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DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
BELLA VITA ON LAKE CONROE
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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR BELLA VITA ON LAKE CONROE**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (this "Declaration"), made as of the date hereinafter set forth by LAKE CONROE RESORTS, LTD., a Texas limited partnership (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of that certain 16.486 acre tract of land described on Exhibit "A" hereto which has been or will hereafter be platted and subdivided as Bella Vita on Lake Conroe, a subdivision in Montgomery County, Texas according to the plat thereof recorded in the Plat Records of Montgomery County, Texas; and **NO EXHIBIT ATTACHED**

WHEREAS, it is the desire of the Declarant to provide a common plan as to the use, permissible construction, and common amenities of such subdivision and, to this end to subject the Lots (hereinafter defined) in the Bella Vita on Lake Conroe subdivision to the covenants, conditions and restrictions hereinafter set forth for the benefit of all present and future owners thereof;

NOW, THEREFORE, Declarant hereby declares that the Lots in the Bella Vita on Lake Conroe subdivision shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which shall run with said Lots and shall be binding upon all parties having any right, title or interest in said Lots or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

The following words, when used in this Declaration, shall have the following meanings:

SECTION 1. "Association" shall mean and refer to Bella Vita on Lake Conroe Homeowners Association, Inc., a Texas non-profit corporation, its successors and assigns.

SECTION 2. "Builder" shall mean and refer to any person or entity undertaking the construction of a residence on a Lot.

SECTION 3. "Class B Control Period" has the meaning specified in Section 5 of Article III hereof.

SECTION 4. "Common Area" shall mean and refer to all properties, real or personal, owned, leased or used by the Association for the common use and enjoyment of the Members (hereinafter defined) of the Association. The private Streets within the Properties are a portion of the Common Area.

SECTION 5. "Declarant" shall mean and refer to Lake Conroe Resorts, Ltd., its successors or assigns, provided that an assign is designated in writing by the Declarant as an assign of all, or part, of its rights under this Declaration.

SECTION 6. "Lot" shall mean and refer to any of the numbered lots shown on a recorded plat of the Properties intended for the construction of a residence, excluding all reserve tracts shown on a plat. The Owner of one or more adjacent Lots shall have the right to consolidate such Lots into a single Lot by replatting such adjacent Lots. If adjacent Lots are replatted as a single Lot, they shall be considered as a single Lot for purposes of assessments levied by the Association pursuant to this Declaration and voting at the time the replat is recorded in the plat records of Montgomery County, Texas. If adjacent Lots are not replatted as a single Lot, assessments by the Association and voting shall continue based on the number of Lots shown on the original plat.

SECTION 7. "Member" shall refer to every person or entity which holds a membership in the Association.

SECTION 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation or those owning an easement right, a mineral interest, or a royalty interest.

SECTION 9. "Plans" shall mean and refer to any or all of the following, as the same shall be submitted, revised, and/or resubmitted to the applicable Architectural Review Committee for approval:

(a) a "Homestead Plan", which shall include:

(i) a site plan showing the location, dimensions, and orientations of the proposed residence in relation to the Lot boundaries and setback lines, and also depicting the driveway, fencing and location of any and all other proposed improvements, including swimming pools and patios;

(ii) design elevations, together with the height and size of the residence and proposed gross building area;

(iii) a description and sample of the proposed exterior materials of the residence; and

(iv) a drainage plan and a diagram showing the location of all proposed utility connections;

(b) an "Exterior Plan", which shall include drawings and detail of all building exterior elevations, including the roof (showing elevations) and

describing the color, quality, and type of all proposed exterior construction materials;

(c) a "Landscaping Plan" depicting the type, quantity, size, and placement of all exterior plant materials; and

(d) a "Lighting Plan", which shall include the type, style, size, and candle power of all proposed exterior lighting fixtures.

SECTION 10. "Properties" shall mean and refer to the real property within the jurisdiction of the Association being (i) the Lots within the Bella Vita on Lake Conroe subdivision and (ii) any additional property hereafter added to the jurisdiction of the Association as provided herein, if any.

SECTION 11. "Street" shall refer to any street, drive, boulevard, road, alley, lane, avenue, or thoroughfare within or adjacent to the Properties, whether public or private.

SECTION 12. "Waterfront Lot" shall mean and refer to a Lot which is adjacent to Lake Conroe.

ARTICLE II ARCHITECTURAL REVIEW COMMITTEES

SECTION 1. CREATION. There is hereby created a Bella Vita on Lake Conroe New Construction Committee (herein referred to as the "New Construction Committee") which shall have exclusive jurisdiction over all original construction on the Lots in the Properties. There is also hereby created a Bella Vita on Lake Conroe Modifications Committee (herein referred to as the "Modifications Committee") (the New Construction Committee and the Modifications Committee being collectively referred to herein as the "Architectural Review Committees" or the "Committees") which has exclusive jurisdiction over all modifications, additions or alterations made on or to the residences and other improvements on the Lots within the Properties. No person serving on a Committee shall be entitled to compensation from the Association for services performed in such capacity, however, the Committees may employ, at the expense of the Association, one or more architects, engineers, attorneys, or other consultants to assist the Committees in carrying out their respective duties hereunder.

SECTION 2. NUMBER AND APPOINTMENT OF MEMBERS. Each of the Committees shall consist of three (3) members. Declarant shall have the right to appoint all members of the New Construction Committee as well as the right to remove any member until the Declarant has sold and conveyed all of its Lots in the Properties and is no longer a Member of the Association. Prior to such date, in the event of the death, or removal or resignation of any person serving on such Committee, the Declarant, by recorded written instrument, shall designate a successor, or successors, who shall have all of the authority and power of his or their predecessor(s). Until such successor member or members shall have been so appointed, the remaining member or members shall have full authority to exercise the powers herein granted to

such Committee. After the date on which the Declarant has sold and conveyed all of its Lots within the Properties, the Board of Directors of the Association may perform the functions of the New Construction Committee or from time to time, appoint and remove members of such Committee. The initial members and all successor members of the Modifications Committee shall be appointed by the Board of Directors which also shall have the power to remove any member without cause.

SECTION 3. POWERS OF THE COMMITTEES. Each Architectural Review Committee may (i) adopt standards and guidelines ("Construction Guidelines") for the construction or alteration of improvements in the Properties and (ii) establish application procedures for its review of Plans. The Construction Guidelines may be revised from time to time. Each Owner must strictly adhere to these guidelines. The Architectural Review Committees shall make the Construction Guidelines available to Owners and Builders who seek to engage in construction or modification of improvements upon a Lot and who shall conduct their operations strictly in accordance therewith. No building, structure or other improvements shall be constructed on any Lot, and no exterior alteration therein shall be made until the Plans therefor have been submitted to and approved by the applicable Committee, as to conformity with the restrictions herein contained, the Construction Guidelines, and harmony of external design and location in relation to existing structures and topography. Further, in order to preserve property values and the integrity of Properties only Builders approved by the New Construction Committee in its sole discretion, may complete the initial construction of the residence on each Lot. The list of approved Builders will be of such a size (but a minimum of two) so as to offer individual Lot Owners a sufficient number of Builders from which to choose. This list may change from time to time. Each Owner must select only an approved Builder for the construction of the residence on his or her Lot. The approved Builders are independent businesses that contract with individual property owners to construct a private residence on the Owner's Lot. As a property owner, each Owner needs to interview the approved Builders and look at the other houses they have constructed. Neither the New Construction Committee nor the Declarant will recommend one approved Builder over another. *The selection of an approved Builder is entirely Owner's decision.*

IN NO EVENT SHALL THE FACT THAT A BUILDER IS AN "APPROVED BUILDER" BE CONSTRUED IN ANY WAY AS A REPRESENTATION OR WARRANTY AS TO THE FINANCIAL STRENGTH, COMPETENCE OR ABILITY OF THE BUILDER. IT SHALL BE THE SOLE RESPONSIBILITY OF OWNER, AFTER CAREFUL REVIEW, TO DETERMINE SUCH ACCEPTABILITY OF THE BUILDER SELECTED.

