RP-2017-139910
04/03/2017 ER $232.00

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
for
BALMORAL

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

THIS DECLARATION is made on the date hereinafter set forth by BALMORAL LT, LLC., a Texas limited liability company ("**Developer**").

WITNESSETH:

WHEREAS, Developer is the owner of the real property in Harris County, Texas, described by metes and bounds in Exhibit "A" attached hereto and made a part hereof, and desires to impose the following covenants, conditions and restrictions upon such real property; and

WHEREAS, the property described in Exhibit "A" attached hereto and additional land duly annexed, all of which are collectively referred to as "**Balmoral**" or the "**Subdivision**", will ultimately be subdivided, encumbered by this Declaration, and subjected to the jurisdiction of Property Owners Association of Balmoral, Inc., a Texas non-profit corporation ("**Association**").

NOW, THEREFORE, Developer hereby declares that Balmoral will be held, sold and conveyed subject to the easements, restrictions, covenants and conditions set forth in this Declaration, all of which are for the purpose of protecting the value and desirability of Balmoral and constitute covenants running with the real property known as Balmoral. All provisions in this Declaration will be binding on all parties having any right, title or interest in the real property described in Exhibit "A" or any part thereof, as well as any other real property duly annexed and subjected to the provisions of this Declaration, their heirs, successors and assigns, and inure to the benefit of each owner thereof and the Association.

ARTICLE I.
DEFINITIONS

SECTION 1.1. **"Assessments"** means collectively, (1) all of the assessments, fees and charges set forth in Article V of this Declaration, including, but not limited to, Annual Assessments, Special Assessments, Specific Section Assessments, Adopt-A-School Assessments, and Administrative Fees; (2) Bulk Services Assessments referenced in Section 2.24 and Section 5.16 of this Declaration; (3) costs, fees, expenses, fines, attorney's fees incurred by the Association in connection with enforcement of this Declaration, the Bylaws of the Association, or rules and regulations or by law and chargeable to an Owner per the provisions of this Declaration or by law; and (4) any other charges authorized by this Declaration or by law.

SECTION 1.2. **"Association"** means Property Owners Association of Balmoral, Inc., a Texas non-profit corporation, its successors and assigns.

SECTION 1.3. **"Association Wall"** means a fence or wall constructed or caused to be constructed by Developer or a Declarant on a Lot, which fence or wall will be maintained by the Association.

SECTION 1.4. **"Board of Directors" or "Board"** means the Board of Directors of the Association.

SECTION 1.5. **"Builder"** means any person, firm or entity which purchases a Lot for the purpose of constructing a residential dwelling on the Lot for sale to the public.

SECTION 1.6. **"Committee"** means the Architectural Control Committee for Balmoral as established by this Declaration or any person or persons to whom the Architectural Control Committee delegates such responsibility as provided in Article II hereof.

SECTION 1.7. **"Common Area"** means property owned by or under the control or jurisdiction of the Association for the common use and benefit of the Owners, together with such other property as the Association may acquire by purchase or otherwise, subject, however, to the easements, limitations, restrictions, dedications and reservations applicable thereto by virtue of this Declaration, an applicable Plat or a prior grant or dedication. References herein to the "Common Area" means Common Area as defined in this Declaration and any Supplemental Declaration. "Common Area" also means all existing and subsequently provided improvements on or within the Common Area, except those as may be expressly excluded therefrom per the provisions of this Declaration or any Supplemental Declaration. Common Area may include, but not necessarily be limited to, the following: structures for recreation, swimming pools, playgrounds, structures for storage protection of equipment, fountains, statuary, sidewalks, gates, streets, fences, landscaping,

Private Streets, Lakes, and other similar and appurtenant improvements. The Association may adopt rules and regulations relating to the use, maintenance, and operation of the Common Area. Provided, however, some or all of the Common Area in a Section may be restricted by the Developer or a Declarant for the common use and benefit of only the Owners of Lots in that Section in the applicable Supplemental Declaration so that the Common Area in that Section is not for the common use and benefit of all Owners in the Subdivision. If restricted for use only by Owners of Lots in a particular Section, the expenses related to that Common Area must be paid for by the Owners in that Section through a Specific Section Assessment as provided in Section 5.12 of this Declaration.

SECTION 1.8. **"Declarant"** means the owner of land comprising a Section at the time the Section is annexed into the Subdivision in accordance with Article IX, Section 9.18 of this Declaration.

