development Period, the Declarant, without the joinder of any other Owners or Members, may deannex from the Subdivision any property owned by the Declarant. During the Development Period, property not owned by the Declarant may be deannexed with the prior written consent of the Declarant and the Owner thereof.

D. Other Applicable Covenants; Woodlands Township

In addition to this Declaration, each Villa within May Valley Villas also shall be subject to one or more of the following Woodlands Governing Documents:

(1) that certain instrument entitled Covenants, Restrictions, Easements, Charges and Liens for The Woodlands recorded under Clerk's File No. 9348561 in the Official Public Records of Montgomery County, Texas (as may be amended and supplemented from time to time, the "WCA Covenants");

(2) that certain Memorandum of Transfer and Succession of the Woodlands Community Association, The Woodlands Association, and the Woodlands Commercial Owners Association to the Woodlands Township, recorded under Clerk's File No. 2009-116493 in the Official Public Records of Montgomery County, Texas

(3) that certain Agreement with Regards to Delegation of Covenant Responsibilities from the Development Review Committee to the Development Standards Committee, recorded under Clerk's File No. 2010026343 in the Official Public Records of Montgomery County, Texas

(4) that certain First Amendment to Agreement With Regard to Delegation of Covenant Responsibilities, recorded under Clerk's File No. 2011076399 in the Official Public Records of Montgomery County, Texas

(5) that certain Annexation of Additional Lands to the Property Subject to the Covenants, Restrictions, Easements, Charges and Liens of the Woodlands (TWA), filed of record under Clerk's File No. 2016066628'

(6) that certain Initial Land Use Designation, filed of record under Clerk's File No. 2016081708 in the Official Public Records of Montgomery County, Texas (the "ILUD").

The WCA Covenants and the ILUD are sometimes referred to individually or collectively, as applicable, in this Declaration as the "Other Applicable Covenants." With respect to particular portions of the Subdivision, a reference to the Other Applicable Covenants shall be deemed to be a reference only to such of the Other Applicable covenants which apply to such portion of the Subdivision.) To the extent they encumber the same property, the Other Applicable Covenants shall have priority over this Declaration.

One or more recorded annexation and assignment instruments entered into by and between Declarant, the Woodlands Township, and the Association ("Annexation Instrument") have or will subject the Subdivision to particular Other Applicable Covenants. An annexation Instrument governs the Woodlands Township with respect to that portion of the Subdivision over which it has jurisdiction. In accordance with the Annexation Instrument, certain of the Woodlands Township's rights, powers, and authority under the Other Applicable Covenants may be assigned and delegated to the Association and Declarant, including, without limitation, the creation, administration, and enforcement of architectural, design, and construction standards within May Valley. As set forth in this Declaration, with respect to such delegated authority, the Association may act by and through the Board, its agents, assigns, or committees, including the ARC. Each Owner, by accepting a deed or entering into a recorded contract of sale for a Townhome within the Subdivision, acknowledges and agrees that the Association and Declarant

shall have such rights and authority as are assigned and delegated under an applicable Annexation Instrument.

Among other things, each Owner of a Townhome subject to this Declaration shall be subject to assessment by the Woodlands Township in accordance with Other Applicable Covenants. Assessments levied by the Woodlands Township are in addition to assessments levied by the Association under this Declaration.

The Woodlands Township has the rights and responsibilities which are described in and governed by the Other Applicable Covenants, as applicable, and by their respective Bylaws and articles of incorporation. In the event of a conflict between the governing documents and the Other Applicable Covenants with respect to the rights and responsibilities of the Woodlands Township, the Other Applicable Covenants shall control.

The Association may, but shall not be obligated to, enforce the provisions of any of the Other Applicable Covenants, as they apply to Townhomes within the Subdivision.

ARTICLE IV. ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

A. Eligibility

Eligibility to vote or serve as a director or officer of the Board, after the expiration of the term of the initial Board shall be predicated upon that person being a Member of the Association. Nothing contained herein creates a fiduciary duty owed by the Board to the Members of the Association.

B. Membership

Declarant and every record Owner shall be a Member of the Association, excluding therefrom persons or entities holding an interest in the land merely as security for the performance of an obligation (such as a mortgagee, or holder of any other lien against property), unless that holder of the security interest foreclosed and thereby became the Owner of the Lot(s).

Membership is appurtenant to and runs with the land. Membership is not severable as an individual right and cannot be separately conveyed to any party or entity. Any one (1) Owner shall have no more than one (1) Membership in the Association. All duties and obligations set forth in this Declaration are the responsibility of each Member. No waiver of use of rights of enjoyment created by this Declaration shall relieve Members or their successors or assigns of such duties or obligations. Mandatory membership shall begin with the execution of this Declaration and pass with title to the land (regardless of any method of conveyance) to any subsequent grantee, successor, or assignee of Members. Members in Good Standing shall have the right to the use and enjoyment of the Common Area in the Subdivision. Owners who are not Members in Good Standing may be prohibited from utilizing Common Areas in the Subdivision.

C. Voting Rights

The Association shall initially have two (2) classes of membership, being Class A Members and Class B Members, as follows:

1. Class A Membership

Class A Members shall be all Members with the exception of Class B Members, if any. Each Class A Member's voting rights shall be based on the number of Lots owned and shall be determined as follows:

One (1) vote shall be granted to Class A Members for each Lot owned.

Multiple Owners of any single Lot must vote in agreement (under any method they devise among themselves), but in no case shall such multiple Owners cast portions of votes. The vote attributable to any single Lot must be voted in the same manner (i.e. all Owners of the Lot for, or all Owners of the Lot against a particular issue) but in no event can there be more than one Class A vote cast per Lot.

2. Class B Membership

Class B Members shall be the Declarant and any entity upon which Declarant, in its sole discretion, may confer Class B status in the Association. Declarant shall be entitled to three (3) times the total number of votes allocated to Class A Members. The Declarant's Class B Membership shall terminate upon the earliest to occur of the following:

a. When Declarant no longer owns any real property within the Subdivision; or

b. Such time as Declarant, in its sole discretion, so determines, provided however, that Declarant may assign its rights in whole or in part, permanent or temporary, at any time.

Declarant shall have the continuing right, at any time prior to the termination of Declarant's Class B Membership, without the joinder or consent of any other Owner, entity, lender or other Person, to confer Class B status in the Association on any Owner (with such Owner's consent), solely with respect to voting rights and/or Assessments (the "Conferral"). Provided, however, any such Conferral of Class B status does not have to be uniform as to all Class B Members. Declarant shall evidence such Conferral of Class B status by filing in the Official Public Records of Montgomery County, Texas, an instrument specifying the name and address of the party upon which Class B status has been conferred, setting forth a legal description for all of the real property to which such Class B conferral applies, and setting forth the terms of such Conferral. The Class B status so conferred by Declarant shall terminate and such Owner shall become a Class A Member of the Association, upon the earliest to occur of the following:

a. Termination of Declarant's Class B status in the Association, as provided herein; or

b. A material violation by such Class B Member of any terms and conditions of the Conferral which has not been cured after the Class B Member has received notice of such violation and has failed to cure such violation; or

c. Expiration of the term of the Conferral, if any, provided in the Conferral.

Declarant shall retain the authority to appoint two-thirds (2/3) of the members of the Board of Directors of the Association until such time as Declarant no longer owns any portion of the Property.

Upon termination of Declarant's authority to appoint two-thirds (2/3) of the members of the Board of Directors of the Association, any remaining Class B Members shall be converted to Class A Members and elections shall be held to elect the members of the Board of Directors of the Association (who must be Members of the Association) pursuant to the provisions of the Certificate of Formation and the Bylaws of the Association. In the event Class B Membership terminates pursuant to the above provisions, and thereafter additional property is annexed into the jurisdiction of the Association, which results in the Declarant owning property in the Subdivision, only Declarant's Class B Membership shall be restored (no other previously designated Class B membership shall be restored), until it again terminates as specified in (1), (2) or (3) above. Notwithstanding anything contained herein to the contrary, the Declarant may assign, temporarily or permanently, all or a portion of its rights as Declarant to any person(s).

D. Voting Procedures

Class A and Class B members shall exercise their votes as set out in the Dedicatory Instruments.

E. Right to Appoint/Elect Board of Directors

Declarant shall retain the authority to appoint all members of the Board until on or before the 120th day after the date that seventy-five percent (75%) of the Lots that may be created and made subject to the Declaration (as set forth hereinafter) are conveyed to Owners other than the Declarant or to a builder in the business of constructing homes who purchased the Lots from the Declarant for the purpose of selling completed homes built on the Lots, at which time one-third (1/3) of the Board members (who must be Members of the Association) must be elected by the Owners other than the Declarant, as set forth in the Bylaws.

After such date, Declarant shall retain the authority to appoint the remaining two-thirds (2/3) of the members of the Board until such time as Declarant no longer owns any portion of the Property. The Declarant may assign the Association its authority to appoint some or all (as applicable) members of the Board, with such assignment evidenced by an instrument recorded in the Official Public Records of Montgomery County, Texas.

Upon termination of Declarant's authority to appoint two-thirds (2/3) of the members of the Board, any remaining Class B Members shall be converted to Class A Members and elections shall be held to elect the members of the Board (who must be Members of the Association) pursuant to the provisions of the Certificate of Formation and the Bylaws of the Association. In

the event Class B Membership terminates pursuant to the above provisions, and thereafter additional property is annexed into the jurisdiction of the Association, which results in the Declarant owning property in the Subdivision, only Declarant's Class B Membership shall be restored (no other previously designated Class B Membership shall be restored), until it again terminates as specified hereinabove. Notwithstanding anything contained herein to the contrary, the Declarant may assign, temporarily or permanently, all or a portion of its rights as Declarant to any person(s).

ARTICLE V. EFFECTIVE DATE OF DECLARATION

This Declaration shall be effective as of the date this document is recorded in the Real Property Records of Montgomery County, Texas.

ARTICLE VI. USE RESTRICTIONS

Notwithstanding anything contained herein to the contrary, the provisions of this Article VII, "Use Restrictions" shall apply only to Lots unless other portions of the Property are specifically included in said provisions.

A. Residential Uses Permitted

Homesites within the Subdivision shall be used exclusively for single-family residential purposes. The term "single-family" as used herein shall refer not only to the architectural design of the Dwelling but also to the permitted number of inhabitants, which shall be limited to a single family, as defined below. Single-family shall mean the use of and improvement to a Lot with no more than one building designed for and containing facilities for living, sleeping, cooking, and eating therein. In no case may a Lot contain more than one Dwelling. No multi-family Dwellings may be constructed on any Lot. No building, Outbuilding or portion thereof shall be constructed for income property or such that Occupants would occupy less than the entire Lot and/or Homesite.

It is permitted for Owners to lease a Dwelling in the Subdivision, so long as Occupants comprise a single family (as defined herein) and are leasing the entire land and improvements comprising the Homesite. Leasing a Dwelling for residential purposes shall not be considered a "business", provided that the Owner and any other Owners with whom such Owner is affiliated do not collectively lease or offer for lease more than one Dwelling at any time. This provision shall not preclude the Association or an institutional lender from leasing a Dwelling upon taking title following foreclosure of its security interest in the Dwelling or upon acceptance of a deed in lieu of foreclosure. "Leasing" for purposes of this Declaration, is defined as occupancy of a Dwelling by any person other than the Owner, for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. Provided, however, "leasing" for purposes of this Declaration shall not include vacation rental by Owner, boarding house, or bed and breakfast and such uses are prohibited. No fraction or portion of any Dwelling may be leased or rented. All leases must be in writing and shall contain such terms as the Board may prescribe from time to time. All leases shall provide that they may be terminated in the event of a violation of the Declaration or the Dedicatory Instruments by an Occupant or Occupant's family, and the Board, in its sole discretion, may require termination by the Owner

and eviction of the Occupant in such event. Rental or lease of the Lot and Dwelling shall not relieve the Owner from compliance with this Declaration or the Dedicatory Instruments.

No Dwelling may be occupied by more than one single family. By way of illustration, the following is an example of an approved single family:

RESIDENT 1 AND RESIDENT 2 RESIDE IN DWELLING.
Additional approved residents are:

a) children of either or both residents;
b) no more than a total of 2 parents of the residents;
c) one unrelated person; and
d) one household employee.