The Committees shall have the right to specify architectural and aesthetic requirements for Lots, minimum setback lines, the location, height, and extent of fences, walls, or other screening devices, the orientation of structures with respect to Streets, walks, paths and structures on adjacent property and shall have the right to limit the number of acceptable exterior materials and finishes that may be utilized in construction or repair of improvements. The Committees shall have full power and authority to disapprove Plans that do not comply with their guidelines or the restrictions herein contained, or that, in the sole and uncontrolled discretion and opinion of

the applicable Committee, will not be compatible with the overall character and aesthetics of the Properties.

The Committees shall have the right, exercisable at their sole discretion, to grant variances to the restrictions of this Declaration in specific instances where the applicable Committee in good faith deems that such variance does not adversely affect the architectural and environmental integrity of the Properties. Any particular variance granted in no way establishes a precedent for similar requests made at a future date. A Committee may require the submission of such documents and items as it shall deem appropriate in connection with its consideration of a request for a variance. If the Committee shall approve such request for a variance, it shall evidence such approval, and grant its permission for such variance, only by written instrument addressed to the Owner of the property relative to which such variance has been requested, describing the applicable restriction(s) and the particular variance requested, expressing the decision of the Committee to permit the variance, and describing (when applicable) the conditions on which the variance has been approved. Any request for a variance shall be deemed to have been disapproved in the event of either (a) written notice of disapproval from the Committee or (b) failure by the Committee to respond to the request for variance.

SECTION 4. RIGHT TO INSPECT. Any member of the Board of Directors or an Architectural Review Committee and their representatives shall have the right, but not the obligation during reasonable hours to enter upon and inspect any Lot with respect to which construction is underway to determine whether or not the Plans therefor have been approved and are being complied with. Such person or persons shall not be deemed guilty of trespass by reason of such entry. In the event the applicable Architectural Review Committee shall determine that such Plans have not been approved or are not being complied with, such Architectural Review Committee shall be entitled to enjoin further construction and to require the removal or correction of any work in place which does not comply with approved Plans. In addition to any other remedies available to the Association, the Board may record in the appropriate land records a notice of violation naming the violating Owner.

SECTION 5. NO WAIVER OF FUTURE APPROVALS. The approval by an Architectural Review Committee of any Plans for any work done or proposed, or in connection with any other matter requiring the approval and consent of such committees, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent. The Architectural Review Committees shall have the right to impose a monetary fine each day that an Owner or Owner's respective contractor deviates from the plans as submitted and approved.

SECTION 6. MEETINGS OF THE COMMITTEES. The Architectural Review Committees shall meet from time to time as necessary to perform their respective duties, and may from time to time, by resolution unanimously adopted in writing, designate a representative to take an action or perform any duties for and on behalf of the Architectural Review Committee. In the absence of such designation of a representative, the vote of the majority of the members of an Architectural Review Committee, or the written consent of the majority of the members of the

Architectural Review Committee taken without a meeting, shall constitute and act of the Architectural Review Committee.

SECTION 7. LIMITATION OF LIABILITY. The Committees have no liability or obligation whatsoever in connection with any plans and/or specifications and no responsibility for the adequacy thereof or for the construction of any improvements contemplated by any such plans and/or specifications. The Committees have no duty to inspect any improvements; and, if a Committee should inspect any improvements, it shall have no liability or obligation to any party arising out of such inspection. The Committees expressly shall have no liability or responsibility for defects in or omissions from any plans and/or specifications or for defects in or omissions from the construction of any improvements. Notwithstanding any covenant, condition or term contained in this Declaration or provision of the By-Laws of the Association to the contrary, no member of a Committee shall have any liability to any Owner arising or resulting from any act or omission of the Committee taken or omitted pursuant to this Declaration or the By-Laws of the Association. Each Owner by accepting a conveyance of any Lot or of any portion of the Properties conclusively shall be deemed to have unconditionally and irrevocably waived all claims against the Committees arising or resulting from acts or omissions pursuant to this Declaration or the By-Laws of the Association.

ARTICLE III

BELLA VITA ON LAKE CONROE HOMEOWNERS ASSOCIATION, INC.

SECTION 1. ORGANIZATION. The Declarant has caused the Association to be organized and formed as a non-profit corporation under the laws of the State of Texas. The principal purposes of the Association are the collection, expenditure, and management of the maintenance funds, enforcement of the restrictive covenants contained herein, and architectural control of the Lots in the Properties.

SECTION 2. BOARD OF DIRECTORS. The Association shall act through a Board of Directors (the "Board") consisting of three (3) members. The Board shall manage the affairs of the Association as specified in this Declaration and the By-Laws of the Association.

SECTION 3. MEMBERSHIP. Every Owner of a Lot in the Properties shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

SECTION 4. VOTING RIGHTS. The Association shall initially have two (2) classes of membership as follows:

Class A. Class A Members shall be all persons or entities who own a Lot in the Properties with the exception of the Declarant. After the Class B Control Period, the Declarant shall become a Class A Member with respect to the Lots it owns, if any.

Class B. The Class B Member shall be the Declarant. The Class B membership shall cease at the end of the Class B Control Period.

Class A Members shall be entitled to one (1) vote for each Lot owned within the Properties and the Class B Member shall be entitled to five (5) votes for each Lot owned within the Properties. When two or more persons or entities hold undivided interests in any Lot, all such persons or entities shall be Members, and the vote for the Lot owned by such Members shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to each Lot in which such Members own undivided interests.

SECTION 5. CLASS B CONTROL PERIOD. The Class B Control Period shall begin on the date this Declaration is recorded and end on the earlier of:

- (i) The date the Declarant has sold and conveyed all of its Lots within the Properties; or
- (ii) December 31, 2012 or such earlier date as may be established by Declarant in a written instrument recorded by Declarant in the Official Public Records of Real Property of Montgomery County, Texas.

During the Class B Control Period, the Declarant shall have the right to appoint all members of the Board as provided in the By-Laws of the Association.

SECTION 6. TERMINATION OF MEMBERSHIP. The membership of a person or entity in the Association shall terminate automatically whenever such person or entity ceases to be an Owner, except that such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the Association or this Declaration during the period of ownership, nor impair any rights or remedies which the Association or any other Owner has with regard to such former Owner.

SECTION 7. SECURITY. THE ASSOCIATION MAY, BUT SHALL NOT BE OBLIGATED TO, IMPLEMENT, MAINTAIN OR SUPPORT CERTAIN ACTIVITIES WITHIN THE PROPERTIES DESIGNED TO MAKE THE PROPERTIES SAFER THAN THEY OTHERWISE MIGHT BE. NEITHER THE ASSOCIATION, THE MANAGING AGENT, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SAFETY OR SECURITY WITHIN THE PROPERTIES, HOWEVER, AND NEITHER THE ASSOCIATION, THE MANAGING AGENT, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND OCCUPANTS OF ANY LOT, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION AND ITS BOARD OF DIRECTORS, THE MANAGING AGENT, DECLARANT, ANY SUCCESSOR DECLARANT AND THE ARCHITECTURAL REVIEW

COMMITTEES DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM, ACCESS CONTROL SYSTEM, SURVEILLANCE EQUIPMENT, MONITORING DEVICES OR OTHER SECURITY SYSTEM MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY SUCH SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE, NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER AND OCCUPANT OF ANY LOT, AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, THE BOARD OF DIRECTORS, THE MANAGING AGENT, THE ARCHITECTURAL REVIEW COMMITTEES, THE DECLARANT, AND ANY SUCCESSOR DECLARANT ARE NOT INSURERS AND THAT EACH OWNER AND OCCUPANT OF ANY LOT AND EACH TENANT, GUEST AND INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO LOTS AND TO THE CONTENTS OF LOTS AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, THE BOARD OF DIRECTORS, THE MANAGING AGENT, THE ARCHITECTURAL REVIEW COMMITTEES, THE DECLARANT, AND ANY SUCCESSOR DECLARANT HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, SURVEILLANCE EQUIPMENT, MONITORING DEVICES OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTIES.