SECTION 1.9. **"Declaration"** means this "Declaration of Covenants, Conditions and Restrictions for Balmoral".

SECTION 1.10. **"Design Guidelines"** means guidelines which may be adopted and amended from time to time by the Developer or, after the expiration of the Developer Control Period, the Committee with the approval of the Board, and which govern improvements proposed to be constructed on Lots in the Subdivision. Design Guidelines may vary from Section to Section.

SECTION 1.11. **"Developer"** means Balmoral LT, LLC, a Texas limited liability company, its successors and assigns as designated by Developer in an instrument recorded in the Official Public Records of Real Property of Harris County, Texas.

SECTION 1.12. **"Developer Control Period"** means the later of either (1) September 1, 2030, or (2) the date when, in the sole opinion of Developer, the Subdivision becomes viable, self-supporting and operational, as evidenced by a recorded instrument executed by Developer.

SECTION 1.13. **"Gated Section"** means any Section brought within the jurisdiction of the Association that is referred to in this Declaration or a Supplemental Declaration as a "Gated Section." The streets within the Gated Sections will be Private Streets.

SECTION 1.14. **"Green Belt"** means any property in the Subdivision owned by the Developer, a Declarant or the Association and designated as a Green Belt in this Declaration or a Supplemental Declaration or the applicable Plat.

SECTION 1.15. **"Green Belt Lot"** means a Lot that is contiguous to a Green Belt, in whole or in part.

SECTION 1.16. **"Lake"** means any body of permanent water within the Subdivision and being either a natural lake or artificial/man made flood control lake.

SECTION 1.17. **"Lake Lot"** means a Lot which shares a common boundary with a Lake or with Common Area adjacent to a Lake.

SECTION 1.18. **"Landscape Area"** means all Common Area located:

(a) within all esplanades located upon or within thoroughfares in or adjacent to the Subdivision;

(b) within Reserves designated for landscaping;

(c) between the outside edge of the paved portion of the roadway of any thoroughfare in or adjacent to the Subdivision and the right-of-way line thereof; and

(d) project identity tracts located at any street intersection in the Subdivision.

SECTION 1.19. **"Lot"** means each Lot identified as such on a recorded Plat.

SECTION 1.20. **"Non-Gated Section"** means a Section brought within the jurisdiction of the Association that is referred to in this Declaration or a Supplemental Declaration as a "Non-Gated Section."

SECTION 1.21. **"Owner"** means the record owner, whether one (1) or more persons or entities, of a fee simple title to a Lot in the Subdivision, including executory contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 1.22. **"Plat"** means each of the various plats for the real property comprising the Subdivision recorded in the Map Records of Harris County, Texas.

SECTION 1.23. **"Primary Entrance Access Road"** means each primary entrance access road into the Subdivision.

SECTION 1.24. **"Private Street"** means a street, drive or right of way owned by the Developer, a Declarant or the Association not dedicated to the public by the applicable Plat and used for ingress and egress into or around the Subdivision or any part thereof. Private Streets are to be maintained by the Association.

SECTION 1.25. **"Property"** means the land described in Exhibit "A" attached to this Declaration and all additional land hereafter annexed and subjected to the provisions of this Declaration.

SECTION 1.26. **"Recreational Area"** means all Common Area created for recreational purposes for use by Owners, their families and invitees.

SECTION 1.27. **"Reserve"** means property in the Subdivision owned by Developer, a Declarant or the Association, which is designated as Common Area, recreation green space, Subdivision project identity signs, landscaping or a restricted Reserve on the applicable Plat.

SECTION 1.28. **"Reserve Lot"** means a Lot which shares a common boundary with a Reserve.

SECTION 1.29. **"Section"** means a portion of the Subdivision that is subdivided, identified and described in a recorded Plat.

SECTION 1.30. **"Subdivision"** means Balmoral, which is comprised of the land described in Exhibit "A" attached to this Declaration and all additional land hereinafter annexed and subjected to the provisions of this Declaration.

SECTION 1.31. **"Supplemental Declaration"** means an instrument filed of record for the purpose of annexing additional land and subjecting the additional land to the provisions of this Declaration and the jurisdiction of the Association. A Supplemental Declaration may set forth additional and/or different restrictions applicable to the additional land described in the Supplemental Declaration.