It is not the intent of this provision to exclude from a Lot any individual who is authorized to so remain by any state or federal law. If it is found that this provision is in violation of any law, then this provision shall be interpreted to be as restrictive as possible to preserve as much of the original provision as allowed by law.

B. Non-Permitted Uses

1. No trade or business may be conducted in or from any Dwelling, Lot or Homesite, except such use within a Dwelling where (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Dwelling; (b) the business activity conforms to all governmental requirements and other Dedicatory Instruments applicable to the Property; (c) the business activity does not involve visitation to the Dwelling or Homesite by clients, customers, suppliers or other business invitees or door-to-door solicitation of Occupants of the Subdivision; and (d) the business activity is consistent with the residential character of the Property and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Subdivision, as may be determined in the sole discretion of the Board. The uses set out in this Section 1 (a) through (d) shall be referred to singularly or collectively as an "Incidental Business Use." At no time may an Incidental Business Use cause increased parking or traffic within the Subdivision. Any increased parking or traffic within the Subdivision as a result of an Incidental Business Use shall be deemed to be a Deed Restriction Violation. A day-care facility, home day-care facility, church, nursery, pre-school, beauty parlor, or barber shop or other similar facility is expressly prohibited.

The terms "business" and "trade" as used in this provision shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis that involves the manufacture or provision of goods for or to persons other than the Occupant's family, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does not generate a profit; or (iii) a license is required therefor. Notwithstanding the above, the leasing of a Dwelling shall not be considered a trade or business within the meaning of this Section. This Section does not apply to any activity

conducted by the Declarant, or by a Builder with approval of the Declarant, with respect to its development and sale of the Property. Garage sales, attic sales, moving sales, or yard sales (or any similar vending of merchandise) conducted on any Homesite more than once per year shall be considered business activity and therefore prohibited. The Association may, but is not required to, adopt rules and regulations regarding such sales. Notwithstanding anything contained herein to the contrary, estate sales are expressly prohibited.

2. No vehicles displaying signs or advertising shall be permitted to be parked within Public View in the Subdivision, other than service vehicles contracted by Owners to perform specific services. No vehicles with more than two axles shall be permitted to be parked or stored for a period in excess of twelve (12) hours per week in the Subdivision, without prior written permission of the Board, whose approval may be issued or withheld at its sole and absolute discretion.

3. No livestock, domestic or wild animals, nor plants or crops shall be raised on any Homesite, Lot, or any portion of the Property for the purpose of breeding or selling same, whether for profit or not. Exchange of such animals, plants or produce for anything of value to the seller shall constitute a sale of the merchandise and therefore prohibited under this provision.

C. Animals and Pets

No animals, livestock, including swine or poultry of any kind, shall be raised, bred, or kept on any portion of the Subdivision, except that dogs, cats, or other usual and common household pets, not to exceed a total of two (2) pets, may be permitted in or on a Homesite or in a Dwelling. The foregoing limitation on number of pets shall not apply to hamsters, small birds, fish or other constantly caged animals kept inside the Dwelling, nor shall it apply to require the removal of any litter born to a permitted pet prior to the time that the animals in such litter are three (3) months old. No pets are permitted to roam free. No animals or pets shall be kept, bred, or maintained for any commercial purpose. Dogs and cats shall at all times whenever they are outside a Dwelling and/or fence, be confined on a leash which must be held by a responsible person.

D. Antennas

No exterior antennas, aerials, satellite dishes, or other apparatus for the reception of television, radio, satellite or other signals of any kind shall be placed, allowed, or maintained upon any portion of the Subdivision, including any Homesite, which is visible from any street, Common Area or other Lot unless it is impossible to receive signals from another location. In that event the receiving device may be placed in a visible location as approved by the ARC. The ARC may require as much screening as possible while not substantially interfering with reception. No satellite dishes shall be permitted which are larger than one (1) meter in diameter. No exterior antennas, aerials, satellite dishes, or other apparatus which transmit television, radio, satellite or other signals of any kind shall be placed, allowed, or maintained upon any portion of the Property. The Declarant, by promulgating this Section, is not attempting to violate the

Telecommunications Act of 1996 (the "1996 Act"), as same may be amended from time to time. This Section shall be interpreted to be as restrictive as possible while not violating the 1996 Act.

In the event that it is impossible to receive a signal from a non-visible location, the installation of antennas shall be subject to rules and regulations which may be promulgated by the Board setting out preferred alternate locations for antennas.

Declarant and the Association shall have the right, without the obligation, to erect an aerial, satellite dish, or other apparatus (of any size) for a master antenna, cable, or other communication system for the benefit of all or any portion of the Subdivision, should any master system or systems require such exterior apparatus.

E. Basketball Goals and Backboards

During the Development Period, no basketball goal, net and/or backboard may be kept, placed or mounted upon any Lot or kept, placed, attached or mounted to any fence or Dwelling. If any basketball goal, net and/or backboard is placed within the Subdivision in violation of this Declaration, the Association or its agents shall be authorized to exercise its Self Help remedy, as set forth in this Declaration, to bring the Owner's Lot into compliance with this provision. After the expiration of the Development Period, the Board may adopt rules and regulations permitting basketball goals.

F. Drilling

No drilling or related operations of any kind shall be permitted upon, under, on or in any Lot, nor shall any wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot, including water wells for potable or non-potable uses.

G. Exterior Seasonal Decorations

The display of exterior seasonal decorations, by way of illustration but not limited to lights, banners, flags, wreaths, shall be subject to reasonable rules and regulations, if any, promulgated by the Board. Such rules may address the appearance and length of time of such display. Such display shall be maintained and kept in good condition at all times. If any exterior seasonal decorations are placed, or remain, within the Subdivision in violation of this Declaration or the Dedicatory Instruments, the Board or its agents shall be authorized to exercise its Self Help remedy, to bring the Owner's Lot into compliance with this provision.

H. Flags and Flagpoles

The size, number, and placement of flagpoles, and the display of flags within the Subdivision, shall be subject to any applicable Guidelines, rules or policies adopted by the Board. The Declarant, by promulgating this Section, is not attempting to violate any local, state or federal law. This Section shall be interpreted to be as restrictive as possible while not violating any laws of the State of Texas and/or the United States of America.

I. General Nuisances

No portion of the Subdivision shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, animal, or material be kept upon any portion of the Subdivision that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, comfort, or serenity of the Owners and/or Occupants of surrounding Lots and users of the Common Areas.

No noxious, illegal, or offensive activity shall be carried on upon any portion of the Subdivision, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any portion of the Subdivision. There shall not be maintained any plants, animals, device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Subdivision. No outside burning of wood (except for wood burned in approved outdoor fire pits and fireplaces), leaves, trash, garbage or household refuse shall be permitted within the Subdivision. No speaker, horn, whistle, bell or other sound device, except alarm devices used exclusively for residential monitoring purposes, shall be installed or operated on the Property, unless required by federal, state or local regulation. The use and discharge of firecrackers and other fireworks is prohibited within the Subdivision.

It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Lot or Homesite. The pursuit of hobbies or other visible activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, that might tend to cause disorderly, unsightly, or unkempt conditions, may not be pursued or undertaken on any part of the Subdivision. Notwithstanding the above, the disassembly and assembly of motor vehicles to perform repair work may be permitted provided such activities are not conducted on a regular or frequent basis, and are either conducted entirely within an enclosed garage or, if conducted outside, are begun and completed within twelve (12) hours.

Notwithstanding anything contained herein to the contrary, the Association shall have the right but not the obligation to enter upon any Common Area and/or street right-of-way and remove signs not authorized by the Board in advance, and/or to regulate (including, but not limited to, the prohibition of) street vending and similar non-approved activities.

No portion of the Subdivision shall be used, in whole or in part, in a way that creates a nuisance within the Subdivision. Activities or conditions constituting a nuisance are incapable of exhaustive definition which will fit all cases, but they can include those activities and conditions that endanger life or health, give unreasonable offense to senses, or obstruct reasonable use of property. Those activities or conditions that cause minor and/or infrequent disturbances resulting from ordinary life activities within a deed restricted community are not intended to constitute a nuisance. Whether such activity or condition constitutes a nuisance will be determined by the Association. The Association may adopt rules or policies to further define what constitutes a nuisance, as warranted.

J. Generators

The size, number, placement, and other characteristics of standby electric generators within the Subdivision shall be subject to any applicable Guidelines, rules or policies adopted by the Board.

K. Monuments and Fences

The Declarant and the Association, including their respective designees, are hereby granted an easement to place, maintain and repair a monument or marker within the Subdivision.

Fencing on all Lots within the Subdivision shall be as set forth in the Guidelines or other Dedicatory Instrument and shall be subject to prior written approval by the ARC. Unless otherwise set forth herein or in another Dedicatory Instrument, Owners shall be responsible for the maintenance, repair and/or replacement of all fences in existence on their Lot at the time of their purchase of the Lot. Replacement fences shall be of a similar material and design as originally constructed. The maintenance of any portion of a fence which lies between Lots shall be the joint responsibility of the Lot Owners on whose property the fence lies between. In the event an Owner fails to repair, replace or maintain any fence in a manner consistent with the Community Wide Standard in the sole discretion of the Board, the Board may exercise its Self Help remedy pursuant to the terms set forth in this Declaration, and shall have the right, but not the obligation, through its agents, contractors and/or employees to enter such Lot for the repair and/or replacement of such fence after notice to the Owner. Any expense incurred by the Association in effectuating such repairs/replacement shall be the responsibility of the Owner(s) having such obligation to maintain, or will be split evenly between adjoining Lot Owners if a common fence is involved, and shall be secured by the continuing lien on the Lot.

L. Outbuildings

Outbuildings shall not be constructed or placed on a Lot within the Subdivision without the prior written approval of the ARC. Reasonable Guidelines may be established from time to time addressing factors including, but not limited to, the appearance, type, size, quality and location of Outbuildings on a Lot.

M. Outside Storage and Trash Collection

No equipment, machinery, or materials of any kind or nature shall be stored on any Homesite forward of the fence at the front wall of the Dwelling situated thereon, unless the equipment, machinery or materials is being used temporarily (not more than one week) and is incident to repair or construction of the Dwelling or Homesite. All equipment, machinery, and materials shall be properly stored out of sight of every other Homesite immediately after use of such item, and all trash, debris, excess, or unused materials or supplies shall likewise be disposed of immediately off of the Homesite, or stored out of view until trash collection occurs.

Trash may only be placed outside for collection the evening before collection. Such trash must be contained to protect from animals or spillage and trash cans must be removed from sight the same evening of collection. No outdoor incinerators shall be kept or maintained on any Lot.

N. Parking and Prohibited Vehicles

No commercial vehicles or non-motorized vehicles, by way of example and not limitation, tow trucks, plumbing or similar service type vans or trucks, boat, trailer, marine craft, recreational vehicle, camper rig off of truck, hovercraft, aircraft, machinery or equipment of any kind may be parked or stored on any part of any Lot, street, easement, or right-of-way, unless such vehicle or object is completely concealed from Public View inside a garage or enclosure approved by the ARC.

Passenger automobiles, passenger vans, motorcycles, or pick-up trucks that: (a) are in operating condition; (b) are qualified by current vehicle registration and inspection stickers; (c) are currently licensed and in daily use as motor vehicles on the streets and highways of the State of Texas; (d) do not exceed Eighty inches (80") in height, or One Hundred inches (100") in width and (e) have no advertising or signs located thereon, may be parked in the driveway on a Lot, however, no vehicle shall be parked so as to obstruct or block a sidewalk or be parked on a grassy area. The restriction concerning advertising and signs shall not apply to any vehicles, machinery, or equipment temporarily parked and in use for the construction, repair or maintenance of a Dwelling in the immediate vicinity. Storage of any vehicles in the street is prohibited. Storage shall mean the parking of a vehicle for the shorter of: (i) seventy-two (72) consecutive hours or (ii) seven (7) days in any calendar month, whichever occurs first.

Vehicles to be parked on a Homesite must meet the restrictions of this Declaration and the Dedicatory Instruments, and at all times be operable (unless otherwise completely concealed in an enclosed garage), have current license tags, current state inspection stickers, and comply with current mandatory insurance under the laws of the State of Texas. Any vehicle not in daily use as a motor vehicle on the streets and highways of the State of Texas and not in compliance with the foregoing shall be considered stored on the property and such storage is strictly prohibited unless same is completely concealed in an enclosed garage. A vehicle that cannot physically fit within the designed garage of the Dwelling with the door closed will be construed as a vehicle not incident to residential use of a Homesite. Additional rules and regulations for the use, maintenance and parking on private and/or public streets may be promulgated by the Board.

