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DECLARATION OF PROTECTIVE COVENANTS

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FOR
THE VILLAS MASTER ASSOCIATION

THIS DECLARATION OF PROTECTIVE COVENANTS is made this 23 day of January, 2001, by Green Hollow, Ltd., a Texas limited partnership (hereinafter referred to as "Declarant"), Reed-West Investments, Ltd. ("Reed-West"), Lennar Homes of Texas Land and Construction, Ltd. ("Lennar") and Villa Verde Sections II and III, LP ("Villa Verde").

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Declarant is the owner of a portion of the real property described on Exhibit "A" attached hereto and incorporated herein by reference. The balance of such real property is owned by Reed-West, Lennar and Villa Verde. Declarant intends by this Declaration (and Reed-West, Lennar and Villa Verde are in agreement) to impose upon the Properties (as defined herein) mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of real property within the Properties. Declarant desires to provide a flexible and reasonable procedure for the overall development of the Properties, and to establish a method for the administration, maintenance, preservation, use and enjoyment of such Properties as are now or hereafter subjected to this Declaration.

Declarant, Reed-West, Lennar and Villa Verde hereby declare that all of the property described on Exhibit "A" and any additional property which is hereafter subjected to this Declaration by Supplemental Declaration (as defined herein) shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions which are for the purpose of protecting the value and desirability of and which shall run with the real property subjected to this Declaration and which shall be binding on all parties having any right, title, or interest in the described Properties or any part thereof, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner thereof. This Declaration does not and is not intended to create a condominium within the meaning of the Texas Condominium Act, Tex. Prop. Code Ann. 81.001-81.210 (Vernon 1983).

Article I
Definitions

Section 1. "Area of Common Responsibility" shall mean and refer to the Common Area, together with those areas, if any, which by the terms of this Declaration or by contract or agreement with any Neighborhood become the responsibility of the Association. The office of any property manager employed by or contracting with the Association, if located on the Properties, or any public rights-of-way within or adjacent to the Properties, may be part of the Area of Common Responsibility.

Section 2. "Articles of Incorporation" or "Articles" shall mean and refer to the Articles of Incorporation of The Villas Master Association, Inc., as filed with the Secretary of State of the State of Texas.

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Section 3. "Association" shall mean and refer to The Villas Master Association, Inc., a Texas nonprofit corporation, its successors or assigns.

Section 4. "Board of Directors" or "Board" shall mean and refer to the elected body having its normal meaning under Texas corporate law as the board of directors of the Association. The use of the term "association" or "associations" in lower case shall refer to any or other owners association having jurisdiction over any part of the Properties.

Section 5. "Base Assessment" shall mean and refer to assessments levied against all Units in the Properties to fund Common Expenses.

Section 6. "By-Laws" shall mean and refer to the By-Laws of The Villas Master Association, Inc., as they may be amended from time to time.

Section 7. "Class "B" Control Period" shall mean and refer to the period of time during which the Class "B" Member is entitled to appoint a majority of the members of the Board of Directors, as provided in Article III, Section 2, of the By-Laws.

Section 8. "Common Area" shall be an inclusive term referring to both General Common Area and Exclusive Common Area, as defined herein.

Section 9. "Common Expenses" shall mean and include the actual and estimated expenses incurred by the Association for the general benefit of all Unit Owners, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the By-Laws, and the Articles of Incorporation of the Association.

Section 10. "Community-Wide Standards" means those standards of aesthetics, environment, appearance, architectural design and style, maintenance, conduct and usage generally prevailing within the Properties in general, and within each Neighborhood in particular, as reasonably determined by the Board of Directors, NCC or MC at any given pertinent time and from time to time, including as to each particular Regulated Modification and each other matter or circumstance considered as of the date of the evaluation (i) prevailing standards as to harmony and compatibility with surrounding aesthetics, appearance and patterns of Maintenance, with surrounding buildings, structures and other improvements, and with surrounding grades, topography, finished ground elevations, locations, colors, finishes, styles, workmanship, type and quality of materials and designs, and (ii) compliance with the Declaration and other applicable Governing Documents, and with applicable governmental laws, ordinances and regulations.

Section 11. "Declarant" shall mean and refer to Green Hollow, Ltd., a Texas limited partnership, or its successors, successors-in-title or assigns who take title to any portion of the property described on Exhibit "A" hereof for the purpose of development and/or sale and are designated as the Declarant hereunder in a recorded instrument executed by the immediately preceding Declarant.

Section 12. "Equivalent Units" shall mean that number assigned to each Unit, as provided in Article X, Section 1, of this Declaration, for purposes of allocating Base Assessments and Special Assessments among the Units subject to such assessments, as provided in Article X.

Section 13. "Exclusive Common Area" shall mean and refer to certain portions of the Common Area which are for the exclusive use and benefit of one (1) or more, but less than all, Neighborhoods, as more particularly described in Article II of this Declaration.

Section 14. "General Common Area" shall mean all real and personal property which the Association now or hereafter owns or otherwise holds for the common use and enjoyment of all Owners.

Section 15. "General Land Use Plan" shall mean and refer to the plan for the development of the community, as it may be amended from time to time, which plan includes the property described on Exhibit "A" and may include additional property owned by Declarant which Declarant may from time to time anticipate subjecting to this Declaration. Inclusion of property on the General Land Use Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration, nor shall the exclusion of other property owned by Declarant from the General Land Use Plan bar its later annexation in accordance with Article VIII hereof.

Section 16. "Member" shall mean and refer to a Person entitled to membership in the Association, as provided herein.

Section 17. "Mortgage" shall mean and refer to a mortgage, a deed of trust, a deed to secure debt, or any other form of security deed.

Section 18. "Mortgagee" shall mean and refer to a beneficiary or holder of a mortgage.

Section 19. "Mortgagor" shall mean and refer to any Person who gives a Mortgage.

Section 20. "Neighborhood" shall mean and refer to each separately developed residential area comprised of one (1) or more housing types subject to this Declaration, whether or not governed by an additional owners association, in which Owners may have common interests other than those common to all Association Members, such as a common theme, entry feature, development name, and/or common areas and facilities which are not available for use by all Association Members. For example, and by way of illustration and not limitation, each patio or zero lot line development, and each single-family detached housing development shall constitute a separate Neighborhood. In addition, each parcel of land intended for development as any of the above shall constitute a Neighborhood, subject to division into more than one (1) Neighborhood upon development.

Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Committee (established in accordance with the By-Laws) or Neighborhood Association (as defined in Article III, Section 3) having jurisdiction over the property within the

Neighborhood. It shall not be necessary for any Neighborhood to be governed by a Neighborhood Association except as required by law. Neighborhoods may be divided or combined in accordance with Article III, Section 3, of this Declaration.

It is anticipated that there will be three Neighborhoods within the Properties, namely Bellavita at Green Tee (an age restricted, initially gated community), Villa D'Este (initially a gated community) and Villa Verde. The gated communities shall have and must maintain private streets or permanent access easements that are not and will not be dedicated to nor accepted by nor maintained by any governmental or municipal entity. As provided herein, the gated community Neighborhoods may vote to remove the gates and dedicate the streets as public streets.

Section 21. "Neighborhood Assessments" shall mean assessments levied against the Units in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses, as more particularly described in Article X, Section 1, of this Declaration.

Section 22. "Neighborhood Council" shall mean a committee appointed by the Board for a specific Neighborhood made up of Owners owning Units in such Neighborhood, the purpose of which committee is to develop suggested rules and regulations for the Board to consider for their own Neighborhood.

Section 23. "Neighborhood Expenses" shall mean and include the actual and estimated expenses incurred by the Association for the benefit of Owners of Units within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized herein.

Section 24. "Owner" shall mean and refer to one (1) or more Persons who hold the record title to any Unit which is part of the Properties, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a recorded contract of sale, and the contract specifically so provides, then the purchaser (rather than the fee owner) will be considered the Owner. If a Unit is subject to a written lease with a term in excess of one (1) year and the lease specifically so provides, then upon filing a copy of the lease with the Board of Directors the lessee (rather than the fee owner) will be considered the Owner for the purpose of exercising all privileges of membership in the Association.

Section 25. "Person" means a natural person, a corporation, a partnership, a trustee, or any other legal entity.

Section 26. "Properties" shall mean and refer to the real property described on Exhibit "A" attached hereto, together with such additional property as is hereafter subjected to this Declaration by Supplemental Declaration.

Section 27. "Special Assessment" shall mean and refer to assessments levied in accordance with Article X, Section 4, of this Declaration.

Section 28. "Supplemental Declaration" shall mean an amendment or supplement to this Declaration executed by or consented to by Declarant which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described therein. The term shall also refer to the instrument recorded by the Association pursuant to Article VIII, Section 2, of this Declaration to subject additional property to this Declaration.

Section 29. "Unit" or "Lot" shall mean a portion of the Properties, whether developed or undeveloped, intended for development, use, and occupancy as an attached or detached residence for a single family, and shall, unless otherwise specified, include within its meaning (by way of illustration, but not limitation), patio or zero lot line homes, and single-family detached houses on separately platted lots, as well as vacant land intended for development as such, all as may be developed, used, and defined as herein provided or as provided in Supplemental Declarations covering all or a part of the Properties. The term shall include all portions of the lot owned as well as any structure thereon.

In the case of a parcel of vacant land or land on which improvements are under construction, the parcel shall be deemed to contain the number of Units designated for residential use for such parcel on the General Land Use Plan or the site plan approved by Declarant, whichever is more recent, until such time as a certificate of occupancy is issued on all or a portion thereof by the local governmental entity having jurisdiction. After issuance of a certificate of occupancy on any portion thereof, the portion designated in the certificate of occupancy shall constitute a separate Unit or Units as determined above and the number of Units on the remaining land, if any, shall continue to be determined in accordance with this paragraph.

Section 30. "Voting Member" shall mean and refer to the representative selected by the Members of each Neighborhood to be responsible for casting all votes attributable to Units in the Neighborhood for amending this Declaration or the By-Laws, and all other matters provided for in this Declaration and in the By-Laws. The Voting Member from each Neighborhood shall be the senior elected officer (e.g., Neighborhood Committee chairman or Neighborhood Association president) from that Neighborhood; the alternate Voting Member shall be the next most senior officer.

Section 31. "Compliance Assessments" means special assessments levied against any Member individually or against Units within any Neighborhood as reimbursement for costs (including attorney's fees) to obtain compliance with the Governing Documents as authorized and provided in Article X, Section 4(b) of the Declaration.

Section 32. "Governing Documents" means all documents and applicable provisions thereof as set forth in the Declaration, any Supplemental Declarations, the By-Laws and Articles of

Incorporation of the Association, Rules and Regulations, Architectural Guidelines, all written decisions and resolutions of the NCC, MC and Board of Directors, and any lawful amendments to any of the foregoing.

Section 33. "Modification Committee" or "MC" means the committee established pursuant to Article XI of the Declaration as hereafter set forth.

Section 34. "New Construction Committee" or "NCC" means the committee established pursuant to Article XI of the Declaration as hereafter set forth.

Section 35. "Regulated Modification" means (without implication that any particular matter is permitted or prohibited by the Declaration and without limitation as to Article XI of the Declaration as set forth below) the commencement, placement, construction, reconstruction or erection of, or modification, alteration, or addition to, any building, structure, improvement, thing or device, and any usage thereof, whether temporary or permanent, which may affect, modify or alter the aesthetics, environment, architectural scheme, appearance or standards, patterns of usage, or grades or topography generally prevailing within the Properties in general, and within each Neighborhood in particular, as of the date of establishment of the Regulated Modification, excluding any such matters or activities conducted by Declarant or Association, but including by way of illustration and not of limitation:

35.1 any building, garage, porch, shed, bathhouse, coup or cage, covered or uncovered patio, swimming pool, basketball goal, trampoline, children's play fort or play set over 10' high and any other recreational devices or equipment used outside of a residence, fence, wall or other screening device, curbing, paving, wall, trees, shrubbery and any other landscaping, fountains, statuary, lighting fixtures, signs or signboard covered by Article XII, Section 2 hereof, or any temporary or permanent living quarters, and any other temporary or permanent modification or alteration;

35.2 any excavation, fill, ditch, diversions, dam, drainage system or other thing or device which affects or alters the flow of surface or subsurface waters to, from, upon or across any Unit or any other portion of the Properties, or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel to, from, upon, under or across any Unit or other portion of the Properties.

35.3 any change in the grade of any Unit or other portion of the Properties, and any similar disturbance to the surface of the land within the Properties.

35.4 any erosion control system or devices permitted or required as to any Unit or other portion of the Properties; and

35.5 any other building, structure, improvement, thing or device, and any activities related thereto and any usage thereof, as specified from time to time by applicable Architectural

Guidelines, whether temporary or permanent, which may affect, modify or alter the aesthetics, environment, architectural scheme, appearance or standards, patterns of usage, or grades or topography generally prevailing in the Properties.

Section 36. "Related Parties" means and applies as follows:

36.1 Owners and Tenants. Tenants of each Owner are Related Parties of that Owner, and with respect to each such Owner and each such tenant Related Parties of each include (i) their respective family and other household members (including in particular but without limitation all children and other dependents), (ii) their respective guests, invitees, servants, agents, representatives and employees, and (iii) all other Persons over which each has a right of control or under the circumstances could exercise or obtain a right of control.

36.2 Association, NCC, MC Declarant, Reed-West, Lennar and Villa Verde. Related Parties of the Association, NCC, MC, Declarant, Reed-West, Lennar and Villa Verde include their respective officers, directors, partners, co-venturers, subsidiary or parent companies, committee members, servants, agents, representatives and employees regarding all acts or omissions related to any of the foregoing representative capacities.

Section 37. "Residence" shall mean and refer to the single-family residence constructed on any Lot in conformance with the terms hereof.

Article II Property Rights

Section 1. "General". Every Owner shall have a right and nonexclusive easement of use, access and enjoyment in and to the Common Area, subject to:

(a) this Declaration as it may be amended from time to time and to any restrictions or limitations contained in any deed conveying such property to the Association;

(b) the right of the Board to limit the number of guests who may use the Common Area, and to adopt other rules regulating the use and enjoyment of the Common Area;

(c) the right of the Board to suspend the right of an Owner to use recreational facilities within the Common Area (i) for any period during which any charge against such Owner's Unit remains delinquent, and (ii) for a period not to exceed thirty (30) days for a single violation or for a longer period in the case of any continuing violation, of the Declaration, By-Laws, or rules of the Association, after notice and a hearing pursuant to the Article III, Section 22, of the By-Laws;

(d) the right of the Association, acting through the Board, to dedicate or transfer all or any part of the Common Area pursuant to Article XIII, Section 4 hereof;

(e) the right of the Board to impose reasonable membership requirements and charge reasonable admission or other fees for the use of any recreational facility situated upon the Common Area;

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

(g) the right of the Association, acting through the Board, to mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

(h) the rights of certain Owners to the exclusive use of portions of the Common Areas, designated Exclusive Common Areas, as more particularly described in Section 2 below.

Any Owner may delegate his or her right of use and enjoyment to the members of his or her family, lessees and social invitees, as applicable, subject to reasonable regulation by the Board and in accordance with procedures it may adopt. An Owner who leases his or her Unit shall be deemed to have delegated all such rights to the Unit's lessee.

Section 2. Exclusive Common Areas. Certain portions of the Common Areas may be designated as Exclusive Common Areas and reserved for the exclusive use of Owners and occupants of Units within a particular Neighborhood or Neighborhoods. All costs associated with operation, maintenance, repair, replacement and insurance of Exclusive Common Areas shall be assessed as a Neighborhood Assessment, as defined herein, against the Owners of Units in only those Neighborhoods to which the Exclusive Common Areas are assigned. By way of illustration and not limitation, Exclusive Common Areas may include recreational facilities intended for the exclusive use of Owners within a particular Neighborhood or Neighborhoods and supported exclusively by Neighborhood Assessments, and the gates, private drives and streets within and serving a particular Neighborhood.

Initially, any Exclusive Common Areas shall be designated as such and the exclusive use thereof shall be assigned in the deed conveying the Common Area to the Association or on the recorded plat of survey relating to such Common Area. A portion of the Common Area may be assigned as Exclusive Common Area of a particular Neighborhood or Neighborhoods and Exclusive Common Area may be reassigned upon the vote of a majority of the total Association vote, including a majority of the votes within the Neighborhood(s) to which the Exclusive Common Areas are assigned, if applicable, and the Neighborhood(s) to which the Exclusive Common Areas are to be assigned.

Any Exclusive Common Area in a Neighborhood which has a Neighborhood Association may be deeded to such Neighborhood Association, thereby becoming common area of the Neighborhood Association. In such event, all costs associated with the operation, maintenance,

repair, replacement and insurance of such common area would be the responsibility of such Neighborhood Association.

Section 3. Restricted Access. All entrance(s) and exits(s) from the private streets or permanent access easements in the gated communities of the Properties to public streets shall at all times be either partially or totally restricted by use of one (1) or more electronic gate or other means (the "Gate"). Owners will be given an access code or device to operate the Gate(s) and may request the Association to provide device(s) to operate the Gate(s) upon such terms reasonably acceptable to the Association. An Owner may receive no more than one (1) device per occupant vehicle owned and will promptly return the device(s) to the Association upon the occupant(s) no longer residing on the Lot(s).

Section 4. Possible Removal of Restricted Access. Any gated Neighborhood with restricted access and private streets may elect to remove such gates and dedicate such private streets to a governmental authority provided that: (1) at least sixty-seven percent (67%) of the eligible Class A Member votes in such Neighborhood approve such action in a vote in which such Class A Members vote personally and the Class B member approves, if such Class B membership still exists, and (2) the Association has received written confirmation from the applicable governmental authority that it will accept the dedication of such streets.

Article III Membership and Voting Rights

Section 1. Membership. Every Owner, as defined in Article I, shall be deemed to have a membership in the Association. No Owner, whether one (1) or more Persons, shall have more than one (1) membership per Unit owned. In the event the Owner of a Unit is more than one (1) Person, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership may be exercised by a Member or the Member's spouse, subject to the provisions of this Declaration and the By-Laws. The membership rights of a Unit owned by a corporation or partnership shall be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary, subject to the provisions of this Declaration and the By-Laws.

Section 2. Voting. The Association shall have two (2) classes of membership, Class "A" and Class "B" as follows:

(a) Class "A". Class "A" Members shall be all Owners with the exception of the Class "B" Member, if any.

Class "A" Members shall be entitled to one (1) equal vote for each Unit in which they hold the interest required for membership under Section 1 hereof; there shall be only one (1) vote per Unit. Unless otherwise specified in this Declaration or the By-Laws calling for the Owner of a Unit

to vote personally, the vote for each Unit shall be exercised by the Voting Member, as defined in Article I, representing the Neighborhood of which the Unit is a part.

In any situation where a Member is entitled personally to exercise the vote for his Unit and more than one (1) Person holds the interest in such Unit required for membership, the vote for such Unit shall be exercised as those Persons determine among themselves and advise the Secretary of the Association in writing prior to any meeting. In the absence of such advice, the Unit's vote shall be suspended if more than one (1) Person seeks to exercise it, and if one Person exercises the vote, it shall be deemed to be the vote of all of the Co-Owners.

(b) Class "B". The Class "B" Member shall be the Declarant. The rights of the Class "B" Member, including the right to approve actions taken under this Declaration and the By-Laws, are specified elsewhere in the Declaration and the By-Laws. The Class "B" Member shall be entitled to appoint a majority of the members of the Board of Directors during the Class "B" Control Period, as specified in Article III, Section 2, of the By-Laws. After termination of the Class "B" Control Period, the Class "B" Member shall still have a right to disapprove actions of the Board of Directors and any committee as provided in Article III, Section 3, of the By-Laws. The Class "B" membership shall terminate and become converted to Class "A" membership upon the earlier of:

(i) two (2) years after expiration of the Class "B" Control Period pursuant to Article III of the By-Laws; or

(ii) when, in its discretion, the Declarant so determines.

(c) At such time that additional property is annexed into the Association, if such annexation occurs, the Class B Membership of the Declarant, shall, if it had previously ceased due to one of the conditions listed above in (i) or (ii) be reinstated and shall apply to all Units owned by Declarant in the newly annexed portion of the Properties, as well as to all Units owned by Declarant in all other areas of the Properties. Such reinstatement is subject to further cessation in accordance with the limitation set forth in preceding paragraph (b)(i) and (ii) of this Article, whichever occurs first. However, upon reinstatement due to annexation of additional property into the Properties, the period of time set forth in the preceding paragraph (i) of this Article shall be extended to the extent necessary such that in all circumstances it extends for a period no shorter than ten (10) years from the date of each such recorded annexation (i.e. Supplemental Declaration).

Section 3. Neighborhoods and Voting.

(a) Neighborhoods. Every Unit shall be located within a Neighborhood as defined in Article I. The Units within a particular Neighborhood may be subject to additional covenants and/or the Unit Owners may all be members of another owners association ("Neighborhood Association") in addition to the Association, but no such Neighborhood Association shall be required except as required by law. Any Neighborhood which does not have a Neighborhood Association shall elect a Neighborhood Committee, as described in Article V, Section 3, of the By-Laws, to

represent the interests of Owners of Units in such Neighborhood. Such Neighborhood Committee shall be responsible for advising the Board members from its Neighborhood regarding the financial determinations for its respective Neighborhood as hereinafter set forth.

