

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
OAKWOOD

This instrument creates and states in its entirety the Declaration of Covenants, Conditions, and Restrictions of OAKWOOD by Property Investors Ltd as of the 20th day of NOVEMBER, 1999

WITNESSETH

Property Investors, Ltd ("Developer") is a Limited Liability Company Developer is the owner of the tract or parcel of land consisting of approximately 86 364 acres of land situated in Liberty County, Texas that are more particularly described in Exhibit "A" attached hereto and incorporated by reference herein (the "Land")

Developer, for the purpose of adopting an overall plan for the orderly development of the Land into a residential subdivision to be known as "OAKWOOD", hereby imposes upon the Land the covenants, conditions and restrictions herein set forth (hereinafter such covenants, conditions and restrictions are collectively called the "Declaration") which shall constitute covenants running with the land as to the Land and shall inure to the benefit of, and be binding upon, (i) any purchaser, grantee, owner, mortgagee, or holder of any other interest in or to any tract or parcel of land located within the Land, (ii) any grantee, owner, mortgagee, lessee or holder of any other interest in and to any improvements located on the Land, and (iii) the respective heirs, executors, administrators, devisees, successors and/or assigns of any party described in clauses (i) and (ii)

ARTICLE I - DEFINITIONS

Section 1.01 The following words and terms, when used in this Declaration or any supplemental or amendatory declaration (unless the context shall prohibit or clearly indicate otherwise), shall have the following meanings

(a) "Articles of Incorporation" shall mean and refer to the articles of incorporation of the Association, as same may be amended from time to time

(b) "Association" shall mean and refer to Oakwood Property Owners Association of Dayton, Inc, a Texas non-profit corporation, together with its successors, legal representatives and assigns

(c) "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association

(d) "Bylaws" shall mean and refer to the Bylaws of the Association, as same may be amended from time to time



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- (e) "Certificate of Incorporation" shall mean and refer to the Certificate of Incorporation of the Association, as same may be amended from time to time
- (f) "Committee" and "Architecture Control Committee" shall mean and refer to the Architectural Control Committee described in Article VI herein
- (g) "Common Areas" shall mean all of that property owned or to be owned by the Association for the common use and enjoyment of members of the Association. The Common Areas to be owned by the Association are designated in detail by Exhibit "B"
- (h) "Covenants" shall mean and refer to the covenants and restrictions, easements, affirmative obligations, charges and liens created and imposed by this Declaration
- (i) "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for OAKWOOD together with any supplements or amendments hereto
- (j) "Developer" shall mean and refer to PROPERTY INVESTORS LIMITED together with its successors, legal representatives, grantees and assigns as described in an instrument executed by Developer and duly recorded in the Official Public Records of Real Property of Liberty County, Texas. In the event of the foreclosure of any of the liens described in instruments executed by Developer and granting a lien on all of the Land, or any renewal, extension or modification of any such liens, or in the event of the execution and delivery of a deed in lieu of foreclosure of such liens, the purchaser at the foreclosure sale or the grantee in the deed in lieu of foreclosure shall have the right to designate the person or entity to serve as the "Developer" hereunder, and the person or entity so selected shall be deemed for all purposes hereof to be the successor "Developer" pursuant to this Section 1.01
- (k) "Development" shall mean OAKWOOD Subdivision located in Liberty County, Texas, and on the real property thereto as may hereafter be brought within the jurisdiction of the Association or encumbered by this Declaration
- (l) "Dwelling" shall mean and refer to a single family residence (including a garage) located on a Lot
- (m) "Home Builder" shall mean a home building contractor authorized to build a home on a Lot
- (n) "Land" shall mean and refer to all of the lands described in Exhibit "A" and any additions or amendments thereto and all improvements located thereon

(o) "Lot" shall mean and refer to any area of real property, which is included in Exhibit "A" and "B", and is designated as a Lot on a recorded plat of the Land or conveyed by the Developer to an Owner, whether or not said Lot is improved with a Dwelling. The word "Lot" may, when the context so requires, be used interchangeably herein with the word "Unit"

(p) "Maintenance Charge" shall mean and refer to the maintenance charges described in Article VIII herein

(q) "Member" shall mean and refer to those Owners entitled to membership as set forth in Article VII

(r) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot or Unit which is a part of the "Land"

(s) "Plat" shall mean and refer to any recorded or unrecorded subdivision map or maps of all or a portion of the Land

(t) "Regulations" shall mean and refer to any rules or regulations respecting the use of the land that have been adopted by the Association from time to time in accordance with its Articles of Incorporation and Bylaws

(u) "Resident" shall mean an individual that resides on a Lot or in a Unit

(v) "Tract" shall have the same meaning as "Land" as defined under paragraph (n) of the section

(w) "Unit" shall mean and refer to a single family residence living unit being situated upon the land

ARTICLE II - RESTRICTIONS

The following restrictions set forth in this Article II shall apply to the Units

Section 2.01 - Single - Family Residential Purposes The Lots and Units shall be used for single-family residential purposes only. No structure shall be erected or permitted to remain on any Lot on the Land other than the Unit. No building or other improvements at any time situated on any Lot shall be used for any business, commercial, amusement, hospital, sanitarium, school, clubhouse, religious, charitable, philanthropic or manufacturing purposes, or as a professional office, and no billboards or advertising signs of any kind shall be erected or displayed thereof, except such signs as are permitted elsewhere in these Covenants. No building or other improvements situated on any Lot shall be rented or leased separately from the rental or lease of the entire Lot and no part of any such building shall be used for the purpose of renting rooms therein or as a boarding house, hotel, motel, tourist or motor court or any other type of transient accommodation.

Section 2 02 - Vehicular Parking and Access No vehicle shall be parked on any part of the Land, except on paved streets and paved driveways No vehicles may park on paved streets overnight No commercial vehicles, except those present on business to serve a Unit may be parked in the Development unless parked inside garages and concealed from public view Motorized recreational vehicles cannot be parked in the Development for more than five (5) consecutive days, unless parked inside garages and concealed from public view

Section 2 03 - Unit Plates and Mailboxes A plate supplied by the Developer at the Home Builders expense showing the number of the residence shall be placed on each house Each Lot shall have individual brick mailboxes in the front of each residence along the curb line

Section 2 04 - Signs

(a) Except as otherwise permitted herein, no signs of any character shall be displayed or placed upon any Lot The Developer may enter upon any Lot and summarily remove and destroy any such signs

(b) Nothing contained in these Covenants shall prevent the Developer, or any person designated by the Developer, from erecting or maintaining such commercial and display signs and such temporary Dwellings, model homes, and other structures as the Developer may deem advisable for development purposes, including construction of any improvements or structures thereof, provided such are in compliance with the appropriate governmental requirements or regulations applicable thereto

Section 2 05 - Aerials No external radio or television mast, tower, pole, wire, aerial, satellite receiving station or dish, antenna, or appurtenances thereto shall be maintained on the exterior of any Dwelling or on any other portion of any Lot One (1) satellite dish serving the Development's cable television system may be installed if the Developer determines that community cable television service is not available to the Units

Section 2 06 - Electrical Interference No electrical machinery, devices or apparatus of any sort shall be used or maintained in any Unit which causes interference with the normal television or radio reception of any other Units

Section 2 07 - Animals All animals permitted by this Section shall be kept on a leash within the Development when not within an enclosed area of a Lot No horses, mules, donkeys, burros, cattle, sheep, goats, swine, rodents, reptiles, pigeons, pheasants, game birds, game fowl, poultry or guineas or any other animals shall be kept, permitted, raised or maintained on any Lot, except as permitted in this Section Domestic breeds of birds, dogs, cats and fish, unless otherwise excluded herein, may be kept on a single Lot for pleasure and use of the occupants, but not for any commercial or breeding use or purpose, except that if any such permitted animals shall,

in the sole and exclusive opinion of the Developer or the Association, become dangerous or an annoyance or nuisance to the Development, neighborhood, other Units or nearby property or destructive to wildlife, they may not thereafter be kept in or on the Lot or Unit