ARTICLE II.
ARCHITECTURAL CONTROL

SECTION 2.1. **ARCHITECTURAL CONTROL.** No building, landscaping, structure, improvement or fence of any character may be erected or placed, or the erection thereof begun, or changes made in the design, color, materials, or size or any addition to, remodeling, renovation, replacement or redecoration of any portion of the exterior of any improvement on a Lot before or after original construction, until the construction plans, detailed specifications and a survey showing the location of the proposed structure or improvement have been submitted to and approved in writing by the Committee. The Design Guidelines may specify particular information and documents required for different types of

proposed improvements. Plans and specifications will be reviewed as to compliance with this Declaration, the Design Guidelines, quality, type, and color of material, harmony of external design with existing and proposed structures, and location with respect to topography, setbacks, and finish grade elevation. All new construction must be in accordance with the Design Guidelines and this Declaration. In the event the Committee fails to indicate its approval or disapproval within forty-five (45) days after the receipt of the required documents, approval will not be required and the related covenants set out herein will be deemed to have been fully satisfied. Provided that, in no event will the Committee's failure to act constitute approval of an improvement, modification or addition that (a) violates a setback or easement set out in the Declaration or recorded Plat, or (b) violates any express prohibition or requirement in this Declaration. Provided further that, in the event the Committee submits a written request for additional information within forty-five (45) days of the receipt of documents, the application will be deemed to be disapproved, whether so stated in the request or not, and a new forty-five (45) day period to approve or disapprove plans will commence on the date the Committee receives the requested information.

The Committee will be comprised of three (3) members. The initial members of the Committee will be appointed by the Developer. If there exists at any time one (1) or more vacancies in the Committee, the remaining member or members of such Committee may designate successor member(s) to fill such vacancy or vacancies, provided that Developer may from time to time remove and replace any or all members of the Committee as it may in its sole discretion determine. THE DEVELOPER, THE COMMITTEE AND THE INDIVIDUAL MEMBERS THEREOF ARE NOT LIABLE FOR ANY ACT OR OMISSION IN PERFORMING OR PURPORTING TO PERFORM THE FUNCTIONS SET FORTH IN THIS ARTICLE. THE ASSOCIATION IS REQUIRED TO INDEMNIFY AND HOLD THE MEMBERS OF THE COMMITTEE HARMLESS FROM AND AGAINST ANY CLAIMS RELATING TO ACTS PERFORMED IN THEIR CAPACITIES AS MEMBERS OF THE COMMITTEE AND INSURE THEM UNDER THE ASSOCIATION DIRECTORS' AND OFFICERS' LIABILITY INSURANCE POLICY.

Developer hereby retains its rights to assign all or part of the duties, powers and responsibilities of the Committee to the Association and its Board of Directors, and, if any rights are assigned, the term "Committee" will include the Association, as assignee. Anything contained in this paragraph or elsewhere in this Declaration to the contrary notwithstanding, the Committee and its duly authorized representatives are hereby authorized and empowered,

at their sole and absolute discretion, to make and permit reasonable modifications of and deviations from any of the requirements of this Declaration relating to the (a) type, kind, quantity or quality of the building materials to be used in the construction of any building or improvement on a Lot in the Subdivision, and (b) location of any such building or improvement when, in the sole and final judgment of the Committee, or its duly authorized representative, such modifications and deviations will be in harmony with existing structures and will not materially detract from the aesthetic appearance of the Subdivision.

In connection with its consideration of a request for an approval of a modification or a variance, the Committee may require the submission of such documents and other materials as it deems appropriate, including, by way of example and not in limitation, a written request for and description of the construction modification or variance requested (plans, specifications, surveys, and samples of materials). If the Committee approves such request, the Committee may evidence such approval, and grant its permission, only by written instrument, addressed to the Owner of the Lot, setting forth the decision of the Committee and describing (when applicable) the conditions on which the application has been approved (including by way of example and not in limitation, the type of alternate materials permitted and alternate fence height approved or specifying the location, plans and specifications applicable to an approved out building), and signed by a majority of the then members of the Committee. Any request for a variance from the express provisions of this Declaration will 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. In the event the Committee or any successor to the authority thereof is not then be functioning and/or the term of the Committee has expired and the Association has not succeeded to the authority thereof as herein provided, no variance from the covenants of this Declaration will be permitted because of the Developer's intention that no variances be available except at the discretion of the Committee, or if it has succeeded to the authority of the Committee in the manner provided herein, the Association. The Committee has no authority to approve any variance except as expressly provided in this Declaration. The Committee or Association may charge a reasonable fee for the review of all applications for proposed improvements and for all requests for a variance.