The only Neighborhood initially anticipated to be part of another owners association, i.e. a sub-association, which will be a Neighborhood Association hereunder, is Bellavita at Green Tee.

Each Neighborhood, upon the affirmative vote, written consent, or a combination thereof, of a majority of Owners within the Neighborhood, may require that the Association provide a higher level of service or special services for the benefit of Units in such Neighborhood. In such event, the Association shall provide such services and the cost of such services shall be assessed against the Units within such Neighborhood as a Neighborhood Assessment pursuant to Article X hereof.

The senior elected officer of each Neighborhood Association or Neighborhood Committee shall serve as the Voting Member for such Neighborhood and shall cast all votes attributable to Units in the Neighborhood on all Association matters requiring membership vote, unless otherwise specified in this Declaration or the By-Laws that the Class A Members should personally vote in a given situation. The next most senior officer shall be the alternate Voting Member and may cast such votes in the absence of the Voting Member. The Voting Member may cast all such votes as it, in its discretion, deems appropriate, unless otherwise required in this Declaration or the Bylaws. Notwithstanding the above, in the election of directors after the expiration of the Class B Control Period, each Neighborhood shall vote separately and the Members within each Neighborhood shall personally vote for directors from their respective Neighborhood. Further, each Neighborhood shall be entitled to the following number of directors: Bellavita at Green Tee - 4, Villa Verde - 2; Villa D'Este No. - 2. Additionally, each Neighborhood shall vote separately and the Members within a Neighborhood shall vote personally on financial and other matters specific only to such Neighborhood. Should Declarant or the Board ever designate additional Neighborhoods, then Declarant or the Board shall, at its sole discretion, also designate how many directors such Neighborhood shall be entitled to and whether or not to revise the allocation of directors from the existing three Neighborhoods.

Initially, each portion of the Properties which is intended to be subdivided for development as two (2) or more Units at the time it is conveyed by the Declarant, or which is described on a single plat or series of plats by the same name, shall constitute a separate Neighborhood. The developer of any such Neighborhood may apply to the Board of Directors to divide the parcel constituting the Neighborhood into more than one (1) Neighborhood or to combine two (2) or more Neighborhoods into one (1) Neighborhood at any time. Upon a petition signed by a majority of the Unit Owners in the Neighborhood or Neighborhoods if more than one is affected, any Neighborhood may also apply to the Board of Directors to divide the property comprising the Neighborhood into two (2) or more Neighborhoods or to combine two (2) or more Neighborhoods into one (1) Neighborhood. Any such application shall be in writing and shall include a plat of survey of the entire parcel which indicates the boundaries of the proposed Neighborhood(s) or otherwise identifies the Units included within the proposed Neighborhood(s). A Neighborhood consolidation shall automatically be deemed

granted upon the applicant filing the required documents with the Board. A Neighborhood division requested by the Neighborhood or by the Neighborhood developer shall automatically be deemed granted unless the Board of Directors denies such application in writing within thirty (30) days of its receipt thereof. The Board may deny an application only upon determination that there is no reasonable basis for distinguishing between the areas proposed to be divided into separate Neighborhoods. All applications and copies of any denials shall be filed with the books and records of the Association and shall be maintained as long as this Declaration is in effect.

Section 3. Multiple Owners. When more than one Person holds an ownership interest in a Unit (such as husband and wife,), all such Persons are Members, but in no event will they be entitled to more than one vote with respect to each particular Unit owned. The single vote, approval, or consent of such joint Owners must be cast or given in accordance with the decision of a majority, or if such joint Owners cannot reach a majority decision, then none of the joint Owners will be permitted to vote, approve, or consent as to any such matter upon which a majority decision cannot be reached. The vote, approval or consent of any single Owner from among such joint Owners is conclusively presumed to be cast or given in accordance with the decision of the majority of the joint Owners and with their full authority.

Article IV Maintenance

Section 1. Association's Responsibility. The Association shall maintain and keep in good repair the Area of Common Responsibility, such maintenance to be funded as hereinafter provided. This maintenance shall include, but need not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, and improvements, including any private streets or permanent access easements, gates (however private streets, permanent access easements and gates will be considered Neighborhood Exclusive Common Areas if they only serve one Neighborhood), situated upon the Common Areas, any Association perimeter fencing described in Article XIII, Section 9 hereof, landscaped medians within public rights-of-way throughout the Properties, such as the public right-of-way on either side of Scarsdale Blvd., landscaping and other flora on any public utility easement within the Properties (subject to the terms of any easement agreement relating thereto), and such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, or by a contract or agreement for maintenance thereof by the Association. The Area of Common Responsibility shall also include all lakes and/or ponds located within the Properties which serve as part of the drainage and storm water retention system for the Properties, including any retaining walls, bulkheads or dams retaining water therein, and any fountains, lighting, pumps, conduits, and similar equipment installed therein or in connection therewith. There are hereby reserved to the Association easements over the Properties as necessary to enable the Association to fulfill such responsibilities. The Association shall maintain such facilities and equipment in continuous operation, except for reasonable periods as necessary to perform required maintenance or repairs, unless sixty-seven percent (67%) of the Unit owners agree in writing to discontinue such operation. The Association may maintain other property which it does not own, including, without limitation,

property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense to be allocated among all Units as part of the Base Assessment, notwithstanding that the Association may be entitled to reimbursement from the owner(s) of certain portions of the Area of Common Responsibility pursuant to this Declaration, other recorded covenants, or agreements with the owner(s) thereof. All costs associated with maintenance, repair and replacement of Exclusive Common Areas shall be a Neighborhood Expense assessed as a Neighborhood Assessment solely against the Units within the Neighborhood(s) to which the Exclusive Common Areas are assigned, notwithstanding that the Association may be responsible for performing such maintenance hereunder. In a Neighborhood with a Neighborhood Association, the Association may delegate the maintenance responsibility of that Neighborhood's Exclusive Common Area and the cost of such maintenance to that Neighborhood Association or it may deed such Neighborhood's Exclusive Common Areas to such Neighborhood Association. It is anticipated that the Bellavita Neighborhood Association shall perform and bear the cost of maintenance of the Bellavita Neighborhood Exclusive Common Areas.

The Association shall also be responsible for maintenance, repair and replacement of property within any Neighborhood to the extent designated in any Supplemental Declaration affecting the Neighborhood. The Association may also assume maintenance responsibilities with respect to any Neighborhood in addition to those that may be designated by any Supplemental Declaration. This assumption of responsibility may take place either by agreement with the Neighborhood or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard of the Properties. All costs of maintenance pursuant to this paragraph shall be assessed as a Neighborhood Assessment only against the Units within the Neighborhood to which the services are provided. The provision of services in accordance with this Section shall not constitute discrimination within a class.

The Properties contain one or more private streets or permanent access easements as shown on the plats of the Properties that have not been dedicated to or accepted by the City of Pearland, Harris County or any other government agency as public rights-of-way. The City of Pearland, Harris County, and any other government agency do not have any obligation to maintain or improve any private street or permanent access easement within the Properties. The maintenance and improvement of the private streets or permanent access easements are the sole responsibility of the Association, unless such responsibility has been assumed by a Neighborhood Association, however the cost and expense shall be Neighborhood Expense to the Neighborhood they serve. The Association shall have the right but not the obligation, to maintain property not owned by the Association where the Board has determined that such maintenance would benefit all Owners.

Section 2. Owner's Responsibilities.

2.1 General. Except as otherwise expressly stated in this Article IV or unless provided in whole or in part by a Neighborhood Association, all maintenance of each Unit and all structures, landscaping, parking areas and all other improvements thereon is the sole responsibility of the Owner(s) thereof. Each Owner must maintain their Unit and all structures, landscaping, parking areas and all other improvements thereon at all time in such manner as to obtain and maintain Community-Wide Standards on a continuing basis as may be more specifically determined by this Declaration and other Governing Documents, including as determined from time to time by duly adopted Architectural Guidelines and Rules and Regulations.

2.2 Neighborhood Assumption of Responsibilities. Maintenance responsibilities as set forth in this Section may be assumed by or assigned to a Neighborhood pursuant to applicable provisions of the Declaration or other Governing Documents, but any such assumption or assignment must be specific and in writing and must otherwise comply with applicable provisions of the Governing Documents.

2.3 Adjacent or Adjoining Owners. No Owner or their tenant will allow any conditions to exist or fail or neglect to provide any maintenance which adversely affects any adjoining Unit, Common Area, or any improvements thereon.

2.4 Residences and Other Improvements. Unless otherwise provided by a Neighborhood Association for the Units in such Neighborhood Association, each Owner must maintain each Owner's Unit, including the Residence and all other buildings, structures, fences, walls, recreational equipment, landscaping, and improvements located thereon, in an attractive, sound and well maintained condition and as reasonably necessary to obtain and maintain Community-Wide Standards, including proper maintenance and repair as needed of paint, bricks, siding, roofs, rain gutters, downspouts, exterior walls, driveways, parking areas, landscaping and all other exterior portions of the Owner's residence. Without limitation of the foregoing, each Owner shall provide proper repair and maintenance as and when needed as follows:

(a) the exterior paint on each Owner's residence must be maintained so that no portion thereof peels, scales or cracks excessively, and all painted portions remain neat and free of mildew and discoloration;

(b) all windows must be properly maintained;

(c) all exterior doors, including garage doors, must be maintained, repaired, replaced and/or repainted as needed to prevent an unsightly appearance and such as to maintain same in proper working condition, including replacement as needed of damaged or dented garage door panels and any cracked or broken glass in any door;

(d) the exterior siding and woodwork on each Owner's residence, and all windowsills, door jams and thresholds, framing, hinges, latches and locks, must be maintained so that same remains whole, sound, neat and fully operational;

(e) the roof on each Owner's residence must be maintained so that all shingles are properly secured, curled or damaged shingles are replaced and no worn areas or holes are permitted to remain;

(f) the rain gutters and downspouts on each Owner's residence, if any, must be maintained so that all are properly painted or treated to prevent rust and corrosion, are properly secured to roof, eaves, gables or exterior walls (as the case may be), are maintained without holes, and are promptly repaired or replaced if dented or otherwise damaged;

(g) all concrete areas on each Owner's Lot, including sidewalks and driveways, must be maintained so that all cracks are appropriately patched or surfaced as they appear, expansion joints are maintained, repaired or replaced, as needed, and oil, grease and other stains are removed as they appear;

(h) all fences (other than Association perimeter fencing) or walls must be maintained to prevent any listing or leaning, so that all broken or damaged members and all holes and cracks are repaired as they appear and so that no portion thereof is permitted to decay beyond normal weathering;

(i) any swimming pool must be properly maintained to prevent algae buildup, deterioration of surfaces and decking and any other unkempt, unsightly or unsanitary condition, and in accordance with applicable laws, ordinances and codes; and

(j) all recreational equipment must be maintained to prevent any unsightly or unkempt condition, including for example but without limitation, proper maintenance of swing sets to prevent rust and corrosion, and proper maintenance of basketball goals to prevent rust and corrosion and by replacement as needed of torn or worn nets.

2.5 Landscaping. All grass, shrubbery, trees, flower beds and all other vegetation on each Unit and between the property line and adjacent pavement must be maintained at all times in accordance with the seasons as reasonably necessary to obtain and maintain Community-Wide Standards, including as reasonably necessary to maintain on a consistent and continuing basis a sanitary, healthful and attractive condition and appearance.

2.6 Owners' Insurance; Casualty. Each Owner must comply with all requirements of Article V, Section 2 of the Declaration regarding maintenance of insurance and casualty repairs. The provisions of Section 2.8 of this Article specifically apply to any default regarding required casualty repairs.

2.7 Disturbance of Community Properties. In the event the performance of any Owner's maintenance responsibilities requires that any portion of any Common Area be modified, removed or disturbed, then such Owner must first pay a security deposit in such amount or amounts as from time to time are established by the Board to the MC and obtain the written consent of the

MC as to same. All such work must be performed in accordance with plans and specifications approved by the MC.

2.8 Right of Entry and Inspection: Owner's Default. In the event the Board, NCC or MC determines that (i) an Owner may have or has failed or refused to discharge properly the Owner's maintenance obligations as provided in this Article, or (ii) the need for maintenance, repair, or replacement which is the responsibility of the Association hereunder may have or has been caused through the willful or negligent act or omission of an Owner, or the Owner's Related Parties, then the Association may conduct inspections of any affected Unit and the residence and all buildings, structures and other improvements thereon (a "Compliance Inspection") and/or perform the repair, replacement or maintenance (the "Required Work") in accordance with the following:

(a) If the Board, NCC or MC determines that a violation of this Article may exist, the Board, NCC, MC and their representative may enter a Unit to inspect the exterior of the residence, the exterior of any other buildings, structures or improvements and all other portions of the Lot, and to conduct such tests, measurements and other investigative work as may be reasonably required to confirm that a violation does or does not exist. Except in the event of an emergency, the Association must give written notice of the Association's intent to conduct a Compliance Inspection. The notice must state generally the nature of the suspected violations. The notice must also state the name, address and telephone number of a contact with whom to schedule a date and time for the inspection within ten days of the date of the notice (or such longer time as may be stated in the notice), and must state if a date and time is not so scheduled the Compliance Inspection may be conducted at any time within forty-five days after the date of the notice.

(b) Except in the event of an emergency, the Association must give written notice of the Association's intent to provide Required Work. The notice must set forth the Required Work with reasonable particularity. The Owner of the Unit to which the notice of Required Work pertains will have ten days within which to complete the Required Work as set forth in this notice, or, in the event the Required Work is not capable of completion within a ten day period, to commence the Required Work within ten days and to complete same within a reasonable time not to exceed thirty days unless otherwise specifically approved by the Board, NCC or MC. The affected Owner must give written notice of the completion of Required Work stating in detail the Required Work which has been completed. The Board, NCC or MC may also conduct a Compliance Inspection to confirm completion of all Required Work.

(c) A Compliance Inspection notice and a notice as to Required Work must be delivered or mailed to the street address of the affected Unit and the Owner's last known address provided by the Owner in accordance with the Declaration for purposes of notice, if any.

(d) If any Owner fails to schedule an inspection pursuant to a Compliance Inspection notice, the Association has the right (but not the obligation), through its designated representatives, to enter a Unit and to inspect the exterior of the residence, the exterior of any other buildings, structures or improvements and all other portions of the Lot. If any Owner fails fully to

comply with a notice as to Required Work, the Association has the right (but not the obligation), through its designated representatives, to enter upon the Lot and Unit and to do all things to the exterior of the residence, to the exterior of any other buildings, structures and other improvements, and to all other portions of the Lot to commence and complete the Required Work. In case of emergency the Association has the right (but not the obligation), through its designated representatives, to immediate entry upon a Lot and Unit, and the residence and all buildings, structures and other improvements thereon, and upon entry to take all actions reasonably necessary to abate the emergency.

(e) The good faith determination by the Board, NCC or MC as to the need for a Compliance Inspection and as to all aspects of Required Work is final and conclusive, and extends to any thing or condition as to any Unit as to such Unit or which adversely affects any other Unit, or any Common Area . Neither the Association nor any of its representatives may be held liable for trespass or any other tort or claim for damages in connection with any actions or failure to act pursuant to this Section.

(f) All reasonable costs and expenses of conducting a Compliance Inspection if a violation is confirmed and of all aspects of Required Work which is performed by the Association pursuant to this Section, as determined in the sole opinion of the Board, NCC or MC, is secured by the continuing assessment lien established by the Declaration against such Owner's Unit. Further, Owners may be billed an administrative fee of \$50.00 or such other reasonable amount as the Board may determine, if the Association performs the Required Work, such fee to be secured by the continuing assessment lien established hereunder against such Unit.

(g) The provisions hereof are cumulative of the provisions of Article XIII, Section 12 of the Declaration, and the provisions of Article IX, Section 7 of the Declaration as hereafter set forth.

Section 3. Neighborhood's Responsibility. Upon resolution of the Board of Directors, the Owners of Units within each Neighborhood shall be responsible for paying, through Neighborhood Assessments, costs of maintenance of certain portions of the Area of Common Responsibility within or adjacent to such Neighborhood, which may include, without limitation, the costs of maintenance of any right-of-way and greenspace between the Neighborhood and adjacent public roads, private streets or permanent access easements within the Neighborhood and gates serving the Neighborhood, and lakes or ponds within the Neighborhood, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association; provided, however, all Neighborhoods which are similarly situated shall be treated the same.

Each Neighborhood that is gated (for as long as it is gated) shall bear the expense of the gate and private streets and/or permanent access easements streets within and serving that Neighborhood, as a Neighborhood Assessment, under this Declaration, unless the expense is being paid by a Neighborhood Association.

Any Neighborhood Association whose common property is adjacent to any portion of the Common Area upon which a wall, other than a wall which forms part of a building, is constructed shall maintain and irrigate that portion of the Common Area between the wall and the Neighborhood Association's property line. Any Neighborhood Association whose common property fronts on any roadway within the Properties shall maintain and irrigate the landscaping on that portion of the Common Area or right-of-way between the property line and the nearest curb of such roadway. Any Neighborhood Association whose common property abuts the water's edge, or a portion of the Common Area abutting the water's edge, of any lake or pond within the Properties shall maintain and irrigate all landscaping between the boundary of its common property and such water's edge; provided, there shall be no right to remove trees, shrubs or similar vegetation from this area without prior approval pursuant to Article XI hereof.

Any Neighborhood having responsibility for maintenance of all or a portion of the property within a particular Neighborhood pursuant to additional covenants affecting the Neighborhood shall perform such maintenance responsibility in a manner consistent with the Community-Wide Standard. If any such Neighborhood fails to perform its maintenance responsibility as required herein and in any additional covenants, the Association may perform it and assess the costs against all Units within such Neighborhood as provided in Article X, Section 4, of this Declaration.

Section 4. Party Walls and Party Fences.

(a) General Rules of Law to Apply. Each wall or fence built as a part of the original construction on the Units which shall serve and separate any two (2) adjoining Units shall constitute a party wall or fence 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 costs of reasonable repair and maintenance of a party wall or fence shall be shared by the Owners who make use of the wall or fence in equal proportions.

(c) Damage and Destruction. If a party wall or fence 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 who has used the wall or fence may restore it. If the fence serves another Owner or Owners, they shall 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 of law regarding liability for negligent or willful acts or omissions.

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

(e) Arbitration. In the event of any dispute arising concerning a party wall or fence, or under the provisions of this Section, each party shall appoint one (1) arbitrator. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefor by the Board of Directors, the Board shall appoint an arbitrator for the refusing party. The arbitrators thus appointed shall appoint one (1) additional arbitrator and the decision by a majority of all three (3) arbitrators shall be binding upon the parties and shall be a condition precedent to any right of legal action that either party may have against the other.

Article V
Insurance and Casualty Losses

Section 1. Insurance. The Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain blanket "all-risk" property insurance, if reasonably available, for all insurable improvements on the Common Area. If blanket "all-risk" coverage is not reasonably available, then at a minimum an insurance policy providing fire and extended coverage shall be obtained. The face amount of such insurance shall be sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any insured hazard.

In addition to property insurance on the Common Area, the Association may, upon request of a Neighborhood, and shall, if so specified in a Supplemental Declaration applicable to the Neighborhood, obtain and continue in effect adequate blanket "all-risk" property insurance, if reasonably available, on the properties within the Neighborhood. If "all-risk" insurance is not reasonably available, then fire and extended coverage may be substituted. Such coverage may be in such form as the Board of Directors deems appropriate and the face amount of the policy shall be sufficient to cover the full replacement cost of all structures to be insured. The costs thereof shall be charged to the owners of Units within the benefitted Neighborhood as a Neighborhood Assessment, as defined in Article I hereof.

Insurance obtained on the properties within any Neighborhood, whether obtained by the Neighborhood Association for such Neighborhood, if any, or the Association, shall at a minimum comply with the applicable provisions of this Section 1, including the provisions of this Article applicable to policy provisions, loss adjustment, and all other subjects to which this Article applies with regard to insurance on the Common Area. All such insurance shall be in a face amount sufficient to cover the full replacement cost of all insured structures. All such policies shall provide for a certificate of insurance to be furnished to each Member insured, to the Association, and to the Neighborhood Association, if any.

The Board shall also obtain a general liability policy covering the Area of Common Responsibility, insuring the Association and its Members for all damage or injury caused by the negligence of the Association, any of its Members, employees or agents, or any other person who has a right to occupy a Unit. The general liability policy shall have at least a One Million (\$1,000,000.00) Dollar single person limit as respects bodily injury and property damage, a Three

Million (\$3,000,000.00) Dollar limit per occurrence, if reasonably available, and a Five Hundred Thousand (\$500,000.00) Dollar minimum property damage limit.

Premiums for all insurance on the Area of Common Responsibility shall be Common Expenses of the Association and shall be included in the Base Assessment, as defined in Article I and as more particularly described in Article X, Section 1; provided, premiums to insure Exclusive Common Areas shall be included in the Neighborhood Assessment of the Neighborhood(s) benefitted thereby unless the Board of Directors reasonably determines that other treatment of the premiums is more appropriate. The policies may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the coverage required hereunder. The deductible shall be paid by the party who would be liable for the loss or repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears to the total.

All insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for the respective benefitted parties, as further identified in subsection (b) below. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company authorized to do business in Texas which holds a Best's rating of A or better and is assigned a financial size category of XI or larger as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating which is available.

(b) All policies on the Area of Common Responsibility shall be for the benefit of the Association and its Members; all policies secured at the request of a Neighborhood shall be for the benefit of the Neighborhood Association, if any, the Owners of Units within the Neighborhood, and their Mortgagees, as their interests may appear.

(c) Exclusive authority to adjust losses under policies obtained by the Association on the Properties shall be vested in the Association's Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(d) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees.

(e) All property insurance policies shall have an agreed amount endorsement. The Association shall arrange for an annual review of the sufficiency of insurance coverage by one or more qualified persons.

(f) The Association's Board of Directors shall be required to use reasonable efforts to secure insurance policies that will provide the following:

(i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, officers, employees and manager, the Owners and occupants of Units, and their respective tenants, servants, agents, and guests;

(ii) a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;

(iii) a statement that no policy may be cancelled, invalidated, suspended, or subject to nonrenewal on account of any one or more individual Owners;

(iv) a statement that no policy may be cancelled, invalidated, suspended, or subject to nonrenewal on account of any curable defect or violation without prior demand in writing delivered to the Association to cure the defect or violation and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner, or Mortgagee;

(v) a statement that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

(vi) a statement that the Association will be given at least thirty (30) days' prior written notice of any cancellation, substantial modification, or non-renewal.

In addition to the other insurance required by this Section, the Board shall obtain, as a Common Expense, worker's compensation insurance, if and to the extent required by law, directors' and officers' liability coverage, if reasonably available, a fidelity bond or bonds on directors, officers, employees, and other Persons handling or responsible for the Association's funds, and flood insurance, if reasonably available. The amount of fidelity coverage shall be determined in the directors' best business judgment but, if reasonably available, may not be less than one-sixth (1/6) of the annual Base Assessments on all Units, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

Section 2. Individual Insurance. By virtue of taking title to a Unit subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket "all-risk" property insurance on the Unit(s) and structures constructed thereon meeting the same requirements as set forth in Section 1 of this Article V for insurance on the Common Area, unless either the Neighborhood in which the Unit is located or the Association carries such insurance (which they are not obligated to do hereunder). Each Owner further covenants and agrees that in the event of a partial loss or damage resulting in less than total destruction of structures comprising his Unit, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article XI of this Declaration. The Owner shall pay any costs of repair or reconstruction which are not covered by insurance proceeds. In the event that the structure is totally destroyed, the Owner may decide not to rebuild or to reconstruct, in which case the Owner shall clear the Unit of all

debris and ruins and thereafter the Owner shall maintain the Unit in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

A Neighborhood may impose more stringent requirements regarding the standards for rebuilding or reconstructing structures on the Units within the Neighborhood and the standard for returning the Units to their natural state in the event the structures are not rebuilt or reconstructed.

Section 3. Damage and Destruction.

(a) Immediately after damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of the Association, the Board of Directors 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 Properties. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Properties to substantially the same condition in which they existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

(b) Any damage or destruction to the Common Area or to the common property of any Neighborhood Association shall be repaired or reconstructed unless the Voting Members representing at least sixty-seven percent (67%) of the total Class "A" vote of the Association, if Common Area, or the Unit Owners representing at least sixty-seven percent (67%) percent of the total vote of the Neighborhood Association whose common property is damaged, if common property of a Neighborhood Association, shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such funds or information shall be made available; provided, however, such extension shall not exceed sixty (60) additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to Common Area or common property of a Neighborhood Association shall be repaired or reconstructed.

(c) In the event that it should be determined in the manner described above that the damage or destruction to the Common Area or to the common property of any Neighborhood Association shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the affected portion of the Properties shall be cleared of all debris and ruins and maintained by the Association, or the Neighborhood Association, as applicable, in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

Section 4. Disbursement of Proceeds. If the damage or destruction for which the proceeds of insurance policies held by the Association are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repair or reconstruction shall be retained by and for the benefit of the Association and placed in a capital improvements account. In the event no repair or reconstruction is made, any proceeds remaining after

making such settlement as is necessary and appropriate with the affected Owner or Owners and their Mortgagee(s), as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

Section 5. Repair and Reconstruction. If the damage or destruction to the Common Area or to the common property of a Neighborhood Association for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Voting Members, levy a special assessment against those Owners of Units responsible for the premiums for the applicable insurance coverage under Section 1 of this Article. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

Article VI No Partition

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

Article VII Condemnation

Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Voting Members representing at least sixty-seven percent (67%) of the total Class "A" vote in the Association and of the Declarant, as long as the Declarant owns any property described on Exhibit "A") by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant, so long as the Declarant owns any property described on Exhibit "A" of this Declaration, and Voting Members representing at least sixty-seven percent (67%) of the total Class "A" vote of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor, in accordance with plans approved by the Board of Directors of the Association. If such improvements are to be repaired or restored, the above provisions in Article V hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply.

If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or

replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors of the Association shall determine.

Article VIII
Annexation of Additional Property

Section 1. Annexation Without Approval of Class "A" Membership. Declarant shall have the unilateral right, privilege, and option, from time to time at any time prior to the termination of the Class B Membership, to annex additional real property within a five (5) mile radius of the real property described on Exhibit "A", and to subject such annexed real property to the provisions of this Declaration and the jurisdiction of the Association. Such annexation shall be accomplished by filing in the public records of Harris County, Texas, a Supplemental Declaration annexing such property. Such Supplemental Declaration shall not require the consent of Voting Members, but shall require the consent of the owner of such property, if other than Declarant. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided therein. Declarant shall have the unilateral right to transfer to any other Person the right, privilege, and option to annex additional property which is herein reserved to Declarant, provided that such transferee or assignee shall be the developer of at least a portion of the real property described on Exhibit "A" or within a five (5) mile radius thereof, and that such transfer is memorialized in a written, recorded instrument executed by the Declarant.

Section 2. Annexation With Approval of Class "A" Membership. Subject to the consent of the owner thereof, the Association may annex any real property to the provisions of this Declaration and the jurisdiction of the Association. Such annexation shall require the affirmative vote of Voting Members or alternates representing a majority of the Class "A" votes of the Association (other than those held by Declarant) present at a meeting duly called for such purpose and the consent of the Declarant, so long as Declarant owns property subject to this Declaration or which may become subject hereto in accordance with Section 1 of this Article.

Annexation shall be accomplished by filing of record in the public records of Harris County, Texas, a Supplemental Declaration describing the property being annexed. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, and by the owner of the property being annexed, and any such annexation shall be effective upon filing unless otherwise provided therein. The relevant provisions of the By-Laws dealing with regular or special meetings, as the case may be, shall apply to determine the time required for and the proper form of notice of any meeting called for the purpose of considering annexation of property pursuant to this Section 2 and to ascertain the presence of a quorum at such meeting.

Section 3. Acquisition of Additional Common Area. Declarant may convey to the Association additional real estate, improved or unimproved, located within the properties described on Exhibit "A" or added thereto by annexation, which upon conveyance or dedication to the Association shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of all its Members.

Section 4. Withdrawal of Property. Declarant reserves the right to amend this Declaration unilaterally at any time so long as it holds an unexpired option to expand the community pursuant to this Article VIII, without prior notice and without the consent of any Person (other than the owner thereof if not Declarant), for the purpose of removing certain portions of the Properties then owned by the Declarant or its affiliates or the Association from the provisions of this Declaration to the extent originally included in error or as a result of any changes whatsoever in the plans for the Properties desired to be effected by the Declarant, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Properties.

Section 5. Amendment. This Article shall not be amended without the prior written consent of Declarant, so long as the Declarant owns any property described on Exhibit "A" hereof.

Article IX Rights and Obligations of the Association

Section 1. Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon (including, without limitation, furnishings and equipment related thereto and common landscaped areas), and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof and consistent with the Community-Wide Standard.

Section 2. Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property. The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold, or other property interests within the Properties conveyed to it by the Declarant.

Section 3. Rules and Regulations. The Board is hereby specifically authorized to promulgate, modify and delete such reasonable Rules and Regulations applicable to the operation, use and occupancy of the Properties, including all Units and any Common Area, as the Board may from time to time deem beneficial to the Properties. The Board is also authorized to appoint a Neighborhood Council to develop suggested rules and regulations for its own Neighborhood for the Board to consider. Such Board authority to promulgate, modify and delete includes but is not limited to: (i) traffic and parking regulations and other traffic control procedures; (ii) procedures and reasonable restrictions and limitations on the right to use any Common Area; and (iii) all procedural and substantive aspects for the establishment, levy, collection and payment of fines for any violations of any Governing Documents. Architectural Guidelines are a type of Rules and Regulations. No limitation is imposed or implied by classification as Rules and Regulations or Architectural Guidelines, it being the intent hereafter that howsoever designated either may cover the subject matter of the other. Rules and Regulations are of equal dignity with and may be enforceable in the same manner as the provisions of the Declaration; provided

(a) Rules and Regulations may not be enacted retroactively (except that if any activity is subsequently covered by Rules and Regulations and such activity ceases after enactment of

the Rules and Regulations covering same, then the Rules and Regulations will apply to the activity thereafter);

(b) Rules and Regulations may not be incompatible with the provisions of the Declaration or any Supplemental Declaration; and

(c) Rules and Regulations will not become effective until recorded in the Real Property Records of Harris County, Texas.

Section 4. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 5. Governmental Interests. For so long as the Declarant owns any property described on Exhibit "A", the Association shall permit the Declarant authority to designate sites within the Properties, which may include Common Area owned by the Association, for fire, police, water, and sewer facilities, public schools and parks, and other public facilities.

Section 6. Powers of the Association with Respect to Neighborhoods. The Association shall have the power to veto any action taken or contemplated to be taken by any Neighborhood Association or Neighborhood Committee which the Board reasonably determines to be adverse to the interests of the Association or its Members or inconsistent with the Community-Wide Standard. The Association shall also have the power to require specific action to be taken by any Neighborhood Association or Neighborhood Committee in connection with its obligations and responsibilities hereunder or under any other covenants affecting the Properties. Without limiting the generality of the foregoing, the Association may require specific maintenance or repairs or aesthetic changes to be effectuated by the Neighborhood Association or Neighborhood Committee, may require that a proposed budget include certain items and that expenditures be made therefor, and may veto or cancel any contract providing for maintenance, repair, or replacement of the property governed by such Neighborhood Association or Neighborhood Committee.

Any action required by the Association in a written notice pursuant to the foregoing paragraph to be taken by a Neighborhood Association or Neighborhood Committee shall be taken within the time frame set by the Association in such written notice, which time frame shall be reasonable. If the Neighborhood Association or Neighborhood Committee fails to comply with the requirements set forth in such written notice, the Association shall have the right to effect such action on behalf of the Neighborhood Association or Neighborhood Committee. To cover the Association's administrative expenses in connection with the foregoing and to discourage failure to comply with the requirements of the Association, the Association shall assess the Units in such Neighborhood for their pro rata share of any expenses incurred by the Association in taking such action in the manner provided in Article X, Section 4. Such assessments may be collected as a Special Assessment hereunder and shall be subject to all lien rights provided for herein.

Section 7. Enforcement.

7.1 General. Declarant, the Association, and their successors and assigns, and any Owner, have the right to enforce observance and performance of all restrictions, covenants, conditions and easements set forth in the Declaration and in all other Governing Documents, and in order to prevent a breach thereof or to enforce the observance or performance thereof have the right, in addition to all legal remedies, to an injunction either prohibitive or mandatory.

7.2 Right to Inspect and Cure Defaults. The provisions of Section 2.8 of Article IV hereof apply to any breach of the Declaration and any other applicable Governing Documents. In addition and without prior notice, the Association may photograph any violations or suspected violation at any time and otherwise obtain evidence to confirm the existence or non-existence of any suspected violation in any reasonable manner without liability in trespass or otherwise.

7.3 No Estoppel, Waiver or Liability. Failure of Declarant, the Association or any Owner to enforce any of the provisions of the Declaration or any other Governing Documents will in no event be deemed a waiver of the right to do so thereafter (including without limitation as to the same or similar violation whether occurring prior or subsequent thereto). No liability may attach to Declarant, the Association, or their respective officers, directors, agents, employees or committee members, for failure to enforce any provisions of the Declaration or any other Governing Documents.

7.4 Cumulative Rights and Remedies. Each right and remedy set forth in the Declaration and each other Governing Document is separate, distinct and non-exclusive, and all are cumulative. The pursuit of any right or remedy so provided or as provided by law, or the failure to exercise a particular right or remedy, will not be construed as a waiver of such right or remedy or any other right or remedy. Without limitation of the foregoing, the provisions of this Section are declared specifically to be cumulative of the provisions of Article IV, Section 2 of the Declaration as hereinabove set forth and Article III, Section 22 of the By-Laws.

7.5 Liability for Conduct of Others ("Related Parties"). Each Owner and the tenant of each Owner must ensure that their respective Related Parties strictly comply with all applicable provisions of the Declaration and all other Governing Documents. Each Owner is liable for all consequences of any such violation by the Owner's tenant and by Related Parties of the Owner, and each Owner and the Owner's tenant are jointly and severally liable for all consequences of any such violation by Related Parties of the tenant. To the same extent as aforesaid each Owner and each tenant must indemnify and hold harmless the Association and its Related Parties from any and all claims, liabilities, damages, loss, costs, expenses, suits and judgments of whatsoever kind, including reasonable attorney's fees whether incurred prior to, during or after proceedings in a court of competent jurisdiction, resulting, directly or indirectly, from any such violation, said indemnification to be secured and paid as provided in Section 17 of Article XIII of the Declaration as hereafter set forth.

7.6 Obligation for Payment of Costs and Expenses Resulting from Violations. Each Owner and tenant of an Owner found to have committed, or who is responsible for, a violation or violations of any of the provisions of the Declaration or any other Governing Documents is jointly and severally liable for payment to the Association for, and to indemnify and to hold and save harmless the Association and its Related Parties from, and all claims, liabilities, damages, loss, costs, expenses, suits and judgments of whatsoever kind, including reasonable attorney's fees whether incurred prior to, during

or after proceedings in a court of competent jurisdiction, incurred or attributable to any such violation(s), and must pay over to the Association all sums of money which the Association or its representatives may pay or become liable to pay as a consequence, directly or indirectly, of such violation(s). All such sums are secured by the continuing assessment lien established by the Declaration. All such sums are due and payable upon demand by the Association or its representative without the necessity of any other or further notice of any act, fact or information concerning the Association's rights or such Owner's or their tenant's liabilities under this Section; provided, in the case of indemnification the demand shall contain a statement setting forth the Association's payment or liability to pay the claim with sufficient detail to identify the basis for the payment or liability to pay.

7.7 Notice and Opportunity to be Heard. Substantial compliance with the procedures set forth in Article III, Section 22(a), (b) and (c) of the Association's By-Laws is sufficient whenever the Declaration or other Governing Documents require notice and opportunity to be heard regarding any alleged violation of the Governing Documents. The right of appeal to the Board of Directors as provided in Article III, Section 22(c) includes appeal from the decisions of any Association committee except the NCC.

7.8 Filing of Notices of Non-Compliance. At any time the Board determines in good faith there probably exists any noncompliance with any provisions of the Declaration or any other Governing Documents, the Board may at its option direct that a notice of noncompliance be filed in the Official Public Records of Real Property of Harris County, Texas covering the affected Unit or Units and the Owner(s) thereof at the sole cost and expense of such Owner(s). All such costs and expenses are due and payable upon demand, and are secured by the Association's continuing assessment lien.

Article X Assessments

Section 1. Creation of Assessments. There are hereby created assessments for Association expenses as may from time to time specifically be authorized by the Board of Directors, to be commenced at the time and in the manner set forth in Section 7 of this Article. There shall be three (3) types of assessments: (a) Base Assessments to fund Common Expenses for the benefit of all Members of the Association; (b) Neighborhood Assessments for Neighborhood Expenses benefitting only Units within a particular Neighborhood or Neighborhoods; and (c) Special Assessments as described in Section 4 below. Each Owner, by acceptance of a deed or recorded contract of sale for any portion of the Properties, is deemed to covenant and agree to pay these assessments.

Base Assessments shall be levied on each Unit on the basis of Equivalent Units, as provided in Section 2 below. Neighborhood Assessments shall be levied equally against all Units in the Neighborhood benefitting from the services supported thereby; provided, in the event of assessments for exterior maintenance of structures, or insurance on structures, or replacement reserves which pertain to particular structures, such assessments for the use and benefit of particular Units shall be levied on each of the benefitted Units in proportion to the benefit received, if so directed by the Neighborhood in writing to the Board of Directors. Special Assessments shall be levied as provided in Section 4 below.

All assessments, together with interest (at a rate not to exceed the highest rate allowed by Texas law) as computed from the date the delinquency first occurs, late charges, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Unit against which each assessment is made until paid. Each such assessment, together with interest, late charges, costs, and reasonable attorney's fees, shall also be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose, and, in the event of a transfer of title, his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance, except no first Mortgagee who obtains title to a Unit pursuant to the remedies provided in the Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title.

The Association shall, upon demand at any time, furnish to any Owner liable for any type of assessment a certificate in writing signed by an officer of the Association setting forth whether such assessment has been paid as to any particular Unit. Such certificate shall be conclusive evidence of payment to the Association of any assessments therein stated to have been paid. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate. The Association shall have the right to charge any Owner selling or otherwise transferring title to a Unit, a fee which is reasonable compensation, in the opinion of the Board, for the costs incurred by the Association in changing its records to reflect the transfer of ownership; however there shall be no charge to Declarant when Declarant sells to a builder and no charge to a builder when it sells to a homebuyer. Initially, this transfer fee shall be \$25.00.

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors and, if the Board so elects, assessments may be paid in two (2) or more installments. Unless the Board otherwise provides, the Base Assessment and any Neighborhood Assessment shall be due and payable in advance on the first day of each fiscal year, however the Board may, by resolution, provide for monthly billing of Base and/or Neighborhood Assessments. The Board may also, by resolution, allow a Neighborhood Association to pay Assessments in installments, even though Neighborhoods without a Neighborhood Association are paying such Assessments annually. If any Owner is delinquent in paying any assessments or other charges levied on his Unit, the Board may require any unpaid installments of the annual assessment and/or any other assessments to be paid in full immediately.

Should a Neighborhood Association be formed for any Neighborhood, the Association may require such Neighborhood Association to collect all Assessments levied hereunder and remit such Assessment to the Association first out of all sums collected, prior to retaining any sums in payment of any additional assessments of such Neighborhood Association.

No Owner may waive or otherwise exempt himself from liability for the assessments provided for herein, including, by way of illustration and not limitation, by non-use of Common Areas or abandonment of the Unit. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessment 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 Board under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority.

So long as the Declarant has an option unilaterally to subject additional property to this Declaration, the Declarant may annually elect either to pay regular assessments on its unsold Units or to pay to the Association the difference between the amount of assessments collected on all other Units subject to assessment and the amount of actual expenditures required to operate the Association during the fiscal year. Unless the Declarant otherwise notifies the Board of Directors in writing at least sixty (60) days before the beginning of each fiscal year, the Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year. The Declarant's obligations hereunder may be satisfied in the form of a cash subsidy or by "in kind" contributions of services or materials, or a combination of these.

The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services or materials or a combination of services and materials with Declarant or other entities for the payment of some portion of the Common Expenses.

Section 2. Computation of Base Assessment. It shall be the duty of the Board, at least sixty (60) days before the beginning of each fiscal year, to prepare a budget covering the estimated Common Expenses of the Association during the coming year. The budget shall include a capital contribution establishing a reserve fund in accordance with a budget separately prepared, as provided in Section 6 of this Article.

The Base Assessments to be levied against each Unit for the coming year shall be determined by multiplying the total budgeted Common Expenses, including reserves, by a fraction, the numerator of which is the number of Equivalent Units assigned to such Unit, as described below, and the denominator of which is the total number of Equivalent Units assigned to all Units subject to assessment under Section 7 of this Article.

Notwithstanding the above, the Board may, in its sole discretion, reduce the Base Assessments determined pursuant to the above formula by taking into account assessments to be levied upon additional Units reasonably anticipated to become subject to assessment during the fiscal year.

For purposes of this Declaration, the number of Equivalent Units allocated to each Unit shall be as follows:

<u>Use or Proposed Use of Property</u>	<u>Equivalent Units</u>
Single-Family Dwellings	
Improved Unit	1.00
Unimproved Units or Lots and Units Which Have Not Been Sold to the First Homeowner	.50

A Unit becomes an "Improved Unit" for purposes of this Section at the time it is purchased by the first homeowner.

So long as the Declarant has the right unilaterally to annex additional property pursuant to Article VIII hereof, the Declarant may elect on an annual basis, but shall not be obligated, to reduce the resulting Base Assessments for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under Section 1 above); provided, any such subsidy shall be conspicuously disclosed as a line item in the income portion of the Common Expense budget and shall be made known to the membership. The payment of such subsidy in any year shall under no circumstances obligate the Declarant to continue payment of such subsidy in future years.