Recreational vehicles, such as mobile homes, motor homes, campers, and boats are not considered vehicles incident to the residential use of a Homesite and therefore are not permitted to be stored outside of the garage or ARC approved enclosure on a Homesite for any period of time greater than forty-eight (48) hours. A recreational vehicle with not more than two (2) axles may be parked in front of or on the Homesite for up to forty-eight (48) hours for loading, and unloading only.

Parking of any vehicle other than in a driveway or within an enclosed garage of a Homesite or other paved area provided for parking is expressly prohibited. The Owners of any Lot, by virtue of ownership of a Lot within the Subdivision, hereby contractually covenant and agree that the Association has jurisdiction over the public streets within the Subdivision, and shall have the right without the obligation to enforce the ban on parking on the public streets.

Notwithstanding anything contained herein to the contrary, the Board may promulgate parking rules which may change the dimensions of permitted vehicles and/or the length of time for temporary parking or storage of vehicles. If there is a conflict between this Section and parking rules promulgated by the Board, the parking rules shall control.

The Association may establish from time to time reasonable rules regarding the use, maintenance and parking of vehicles on public streets, and the Association has discretion to determine the various types of vehicles that fall within the scope of any such rules.

O. Play Structures

Play Structures (as defined herein) shall not be constructed or placed on a Lot within the Subdivision without the prior written approval of the ARC. Guidelines may be established from time to time regarding play forts, play houses, swing sets and other recreational equipment ("Play Structures"), taking into account such factors including but not limited to the overall height, size, location and number of Play Structures placed on a Lot. In setting the Guidelines, factors including but not limited to the size and configuration of the Lot, the location of the Lot in the community, the location of the Play Structure on the Lot, the type of fencing on the Lot and visibility of the Play Structure from streets, other Lots, or the Common Areas may be taken into account.

P. Screening

No Owner or Occupant of any portion of the Property shall permit the keeping of articles, goods, materials, utility boxes, refuse, trash, storage tanks, or like equipment on the Property which may be considered a nuisance or hazard in the sole discretion of the Board. Air conditioners, utility boxes, garbage containers, antennas to the extent reasonably possible and pursuant to the terms set forth herein, or like equipment, shall not be kept in Public View and must be placed in a location first approved in writing by the ARC. Such screen shall be of a height at least equal to that of the materials or equipment being stored, but in no event shall such screen be more than six feet (6') in height. Added screening must also be provided to shield such stored materials and equipment from grade view from adjacent Dwellings or Common Area. Utility boxes must be screened so that they are not visible from the street and as may be set out in the Guidelines. A combination of trees, hedges, shrubs or fences should be used as screening material, as same may be set out in the Guidelines. All screening designs, locations, and materials are subject to prior written ARC approval. Any such screening installed must be maintained in a clean and neat manner at all times, and may not detract from the appearance of the Subdivision.

Q. Signs

No sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Dwelling, fence or other improvement upon such Lot so as to be visible from Public View except the following:

1. For Sale Signs. An Owner may erect one (1) sign on his Lot, not exceeding 2'x3' in area, fastened only to a stake in the ground and extending not more than three (3') feet above the surface of such Lot advertising the property for sale.

2. Political Signs. Pursuant to Texas Property Code §202.009, or its successor statute, political signs are approved as temporary signage on Lots for all local, state, or federal election purposes, provided that they meet the following criteria:

(a) Maximum sign size cannot exceed 4 feet by 6 feet.
(b) Signs must be ground-mounted. No sign can be mounted on any exterior part of the dwelling, garages, patios, fences or walls.
(c) Signs may be posted not more than 90 days prior to the election and must be removed within 10 days after the election.
(d) Signs may not contain roofing material, siding, paving materials, flora, one or more balloons or lights, or any other similar building, landscaping, or nonstandard decorative component.
(e) No sign can be attached in any way to plant material, a traffic control device, a light, a trailer, a vehicle, or any other existing structure or object.
(f) No sign may involve the painting of architectural surfaces.
(g) No sign may threaten the public health or safety or violate a law.
(h) No sign may contain language, graphics or any display that would be offensive to the ordinary person.
(i) No sign may be accompanied by music or other sounds or by streamers or is otherwise distracting to motorists.
(j) Political signs are prohibited on any Common Area or facilities owned by the Association, including any public street right of way utility easements.
(k) Only one sign per candidate or ballot item shall be allowed

3. School Spirit Signs. Signs containing information about one or more students residing in the Dwelling and the school they attend shall be permitted so long as the sign is not more than 36" x 36" and is fastened only to a stake in the ground. There may be no more than one sign for each student residing in the Dwelling, and said signs may not be displayed more than ten (10) days in any calendar month, for more than three (3) months in a calendar year.

4. Security Signs/Stickers. Signs or stickers provided to an Owner by a commercial security or alarm company providing service to the Dwelling shall be permitted so long as the sign is not more than 8" x 8" or the sticker is no more than 4" x 4". There shall be no more than one sign and no more than six (6) stickers located on the windows or doors. Stickers shall also be permitted upon windows and doors for a "Child Find" program or a similar program sponsored by a local police and/or local fire department.

All signs and emblems within the Subdivision are subject to Guidelines that may be promulgated by the Board and/or the ARC.

A Builder and/or the Declarant may place certain information and advertising signs on Lots without the prior permission of the ARC, so long as such signs are similar to those listed as acceptable for Builder use in the Guidelines, and so long as such signs do not otherwise violate this Declaration.

If any sign is placed within the Subdivision, including but not limited to the streets, street right-of-ways, and Common Areas, in violation of this Declaration or the Dedicatory Instruments, the Board or its agents shall have the right but not the obligation to enter upon any Lot, Homesite, street, street right-of-way, or Common Areas and remove and/or dispose of any such sign violation, and in doing so shall not be subject to any liability for trespass, other tort or damages in connection with or arising from such entry, removal and/or disposal nor in any way shall the Association or its agent be liable for any accounting or other claim for such action.

Guidelines may be established from time to time addressing the display of signs, including but not limited to billboards, posters, school activities, political signs, security signs/stickers and advertising devices within the Subdivision. The right is reserved by Declarant to construct and maintain, or to allow Builders to construct and maintain signs and other advertising devices on land they own and on the Common Area as is customary in connection with the sale of developed tracts and newly constructed residential Dwellings. In addition, the Declarant and the Association shall have the right to erect and maintain directional and informational signs along the streets within the Property and identifying signs and monuments at entrances to the Subdivision.

R. Swimming Pools/Spas

No above ground swimming pools are permitted. All swimming pools and spas require prior written approval by the ARC as set forth herein.

S. Tree Removal

No trees greater than three (3) caliper inches to be measured at a point six (6) inches above grade shall be removed, except for diseased or dead trees and trees needing to be removed to promote the growth of other trees or for safety reasons, unless approved in writing by the ARC. In the event of an intentional or unintentional violation of this Section, the violator may be required to replace the removed tree with one (1) or more comparable trees of such size and number, and in such locations, as the Board may determine necessary, in its sole discretion, to mitigate the damage.

T. Window Air Conditioning Units

No window or wall type air conditioners shall be permitted to be used, placed or maintained on or in any building on the Lots, with the exception that window or wall type air conditioners shall be permitted for the benefit of a garage if such air conditioning unit is located at the rear of the garage unit and is screened from Public View. All window air conditioning units require prior written ARC approval as set forth herein.

All livings areas within the home, including any room additions, must be centrally air-conditioned, unless otherwise approved by the ARC. Units that are alternatives to centrally air-conditioned units must be screened from Public View, and will require ARC approval.

U. Wind Turbines

No device used to convert wind into energy, including by way of illustration and not limitation, wind turbines, wind pumps, wind chargers and windmills, shall be permitted to be used, placed or maintained in any location within the Subdivision. Provided, however, this provision does not apply to Common Areas within the Subdivision. The Board shall have the sole discretion to determine what devices are prohibited pursuant to this provision.

V. Window Treatments

Within three (3) months of occupying a Dwelling on any Homesite, an Owner shall install appropriate window treatments in keeping with the Community Wide Standard. Appropriate window treatments would include, by way of illustration and not limitation, curtains and draperies with backing material of white, light beige, cream, light tan, or light gray; blinds or miniblinds of the same colors or natural wood; and/or shutters of the same colors or natural wood. No other window treatment color may be visible from the exterior of the Dwelling. The Board shall have the sole discretion to determine what window treatments are appropriate.

Expressly prohibited both before and after the initial three (3) months of occupancy are any temporary or disposable coverings not consistent with the Community Wide Standard, such as reflective materials, newspapers, shower curtains, fabric not sewn into finished curtains or draperies, other paper, plastic, cardboard, or other materials not expressly made for or commonly used by the general public for window coverings in a residential subdivision of the same caliber as the Subdivision.

ARTICLE VII. COMMON AREA

The Board, subject to the rights of the Members set forth in this Declaration and any amendments or Supplemental Amendments thereto, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon and shall keep it in good, clean, attractive and sanitary condition. No Owner or Occupant may appropriate any portion of the Common Area or any improvement thereon for his or her own exclusive use. Any Owner or Occupant that causes damage to the Common Area shall be financially responsible for said damage. The cost of repair, if not timely paid by the Owner (subject to any notice that may be required by law), shall be assessed against the Owner's Lot and secured by the continuing lien set forth in this Declaration.

The Declarant, and its designees, may transfer or convey at any time to the Association interests in real or personal property within or for the benefit of the Subdivision, and the Association is hereby obligated to accept such transfers and conveyances, even if such transfer or conveyance occurs after the termination of the Development Period. Such property may be improved or unimproved and may consist of fee simple title, easements, leases, licenses, or other real or personal property interests. Real property transferred to the Association by the Declarant, or its designees, may be transferred via a deed without warranty; provided, however, the property shall be transferred free and clear of all liens and mortgages at the time of such transfer. Upon the Declarant's written request, the Association shall reconvey to the Declarant any unimproved real property that the Declarant originally conveyed to the Association for no payment, to the

extent conveyed in error or needed to make minor adjustments in property lines or accommodate changes in the development plan.

Owners hereby covenant (i) not to possess any Common Area in any manner adverse to the Association, and (ii) not to claim or assert any interest or title in any Common Area. Owners hereby waive their right to adversely possess any Common Area, and hereby acknowledge and agree that any claim of adverse possession by an Owner of any Common Area shall be void.

ARTICLE VIII. NOTICES AND EASEMENTS

A. Easements for Green Belt, Common Area and Other Landscape Reserves

The Declarant and Association reserve for themselves and their successors, assigns and designees the non-exclusive right and easement, but not the obligation, to enter upon the green belts, and landscape reserves (if any) located within the Property (a) to install, keep, maintain and replace pumps in order to obtain water for the irrigation of any of the Common Area and (b) to remove trash and other debris and fulfill their maintenance responsibilities as provided in this Declaration. Declarant's rights and easements hereunder shall automatically terminate at such time as Declarant shall cease to own any portion of the Property subject to the Declaration. The Declarant, the Association, and their designees shall have an access easement over and across any portion of the Property abutting or containing any portion of any of the green belts and landscape reserves to the extent reasonably necessary to exercise their rights and responsibilities under this Declaration.

There is further reserved, for the benefit of Declarant, the Association, and their designees, a perpetual, non-exclusive right and easement of access and encroachment over Common Areas in order to enter upon and across such portions of the Property for the purpose of exercising rights and performing obligations under this Declaration. All persons entitled to exercise these easements shall use reasonable care in, and repair any damage resulting from, the intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other person or entity liable for damage resulting from flood due to hurricanes, heavy rainfall, or other natural disasters.

There is further reserved for the Declarant, the Association and/or their designees an easement for the over spray of herbicides, fungicides, pesticides, fertilizers, and water over portions of the Subdivision located adjacent to the Common Area, any landscape/open space reserves, or greenbelts.

B. Easements to Serve Additional Property

The Declarant and Association, including their duly authorized agents, representatives, and employees, designees, successors, assignees, licensees and mortgagees, shall have and there is hereby reserved an easement over the Common Areas for the purposes of enjoyment, use, access and development of any annexed property, whether or not such Property is made subject to this Declaration. This easement includes but is not limited to a right of ingress and egress over the Common Areas for construction of roads and for tying in and installation of utilities on any annexed property.