SECTION 2.2. DESIGN GUIDELINES. The Developer or the Committee has promulgated and may amend from time to time Design Guidelines relating to improvements on Lots, including guidelines relating to site planning, Lot coverage, exterior building materials and colors, fencing, landscaping and other exterior features. In the event of a conflict between a

provision in the Design Guidelines and a provision in this Declaration, the provision in this Declaration controls; however, the Design Guidelines and the Declaration are to be construed in an effort to harmonize provisions in the documents and avoid conflicts.

If an applicable governmental ordinance, code, or regulation imposes requirements relating to a proposed improvement that are more restrictive than the requirements set forth in the Design Guidelines, the requirements in the ordinance, code, or regulation control. If an applicable governmental ordinance, code, or regulation addresses requirements relating to a proposed improvement but the requirements in the ordnance, code or regulation are less restrictive than the requirements set forth in the Design Guidelines, the requirements in the Design Guidelines control.

SECTION 2.3. NO LIABILITY. NEITHER THE COMMITTEE NOR THE ASSOCIATION NOR THEIR RESPECTIVE AGENTS, EMPLOYEES AND ARCHITECTS IS LIABLE TO ANY OWNER OR ANY OTHER PARTY FOR ANY LOSS, CLAIM OR DEMAND ASSERTED ON ACCOUNT OF THE ADMINISTRATION OF THIS DECLARATION, THE DESIGN GUIDELINES OR THE PERFORMANCE OF THE DUTIES HEREUNDER, OR ANY FAILURE OR DEFECT IN SUCH ADMINISTRATION AND PERFORMANCE. THIS DECLARATION MAY BE ALTERED OR AMENDED ONLY AS PROVIDED HEREIN, AND NO PERSON IS AUTHORIZED TO GRANT EXCEPTIONS OR MAKE REPRESENTATIONS CONTRARY TO THE INTENT OF THIS DECLARATION. NO APPROVAL OF PLANS AND SPECIFICATIONS AND NO PUBLICATION OF DESIGN GUIDELINES MAY BE CONSTRUED AS REPRESENTING THAT SUCH PLANS, SPECIFICATIONS OR GUIDELINES WILL, IF FOLLOWED, RESULT IN A PROPERLY DESIGNED RESIDENTIAL STRUCTURE. SUCH APPROVALS AND GUIDELINES WILL IN NO EVENT BE CONSTRUED AS REPRESENTING OR GUARANTEEING THAT ANY RESIDENTIAL DWELLING OR OTHER IMPROVEMENT WILL BE BUILT IN A GOOD, WORKMANLIKE MANNER. THE APPROVAL OR LACK OF DISAPPROVAL BY THE COMMITTEE MAY NOT BE DEEMED TO CONSTITUTE ANY WARRANTY OR REPRESENTATION BY SUCH COMMITTEE, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OR REPRESENTATION RELATING TO FITNESS, DESIGN OR ADEQUACY OF THE PROPOSED CONSTRUCTION OR COMPLIANCE WITH APPLICABLE STATUTES, CODES AND REGULATIONS. THE ACCEPTANCE OF A DEED TO A LOT IS DEEMED TO BE A COVENANT AND AGREEMENT ON THE PART OF THE OWNER, AND THE OWNER'S HEIRS, SUCCESSORS AND ASSIGNS, THAT THE COMMITTEE AND THE ASSOCIATION, AS WELL AS THEIR

AGENTS, EMPLOYEES AND ARCHITECTS, HAVE NO LIABILITY UNDER THIS DECLARATION EXCEPT FOR WILLFUL MISCONDUCT.

SECTION 2.4. SINGLE FAMILY RESIDENTIAL CONSTRUCTION. No building may be erected, altered or permitted to remain on a Lot other than one detached single-family residential dwelling not to exceed two and one-half (2½) stories in height, a private garage for not more than three (3) vehicles and a bona fide quarters for domestic workers, which quarters may not exceed the height of the residential dwelling on the Lot and which may be occupied only by a member of the family occupying the residential dwelling on the Lot or by domestic workers employed on the premises. No room in the residential dwelling and no space in any other structure may be rented. This will not preclude the residential dwelling from being leased or rented but only in its entirety as a single residence to one (1) family or person.