The Board shall cause a copy of the Common Expense budget and notice of the amount of the Base Assessment to be levied against each Unit for the following year to be delivered to each Owner at least thirty (30) days prior to the beginning of the fiscal year. Such budget and assessment shall become effective unless disapproved at a meeting of the Voting Members by Voting Members or their alternates representing at least a majority of the total Class "A" vote in the Association, and by the Class "B" Member, if such exists. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Voting Members as provided for special meetings in Article II, Section 4, of the By-Laws, which petition must be presented to the Board within ten (10) days of delivery of the notice of assessments.

Notwithstanding the foregoing, however, in the event the proposed budget is disapproved or the Board fails for any reason so to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue for the current year.

Section 3. Computation of Neighborhood Assessments. It shall be the duty of the members of the Board from each Neighborhood, after consultation with their respective Neighborhood Committee or Neighborhood Association, at least sixty (60) days before the beginning of each fiscal year, to prepare a separate budget covering the estimated Neighborhood Expenses to be incurred by the Association for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred during the coming year. Such Members of the Board for each Neighborhood shall be entitled to set such budget only to the extent that this Declaration or the By-Laws specifically authorizes the Board to assess certain costs, such as the cost of maintaining Exclusive Common Areas, as a Neighborhood Assessment. Any Neighborhood may require that additional services or a higher level of services be provided by the Association, and in such case, any additional costs shall be added to such budget. Such budget may include a capital contribution establishing a reserve fund for repair and replacement of capital items within the Neighborhood, as appropriate. Neighborhood Expenses shall be allocated equally among all Units within the Neighborhood benefitted thereby and levied as a Neighborhood Assessment.

The Board shall cause a copy of such budget and notice of the amount of the Neighborhood Assessment to be levied on each Unit in the Neighborhood for the coming year to be delivered to each Owner of a Unit in the Neighborhood at least thirty (30) days prior to the beginning of the fiscal year. Such budget and assessment shall become effective unless disapproved by a majority of the Owners of Units in the Neighborhood which the Neighborhood Assessment applies; provided, there shall be no

obligation to call a meeting for the purpose of considering the budget except on petition of Owners of at least ten (10%) percent of the Units in such Neighborhood; and provided, further, the right to disapprove shall only apply to those line items in the Neighborhood budget which are attributable to services requested by the Neighborhood.

In the event the proposed budget for any Neighborhood is disapproved or the Board fails for any reason so to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue for the current year.

Section 4. Special Assessments.

(a) Entire Membership. The Association may levy Special Assessments from time to time provided such assessment receives the affirmative vote or written consent of Voting Members or their alternates representing a majority of the Class "A" votes in the Association represented in person or by proxy at a meeting at which a quorum is present and the affirmative vote or written consent of the Class "B" Member, if such then exists. Special Assessments levied against the entire membership shall be allocated to the Units in proportion to their Equivalent Units unless the Board determines that another method is more equitable. Special Assessments pursuant to this paragraph shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved, if the Board so determines.

(b) Less Than All Members. The Association may levy a Special Assessment against any Member individually and against such Member's Unit to reimburse the Association for costs incurred in bringing a Member and his Unit into compliance with the provisions of the Declaration, any Supplemental Declarations, amendments to any Declaration or Supplemental Declaration, the Articles, the By-Laws, or the Association rules, which Special Assessment may be levied upon the vote of the Board after notice to the Member and an opportunity for a hearing. The Association may also levy a Special Assessment equally against the Units in any Neighborhood to reimburse the Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Declaration, any Supplemental Declaration, any amendments to any Declaration or Supplemental Declaration, the Articles, the By-Laws, and the Association rules and regulations, which Special Assessment may be levied upon the vote of the Board after notice to the senior officer of the Neighborhood and an opportunity for a hearing.

Special Assessments as aforesaid shall also include, without limitation of the foregoing:

- (i) reasonable charges for:
 - 1. providing a statement of assessments or indebtedness, including resale certificates;
 - 2. transfer fees to reflect changes of ownership, tenancy or occupancy on the records of the Association;

3. processing of applications for architectural approval; and
4. fines, late fees, interest, reasonable attorneys' fees.

(ii) admission or usage fees applicable to any Common Area as from time to time established by adoption of applicable Rules and Regulations;

(iii) fines as from time to time established by adoption of applicable Rules and Regulations for any violation of the Declaration or other Governing Documents; and

(iv) all other monetary obligations established by or pursuant to the Declaration or other Governing Documents which are intended to apply to one or several Units but not to all Units, including all Compliance Assessments.

(c) Managing Agent. The Board may from time to time contract with managing agents to provide any of the services and/or to perform any of the functions enumerated under subsection 4(b)(i) above, and in connection therewith may, by contract or resolution, assign to such managing agent the right to set the amounts of and to receive payments of the applicable charges. The right and authority of any managing agent to set the amounts and receive payment as aforesaid is deemed to be assigned by virtue of contracting with a managing agent to provide the associated functions and services for so long as the applicable contract remains in effect unless the applicable contract expressly provides otherwise. A managing agent must give written notice to the Board of Directors as to the initial establishment of, and as to any subsequent increase in the amount of, charges under subsection 4(b)(i). Subject to the aforesaid notice requirement as to a managing agent and as required regarding Rules and Regulations, the Board or its managing agent, as applicable, may adopt, amend, revise and repeal any such charges from time to time without notice.

(d) Payment Waiver. Special Assessments as authorized by subsection 4(b) are due and payable immediately upon the occurrence of the event giving rise to liability for payment of same. Failure of the Association (or managing agent as applicable) to impose or collect any Special Assessment is not grounds for any action against the Association, any managing agent, or their respective directors, officers, agents or employees, and does not constitute a waiver of the right to exercise authority to collect any Special Assessments in the future. For good cause shown as determined in the sole opinion of the Board, the Board may waive, wholly or partially, imposition of any special Assessment authorized by subsection 4(b), provided, any such waiver must be conditioned upon payment in full of all remaining monetary obligations or receipt of written commitment that same will be paid within a specified period of time.

(e) Contribution at Purchase. Each Owner of a Unit in Villa D'Este beginning with the first Owner after a builder (whether one or more Persons and regardless of whether such Owner holds the fee interest singly or jointly), at the time it purchases a Unit from the previous Owner and continuing at each and every resale (i.e. at every sale beginning with the sale to the first Owner to buy from a builder), shall be obligated to make a \$250.00 contribution to the Association, which funds shall be used to defray operating costs and other expenses of the Association, including but not limited to access control and street maintenance, as the Board shall determine in its sole discretion. Should Villa

D'Este ever make the election to remove the restricted access gates and dedicate the private streets as public streets, as allowed under Article II, Section 4 hereof, this contribution at purchase shall cease and no longer be collected.

The Owner of a Unit in Villa Verde who is the first Owner after a builder (whether one or more Persons and regardless of whether such Owner holds the fee interest singly or jointly), at the time it purchases a Unit from the builder (i.e. only at the sale to the first Owner to buy from a builder), shall be obligated to make a \$250.00 contribution to the Association, which funds shall be used to defray operating costs and other expenses of the Association, as the Board shall determine in its sole discretion. This contribution shall not be required from subsequent Owners.

Each Owner of a Unit in Bellavita shall make a contribution at the time of purchase as set forth in the Bellavita Declaration. There will be no contribution to the Association from Owners in Bellavita under this Section

These contributions will not be commingled but will be kept separate for the benefit of the respective Neighborhood they were collected from.

Section 5. Lien for Assessments. There shall exist a perfected lien for unpaid assessments prior and superior to all other liens, except (1) all taxes, bonds, assessments, and other levies which by law would be superior thereto, and (2) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value.

Any assessments which are not paid when due shall be delinquent. Any monthly installment of any annual assessment or any special assessment or any benefitted assessment which is delinquent for a period of more than five (5) days shall incur a late charge in the amount of \$25.00, which amount may be amended as the Board may from time to time determine. The Association shall cause a notice of delinquency to be given to any Member who has not paid within five (5) days following the due date. If the assessment is not paid within thirty (30) days, a lien, as herein provided, shall attach and, in addition, the lien shall include the late charge, interest, not to exceed the maximum legal rate, on the principal amount due, and all late charges from the date first due and payable, all costs of collection, reasonable attorney's fees actually incurred, and any other amounts provided or permitted by law. In the event that the assessment remains unpaid after sixty (60) days, the Association may, as the Board shall determine, institute suit to collect such amount and/or take action to foreclose its lien, either by action for judicial foreclosure in the manner prescribed by law or by directing the Trustee to foreclose the lien by public sale conducted in accordance with the notice, posting and other requirements of the statutes of the State of Texas (the Texas Property Code Section 51.002 *et seq*) for the foreclosure of deed of trust liens upon real property. Each Owner, by acceptance of a deed or as a party to bring all actions against him or her, personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all other Owners. No Owner may waive or otherwise except liability for the assessments provided for herein, including, by way of illustration, but not limitation, abandonment of the Lot.

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All payments shall be applied first to costs and attorney's fees, then to late charges, then interest and then to delinquent assessments. In addition to all other remedies of the Association set forth herein, in the event any Member is delinquent in the payment of any assessments due pursuant to this Declaration, or shall otherwise be in default hereunder, then such Member shall not be entitled to exercise the rights and privileges of membership, including but not limited to the right to vote and hold office. Further, in the event a Member is delinquent in the payment of any assessment due pursuant to this Declaration, the Association shall have the right to suspend the right of such member (and his or her guests or tenant(s) or other occupants of a Unit) from using the Common Area until such delinquency is cured. The election by the Association to exercise any of its remedies herein permitted shall not be construed to constitute an election to waive the right to exercise any other remedy available. The Association is hereby authorized by all Owners to use any and all of such remedies as often as may be required to collect payment of all sums secured by a lien hereunder.

The Association, acting on behalf of the Owners, shall have the power to bid for the Unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period in which a Unit is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid Common Expenses and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

Section 6. Reserve Budget and Capital Contribution. The Board of Directors shall annually prepare a reserve budget to take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution in an amount sufficient to permit meeting the projected needs of the Association, as shown on the budget, with respect both to amount and timing by annual Base Assessments over the period of the budget. The capital contribution required, if any, shall be fixed by the Board and included within and distributed with the applicable budget and notice of assessments, as provided in Sections 2 and 3 of this Article.

Neighborhoods that are gated communities shall establish reserve accounts for the access control devices and for street maintenance necessary for the private streets and/or permanent access easements..

Section 7. Date of Commencement of Assessments. The obligation to pay the assessments provided for herein shall commence as to each Unit on the first day of the month following: (a) the month in which the Unit is made subject to this Declaration; or (b) the month in which the particular section of a Neighborhood in which the Unit is located is accepted by the City of Pearland, whichever is later. Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual Base Assessment levied on a Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

For the first year in which assessments are collected in the Bellavita Neighborhood, the Base Assessments for each Unit in Bellavita shall be \$480.00 per year. It is anticipated that the Bellavita Base Assessments will be billed and collected by the Bellavita Neighborhood Association, along with its own

All payments shall be applied first to costs and attorney's fees, then to late charges, then interest and then to delinquent assessments. In addition to all other remedies of the Association set forth herein, in the event any Member is delinquent in the payment of any assessments due pursuant to this Declaration, or shall otherwise be in default hereunder, then such Member shall not be entitled to exercise the rights and privileges of membership, including but not limited to the right to vote and hold office. Further, in the event a Member is delinquent in the payment of any assessment due pursuant to this Declaration, the Association shall have the right to suspend the right of such member (and his or her guests or tenant(s) or other occupants of a Unit) from using the Common Area until such delinquency is cured. The election by the Association to exercise any of its remedies herein permitted shall not be construed to constitute an election to waive the right to exercise any other remedy available. The Association is hereby authorized by all Owners to use any and all of such remedies as often as may be required to collect payment of all sums secured by a lien hereunder.

The Association, acting on behalf of the Owners, shall have the power to bid for the Unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period in which a Unit is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid Common Expenses and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

Section 6. Reserve Budget and Capital Contribution. The Board of Directors shall annually prepare a reserve budget to take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution in an amount sufficient to permit meeting the projected needs of the Association, as shown on the budget, with respect both to amount and timing by annual Base Assessments over the period of the budget. The capital contribution required, if any, shall be fixed by the Board and included within and distributed with the applicable budget and notice of assessments, as provided in Sections 2 and 3 of this Article.

Neighborhoods that are gated communities shall establish reserve accounts for the access control devices and for street maintenance necessary for the private streets and/or permanent access easements..

Section 7. Date of Commencement of Assessments. The obligation to pay the assessments provided for herein shall commence as to each Unit on the first day of the month following: (a) the month in which the Unit is made subject to this Declaration; or (b) the month in which the particular section of a Neighborhood in which the Unit is located is accepted by the City of Pearland, whichever is later. Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual Base Assessment levied on a Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

For the first year in which assessments are collected in the Bellavita Neighborhood, the Base Assessments for each Unit in Bellavita shall be \$480.00 per year. It is anticipated that the Bellavita Base Assessments will be billed and collected by the Bellavita Neighborhood Association, along with its own

Neighborhood Association assessments, and that such Neighborhood Association will remit the Base Assessment portion to the Association. For the first year in which assessments are collected in the Villa Verde Neighborhood, the Base Assessments for each Unit in Villa Verde shall be \$480.00 and the Neighborhood Assessment shall be \$295.00, for a total of \$775.00 per year. In the first year in which assessments are collected in the Villa D'Este Neighborhood, the Base Assessments for each Unit in Villa D'Este shall be \$480.00 and the Neighborhood Assessment shall be \$445.00 for a total of \$925.00 per year.

For the first year in which Base Assessments are levied, the \$480.00 annual Base Assessment will be comprised of \$27.00 monthly for basic cable, \$10.00 monthly for alarm monitoring services and \$36.00 annually for landscaping along Scarsdale Blvd. and other areas. The Board may by resolution, decide to alter some or all of the services provided by adding or removing certain services, which might result in a change to the Base Assessment calculation as provided for herein.

Section 8. Subordination of the Lien to First Mortgages. The lien of assessments, including interest, late charges (subject to the limitations of Texas law), and costs (including attorney's fees) provided for herein, shall be subordinate to the lien of any first Mortgage upon any Unit. The sale or transfer of any Unit shall not affect the assessment lien. However, the sale or transfer of any Unit pursuant to judicial or nonjudicial foreclosure of a first Mortgage shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Unit from lien rights for any assessments thereafter becoming due. Where the Mortgagee holding a first Mortgage of record or other purchaser of a Unit obtains title pursuant to judicial or nonjudicial foreclosure of the Mortgage, it shall not be liable for the share of the Common Expenses or assessments by the Association chargeable to such Unit which became due prior to such acquisition of title. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from Owners of all the Units, including such acquirer, its successors and assigns.

Section 9. Exempt Property. Notwithstanding anything to the contrary herein, the following property shall be exempt from payment of Base Assessments, Neighborhood Assessments, and Special Assessments:

- (a) all Common Area;
- (b) all property dedicated to and accepted by any governmental authority or public utility, including, without limitation, public schools, public streets, and public parks, if any; and
- (c) any property owned by a Neighborhood Association.

Article XI

Architectural Standards and Review Committees

Section 1. New Construction Committee.

1.1 Organization. There is hereby established a New Construction Committee (herein sometimes referred to as the "NCC"). The NCC shall be composed of three persons who will be

appointed by Declarant. Members of the NCC need not be Members of the Association. The NCC may from time to time designate any one of its members to act in its stead. The NCC will continue in existence until one hundred percent of the Properties have been developed and conveyed to purchasers other than Declarant or a builder, or until Declarant files a declaration of termination of the NCC as to some or all of the Properties in the Official Public Records of Real Property of Harris County, Texas, whichever first occurs. Upon termination of the NCC all of its jurisdiction and authority will automatically transfer to and vest in the Modifications Committee.

1.2 Jurisdiction. The New Construction Committee has exclusive jurisdiction regarding: (a) all initial development and original construction on any portion of the Properties, including initial construction of a residence and related improvements upon each Unit; and (b) promulgation of all Architectural Guidelines pertaining to initial development and original construction (said Architectural Guidelines sometimes referred to as "Design Guidelines").

Section 2. Modifications Committee.

2.1 Organization. There is hereby established a Modifications Committee (herein sometimes referred to as the "MC"). The MC must be composed of either: (i) all members of the Board of Directors; or (ii) a committee appointed by the Board of Directors, and formed and designated as the MC by resolution adopted by the Board of Directors. The Board of Directors shall serve as the MC unless a committee as aforesaid is appointed. The MC may from time to time designate any one of its members to act in its stead.

2.2 Jurisdiction. The Modifications Committee has exclusive jurisdiction regarding implementation of all provisions of this Article XI except as to jurisdiction specifically reserved to the NCC as provided in Section 1 of this Article.

2.3 MC Committee. If a committee is appointed by the Board of Directors to act as the MC, then the provisions of this Section shall apply. Such committee must be composed of three or five persons. A majority of such persons must be Owners, and at least one member must be a Director. All such persons serve at the discretion of the Board. All decisions of the committee are subject to review and modification by the Board except as herein otherwise expressly provided, including specifically the right of any Owner to appeal any decision of the committee to the Board of Directors as provided in Article III, Section 22(c) of the By-Laws. In the event of the death or resignation of any person serving on the MC committee, the Board of Directors shall designate a successor or successors who will have all of the authority and power of his or their predecessor(s). Until such successor has been appointed, the remaining member or members have full authority to exercise all rights, duties and powers of the MC committee. Any such committee shall keep the Board informed as to its activities on a continuing basis, and shall submit a written report to the Board regarding same semi-annually or as otherwise required by the Board.

Section 3. Compensation. No person serving on the NCC or MC is entitled to compensation for services performed; provided, the NCC or MC may employ one or more architects, engineers, attorneys or other consultants to assist the NCC or MC in carrying out its duties, and the Association

shall pay such consultants for services rendered. Members of the NCC or MC may also be reimbursed for reasonable expenses in such manner and amounts as may be approved by the Board of Directors.

Section 4. Submission of Plans Required. No Regulated Modification may be commenced, constructed, erected, placed, maintained or made upon any Unit or within or upon any part of the Properties unless and until complete plans and specifications have been submitted to and approved in writing by the NCC or MC, as applicable, as to compliance with applicable Architectural Review Criteria as set forth in Section 8 of this Article. Two complete sets of plans and specifications must be submitted with each request for approval. In addition to any other applicable requirements per applicable Architectural Guidelines (including any Design Guidelines), any plans and specifications to be submitted must specify, in such detail and form as the NCC or MC may reasonably require:

- (a) the location upon the Unit or within the Properties where the Regulated Modification will occur or be placed;
- (b) the dimensions, nature, kind, shape, height, and color scheme of and all materials to be used in connection with the Regulated Modification;
- (c) appropriate information concerning structural, mechanical, electrical, plumbing, grading, paving, decking and landscaping details;
- (d) intended uses; and
- (e) such other information, plans or specifications as may be requested or required by the NCC or MC which in the sole opinion of the NCC or MC is reasonably necessary to fairly and fully evaluate all aspects of the proposed Regulated Modification.

Section 5. Architectural Guidelines. The NCC, or the Board or the MC subject to Board approval, as applicable, may, from time to time, adopt, modify, amend and repeal such reasonable Architectural Guidelines applicable to the Properties, including Units and any Common Area, as it deems appropriate to maintain or reasonably enhance Community-Wide Standards at the time of adoption. Such authority includes, but is not limited to, the right to specify:

- (a) specific procedural guidelines for submission of requests for, and plans, specifications and other information and documentation necessary to obtain, NCC or MC approval, and procedural requirements for the conducting of all activities necessary to accomplish same;
- (b) the amount and manner of payment of any fees or charges reasonably anticipated to cover administrative costs, fees for architectural, engineering, construction, legal or other expert advice or consultation, and all other costs and expenses in connection with review and evaluation of an application (such costs and expenses herein referred to as the "Architectural Review Fee");
- (c) specific types of Regulated Modifications which may be commenced, constructed, erected or maintained upon any Unit or anywhere within the Subdivision;

(d) a limited number of acceptable exterior materials and finishes that may be utilized in construction or repair of Regulated Modifications;

(e) minimum setbacks (except that minimum setbacks as shown on any applicable plat of the Properties will control if in conflict with Architectural Guidelines);

(f) the location, height, and extent of fences, walls or other screening devices, walks, decks, patios or courtyards;

(g) the orientation of structures and landscaping with respect to streets, walks, driveways and structures on adjacent properties; and

(h) in general, all requirements reasonably deemed necessary to maximize compliance with Architectural Review Criteria as set forth in Section 7 of this Article.