Declarant agrees that if an easement is exercised for permanent access to any annexed property and such property or any portion thereof is not made subject to this Declaration, the Declarant shall enter into a reasonable agreement with the Association to share the cost of maintenance to any access roadway serving the property. Such agreement shall provide for sharing of costs based on the ratio that the number of Dwellings or buildings on that portion of the property that is served by the easement and is not made subject to this Declaration bears to the total number of Dwellings and buildings within the Subdivision.

C. Utilities and General

There are hereby reserved unto Declarant, so long as the Declarant owns any Property, the Association, and the designees of each (which may include, without limitation, Montgomery County and any utility companies) access and maintenance easements upon, across, over, and under all of the Property to the extent reasonably necessary for the purpose of replacing, repairing, and maintaining any or all of the following which may exist now or in the future: cable television systems, master television antenna systems, monitoring and similar systems, roads, walkways, bicycle pathways, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephone, gas, and electricity, and for the purpose of installing any of the foregoing on Property that Declarant owns or within easements designated for such purposes on recorded plats of the Property. Notwithstanding anything to the contrary herein, this easement shall not entitle the holders to construct or install any of the foregoing systems, facilities, or utilities over, under or through any existing Dwelling; any damage to a Lot resulting from the exercise of this easement shall promptly be repaired by, and at the expense of, the person or entity exercising the easement. The exercise of this easement shall not unreasonably interfere with the use of any Lot.

Without limiting the generality of the foregoing, there are hereby reserved for the local water supplier, electric company, cable company and natural gas supplier easements across all the Common Areas for ingress, egress, installation, reading, replacing, repairing and maintaining utility meters boxes, installation equipment, service equipment, and any other device, machinery or equipment necessary for the proper functioning of the utility; however, the exercise of this easement shall not extend to unauthorized entry into the Dwelling on any Lot, except in an emergency. Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Property, except as may be approved by the Board or Declarant.

D. Reserves

Owners of Lots within the Subdivision are advised that there exist Restricted Reserves "A", "B", "D", and "E" restricted in their use to compensating open space and Restricted Reserve "C" restricted in its use to Open Space/Drainage/Utilities, which reserves are referred to collectively as the "Reserves". Each Owner of a Lot hereby agrees to (a) release the Declarant and t he Association, and their respective successors and assigns, from any liability for the placement, construction, design, operation, maintenance and replacement in or of the Reserves, and (b) indemnify each of such released parties from any liability arising out of o r related to such Lot Owner's use of a Reserve. Owners further grant an easement to the Declarant and the Association for any incidental noise, lighting, odors, parking and/or traffic, which may

occur in the normal operation of the Reserves. The Declarant, its successors and assigns, and/or the Association have the right to promulgate rules and regulations governing the use of the Reserves. Owners whose Lots are adjacent to or abut the Reserves shall take care and shall not permit any trash, fertilizers, chemicals, petroleum products, environmental hazards or any other foreign matters to infiltrate the Reserves. Any Owner permitting or causing such infiltration shall indemnify and hold harmless the Association for a ll costs of clean up and remediation necessary to restore the Reserves to their condition immediately prior to said infiltration.

ARTICLE IX. DEED RESTRICTION ENFORCEMENT

A. Authority to Promulgate Rules, Policies and Guidelines

The Board has the authority, without the obligation, to promulgate, amend, cancel, limit, create exceptions to, and enforce reasonable rules, policies, and Guidelines, including but not limited to rules and policies concerning the administration of the Property, the enforcement of the Dedicatory Instruments, the use and enjoyment of the Property, limitations on the use of the Common Area, establishing and setting the amount of fines for violations of the Dedicatory Instruments and all fees and costs generated in the enforcement of the Dedicatory Instruments. Such rules, policies, and Guidelines shall be binding upon all Owners and Occupants, if any. The rights and remedies contained in this Article are cumulative and supplement all other rights of enforcement under applicable law.

B. Attorney's Fees and Fines

In addition to all other remedies that may be available, after giving notice and an opportunity to be heard as may be required by §209 of the Texas Property Code, as same may be amended, the Association has the right to collect attorney's fees and/or fines as set by the Board from any Owner that is in violation of the Dedicatory Instruments, any applicable Supplemental Amendment or amendments, any Guidelines, or any other rule or regulation promulgated by the Board pursuant to the provisions set forth herein. Said attorneys fees and fines shall be added to the violating Owner's Assessment account and shall be secured by the continuing lien on the Lot.

C. Remedies

Every Owner shall comply with all provisions of the Dedicatory Instruments. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, maintainable by the Association. In addition, the Board has the authority, but not the obligation, to enforce the covenants, conditions and restrictions contained in the Dedicatory Instruments, and to regulate the use, maintenance, repair replacement, modification, and appearance of the Subdivision, and may avail itself of any and all remedies provided in the Dedicatory Instruments and local, state and Federal law. Notwithstanding anything contained herein to the contrary, the Board shall have no duty, legal or otherwise, to institute legal or other proceedings on behalf of or in the name of an Owner.

The decision to pursue enforcement action in any particular case shall be left to the Board's discretion. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

(i) the Association's position is not strong enough to justify taking any or further action;

(ii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or

(iii) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Such decision shall not be construed a waiver of the Association's right to enforce such provision at a later time under other circumstances or preclude the Association from enforcing any Dedicatory Instrument.

D. Enforcement by Owners

Each Lot Owner is empowered to enforce the covenants, conditions and restrictions contained in the Dedicatory Instruments; provided, however, no Owner shall have the right to enforce the lien rights retained in this Declaration in favor of the Association and/or other rights, regarding Assessments, retained by the Association.

E. Self Help

"Self Help" shall mean the authority, but not the obligation, of the Association, upon approval of not less than a majority of the Board members, to enter upon a Lot or Homesite and cause to be performed any of the Owner's maintenance and repair obligations, or acts required by that Owner to bring his/her Lot or Homesite into compliance with the Dedicatory Instruments, if said Owner fails to perform same after written demand from the Board. In exercising its Self Help remedy, the Association shall not be subject to any liability for trespass, other tort or damages in connection with or arising from such exercise of Self Help, or in any way shall the Association or its agent be liable for any accounting or other claim for such action. The Association has the right, but not the obligation, to enter into any Lot for emergency, security, and safety reasons, and to inspect for the purpose of ensuring compliance with the Dedicatory Instruments, which right may be exercised by the Association's Board, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in the case of emergency situations, and as otherwise specified herein, the Association must give the violating Owner notice as may be required by law, of its intent to exercise Self Help.

Subject to any notice that may be required by law, any costs incurred by the Association in the exercise of its Self Help remedy are the personal obligation of the person or entity who was the Owner of the Lot at the time when the Self Help costs were incurred. Subject to any notice that may be required by law, the costs incurred by the Association in exercising its Self Help remedy, which costs may include by way of illustration and not limitation, the actual costs incurred by the Association and an administrative fee set by the Board, may be charged to the subject Owner's Assessment account and are supported by the continuing lien created herein.

ARTICLE X. ARCHITECTURAL RESTRICTIONS

NOTE WELL: The provisions of this Article are broad and sweeping and an extremely wide range of activities are regulated hereby. Owners are advised to review this Article and the Guidelines carefully to ensure that they comply with all of the requirements before commencing any work or engaging in any activity on or in connection with their Lot or Dwelling to ensure they comply with all of the provisions set forth herein and in the Guidelines. Work commenced, performed, or completed without prior approval as required herein, in the Guidelines, or otherwise in violation of the terms of this Declaration, the Guidelines, or applicable law may subject the Owner of the Lot to substantial costs, expenses, fees, and penalties, which may be in addition to a requirement that the Lot and/or Dwelling be restored to its original condition. Owners are hereby put on notice that all plans may be subject to a two-step approval process: (i) first approved by the ARC, and (ii) if approved by the ARC, may then be subsequently submitted to the Development Standards Committee (as applicable) for further review. Construction may not be commenced until prior written approval is received from both the ARC and the Development Standards Committee (as applicable).

A. Architectural Review Committee - "ARC"

The ARC shall be a committee of the Board. In the absence of a designation by the Declarant, the initial ARC shall be composed of the individuals designated as the initial members of the Board as set forth in the Association's Certificate of Formation; provided however, the Declarant shall have the sole authority to designate all members of the ARC who need not be members of the Board. One member of the ARC may be designated as the representative to act on behalf of the ARC. During the Development Period, the Declarant reserves the right to appoint replacements as necessary by reason of resignation, removal or incapacity. The Declarant shall retain the right of ARC appointment and removal until the first to occur of the following:

1. the Declarant no longer owns any portion of the Property, or

2. the Declarant so desires to relinquish its authority over ARC appointment

At such time, the Board of the Association shall have the right to replace such ARC members by duly appointing Owners who are Members in Good Standing with the Association. The Board reserves the right to appoint replacements as necessary by reason of resignation, removal or incapacity. Such removal and/or appointment shall be at the sole authority and discretion of the Board and the Board shall have the right to review any action or non-action taken by the ARC and shall be the final authority.

At any time prior to the happening of (1) or (2) above, the Declarant may, without obligation, assign to the Board, or such other person the Declarant deems appropriate, all or a portion of Declarant's ARC rights and/or the responsibility for review and approval of modifications to existing Dwellings.

Guidelines may be promulgated and amended by the Declarant during the Development Period. After the expiration of the Development Period, Guidelines may be promulgated and

amended by the Board. Provided however, any such amendments shall not be applied retroactively to reverse a prior approval granted by the ARC or the Board to any Owner. Guidelines may be modified or amended as deemed necessary and appropriate for the orderly development of the Subdivision, including, but not limited to, those portions of the Guidelines regarding workmanship, materials, building methods, observance of requirements concerning installation and maintenance of public utility facilities and services, and compliance with governmental regulations. Subject to the provisions herein, there shall be no limitation on the scope of amendments to the Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Guidelines less restrictive. The rules, standards, and procedures set forth in the Guidelines, as same may be amended from time to time, shall be binding and enforceable against each Owner in the same manner as any Dedicatory Instrument. Further, different Guidelines for additional property that may be annexed into the Property may be promulgated.

The ARC shall have the authority, but not the obligation, to delegate review and approval or denial of plans for modifications of existing improvements within the Subdivision to a Modifications Committee. The members of the Modifications Committee shall be appointed, and may be removed, by the Declarant during the Development Period, and thereafter by the Board. A denial by the Modifications Committee, if it is created, may be appealed to the ARC.

B. ARC Approval Required

No buildings, Hardscape, additions, modifications (including tree removal) or improvements shall be erected, placed or performed on any Lot or Homesite until the construction plans and specifications including, but not limited to, the site plan, design development plan, and exterior plan have been submitted in duplicate to and approved in writing by the ARC as hereinafter provided. Builders may submit their design plans as master design plans, which plans shall include all specifications, including specifications as to brick color and paint color that may be used when building each design. In the event the ARC fails to approve such plans and specifications within thirty (30) days after the receipt thereof, they shall be deemed to be disapproved. In no case may construction begin prior to approval of plans by the ARC. If plans are disapproved, no construction can commence until revised plans are submitted and approved by the ARC. The Board has the right to establish and charge a review fee, to be paid at the time of submittal of plans and any revisions. If a fee is set and not paid, the thirty (30) day time period set out herein shall not begin to run until the fee is paid.

The ARC is hereby vested with the right, but not the obligation, to refuse to review a request for an improvement or modification, or to deny such a request, if the Owner requesting same is not a Member in Good Standing. The Board, on behalf of the ARC, may retain and/or delegate review of plans and specifications to a designated AIA architect or other such person or firm as may be designated by the Board, experienced or qualified to review same, who may then render an opinion to the ARC or Board. Approval of plans and specifications shall not cover or include approval for any other purpose and specifically, but without limitation, shall not be construed as any representation as to or responsibility for the structural design or engineering of the improvement or the ultimate construction thereof.