ARTICLE IV
COVENANT FOR MAINTENANCE ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS. The Declarant, for each Lot within the Bella Vita on Lake Conroe subdivision, hereby covenants and each Owner of any Lot within the Properties, by acceptance of a deed therefor, whether or not it shall be expressed in the deed or other evidence of the conveyance, is deemed to covenant and agree to pay the Association (i) annual assessments or charges and (ii) special assessments for capital improvements, such assessments or charges to be fixed, established and collected as hereinafter provided. These assessments and charges, together with interest thereon as hereinafter provided, costs of collection, and reasonable attorney's fees, shall be a charge on the land and shall be secured by a continuing lien upon the property against which such assessments or charges are made. Each such assessment or charge, together with such interest, late charges, costs of collection, and reasonable attorney's fees shall also be and remain the personal obligation of the Owner of the particular Lot at the time the assessment or charge fell due notwithstanding any subsequent transfer of title of such property. The personal obligation for delinquent assessments and charges shall not pass to successors in

title unless expressly assumed by them. However, successors in title shall nonetheless acquire title to the land subject to the lien securing the assessments and changes.

SECTION 2. PURPOSE OF ANNUAL ASSESSMENTS. The annual assessments levied by the Association shall be used for carrying out the purposes of the Association as stated in its Articles of Incorporation, this Declaration and all other restrictive covenants instruments administered by the Association. The judgment of the Board of Directors of the Association in determining the functions to be performed by the Association, in determining the amount of annual assessments, and in the expenditure of funds shall be final and conclusive so long as its judgment is exercised in good faith. Such funds may be used to pay costs incurred with respect to all or any of the following:

- i. Operation, maintenance and repair of the Common Area and the improvements thereupon including, without limitation, the private Streets within the Properties;
- ii. Payment of taxes and premiums for insurance coverage in connection with the Common Area and for directors and officers liability insurance;
- iii. Paying the cost of labor, equipment (including expense of leasing any equipment), material, and any associated management or supervisory services and fees required for management and supervision of the Common Area;
- iv. Paying the cost and fees of a manager or firm retained to carry out the duties of the Association or to manage the affairs and property of the Association;
- v. Maintaining or replacing any landscaping in the Common Area;
- vi. Designing, purchasing and installing any improvements to the Common Area;
- vii. Mowing and routine maintenance of the Common Area;
- viii. Removing debris from the Common Area;
- ix. Contracting for street lights in the Properties;
- x. Collecting and disposing of trash, garbage, ashes, rubbish and other similar materials;
- xi. Payment of legal fees and expenses incurred to collect assessments and enforce this Declaration;
- xii. Employing policemen or watchmen and/or a security service;
- xiii. Contracting for insect and pest control such as mosquito fogging;

- xiv. Carrying out the duties of the Board of Directors of the Association;
- xv. Creation and funding of such reserve funds as the Board of Directors of the Association deems necessary; and
- xvi. Carrying out such purposes of the Association as generally benefit the Members of the Association.

As stated hereinabove, the Association shall not be obligated to perform all of the foregoing functions or any particular function. The judgment of the Board of Directors of the Association in establishing annual assessments and in the expenditure of said funds shall be final and conclusive so long as said judgment is exercised in good faith.

SECTION 3. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS. In addition to the annual assessments authorized above, the Association may levy, in any year, a special assessment against the Lots applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or repair or replacement of a capital improvement located upon the Common Area, including fixtures and personal property related thereto; provided, however, any special assessment must be approved by a two-thirds (2/3rds) vote of the Class A Members who are voting in person or by proxy at a meeting duly called for this purpose. Special assessments may be collected on a monthly basis at the Board's election.

SECTION 4. NOTICE AND QUORUM. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 above shall be sent to all Members not less than 30 days not more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast thirty percent (30%) of the votes of the Association's membership shall constitute a quorum. If the required quorum is not present or represented, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meetings. No subsequent meeting shall be held more than 60 days following the preceding meeting.

SECTION 5. RATES OF ASSESSMENT. Both annual and special assessments on all Lots shall be fixed at uniform rates and all Lots in the Properties shall commence to bear their assessment simultaneously; provided, however, Lots owned by the Declarant shall not be assessed. The assessment for an individual Lot, within a calendar year, shall change as the ownership of such Lot passes from a Declarant, and the assessment for such Lot shall be prorated according to the applicable rate during each type of ownership.

SECTION 6. DATE OF COMMENCEMENT AND DETERMINATION OF ANNUAL ASSESSMENT. The annual assessment provided for herein shall commence as to all Lots in the Properties not owned by the Declarant on the first day of the month following the conveyance of the first Lot in the Properties to an individual Owner, or on such later date as the Board determines. The assessment for such year shall be adjusted according to the number of months remaining in the calendar year and shall be due and payable thirty (30) days after notice of the

assessment is sent to every Owner whose Lot is subject to assessment. On or before the 30th day of November in each year, the Board of Directors of the Association shall fix the amount of the annual assessment to be levied against each Lot in the next calendar year. Written notice of the figure at which the Board of Directors of the Association has set the annual assessment shall be sent to every Owner whose Lot is subject to the payment thereof. Each annual assessment shall be due and payable in advance on the first day of January of each calendar year or such other date as the Board may specify. The Association shall, upon demand, and for reasonable charge, furnish a certificate signed by an officer or authorized representative of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a particular Lot is binding upon the Association as of the date of its issuance.

SECTION 7. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES. Any assessments or charges which are not paid when due shall be delinquent. If an assessment or charge is not paid within thirty (30) days after the due date, it shall bear interest at the rate of eighteen percent (18%) per annum or such other rate as the Board may establish from the due date until the date paid. The Association may bring an action at law against the Owner personally obligated to pay the assessment, or to foreclose the lien herein retained against the property. Interest as above specified, costs and reasonable attorney's fees incurred in any such action shall be added to the amount of such assessment or charge.

The lien in favor of the Association is created by the recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of lien shall be or is required. By acquiring a Lot, an Owner grants to the Association a power of sale in connection with the Association's lien. By written resolution, the Board of Directors of the Association may appoint, from time to time, an officer, agent, trustee, or attorney of the Association to exercise the power of sale on behalf of the Association. The Association shall exercise its power of sale pursuant to Section 51.002 of the Texas Property Code, and any applicable revision(s), amendment(s), or recodifications thereof in effect at the time of the exercise of such power of sale. The Association has the right to foreclose its lien judicially or by nonjudicial foreclosure pursuant to the power of sale created hereby. Costs of foreclosure may be added to the amount owed by the Owner to the Association. An Owner may not petition a court to set aside a sale solely because the purchase price at the foreclosure sale was insufficient to fully satisfy the Owner's debt. The Association may bid for and purchase the Lot at the foreclosure sale utilizing funds of the Association. The Association may own, lease, encumber, exchange, sell, or convey a Lot. The purchaser at any such foreclosure sale shall be entitled to sue for recovery of possession of the Lot by an action of forcible detainer without the necessity of giving any notice to the former owner or owners of the Lot sold at foreclosure. Nothing herein shall prohibit the Association from taking a deed in lieu of foreclosure or from filing suit to recover a money judgment for sums that may be secured by the lien. At any time before a nonjudicial foreclosure sale, an Owner of a Lot may avoid foreclosure by paying all amounts due the Association. Foreclosure of a tax lien attaching against a Lot under Chapter 32, Tax Code, shall not discharge the Association's lien under this paragraph for amounts becoming due to the Association after the date of foreclosure of the tax lien. No Owner may waive or

otherwise escape liability for the assessments provided for in this Declaration by non-use of the Common Area or abandonment of his Lot.