Section 6. Manner and Effect of Adoption of Architectural Guidelines. Architectural Guidelines shall be made available to Owner, builders, and developers upon request. Architectural Guidelines will also be filed in the Official Public Records of Real Property of Harris County, Texas. Architectural Guidelines are a type of Rules and Regulations as provided in Article IX, Section 3 of the Declaration and are of equal dignity with, and shall be enforceable in the same manner as, other provisions of the Declaration, provided: (a) such Architectural Guidelines shall not be deemed a waiver, modification, or repeal of any of the provisions of the Declaration; and (b) such Architectural Guidelines shall not be enacted retroactively except that all repairs, modifications or maintenance performed subsequent to adoption shall be performed in such manner as to bring the Regulated Modification, so far as practicable, in compliance with all then applicable Architectural Guidelines.

Section 7. Variances. The NCC or MC or Board may grant specific variances to Architectural Guidelines and to any architectural or use restrictions set forth in the Declaration upon specific findings of compliance with the grounds for granting of a variance as set forth hereafter. A variance may be granted only in writing and only with respect to specific instances upon written request therefor, is not binding with respect to any other request for a variance whether or not similar in nature, and does not constitute a waiver, modification or repeal of any of the provisions of the Declaration or other Governing Documents except for the limited purpose of and to the extent of the specific variance expressly granted. A variance may be granted only upon specific findings that the variance is necessary due to unusual circumstances which are reasonably beyond the control of the applicant to mitigate or rectify, and that the granting of a specific variance will not materially and adversely affect the architectural, aesthetic or environmental integrity of the Properties or the scheme of development therein. The good faith determination of the NCC or MC or Board that the conditions for granting of a variance have been met are final.

Section 8. Architectural Review Criteria. The NCC or MC will evaluate all submitted applications for approval on the individual merits of the particular application, and based on evaluation of the compatibility of the proposed Regulated Modification with Community-Wide Standards as of the date of submission of an application and compliance with applicable Governing Documents, including the Declaration and applicable Architectural Guidelines (including applicable Design Guidelines) and

Rules and Regulations. The NCC or MC must also use reasonable efforts to achieve consistency in the approval or disapproval of specific types of Regulated Modifications. To this end, consideration will be given to (but the NCC or MC is not bound by) similar applications for architectural approval and the decisions and actions of the NCC or MC with regard thereto.

Section 9. Basis for Disapproval by NCC or MC. The NCC or MC may disapprove any request for approval for any of the following reasons: (i) failure to comply with any applicable Architectural Review Criteria as set forth in Section 8 of this Article; (ii) lack of sufficient information, plans or specifications as reasonably determined by the NCC or MC to enable the NCC or MC to fairly and fully evaluate the proposed Regulated Modification or the uses thereof; (iii) failure to include any information, plans or specifications required by applicable Governing Documents, or as may be reasonably requested by the NCC or MC; or (iv) the proposed modification is not, in the opinion of the NCC or MC, compatible with the general plan of development. In the event of disapproval, the NCC or MC shall so notify the applicant in writing; and if disapproval is based on lack of sufficient information, plans or specifications, then the NCC or MC shall also notify applicant of the additional information, plans or specifications required.

Section 10. Approval and Conditional Approval by NCC or MC.

10.1 Manner. The NCC or MC may fully approve any request for approval or approve any such request subject to compliance with conditions stated in a conditional approval. Conditions for approval may include, without limitation, requirements for modifications to plans and specifications such as upgrading or other changes as to materials or changes as to color or design or location, or requirements for addition of other improvements such as sight barrier landscaping or other devices to screen the view of a proposed Regulated Modification from any street, Common Area, or other Units. A conditional approval is effective only upon full compliance with the stated condition(s). The NCC or MC shall notify the applicant in writing of such approval (together with any qualifications or conditions of approval).

10.2 Effect. Except for fraud, misrepresentation, accident or mistake, approval or conditional approval is final as to each Regulated Modification covered thereby, and may not be revoked or rescinded once given except as stated in Section 10.1 regarding conditional approvals. Except as to compliance with this Article XI, approval or conditional approval does not constitute a waiver, modification or repeal of any covenant or restriction contained in the Declaration or other Governing Documents, or preclude by estoppel or otherwise full enforcement of all provisions hereof. Approval or conditional approval may not be deemed a waiver of the right of the NCC or MC to subsequently disapprove similar requests for approval, or any of the features or elements included therein.

Section 11. Submission and Response; Failure of NCC or MC to Act.

11.1 Submission and Response. Applications for NCC or MC approval and requests for variances are deemed submitted to the NCC or MC only upon actual receipt. All responses by the NCC or MC shall be in writing, and are deemed given when delivered to, or when deposited in the United States mail, postage prepaid and addressed to, the applicant at the address specified in the application or request for variance or the last known address of the applicant according to the records of the

Association. The NCC or MC has no duty to respond to, and the provisions of this Section do not apply regarding, any application or request for variance if the Person(s) identified in the application do not appear as Members or Owners according to the books and records of the Association unless and until receipt of such confirmation of ownership as is satisfactory in the sole opinion of the NCC or MC. Lessees shall file applications or requests for variance in the name of their lessors, and shall also join therein. Where more than one Owner applies for approval or a variance, the delivery or mailing of a response to any one of the Owners as aforesaid constitutes notice to all such Owners.

11.2 Failure to Respond. In the event the NCC or MC fails to approve, conditionally approve or disapprove a request for approval or to request additional information and/or documentation reasonably required within sixty days after receipt of the request for approval, then the request for approval shall be deemed denied. In the event the NCC or MC or Board fails to approve, conditionally approve or deny a request for a variance or to request additional information and/or documentation reasonably required within sixty days after receipt of the request for a variance, then the request for a variance shall be deemed denied.

Section 12. Implied Conditions of Approval.

12.1 Applicability. Unless expressly waived or modified by the NCC or MC in writing, each and every approval or conditional approval of a Regulated Modification is subject to all provisions of this Section whether or not stated in the approval or conditional approval.

12.2 Commencement and Completion of Work. Work on each Regulated Modification must commence within thirty days after MC approval or conditional approval is given. Upon commencement, the work must be prosecuted diligently to obtain completion of all work as reasonably soon thereafter as possible, and in any event the work must be substantially completed within sixty days. The foregoing sixty-day period will be extended in the event of and only for the duration of delays due to strikes, war, acts of God or other good cause beyond the reasonable control of the Owner as determined in the sole opinion of the MC. The foregoing does not apply as to initial development and original construction within the jurisdiction of the NCC; provided, once original construction of a residence and related improvements has commenced, the work thereon must proceed diligently to the end that same will not remain in a partially finished condition any longer than is reasonably necessary for completion, and the NCC is fully authorized to set specific schedules for completion on a case by case basis and/or pursuant to applicable Design Guidelines.

12.3 New Construction Materials Required. Only new construction materials may be used in construction of any Regular Modification except as otherwise approved by the NCC or MC (such as the use of used brick).

12.4 Compliance With Plans. All work on a Regulated Modification must proceed in strict compliance with the application and plans and specifications approved by the NCC or MC, all conditions stated by the NCC or MC, if any, and all applicable Governing Documents and governmental rules, regulations and ordinances.

12.5 Permit Requirements. Applicant is solely responsible for full compliance with all permitting requirements of all governmental agencies having jurisdiction, and shall apply for and diligently pursue obtaining of all required permits promptly after approval or conditional approval is received. Without limitation of the foregoing, the NCC or MC may deny approval pending, or conditional approval upon, prior compliance with applicable permitting requirements or upon receipt of certification satisfactory to the NCC or MC that no such permitting requirements exist.

12.6 Compliance With Laws and Governing Documents. Each applicant is solely responsible for insuring that, and nothing in the Governing Documents or any written decision of the NCC or MC shall be construed as a covenant, representation, guaranty or warranty that, any proposed Regulated Modification will be in compliance with applicable governmental laws, ordinances or regulations (including building codes or permit or licensing requirements), or with applicable requirements of the Governing Documents except as provided in Section 10.2 of this Article.

Section 13. Inspection Rights. Upon reasonable notice (oral or written), any member of the NCC, MC or the Board of Directors, or their designated representatives, may enter a Unit without liability for trespass or otherwise for purposes of inspecting work in progress and/or as to completion of any Regulated Modification as to compliance with submitted plans, specifications, information and documentation submitted as to same and approval or conditional approval thereof, and as to compliance with any applicable provisions of the Governing Documents. Except for gross negligence, willful misconduct or knowing violation of the law, the Owner of any Unit so inspected is not liable for any personal injuries, death or property damage of or to any person or entity performing such inspection.

Section 14. Records. Neither the NCC nor the MC are required to maintain records of any of their meetings. The NCC and MC must keep and maintain records evidencing their respective final decision(s) regarding all requests for approval and requests for variance for not less than four years. The NCC and MC must also maintain a record of all current Architectural Guidelines (including Design Guidelines), and must provide copies to Owners upon request.

Section 15. Limitation of Liability. Except as provided in Section 17 of Article XIII, neither the Association, the NCC nor the MC, nor their respective Related Parties, are liable to any Owner, the Owner's tenants, the Related Parties of either, or to any other Person for any actions or failure to act or in connection with any approval, conditional approval or disapproval of any application for approval or request for variance, including without limitation, mistakes in judgment, negligence, malfeasance, or nonfeasance. No approval or conditional approval of an application or related plans or specifications and no publication of Architectural Guidelines may ever be construed as representing or implying that, or as a covenant, representation, warranty or guaranty that, if followed, the Regulated Modification will comply with applicable legal requirements, or as to any matters relating to the health, safety, workmanship, quality or suitability for any purpose of the Regulated Modification. The provisions hereof are cumulative of the provisions of Section 17 of Article XIII.

Section 16. Limitation of Applicability; Amendment. Except as provided in Section 15 above, none of the provisions of this Article XI apply to any activities of Declarant or the Association. No provisions of this Article XI regarding the New Construction Committee may be amended without the written consent of Declarant.

Section 17. Neighborhood Architectural Review. Notwithstanding anything to the contrary in this Article XI, if any Neighborhood Association shall form its own architectural review committee, then the MC shall assign to such committee its responsibilities and duties hereunder. However, any such committee must comply with the terms hereof in administering such duties.

Section 18. Violations. Every Owner is hereby notified that the Board, NCC and MC have the authority to impose fines for violations of this Article XI relating to Architectural Standards and Review Committees. Initially, any violations under this Article will be fined \$25.00 a day after notification has been sent to the Owner of such violations, which \$25.00 per day will continue to accrue daily until such violation has been cured or removed. The amount of this daily fine may be changed by the Board as it determines necessary, and may be waived or reduced by the Board, in its sole discretion, if circumstances warrant. Any fines levied pursuant hereto are secured by the liens established in this Declaration and collected and enforced in the same manner as assessments.

Article XII Architectural and Use Restrictions

The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by the Association or business offices for the Declarant or the Association) as may more particularly be set forth in this Declaration and amendments hereto. Any Supplemental Declaration or additional covenants imposed on the property within any Neighborhood may impose stricter standards than those contained in this Article. The Association, acting through its Board of Directors, shall have standing and the power to enforce such standards.

The Association, acting through its Board of Directors, shall have authority to make and to enforce standards and restrictions governing the use of the Properties, in addition to those contained herein, and to impose reasonable user fees for use of Common Area facilities. Such regulations and use restrictions shall be binding upon all Owners, occupants, invitees and licensees, if any, until and unless overruled, cancelled or modified in a regular or special meeting of the Association by the vote of Voting Members representing a majority of the total Class "A" votes in the Association and by the Class "B" Member, so long as such membership shall exist.

Section 1. Residence Sizes; Height and Character of Residence; General Rules for Location of Residence.

1.1 Residence Size. In Villa Verde, each one story Residence constructed on a Lot shall contain a minimum of 1,800 square feet of living area (exclusive of porches and garages), and each multi-story Residence shall have at least 1,500 square feet of living area on the ground floor, with a minimum of 2,000 square feet of living area. In Villa D'Este, each each one story Residence constructed on a Lot shall contain a minimum of 2,300 square feet of living area (exclusive of porches and garages), and each multi-story Residence shall have at least 1,500 square feet of living area on the ground floor, with a minimum of 2,600 square feet of living area. In Bellavita, each

Residence constructed on a Lot, whether one or multi-story, shall contain a minimum of 1,200 square feet of living area (exclusive of porches and garages).

1.2 Character of Residence. No Residence shall be erected, altered, or permitted to remain on any Lot other than one Residence used for single family residential purposes only and a fully enclosed garage.

Section 2. Signs.

2.1 General. No signs, billboards, posters, banners, pennants or advertising devices of any kind, including without limitation business, professional, promotional or institutional signs, are permitted on any Unit, or upon any residence, or within any residence if visible from the exterior of the residence, or within or upon any portion of the Properties without the prior written consent of the MC except as otherwise provided in this Section. The Board or MC may remove or cause to be removed any sign, billboard, poster, banner, pennant or advertising device of any kind which is not approved as aforesaid or is otherwise prohibited under the Declaration or other Governing Documents and may dispose of same as debris without liability for trespass or otherwise.

2.2 Prohibited Signs. No sign is permitted which is vulgar, obscene or otherwise patently offensive to persons of ordinary sensibilities. Permitted signs must be professionally printed and prepared, and must be properly installed and maintained, to avoid unsightly appearance. The good faith determination of the Board or MC as to any of the foregoing is final. No sign is permitted to be larger than four square feet. No sign may be illuminated. No sign may be placed on any Unit closer than ten feet from any street or any side or back lot line, or within any traffic sight line area as defined in Section 16 of this Article. To the extent practicable, all signs should be placed in the front flowerbed by the front door. No Owner (or their tenants, guests or invitees) is permitted to place any sign on another Owner's Unit or upon any Common Area. Distressed, foreclosures and bankruptcy references are specifically prohibited.

2.3 Permitted Signs. Each Owner is permitted to place upon (and only upon) such Owner's Unit: (i) one sign of customary size advertising the particular Unit on which the sign is located for sale, and (ii) one sign indicating services provided by a security company. The NCC or MC shall, during initial construction, allow builders within the Properties to construct and maintain such signs, billboards, banners, pennants, and advertising devices as are customary in connection with the sale of newly constructed residential dwellings.

Section 3. Parking and Prohibited Vehicles.

(a) Parking. Vehicles shall be parked only in the garage or driveway serving the Unit, or in such other paved areas as have been approved by the Board of Directors for parking vehicles. A maximum of two (2) occupant vehicles may be parked outside of the garage, if any, serving the Unit. For purposes of this provision, a vehicle shall be considered an "occupant vehicle" if it is parked on the Unit four (4) or more hours per day, four (4) or more days in any seven (7) day period. The Board of Directors may authorize on-street parking on a temporary basis for visitors and guests, subject to

reasonable rules and regulations. No garage shall be enclosed, modified or otherwise used so as to reduce its capacity for parking vehicles below that originally approved by the NCC except as allowed in Section 34 for model homes.

(b) Prohibited Vehicles. Commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, tractors, mobile homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other watercraft, and boat trailers shall be parked only in enclosed garages or areas, if any, designated by the Board or by the Neighborhood Association, if any, having jurisdiction over parking areas within a particular Neighborhood. Stored vehicles and vehicles which are either obviously inoperable or do not have current operating licenses shall not be permitted on the Properties except within enclosed garages. Notwithstanding the foregoing, vehicles that become inoperable while on the Properties must be removed within seventy-two (72) hours thereof. For purposes of this Section, a vehicle shall be considered "stored" if it is put up on blocks or covered with a tarpaulin and remains on blocks or so covered for seven (7) consecutive days without the prior approval of the Board. Notwithstanding the foregoing, service and delivery vehicles may be parked in the Properties during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Areas. Any vehicle parked in violation of this Section or parking rules promulgated by the Board may be towed in accordance with Article III, Section 22 of the By-Laws.

Section 4. Occupants Bound. All provisions of the Declaration, By-Laws and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants, guests and invitees of any Unit. Every Owner shall cause all occupants of his or her Unit to comply with the Declaration, By-Laws, and the rules and regulations adopted pursuant thereto, and shall be responsible for all violations and losses to the Common Areas caused by such occupants, notwithstanding the fact that such occupants of a Unit are fully liable and may be sanctioned for any violation of the Declaration, By-Laws, and rules and regulations adopted pursuant thereto.

Section 5. Animals and Pets. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any portion of the Properties, except that dogs, cats, or other usual and common household pets, not to exceed a total of two (2) pets, may be permitted in a Unit. The foregoing limitation on number of pets shall not apply to hamsters, small birds, fish or other constantly caged animals, 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. However, those pets which are permitted to roam free, or, in the sole discretion of the Association, endanger the health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners of other Units or the owner of any portion of the Properties shall be removed upon request of the Board; if the owner fails to honor such request, the pet may be removed by the Board. No pets shall be kept, bred, or maintained for any commercial purpose. Dogs shall at all times whenever they are outside a Unit be confined on a leash held by a responsible person.

Section 6. Quiet Enjoyment. No portion of the Properties shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any portion of the Properties that will emit foul or obnoxious odors or that will cause any noise or other condition

that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property.

No noxious, hazardous, illegal, or offensive activity shall be carried on upon any portion of the Properties, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any portion of the Properties. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Properties. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted within the Properties. No speaker, horn, whistle, bell or other sound device, except alarm devices used exclusively for security purposes, shall be installed or operated on any Unit. The use and discharge of firecrackers and other fireworks is prohibited within the Properties.

Section 7. Unsightly or Unkempt Conditions. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Unit. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Properties. Notwithstanding the above, the disassembly and assembly of motor vehicles to perform repair work shall be permitted provided such activities are not conducted on a regular or frequent basis, and are either conducted entirely within an enclosed garage or, if conducted outside, are begun and completed within twelve (12) hours.

Section 8. Antenna and Satellite Dish Systems.

(a) No antenna or satellite dish which exceeds one meter (39 inches) in diameter is permitted on any Lot.

(b) An antenna or satellite dish of one meter (39 inches) or less, and other antennas and related masts are permitted to be placed on a Lot provided any such item must comply with all of the below set forth minimum conditions. Further, the Association must receive written notification at its then current address from the Owner of the applicable Lot, on or before the installation of any antenna, satellite dish and related mast provided for in this Section. Such notification must include the type and color of antenna, satellite dish, and any related mast to be installed, and the method, manner, and site of installation. The site must be shown in a plot plan.

If the Owner of a Lot proposes to install an antenna, satellite dish and any related mast provided for in this Section in any manner whatsoever which does not strictly comply with the below set forth minimum conditions, such Owner must submit an application to the NCC or MC and obtain the written approval of the NCC or MC prior to commencing such installation. In connection with the NCC or MC's decision, the NCC or MC shall consider such factors as it deems appropriate, in its reasonable discretion. The application to the NCC or MC must be made on a form approved by the NCC or MC and contain such information as may be required by the NCC or MC, including a statement which specifically describes the manner in which it is proposed that such antenna, satellite dish and related mast will vary from such minimum conditions. The NCC or MC shall endeavor to make its decision

regarding the proposed antenna, satellite dish and any related mast on an expedited basis within seven (7) days after receipt by the NCC or MC of the completed application and all information required therein. The granting of a variance from such minimum conditions shall in no way affect the Owner's obligation to comply with all governmental laws and regulations and other regulations affecting the Lot concerned.

(c) Minimum Conditions. In addition to the foregoing requirements, no antenna, satellite dish, or any related mast shall be erected, constructed, placed, or permitted to remain on any Lot unless such installation strictly complies with the following minimum conditions (however, each minimum condition shall not apply if it unreasonably delays installation of the applicable antennae, satellite dish, and any related mast, or unreasonably increases the cost of such items or their installation, or precludes reception of an acceptable quality signal):

(i) The antenna, satellite dish and any mast must be located to the rear one-half ($\frac{1}{2}$) of the Lot and must serve only improvements on the particular Lot in which it is located.

(ii) To the extent feasible, the antenna, satellite dish and any mast, including its base and anchoring structure, shall not extend above the roofline of the Residence and shall not be visible from the frontage street or any adjoining street.

(iii) To the extent feasible, no antenna, satellite dish or mast shall be constructed or placed or permitted to remain on any utility easement or other easement or right-of-way located on any Lot.

(iv) The antenna, satellite dish and any mast must be securely mounted to a base, so as to be able to withstand the effects of high winds or other extraordinary weather conditions; however no guy wires or similar mounting apparatus will be allowed.

(v) No advertising slogans, logos, banners, signs or any other printing or illustration whatsoever shall be permitted upon or be attached to an antenna, satellite dish or mast.

(vi) No satellite dish or antenna shall ever be used for the transmission of any signal whatsoever and said antenna or satellite dish shall be for the purpose of receiving only normal signals through airwaves for television viewing purposes only.

(vii) No antenna or satellite dish shall be permitted to cause any distortion or interference whatsoever with respect to any other electronic device in the Property.

(viii) The antenna or satellite dish shall be one solid color only, either white or black or shades of either brown, gray, tan or natural metal.

(ix) Each Lot shall be permitted to have no more than one antenna or satellite dish and any related mast, as applicable, for each category of the following categories of video programming providers, to-wit: direct broadcast satellites, multi-channel multi-point distribution (wireless cable) providers, and television broadcast stations.

(x) Any antenna, satellite dish, or related mast installed hereunder shall be installed in a manner that complies with all applicable laws and regulations and manufacturer's instructions.

(xi) If any provision of the guidelines in this Section 8 is ruled invalid, the remainder of such guidelines shall remain in full force and effect.