The Board shall have the authority hereunder to require any Owner or Owner's agents or contractors to cease and desist in constructing or altering any improvements on any Homesite, where such actions have not first been reviewed and approved, constitute a violation of the Dedicatory Instruments or any other documents promulgated by the Board pursuant to the provisions set forth herein. Written notice may be delivered to the Owner, or any agent or contractor with apparent authority to accept same, and such notice shall be binding on Owner as if actually delivered to Owner. The violating Owner shall remove such violating improvements or sitework at its sole expense and without delay, returning same to its original condition or bringing the Homesite into compliance with the Dedicatory Instruments and any plans and specifications approved by the ARC for construction on that Homesite. If an Owner proceeds with construction that is not approved by the ARC, or that is a variance of the approved plans, the Association may assess fines as provided for herein, and may continue to assess such fines until ARC approval is granted or the violation is removed. This Declaration is notice of such liability for violation and Owners hereby agree to bear the cost and expense to cure any violations according to this provision, regardless of the substantial cost, time or loss of business involved. Each Owner acknowledges that it may not always be possible to identify objectionable features of proposed construction or alteration of improvements until such construction and/or alteration is completed, in which case it may be unreasonable to require changes to the improvements involved; however, the ARC may refuse to approve similar proposals in the future.

The Board or its agents or assigns shall have the right, but not the obligation, to enter any Lot or Homesite to determine if violations of this Declaration, the Guidelines, or any other Dedicatory Instrument exist. In so doing, the Board or its agents or assigns shall not be subject to any liability for trespass, other tort or damages in connection with or arising from such entry nor in any way shall the Association or its agent be liable for any accounting or other claim for such action.

The ARC shall have the right to set reasonable time constraints for both the commencement and completion of construction, which constraints shall be no less than ninety (90) days to commence construction and no more than nine (9) months to complete construction. If construction fails to start before the designated commencement date or is not completed before the designated completion date the plans shall be deemed not approved. Plan approval shall be effective for twelve (12) months after issued by the ARC. If no construction has been commenced within the twelve (12) month period after ARC approval, the plan approval shall expire, and plans must be re-submitted prior to commencement of construction.

C. Building Setbacks

No Dwelling or other structure (including any protrusion from same) shall be erected nearer to any street or property line than as established herein, in a Supplemental Amendment, in the Guidelines or the applicable plat or other Dedicatory Instrument. In the event there is a conflict between the Guidelines, this Declaration, any other documents imposed upon the Property that contain a setback requirement, and the applicable plat, the more restrictive will control. Notwithstanding anything to the contrary herein, in no case shall any setback on any Lot be less than the width of any easement existing on a Lot, as shown on the applicable plat. Any setback established by the applicable plat shall control, if said setback is more restrictive than the

setback established in this Declaration. All Dwellings shall be oriented to the front of the Lot. All Lots shall have a minimum rear setback of the greater of ten feet (10') or the width of any easement. Setbacks for Townhomes are as established in the Guidelines, the ILUD, the WCA Covenants, or the applicable plat.

D. Landscaping

All open, unpaved space on the Lot, shall be planted and landscaped. Landscaping in accordance with the plans approved by the ARC must be installed prior to occupancy of any Dwelling constructed on the Property. Any significant changes in the existing landscaping on any Lot must have prior written approval from the ARC.

Notwithstanding anything contained herein to the contrary, landscaping minimum standards may be established in the Guidelines. The ARC shall have discretion to determine if, as, or when the landscaping on a Lot does not meet the minimum standards established in the Guidelines.

E. Grading and Drainage

Topography of each and every Lot must be maintained with proper grading and drainage systems such that runoff of water (rain or other precipitation, or manmade irrigation) does not cause undue erosion of the subject Lot itself or any other Lots, whether adjacent to the subject Lot or not, or to the Common Areas. Owners causing (either directly or indirectly) erosion or other incidental damage to personal or real property due to inadequate or defective grading or drainage measures on their own Lot, or because of excess runoff shall be liable to all such damaged parties for the replacement, repair and/or restoration of such damaged real or personal property.

Owners shall be responsible for ensuring that all local, state and federal rules and regulations regarding drainage and run-off are met.

F. Temporary Structures

Temporary structures may only be erected on undeveloped Property by Builders with the prior written approval of the ARC, or the Declarant. By way of illustration and not limitation, temporary structures may include construction trailers and temporary construction debris receptacles. All temporary structures shall be maintained in good condition and all construction debris shall be contained to the site. Time limitations for such structures are limited to the period of active and exclusive construction and sales within the Subdivision.

G. Garages

Townhomes must at all times have either attached or detached garages. Garages are required to maintain fully operational overhead doors which are in good condition at all times. No garages may be used for or converted to a living area.

H. Square Footage

All Dwellings must contain no less than 1,300 square feet of living area which shall not include porches, garages or non-air conditioned areas.

All Dwellings shall contain no more than a maximum of 2,400 square feet of living area which shall not include porches, garages or non-air conditioned areas.

ARTICLE XI. VARIANCES

The Board, or its duly authorized representative, may authorize variances from compliance with any of the architectural provisions of this Declaration or Dedicatory Instruments, unless specifically prohibited, including restrictions upon height, size, placement of structures, or similar restrictions, when circumstances such as topography, natural obstruction, hardship, aesthetic, or environmental considerations may require. Such variances must be evidenced in writing, must be approved by at least a majority of the Board, and shall become effective upon execution. The variance must be signed by a member of the Board and recorded in the Official Public Records of Montgomery County, Texas. If such variances are granted, no violation of the covenants, conditions, or restrictions contained in this Declaration and/or the Dedicatory Instruments shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration and/or the Dedicatory Instruments for any purpose except as to the particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all applicable governmental laws and regulations.

No granting of a variance shall be relied on by any Member or Owner, or any other person or entity (whether privy or party to the subject variance or not), as a precedent in requesting or assuming variance as to any other matter of potential or actual enforcement of any provision of this Declaration and/or the Dedicatory Instruments. Action of the Board in granting or denying a variance is a decision based expressly on one unique set of circumstances and need not be duplicated for any other request by any party or the same party for any reason whatsoever.

Notwithstanding anything contained herein to the contrary, during the Development Period, the Declarant shall have the unilateral right to grant a variance of any of the covenants, conditions and restrictions contained herein so long as the variance is in keeping with the aesthetics of the Subdivision.

ARTICLE XII. LIMITATION OF LIABILITY

NEITHER DECLARANT, THE ASSOCIATION, THE ARC, THE BOARD, NOR ANY OF THE RESPECTIVE OFFICERS, AGENTS, MANAGERS, PARTNERS, DIRECTORS, SUCCESSORS OR ASSIGNS OF THE ABOVE, SHALL BE LIABLE IN DAMAGES OR OTHERWISE TO ANYONE WHO SUBMITS MATTERS FOR APPROVAL TO ANY OF THE ABOVE-MENTIONED PARTIES, OR TO ANY OWNER AFFECTED BY THIS DECLARATION BY REASON OF MISTAKE OF JUDGMENT, NEGLIGENCE, OR NONFEASANCE ARISING OUT OF OR IN CONNECTION WITH THE APPROVAL, DISAPPROVAL, OR FAILURE TO APPROVE OR DISAPPROVE ANY MATTERS

REQUIRING APPROVAL HEREUNDER. APPROVAL BY THE ARC, THE BOARD, OR THE ASSOCIATION, OR ANY OF THEIR RESPECTIVE OFFICERS, PARTNERS, DIRECTORS, AGENTS, MANAGERS, SUCCESSORS OR ASSIGNS, IS NOT INTENDED AS ANY KIND OF WARRANTY OR GUARANTEE AS TO THE INTEGRITY OR WORKABILITY OF THE PLANS NOR THE CONTRACTORS USED.

ARTICLE XIII. ASSESSMENTS

A. Creation of the Lien and Personal Obligation of Assessments

The Owners of any Lot, by virtue of ownership of Property within the Subdivision, covenant and agree to pay to the Association all applicable assessments and any fines, penalties, interest and costs as more particularly set forth in this Declaration and any Supplemental Amendment, including but not limited to the following:

1. Annual Assessment
2. Special Assessment
3. Capitalization Fee

The Annual Assessment, Special Assessment, and Capitalization Fee (each defined hereinafter) and any other assessment or charge set forth in this Declaration or a Dedicatory Instrument (collectively the "Assessment"), together with attorney's fees, late fees, interest and costs shall be a charge and continuing lien in favor of the Association upon the Homesite and/or Lot against which each such Assessment is made. Each such Assessment, together with attorney's fees, late fees, interest and costs, shall also be the personal obligation of the person or entity who was the Owner of the land at the time when the Assessment became due. No diminution or abatement of Assessments or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or the Board under this Declaration, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association. The obligation to pay Assessments is a separate covenant on the part of each Owner of a Lot.

B. Annual Assessments

1. Purpose

The Lots within the Subdivision shall be subject to the "Annual Assessment". Annual Assessments levied by the Association shall be used for any legal purpose for the benefit of the Subdivision as determined by the Board and, in particular, may, by way of example and not limitation or obligation, include maintenance, repair or improvement of any Common Area, sidewalks, pathways, fountains, parkways, esplanades, setbacks and entryways, patrol service, street cleaning, street lighting, mosquito control, landscape architecture, greenbelts, fences or walls, regulatory signage or directional signage, signalization, special pavement markings, entrances and entrance monuments, public or private art or sculptures, other services as may be in the Property's and Owners' interest and all buildings, services, improvements and facilities deemed necessary or desirable by the Board in connection with the administration, management, control or operation of the

Subdivision. The Association may, in its sole discretion, give one or more of the purposes set forth herein preference over other purposes, and it is agreed that all expenses incurred and expenditures and decisions made by the Association in good faith shall be binding and conclusive on all Members. Esplanades, setbacks and entryways that are not contained in any Common Area may be included in the Association's maintenance if, in the sole discretion of the Board, the maintenance of such areas benefits the Association's Members. Such share agreements for maintenance and improvement shall require the consent of a majority of the total number of directors of the Association. Additionally, Annual Assessments levied by the Association may be used, in the sole discretion of the Association, to pay the Association's fair allocation for costs related to the participation in any agreement with other property owners associations or with owners or operators of nearby property for the benefit of Association Members, such as to consolidate services, reduce costs, and provide consistency and economy of scale. Approval to enter such agreements shall require a majority vote of the Board, and the Board may act unilaterally to negotiate, execute, modify, or terminate such contractual arrangements.

2. Creation

Payment of the Annual Assessment shall be the obligation of each Owner, subject to the provisions below, and shall constitute a lien on the Homesite, or Lot(s), binding and enforceable as provided in this Declaration.

3. Rate

The initial Annual Assessment established by the Association shall not exceed Three Thousand One Hundred Twenty and No/100 Dollars ($3,120.00) per Lot, which is initially planned to be billed monthly. Declarant shall elect annually to pay the deficit between the total approved operating budget for the year less the total amount due by Class A Members (the "Deficit"), or elect to pay Annual Assessments, so long as there is a Deficit, at the rate of fifty percent (50%) of the amount assessed Class A Members for each Lot owned. Notwithstanding anything contained herein to the contrary, the Declarant is hereby vested with the authority, without the obligation, to elect to pay the lesser of the options set forth in the previous sentence, even if the option selected results in the Declarant owing nothing. The Declarant's obligation to fund the deficit shall automatically terminate without further action or consent by any party, when Declarant no longer owns a Lot. Declarant is required to provide written notice to the Board each year by September 1st of the elected option. Failure to provide such notice will result in Declarant being billed in the manner of the last option taken by Declarant. If no option has ever been taken by Declarant, then Declarant shall be billed the difference between the total approved operating budget for the year less the total amount due by Class A Members. A Builder shall be responsible to pay fifty percent (50%) of the Annual Assessment of other Lot Owners, for the period of time that the Builder owns a Lot. Notwithstanding anything contained herein to the contrary, any Lot being used by Declarant as a model home or sales office Lot shall not be subject to any Assessments created herein. Upon conveyance of such model home or sales office Lot to a purchaser, said Lot shall thereafter be subject to all Assessments and charges provided for in this Declaration and as secured by the lien created herein.

4. Commencement

For purposes of calculation, the initial Annual Assessment for a Lot shall commence on the date of closing.

5. Proration

An Owner's initial Annual Assessment, calculated on a monthly basis (which will initially be Two Hundred Sixty and No/100 Dollars ($260.00) per month shall be paid for the first month at closing, regardless of the number of days remaining in that calendar month.