SECTION 8. SUBORDINATION OF THE LIEN TO MORTGAGES. As herein above provided, the title to each Lot shall be subject to a lien securing the payment of all assessments and charges due the Association, but the lien shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the lien in favor of the Association provided, however, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien securing such assessment or charge as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot or the Owner thereof from liability for any charges or assessments thereafter becoming due or from the lien thereof. In addition to the automatic subordination provided for hereinabove, the Association, in the sole discretion of its Board of Directors, may subordinate the lien securing any assessment provided for herein to any other mortgage lien or encumbrance, subject to such limitations, if any, as the Board of Directors may determine.

ARTICLE V USE RESTRICTIONS

SECTION 1. RESIDENTIAL USE. Each and every Lot in the Properties is hereby restricted to residential dwellings for single family residential use only. No business, professional, commercial or manufacturing use shall be made of any Lot; provided, however, the foregoing shall not be construed to prohibit the use of a residence for a home occupation incidental to the principal residential use. No structure other than one single family residence and approved accessory buildings shall be constructed, placed on, or permitted to remain on any Lot in the Properties. No Lot shall be used for the operation of a (i) boarding or rooming house, a residence for transients, half-way house, day-care center, treatment facility, or (ii) residence of unrelated individuals who are engaging in, undertaking, or participating in any group living for rehabilitation, treatment, therapy, or training with respect to previous or continuing criminal activities or convictions, alleged criminal activities, alcohol or drug dependency unless any such facility is otherwise allowed by the terms of state or federal law negating the provisions of restrictive covenants prohibiting same.

SECTION 2. HOME OFFICES. Residences shall be allowed to have one room designated as a home office. The intent of this restriction is to allow for a home business that is converted to a computer/modem based technology. It is further understood that this restriction is not to be construed to permit any Lot, residence or other structure to be used for retail/consumer oriented business that would encourage or increase street traffic.

SECTION 3. ARCHITECTURAL CONTROL. No improvement shall be erected, placed, repaired or altered on any Lot until the construction plans and specifications and a plot plan showing the location of the improvement thereon have been approved by the applicable Architectural Review Committee pursuant to Article II hereof. Plans shall be reviewed with respect to harmony with the existing structures, design, color, location with respect to topography and finished grade elevation and compliance with minimum construction standards

provided for herein. The New Construction Committee and the Modifications Committee are authorized to grant variances from the restrictions set forth herein and from the Construction Guidelines if in the opinion of the applicable Architectural Review Committee the variance is reasonable and if the structure is not inconsistent with the general scheme and harmony of the development.

SECTION 4. VIEWS TO AND FROM LAKE CONROE. Views to and from Lake Conroe are encouraged so that each view can become a positive addition to the environment of the Properties. No view obstruction plant material greater than two (2) feet in height, exclusive of the required landscaping installed pursuant to Section 12 of Article VI hereof, is permitted on any Waterfront Lot beyond the rear building line. It is not the intent of these restrictions to remove any existing trees from the Properties. The removal of existing trees from Lots must be approved by the New Construction Committee or the Modifications Committee. In order to promote the aesthetic quality of "view" within the Properties and particularly the views of Lake Conroe, the Architectural Review Committees shall have the right to review and approve or disapprove any item placed on a Lot including, but not limited to the following:

- (a) The location of all windows and the type of proposed window treatments and exposed window coverings;
- (b) The probable view from second story windows and balconies and decks (particularly where there is a potential invasion of privacy to an adjoining neighbor);
- (c) Sunlight obstructions;
- (d) Flagpoles, flags, pennants, ribbons, streamers, wind sock and weather vanes;
- (e) Exterior storage sheds;
- (f) Fire and burglar alarms which emit lights and sounds;
- (g) Children playground or recreational equipment;
- (h) Exterior lights;
- (i) Ornamental statuary, sculpture and/or yard art visible from a street or common area excluding those which may be a part of an otherwise approved landscape plan;
- (j) The location of the residence on the Lot; and
- (k) The location of satellite dishes and antennas.

Prohibited Items. The following items are prohibited on any Lot:

- (a) Clotheslines, reels, hanging circles and other exterior clothes drying devices;
- (b) Above ground swimming pools;
- (c) Window unit air conditioners;
- (d) Signs (except for certain "For Sale" signs and a political sign within 30 days of the respective election day);
- (e) Storage of more than five (5) gallons of fuel outside of regular vehicle gas tanks;
- (f) Unregistered, unlicensed, or inoperable motor vehicles; and
- (g) Roof top solar collectors.

SECTION 5. ANIMALS AND PETS. No animals, livestock, or poultry of any kind may be kept on any Lot, with the exception of dogs, cats or other usual and common household pets in reasonable number, as determined by the Board; provided, however, those pets which are permitted to roam free, or which in the sole discretion of the Board, endanger health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners or occupants within the Properties may be removed by the Board. No animals of any type shall be kept, bred or maintained on any Lot for commercial purposes. Dogs which are household pets shall at all times whenever they are outside the residence be on a leash or otherwise confined in a manner acceptable to the Board. Without prejudice to the Board's right to remove any such household pets, no household pet that had caused damage or injury may be walked in the Properties. Animal control authorities shall be permitted to enter the Properties to patrol and remove pets. Pets shall be registered, licensed and inoculated as required by law. All dogs and cats must be of a recognized domestic variety. Pit Bull dogs are specifically prohibited. No exotic pets are permitted within the Properties.

SECTION 6. NUISANCES. No noxious or offensive trade or activity shall be carried on within the Properties nor shall anything be done thereon which may be or become an annoyance or nuisance to residents of the Properties.

SECTION 7. VEHICLES AND PARKING. The term "vehicles", as used herein, shall refer to all motorized vehicles including, without limitation, automobiles, trucks, tractors, motor homes, boats, trailers, motorcycles, minibikes, scooters, ATV's, go-carts, campers, buses, and vans. No vehicle may be parked or left upon any Lot in the Properties, except in the garage or behind the residence or another screened area or, in the case of automobiles and small trucks only, in the driveway on the Lot. Any vehicle parked or left not in accordance with this section shall be considered a nuisance and may be removed by the Board at the owner's expense. No motorized vehicles shall be permitted on pathways or unpaved Common Area, except for public safety vehicles and vehicles authorized by the Board. All vehicles within the Properties must be in a condition which meets the requirements of all state and local governmental authorities as to licensing, safety and equipment standards. The parking of vehicles on Streets, within Street rights-of-way, on sidewalks, or on the areas between sidewalks and the curb or edge of the adjacent Street at any time is prohibited. Owners may receive special permission for extended parking privileges for certain events in writing from the Association.

SECTION 8. PERMITTED HOURS FOR CONSTRUCTION ACTIVITY. Except in an emergency or when other unusual circumstances exist, as determined by the Board of Directors of the Association, after the initial construction of residences by the Builders, outside construction work or noisy interior construction work shall be permitted *Mondays through Saturdays* between the hours of 8:00 A.M. and 7:00 P.M.

SECTION 9. 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 by planting or fencing. 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.

SECTION 10. DISPOSAL OF HAZARDOUS SUBSTANCES. No gasoline, motor oil, paint, paint thinner, pesticide, or other product considered to be a contaminant or a hazardous substance under applicable federal or state laws and regulations shall be disposed of on any Lot nor shall any such material be deposited into a storm sewer, sanitary sewer manhole, drainage channel or detention pond within the Properties, but rather all such materials shall be handled and disposed of in compliance with all applicable laws and regulations and the recommendations of the manufacturer of the applicable product or a governmental entity with jurisdiction.

SECTION 11. BUILDING MATERIALS. Unless otherwise approved by the applicable Committee, no Lot shall be used for the storage of any materials whatsoever, except that material used in the construction of improvements erected upon any Lot may be placed upon such Lot at the time construction is commenced. During initial construction of residences by Builders in the Properties, building materials may be placed or stored outside the property lines. Building materials may remain on Lots for a reasonable time, so long as the construction progresses without undue delay after which time these materials shall either be removed from the Lot or stored in a suitable enclosure on the Lot. Under no circumstances shall building materials be placed or stored on the Streets.