Section 2.08 - Nuisances No illegal, noxious or offensive activity shall be permitted or carried-on on any part of the Land or Development, nor shall anything be permitted or done thereon which is or may become a nuisance or a source of embarrassment, discomfort or annoyance to the neighborhood or Development. No motorcycles, mini-bikes, all terrain vehicles, motor-scooters or similar motorized vehicles may be operated on the streets of the Development except for ingress or egress. No trash, garbage, rubbish, debris, waste material, or other refuse shall be deposited or allowed to accumulate or remain on any part of the Land or Lands contiguous thereto. No fires for the burning of trash, leaves, clippings or other debris or refuse shall be permitted on any part of the Land, except by the Developer. No Owner shall permit any use of his Unit or make any use of the Common Areas that will increase the cost of insurance upon the Land above that required when the Unit is used for the approved purposes, or that will cause any such insurance to be cancelled or threatened to be cancelled, except with the prior written consent of the Association. No bicycles, cars, trucks, vehicles, tricycles, scooters, wagons, carriages, shopping carts, chairs, benches, tables, toys, or other such items shall be parked or permitted to stand for any period of time on the Common Areas, except in accordance with the Regulations. No radio, stereo, broadcast or loudspeaker units of any kind shall be placed upon or outside, or be directed to the outside of any Building without the prior written approval of the Board.

Section 2.09 - Re-subdividing Neither the Lots nor Land shall be subdivided, replatted or divided without the prior written consent of the Developer.

Section 2.10 - Clothes Drying The drying of clothes in public view is prohibited. There shall be no permanent clotheslines. Portable clotheslines shall not be visible from the street or exceed seven (7) feet in height. Such clotheslines shall be stored indoors when not in use. No clothing, bedding or other similar items shall be hung over or on any windows, doors, walls or fences if same be visible from any street.

Section 2.11 - Fences, Walls and Hedges There shall be no fences permitted on a Lot within the Development unless they comply with the requirements below and are approved by the Architectural Control Committee. The provisions contained herein apply solely to brick and wooden fences, and under no circumstances shall the Architectural Control Committee allow the installation of chain link fences. Approval of the Architectural Control Committee is not required for any fences or walls constructed by the Developer. No fence, wall, tree, hedge, shrub or structure may be placed, maintained or permitted to remain in such a manner as to obstruct sight lines for vehicular traffic at intersections.

(a) Privacy Privacy fences of brick or of cedar, cypress or other suitable, durable wood may be erected to a maximum height of six (6) feet and must be approved by the Architectural Control Committee

(b) Special Provisions Notwithstanding anything to the contrary, the Developer and the Association, as successor to the Developer, shall have the right to install and maintain fences and/or walls around the perimeter of the Development on individual Lots, with said fences and/or walls to be maintained by the Association. Section 2 11 does not apply to completely enclosed, screened areas attached to the Dwelling

Section 2 12 - Lot Maintenance The Owner of each Lot shall, at his or her own expense, keep such Lot free of tall grass, undergrowth, dead trees, dangerous and/or dead tree limbs, weeds, trash and rubbish, and shall keep such Lot at all times in a neat and attractive condition. No tree, shrub or plant of any kind shall be allowed to encroach upon any sidewalk or other pedestrian way from ground level to a height of seven (7) feet. In the event the Owner fails to comply with the preceding sentence of this Section 2 12, the Association shall have the right, but not the obligation, to cut and remove tall grass, undergrowth and weeds, and to remove rubbish and any unsightly or undesirable things and objects therefrom, and to do any other thing and perform and finish any labor necessary or desirable in its judgement to maintain the property in a neat and attractive condition, all at the expense of the Owner of such Lot, which expense shall be payable by such Owner to the Association on demand

Section 2 13 - Regulations Reasonable rules and regulations concerning the appearance and use of the Land may be made and amended from time to time by the Developer or the Association as successor to the Developer in the manner provided by the Articles of Incorporation and Bylaws. Copies of the Regulations and amendments thereto shall be furnished by the Association to all Owners and Residents of the Land upon request

Section 2 14 - Mining No oil or natural gas drilling, refining, quarrying or mining operations of any kind shall be permitted upon any Lot and no derrick or other structure designed for use in drilling for oil or natural gas shall be erected, maintained or permitted on any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted on any Lot

Section 2 15 - Casualties In the event a Unit or any part thereof is damaged or destroyed by fire, casualty or otherwise, or any improvements upon the Common Areas are damaged or destroyed by fire, casualty or otherwise, the Owner thereof or the Association as the case may be, shall promptly clear all debris resulting therefrom and commence either to rebuild or repair the damaged improvements in accordance with the terms and provisions of the Declaration, or in the case of the Common Areas, to grass over and landscape the Land previously underlying the improvements in a manner consistent with the surrounding areas.

Section 2 16 - Reconstruction Any repair, rebuilding or reconstruction on account of casualty or other damage to any Unit or Common Areas, or any part or parts thereof, shall be substantially in accordance with the plans and specifications for such property and areas as originally constructed or with new plans and specifications approved by the Association. Reconstruction must be completed within six (6) months from the occurrence of the damage.

Section 2 17 - Lighting All outside lights on Lots in the Development shall be in accordance with an outside lighting plan as established by the Developer. Except as provided by such plan or the express written consent of the Board, there shall be no outside lighting, other than indirect lighting. Lighting for streets in the Development may be provided by the Association or by the City of Dayton. In either case a Maintenance Charge may be assessed.

Section 2 18 - Setback Lines No structure shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached, single family Dwelling. No structure shall be erected nearer than twenty-five (25) feet from a Front Lot Line of any Lot, except on Lots facing a cul-de-sac street as designated on the Plat, then the structure shall be no closer than fifteen (15) feet from a front Lot Line. No structure shall be erected nearer than five (5) feet from a Side Lot Line, except where said Side Lot Line faces a street, in which case, no structure shall be erected nearer than ten (10) feet from a Side Street Lot Line adjoining said Side Street and no garage facing a Side Street shall be erected nearer than twenty (20) feet from a Side Street Lot Line adjoining said Side Street. No structure shall be erected nearer than eight (8) feet from a Rear Lot Line, and it may not be located within the rear utility easement on Lots. A swimming pool may not be located in the front yard of any Lot, nor past the Dwelling on a Side Lot Line adjoining a Side Street. All mechanical equipment, including, but not limited to, water softeners, central air conditioners, pumps or pool heaters shall not be visible from a street.

Section 2 19 - Dwellings No Dwelling shall have a square foot area of less than 1,500 square feet, exclusive of screened areas, open porches, terraces, patios and garages. The maximum portion of a Lot covered by Dwellings placed on Lots shall comply with any applicable provisions of the City of Dayton zoning and building codes, including any current provisions thereof limiting the building area, excluding pools and outdoor tennis courts. No Dwelling shall have more than two (2) finished stories or floors. All Dwellings must have a private garage for at least two (2) cars but not more than three (3) cars. The garage must conform architecturally with the Dwelling. The minimum roof pitch for the Dwelling or detached garage shall be four (4) feet rise for each twelve (12) feet of width of said roof, when said width is measured from front eave to back eave in a line parallel to the ground. All roofs shall be covered with shingles having a dimensional appearance (architectural grade). All Dwellings shall have a 75% brick, stucco or stone face finish. No Dwellings shall have an exposed structural block or imitation brick face. All Dwellings shall be constructed with concrete driveways, front walks and grassed front lawns. Driveways are to be wide enough for two (2) cars. Changes in direction of the sides of the driveways and walks are to be made with

curves rather than straight segments. Each Dwelling shall have a shrubbery plan for the front and the sides of the Lot (back to the side yard fence), including the initial size of new trees and shrubs to be planted or placed at the time of construction of such Dwelling as approved by the Architectural Control Committee. All landscaping plans must receive written approval from the Architectural Control Committee prior to planting. Basketball backboard or hoops will only be permitted in the rear of the Dwelling Unit and may not be visible from the street. Solar heating or cooling equipment shall not be visible from any street, unless otherwise approved by the Architectural Control Committee.