6. Levying of the Assessment

The Annual Assessment shall be levied at the sole discretion of the Board. The Board may elect to make the Annual Assessment payable other than annually. The Board has discretion as to whether the payment period (semi-annually, quarterly or monthly) is to be applied uniformly as to all Owners or in a customized manner as to a particular Owner(s). The Board shall determine the due date and delinquency date attached to any such payment period. The Board shall determine the sufficiency or insufficiency of the then-current Annual Assessment to reasonably meet the expenses for providing services and capital improvements in the Subdivision and may, at its sole discretion and without a vote by the Members, increase the Annual Assessment in an amount up to ten percent (10%) annually. The Annual Assessment may only be increased by more than ten percent (10%) annually if such increase is approved by Owners of a majority of the Lots present, in person or by proxy, at a meeting called for said purpose at which a quorum is present in person or by proxy. The Annual Assessment shall not be adjusted more than once in a calendar year nor shall any increase be construed to take effect retroactively, unless otherwise approved by Owners of a majority of the Lots subject to such Annual Assessments present at a meeting called for said purpose at which a quorum is present in person or by proxy.

Annual Assessments shall be paid in such manner and on such dates as the Board may establish, which may include discounts for early payment or similar time/price and method of payment differentials. The Board may require advance payment of Annual Assessments at closing of the transfer of title to a Lot, and impose special requirements for Owners with a history of delinquent payment.

C. Special Assessment

In addition to the Annual Assessment authorized above, the Association may levy a "Special Assessment" applicable to that year only for the purpose of defraying in whole or in part the cost of any construction, reconstruction, modification, repair or replacement of a capital improvement in the Common Area, or any unbudgeted expenses or expenses in excess of those budgeted, unusual, infrequent expense benefiting the Association, provided that any such Special Assessment shall have the approval of both (i) the Owners of a majority of the Lots present at a meeting duly called for this purpose at which a quorum is present in person or by proxy; and (ii) the written approval of the Declarant during the Development Period. Such Special Assessments

will be due and payable as set forth in the resolution authorizing such Special Assessment and shall be levied only against those Owners subject to the Annual Assessment as set forth hereinabove and shall be prorated in accordance therewith. The Association, if it so chooses, may levy a Special Assessment against only those Lots benefited by or using the capital improvement for which the Special Assessment is being levied. Special Assessments shall be due upon presentment of an invoice, or copy thereof, for the same to the last-known address of the Owner. Declarant shall not be obligated to pay Special Assessments.

D. Capitalization Fee

Each purchaser of a Lot within the Subdivision, other than the Declarant, hereby covenants and agrees to pay to the Association a capitalization fee, which shall be an amount equal to six months of the then-current annual assessment being billed monthly (the "Capitalization Fee"), unless otherwise determined by the Board. Such Capitalization Fee shall be payable to the Association at the closing of the transfer of title to a Lot and shall not be prorated. The Capitalization Fee shall be in addition to, not in lieu of, the monthly payments of the Annual Assessment and shall not be considered an advance payment of any portion of the Annual Assessment. The payment of the Capitalization Fee shall be secured by the continuing lien set forth herein and shall be collected in the same manner as Assessments.

The transferring Owner shall notify the Association's Secretary, or managing agent, of a pending title transfer at least seven days prior to the transfer. Such notice shall include the name of the purchaser, the date of title transfer, and other information as the Board may require.

E. Collection and Remedies for Assessments

1. The Assessments provided for in this Declaration, together with attorneys' fees, interest, late fees and costs as necessary for collection, shall be a charge on and a continuing lien upon the land in favor of the Association against which each such Assessment is made. Each such Assessment, together with attorney's fees, interest, late fees, and costs, shall also be the personal obligation of the Owner of the Lot at the time the Assessment became due.

2. Any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of (1) eighteen percent (18%) or (2) the maximum non-usurious rate of interest. No Owner may waive or otherwise escape liability for the Assessments provided for in this Declaration by reason of non-use or abandonment.

3. In order to secure the payment of the Assessments hereby levied, a lien is hereby created in favor of the Association and shall run with title to each Lot in the Subdivision, which lien may be foreclosed upon by the Association pursuant to the laws of the State of Texas; each Owner grants a power of sale to the Association to sell such property upon default in payment by any amount owed. Alternatively, the Association may judicially foreclose the lien or maintain an action at law to collect the amount owed.

4. The President of the Association, or his or her designee, is hereby appointed Trustee to exercise the Association's power of sale. Trustee shall not incur any personal liability hereunder except for his or her own willful misconduct.

5. Although no further action is required to create or perfect the lien, the Association may, as further evidence give notice of the lien, by executing and recording a document setting forth notice that delinquent sums are due the Association at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However the failure of the Association to execute and record any such document shall not, to any extent, affect the validity, enforceability, or priority of the lien. If required by law, the Association shall also give notice and an opportunity to cure the delinquency to any holder of a lien that is inferior or subordinate to the Association's lien, pursuant to Section 209.0091 of the Texas Property Code, or its successor statute.

6. In the event the Association has determined to foreclose its lien provided herein, and to exercise the power of sale hereby granted, such foreclosure shall be accomplished pursuant to the requirements of Sections 209.0091 and 209.0092 of the Texas Property Code by first obtaining a court order in an application for expedited foreclosure under the rules adopted by the Supreme Court of Texas. Notwithstanding anything contained herein to the contrary, in the event that the laws of the State of Texas are changed to no longer require a court order in an application for expedited foreclosure, the Association may pursue foreclosure of its lien via any method established herein, including but not limited to nonjudicial foreclosure, as may be permitted by the then-current law, without the necessity of amending this Declaration.

7. At any foreclosure proceeding, any person or entity, including but not limited to the Declarant, Association or any Owner, shall have the right to bid for such Lot at the foreclosure sale and to acquire and hold, lease, mortgage and convey the same. During the period such foreclosed Lot is owned by the Association following foreclosure, (1) no right to vote shall be exercised on its behalf; and, (2) no Assessment shall be levied on it. Out of the proceeds of such sale, there shall be paid all expenses incurred by the Association in connection with such default, including attorneys' fees and trustee's fees; second, from such proceeds there shall be paid to the Association an amount equal to the amount of Assessments in default inclusive of interest, late charges and attorneys' fees; and, third, the remaining balance, if any, 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 lawful means.

F. Subordination of the Lien to Purchase Money Mortgages

The lien for Assessments, including interest, late charges, costs and attorney's fees, provided for herein shall be subordinate to the lien of any purchase money mortgage on any Lot. The sale or transfer of any Lot shall not affect the lien. The sale or transfer shall not relieve such Lot from lien rights for any Assessments thereafter becoming due. Where the mortgagee holding a purchase money mortgage of record or other purchaser of a Lot obtains title pursuant to foreclosure of the mortgage, it shall not be liable for the share of the Assessments or other charges by the Association chargeable to such Lot that became due prior to such acquisition of title. However, from the date of foreclosure forward, such Assessments shall again accrue and be payable to the Association.

G. Notice of Delinquency

When the Association or its agent or designee gives a written notice of the Assessment to any Owner who has not paid an Assessment that is due under this Declaration, such notice will be mailed to the Owner's last known address. The address of the Lot shall be presumed to be the address for proper notice unless written notice of another address has been provided by the Owner to the Association.

ARTICLE XIV. GENERAL MAINTENANCE

A. Diminution of Hazards

To the extent necessary to prevent pest infestation, diminish fire hazards and/or diminish hazards caused by structural damage, the Association shall have the right, but not the obligation, through its agents, contractors and/or employees, to enter any unoccupied Dwelling or other improvement located upon such Lot, without notice to take the action necessary to prevent such pest infestation, diminish such fire hazards or diminish hazards caused by structural damage at the Owner's expense. Any such expenses, including administrative fees set by the Board, incurred by the Association shall be secured by the continuing lien created herein. The cost, including administrative fees set by the Board, of such hazard diminution shall be the personal obligation of the Owner of the Lot on which it was performed and shall become part of the Assessment payable by the Owner and secured by the lien retained herein. Alternately, the Association or any Owner of a Lot may bring an action at law or in equity to cause the Owner to bring said Lot into compliance with these restrictions.

B. Liability, Cost and Approval

Neither the Association nor its agents, contractors, or employees shall be liable, and are expressly relieved from any liability, for trespass or other tort in connection with the performance of its maintenance, landscaping or other work authorized in this Declaration.

C. Damage Due to Fire or Other Casualty

If a Dwelling, landscaping, Outbuilding or any other improvement located on a Lot is damaged by fire, storm, or any other casualty, the Owner shall bring the affected Lot and all improvements thereon, as applicable, into compliance with the Dedicatory Instruments within six (6) months of the date of the casualty, pursuant to the architectural requirements and approval process set forth herein. Regarding Dwellings that are totally destroyed due to casualty, the Owner of such Dwellings must have the Dwellings razed within ninety (90) days of the date of the casualty, and replaced within twelve (12) months of the date of the casualty, subject to ARC prior written approval.

ARTICLE XV. ASSOCIATION'S MAINTENANCE OBLIGATIONS

A. Authorization and Easement for Association Maintenance

The Association or its agents shall be authorized to enter upon any Lot to perform its obligations or exercise its rights created hereunder, and in doing so shall not be subject to any

liability for trespass, other tort or damages in connection with or arising from such entry and maintenance, nor in any way shall the Association or its agents be liable for any accounting or other claim for such action. Furthermore, in the event an Owner fails to fulfill his/her maintenance obligations set forth herein in a manner consistent with the overall standard established within the Property and satisfactory to the Board, the Board, after notice as may be required by law setting forth the action intended to be taken by the Association and after approval by a majority vote of the Board, shall have the right, but not the obligation, through its agent, contractors and/or employees, to enter upon said Lot to exercise its Self Help remedy to bring the Owner's Lot into compliance with the Dedicatory Instruments. Each Owner hereby grants to the Association an easement over and across such Owner's Lot and/or Townhouse, as applicable, for the purpose of such maintenance.

The Association is hereby granted a perpetual non-exclusive easement to the extent necessary for the right to enter upon a Townhome and/or Lot in order to perform its obligations or exercise its rights created hereunder. Said easement shall be over, across, under, and upon the Townhome and/or Lot, as applicable. If it becomes necessary for the Association to enter into a Townhome to perform its obligations or exercise its rights created hereunder, the Board, except in the case of an emergency and to the extent practicable, shall give the affected Townhome Owner(s) fifteen (15) days written notice setting forth the action intended to be taken by the Association. Such entrance by the Association shall not be withheld by the affected Townhome Owner(s).

The Association shall maintain, repair and replace the roofs, fences, entrance walls, and the exterior building surfaces of the Townhomes as set forth herein so as to maintain, within the budgetary constraints of the Association, uniformity of appearance as to all the Townhomes. Any maintenance, repair, or replacement that is not specifically assigned to the Association herein, shall be the responsibility of the Owners. The scope of such maintenance, repair and replacement obligations shall always be subject to the budgetary constraints of the Association and shall generally be as follows:

B. <u>Landscaping, Grass, and Vegetation</u>

The Association shall maintain all landscaping, grass and vegetation on a Lot that is in place at the time of the first sale to an Owner. Owners may not embellish the landscaping, grass, and vegetation on a Lot without the prior written approval of the Board. The Association's obligation to maintain does not include hanging baskets or potted plants located on the Lot or Townhome. It is currently planned that the Association will mulch the beds once a year, trim and pull weeds monthly during the growing season if and as needed, and mow on a regular basis as needed. The Association has the sole discretion to determine the timing of providing the maintenance of landscaping, grass, and vegetation. The Association's obligation related to maintenance of landscaping, grass, and vegetation does not include the obligation to replace dead or diseased landscaping, grass or vegetation. If an Owner fails or refuses to replace same, the Association shall have the right, but not the obligation to do so and 110% of the cost of such repair and/or replacement shall be billed against the respective Townhome for which work is performed, such bill to be due upon receipt and if not timely paid, such bill shall be assessed as an Assessment against such Townhome, which Assessment shall be secured by a lien against such Townhome as herein provided.