SECTION 2.5. MINIMUM SQUARE FOOTAGE. Minimum and maximum living areas in residential dwellings on Lots are set forth in the Design Guidelines. Minimum and maximum living areas vary depending upon the width of the Lot on which a residential dwelling is located and whether the residential dwelling is a one (1) story or two (2) story residential dwelling. Minimum and maximum living areas do not include porches, patios, decks and garages. The Committee, in its sole discretion, is authorized to approve variances from minimum and maximum living areas in instances when, in the Committee's sole and absolute judgment, a variance will result in a more common beneficial use. As provided in Section 2.1, a variance must be in writing.

SECTION 2.6 EXTERIOR MATERIALS. Requirements for exterior building materials on residential dwellings and detached garages, as well as masonry repetition, are set forth in the Design Guidelines. The exterior building materials to be used on a residential dwelling, detached garage or other improvement or structure on a Lot require the prior written approval of the Committee.

SECTION 2.7. NEW CONSTRUCTION ONLY. No building of any kind, with the exception of lawn storage or children's playhouses (which require Committee approval as provided in Article III, Section 3.3) and play equipment (which require Committee approval as provided in Article III, Section 3.9), may be moved onto a Lot within the Subdivision, it being the Developer's intention that only new construction may be placed and constructed on a Lot.

SECTION 2.8. ROOFING MATERIALS. The roofing material(s) to be used on a residential dwelling or other improvement on a Lot, including storm and energy efficient

shingles, as addressed below, require the prior written approval of the Committee. The requirements for roofing materials on residential dwellings and other improvements on Lots are set forth in the Design Guidelines. Unless otherwise approved in writing by the Committee, the roofs of each improvement must have a roof pitch of not less than five inches (5") per each lateral twelve inches (12") of roof.

Section 202.011 of the Texas Property Code provides that a property owners' association may not enforce a provision in a dedicatory instrument that prohibits or restricts an Owner from installing shingles that are designed to be wind and hail resistant, provide heating and cooling efficiencies greater than those provided by customary composition shingles, or provide solar generation capabilities ("**storm and energy efficient shingles**"). However, when installed, storm and energy efficient shingles must resemble the shingles used or otherwise authorized for use on Lots in the Subdivision, be more durable than and of equal or superior quality to the shingles otherwise authorized for use on Lots in the Subdivision, and match the aesthetics of the Subdivision surrounding the Owner's Lot.

SECTION 2.9. LOCATION OF IMPROVEMENTS ON LOTS. No residential dwelling, building, structure, or other improvement may be located on a Lot nearer to the front Lot line, the rear Lot line or a side Lot line than the minimum building setbacks shown on the applicable Plat or, if not shown on the applicable Plat, the setbacks set forth in the Design Guidelines. For the purposes of this Declaration, steps and unroofed terraces are not considered to be a part of a building or improvement; provided, however, that provision does not permit any portion of a residential dwelling, building, structure or other improvement on a Lot to encroach upon another Lot, a Lake, Landscape Area, or any Common Area.

SECTION 2.10. COMPOSITE BUILDING SITE. The Owner of one or more adjoining Lots (or portions thereof) may consolidate such Lots or portions into one single-family residence building site, with the privilege of placing or constructing improvements on such site, in which case setback lines will be measured from the resulting side property lines rather than from the Lot lines shown on the recorded Plat. Provided that, any such proposed composite building site(s) must be approved in writing by the Committee. No Lot may be subdivided or its boundary lines changed and no portion of a Lot other than the entirety of the Lot may be sold by the Owner without the prior written approval of the Association. Developer or a Declarant, however, hereby expressly reserves the right to replat any Lot(s) owned by Developer or a Declarant. In the event of the consolidation of Lots, the consolidated building site will be considered to be one (1) Lot for purposes of voting rights and Assessments. No Lot

is permitted to be made subject to any type of timesharing, fraction-sharing or similar program whereby the right to exclusive use of the Lot rotates among members of the program on a fixed or floating time schedule over a period of years.