Section 2 20 - Maximum Construction Period. Under no circumstances shall the construction, reconstruction or modification of any Lot, Dwelling, structure, fence or wall continue for more than six (6) months from the date the work commenced on said construction project. No Dwelling shall be occupied until a Certificate of Occupancy has been issued by the appropriate governmental body issuing such certificate.

Section 2 21 - Use of Accessory Structures. No tent, shack, garage, barn or other out building shall at any time be erected or used, temporarily or permanently, as a residence or for any other residential purpose, nor shall any trailer be parked permanently or temporarily as a residence or for any other purpose on any of the Lots in this subdivision, provided, however, temporary buildings or field construction offices may be used by the home builders in connection with construction work if approved by the Developer or Association, and provided further that said temporary buildings or field construction offices shall be promptly removed upon the completion of such construction work.

Section 2 22 - Windows, Doors and Screens. All windows, with the exception of the upper panels of a palladium window, shall be covered on the interior of said Unit by blinds, shades, drapes, or other appropriate window coverings and shall not be covered with sheets, bedspreads, newspaper or foil. All garage doors of Units shall be closed except when opened temporarily for ingress and egress.

Section 2 23 - Window Air Conditioners. No window air conditioners will be installed or permitted.

Section 2 24 - Ancillary Equipment. All oil tanks, bottle tanks, soft water tanks, pumps, condensers, wood piles or other ancillary equipment shall be suitably screened so as to not be visible from the street or adjacent or nearby Lots.

Section 2 25 - Utilities Installations. All service lateral utility installations shall be installed underground.

Section 2 26 - Swimming Pools. Subject to the further limitations in Section 2 18 herein, swimming pools shall not be located closer than ten (10) feet from any Lot line, must be situated entirely within the rear yard area of such Lot unless a different location is authorized in writing by the Architectural Control Committee, must comply with all

requirements imposed by law and must not encroach on any utility or other easement. The walls, cap and deck of any pool shall not extend more than one (1) foot above the surface grade of the Lot.

Section 2 27 - Sprinkler Systems All Lots which have underground sprinkler systems, must be maintained in operable condition so as to not adversely effect adjoining Lots

Section 2 28 - Refuse Collection All trash containers, trash, garbage or other refuse shall be maintained in a location not visible from the street(s), and shall not be placed for pickup until the morning of pickup and any and all containers for such trash, garbage or refuse shall be returned the evening of pickup to their normal location

Section 2 29 - Ordinances Every Owner, their licensees, guests, invitees and tenants shall at all times abide by all county, city or other governmental ordinances, including, but not limited to, zoning ordinances, flood control ordinances, subdivision ordinances, ordinances with regard to pets and leashes, parking ordinances and ordinances regarding conduct

Section 2 30 - Pumping and Irrigation The Owners of any Lot which includes or is adjacent to a pond, bayhead or other body of water shall not draw down said body of water by pumping or draining therefrom. At no time shall the drilling, usage or operation of any water wells be permitted on any Lot. Sprinkling apparatus or irrigation systems, excluding wells, may be installed in any easement so designated in Exhibit "B"

Section 2 31 - Drainage All Lots are burdened with reciprocal, mutual easements for drainage of surface waters, including those set forth on the Development Plat, and no Owner may excavate, fill or otherwise alter such Owner's Lot in any manner that alters the drainage patterns established as part of the Development. Without limitation, no Owner shall cause or permit the obstruction, alteration or modification of the original drainage pattern of any Lot as established as part of the Development, including any alteration or modification to drainage swales, curbs, gutters, culverts, trenches, devices or facilities that have been constructed or installed on any Lot for storm drainage purposes, whether through the erection of fences, planting of trees or shrubs, landscaping, laying of sod, removal of soil, placing of fill, alteration of surface elevation, re-grading of surfaces, filling of culverts, channeling, placing holes or ditches, or any other act. Drainage plans for each Lot must be approved by the Architectural Control Committee prior to the commencement of home construction

Section 2 32 - Lot Alterations No Owner shall cause or permit any earth or other material to be excavated or removed from any Lot for sale or for other commercial purposes, and no change in the elevation of the surface of any Lot shall be permitted without the prior written approval of the Architectural Control Committee

Section 2.33 - Proviso Provided, however, that until the Developer and Home Builders have completed all of the contemplated improvements in the Development and closed the sales of all of the Lots, neither the Owners nor the Association nor the use of the Land shall interfere with the completion of the contemplated improvements and the sale of the Lots. The Developer may make such use of the unsold Lots and Common Areas without charge as may facilitate such completion and sale, including, but not limited to, maintenance of a sales office, including the showing of the Land and the display of signs.

ARTICLE III - UTILITIES AND EASEMENTS

Section 3.01 - Easements Perpetual easements (herein called "Easements") for the installation or maintenance of utilities including storm sewer, sanitary sewer, gas, electricity, water, telephone, cable television and other utilities (herein generally referred to as "Utilities") and drainage areas are hereby reserved to the Developer, the City of Dayton and Liberty County in and to all utility easements and drainage easement areas (herein called "Easement Areas") shown on the Plat, which easements shall include, without limitation, the right of reasonable access over Lots to and from the Easement Areas, and the Developer, the City of Dayton, and Liberty County shall each have the right to convey such Easements on an exclusive or nonexclusive basis to any person, corporation or governmental entity (herein called "Utility Providers") who shall furnish utilities or services to the Development. Neither the Easement rights reserved pursuant to this paragraph or as shown on the Plat, however, shall impose any obligation on the Developer to maintain such Easement Areas or to install or maintain the utilities or any Retention or Detention Areas (herein defined), nor any pipes, lines, culverts, channels or other facilities or improvements that may be located on, in or under such Easements, or which may be served by them within Easement Areas. No structure, soil, irrigation system, planting or other material shall be placed or permitted to remain which may damage or interfere with access to, or the installation and maintenance of any utilities or drainage facilities within the Easement Area, or which may reduce the size of any ponds, lakes or other water retention areas (herein referred to as "Retention or Detention Areas" which are or may be shown on the Plat or are on or in the Development or which may be constructed in such Easement Areas.

Section 3.02 - Landscaping and Signage The Developer reserves to itself and the Association an easement over, along, across and under the property described in Exhibit "C" for and as areas for Common Area landscaping, signs, walls, fences and including the right of installation and maintenance and the right of reasonable access over Lots. Neither the easement rights reserved pursuant to this paragraph, nor as shown on the Plat, however, shall impose any obligation on the Developer to maintain such Easement Areas or to install or maintain any landscape area, signs, walls, fences or other facilities or improvements that may be located on, in or under such Easements, or which may be served by them within the Easement Areas. No structure, including, but not limited to, fences, walls, soil, irrigation systems, plantings or other material shall be placed or permitted to remain which may damage or interfere with access to such Easements or facilities therein.