SECTION 12. MINERAL PRODUCTION. No oil drilling, oil development operations, refining, quarrying or mining operations of any kind shall be permitted upon any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be permitted upon any Lot.

SECTION 13. DRAINAGE. No Owner of a Lot shall construct improvements on his Lot or grade his Lot or permit his Lot to remain in or be placed in such condition that rain water falling on such Lot drains to any other Lot or the Common Area; and, in pursuance of the preceding requirement, underground drains and gutters on roofs or other means approved by the Architectural Review Committees or Board, as may be applicable, shall be required in order that all such rain water shall drain into an underground drainage system at such Lot (or other means approved by the Architectural Review Committees or Board, as may be applicable).

ARTICLE VI
ARCHITECTURAL RESTRICTIONS

SECTION 1. TYPE OF RESIDENCE. Only one detached single family residence not more than three (3) stories in height with an attached or detached garage for a minimum of two (2) cars shall be built or permitted on each Lot. Garages must be decorative in nature rather than the standard metal door. All structures shall be of new construction and no structure shall be moved from another location onto any Lot. All residences must be kept in good repair and must be painted when necessary to preserve their attractiveness.

SECTION 2. LIVING AREA REQUIREMENTS. The total living area of the residence on each Lot, exclusive of open porches, garages, and carports shall be not less than twenty six hundred (2,600) square feet.

SECTION 3. LOCATION OF RESIDENCE ON LOT. The location of each residence on a Lot will be approved by the New Construction Committee with its approval of the plans. No building shall be located on any Lot nearer to a Street than the minimum building setback lines shown on the plat containing such Lot (if any) and no building shall be located on any utility easement.

SECTION 4. TYPE OF CONSTRUCTION. Unless otherwise agreed by the New Construction Committee, each residence constructed on a Lot shall be of a Tuscan/Mediterranean style and a minimum of one hundred percent (100%) of the exterior facade of all sides of the residence shall be stucco and/or stone, exclusive of doors, windows and other openings. Brick masonry may be approved by the New Construction Committee on an individual basis but may not be the primary masonry material for construction of the residence. The color of the brick or masonry used must be approved in writing by the New Construction Committee. No garage or accessory building shall exceed in height the dwelling to which it is appurtenant without the consent of the New Construction Committee. Every garage and accessory building (except a greenhouse) shall correspond in style and architecture with the dwelling to which it is appurtenant.

SECTION 5. CARPORTS. Carports may be utilized and built only in addition to the required garage. The carport must be an integral part of the residential structure and constructed with the same design, color and materials as the residence. Only automobiles and small trucks shall be parked or stored in a carport.

SECTION 6. TEMPORARY BUILDINGS. Temporary buildings or structures shall not be permitted on any Lot. However, the Declarant may permit temporary toilet facilities, sales and construction offices and storage areas to be used by Builders in connection with the construction and sale of residences. With the Declarant's approval, Builders may use garages as sales offices for the time during which such Builders are marketing homes. At the time of the sale of a residence by a Builder, any garage appurtenant to such residence used for sales purposes must be reconverted to a garage or a garage must be added to such residence.

SECTION 7. SLAB REQUIREMENTS. All building foundations and retaining walls, as well as fill dirt, finished grade, and top of slab elevation must be approved in writing by the New Construction Committee prior to construction. All foundations must be a concrete slab, unless the New Construction Committee approves a different type when circumstances, such as topography of the Lot, make it impractical to use a concrete slab on all or any portion of the foundation of the building improvements constructed on the Lot. The finished slab elevation for all structures shall be a minimum of 207 feet above mean sea level, and also shall be above the 100 year flood plain as established by Commissioner's Court of Montgomery County, Texas, the Montgomery County Engineers Office, and other applicable governmental authorities. All residential foundations/slabs for all Lots in the Properties must be a minimum of six (6) inches above finished grade of the Lot at the foundation perimeter and a maximum of eighteen (18) inches. In instances of drastic slopes any additional exposed foundation must be skirted or shielded to match the exterior material of the home. The New Construction Committee does not determine whether the structural integrity of the slab is adequate. A structural engineer should be consulted on these matters. Sufficient soil investigation should be obtained for proper slab design. The New Construction Committee may make deviations in the above foundation requirements provided such deviations do not alter the scope and intent of these restrictions. Form surveys (prepared by a Registered Surveyor in the State of Texas) must be provided prior to pouring foundations. This survey shall show finished slab elevations and that the structure will not violate any lot lines, building setback lines or easements.

SECTION 8. DRIVEWAYS. On each Lot the Builder shall construct and the Owner shall maintain at his expense the driveway from the garage to the abutting Street and shall repair at his expense any damage to the Street occasioned by connecting the driveway thereto. Driveways are to be constructed with decorative pavers, cobble stone, brick, stained concrete or some mixture thereof. As a minimum decorative accent bands are to be implemented down each side of the driveway and where expansion joints are placed. No asphalt driveways shall be permitted. All concrete driveways shall be constructed with quality grade concrete, four and one-half (4 1/2) sack cement per cubic yard and be reinforced with a minimum of #6, 6" X 6" welded wire mesh. Driveways shall be a minimum width of nine (9) feet. If a circular driveway is constructed on a Lot with two (2) points of entry to the Street, the distance between the driveways at the points of entry to the Street shall be a minimum of twenty (20) feet. Driveways shall be constructed so as to prevent normal street flooding from entering upon the adjoining property accessed by the driveway. The New Construction Committee shall have the right to approve the location of the driveway on the Lot. Driveways connecting into streets shall be saw cut when constructing the concrete driveway. An expansion joint shall be installed at each saw cut and at the property line. Any repairs to the curb made necessary because of the driveway shall be made during construction. All driveway plans must be submitted to the New Construction Committee and approved in writing prior to construction.

SECTION 9. WALKWAYS/SIDEWALKS. No walkways or sidewalks shall be constructed across the front of any Lot nor across the side of any corner Lot. Walkways may be constructed from the street adjacent to the front of the Lot to the front entrance of the residence constructed on the Lot.

SECTION 10. ROOF PITCH; ROOF MATERIAL/ROOF STACKS. The roof pitch including vertical rise and horizontal length will be considered in the approval process by the New Construction Committee. The roofs of all buildings shall be constructed or covered with clay tile or slate of a color approved by the New Construction Committee. Any other type of roofing material shall be permitted only at the discretion of the New Construction Committee. All roof stacks must be painted to match the roof color.

SECTION 11. FENCES. No fence or wall shall be erected on any Lot nearer to the Street than the minimum building setback lines from the Street shown on the plat containing such Lot. The erection of chain link, wood, and "Good Neighbor" fences on any Lot is prohibited except as stated herein. Privacy wood fences are prohibited except along the side lot lines of interior lots only provided that they are capped with a six (6) inch rot board across the bottom and if exposed to view from the Street are built with the finished side facing the Street. Fences constructed on any waterfront home site must be of wrought iron, masonry, or a combination of both; however, fences beyond the setback line from the shoreline must be constructed of wrought iron only to protect the view of the lake for adjacent owners. Owners shall construct and maintain a fence or other suitable enclosure approved by the New Construction Committee or Modifications Committee to screen from public view outside yard equipment and other equipment which the applicable Committee requires to be screened from view.