Section 9. Clotheslines, Garbage Cans, Tanks, Etc. No clotheslines shall be erected or installed on the exterior portion of any Unit and no clothing, linens or other material shall be aired or dried on the exterior portion of any Unit. All garbage cans, above-ground storage tanks, mechanical equipment, woodpiles, yard equipment and other similar items on Units shall be located or screened so as to be concealed from view of neighboring Units, streets, and property located adjacent to the Unit. All rubbish, trash, and garbage shall be stored in appropriate containers approved pursuant to Article XI hereof and shall regularly be removed from the Properties and shall not be allowed to accumulate thereon.

Section 10. Subdivision of Unit and Time Sharing. No Unit shall be subdivided or its boundary lines changed except with the prior written approval of the Board of Directors of the Association. Declarant, however, hereby expressly reserves the right to replat any Unit or Units owned by Declarant. Any such division, boundary line change, or replatting shall not be in violation of the applicable subdivision and zoning regulations.

No Unit shall be made subject to any type of timesharing, fraction-sharing or similar program whereby the right to exclusive use of the Unit rotates among members of the program on a fixed or floating time schedule over a period of years, except that the Declarant hereby reserves the right for itself and its assigns to operate such a program with respect to Units which it owns.

Section 11. Firearms. The discharge of firearms within the Properties is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size. Notwithstanding anything to the contrary contained herein or in the By-Laws, the Association shall not be obligated to take action to enforce this Section.

Section 12. Irrigation. No sprinkler or irrigation systems of any type which draw upon water from creeks, streams, rivers, lakes, ponds, canals or other ground or surface waters within the Properties shall be installed, constructed or operated within the Properties, except that the Association, shall have the right to draw water from such sources for the purpose of irrigating the Common Areas. All sprinkler and irrigation systems serving Units shall draw upon public water supplies only and shall be subject to approval in accordance with Article XI of this Declaration. Private irrigation wells are prohibited on the Properties. This Section 12 shall not apply to the Declarant, and it may not be amended without Declarant's written consent so long as Declarant has the right to add property in accordance with Article VIII, Section 1.

Section 13. Tents, Mobile Homes and Temporary Structures. Except as may be permitted by the Declarant or the NCC during initial construction within the Properties, no tent, shack, mobile home, or other structure of a temporary nature shall be placed upon a Unit or any part of the Properties. The foregoing prohibition shall not apply to restrict the construction or installation of a single utility or

similar outbuilding to be permanently located on a Unit, provided it receives the prior approval of the NCC or MC, as appropriate, in accordance with Article XI hereof. In addition, party tents or similar temporary structures may be erected for a limited period of time for special events with prior written approval of the Board.

Section 14. Drainage and Septic Systems. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Person other than Declarant may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. Declarant hereby reserves for itself and the Association a perpetual easement across the Properties for the purpose of altering drainage and water flow. Septic tanks and drain fields, other than those installed by or with the consent of the Declarant, are prohibited within the Properties. No Owner or occupant shall dump grass clippings, leaves or other debris, petroleum products, fertilizers or other potentially hazardous or toxic substances, in any drainage ditch, stream, pond or lake within the Properties. No Owner of a Lot shall be permitted to construct improvements on such Lot or grade such Lot or permit such Lot to remain in or be placed in such condition that rain water on such Lot drains to any other Lot or the Common Area.

Section 15. Tree Removal. No trees 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 accordance with Article XI of this Declaration. In the event of an intentional or unintentional violation of this Section, the violator may be required, by the committee having jurisdiction, to replace the removed tree with one (1) or more comparable trees of such size and number, and in such locations, as such committee may determine necessary in its sole discretion, to mitigate the damage.

Section 16. Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.

Section 17. Air Conditioning Units. Any air conditioning unit installed in a Unit shall be located or screened so as not to be visible from any street within the Properties. No window installed air conditioning units may be installed.

Section 18. Lighting. Except for traditional holiday decorative lights, which may be displayed for two (2) months prior to and one (1) month after any commonly recognized holiday for which such lights are traditionally displayed, all exterior lights must be approved in accordance with Article XI of this Declaration.

Section 19. Artificial Vegetation, Exterior Sculpture, and Similar Items. No artificial vegetation or permanent flagpoles shall be permitted on the exterior of any portion of the Properties. No exterior sculpture, fountains, flags and temporary flagpoles, birdhouses, birdbaths, other decorative embellishments or similar items shall be permitted unless approved in accordance with Article XI of this Declaration.

Section 20. Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Unit unless

it is an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the appropriate committee pursuant to Article XI hereof. No windmills, wind generators or other apparatus for generating power from the wind shall be erected or installed on any Unit.

Section 21. Lakes, Ponds and Other Water Bodies. No use of the lakes, ponds, streams or other bodies of water within the Area of Common Responsibility, if any, including, without limitation, fishing, swimming, boating, playing, or use of personal flotation devices, shall be permitted without the prior approval of the Board of Directors; provided, if any such use is permitted, it shall be subject to the Declarant's and the Association's superior use rights as provided below and to all rules and regulations that may be promulgated by the Board of Directors. No internal combustion engines shall be operated on any lakes, ponds, or streams within the Area of Common Responsibility except by the Association, and the Declarant (for so long as it owns property that is or may be subjected to the Declaration), for purposes of maintenances and irrigation. Notwithstanding the above, model boats with internal combustion engines may be operated during special events with prior approval of the Board of Directors. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of rivers, lakes, ponds, streams or other bodies of water within or adjacent to the Properties. No docks, piers, or other structures shall be constructed on or over any body of water within the Properties, except such as may be constructed by the Declarant, or the Association.

Notwithstanding the foregoing, the Association, and the Declarant (for so long as the Declarant owns property that is or may be subjected to this Declaration), may use and regulate the use of any lakes, ponds, streams or other bodies of water within the Area of Common Responsibility, for the irrigation of the Common Areas, or for any other purpose deemed appropriate by the Board or the Declarant, subject to the terms of any easement agreement affecting such use. The Declarant's rights under this Section shall be superior to any rights of the Association.

Section 22. Playground. No jungle gyms, swing sets or similar playground equipment over 10' in height shall be erected or installed on any Unit without prior written approval of the MC in accordance with Article XI hereof. Any such equipment under 10' in height shall not need any such approval. Any playground or other play areas or equipment furnished by the Association or erected within the Properties shall be used at the risk of the user, and the Association shall not be held liable to any Person for any claim, damage, or injury occurring thereon or related to use thereof.

Section 23. Residential Use: Group Homes: Treatment Facilities.

23.1 General. Each and every Unit is hereby restricted to single family residential use only, and occupancy of each residence located upon a Unit is restricted to one single family.

23.2 No Business, Professional, Commercial or Manufacturing Use. No business, professional, commercial or manufacturing use may be made of any Unit or any improvement located thereon, even though such business, professional, commercial or manufacturing use be subordinate or incident to use of the premises as a residence, and regardless of whether or not done for profit or remuneration. Notwithstanding the foregoing, an Owner or Owner's tenant residing in a Unit may conduct business activities within the Unit so long as:

(a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Unit;

(b) the business activity conforms to all zoning requirements for the Properties;

(c) the business activity does not involve persons coming onto the Properties or the Unit or door-to-door solicitation of residents of the Properties; and

(d) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board of Directors.

23.3 Residential Use Only. Without limitation of the foregoing, as used herein the term "residential use" shall be construed to prohibit the use of any Unit or the residence thereon for operation of a boarding or rooming house or residence for transients, or the use of any garage or permitted outbuilding as an apartment or residential living quarters.

23.4 Single Family Defined. As used herein the term "single family" means either: (i) husband and wife, their dependent children and their dependent parents, grandparents, grandchildren, brothers and sisters who are maintaining a common household and who are members of a single family related by blood, marriage or adoption; or (ii) one or more natural persons not so related but who are maintaining a common household in a single family residence on a nonprofit, noncommercial basis with a common kitchen and dining area; and (iii) the bona fide domestic servants of either. "Dependent children" means the sons and daughters, by blood or adoption, of the husband and/or wife who do not maintain a separate residence. "Dependent parents, grandparents, grandchildren, brothers and sisters" means such relatives who do not maintain a separate residence and are not able to maintain a separate residence due to a physical or mental impairment that substantially limits their ability to maintain a separate residence; and, in addition in the case of grandchildren, where their parents are similarly impaired or are deceased.

23.5 Maximum Occupancy. In addition to the limitations above set forth, in no event may a single family residence be occupied by more persons than the product of the total number of bona fide bedrooms contained in the single family residence as originally constructed multiplied by two.

23.6 Group Homes; Treatment Facilities. To the fullest extent allowed by law, no Unit or any part of the single family residence thereon may be used for the operation of a group home, half-way house, day-care or child care center, rehabilitation center, treatment facility, or residence of unrelated individuals who are engaging in, undertaking, or participating in any group living, rehabilitation, treatment, therapy, or training.

Section 24. On-Site Fuel Storage. No on-site storage of gasoline, heating or other fuels shall be permitted on any part of the Properties except that up to five (5) gallons of fuel may be stored on each Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the

Association shall be permitted to store fuel for operation of maintenance vehicles, generators and similar equipment.

Section 25. Leasing of Units.

(a) Definition. "Leasing", for purposes of this Declaration, is defined as regular, exclusive occupancy of a Unit by any person or persons other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to a fee, service, gratuity, or emolument.

(b) Leasing Provisions.

(i) General. Units may be rented only in their entirety; no fraction or portion may be rented. All leases shall be in writing and shall be for an initial term of no less than six (6) months, except with the prior written consent of the Board of Directors. Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board by the Unit Owner within ten (10) days of execution of the lease. The Owner must make available to the lessee copies of the Declaration, By-Laws, and the rules and regulations. The Board may adopt reasonable rules regulating leasing and subleasing.

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

Section 26. Laws and Ordinances. Every Owner and occupant of any Unit, their guests and invitees, shall comply with all laws, statutes, ordinances and rules of federal, state and municipal governments applicable to the Properties and any violation thereof may be considered a violation of this Declaration; provided, the Board shall have no obligation to take action to enforce such laws, statutes, ordinances and rules.

Section 27. Unoccupied Residences. The Owner of a Unit with an unoccupied residence, including any builder, mortgagee in possession and any mortgagee obtaining title to a Unit by foreclosure or by any deed or other arrangement in lieu of foreclosure, is liable for full observance and performance of all terms and conditions of the Declaration and all other Governing Documents, including in particular but without limitation: (i) proper maintenance of the Unit and all improvements thereon; (ii) securing of the unoccupied residence, including fastening of windows and locking of all entry and garage doors, and maintenance of appropriate curtains or other permitted window covers in order to prevent unauthorized entry or use; and (iii) such other maintenance as required to avoid an appearance of abandonment or other unsightly or unkempt appearance.

Section 28. Water and Mineral Operations. No oil or water drilling, oil or water development operations, oil refining, quarrying or mining operations of any kind shall be permitted on any Unit. No

derrick or other structure designed for use in boring for water, oil, natural gas, or other minerals shall be erected and maintained or permitted on any Unit.

Section 29. Undeveloped Lots. The Owner of any Unit upon which a single family residence has not been constructed, including any builder, mortgagee in possession and any mortgagee obtaining title to a Unit by foreclosure or by any deed or other arrangement in lieu of foreclosure, must maintain such Unit in a neat, sanitary and attractive condition and in accordance with other applicable provisions of the Declaration and other Governing Documents, including without limitation, periodic and regular removal of trash and debris therefrom and mowing of grass and other vegetation thereon as necessary to prevent growth to more than eight inches (8") in height. However no trees shall be removed therefrom.

Section 30. Garage Usage. No portion of any garage may be diverted to any use other than the parking of vehicles and other generally accepted and customary usage of a garage. In particular but not in limitation of the foregoing, no portion of any garage may be used as a residence or a game room, or for any similar use as living quarters. Garage doors must be kept in a closed position when the garage area is not be actively used.

Section 31. Maintenance of Utilities Required. All utility services intended to be provided to each single family residence as originally constructed, including without limitation water, sewage, electric and gas services, must be maintained by the Owner at all times when a residence is occupied.

Section 32. Landscaping. Each Lot shall be landscaped contemporaneously with the completion of the Residence on such Lot, but in no event later than 30 days after first occupancy or completion of the Residence, whichever shall occur first. The landscaping of a Lot shall conform to a landscaping plan approved by the NCC or MC with jurisdiction over such Lot.

Section 33. Disposal of Trash. No trash, rubbish, garbage, manure, debris, or offensive material of any kind shall be kept or allowed to remain on any Lot, nor shall any Lot be used or maintained as a dumping ground for such materials. All such matter shall be placed in sanitary refuse containers constructed of metal, plastic or masonry materials with tight fitting sanitary covers or lids and placed in an area adequately screened from public view by planting or fencing. All rubbish, trash, and garbage shall be regularly removed and not allowed to accumulate. Equipment used for the temporary storage and/or disposal of such material prior to removal shall be kept in a clean and sanitary condition and shall comply with all current laws and regulations and those which may be promulgated in the future by any federal, state, county, municipal or other governmental body with regard to environmental quality and waste disposal. In a manner consistent with good housekeeping, the Owner of each Lot shall remove such prohibited matter from his Lot at regular intervals at his expense.

This Section shall not apply to the Declarant and/or a builder constructing the initial improvements on a Lot; however the Declarant and/or builder shall keep the Lots reasonably clean during such construction period in a manner consistent with industry standards.

Section 34. Carports/Garages. Each Residence shall be improved with a garage which complies with the hereinafter set forth requirements. With the prior written consent of the NCC or MC, a carport

or port-o-cache may be approved; however this will be required in addition to garage. All garages shall be: (a) fully operable; (b) capable of housing at least two (2) automobiles; and (c) enclosed by garage doors which must be kept in the closed position when the garage is not being used by the Owner or occupant. No screening of garages which is visible with the garage doors opened is allowed. The garage portion of any model home may be used by builders for sales purposes, storage purposes, and other related purposes. Upon (or before) the sale of any such model home to the first purchaser thereof, the garage portion of the model home shall be converted by the builder to a fully enclosed garage capable of housing not less than two automobiles, with garage doors. If the garage portion of the model home is not converted to a fully enclosed garage with garage doors by the Builder upon the sale of such model home, it shall be the obligation of the first purchaser of the model home and each subsequent Owner of the Lot (if not done by the first purchaser) to convert the garage portion of the model home to a fully enclosed garage with garage doors. Garages may be attached or detached from the Residence. Detached garages must be at least fifty-five (55) feet from the front building setback line of a Lot, at least three (3) feet from any other interior lot line, or side lot line and at least seven (7) feet from any rear lot line. No garage shall face or open to the street unless the garage door or side of the building facing the street is located twenty (20) feet or more from the front building setback line.

Section 35. Driveways: Basketball Hoops. Unless the NCC or MC agrees otherwise, each Lot shall have driveway access to the street on which the Residence constructed thereon faces. Subject to the foregoing limitations, the Owner of each Lot shall construct and maintain at his expense a driveway from his garage to an abutting street; driveways shall only be constructed of asphalt, pavers or concrete. All basketball hoops must be located behind any building setback lines in such locations as may be approved by the NCC or MC.

Section 36. Roofs: Patio Covers. Unless otherwise approved, the roof of all buildings on the Lot shall be covered with fiberglass composition shingles, tile, standing seam metal, slate or copper with a life of twenty (20) years or better. The color of any composition shingles shall be of wood tone, earthtone or in harmony with earthtones and shall be subject to written approval by the NCC or MC prior to installation. Any other type roofing material may be used only if approved in writing prior to installation. Additionally, to further maintain exterior harmony, all chimneys must be finished with a masonry or wood material. No metal patio covers shall be allowed.

Section 37. Flagpoles. No free standing flagpoles shall be erected on any Lot. A Temporary flagpole approved by the NCC or MC may be erected on a Lot with a model home until such time that the Lot on which the model home is situated is sold.

Section 38. Window Treatment. No window in any Residence or other improvement that is visible from any other Lot or a street may be covered with any aluminum foil or other reflective material. Window coverings must be compatible with the design and color of the Residence and the overall appearance of the Community. If a dispute arises, the NCC or MC shall have the sole authority to determine whether particular window coverings are compatible with the design and color of the Residence and the overall appearance of the Community.

Section 39. Recreational Pools. No above-ground swimming pools shall be erected, constructed or installed on any Lot. Notwithstanding the foregoing, wading pools not to exceed six (6) feet in width and use by children shall be permitted only in the backyard of the Lot.

Section 40. Walls, Fences and Hedges. No side or rear fence or wall shall be more than eight feet (8') in height. Any such fence or wall which backs up to a lake or other body of water (as determined by the NCC or MC) shall be wrought iron and shall be a minimum of four feet (4') high. All fences and walls shall be of cedar construction or better unless otherwise provided herein. No chain link, chicken wire, or other wire fence will be permitted on any Lot, with the exception of "dog runs", provided they are not visible from any street adjacent to the Lot and are of a size approved by the NCC or MC. No fence or wall shall be erected on any Lot nearer to the street than the front of the Residence constructed thereon, excluding the driveway, ornamental walls or planters. The NCC or MC has the right to deviate its approval for the style and materials to be used based on the location within the Property. It is the intent to maintain visual continuity especially along entryways and/or main thoroughfares and/or adjacent to Common Area property. Title to any wall, fence, or hedge shall pass ownership with title to the Lot and it shall be the Owner's responsibility to maintain said wall, fence or hedge thereafter.

Notwithstanding anything to the contrary in this Section 40, this Section 40 shall not apply to the Association perimeter fencing around the Community, which is referred to in Article X, Section 9 hereof.

Section 41. Exterior Paint. The exterior surfaces of framed structures located in the Property shall be covered with at least two (2) coats of paint or other wood preservative approved by the NCC or MC. The purpose of this covenant is to maintain harmony of the exterior paint colors of the buildings throughout the Property. Iridescent colors or tones considered to be brilliant are not permissible. Accordingly, the NCC or MC shall not be obligated to approve of any color of exterior paint that is not of the same color and quality as the original paint approved and applied to the exterior of the buildings. The exterior surfaces of the framed structures located in the Property shall be cleaned, maintained and repaired by Owner in a first class condition. The NCC or MC shall have the sole discretion to determine conditions and actions needed to remedy a violation of this section.

Article XIII General Provisions

Section 1. Term. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any property subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of forty (40) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated as specified therein.

Section 2. Amendment. Prior to the conveyance of the first Unit, Declarant may unilaterally amend this Declaration. After such conveyance, the Declarant may unilaterally amend this Declaration at any time and from time to time if such amendment is (a) necessary to bring any provision hereof into compliance with any applicable governmental statutes, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on the Units; (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 Units; or (d) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Units; provided, however, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing. So long as it still owns property described on Exhibit "A" for development as part of the Properties, the Declarant may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner.

Thereafter and otherwise, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Members representing sixty-seven percent (67%) percent of the total Class "A" votes in the Association, including sixty-seven percent (67%) of the Class "A" votes held by Members other than the Declarant, and the consent of the Class "B" Member, so long as such membership exists. In addition, the approval requirements set forth in Article XIV hereof shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Any amendment to be effective must be recorded in the public records of Harris County, Texas.

If an Owner consents to any amendment to this Declaration or the By-Laws, it will be conclusively presumed that such Owner has the authority so to consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

Section 3. Indemnification. The Association shall indemnify every officer, director, and committee member against any and all expenses, including counsel fees, reasonably incurred by or imposed upon such officer, director, or committee member in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member. The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. 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 that such officers or directors may also be 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 to which any officer, director, or committee member, or former officer, director, or committee member may be entitled. The Association shall, as a Common

Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 4. Easements for Utilities, Etc. There is hereby reserved unto Declarant, so long as the Declarant owns any property described on Exhibit "A", the Association, and the designees of each (which may include, without limitation, Harris County, Texas, and any utility), blanket easements upon, across, over, and under all of the Properties for ingress, egress, installation, replacing, repairing, and maintaining cable television systems, master television antenna systems, security, and similar systems, roads, walkways, bicycle pathways, lakes, ponds, wetlands, drainage systems, levees, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephones, gas, and electricity; provided, the exercise of this easement shall not unreasonably interfere with the use of any Unit and, except in an emergency, entry into any Unit shall be made only after reasonable notice to the Owner or occupant thereof.

Without limiting the generality of the foregoing, there are hereby reserved for the local water supplier, electric company, and natural gas supplier easements across all Units and the Common Areas for ingress, egress, installation, reading, replacing, repairing, and maintaining utility meters and boxes. 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 Properties, except as may be approved by the Association's Board of Directors or as provided by Declarant.

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

The Board shall have, by a two-thirds (2/3) vote, the power to dedicate portions of the Common Area to Harris County, the City of Pearland, Texas, or to any other local, state, or federal governmental entity, however any dedication of the private streets in any gated Neighborhood shall require the vote of the Members of such Neighborhood as required herein.