Section 3 03 - Maintenance of Easements The Owners of the Lot or Lots subject to the privileges, rights and Easements referred to in this Article III shall acquire no right, title or interest in or to any poles, wires, cables, signs, plantings, shrubs, improvements, conduits, pipes, mains, valves, lines or other equipment or facilities placed on, in, over or under the property which is subject to said privileges, rights and Easements Easement Areas of each Lot, whether as reserved hereunder or as shown on the Plat, or as may have been installed by the Developer, and all facilities and improvements in such Easement Areas shall be maintained continuously by the Owner of the Lot, for those improvements which the utility provider is responsible and those areas maintained by the Association With regard to specific Easements for drainage as shown on the Plat, the Developer shall have the right, but without any obligation imposed thereby, to alter or maintain drainage facilities in such Easement Area, including slope control areas

ARTICLE IV - PROPERTY RIGHTS

Section 4 01 - Owner's Easements of Enjoyment Every Owner of any part of the Land shall have a right and easement of enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title to every Lot, subject to the rights of the Developer reserved herein and subject to the following provisions

- (a) The right of the Association to levy annual and special Maintenance Charges and to charge reasonable admission and other fees for the use of any recreational facility, if any, situated upon the Common Areas
- (b) The right of the Association to suspend the voting rights and right to use the recreational facilities by a Member for any period during which any Maintenance Charge against his Lot or Unit remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations Notwithstanding anything contained herein to the contrary, Maintenance Charges shall continue during any suspension period
- (c) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public authority, agency or utility for such purposes and subject to such conditions as may be agreed to by the Members No such dedication or transfer shall be effective unless an instrument which is signed by two-thirds (2/3) of the Members agreeing to such dedication or transfer has been recorded
- (d) The right of the Association, in accordance with its Articles of Incorporation and its Bylaws, to borrow money for the purpose of improving or increasing the Common Areas and, in aid thereof, with the assent of two-thirds (2/3) of the Members, to mortgage said Common Areas Said mortgage shall be subordinate to the Members' rights as provided hereinafter In the event of a default upon any such mortgage, the lender's rights hereunder shall be limited to a right, after taking possession of such area, to charge admission and other fees as a condition to

continued enjoyment by the Members and, if necessary, to open the enjoyment of such area to a wider public until the mortgage debt is satisfied, whereupon the possession of such area shall be returned to the Association and all rights of the Members hereunder shall be fully restored, provided that under no circumstances shall the rights of the Members of ingress, egress or parking be affected

(e) The right of the Association to take such steps as are reasonably necessary to protect the Common Areas against an attempted foreclosure

Section 4.02 - Delegation of Use Any Member may delegate his right of enjoyment to the Common Areas and facilities to the members of his family, to his guests and to his tenants, subject to such rules and regulations as the Board of Directors may from time to time adopt, provided, however, that there shall be no abrogation of the duty of any Member to pay assessments as provided in Article VIII

ARTICLE V - RESERVE AREA

Section 5.01 - Development The Development may contain a reserve area and may be improved in general accordance with Exhibit "B" attached. Exact location and dimension of the reserve area may vary from that depicted in Exhibit "B" and is subject to as-built conditions. For purposes of this paragraph, "as-built conditions" means the final form and location of the reserve area as necessitated by environmental and economic conditions and the location of nearby improvements

ARTICLE VI - ARCHITECTURAL CONTROL

Section 6.01 - Architectural Control Committee The Board shall appoint as a standing committee an Architectural Control Committee, which shall be composed of three (3) or more persons appointed, in writing, by the Board, or, in the Board's discretion, the Board may constitute itself the Architectural Control Committee by failing to appoint in writing the members of the committee. Until such time as the initial Board, the Developer shall appoint the members of the Committee. No member of the Committee shall be entitled to compensation for services performed. The Architectural Control Committee shall have full power to regulate all exterior changes to a Unit, including landscaping and drainage, Dwelling and other structures' location and tree removal to the Lots or Units in the manner hereinafter provided

Section 6.02 - Committee Authority No exterior changes, additions or alterations, including exterior coloring, to any Dwelling or other structure in the Development, additional fences or changes in existing fences, hedges, walls, walkways and other structures shall be commenced or erected, except such as are installed, improved or made by the Developer in connection with the initial construction of the buildings and improvements within the Development, until the same is approved by the Committee. The Committee shall have full authority to regulate, in accordance with the terms and provisions of this Declaration, the use and appearance of the exterior of the Units to assure harmony of external design and location in relation to surrounding

buildings and topography and to protect and conserve the value and desirability of the Development as a residential community. The power to regulate shall include the power to prohibit those exterior uses or activities deemed inconsistent with the provisions of this Declaration, or contrary to the best interests of the Association in maintaining the value and desirability of the Development as a residential community, or both. The Committee shall have authority to adopt, promulgate, rescind, amend and revise rules and regulations in connection with the foregoing, provided, however, such rules and regulations shall be consistent with the provisions of this Declaration, and, if the Board has not constituted itself as the Committee, such rules and regulations shall be approved by the Board prior to the same taking effect. Violations of the Committee's rules and regulations shall be enforced by the Board, unless such enforcement authority is delegated to the Committee by resolution of the Board.

Section 6 03 - Committee Approval Without limitation of the foregoing, no changes, alterations, additions, reconstruction or attachments of any nature whatsoever shall be made to any Lot (except as to the interior of a Unit), including that portion of any Lot not actually occupied by the Unit, except such as are installed, improved or made by the Developer, until the plans and specifications showing the nature, kind, shape, height and materials are submitted to and approved by the Committee in writing. All applications to the Committee for approval of any of the foregoing shall be accompanied by plans and specifications or such other drawings or documentation as the Committee may require. In the event the Committee fails to approve or disapprove an application within thirty (30) days after the same has been submitted to it, the Committee's approval shall be deemed to have been given. In all other events, the Committee's approval shall be in writing. If no application has been made to the Committee, a lawsuit to enjoin or remove any structure, activity, use, change, alteration or addition in violation of the prohibitions contained in this Section may be instituted at any time, and the Association or any Owner may resort immediately to any other lawful remedy for such violation.

Section 6 04 - Procedure As is set forth in Section 6 02, the Committee may, from time to time, adopt, promulgate, rescind, amend and revise its rules and regulations governing procedure in all matters within its jurisdiction. In the event the Board does not constitute itself the Committee, then the Board, in its discretion, may provide, by resolution, for appeal of decisions of the Committee to the Board, subject to such limitations and procedures as the Board deems advisable. The Board or the Committee may appoint one or more persons to make preliminary review of all applications to the Committee and report such applications to the Committee with such person's recommendations for Committee action thereon. Such preliminary review shall be subject to such regulations and limitations as the Board or Committee deems advisable.

Section 6 05 - Standards No approval shall be given by the Board or Committee pursuant to the provisions of this Article, unless the Board or Committee, as the case may be, determines that such approval shall (a) assure harmony of external design,

materials and location in relation to surrounding buildings and topography within the Development, and, (b) shall protect and conserve the value and desirability of the Development as a residential community, and, (c) shall be consistent with the provisions of this Declaration, and, (d) shall be in the best interests of the Association in maintaining the value and desirability of the Development as a residential community

Section 6 06 - Developer Consent Any and all actions of the Committee as to Lots owned by the Developer, must have the written approval of the Developer, unless such approval is waived in writing by Developer or Developer's authorized representative

Section 6 07 - Exculpation of Developer and Committee Developer and Committee cannot and shall not be held responsible for any loss or damages to any person arising out of the approval or disapproval of plans, designs or construction errors Nor shall Developer or Committee be held responsible for loss or damage to any person arising out of non-compliance with any zoning law, ordinance or land use or building regulation or any provision of this Declaration

ARTICLE VII - ADMINISTRATION

Section 7 01 - Association The Developer shall be responsible for the organization of the Association The Association shall have the rights, powers and duties of the Association as provided herein The Association shall be governed by its Articles of Incorporation and Bylaws Such rights and powers, subject to the approval thereof by any agencies or institutions deemed necessary by the Developer, may encompass any and all things which a natural person could do or which now or hereafter may be authorized by law, provided such Articles of Incorporation and Bylaws are not inconsistent with the provisions of this Declaration and are necessary, desirable, or convenient for effectuating the purposes set forth in this Declaration. After incorporation of the Association, a copy of the Articles of Incorporation and Bylaws of the Association shall be available for inspection at the office of the Association during reasonable business hours Copies of said Articles of Incorporation and bylaws may be purchased for such reasonable fees as may be prescribed by the Association and otherwise provided as set forth in Section 2 13 Until such time as the Association is organized, the Developer shall have the rights, powers and duties of the Association provided for herein

Section 7 02 - Members Every Owner of a Lot or Unit shall be a Member of the Association as designated in Section 7 03 of this Article Membership shall be appurtenant to and may not be separated from ownership of a Lot or Unit which is subject to Maintenance Charge or from occupancy of a Unit

Section 7 03 - Membership Classes and Voting Rights The Association shall have the following two (2) classes of voting memberships

(a) Class A Class A Members shall be Owners of Lots in the Development, except for the Developer so long as the Developer retains Class B voting rights as defined herein, and shall be entitled to one (1) vote for each such Lot so owned