C. Roofing and Roof Systems

The Association shall repair, maintain, and/or replace the Townhome roofs within the reasonable discretion of the Association, acting by and through the Board. The "roofs" as used herein shall be deemed to constitute only the exterior surfaces of the roof constituting the roofing shingles, the underlay beneath the shingles, the decking materials, the flashing and any guttering attached to the roofing eves. The Association shall not have any responsibility to maintain, repair, or replace any insulation, trusses, beams or any portion of the structure supporting the roof. If any of such items which are the responsibility of the Owner require repair or replacement, and the Owner(s) of the Townhome fails or refuses to repair or replace same, the Association shall have the right, but not the obligation to do so and 110% of the cost of such repair and/or replacement plus an administrative fee shall be billed against the respective Townhome(s) for which such work is performed, such bill to be due upon receipt and if not timely paid, such bill shall be assessed as an Assessment against such Townhome(s), which Assessment shall be secured by a lien against such Townhome(s) as herein provided. The Association, its Board, officers or agents shall not be responsible or liable to any Owner or Occupant for any damage to the interior of the Townhomes or contents thereof (including the attic space) resulting from roof leaks or water penetration unless same has resulted from the willful acts or gross negligence of the Association. In no event shall the Association be liable for repair or replacement of any consequential or incidental damage to the interior of the Townhome(s) which may result, whether foreseen or unforeseen, from the Association's repairs and/or activities.

D. Exterior Building Surfaces

The Association shall repair, maintain, and/or replace the exterior building surfaces within the reasonable discretion of the Association, acting by and through its Board. Exterior building surfaces shall be deemed to be the building components which constitute the most outward portion of the building exterior, whether wood or Hardiplank (or similar material), exterior siding, brick, stucco, and related exterior trim, including the staining or painting (if applicable) of the foregoing materials. The Association shall not have any responsibility to maintain, repair, or replace any portion of the structure of the respective Townhomes (including studs within the walls), foundations, slabs and the like, or any insulation materials whatsoever. If any of such items which are the responsibility of the Owner require repair or replacement, and the Owner(s) of the Townhome fails or refuses to repair or replace same, the Association shall have the right, but not the obligation to do so and 110% of the cost of such repair and/or replacement shall be billed against the respective Townhome(s) for which such work is performed, such bill to be due upon receipt and if not timely paid, such bill shall be assessed as an Assessment against such Townhome(s), which Assessment shall be secured by a lien again t such Townhome(s) as herein provided. The Association, its Board, officers or agents shall not be responsible or liable to any Owner (or the Owner's tenant or other occupant) for any damage to the interior of the Townhome or contents thereof resulting from any water leaks or penetration unless same has resulted from the willful acts or gross negligence of the Association. In no event shall the Association be liable for repair or replacement of any consequential or incidental damage to the interior of the Townhome which may result, whether foreseen or unforeseen, from the Association's repairs and/or activities.

E. Exterior Doors, Garage Doors, Windows

The Association shall have the obligation to stain the exteriors of the front door and garage doors, as applicable, in connection with the repainting of the exteriors of the Townhomes. Provided, however, that the Owners shall always be responsible to clean, replace or repair the exterior doors, garage doors, and windows (and all related hardware or fixtures relating thereto) at the Owner's sole cost and expense. If, during the performance of its maintenance or repair responsibilities, it becomes apparent to the Association that a specific door, window or garage door is in need of repair or replacement, the Owner shall be so notified in writing and shall be required to repair or replace same in a timely fashion so as to allow the Association the ability to complete its exterior maintenance responsibilities and painting. If such Owner fails or refuses to repair or replace same, the Association shall have the right, but not the obligation to do so and 110% of the cost of such repair and/or replacement shall be billed against the respective Townhome for which work is performed, such bill to be due upon receipt and if not timely paid, such bill shall be assessed as an Assessment against such Townhome, which Assessment shall be secured by a lien against such Townhome as herein provided.

F. Chimneys and Chimney Caps

All fireplaces are required to have chimney caps. The Association shall maintain chimneys and chimney caps. Provided, however, that the Owners shall always be responsible to replace or repair the chimney and chimney cap at the Owner's sole cost and expense. If, during the performance of its maintenance or repair responsibilities, it becomes apparent to the Association that chimney or chimney cap is in need of repair or replacement, the Owner shall be so notified in writing and shall be required to repair or replace same in a timely fashion so as to allow the Association the ability to complete its exterior maintenance responsibilities. If such Owner fails or refuses to repair or replace same, the Association shall have the right, but not the obligation to do so and 110% of the cost of such repair and/or replacement shall be billed against the respective Townhome for which work is performed, such bill to be due upon receipt and if not timely paid, such bill shall be assessed as an Assessment against such Townhome, which Assessment shall be secured by a lien against such Townhome as herein provided.

ARTICLE XVI. OWNERS' MAINTENANCE OBLIGATIONS

A. General Maintenance Standards

All Owners' replacement, repair and restoration practices as to the improvements on Property within the Subdivision are subject to the prior written approval of the ARC and must comply with all Dedicatory Instruments and all Guidelines which may change from time to time, as found necessary and appropriate in the ARC's sole discretion.

Except as provided above, all maintenance of the Townhome other than that required by the Association in the preceding Section shall be the sole responsibility of the Townhome Owner, and such maintenance shall include, but is not limited to, the following:

B. Driveways and Sidewalks

Each Owner shall maintain and keep in good repair the sidewalk, driveway, and driveway apron on the Lot.

C. Structural and Building

The Owner of each Townhome must maintain in proper working order and on a continuing basis, all structural and building items that are not specifically identified as an Association responsibility. Such structural items shall include the slab, foundation, framing, roof structure (except for decking), walkways, sidewalks, driveways, patios and the like.

D. Irrigation Systems

The Owner of each Townhome shall maintain and control all components of irrigation systems, including but not limited to the timers. The Owners shall always be responsible to replace the irrigation system (and all related hardware or fixtures relating thereto) at the Owner's sole cost and expense. If, during the performance of its maintenance responsibilities, it becomes apparent to the Association that a specific irrigation system is in need of repair or replacement, the Owner shall be so notified in writing and shall be required to repair or replace same in a timely fashion so as to allow the Association the ability to complete its maintenance responsibilities. If such Owner fails or refuses to repair or replace same, the Association shall have the right, but not the obligation to do so and 110% of the cost of such repair and/or replacement shall be billed against the respective Townhome for which work is performed, such bill to be due upon receipt and if not timely paid, such bill shall be assessed as an Assessment against such Townhome, which Assessment shall be secured by a lien against such Townhome as herein provided. Owners have the obligation to pay for all water usage costs.

E. Landscaping, Grass, and Vegetation

The Association shall maintain all landscaping, grass and vegetation on a Lot that is in place at the time of the first sale to an Owner as provided above in Article XV. Owners may not embellish the landscaping, grass, and vegetation on a Lot without the prior written approval of the Board. Owners have the obligation to replace dead or diseased landscaping, grass or vegetation. If an Owner fails or refuses to replace same, the Association shall have the right, but not the obligation to do so and 110% of the cost of such repair and/or replacement shall be billed against the respective Townhome for which work is performed, such bill to be due upon receipt and if not timely paid, such bill shall be assessed as an Assessment against such Townhome, which Assessment shall be secured by a lien against such Townhome as herein provided.

F. Townhome Utilities

Unless otherwise provided herein, the Owner of each Townhome must maintain in proper working order, and on a continuing basis, all Townhome sanitary sewer lines and facilities, water pipelines, Townhome water meters and related water lines and facilities, electrical and gas lines, meters and facilities, telephone and any other telecommunication lines, devices or facilities, and all other facilities, utilities and services which exclusively service each Townhome, regardless of

the location thereof. Utilities which service more than one Townhome must be maintained, repaired and replaced by all of the Owners of the multiple Townhomes served, pro rata, or in such other proportions as determined by the Board upon written request when the circumstances clearly demonstrate that a different manner of allocation is required.

G. Fences

Owners have the obligation to maintain all fences on a Lot that are in place at the time of their purchase. Owners may not embellish fences on a Lot without the prior written approval of the Board. Owners are permitted to apply a clear transparent fence stain with the prior written approval of the ARC. Owners shall have the obligation to repair and/or replace fencing as applicable. If an Owner fails or refuses to repair or replace same, the Association has the right, but not the obligation to do so and 110% of the cost of such repair and/or replacement shall be billed against the respective Townhome for which work is performed, such bill to be due upon receipt and if not timely paid, such bill shall be assessed as an Assessment against such Townhome, which Assessment shall be secured by a lien against such Townhome as herein provided.

H. Other items

The Owner of each Townhome is also responsible for the cleaning, repair and replacement of all entry doors and hardware, garage doors and hardware, all window glass, window frames, light fixtures and light bulbs, the HVAC system serving the Townhome, as well as any lines pipes, ducts, and wall penetration, and any other item that is not specifically identified as Association responsibility. The Owner is also responsible for 100% of the interior of the Townhome.

Owners' maintenance shall be performed consistent with the Dedicatory Instruments and in conformity with the standards of the community. In the event that the Board determines that (a) any Owner has failed or refused to discharge properly his/her obligations with regard to the maintenance, repair, or replacement of items for which s/he is responsible hereunder; or (b) that the need for maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, his or her family, guests, lessees, or invitees, and is not covered or paid for by insurance, in whole or in part, then, in addition to the enforcement and self-help remedies set forth herein, the Association may turn said matter over to its attorney for further handling. The Association may perform the repair, replacement or maintenance and shall, except in the event of an emergency situation, give the Owner written notice of the Association's intent to provide such necessary maintenance, repair, or replacement, at Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repairs, or replacement deemed necessary. The Owner shall have ten (10) calendar days after receipt of the Association's notice, within which to complete such maintenance, repair, or replacement, or, in the event that such maintenance, repair, or replacement is not capable of completion within said ten (10) day period, to commence such work which shall be completed within a reasonable time. If any Owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair, or replacement and shall bill the Owner 110% of such cost and expenses, plus an administrative fee, such bill shall be due upon receipt and if not timely paid, such bill shall be added to and become a part of

the Assessment to which such Owner is subject and shall be supported by the lien created herein against the Townhome.

ARTICLE XVII. PARTY WALLS

A. General Rules of Law to Apply

Each wall built as a part of the original construction of a Townhome which shall serve and separate any two (2) adjoining Townhomes shall constitute a party wall and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

B. Sharing of Repair and Maintenance

The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners served by the party wall in equal proportions.

C. Damage and Destruction

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

D. Weatherproofing

Notwithstanding any other provision of this Section, to the extent that such damage is not covered and paid by the insurance provided for herein, an Owner who by his negligent or willful act causes any party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

E. Right to Contribution Runs with Land

The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the Townhome Lot and shall pass to such Owner's successors, heirs or assigns.

F. Foundation

Common foundations which form a part of the Townhomes will be dealt with in the same fashion as party walls, as set forth in this Section

ARTICLE XVIII. INSURANCE AND CASUALTY LOSSES

A. Insurance

The Board or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements that it has the obligation to maintain, repair or replace. This insurance shall cover loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. Each Owner should obtain insurance to cover the contents of its respective Townhome, as well as all insurable improvements that the Owner has the obligation to maintain, repair or replace. It is also highly recommended that each Owner obtain insurance to cover floods and the deductible amount on other policies.

The Board shall obtain a general liability policy covering the Association for all damage or injury caused by the negligence of the Association or any of its Directors or agents, and, if reasonably available, directors' and officers' liability insurance. Each Owner should obtain insurance to cover general liability within its respective Townhome.

Premiums for all insurance which it is the obligation of the Association to provide shall be common expenses of the Association. The policies may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

In addition to the other insurance required by this Section, the Board may obtain, if and to the extent necessary, a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the directors' best business judgment. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association.

B. Damage and Destruction

a. In General. Immediately after the damage or destruction by fire or other casualty to all or any improvement covered by insurance written in the name of the Association, the Board 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 paragraph, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty.

b. Repair and Reconstruction. It shall be the Owner's obligation to have repaired or reconstructed any damage or destruction to their Townhome.

If the damage or destruction for which the Association's insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board shall, without the necessity of a vote of the Association's members, levy a special

assessment against all Owners for the deficiency. 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 the Association's insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited to the benefit of the Association; provided that the Owner and mortgagee of any Townhome for which proceeds are received agree to the distribution as their interest may appear.

ARTICLE XIX. MODIFICATION AND TERMINATION OF COVENANTS

A. Amendment by Declarant

In addition to specific amendment rights granted elsewhere in this Declaration, until termination of the Development Period, the Declarant may unilaterally amend this Declaration and any Supplemental Amendment for any purpose; provided, however, any such amendment shall not adversely affect the title to any Lots or Homesites unless the Owner shall consent thereto in writing.