Section 5. Easements for Lake Maintenance and Flood Water. Declarant reserves for itself and its successors, assigns and designees the non-exclusive right and easement, but not the obligation, to enter upon the lakes, ponds and streams located within the Area of Common Responsibility (a) to install, keep, maintain and replace pumps thereon in order to provide water therefrom for the irrigation of any of the Area of Common Responsibility, (b) to construct, maintain and repair any wall, dam, or other structure retaining water therein, (c) to remove trash and other debris therefrom and fulfill their maintenance responsibility as provided in this Declaration, and (e) Declarant's rights and easements provided in this Section 5 shall be transferred to the Association at such time as Declarant shall cease to own property subject to the Declaration, or such earlier time as Declarant may decide, in its sole discretion, and transfer such rights by a written instrument. The Declarant and the Association shall have an easement over and across any of the Properties abutting or containing any portion of any of the lakes, ponds or streams for the purpose of allowing the Declarant to exercise its rights and responsibilities as herein and otherwise set forth; provided, however, the Declarant, its designees, and the Association shall use reasonable care in the exercise of such easement and shall repair any damage caused in the exercise

of such easement. There is further reserved herein and hereby, for the benefit of Declarant and the Association, a perpetual, non-exclusive right and easement of access and encroachment over Common Areas and Units (but not the dwellings thereon) adjacent to or within twenty (20) feet of lakes, ponds and streams within the Properties, in order: (a) to temporarily flood and back water upon and maintain water over such portions of the Properties; (b) to fill, drain, dredge, deepen, clean, fertilize, dye and generally maintain the lakes, ponds and streams within the Area of Common Responsibility; (c) to maintain and landscape the slopes and banks pertaining to such lakes, ponds and streams; and (d) to enter upon and across such portions of the Properties for the purpose of exercising its or their rights under this Section.

Section 6. Intentionally Deleted.

Section 7. Telecommunication Services. The Association or the Declarant may provide, either directly or by contracting with other parties, various telecommunication services to the Properties. The Association shall have the sole discretion to determine whether or not such telecommunication services are provided, the types of services to be provided, the manner in which such services will be provided, the amounts to be charged, and the method of paying for such services. Should the Association determine to provide such telecommunications services, then neither Declarant nor the Neighborhood Associations shall attempt to provide same. However, the Association agrees not to cancel any contracts previously entered into for the Properties by the Declarant, except for good cause.

- (a) Types of Telecommunication Services. The types of telecommunication services that may be provided by or through the Association (or Declarant) shall include, but not be limited to, the following: (i) local and long-distance telephone service; (ii) voice mail service; (iii) cable television service; (iv) private television channels for education and community purposes; (v) video monitoring of streets, Common Area, and other public areas; (vi) central home systems for fire and burglary detection; (vii) electronic utility meter reading systems; (viii) electronic mail systems; (ix) internet; and (x) such other similar telecommunication services as the Association (or Declarant) determines to be necessary or beneficial for the safety, welfare or enjoyment of the Owners.
- (b) Common Area Facilities. The telecommunication equipment, wiring and other facilities that are necessary to provide the telecommunication services may be owned by the Association (or Declarant) or the Association (or Declarant) may contract with other parties such facilities on behalf of the Association (or Declarant).
- (c) Residence Facilities. If the Association (or Declarant) determines to provide telecommunication services, it may require that each Residence constructed in the Property include wiring and the "Residence Equipment" or other necessary facilities to provide access to the Residence for the telecommunications services described above. The "Residence Equipment" will provide a connecting terminal for the wiring that extends to each outlet or point of access in the Residence for the telecommunications services. The Association (or Declarant) shall have the right to designate the type of "Residence Equipment" to be installed and the manner in which such Residence Equipment shall be operated, maintained and repaired, and may, from time to time,

designate appropriate replacements or improvements to the "Residence Equipment". The Association (or Declarant) may require each Owner to pay all costs and expenses required to purchase, install, maintain, repair, replace or improve the "Residence Equipment" for the Owner's Residence. The "Residence Equipment" shall remain as part of the Residence without the written permission of the Association, and shall be removed from the Residence when it is sold to another party. The Association (or Declarant) and the parties with whom it contracts to provide services relating to the "Residence Equipment" shall have an easement and right of entry over and across each Lot and into each Residence for the purpose of installing, maintaining, repairing, replacing and making improvements to the "Residence Equipment".

- (d) Optional Services. To the extent the Board of Directors determine to provide a service to all Owners paid with Annual Assessments, the installation of the "Residence Equipment" in a Residence obligates the Owner to accept and pay for any of the telecommunication services that may be provided by, or available through, the Association.

Section 8. Security and Other Services. The Association may also provide security and other services and facilities for the Property and shall be authorized to enter into contracts with other entities to provide such services and facilities. In addition to Assessments, the Board shall be authorized to charge additional use and consumption fees for selected services and facilities. By way of example, some services and facilities which may be provided include, in addition to the telecommunication services listed in the preceding section, landscape maintenance and pest control services. The Board shall be permitted to modify or cancel existing services or facilities provided, if any, or to provide additional services and facilities. Nothing contained herein is a representation as to what services and facilities will or will not be provided.

Section 9. Easement Regarding Association Fences. Declarant hereby reserves for itself and for the Association a non-exclusive right-of-way and easement for the purpose of constructing, maintaining, operating, repairing, removing and re-constructing a perimeter fence under, across and through a 5' strip of those certain Lots that are near or adjacent to the outer perimeter streets of the Properties as well a 5' strip of certain Lots (if any) along the outer perimeter lines of the Properties where the outer perimeter of the Properties does not abut a street, as well as on a 5' strip of any Lots on which 5' strips the Association may construct perimeter fencing for the Properties. Prior to the construction of the fence, the Declarant and/or the Association shall have the right to go over and across the portions of the Lots that are adjacent to such 5' easement strips for the purpose of performing surveys and other such necessary pre-construction work. After the construction of the fence, Declarant and/or the Association, from time to time, and at any time, shall have a right of ingress and egress over, along, across and adjacent to said 5' easement strips for purposes of maintaining, operating, repairing, removing, re-constructing, and/or inspecting the fence. The Owners of the Lots shall have all other rights in and to such 5' easement strips located on each Owner's respective Lot; provided however, such Owner shall not damage, remove or alter the fence or any part thereof without first obtaining written approval from the Declarant and/or the Association with respect to any such action, such approval to be at the Declarant's and/or the Association sole discretion.

However, this Section shall not apply to, and the Association shall not be responsible to, install or maintain any fencing located along Lot lines which separate individual Lots from one another nor fencing located along the back of Lots not along the outer perimeter of the Properties and not installed by Declarant

Section 10. Ingress and Egress. A perpetual easement for purposes of free and unimpeded ingress and egress (1) to and from Scarsdale Blvd. and each and all Units in each gated community, and (2) to and from each Unit, and every other Unit, is hereby reserved for the benefit and use of Declarant, the Association, the Owners and the guests, tenants, invitees, employees, agents and/or contractors of each, over and across the private streets and permanent access easements described and established by the initial plat of each gated community and any subsequent plats of any portions of such gated communities. This easement for ingress and egress shall also be for the benefit of and may be used by any and all police, fire ambulance and other similar law enforcement and emergency personnel.

Section 11. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 12. Right of Entry. The Association shall have the right, but not the obligation, to enter into any Unit for emergency, security, and safety reasons, to perform maintenance pursuant to Article IV hereof, and to inspect for the purpose of ensuring compliance with this Declaration, the By-Laws, and the Association rules, which right may be exercised by the Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter a Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after request by the Board.

Section 13. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 14. Intentionally Deleted.

Section 15. Cumulative Effect; Conflict. The covenants, restrictions, and provisions of this Declaration shall be cumulative with those of any Neighborhood and the Association may, but shall not be required to, enforce the latter; provided, however, in the event of conflict between or among such covenants and restrictions, and provisions of any articles of incorporation, by-laws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any Neighborhood shall be subject and subordinate to those of the Association. The foregoing priorities shall apply, but not be limited to, the liens for assessments created in favor of the Association.

Section 16. Compliance. Every Owner and occupant of any Unit shall comply with all lawful provisions of this Declaration, the By-Laws and rules and regulations of the Association. Failure to

comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, maintainable by the Association or, in a proper case, by any aggrieved Unit Owner or Owners. In addition, the Association may avail itself of any and all remedies provided in this Declaration or the By-Laws.

Section 17. Limitation of Liability; Indemnification.

17.1 General. Except for intentional and willful misconduct, knowing violation of the law, or as otherwise required by the Texas Non-Profit Corporation Act (including Article 1396-2.22A thereof, as amended), no officer or Director of the Association is liable to the Association or its Members, and the Association and its Related Parties are not liable to any Owner or Member, or their Related Parties, for monetary damages or otherwise for: (i) any act or omission of an officer or Director within their official capacity; or (ii) any act or omission by or on behalf of the Association within the scope of its purposes. The Association shall indemnify and keep indemnified, and hold harmless, any current or former officer or Director to the fullest extent otherwise allowed by law, and hold any such officer or Director harmless from and against all claims, demands, suits, judgments court costs, attorney's fees, attachments and all other legal action as contemplated thereby. All provisions of this Section also apply to all Association committees and members thereof (current or former), including the New Construction Committee and Modifications Committee.

17.2 Security Services. The Association may from time to time engage in activities or provide devices or services intended to or which may have the effect of enhancing safety or security, including such as devices or services which limit or control access to the Properties, or providing of patrol services or otherwise monitoring activities within the Properties (including any Common Area), and may from time to time provide information through newsletters or otherwise regarding same (all such matters and all activities, services or devices of a similar nature or incident thereto herein referred to as, "*Security Services*"). Without limitation of Section 17.1, each Owner and their tenants covenant and agree with respect to any and all Security Services provided directly or indirectly by the Association as follows:

(a) SECURITY IS THE SOLE RESPONSIBILITY OF LOCAL LAW ENFORCEMENT AGENCIES AND INDIVIDUAL OWNERS AND THEIR TENANTS, AND THEIR RESPECTIVE RELATED PARTIES. Security Services may be provided at the sole discretion of the Board of Directors. The providing of any Security Services at any time will in no way prevent the Board from thereafter discontinuing, or from temporarily or permanently modifying, terminating or removing, any Security Services, in whole or in part.

(b) Any third party providers of Security Services are independent contractors, the acts or omissions of which are not imputable to the Association or its Related Parties.

(c) Providing of any Security Services may never be construed as (i) an undertaking by the Association or its Related Parties to provide personal security as to any Owner, tenant or their Related Parties, or as to any other Person, or (ii) a representation or undertaking that any Security Services will be continued, or (iii) a representation, guarantee or warranty that the presence of any Security Service will in any way increase personal safety or prevent personal injury or property

damage or loss due to negligence, criminal conduct or any other cause. WITHOUT LIMITATION OF THE FOREGOING, DECLARANT, THE ASSOCIATION AND THEIR RELATED PARTIES SHALL NOT HAVE ANY DUTY WHATSOEVER TO WARN, ADVISE OR INFORM ANY OWNER, TENANT OR THEIR RELATED PARTIES AS TO CRIMINAL CONDUCT OF ANY KIND OR AS TO ANY OTHER MATTERS REGARDING OR RELATING TO SECURITY SERVICES, PAST OR PRESENT.

(d) Declarant, the Association and their Related Parties are not liable for, and each Owner, their tenants, and their respective Related Parties, must indemnify, keep indemnified and hold Declarant, the Association and their Related Parties harmless at all times from, any injury, loss or damages whatsoever, including without limitation any injury or damages caused by theft, burglary, trespass, assault, vandalism, or any other crime, to any Person or property arising, directly or indirectly, from the providing or failure to provide any Security Services, or the discontinuation, modification, disruption, defect, malfunction, operation, repair, replacement or use of any Security Services.

(e) DECLARANT, THE ASSOCIATION AND THEIR RELATED PARTIES, HAVE NO DUTY, OBLIGATION OR RESPONSIBILITY OF ANY KIND WHATSOEVER TO WARN, ADVISE OR IN ANY OTHER MANNER INFORM ANY OWNERS, TENANTS, THEIR RELATED PARTIES, OR ANY OTHER RESIDENTS OR OCCUPANTS OF ANY UNIT OR ANY COMMON AREA, OR ANY LAW ENFORCEMENT AGENCY, OR ANY OTHER PERSON AS TO ANY ALLEGED, SUSPECTED OR KNOWN CRIMINAL ACTIVITIES OF ANY KIND, CRIMINAL HISTORY OR BACKGROUND OF ANY PERSON, OR CRIMINAL INVESTIGATIONS BY LAW ENFORCEMENT AGENCIES OR BY ANY OTHER PERSON (ALL SUCH MATTERS, ACTIVITIES AND INVESTIGATIONS HEREIN REFERRED TO AS "CRIMINAL MATTERS"), REGARDLESS OF WHETHER THE CRIMINAL MATTERS INVOLVE THE PROPERTIES, OTHER AREAS IN THE VICINITY OR ANY OTHER PLACE OR LANDS. The Association may (but has no obligation to) from time to time disclose and/or transmit information concerning Criminal Matters to Owners, tenants, and any other occupants of Units and/or Common Areas, to any law enforcement agencies, and to any other Person which the Association's officers, directors, agents, employees and other Related Parties in their sole discretion deem advisable. Each Owner and tenant by acceptance of any right, title or interest in any Unit, and every Owner, tenant and occupant of a Unit or any Common Area by virtue of such occupancy, hereby consents, on their behalf and on behalf of their respective Related Parties, and on behalf of all other Persons coming upon a Unit or any Common Area at their invitation, or with their consent or permission, to any such disclosure and/or transmittal of information. Any such disclosure and/or transmittal of information shall in no way be deemed an undertaking to do so in the future, either as to the Criminal Matters then involved or as to any other past, current or future Criminal Matters. All other provisions of this Section apply to any disclosure and/or transmittal of information, and to any failure to disclose and/or transmit information, concerning Criminal Matters, including in particular but without limitation, the provisions of Section 17.2(d) above regarding the indemnity obligations of Owners, their tenants and their respective Related Parties.

17.3 Liability Arising From Conduct of Owners. Each Owner, their tenants, and their respective Related Parties must indemnify and keep indemnified, and hold harmless, Declarant, the Association, and their Related Parties from and against all claims, damages, suits, judgments, court

costs, attorney's fees, attachments and all other legal actions caused through the willful or negligent act or omission of an Owner, the Owner's tenants, or their respective Related Parties.

17.4 Subsequent Statutory Authority. If the Texas Non-Profit Corporation Act, Texas Miscellaneous Corporation Laws Act, Chapter 84 of the Texas Civil Practice and Remedies Code or any other applicable statute, state or federal, is construed or amended to further eliminate or limit liability or authorizing further indemnification than as permitted or required by this Section 16, then liability will be eliminated or limited and right to indemnification will be expanded to the fullest extent permitted by such construction or amendment.

17.5 No Impairment. Any repeal, amendment or modification of this Section 17 may not adversely affect any rights or protection existing at the time of the amendment.

Section 18. Notice of Sale or Transfer of Title. In the event that any Owner desires to sell or otherwise transfer title to his or her Unit, such Owner shall give the Board of Directors 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 of Directors may reasonably require. Until such written notice is received by the Board of Directors, the transferor shall continue to be jointly and severally responsible for all obligations of the Owner of the Unit hereunder, including payment of assessments, notwithstanding the transfer of title to the Unit.

Article XIV Mortgagee Provisions

The following provisions are for the benefit of holders of first Mortgages on Units in the Properties. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

Section 1. Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Unit to which its Mortgage relates, therefore becoming an "Eligible Holder"), will be entitled to timely written notice of:

(a) any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(b) any delinquency in the payment of assessments or charges owed on a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Declaration or By-Laws relating to such Unit or the Owner or occupant thereof which is not cured within sixty (60) days;

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

(d) any proposed action which would require the consent of a specified percentage of Eligible Holders.

Section 2. Actions Requiring Approval of Eligible Mortgage Holders. To the extent possible under Texas law:

(a) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of Voting Members representing sixty-seven (67%) of the total Association vote and the approval of the Eligible Holders of first Mortgages on Units to which at least fifty-one (51%) percent of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

(b) Any election to terminate the Association under circumstances other than substantial destruction or a substantial taking in condemnation shall require the consent of Voting Members representing at least sixty-seven (67%) percent of the Class "A" votes and of the Declarant, so long as it owns any land subject to this Declaration, and the approval of the Eligible Holders of first Mortgages on Units to which at least sixty-seven (67%) percent of the votes of Units subject to a Mortgage are allocated.

Section 3. Insurance. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

Section 4. No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

Section 5. Notice to Association. Upon request, each owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

Section 6. Amendment by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

Section 7. Applicability of Article XIV. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, By-Laws, or Texas law for any of the acts set out in this Article.

Section 8. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the

Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

Section 9. FHA/VA Approval. As long as there is a Class "B" membership, the following actions shall require the prior approval of the Federal Housing Administration or the Veterans Administration, if either such agency is insuring or guaranteeing the mortgage on any Unit: annexation of additional property other than that in a five (5) mile radius of the real property described on Exhibit "A", dedication of Common Area, mortgaging of Common Area, or material amendment of this Declaration.

Article XV
Declarant's Rights

Any or all of the special rights and obligations of the Declarant set forth in this Declaration or the By-Laws may be transferred to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein or in the By-Laws, as applicable, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the public records of Harris County, Texas.

Notwithstanding any provisions contained in the Declaration to the contrary, so long as construction and initial sale of Units shall continue, it shall be expressly permissible for Declarant and any builder designated by Declarant to maintain and carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to the construction or sale of such Units, including, but not limited to, business offices, signs, model units, and sales offices, and the Declarant and such designated builder(s) shall have easements for access to and use of such facilities. The right to maintain and carry on such facilities and activities shall include specifically, without limitation, the right to use Units owned by the Declarant and any clubhouse or community center which may be owned by the Association, as models and sales offices, respectively.

So long as Declarant continues to have rights under this paragraph, no Person shall record any declaration of covenants, conditions and restrictions, or similar instrument affecting any portion of the Properties without Declarant's review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of covenants, conditions and restrictions, or similar instrument being void and of no force and effect unless subsequently approved by recorded consent signed by the Declarant.

This Article may not be amended without the express written consent of the Declarant; provided, however, the rights contained in this Article XV shall terminate upon the earlier of (a) twenty (20) years from the date this Declaration is recorded, or (b) upon recording by Declarant of a written statement that all sales activity has ceased.

IN WITNESS WHEREOF, the undersigned Declarants, Reed-West and Lennar have executed this Declaration this 23 day of January, 2001.

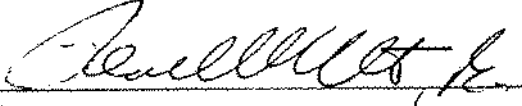
436-99-8684

DECLARANT:

GREEN HOLLOW, LTD., a Texas limited partnership

(8)
JOL

By: its general partner, REMAE, INC., a Texas corporation

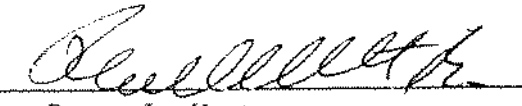
By: 
Name: Renee L. West
Title: President

OTHER LANDOWNERS:

REED-WEST INVESTMENTS, LTD.

JOL


By: its general partner, MAC-WEST, INC., a Texas corporation

By: 
Name: Renee L. West
Title: President

VILLA VERDE SECTIONS II AND III LP,

JOL


By: its general partner, WESTCAM GP, LLC, a limited liability company

By: 
Name: Renee L. West
Title: Manager

LENNAR HOMES OF TEXAS LAND AND CONSTRUCTION, LTD.

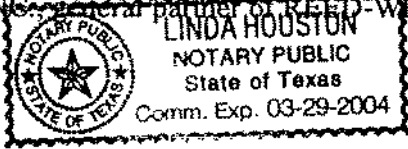
JOL

By: its general partner, LENNAR TEXAS HOLDING COMPANY

By: 
Name: Dennis P. Quinn
Title: V.P. Operations

THE STATE OF TEXAS §
§
COUNTY OF Brazoria §

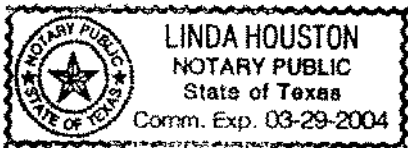
This instrument was acknowledged before me on the 24 day of January, 2001,
by Renee L. West of MAC-
WEST, INC., general partner of RISE- WEST INVESTMENTS, LTD., on behalf of said entities.



Linda Houston
Notary Public

THE STATE OF TEXAS §
§
COUNTY OF Brazoria §

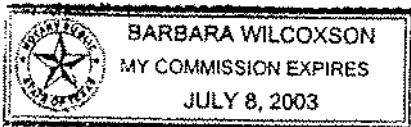
This instrument was acknowledged before me on the 24 day of January, 2001,
by Renee L. West of REMAE,
INC., a Texas corporation, general partner of GREEN HOLLOW, LTD., on behalf of said entities



Linda Houston
Notary Public

THE STATE OF TEXAS §
§
COUNTY OF _____ §

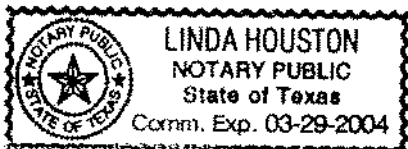
This instrument was acknowledged before me on the 24 day of January, 2001,
by Don Klein of LENNAR
TEXAS HOLDING COMPANY, general partner of LENNAR HOMES OF TEXAS LAND AND
CONSTRUCTION, LTD., on behalf of said entities.