(b) Class B The Class B Member shall be the Developer and shall be entitled to fifteen (15) votes for each Lot or Unit owned in the Development The Class B membership shall cease to exist and be converted to Class A membership when the first of one of the following events occurs

- (1) When the total votes outstanding in Class A membership equals the total votes outstanding in Class B membership, or,
- (2) Five (5) years following conveyance of the first Lot or Unit from the Developer to an Owner, or,
- (3) On January 1, 2008

Section 7 04 - Joint Owners When more than one person holds an interest in any Lot or Unit, all such persons shall be Members of the Association, provided, however, that the Owner's vote shall be exercised as provided above or as all persons among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot or Unit not owned by the Developer

ARTICLE VIII - MAINTENANCE CHARGES

Section 8 01 - Purpose of Maintenance Charges The Association shall have the authority to levy assessments, herein called "Maintenance Charges", against each Lot or Unit to be used exclusively to promote the recreation, health, safety and welfare of the residents in the Development and for the improvement and maintenance of the Common Areas, including, but not limited to, cost of repairs, replacement and additions thereto, cost of labor, equipment, materials, management and supervision thereof, the payment of taxes assessed against the Common Areas, the procurement and maintaining of insurance, the employment of attorneys, accountants and other professionals to represent the Association when necessary or useful, the employment of security personnel to provide services which are not readily available from a governmental authority, and such other needs as may arise

Section 8 02 - Creation of a Lien In order to carry out the purposes and obligations hereinafter stated, the Association, by action of its Board of Directors, and without approval of the Members, except to the extent specifically provided herein, shall have the power to levy and collect Maintenance Charges in accordance with this Declaration against each Lot or Unit The Developer, for each Lot or Unit owned within the Development, hereby covenants, and each Owner of any Lot or Unit by acceptance of a deed thereto, whether or not it shall be so expressed in such deed, shall be deemed to covenant and agree to pay to the Association (1) Annual Maintenance Charges (2) Special Maintenance Charges for capital improvements, (3) Special

Maintenance Charges for emergencies as needed for purposes other than as a capital improvement, and (4) Specific Maintenance Charges against any particular Lot or Unit which were established pursuant to the terms of this Declaration. All such Maintenance Charges, together with interest, costs and reasonable attorney's fees, shall constitute a lien upon the Unit against which each such Maintenance Charge is levied and shall run with the Unit, and shall take priority from the date the notice of lien for delinquent Maintenance Charge is filed in the Public Records of Liberty County, which notice shall state the description of the Lot or Unit, the Owner's name, the amount due and the date due. The lien shall be prior to and superior in dignity to the creation of any homestead status but subordinate to any first mortgage as hereinafter set forth. The lien shall be subordinate to liens for ad valorem taxes or other public charges which by applicable law are expressly made superior. Every owner of a Lot or Unit hereby consents to the imposition of such lien prior to any homestead status until paid in full.

Section 8 03 - Special Maintenance Charges. In addition to the Annual Maintenance Charge, the Association, through its Board of Directors, may levy in any calendar year a special charge, herein referred to as "Special Maintenance Charge" for capital improvements or emergency purposes, and any such charge shall be approved by no less than two-thirds (2/3) of each class of Members. Notwithstanding the foregoing, a Special Maintenance Charge authorized under Section 9 01(b), Article IX, and Section 2 12, Article II hereof, need be approved only by the Board of Directors and not the two-thirds (2/3) vote of the membership. Written notice of any meeting called for the purpose of making the levy of a Special Maintenance Charge requiring approval of the membership shall be sent to all Members not less than ten (10) days nor more than thirty (30) days in advance of the meeting.

Section 8 04 - Annual Maintenance Charges. Annual Maintenance Charges shall be determined for each Lot or Unit by the Board of Directors of the Association prior to January 1st of each year for all Lots subject to Maintenance Charges pursuant to Section 8 07 herein by determining the sum necessary to fulfill the obligations and purpose of said Maintenance Charges for each year commencing January 1st. Such charges are referred to herein as the "Annual Maintenance Charge". Written notice of the Annual Maintenance Charge shall then be sent to every Owner subject thereto and the due date shall be established by the Board of Directors, which may be monthly, quarterly or on an annual basis. The Association shall, upon request and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the maintenance Charges on a specified Lot or Unit have been paid. The Annual Maintenance Charge provided for herein shall commence at the time of closing of the purchase of each Lot or Unit from the Developer with respect to said Lot or Unit, and the first Annual Maintenance Charge shall be adjusted according to the number of days then remaining in that calendar year and may be required to be paid in advance at closing. Notwithstanding anything contained herein to the contrary, the Developer, as a Class B Member, shall not be obligated to pay Annual Maintenance Charges for the period of time that the Developer pays any amount of common expenses incurred and not charged by the Special and Annual Maintenance Charges collectible from Class A Members.

Section 8 05 - Reserves for Replacement The Association shall establish and maintain an adequate reserve for the periodic maintenance, repair and replacement of improvements to the Common Areas. The fund is to be maintained out of annual Maintenance Charges.

Section 8 06 - Uniform Rate of Maintenance Charge Except as provided herein in Section 8 02, both Annual and Special Maintenance Charges shall be fixed at the same amount for each Lot or Unit and may be collected on a monthly, quarterly or annual basis.

Section 8 07 - Commencement of annual Maintenance Charges The Maintenance Charges provided for herein shall commence as to each Lot or Unit at the time of the closing of the sale of each Lot or Unit by the Developer, and the first Annual Maintenance Charges shall be adjusted according to the number of days remaining in the calendar year of such closing. The due dates for Maintenance Charges shall be established by the Board of Directors of the Association.

Section 8 08 - Remedies of the Association for Nonpayment of Maintenance Charges Any Maintenance Charge not paid within ten (10) days after the due date shall bear interest from the due date at the maximum legal rate. The Association may bring an action at law against the Owner personally obligated to pay the same, or file a lien and foreclose the lien securing payment of such Maintenance Charge as provided herein in the same manner in which mortgages on real property may be foreclosed in Texas. In any such foreclosure, the Owner shall be required to pay all costs and expenses of filing the notice of lien and all reasonable attorney's fees, which costs, expenses and attorney's fees shall be secured by the lien being foreclosed. The Owner shall also be required to pay the Association any Maintenance Charges against the Lot or Unit which become due during the period of foreclosure. The Association shall have the right and power to bid at foreclosure sale or other legal sale and to acquire, hold, convey, lease, rent, encumber, use and otherwise deal with the Lot or Unit as Owner thereof. No Owner may waive or otherwise escape liability for the Maintenance Charges provided herein by non-use of the Common Areas. Any suit to recover money judgment for unpaid expenses and assessment hereunder shall not be deemed to be a waiver of the lien securing the same. Upon payment of all sums secured by the lien, which has been made the subject of a recorded notice of lien, a release of notice of lien shall be executed by the Association or its representative and recorded in the Public Records of Liberty County, Texas.

Section 8 09 - Subordination of the Lien to Mortgages The lien of the Maintenance Charges provided for herein shall be subordinate to the lien of any first mortgage recorded prior to the time of recording a notice of lien. The sale or transfer of any Lot or Unit shall not affect the lien. Any mortgagee which obtains title to a Lot or Unit as a result of foreclosure of a first mortgage thereon or by voluntary conveyance in lieu of such foreclosure, shall not be liable for the Maintenance Charge pertaining to such Lot or Unit or chargeable to the former Owner thereof which became due prior to

the acquisition of title by said mortgagee. Such unpaid Maintenance Charges shall be deemed a common expense of the Association and collectible from all Owners, including the acquiring mortgagee, its successor or assigns. Any such transfer to or by a mortgagee shall not relieve the transferee of responsibility nor the Lot or Unit from the lien for Maintenance Charges made thereafter. No sale or transfer shall release such Lot or Unit from liability for the Maintenance Charge thereafter becoming due.