SECTION 12. LANDSCAPING. Builders shall sod the area between the front of the residence and the curb line of the abutting Street including the area between the side of the residence and the curb line of the side Street of any corner lot residence. Builders shall also sod the area between the rear of the residence and the bulkhead on all Waterfront Lots. Builders shall install landscaping included on a list of approved landscape materials adopted by the New Construction Committee prior to occupancy of the residence. Landscaping not on the approved list requires written approval from the New Construction Committee or Modifications Committee. Builders shall also install Landscaping in the front yard of every residence as well as in the rear yard of all Waterfront Lots per the following minimum requirements:

- (a) Front Yard Trees Minimum Requirements: All front yards shall have a minimum of three (3) front yard trees. Two (2) of the three required front yard trees must be of a palm species and be a minimum of fifteen (15) feet in height. The third required front yard tree must be of a species on the list of approved landscape materials and either have a minimum four (4) inch caliper or be a minimum of twelve (12) feet in height. The required three (3) front yard trees are in addition to any trees planted by the developer of the Properties. If any lot has an abundance of existing trees prior to construction the Builder/Owner has the right to submit a variance request on the minimum number of front yard trees required. The New Construction Committee has the right to grant variances to reduce the minimum number of front yard trees required.

(b) Front Yard Shrub Minimum Requirement:

- (2) 15 gallon shrubs
- (10) 5 gallon shrubs
- (15) 3 gallon shrubs
- (25) 1 gallon shrubs

(c) Rear Yard Trees Minimum Requirement (Waterfront Lots only): All Waterfront Lots shall have a minimum of three (3) rear yard trees. Two (2) of the three required rear yard trees must be of a palm species and be a minimum of fifteen (15) feet in height. The third required rear yard tree must be of a species on the list of approved landscape materials and either have a minimum four (4) inch caliper or be a minimum of twelve (12) feet in height. The required three (3) rear yard trees are inclusive of any trees planted by the developer on the Properties. If any Lot has an abundance of existing trees prior to construction the Builder/Owner has the right to submit a variance request on the minimum number of rear yard trees required. The New Construction Committee has the right to grant variances to reduce the minimum number of rear yard trees required.

(d) Rear Yard Shrub Minimum Requirement (Waterfront Lots only):

- (2) 15 gallon shrubs
- (10) 5 gallon shrubs
- (15) 3 gallon shrubs
- (25) 1 gallon shrubs

The Owner of each Lot shall keep his or her Lot mowed to prevent unsightly appearance. Dead or damaged trees, which might create a hazard to property or persons, shall be promptly removed or repaired, and if not removed by the Owner upon request, then the Association may remove or cause to be removed such trees at the Owner's expense and shall not be liable for damage caused by such removal. Vacant Lots shall not be used as dumping grounds for rubbish, trash, rubble, or soil, except that the Declarant may designate fill areas into which materials specified by Declarant may be placed.

SECTION 13. SWIMMING POOLS. No swimming pool may be constructed on any Lot without the prior written consent of the New Construction Committee. Two sets of plans and specifications for the proposed pool shall be submitted to the committee including a plot plat showing the location and dimensions of the pool and related improvements together with the plumbing and excavation disposal plan. All swimming pools on Waterfront Lots shall be located no nearer to the bulkhead than fifteen (15) feet. Variances may be granted by the Architectural Review Committee allowing pool construction nearer to the bulkhead than fifteen (15) feet with proof that any structural changes **DO NOT** affect the integrity of the bulkhead. The property owner must submit a written request for the variance as well as an engineered plan for any

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

SECTION 14. SIGNS. Except for one (1) sign of not more than five (5) feet square advertising a residence on a Lot for sale or rent, no signs, billboards, posters, or advertising devices of any kind shall be permitted on any Lot without the prior written consent of the Board. For Sale signs on unimproved lots are prohibited. The right is reserved by the Declarant to construct and maintain, or to allow Builders within the Properties to construct and maintain, signs, billboards and advertising devices as is customary in connection with the sale of newly constructed residential dwellings. In addition, the Declarant and the Association shall have the right to erect identifying signs at entrances to the subdivisions within the Properties.

SECTION 15. TRAFFIC SIGHT AREAS. No fence, wall, hedge, or shrub planting which obstructs sight lines at elevations between two and six feet above the Street shall be permitted to remain on any corner Lot within fifteen (15) feet of the point formed by the intersection of the building set back lines of such Lot.

SECTION 16. EXTERIOR ANTENNAE. No television, radio, or other electronic towers, aerials, antennae, satellite dishes or device of any type for the reception or transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon, except that this prohibition shall not apply to those antennae specifically covered by the regulations promulgated under the Telecommunications Act of 1996, as amended from time to time. Satellite dishes attached to the dwelling are allowed as long as they are a maximum of twenty-four (24) inches in diameter and are not visible from the Street. The Board is empowered to adopt rules governing the types of antennae that are permissible in the Properties and to establish reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae. To the extent that receipt of an acceptable signal would not be impaired, an antenna permissible pursuant to the rules of the Board may only be installed in a side or rear yard location, not visible from a Street, and integrated with the dwelling and surrounding landscape. Antennae shall be installed in compliance with all state and local laws and regulations.

SECTION 17. PLAYGROUND AND SPORTS EQUIPMENT. All playground equipment such as play houses and swing sets shall be situated, concealed and shielded so as not to be visible from any Street. Basketball goals attached to the residence or mounted on a pole in the ground shall not be located on a Lot so as to be visible from the Street in front of the residence or from the side street on corner Lots. Basketball goals mounted on moveable platforms may be temporarily located in the front of a residence while in use as long as they are moved to the garage when not in use.

SECTION 18. OUTSIDE LIGHTING. Landscape lighting is required for all planting beds visible from the Street and from the water. Up lighting, down lighting, or a combination of both shall be tastefully installed on all trees. Outside lighting fixtures shall be placed so as to illuminate only the yard of the applicable Lot and so as not to affect or reflect into surrounding residences or yards. No mercury vapor, sodium or halogen light shall be installed on any Lot which is visible from any Street unless otherwise approved by the Modifications Committee.

SECTION 19. AIR CONDITIONERS. No window or wall type air conditioners shall be permitted in any improvements within the Properties, but the Declarant and Builders may install and use such air conditioners in sales offices and construction offices within the Properties, provided such air conditioners are removed when such facilities cease to be used.

SECTION 20. PRIVATE UTILITY LINES. All electrical, telephone, and other utility lines and facilities which are located on a Lot and are not owned by a governmental entity or a public utility company shall be installed underground unless otherwise approved by the New Construction Committee.

SECTION 21. DECORATIONS. No decorative appurtenances such as sculptures, birdbaths and birdhouses, fountains, flagpoles or other decorative embellishments shall be placed on the residence or on the front yard or on any other portion of a Lot which is visible from any Street, unless such specific items have been approved in writing by the Modifications Committee. Customary seasonal decorations for national holidays are permitted without approval by the Modifications Committee.

SECTION 22. WINDOW COVERINGS. Temporary or disposable window coverings not consistent with the aesthetics of the Properties, such as reflective materials, sheets, newspaper, shower curtains, fabric not sewn into finished curtains or draperies, paper, plastic, cardboard, or other materials not expressly made for or commonly used by the general public for permanent window coverings in a development of the same caliber as the Properties are prohibited.

SECTION 23. MAILBOXES AND ADDRESS MARKERS. Each Lot shall have a uniform marker identifying its street address of a style prescribed by the New Construction Committee in keeping with the overall character and aesthetics of the community. Each Lot will be provided a mailbox in a central mail station to be constructed in a Common Area. No mailbox shall be constructed on any Lot.

SECTION 24. ENFORCEMENT OF LOT MAINTENANCE. Each Owner of a Lot shall at all times be obligated to maintain his property and all improvements thereupon (and the area between the boundary lines of adjacent property and adjacent Streets if such area is not otherwise maintained), so as to keep same in a clean, sightly and safe condition and to conform with any specific standards which the Board of Directors may adopt by resolution for the Properties. An Owner's maintenance obligation shall include, but not be limited to: the maintenance of all visible exterior surfaces of all buildings and other improvements; the prompt

removal of all paper, debris, and refuse; the removal and replacement of dead and diseased trees and plantings; the removal of all snow and ice from paved areas; the repair, replacement, cleaning and relamping of all signs and lighting fixtures; the mowing, watering, fertilizing, weeding, replanting and replacing of all approved landscaping; and, during construction, the cleaning of dirt, construction debris and other construction-related refuse from Streets and storm drains and inlets.