SECTION 2.11. UTILITY EASEMENTS. Easements for the installation and maintenance of utilities are reserved as shown on the applicable Plat. No structure of any kind may be erected or placed on any easement. Utility easements are for the distribution of electrical, telephone, gas, water, and cable television service. In some instances, sanitary sewer lines are also placed within the utility easement. Utility easements are typically located along the rear Lot line, although selected Lots may contain a side Lot utility easement for the purpose of completing circuits or distribution systems. Both the applicable recorded Plat and the individual Lot survey should be consulted to determine the size and location of utility easements on a particular Lot. Generally, interior Lots contain a utility easement along the rear line. Perimeter Lots or Lots that back up to drainage facilities, pipeline easements, property boundaries and non-residential tracts are typically subject to a utility easement. Encroachment of structures upon a utility easement is prohibited. NEITHER DEVELOPER, A DECLARANT, NOR ANY UTILITY COMPANY USING THE EASEMENTS IS LIABLE FOR ANY DAMAGE DONE BY EITHER OF THEM OR THEIR ASSIGNS, THEIR AGENTS, EMPLOYEES OR SERVANTS TO SHRUBBERY, TREES, FLOWERS OR IMPROVEMENTS OF THE OWNER LOCATED ON THE LAND WITHIN OR AFFECTED BY SAID EASEMENTS.

SECTION 2.12. RESERVATION OF EASEMENTS. Developer expressly reserves for the benefit of the Owners of all Lots in the Subdivision reciprocal easements for access, ingress and egress to and from their respective Lots, for installation and repair of utility services; for encroachments of improvements constructed by Developer, a Declarant and participating builders or authorized by the Committee over the Subdivision; and for drainage of water over, across and upon adjacent Lots, Common Area and the Subdivision resulting from the normal use of adjoining Lots, Common Area or Subdivision, and for necessary maintenance and repair of any improvement. Such easements may be used by Developer, a Declarant, the Association, and all Owners, their guests, tenants and invitees residing on or temporarily visiting the Subdivision, for pedestrian walkways, vehicular access and such other purposes reasonably necessary for the use and enjoyment of a Lot, Common Area or the Subdivision.

SECTION 2.13. GARAGES. No garage on a Lot with a residential dwelling may be changed, altered or otherwise converted for any purpose or use inconsistent with parking for a minimum of two (2) vehicles at all times. All Owners, their families, tenants and contract

purchasers must, to the greatest extent practicable, utilize such garages for the garaging of vehicles. Detached garages are not permitted on Lots that are adjacent to a Green Belt, Lake, or Recreational Area. When the side of a Lot is exposed to a Green Belt, Lake, or Recreational Area, a detached garage may be allowed provided that the garage is on the side of the Lot opposite the Green Belt, Lake, or Recreational Area.

SECTION 2.14. LANDSCAPE AREAS. The Association has the right to conduct landscaping activities upon and within the Landscape Areas. Lot Owners must maintain the easement between their Lot and all street or road right of ways. The Association has the right, but not the obligation, to install, operate, maintain, repair and/or replace street lighting, hike and bike trails, jogging paths, walkways and other similar improvements, provided such lighting, trails, paths, walkways and other improvements must be constructed within the rights-of-way of thoroughfares.

SECTION 2.15 SIDEWALKS. Before the residential dwelling on a Lot is completed and occupied, the Builder must construct a concrete sidewalk four feet (4') in width generally parallel to the street curb for the adjacent street right-of-way. On a corner Lot, the Builder must construct sidewalks both parallel to the front Lot line and parallel to the side Lot line adjacent to the side street. If the Builder fails to construct a sidewalk as required by this section, the Owner of the Lot is responsible for the construction of the required sidewalk(s). Each sidewalk must comply with all applicable federal, state and county laws, ordinances, or regulations respecting construction and/or specifications, if any. Additional requirements for sidewalks and walkways on Lots may be set forth in the Design Guidelines. The Owner of a Lot is responsible and for the maintenance, repair and replacement of each sidewalk on the Owner's Lot and each sidewalk parallel to the front Lot line of the Owner's Lot and, in the event of a corner Lot, parallel to the side street Lot line that is located in the unpaved portion of the right-of-way.

SECTION 2.16. PLAN AND ELEVATION REPETITION. The repetition of plans and elevations for residential dwellings in the Subdivision must be staggered in accordance with the requirements of the Design Guidelines.

SECTION 2.17. LOT COVERAGE. The total area of the footprints of the buildings, walks and other structures on a Lot may not exceed sixty percent (60%) of the total Lot area. Pools, spas, decks and driveways are not included when calculating the Lot coverage.

SECTION 2.18. LANDSCAPING. Minimum landscape requirements, acceptable plant materials, and other landscape standards are set forth in the Design Guidelines. All

landscaping on a Lot must be approved in writing by the Committee and must be in accordance with the Design Guidelines. The Owner of each Lot must maintain the landscaping on the Owner's Lot so that landscaping in accordance with the requirements of the Design Guidelines is at all times preserved.