Section 8 10 - Exempt Property. All properties dedicated to and accepted by a public authority and all properties owned by the Association shall be exempt from Maintenance Charges created herein.

Section 8 11 - Rights of Governmental Authorities. In the event any municipality or other governmental authority performs the obligations of the Association for the maintenance of any facilities or Land within the Development, then said municipality or governmental authority shall have legally enforceable liens against all Land, Lots or Units in the Development and the same enforcement rights afforded the Association.

ARTICLE IX - MAINTENANCE OF COMMON AREAS AND LOTS

Section 9 01 - Maintenance Responsibility. The responsibility for the maintenance of the Common Areas and Lots within the Development shall be as follows:

(a) Common Areas. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management, control and maintenance of the Common Areas as defined herein and all improvements thereon, and shall keep the same in good, clean, attractive and sanitary condition, order and repair.

(b) Lots. Each Lot Owner shall be responsible for the maintenance of his Lot or Unit, including, but not limited to, the responsibility to replace and care for trees, shrubs, grass, walks and other exterior improvements located within the Lot. In the event an Owner fails to maintain the exterior of his Lot or Unit in a good, clean, attractive and sanitary condition, or in the event the Board of Directors of the Association deems it in the best interest of the Development, then the Association may provide said maintenance after delivery of thirty (30) days written notice to the Lot or Unit Owner and the cost of said maintenance shall be assessed by the Association to the Owner of said Lot or Unit. The Association shall have a reasonable right of access and entry upon any Lot to do work reasonably necessary for the proper operation and maintenance of the Development.

ARTICLE X - SPECIAL PROVISIONS TO SATISFY THE REQUIREMENTS OF THE
FEDERAL NATIONAL MORTGAGE ASSOCIATION

Section 10.01 - Inspection of Records The Association shall allow all Lot and Unit Owners, their lenders, insurers and guarantors of first mortgages to inspect, during normal business hours, all of the records of the Association

Section 10.02 - Furnish Annual Statement Upon written request, the Association shall furnish its most recent annual statement to any holder of a first mortgage of a Lot or Unit in the Development

Section 10.03 - Cancellation of Contracts The Association may cancel, without penalty or cause, any contract or lease made by it before Owners, other than the Developer, assume control of the Association upon ninety (90) days written notice to the other party

Section 10.04 - Notices Upon written request, the Association shall furnish the following notices to the holder, insurer or guarantor of any first mortgage on any Lot or Unit in the Development

(a) Notice of any condemnation or casualty loss that affects a material portion of the Development or the applicable Lot or Unit

(b) Notice of any delinquency in the payment of assessments more than sixty (60) days past due as to any applicable Lot or Unit within the Development

(c) Notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association

(d) Notice of any proposed action which would require the consent of a percentage of mortgage holders

ARTICLE XI - REMEDIES

Section 11.01 - Violations Whenever there shall have been built, or there shall exist on any Lot or Unit, any structure, building, thing or condition which is in violation of the covenants, Developer shall have the right, but not the obligation, to enter upon the property where such violation exists and summarily to abate and remove the same, all at the expense of the Owner of such Lot or Unit, which expense shall be payable by such Owner to Developer on demand, and such entry and abatement or removal shall not be deemed a trespass or make Developer liable in any way to any person, firm, corporation or other entity for any damages on account thereof

ARTICLE XII - MISCELLANEOUS

Section 12 01 - Approvals Wherever in the Covenants the consent or approval of the Developer is required to be obtained, no action requiring such consent or approval shall be commenced or undertaken until and after a request in writing seeking the same has been submitted to and approved in writing by the Developer. In the event the Developer fails to act on any such written request within thirty (30) days after the same has been submitted to the Developer as required above, the consent or approval of the Developer to the particular action sought in such written request shall be conclusively and irrefutably presumed. However, no action shall be taken by or on behalf of the person or persons submitting such written request which violates any of the Covenants herein contained.

Section 12 02 - Assignments The Developer shall have the sole and exclusive right at any time and from time to time to transfer and assign to any person, firm or corporation, including, but not limited to, the Association, any or all rights, privileges, powers, easements, authorities and reservations given to or reserved by the Developer by any part or paragraph of the Covenants or under the provisions of the Plat. If at any time hereafter there shall be no person, firm or corporation entitled to exercise the rights, powers, easements, privileges, authorities and reservations given to or reserved by the Developer under the provisions hereof, the same shall be vested in and be exercised by a committee to be elected or appointed by the Owners of a majority of the Lots or Units. Nothing herein contained, however, shall be construed as conferring any rights, powers, easements, privileges, authorities or reservations in said committee, except in the event aforesaid. None of the provisions of this Section 12 02 shall apply to or affect the provisions of Article VII.

Section 12 03 - Developer's Rights The Developer reserves and shall have the sole and exclusive right

(a) To amend these Covenants as may be required by the Federal National Mortgage Association, or other insurer of first mortgages upon the Lots and Units without acquiring the approval or joinder of any other Owner or mortgagee.

(b) To amend, modify or grant exceptions or variances from any of the use restrictions set forth in Article II of this Declaration without notice to or approval by the Board or other Owners or mortgagees. All amendments, modifications, exceptions or variances increasing or reducing the minimum square footage of Dwellings, pertaining to fence size, location or composition or pertaining to the location of structures on a Lot shall be conclusively deemed to be within the authority and right of the Developer under this subsection.

(c) To amend these Covenants for the purpose of curing any error or ambiguity in or any inconsistency between the provisions contained herein without requiring the approval or joinder of any Lot or Unit Owner or mortgagee.

(d) To include in any contract, deed, sublease agreement or other instrument hereafter made any additional covenants and restrictions applicable to the Land which do not lower the standards of the Covenants,

(e) Notwithstanding anything contained herein to the contrary in this Declaration, the Developer reserves unto itself the exclusive right to approve or disapprove of the initial construction of all Dwellings, structures, buildings and improvements (herein referred to as the "Initial Improvements") to the Land and all other rights granted to the Committee with respect to the Initial Improvements. Initial Improvements shall not be made by any Owner or Home Builder until approval in writing of the plans and specifications is obtained from the Developer for such Initial Improvements. The Developer shall only grant such approval in writing upon a determination by the Developer that the Initial Improvements comply with this Declaration and are consistent with the Developer's overall plan and design of the Development.

(f) Notwithstanding anything contained herein to the contrary, in this Declaration, the Articles of Incorporation or Bylaws, the Developer shall be entitled to use any unsold Lots or Units as an aide in selling Lots or Units or as a sales office, and further be allowed to place on the Development signs advertising the sale of Lots or Units, temporary construction trailers and temporary sales trailers. The Developer shall further have the right to complete construction of all improvements to the Common Areas contemplated by its development plan and to transact, on the Development, any business to consummate the sale of Lots or Units, and all sales office and model furniture shall not be considered Association property and shall remain the property of the Developer.

Section 12 04 - Additional Covenants. No Owner, without the prior written approval of the Developer, may impose any additional covenants or restrictions on any part of the Land shown on the Plat.

Section 12 05 - Termination. These Covenants, as described in this Declaration and as amended and added to from time to time, and as provided for herein, shall, subject to the provisions hereof and unless released as herein provided, be deemed to be covenants running with the title to the Land and shall remain in full force and effect for a period of thirty (30) years from the date of recording the original Declarations, and thereafter these Covenants shall be automatically extended for successive periods of ten (10) years each, unless within six (6) months prior to the commencement of any ten (10) year period, an instrument in writing, executed by the Owners representing seventy five percent (75%) of the votes of Members has been recorded in the Public Records of Liberty County, Texas, in which written agreement any of the covenants provided for herein may be changed, modified, waived or extinguished, in whole or in part, as to all or any part of the Land then subject thereto, in the manner and to the extent provided in such written agreement.