In the event of the violation of any covenant herein by any Owner or occupant of any Lot and the continuance of such violation after five (5) days written notice thereof, or in the event the Owner or occupant has not proceeded with due diligence to complete appropriate repairs and maintenance after such notice, the Association shall have the right (but not the obligation), through its agents or employees, to enter upon such Lot and to secure compliance with these restrictions and restore such Lot to a neat, attractive, healthful and sanitary condition. The Association may render a statement of charge to the Owner or occupant of such Lot for the cost of such work. The Owner or occupant agrees by the purchase or occupation of the Lot to pay such statement immediately upon receipt. In the event of the failure to pay for such work, the amount of such statement may be added to the annual maintenance charge provided for herein and shall be secured by a lien on the Lot in the same manner as such annual charge. The Association, or its agents and employees shall not be liable, and are hereby expressly relieved from any liability, for trespass or other tort in connection with the performance of the maintenance and other work authorized herein.

SECTION 25. DAMAGE AND DESTRUCTION OF IMPROVEMENTS. Any buildings or improvements within the Properties which are damaged or partially destroyed by fire, storm or any other means shall be repaired within a reasonable period of time not to exceed sixty (60) days from the occurrence of such damage and the Lot restored to a clean, orderly and attractive condition. Any buildings or improvements which are damaged or destroyed to the extent that repairs are not practicable, shall be demolished and removed within a reasonable period of time not to exceed ninety days from the occurrence of such damage and the Lot restored to a clean and attractive condition.

SECTION 26. CONSTRUCTION PERIOD. Once construction of a residence begins on a Lot, the construction shall be diligently and continuously pursued by the Owner and his or her Builder so that the residence is completed within nine (9) months or such longer period as may be approved by the New Construction Committee.

ARTICLE VII SPECIAL RESTRICTIONS FOR WATERFRONT LOTS

SECTION 1. PERMITTED STRUCTURES IN LAKE CONROE; ARCHITECTURAL REVIEW COMMITTEE APPROVAL REQUIRED. Except as specifically permitted in this Article, no structure whatsoever shall be permitted which projects beyond the Lot line into Lake Conroe. Design and location of all boat slips must be approved by the New Construction Committee. Boat slips must be designed and built in a "low profile" manner so to minimize

restrictions of the views and line of sight of adjacent properties. All covers for the slips must be brown. Boat Houses, roofs, and 2nd decks are strictly prohibited. Only "low profile" bulkheads, docks, boat slips and piers shall be constructed in Lake Conroe. No dock, boat slip, pier or other structure may be installed or constructed without written approval of the New Construction Committee. Such structure must conform to the New Construction Committee's predetermined plan. No "homemade" type dock, boat slip, boat cover or bulkheading will be allowed. Request to construct any such structure shall be in writing to the New Construction Committee and must be accompanied with complete plans and specifications. No existing dock, boat slip, pier or other such structure may be altered, modified or rebuilt without the written consent of the Modifications Committee. Requests to construct, alter, modify or rebuild any structure shall be made in writing to the Modification Committee and must be accompanied with complete plans and specifications and conform to the "low profile" concept. Such Architectural Review Committee shall act upon all such request as with other structures.

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

SECTION 3. APPROVAL BY GOVERNMENTAL AUTHORITIES. In addition to the requirement for approvals by the Architectural Review Committees, all plans for all docks and boat slips must be approved in writing by the San Jacinto River Authority and any other governmental agencies having jurisdiction.

ARTICLE VIII
EASEMENTS

SECTION 1. GENERAL. Easements for the installation and maintenance of utilities are reserved as shown and provided for on the plats or as dedicated by separate instruments. No utility company or authorized political subdivision using the easements referred to herein shall be liable for any damages done by them or their assigns, agents, employees or servants, to fences, shrubbery, trees, flowers, improvements or other property of the Owner situated on the land covered by such easements as a result of construction, maintenance or repair work conducted by such parties or their assigns, agents, employees or servants.

SECTION 2. EASEMENTS FOR ASSOCIATION. There is hereby granted a general right and easement to the Association, its directors, officers, agents, and employees, including, but not limited to, any manager employed by the Association and any employees of such manager, to enter upon any Lot or any portion thereof in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to and with permission of the Owner or occupant of the residence directly affected thereby.

SECTION 3. MAINTENANCE EASEMENT. There is granted to the Association, its successors and assigns, a five-foot wide construction and maintenance easement adjacent and parallel to each of the rear and side lot lines of all Lots that abut a landscape reserve, perimeter boundary of the Properties or Street where the Declarant has constructed or intends to construct a fence or wall, together with the right of ingress and egress for the purposes, without liability to the Owner for damages arising from the use of the easement, of constructing, repairing, and/or reconstructing the fence or wall. The easement area shall remain unobstructed of any structures or plantings that would prohibit access to the fence or wall for construction and maintenance purposes.

SECTION 4. OWNERS' EASEMENTS FOR ACCESS AND UTILITIES. Declarant hereby declares, grants and reserves for itself, its successors and assigns and for the benefit of the Owners, their successors, representative and assigns, their invitees, lessees, guests and agents, a non-exclusive and perpetual easement for the purposes described below (the "Common Easements") over, upon and across the Properties as hereinafter specified. The Common Easements shall be for the purposes of:

- (a) providing vehicular and pedestrian ingress and egress over the private Streets within the Properties to the public Street(s) adjacent to the Properties; and
- (b) repairing, replacing, removing, operating and maintaining water, sanitary sewer, storm sewer, gas, electric, telephone and telecommunication lines

and facilities (the "Common Utility Facilities") installed by Declarant or the Builders over the portions of the Properties where such facilities have been installed to serve one or more Lots;

The Common Easements are for the benefit of and appurtenant to each Lot and shall run with the land. The access easement hereby created is subject to the operation and maintenance of an entry gate as a privacy oriented system which requires as a condition of entry to the Properties such identification cards, passes, keys, or similar devices as may be established from time to time by the Board.

Each Owner shall have the right to use the Common Easements in any manner that does not unreasonably interfere with or prevent the use of the Common Easements by any other Owner or any other party which may have the right to use same pursuant to the terms hereof.

Except as otherwise provided herein, buildings, structures or other such improvements, shall be located so as not to encroach into, the Common Easements. In the event of any interference or threatened interference with the Common Easements or the easement rights herein granted, such easement rights may be enforced by restraining orders and injunctions (temporary or permanent) prohibiting such interference and commanding compliance with the provisions hereof, which restraining orders and injunctions shall be obtainable upon proof of the existence of such interference or threatened interference, and without the necessity of proof of inadequacy of legal remedies or irreparable harm.

SECTION 5. EASEMENTS FOR PUBLIC SERVICES AND UTILITIES.

(a) Service Vehicles. An easement is hereby granted to all police, fire protection, ambulance and other emergency vehicles, and to garage and trash collection vehicles and other service vehicles to enter upon the Properties in the performance of their duties. An easement is also specifically granted to the United States Post Office, its agents and employees to enter upon any portion of the Properties in performance of mail delivery or any other United States Post Office services.

(b) Shared Utility Facilities. To the extent easements have not been or are not granted by Declarant by plat or separate easement instrument for each shared utility facility, an easement is hereby granted to each public or private utility company or other public authority or agency over those portions of the Properties as are reasonably necessary, for the purpose of installing, replacing, repairing, maintaining and operating any shared utility facilities. To the extent possible, all utility lines and facilities serving the Properties shall be located underground. Each utility company or other supplier or servicer, with respect to the portions of the Properties so encumbered, shall have the right (i) to cut and remove any trees, bushes, or shrubbery, (ii) to excavate or fill, or (iii) to take any other similar action reasonably necessary to provide economical and safe installation, maintenance, repair, replacement, and use of such utilities and systems.