SECTION 2.19. LANDSCAPE PLAN. A plot plan showing all proposed trees and shrubs, and the size, location, and plant materials must be submitted to the Committee prior to installation by an Owner (other than Builders, as defined in Article I, Section 1.5). The plot plan must include the proposed location of all trees and shrubs in relation to property lines, setbacks and easements.

Prior to planting a tree in the front yard of a Lot, the Builder or Owner is required to contact all utility providers to obtain information concerning the location of the underground utility lines to avoid injury and/or damage to an underground utility line. This requirement is applicable to a tree planted on a Lot as a part of the initial landscaping and any replacement or additional tree.

Approval of landscape plans by the Committee does not relieve the Builder or Owner of the obligation to contact all utility providers prior to planting a tree, nor does approval by the Committee constitute a warranty or representation as to the location of underground utility lines.

SECTION 2.20. SPECIAL RESTRICTIONS - "LAKE LOTS" AND "GREEN BELT LOTS". In addition to all other restrictions set forth in this Declaration, the following restrictions apply to Lake Lots and Green Belt Lots. In the event of a conflict between a provision in this section of the Declaration relating to "Lake Lots" and "Green Belt Lots" and any other provision in this Declaration, the provision is this section controls.

(a) Electric Service. Only underground electric service will be available for Lots and no above surface electric service wires will be installed outside of any structure. Underground electric service lines will extend through and under the Lot to serve any structure thereon, and the area above said underground lines and extending two and one-half feet (2½') to each side if said underground line will be subject to excavation, retailing and ingress and egress for the installation, inspection, repair, replacing and removing of said underground facilities by a utility company. Owners of Lots must ascertain the location of said lines and keep the area over the route of said lines free of excavation and clear of structures, trees or other obstructions.

(b) Garages. A garage on a Lake Lot or Green Belt Lot that backs up to a Lake or Green Belt must be attached to the residential dwelling. A detached garage that backs up to a Lake Lot or Green Belt Lot is prohibited.

(c) Elevation. The residential dwelling constructed on a Lake Lot or a Green Belt Lot, which has a common boundary with a Lake or Green Belt and two (2) streets, must face the common boundary of the Lot and the street for which the building setback distance is larger, unless a deviation from this provision is approved in writing by the Committee.

(d) Grass. The Owner of a Lot adjoining a Lake will not grow, nor permit to be grown, architectural varieties of grasses or other vegetation which, in the opinion of the Committee, is adverse to the Lake grasses or vegetation. An Owner may (i) with the prior approval of the Committee, install barriers which will prevent the spread of otherwise prohibited grasses and vegetation and after the installation of such barriers, (ii) grow such grasses or vegetation adjacent to the Lake.

(e) Structures. Only a residential dwelling with an attached garage and open-air structures approved in writing by the Committee (e.g., gazebos, roofed terraces, arbors and playground equipment) and fences may be constructed on a Lake Lot or a Green Belt Lot. Storage sheds, tool sheds, greenhouses and similar structures are prohibited. No above ground improvements or structures of any type are permitted (excluding landscaping approved by the Committee) within twenty feet (20') of the rear Lot line of a Lake Lot or a Green Belt Lot.

(f) Roof Lines. The roofline on any approved structure on a Lake Lot or Green Belt Lot may not extend onto or over the Lake, the Green Belt or any setback.

(g) Limitations. No deck, terrace, trellis, steps, piers, or any other above ground structure allowed to protrude into or past the building setback lines.

(h) Building Setbacks. No deck, terrace, trellis, steps, piers, or any other above ground structures are allowed to protrude into the rear twenty feet (20') of a Lake Lot or a Green Belt Lot.

(i) No Docks. The Owner of a Lake Lot may not construct or maintain any dock or similar recreational or boating structure in any portion of the yard facing a Lake.

(j) Prohibition. The use of a boat, canoe, paddleboat, raft, or any other type of floating vessel on a Lake is prohibited.