Section 12 06 - Amendments Subject to the provisions of Section 12 03(b) hereof, the Covenants of this Declaration may be amended by an instrument executed by the then Owners who represent seventy five percent (75%) of the votes of Members and shall be placed of record in the Official Public Records of Real Property of Liberty County, Texas Notwithstanding anything contained herein to the contrary, no amendment of this Declaration which in any way alters, changes, limits, diminishes or otherwise affects any institutional mortgagee's position, right or equity as mortgagee of a Lot or Unit shall be effective without the joinder of the institutional mortgagee For purposes of this statement, an institutional mortgagee shall be defined as a bank, a mutual savings bank, life insurance company, savings and loan association, real estate trust, pension fund, trust, governmental agency, mortgage company, Federal National Mortgage Association or other lender active in a geographic area within twenty (20) miles of the Development including the successors and assigns of any such lender

Section 12 07 - Indemnification The Association shall indemnify every officer and director against any and all expenses, including reasonable attorney fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including settlement of any suit or proceeding if approved by the Board of Directors) to which he may be made a party by reason of being or having been an officer or director at the time such expenses are incurred The officers and directors shall not be liable for any mistake of judgment, negligence, or otherwise taken on behalf of the association, except for their own individual willful conduct or nonfeasance The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent of any obligations as members of the Association) and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment Any right to indemnification provided for herein shall not be exclusive of any other rights as to which any officer or director, or former officer or director, may be entitled The Association may, at a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation

Section 12 08 - Insurance The Association shall obtain such insurance coverage it reasonably and in good faith deems necessary, including, but not limited to, the following policies of insurance a) fire, flood and extended coverage insurance on all improvements upon the Common Areas in the amount of 100% of the full insurance replacement cost value of the improvements, b) Workmen's Compensation insurance to meet the requirements of law, c) general comprehensive public liability insurance in such amounts and in such form as shall be required by the Association against liability to and claims of the public, a Member of the Association, and any other person with respect to liability occurring upon the Common Areas based upon or arising out of the Association's ownership or use of the Common Areas The liability insurance shall name as separately protected insureds the Association, the Architectural Control Committee, other standing or special committees, the Board of Directors, and their respective members, employees, officers, agents and representatives

Section 12.09 - Negligence Any Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect, carelessness or by that of any member of his family, or by his or her guests, licensees, employees, or tenants, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse or occupancy or abandonment of a Lot or Unit or its appurtenances.

Section 12.10 - Enforcement In addition to the other remedies permitted herein, if any person, firm, corporation or other entity shall violate or attempt to violate any of the Covenants, it shall be lawful for the Developer or the Association or any person or persons owning a Lot or Unit

(a) To institute and maintain civil proceeding for the recovery of damages against those so violating or attempting to violate any such Covenants or restrictions, or,

(b) To institute and maintain a civil proceeding in any court of competent jurisdiction against those so violating or attempting to violate any of the Covenants for the purpose of preventing or enjoining all or any such violations or attempted violations. The remedies contained in Section 11.01 shall be construed as cumulative of all other remedies now or thereafter provided by law. The failure of the Developer, its grantees, successors or assigns, to enforce any Covenant or any other obligation, right, power, privilege, authority or reservation herein contained, however long continued, shall in no event be deemed a waiver of the right to enforce the same thereafter as to the same breach or violation, or as to any other breach or violation thereof occurring prior to or subsequent thereto.

(c) In any proceeding arising because of alleged failure of an Owner to comply with the terms of this Declaration, its Exhibits or Regulations adopted pursuant thereto, as said documents and Regulations may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees as may be awarded by the court.

Section 12.11 - Severability The invalidation of any provision or provisions of the Covenants set forth herein by judgment or court order shall not affect or modify any of the other provisions of the Covenants which shall remain in full force and effect.

Section 12.12 - Successors and Assigns of the Developer Any reference in this Declaration to the Developer shall include any successors or assigns of the Developer's rights and powers hereunder.

Section 12.13 - Rules Against Perpetuities If any interest purported to be created by this Declaration is challenged under the Rule against Perpetuities or any related rule, the interest shall be constructed as becoming void and of no effect as of end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest, the "lives in being" for computing

the period of perpetuities shall be (a) those which would be used in determining the validity of the challenged interest, plus (b) those of the issue of the Board who are living at the time the period of perpetuities starts to run on the challenged interest

Section 12 14 - Change of Circumstances Except as otherwise expressly provided in this Declaration, no change of conditions or circumstances shall operate to extinguish, terminate, or modify any of the provisions of this Declaration

Section 12 15 - FHAVA Approval As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration ("FHA") or Veterans Administration ("VA") annexation of additional land into the Subdivision, merger and consolidation, mortgaging of Common Area or Common Facilities, if any, dedication of Common Area, or any portion thereof, and dissolution or amendment of this Declaration

Section 12 16 - Notices Any notice required or permitted to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, delivery shall be deemed to have been made twenty-four (24) hours after a copy of the notice has been deposited in the United States mail, postage prepaid, registered or certified mail, addressed to each such person at the address given in writing by such person to the party sending the notice or to the address of the Unit of such person if no address has been given. Such address may be changed from time to time by notice in writing

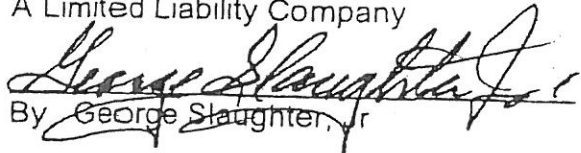
Section 12 17 - Gender and Number Wherever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders, words used in the neuter gender shall include the masculine and feminine genders, words in the singular shall include the plural, and words in the plural shall include the singular

Section 12 18 - Paragraph Headings The paragraph headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning, content or interpretation hereof

Section 12 19 - Conflicts In the case of any conflict between the Declaration, the Articles of Incorporation of the Association or the Bylaws of the Association, the Declaration shall control

IN WITNESS WHEREOF, PROPERTY INVESTORS, LTD, a Limited Liability Company and Developer, has caused this instrument to be executed this 22nd day of November, 1999

PROPERTY INVESTORS, LTD
A Limited Liability Company


By George Slaughter, Jr.

STATE OF TEXAS

COUNTY OF Harris

§
§
§

I HEREBY CERTIFY, that his date, before me personally appeared GEORGE SLAUGHTER, JR , an Officer of PROPERTY INVESTORS, LTD , known to me to be the individual described in and who executed the foregoing Declaration of Covenants, Conditions and Restrictions and he acknowledged before me that he executed the same as such Officer for the purposes therein expressed and for and on behalf of PROPERTY INVESTORS, LTD

WITNESS my hand and official seal this 22nd day of November, 1999

Raynell Grable
Notary Public in and for
The State of TEXAS

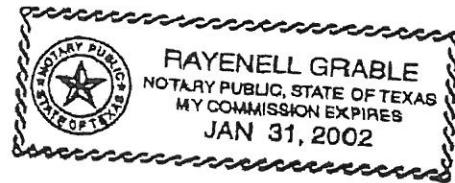


EXHIBIT "A"

FIRST TRACT:

Being 86.322 acres of land, in, out of, and a part of Block 16 of the T. & N. O. Farm Lot Subdivision No. 74, in the Liberty Town Tract West League, Abstract 357, and the Liberty Town Tract North League, Abstract 356, Liberty County, Texas. Map of said T. & N. O. Farm Lot Subdivision No. 74 being of record in Volume "L", Page 172 of the Deed Records of Liberty County, Texas. Said 86.322 acres being that same land "called" 85.4799 acres conveyed by Don to Dayton Properties by deeds recorded in Volume 829, Pages 39 and 42 of the Deed Records of Liberty County, Texas. Said 86.322 acres being more particularly described by metes and bounds as follows, to-wit:

BEGINNING at a 1-1/4" Iron Pipe found at a fence corner in the West line of said Block 16 for the Northwest corner of the heretofore mentioned "called" 85.4799 acre tract. Said iron pipe being the Northwest corner and POINT OF BEGINNING of said 86.322 acres herein described;