(c) Changes and Additions. At any time on or before one (1) year after the sale of all the Lots, Declarant shall have the right to grant, dedicate, reserve or otherwise create, easements for public, quasi-public or private utility purposes, including, without limitation, gas, electricity, telephone, sanitary or storm sewage, cable television, security systems, and drainage in favor of any person furnishing or to furnish utility services to the Properties, along, over, above, across and under the Properties and any Lot, provided, such additional easements shall not interfere with any existing residence upon a Lot.

ARTICLE IX ENFORCEMENT

The Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, the covenants, conditions, restrictions, and liens contained herein. Failure of the Association or any Owner to enforce any of the provisions herein contained shall in no event be deemed a waiver of the right to do so thereafter.

ARTICLE X GENERAL PROVISIONS

SECTION 1. TERM. These covenants shall run with the land and shall be binding upon all parties and all persons claiming under until December 31, 2047, after which time said covenants shall be automatically extended for successive periods of ten (10) years each, unless an instrument signed by the Owners of a majority of the Lots covered by this Declaration has been recorded, agreeing to change or terminate the covenants herein, in whole or in part.

SECTION 2. AMENDMENT.

A. By Declarant. This Declaration may be amended unilaterally at any time and from time to time by the Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is 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 property subject to this Declaration; or (c) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the property subject to this Declaration.

B. By Owners. This Declaration may be amended at any time by an instrument executed by the Owner or Owners of a majority of the Lots subject to this Declaration and, prior to the Conversion Date, the Declarant. Any such amendment shall become effective when an instrument is filed for record in the Official Public Records of Real Property of Montgomery County, Texas, with the signatures of the requisite number of the Owners of the Lots.

SECTION 3. SEVERABILITY. Invalidation of any one of these covenants by judgment or other court order shall in no wise affect any other provisions, which shall remain in full force and effect except as to any terms and provisions which are invalidated.

SECTION 4. GENDER AND GRAMMAR. The singular wherever used herein shall be construed to mean or include the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations (or other entities) or individuals, male or female, shall in all cases be assumed as though in each case fully expressed.

SECTION 5. TITLES. The titles of this Declaration of Articles and Sections contained herein are included for convenience only and shall not be used to construe, interpret, or limit the meaning of any term or provision contained in this Declaration.

SECTION 6. REPLATTING. The Declarant shall have the right to subdivide any reserve tracts contained within the Properties into single family residential lots, by recorded plat or in any lawful manner. Lots created by the subdivision of a reserve tract shall be subject to these restrictions as if such Lots were originally platted as lots.

SECTION 7. ANNEXATION.

A. By Declarant. The Declarant shall have the unilateral right, privilege, and option at any time to annex additional property to the jurisdiction of the Association by filing for record a declaration of annexation in respect to the property being annexed which subjects such property to all of the provisions of this Declaration. Any such annexation by the Declarant shall not require approval by the Association or the Members and shall be effective upon the filing for record of such declaration. The rights reserved by Declarant herein to annex additional land shall not and shall not be implied or construed so as to impose any obligation upon a Declarant to annex additional land it owns.

B. By Other Owners. Upon request by an owner of land other than the Declarant, the Association may annex real property to its jurisdiction. Any such annexation shall require the affirmative vote of Members representing a majority of the Association's votes present at a meeting duly called for such purpose and, as long as the Declarant owns any portion of the Properties, the written consent of such Declarant. Annexation of land not owned by a Declarant shall be accomplished by filing of record in the public records of Montgomery County, Texas, an annexation agreement describing the property being annexed. Such annexation agreement shall be signed by the President and the Secretary of the Association, by the owner of the property being annexed, and, as long as a Declarant owns any portion of the Properties, by the Declarant.

C. Effect of Annexation. The Owners of Lots in property annexed into the jurisdiction of the Association shall be entitled to the use and benefit of all Common Area of the Association, provided that the annexed property shall be impressed with and subject to an annual

maintenance assessment imposed by the Association on a uniform, per Lot basis with the annual assessment on all other property within the jurisdiction of the Association.

SECTION 8. MERGER; DISSOLUTION. The Association may be merged with another non-profit corporation or dissolved only with (i) the assent given in writing by not less than two-thirds (2/3's) of the Class A Members and (ii) the Declarant, as long as it owns any Lots within the Properties. In the event of a merger of the Association with another non-profit corporation organized for the same purposes, the Association's properties, rights, and obligations may be transferred to the surviving association, or alternatively, the properties, rights and obligations of the other association may be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving association shall administer the covenants, conditions and restrictions established by this Declaration, together with the covenants, conditions and restrictions applicable to the properties of the other association as one scheme. In the event of the dissolution of the Association, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

SECTION 9. TRANSFER FEES UPON SALE OF LOT(S). The Association may promulgate certain requirements by separate instrument for the creation and enforcement of a fee to be collected from each Owner should the unimproved Lot be sold prior to the construction of a residence.

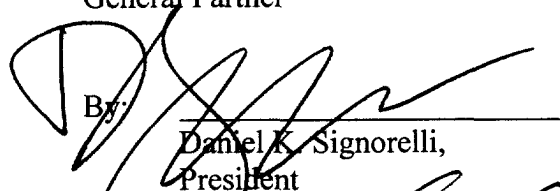
IN WITNESS WHEREOF, this Declaration is executed effective as of the 15th day of August, 2007.

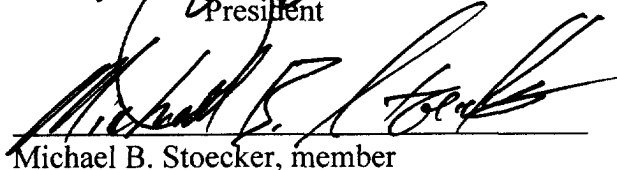
LAKE CONROE RESORTS, LTD.,
a Texas limited partnership

By: Lake Conroe Resorts Operating Company, LLC,
general partner

By: Signorelli Holdings, Ltd., member

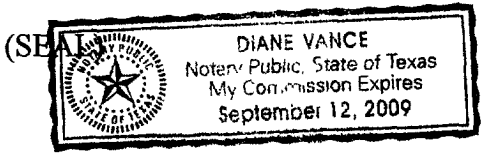
By: Signorelli Operating Corporation,
General Partner

By: 
Daniel K. Signorelli,
President

By: 
Michael B. Stoecker, member

THE STATE OF TEXAS §
§
COUNTY OF Montgomery §

This instrument was acknowledged before me on August 15, 2007 by Daniel K. Signorelli, President of Signorelli Operating Corporation, a Texas corporation which is the general partner of Signorelli Holdings, Ltd., a Texas limited partnership which is a member of Lake Conroe Resorts Operating Company, LLC, a Texas limited liability company which is the general partner of Lake Conroe Resorts, Ltd., a Texas limited partnership, on behalf of said limited partnership.



Diane Vance
Notary Public in and for
the State of Texas

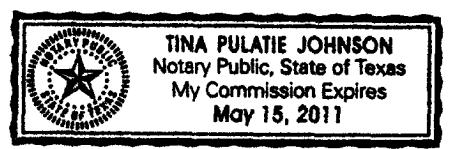
RECORDER'S MEMORANDUM:
At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All black-outs, additions and changes were present at the time the instrument was filed and recorded.

THE STATE OF TEXAS §
§
COUNTY OF Montgomery §

This instrument was acknowledged before me on 15 August, 2007 by Michael B. Stoecker, member of Lake Conroe Resorts Operating Company, LLC, a Texas limited liability company which is the general partner of Lake Conroe Resorts, Ltd., a Texas limited partnership, on behalf of said limited partnership.

(SEAL)

Tina Johnson
Notary Public in and for
the State of Texas



*After recording return to:
Lake Conroe Resorts, Ltd
235 1-45 North
Conroe TX 77304*

FILED FOR RECORD
07 AUG 16 AM 9:51

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

AUG 16 2007

942615 4/005565 000011
Mark Turnbull
COUNTY CLERK 30
MONTGOMERY COUNTY, TEXAS

Mark Turnbull
County Clerk
Montgomery County, Texas