After the expiration of the Development Period, the Declarant may unilaterally amend this Declaration and any Supplemental Amendment at any time without the joinder or consent of any Owners, entity, Lender or other person to amend this Declaration and any Supplemental Amendment if such amendment is (a) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on Lots and Homesites; (c) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots or Homesites; (d) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on Lots or Homesites; or (e) for the purpose of clarifying or resolving any ambiguities or conflicts herein or in any Supplemental Amendment, or correcting any inadvertent misstatements, errors or omissions herein or in any Supplemental Amendment; provided, however, any such amendment shall not adversely affect the title to any Lots or Homesites unless the Owner shall consent thereto in writing.

Any amendment to the Declaration or a Supplemental Amendment made by Declarant shall be recorded in the Official Public Records of Montgomery County, Texas, whereupon to the extent of any conflict with this Declaration or Supplemental Amendment, and any amendment thereto, the more restrictive provision shall control.

Any amendment made by the Declarant shall become effective upon recording unless otherwise specified in the amendment.

B. Owners

During the Development Period, this Declaration may be amended, modified or terminated by the approval of Owners of a majority of the Lots and the written consent of the Declarant. After the termination of the Development Period, approval by the Owners of a majority of the Lots shall be required to amend, modify or terminate this Declaration; provided

however, any such amendment must be approved in writing by the Association. Upon approval of the Owners, as set out above of said amended declaration or amended supplemental amendment (as evidenced by the President's or Vice-President's signature) the amended declaration or amended supplemental amendment shall be recorded in the Official Public Records of Montgomery County, Texas, whereupon to the extent of any conflict with this Declaration and any amendment thereto, the more restrictive provision shall control. For purposes of this Section, the approval of multiple Owners of a Lot may be reflected by the signature of any one Owner of such Lot.

Notwithstanding anything contained herein to the contrary, the Association shall be entitled to use any combination of the following methods to obtain approval of the Owners for an amendment to the Declaration:

1. by written ballot, or electronic ballot as same may be established by the Board, that states the substance of the amendment and specifies the date by which a written or electronic ballot must be received to be counted;

2. at a meeting of the Members of the Association, if written notice of the meeting stating the purpose of the meeting is delivered to the Owners of the Lots; such notice may be hand-delivered to the Owners, sent via regular mail to the Owner's last known mailing address, as reflected in the Association's records, or via email to the Owner's email address as reflected in the Association's records;

3. by door-to-door circulation of a petition by the Association or a person authorized by the Association; and/or

4. by any other method permitted under this Declaration or applicable law. Any limitation of amendment to the Declaration related to said Property may not limit the rights of the Declarant pertaining to the Declaration as otherwise herein reserved. Particularly reserved to the Declarant, is the right and privilege of Declarant to designate the use and architectural restrictions applicable to any portion of the Properties, as provided herein; and such designation, or subsequent change of designation, shall not be deemed to adversely affect any substantive right of any existing Owner.

ARTICLE XX. ALTERNATE DISPUTE RESOLUTION

A. Dispute Resolution

No dispute between any of the following entities or individuals shall be commenced until the parties have submitted to non-binding mediation: Owners; Members; the Board of Directors; officers in the Association; or the Association.

Disputes between Owners that are not regulated by the Declaration shall not be subject to the dispute resolution process.

B. Outside Mediator

In a dispute between any of the above entities or individuals, the parties must voluntarily submit to the following mediation procedures before commencing any judicial or administrative proceeding. Each party will represent himself/herself individually or through an agent or representative, or may be represented by counsel. The dispute will be brought before a mutually selected mediator. Such mediator will either be an attorney-mediator skilled in community association law, a Professional Community Association Manager as certified by the Community Associations Institute, or a Certified Property Manager as certified by the Institute of Real Estate Managers. In order to be eligible to mediate a dispute under this provision, a Mediator may not reside in the Subdivision, work for any of the parties, represent any of the parties, nor have any conflict of interest with any of the parties. The Board shall maintain a list of no less than five (5) potential mediators, but the parties will be in no way limited to their choice by this list. Costs for such mediator shall be shared equally by the parties. If the parties cannot mutually agree upon the selection of a mediator after reasonable efforts (not more than thirty (30) days), each party shall select their own mediator and a third will be appointed by the two selected mediators. If this selection method must be used, each party will pay the costs of their selected mediator and will share equally the costs of the third appointed mediator.

C. Mediation is Not a Waiver

By agreeing to use this Dispute Resolution process, the parties in no way waive their rights to e xtraordinary relief including, but not limited to, temporary restraining orders or temporary injunctions, if such relief is necessary to protect or preserve a party's legal rights before a mediation may be scheduled.

D. Assessment Collection and Lien Foreclosure

The provisions of this Declaration dealing with Alternate Dispute Resolution shall not apply to the collection of assessments and/or the foreclosure of the lien by the Association as set out in the Declaration.

E. Term

This Article shall be in full force and effect for an initial period of three (3) years from the date of execution of this Declaration. However, this Article shall remain in full force and effect unless, at the first open meeting of the Association after such initial period, a majority of the Board of Directors votes to terminate the provisions of this Article.

ARTICLE XXI. GENERAL PROVISIONS

A. Severability

The invalidity of any one or more of the provisions of this Declaration shall not affect the validity of the other provisions thereof.

B. Compliance with Laws

At all times, each Owner shall comply with all applicable federal, state, county, and municipal laws, ordinances, rules, and regulations with respect to the use, occupancy, and condition of the Lot and any improvements thereon. If any provision contained in this Declaration or any supplemental declaration or amendment is found to violate any law, then the provision shall be interpreted to be as restrictive as possible to preserve as much of the original provision as allowed by law.

C. Gender and Number

The singular wherever used herein shall be construed to mean or include the plural when applicable, and the necessary grammatical changes required to make the provisions hereof applicable either to corporations (or other entities) or individuals, male or female, will in all cases be assumed as though in each case fully expressed.

D. Headlines

The titles and captions for this Declaration and the sections contained herein are for convenience only and shall not be used to construe, interpret, or limit the meaning of any term or provision contained in this Declaration.

E. Governing Law

The provisions in this Declaration shall be governed by and enforced in accordance with the laws of the State of Texas. Any and all obligations performable hereunder are to be performed in Montgomery County, Texas.

F. Fines for Violations

The Association may assess fines for violations of the Dedicatory Instruments, other than non-payment or delinquency in assessments, in amounts to be set by the Board, which fines are secured by the continuing lien set out in this Declaration.

G. Books and Records

The books, records and papers of the Association shall, upon written request and by appointment, during normal business hours, be subject to inspection by any Member, pursuant to a Records Production and Copying Policy adopted by the Association.

H. Notices

Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Owner on the records of the Association at the time of such mailing.

I. Mergers

Upon a merger or consolidation of the Association with another association as provided in its Certificate of Formation, the Association's properties, assets, rights and obligations may be transferred to another surviving or consolidated association or, alternatively, the properties, assets, rights and obligations of another association may be transferred to the Association as a surviving corporation or to a like organization or governmental agency. The surviving or consolidated association shall administer any restrictions together with any Declarations of Covenants, Conditions and Restrictions governing these and any other properties, under one administration. No such merger or consolidation shall cause any revocation, change or addition to this Declaration.

J. Current Address and Occupants

Owners are required to notify the Association in writing of their current address if other than the physical address of the Lot at all times. If an Owner fails to notify the Association of their current address, the Association may use the address of the Lot as the current address. If Owner leases the property, he must supply the name of the Occupant present upon the execution of any lease.

K. Security

NEITHER THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, NOR THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SECURITY WITHIN THE PROPERTY. NEITHER SHALL THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, DECLARANT OR SUCCESSOR DECLARANT BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND OCCUPANTS OF ANY LOT, , AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, DECLARANT OR ANY SUCCESSOR DECLARANT DOES NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP OR OTHERWISE, NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER AND OCCUPANT OF ANY LOT, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, DECLARANT OR ANY SUCCESSOR DECLARANT ARE NOT INSURERS AND THAT EACH OWNER AND OCCUPANT OF ANY DWELLING, OR OWNER OR USER OF AN IMPROVEMENT, ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO DWELLINGS AND IMPROVEMENTS AND TO THE CONTENTS OF DWELLINGS AND IMPROVEMENTS AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, DECLARANT OR ANY SUCCESSOR DECLARANT HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER OR OCCUPANT RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY

SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTY.

L. View Impairment

Neither the Declarant, nor the Association, guarantee or represent that any view over and across the Lots or open space within the Subdivision will be preserved without impairment. The Declarant and the Association have no obligation to relocate, prune, or thin trees or shrubs or other landscaping. The Association has the right, without the obligation, to relocate, prune, thin, or add trees and other landscaping or improvements to the Common Area. There are no express or implied easements for view purposes or for the passage of light and air. No Owner has the right to object to the construction of improvements on any adjacent or nearby Lot, or the Common Area, based on the impact of such improvements on the Owner's view.

M. Video, Data and Communication Service Agreements

Subject to the approval of the Declarant during the Development Period, the Association has or may hereafter enter into an agreement with a service provider for the provision of cable television and/or other communication services in order to obtain access to benefits and services for the benefit of Owners and Dwellings located in the Subdivision. Payment for services and benefits provided pursuant to video, data and/or communication service agreements executed pursuant to this provision will be made from Assessments levied and collected by the Association pursuant to the authority granted herein, and such Assessments shall be supported by the lien created herein. While Owners are free to obtain the same or similar services from a provider of their choice, no Owner may avoid paying any portion of Assessments levied based on non-use of video, data or communication services provided and paid for by the Association with Assessments.

N. Occupants Bound

All provisions of the Dedicatory Instruments applicable to the Property and Owners, shall also apply to all Occupants of any Lot or Dwelling. Every Owner must cause all Occupants to comply with the foregoing, and every Owner is responsible for all violations, losses, or damages caused by an Occupant, notwithstanding the fact that such Occupant is jointly and severally liable and may be sanctioned for any violation. In addition to all other remedies available to the Association in the event of a violation by an Occupant, the Association may require that the Occupant be removed from and not be allowed to return to the Subdivision and/or that any lease, agreement or permission given allowing the Occupant to be present be terminated.

O. Transfer of Title; Resale Certificate; Certificate of Compliance

1. Transfer of Title: Any Owner, other than the Declarant, desiring to sell or otherwise transfer title to his or her Lot shall give the Board at least seven (7) days prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The person, other than the Declarant, transferring title shall continue to be jointly and severally responsible with the person accepting title for all obligations of the Owner, including Assessment obligations, until the date upon which the Board receives such notice, notwithstanding the transfer of title.

Upon acceptance of title to a Lot, the new Owner of the Lot shall pay to the Association an administrative transfer fee to cover the administrative expenses associated with updating the Association's records, which transfer fee is supported by the lien created herein. Such fees shall be in such amount as the Board may reasonably determine necessary to cover its costs, including but not limited to, and fees charged by a management company retained by the Association for updating its records.

2. Resale Certificate: No Owner, other than the Declarant, shall transfer title to a Lot, together with the improvements thereon, unless and until he or she has requested and obtained a resale certificate signed by a representative of the Association as described in Chapter 207 of the Texas Property Code, or its successor statute ("Resale Certificate") indicating, in addition to all other matters described in Chapter 207, the information required in Section 5.012 of the Texas Property Code.

The Association may charge a reasonable fee to prepare, assemble, copy, and deliver a Resale Certificate and accompanying information and any update to a Resale Certificate, which charge is supported by the lien created herein.

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IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 6th day of March, 2017.

DECLARANT:

BEAZER HOMES TEXAS, L.P., a Delaware limited partnership

By: its general partner, Beazer Homes Texas Holdings, Inc., a Delaware corporation

By: _____
Print Name: Jeff Anderson
Print Title: VP Land Acquisition + Development - Houston

STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared Jeff Anderson, the V.P. Land of Beazer Homes Texas Holdings, Inc., the general partner of Beazer Homes Texas, L.P., known by me to be the person whose name is subscribed to this instrument, and acknowledged to me that s/he executed the same for the purposes herein expressed and in the capacity herein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 6th day of March, 2017.

KATHRYN DAW
Notary Public, State of Texas
My Commission Expires
March 15, 2017

Kathryn Daw
Notary Public – State of Texas

Doc #: 2017018201
Pages 56

E-FILED FOR RECORD
03/07/2017 10:02AM

COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

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

03/07/2017

County Clerk
Montgomery County, Texas