THENCE South 89° 53' 50" East along the North line of said 86.322 acres herein described (in part with an existing fence line) and at 539.01 feet pass a 1" Galvanized iron pipe found for the Southwest corner of that certain tract described in Volume 607, Page 187 of the Deed Records of Liberty County, Texas (now owned by Sivils); at 700.47 feet pass an iron rod found for the Southeast corner of said Sivils Tract; at 1328.61 feet pass a 1" Galvanized Iron Pipe found for the Southeast corner of that certain tract described in Volume 736, Page 677 and the Southwest corner of that certain tract described in Volume 480, Page 260 of said Deed Records; and at a total distance of 2273.76 feet set a 5/8" Iron Rod in the West right-of-way of the old Trinity Valley and Northern Railroad (now abandoned) for the Northeast corner of said 86.322 acres herein described; from which a fence corner bears South 43° 13' 58" West a distance of 3.6 feet;

THENCE South 17° 02' 45" East along the East line of said 86.322 acres herein described (same being the West right-of-way line of said old abandoned T. V. & N. Railroad) for a distance of 1572.24 feet to a 5/8" Iron Rod set in the South line of said Block 16 for the Southeast corner of said 86.322 acres herein described; from which a cross-tie fence corner post bears South 72° 51' 48" East a distance of 4.8 feet;

THENCE North 89° 51' 48" West along the South line of said 86.322 acres herein described (same being the South line of said Block 16) for a distance of 2734.94 feet to a 5/8" Iron Rod set for the Southwest corner of said Block 16 and the Southwest corner of said 86.322 acres herein described;

THENCE North $00^{\circ} 00' 04''$ East along the West line of said 86.322 acres herein described (same being the West line of said Block 16 and being, in part, with an existing fence line) for a distance of 1500.73 feet to the POINT OF BEGINNING and containing 86.322 acres of land.

SECOND TRACT:

Being 0.0974 acre of land, in, out of, and a part of the East $1/2$ of the Trinity Valley and Northern Railroad Right-of-Way (now abandoned) and Lot 23 of the Friedman Subdivision; and a part of Block 16 of the T. & N. O. Railroad Farm Lot Subdivision No. 74, in the Liberty Town Tract West League, Abstract 357, and the Liberty Town Tract North League, Abstract 356, Liberty County, Texas. Map of said Friedman Subdivision being of record in Volume 88, Page 283 of the Deed Records of Liberty County, Texas. Map of said T. & N. O. Railroad Farm Lot Subdivision No. 74 being of record in Volume "L", Page 172 of the Deed Records of Liberty County, Texas. Said Trinity Valley and Northern Railroad right-of-way being described in Volume 16, Page 173 of the Deed Records of Liberty County, Texas. Said 0.0974 acre being more particularly described by metes and bounds as follows, to-wit:

BEGINNING at a $5/8''$ Iron Rod set in the South line of Lot 6 of said Friedman Subdivision for the Northeast corner of said Lot 23. Said Iron Rod being the Northeast corner and POINT OF BEGINNING of said 0.0974 acre herein described;

THENCE South 30° East along the Northernmost East line of said 0.0974 acre herein described (same being the East line of said Lot 23 and the West line of Bell Street) for a distance of 35.23 feet to a $1/2''$ Iron Rod found for the Easternmost Southeast corner of said 0.0974 acre herein described;

THENCE North $88^{\circ} 21'$ West along the Easternmost South line of said 0.0974 acre herein described for a distance of 90.94 feet to a $1/2''$ Iron Rod found for an interior corner of said 0.0974 acre herein described;

THENCE South $37^{\circ} 17' 06''$ West along the Southernmost East line of said 0.0974 acre herein described for a distance of 12.30 feet to a $1/2''$ Iron Rod found for the Southernmost Southeast corner of said 0.0974 acre herein described;

THENCE North $88^{\circ} 21'$ West along the Westernmost South line of said 0.0974 acre herein described and at 5.28 feet pass a $1/2''$ Iron Rod found in the East right-of-way line of said railroad (now abandoned); and at a total distance of 31.68 feet set a $5/8''$ Iron rod in the centerline of said abandoned railroad right-of-way, for the Southwest corner of said 0.0974 acre herein described;

THENCE North 17° 02' 45" West along the West line of said 0.0974 acre herein described (same being the centerline of said abandoned railroad right-of-way) for a distance of 42.22 feet to a 5/8" Iron Rod set in said centerline for the Northwest corner of said 0.0974 acre herein described;

THENCE South 88° 21' East along the North line of said 0.0974 acre herein described for a distance of 124.92 feet to the POINT OF BEGINNING and containing 0.0974 acre of land.

THIRD TRACT:

Being 0.6115 acre of land, in, out of, and a part of the East 1/2 of the Trinity Valley and Northern Railroad Right-of-Way (now abandoned) and Lot 6 of the Friedman Subdivision; and a part of Block 16 of the T. & N. O. Railroad Farm Lot Subdivision No. 74, in the Liberty Town Tract West League, Abstract 357, and the Liberty Town Tract North League, Abstract 356, Liberty County, Texas. Map of said Friedman Subdivision being of record in Volume 88, Page 283 of the Deed Records of Liberty County, Texas. Map of said T. & N. O. Railroad Farm Lot Subdivision being of record in Volume "L", Page 172 of the Deed Records of Liberty County, Texas. Said Trinity Valley and Northern Railroad right-of-way being described in Volume 16, Page 173 of the Deed Records of Liberty County, Texas. Said 0.6115 acre being more particularly described by metes and bounds as follows, to-wit:

BEGINNING at a 5/8" Iron Rod set in the South line of said Lot 6 at the Northeast corner of Lot 23 of said Friedman Subdivision, for the POINT OF BEGINNING of said 0.6115 acre herein described;

THENCE North 88° 21' West along the South line of said 0.6115 acre herein described (same being the South line of said Lot 6 and the North line of said Lot 23) for a distance of 124.92 feet to a 5/8" Iron Rod set in the centerline of said Trinity Valley and North Railroad right-of-way (now abandoned) for the Southwest corner of said 0.6115 acre herein described;

THENCE North 17° 02' 45" West along the West line of said 0.6115 acre herein described (same being the centerline of said abandoned Railroad right-of-way) for a distance of 31.66 feet to a 5/8" Iron Rod set for the Northwest corner of said 0.6115 acre herein described;

THENCE South 88° 21' East along the North line of said 0.6115 acre herein described (parallel with and 30 feet perpendicular from the South line of said Lot 6) for a distance of 873.59 feet to a 1/2" Iron Rod found for an angle point in said North line;

THENCE North 29° 16' 48" East along the North line of said 0.6115 acre herein described for a distance of 10.01 feet to a 1/2" Iron Rod found in the West right-of-way line of State Highway 321 for the Northeast corner of said 0.6115 acre herein described;

THENCE South 30° 22' 49" East along the East line of said 0.6115 acre herein described (same being the West right-of-way line of State Highway 321) for a distance of 35.38 feet to a 1/2" Iron Rod found for the Southeast corner of said 0.6115 acre herein described;

THENCE South 29° 16' 48" West along the South line of said 0.6115 acre herein described for a distance of 10.01 feet to a 1/2" Iron Rod found for an angle point in said line;

THENCE North 88° 21' West along the South line of said 0.6115 acre herein described (same being the North margin of Dallas Street and being parallel with and 30 feet perpendicular from the North line of said 0.6115 acre herein described) for a distance of 757.28 feet to the POINT OF BEGINNING and containing 0.6115 acre of land. Said tract hereinabove described being for roadway and utility purposes.

OFFICIAL RECORDS
LIBERTY COUNTY
DELIA SELLERS
COUNTY CLERK
RECORDING FEE
2003020090
\$65.00
12/31/2003 01 45 PM 29 PGS
KWILLIE, DC Receipt #017894

STATE OF TEXAS
COUNTY OF LIBERTY }
I, Delia Sellers, hereby certify that this instrument as FILED in the number
sequence on the date and at the time stamped hereon by me, and was duly
RECORDED in the volume and page of the OFFICIAL PUBLIC RECORDS
of Liberty County, Texas as shown on the above.

DEC 31 2003

Delia Sellers
COUNTY CLERK
LIBERTY COUNTY, TEXAS