Barbara Wilcoxson
Notary Public

THE STATE OF TEXAS §
§
COUNTY OF Brazoria §

This instrument was acknowledged before me on the 24 day of January, 2001,
by Renee L. West of _____ of
WESTCAM GP, LLC, general partner of VILLA VERDE SECTIONS II AND III LP, general partner of
GREEN HOLLOW, LTD., on behalf of said entities



Linda Houston
Notary Public

LIENHOLDER'S CONSENT AND SUBORDINATION TO DECLARATION
OF PROTECTIVE COVENANTS FOR THE VILLAS MASTER ASSOCIATION

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

KNOW ALL MEN BY THESE PRESENTS

That Coastal Banc, ssb, which is the beneficiary under that certain Deed of Trust dated **February 17, 2000** executed by **Green Hollow Ltd** encumbering all or a portion of the property described on Exhibit "A" hereto, which deed of trust is filed under County Clerk's File No. **0231818** and recorded in the Official Public Records of Real Property of Harris County, Texas, executes this instrument to subordinate the lien of such deed of trust to the foregoing Declaration of Protective Covenants for The Villas Master Association.

COASTAL BANC, SSB

By: *Michael J. Peery*
Name: Michael J. Peery
Title: Sr. Vice President

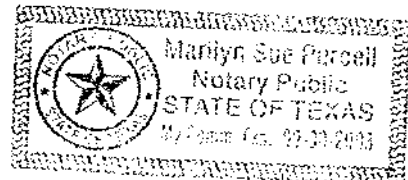
STATE OF TEXAS §
 §
COUNTY OF HARRIS §

KNOW ALL MEN BY THESE PRESENTS

This instrument was acknowledged before me on *January 23*, 2001 by _____
Michael J. Peery of Coastal Banc, ssb, on behalf of said bank.
Sr. Vice President

(Large handwritten X mark)

Marilyn Sue Perrell
Notary Public



LIENHOLDER'S CONSENT AND SUBORDINATION TO DECLARATION
OF PROTECTIVE COVENANTS FOR THE VILLAS MASTER ASSOCIATION

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

KNOW ALL MEN BY THESE PRESENTS

That Unions Planters Bank, which is the beneficiary under that certain Deed of Trust dated January 21, 2000, executed by Union Planters Bank encumbering all or a portion of the property described on Exhibit "A" hereto, which deed of trust is filed under County Clerk's File No. U20911 and recorded in the Official Public Records of Real Property of Harris County, Texas, executes this instrument to subordinate the lien of such deed of trust to the foregoing Declaration of Protective Covenants for The Villas Master Association.

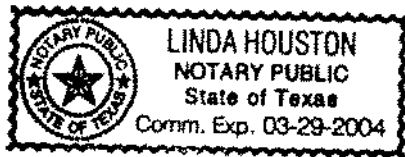
UNION PLANTERS BANK

By: [Signature]
Name: A. Harrel Blackshear
Title: Sr. Vice President

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

KNOW ALL MEN BY THESE PRESENTS

This instrument was acknowledged before me on January 24, 2001 by A. Harrel Blackshear of Union Planters Bank, on behalf of said bank.



[Signature]
Notary Public

EXHIBIT "A"

LAND INITIALLY SUBMITTED
(to be attached)

Bellavita
Villa Verde
Villa D'Este

See

EXHIBIT A

A tract of land in the W. D. C. Hall Survey, A-23, Harris County, Texas, being Tract 2 as described in, and as conveyed to Roosevelt Texas Holdings, Inc. (therein called Roosevelt Texas Holdings Company, Inc.) by, deed filed in the Office of the County Clerk of Harris County, Texas under County Clerk's File No. R-157894 ("Roosevelt Deed")

BEGINNING at a point marked a 5/8 inch iron rod on the Northwest line of a 78.577 acre tract conveyed to Harris County Flood Control District by deed filed in the Office of the County Clerk of Harris County, Texas under County Clerk's File No. J-237306, said point being on the Southwest right-of-way line of a Harris County Flood Control District 160 foot Drainage Easement as filed in the Office of the County Clerk of Harris County, Texas under County Clerk's File No. L-628223, further being located South 45° 28' 30" West, a distance of 160.01 feet from the most Westerly South corner of Tract 1, as described in the Roosevelt Deed;

THENCE South 45° 28' 30" West, along the Northwest line of said 78.577 acre tract, a distance of 157.01 feet to an angle point marked by a 5/8 inch iron rod;

THENCE South 46° 16' 38" West, along the Northwest line of said 78.577 acre tract, a distance of 1131.98 feet to a point for corner marked by a 5/8 inch iron rod, said point being the South corner of a 49.98848 acre tract conveyed to Farm & Home Savings Association by deed filed in the Office of the County Clerk of Harris County, Texas under County Clerk's File No. E-084109;

THENCE North 46° 07' 47" West, along a Southwest line of said 49.98848 acre tract, a distance of 1062.78 feet to a point for corner marked by a 5/8 inch rod;

THENCE North 44° 06' 32" East, along a Northwest line of said 49.98848 acre tract, a distance of 165.67 feet to a point for re-entrant corner marked by a 5/8 inch iron rod;

THENCE North 45° 18' 27" West, along a Southwest line of said 49.98848 acre tract, a distance of 965.82 feet to a point for corner marked by a 5/8 inch iron rod, said point being the West corner of said 49.98848 acre tract;

THENCE North 45° 07' 47" East, along a Northwest line of said 49.98848 acre tract, a distance of 896.18 feet to a point for corner marked by a 5/8 inch iron rod, on the Southwest right-of-way line of said Harris County Flood Control District 160 foot Drainage Easement;

THENCE in a Southeasterly direction, along the Southwest right-of-way line of said Harris County Flood Control District 160 foot Drainage Easement, with a curve to the left whose radius is 3000.00 feet, central angle is 4° 45' 55" and whose chord bears South 42° 22' 02" East, a distance, measured along the arc of said curve, of 249.51 feet to a point of tangent marked by a 5/8 inch iron rod;

THENCE South 44° 44' 59" East, continuing along the Southwest right-of-way line of said Harris County Flood Control District 160 foot Drainage Easement, a distance of 250.00 feet to a point of curve marked by a 5/8 inch iron rod;

THENCE in a Southeasterly direction, continuing along the Southwest right-of-way line of said Harris County Flood Control District 160 foot Drainage Easement, with a curve to the left whose radius is 1160.00 feet and central angle is $29^{\circ} 05' 03''$, a distance of 588.84 feet to a point of reverse curve marked by a 5/8 inch iron rod;

THENCE in a Southeasterly direction, continuing along the Southwest right-of-way line of said Harris County Flood Control District 160 foot Drainage Easement, with a curve to the right whose radius is 1000.00 feet and central angle is $29^{\circ} 05' 03''$, a distance of 507.62 feet to a point of tangent marked by a 5/8 inch iron rod;

THENCE South $44^{\circ} 44' 59''$ East, along the Southwest right-of-way line of said Harris County Flood Control District 160 foot Drainage Easement, a distance of 505.13 feet to the POINT OF BEGINNING and containing 51.3130 acres, SAVE AND EXCEPT, a 0.1148 acres (5,000 square feet) more or less of land described as follows:

COMMENCING at a point marked by a 5/8 inch iron rod at the North corner of Lot 34 of the George W. Jenkins Subdivision according to the plat thereof recorded in Volume 2, Page 52 of the Map Records of Harris County, Texas, same being the North corner of said 78.577 acre tract;

THENCE South $45^{\circ} 28' 30''$ West, along the Northwest line of said George W. Jenkins Subdivision, same being the Northwest line of said 78.577 acre tract, a distance of 985.17 feet to angle point marked by a 5/8 inch iron rod;

THENCE South $46^{\circ} 16' 38''$ West, continuing along the Northwest line of said George W. Jenkins Subdivision, same being the Northwest line of said 78.577 acre tract, a distance of 415.42 feet to a point marked by a 5/8 inch iron rod;

THENCE North $44^{\circ} 44' 59''$ West, a distance of 100.00 feet to a 5/8 inch iron rod marking the POINT OF BEGINNING of the herein described tract of land;

THENCE North $44^{\circ} 44' 59''$ West, a distance of 50.00 feet to a point for corner marked by a 5/8 inch iron rod;

THENCE North $45^{\circ} 15' 01''$ East, a distance of 100.00 feet to a point for corner marked by a 5/8 inch iron rod;

THENCE South $44^{\circ} 44' 59''$ East, a distance of 50.00 feet to a point for corner, marked by a 5/8 inch iron rod;

THENCE South $45^{\circ} 15' 01''$ West, a distance of 100.00 feet to the POINT OF BEGINNING and containing 0.1148 acres (5,000 square feet) of land, leaving a net area of 51.1982 acres of land, more or less.

EXHIBIT "A"

LEGAL DESCRIPTION

120.1381 ACRES OF LAND LOCATED IN THE W.D.C. HALL SURVEY, ABSTRACT NO. 23, HARRIS COUNTY, TEXAS

BEING a 120.1381 acres (5,233,217 square foot) tract of land out of the W.D.C. Hall Survey, Abstract No. 23, Harris County, Texas, and being out of the 4 (four) tracts of land described as "TRACT NO. ONE" as conveyed to Inez Vivian McGinnis, individually as per an instrument recorded under Harris County Clerk's File No. R473344 (Film Code No. 504-47-2244) of the Official Public Records of Real Property of Harris County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at a point in the centerline of Clear Creek, for the south corner of that tract conveyed to Leonard Rauch and David W. Berg, Trustees as recorded in Harris County Clerk's File Nos. G188537-G188549 of the said Official Public Records, same being the westerly corner of a called 6.8 acre tract conveyed as the Fourth Tract of the above mentioned "TRACT NO. ONE";

THENCE North 38°56'49" East, with the southeast line of the said Rauch and Berg tract and the northwest line of herein described tract, a distance of 187.29 feet to a 1/2 inch iron rod set for point in the southwest line of the said Rauch and Berg tract, and an angle corner of the northwest line of the herein described tract,

THENCE North 45°06'57" East, continuing along the southeast line of the said Rauch and Berg tract and the northwest line of herein described tract, a distance of 1151.99 feet to a 1/2 inch iron rod set for point in the southwest line of the said Rauch and Berg tract, and an angle corner of the herein described tract;

THENCE North 45°14'24" East, continuing along the southeast line of the said Rauch and Berg tract and the northwest line of herein described tract, a distance of 1044.21 feet to a 1/2 inch iron rod set for point in the southwest line of the said Rauch and Berg tract, and the north corner of the herein described tract;

THENCE North 45°08'40" East, continuing along the southeast line of the said Rauch and Berg tract and the northwest line of herein described tract, a distance of 1673.94 feet to a 5/8 inch iron rod found for point in the southwest line of the said Rauch and Berg tract, and an angle corner of the herein described tract

THENCE South 44°52'13" East, with the northeast line of the said 6.8 acre tract, a distance of 76.50 feet to a 5/8 inch iron rod found for an exterior point of the herein described tract;

THENCE South 44°50'35" East, along the most northerly northeast line of the herein described tract, same being the most northerly southwest line of a called 51.1982 acre tract conveyed to Roosevelt Texas Holdings Co., Inc. as per an instrument recorded under County Clerk's File No. R157894 of the said Official Public Records, a distance of 1,041.71 feet to a 1/2 inch iron rod set for an angle point of the herein described tract;

THENCE South 45°09'25" West, a distance of 167.27 feet to 5/8 inch iron rod found for an interior angle corner of both the called 51.1982 acre tract and the herein described tract;

THENCE South 44°50'35" East, along the most southerly northeast line of the herein described tract, same being the most southerly southwest line, a distance of 1041.65 feet to a 5/8 inch iron rod found for the south corner of the herein described tract, said 5/8 inch iron rod also being in the northwest line of a called 78.773 acre tract as conveyed to the Harris County Flood Control District as per an instrument recorded under County Clerk's File No. J237306 of the said Official Public Records;

THENCE South 45°09'25" West, along the said northwest line, same being the southeast line of the herein described tract, a distance of 1163.04 feet to a point in the centerline of said Clear Creek for the southerly corner of the herein described tract;

THENCE upstream with the centerline of said Clear Creek following its meanders the following courses and distances as follows:

North 76°16'19" West, a distance of 162.56 feet to an angle point;
 North 87°07'01" West, a distance of 184.73 feet to an angle point;
 North 71°22'03" West, a distance of 296.68 feet to an angle point;
 North 63°44'58" West, a distance of 247.51 feet to an angle point;
 North 82°35'36" West, a distance of 226.75 feet to an angle point;
 North 74°54'43" West, a distance of 420.15 feet to an angle point;
 South 83°26'41" West, a distance of 150.47 feet to an angle point;
 South 57°29'34" West, a distance of 131.85 feet to an angle point;
 South 38°51'19" West, a distance of 96.57 feet to an angle point;
 South 28°11'38" West, a distance of 162.56 feet to an angle point;
 South 43°03'54" West, a distance of 150.06 feet to an angle point;
 South 49°11'22" West, a distance of 290.48 feet to an angle point;
 South 36°13'14" West, a distance of 140.37 feet to an angle point;
 South 52°48'11" West, a distance of 122.17 feet to an angle point;
 South 60°15'48" West, a distance of 94.61 feet to an angle point;
 South 73°27'21" West, a distance of 687.26 feet to an angle point;
 South 87°59'00" West, a distance of 74.35 feet to an angle point;
 North 66°36'59" West, a distance of 82.97 feet to an angle point;
 North 39°26'24" West, a distance of 111.80 feet to an angle point;
 North 39°48'37" West, a distance of 160.51 feet to the PLACE OF BEGINNING,
 containing 120.1381 acres (5,233,217 square feet) of land.

536-99-0692

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DESCRIPTION

BEING a 204.5101 acre (8,908,459 square foot) tract of land out of the W.D.C. Hall Survey, Abstract No. 23, Harris County, Texas, and being out of the tract of land described as 373.336 acres as described in a deed to Leonard Rauch and David W. Barg, Trustees, as recorded under Harris County Clerk's File Number(s) G188537 to G188552 of the Official Public Records of Real Property of Harris County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING at a point on the Southwest right-of-way of Beamer Road (Hall Road) having a right-of-way 60 feet wide, being the most Easterly Southeast corner of the said 373.336 acre tract and the North corner of that certain 250.339 acre tract conveyed to Farm and Home Savings Association by a deed filed under Harris County Clerk's File Number(s) D730367 (File Code No. 152-36-1694) of the Official Public Records of Real Property of Harris County, Texas and being the most Easterly corner of a 168.900 acre tract as described in deed to Leonard Rauch and David W. Barg, Trustees, as recorded under Harris County Clerk's File Number(s) G188538 of the Official Public Records of Real Property of Harris County, Texas;

THENCE South 45 deg. 14 min. 33 sec. West, with the Southeast line of the said 168.900 acre tract and the said 373.336 acre tract and the Northwest line of the said 250.339 acre tract, a distance of 6,665.55 feet to a an angle point in the said 168.900 acre tract and the 373.335 acre tract;

THENCE South 45 deg. 07 min. 47 sec. West, continuing along the Southeast line of the said 168.900 acre tract, being its most Southerly Southwest corner and the Southeast line of the said 168.900 acre tract, a distance of 398.59 feet to a ----- inch iron rod for the PLACE OF BEGINNING of the herein described tract;

THENCE South 45 deg. 07 min. 47 sec. West, continuing along the Southeast line of the said 373.336 acre tract a distance of 585.81 feet to a 5/8-inch iron rod found for corner, being the most Easterly Northeast corner of a 6.8 acre tract as recorded under Volume 3220, Page 335 of the Deed Records of Harris County, Texas, also being the Westerly corner of a 49.98848 acre tract as described in an instrument recorded under Harris County Clerk's File Number(s) R226596 of the Official Public Records of Real Property of Harris County, Texas, said point also being an exterior corner of the herein described tract;

THENCE North 44 deg. 52 min. 13 sec. West, with the Northeast line of the said 6.8 acres tract, common to a Southeast line of the said 373.336 acre tract, a distance of 76.50 feet to a 5/8-inch iron rod found for corner being the Northwest corner of the said 6.8 acre tract and an interior corner of the herein described tract;

THENCE South 45 deg. 08 min. 40 sec. West, with the Northwest line of the said 6.8 acre tract, common to the Southeast line of the said 373.338 acre tract, a distance of 1,673.94 feet to a 1/2 inch iron rod set for an angle point for corner of the herein described tract;

THENCE South 45 deg. 14 min. 24 sec. West, continuing with the Northwest line of the said 6.8 acre tract, common to the Southeast line of the said 373.336 acre tract, a distance of 1,044.21 feet to a 1/2 inch iron rod set for an angle point for corner of the herein described tract;

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DESCRIPTION

THENCE South 45 deg. 06 min. 57 sec. West, continuing with the Northwest line of the said 6.8 acre tract, common to the Southeast line of the said 373.336 acre tract, a distance of 1,151.99 feet to a 1/2 inch iron rod set for an angle point for corner of the herein described tract;

THENCE South 38 deg. 56 min. 49 sec. West, continuing with the Northwest line of the said 6.8 acre tract, common to the Southeast line of the said 373.336 acre tract, a distance of 187.29 feet to an angle point for corner, being in the centerline of Clear Creek and being the most Southerly Southeast corner of the herein described tract;

THENCE upstream with the centerline of said Clear Creek and its meanders as follows:

North 44 deg. 54 min. 57 sec. West, a distance of 208.02 feet;

North 11 deg. 57 min. 16 sec. West, a distance of 237.57 feet;

North 57 deg. 58 min. 43 sec. West, a distance of 436.69 feet;

North 26 deg. 52 min. 45 sec. West, a distance of 319.83 feet;

North 49 deg. 50 min. 58 sec. West, a distance of 310.85 feet;

North 24 deg. 28 min. 35 sec. West, a distance of 223.54 feet;

North 62 deg. 18 min. 29 sec. West, a distance of 107.45 feet;

North 71 deg. 37 min. 06 sec. West, a distance of 220.02 feet;

North 74 deg. 08 min. 30 sec. West, a distance of 367.86 feet to a point being the most Westerly Southwest corner of the herein described tract;

THENCE North 45 deg. 13 min. 25 sec. East, with the Northwest line of the said 373.336 acre tract, common to the Southeast line of Green Tee Terrace, Section Two an addition to the City of Pearland, Harris County, Texas as recorded under Volume 172, Page 111 of the Map Records of Harris County, Texas, a distance of 4,677.27 feet to a 5/8-inch iron rod found for corner, being the most Westerly Southwest corner of Green Tee Terrace, Section Eight, an addition to the City of Pearland, Harris County, Texas as recorded under Film Code No. 401002 of the Map Records of Harris County, Texas, said point being the most Westerly Northwest corner of the herein described tract;

THENCE South 45 deg. 05 min. 43 sec. East, along the Southwest line of the said Green Tee Terrace, Section Eight, passing the Southeast corner of Green Tee Terrace, Section Eight said point being the same as a point in the Westerly right-of-way line of Scarsdale Boulevard, as recorded under Harris County Clerk's File No. S388398 of the Official Public Records of Real Property of Harris County, Texas, a distance of 399.79 feet, passing a 5/8 inch iron rod found on the Easterly right-of-way line of said Scarsdale Boulevard, said point being the same as the Northwest corner of Sagemont First Home, an addition to the City of Pearland, Harris County, Texas as recorded under Film Code No. 389035 of the Map Records of Harris County, Texas at a distance of 501.84 feet, in all a total distance of 1,041.31 feet to a 1 1/4 iron pipe found for

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the Southeast corner of the said Sagemont First Home, said point being an interior corner of the herein described tract;

THENCE North 45 deg. 14 min. 48 sec. East, along the Southeast line of the said Sagemont First Home, a distance of 341.58 feet to a 1/2 inch iron rod set for corner, being the Northeast corner of said Sagemont First Home and the Southeast corner of Green Tee Terrace, Section Six, an addition to the City of Pearland, Harris County, Texas as recorded under Film Code No. 378073 of the Map Records of Harris County, Texas, and being the most Northerly Northwest corner of the herein described tract;

THENCE South 44 deg. 44 min. 59 sec. East, a distance of 1,041.52 feet to the PLACE OF BEGINNING and containing 204.5101 acres (8,908,459 square feet) of land.

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS VOID AND UNENFORCEABLE UNDER FEDERAL LAW THE STATE OF TEXAS COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas on

JAN 29 2001

RECORDERS MEMORANDUM
AT THE TIME OF RECREATION, THIS INSTRUMENT WAS FOUND TO BE INADEQUATE FOR THE BEST PHOTOGRAPHIC REPRODUCTION BECAUSE OF ILLEGIBILITY, CARBON OR PHOTO COPY, DISCOLORED PAPER, ETC.



Bonny B. Keyman
COUNTY CLERK
HARRIS COUNTY, TEXAS

Bonny B. Keyman
COUNTY CLERK
HARRIS COUNTY, TEXAS

2001 JAN 29 PM 12:57

FILED

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