SECTION 2.21. UNDERGROUND ELECTRIC SERVICE. An underground electric distribution system will be installed in the Subdivision, which underground service area will embrace all Lots in the Subdivision. The Owner of each Lot must, at his own cost, furnish, install, own and maintain (all in accordance with the requirements of local governing authorities and the National Electrical Code ["**N.E.C.**"]) the underground service cable and appurtenances from the point of the electric company's metering on customer's structure to the point of attachment at such company's installed transformers or energized secondary junction boxes. Such point of attachment will be made available by the electric company at a point designated by such company at the property line of each Lot. The electric company furnishing service will make the necessary connections at said point of attachment and at the meter. In addition, the Owner of each such Lot must, at his own cost, furnish, install, own and maintain a meter loop (in accordance with then current standards and specifications of the electric company furnishing service) for the location and installation of the meter of such electric company for the residence constructed on such Owner's Lot. For so long is underground service is maintained in the Subdivision, the electric service to each Lot therein must be underground, uniform in character and exclusively of the type known as single phase, 110/220 volt, three wire, 60 cycle, alternating current.

The electric company has installed or will install the underground electric distribution system at no cost to Developer and/or Declarant (except for certain conduits, where applicable) upon the representation that the Subdivision is being developed for single-family dwellings of the usual and customary type, constructed upon the premises, designed to be permanently located upon the Lot where originally constructed and built for sale to bona fide purchasers (such category of dwelling expressly excludes, without limitations, mobile homes and duplexes). Therefore, should the plans of Lot Owners in the Subdivision be changed so that dwellings of a different type will be permitted in the Subdivision, the electric company is not obligated to provide electric service to a Lot where a dwelling of a different type is located unless (a) Developer and/or Declarant has paid to the electric company an amount representing the excess in cost, for the entire Subdivision, of the underground distribution system over the cost of equivalent overhead facilities to serve such Subdivision, or (b) the Owner of such Lot, or the applicant for service, pays to the electric company for the additional service (it having been agreed that such amount reasonably represents the excess in cost of the underground distribution system to serve such Lot), plus (2) the cost of rearranging and adding any electric

facilities serving such Lot, which rearrangement and/or addition is determined by the company to be necessary.

SECTION 2.22. STRUCTURED IN-HOUSE WIRING. Each residential dwelling constructed in the Subdivision will include among its components structured in-house wiring and cabling to support multiple telephone lines, internet/modem connections, satellite and cable TV service and in-house local area networks. In each residential dwelling, a central location or Main Distribution Facility ("**MDF**") must be identified to which ALL wiring must be run. The MDF is the location where all wiring is terminated and interconnected, and where the electrical controllers will be mounted.

The MDF will be the central location for all wiring of all types including security, data, video, and telephone wiring. The wiring room must be a clean interior space, preferably temperature controlled and secure. The components must be installed only in a dry location as described in the N.E.C.

The following are acceptable locations:

a. a dedicated wiring closet (ideal installation);
b. a storage closet (if appropriate space is available); or
c. a utility room that is considered dry as described in the N.E.C.

The installation of components in a garage, crawl space, exterior enclosure, or fire rated wall is prohibited, as these are not approved installation locations. The volume and ventilation characteristics of the MDF must allow for 75W heat dissipation without exceeding the ambient temperature and humidity requirements. The specific requirements, specifications, and locations for structured wiring, number of drops and each MDF are subject to Developer and/or Committee approval in each case. The Developer or the Committee may promulgate rules and/or specifications for the MDFs, which must be adhered to by Builders for the installation of the MDFs.

SECTION 2.23. HOME ALARM SYSTEMS. Each residential dwelling constructed in the Subdivision must include among its components a home alarm system located next to or within the MDF. The home alarm system must be wired so as to protect all accessible doors and windows. It must also have the capability of being monitored by a licensed monitoring company which, unless otherwise approved in writing by the Committee, requires the installation of a land based data line. The specific requirements for the home alarm system are subject to Committee approval in each case. The Committee may promulgate rules and/or specifications for the home alarm system.

SECTION 2.24. BULK SERVICES. IN THE SOLE DISCRETION OF THE DEVELOPER, DURING THE DEVELOPER CONTROL PERIOD, AND, THEREAFTER, IN THE SOLE DISCRETION OF THE BOARD, THE ASSOCIATION HAS THE EXCLUSIVE RIGHT AND OPTION TO PROVIDE AND BILL EACH LOT OWNER (EXCLUDING BUILDERS FOR SERVICES RENDERED UNDER SUBSECTIONS A THROUGH I INCLUSIVE BELOW) FOR THE FOLLOWING BULK SERVICES ("**BULK SERVICES**") (INCLUDING THE INITIAL INSTALLATION THEREOF IN THE SUBDIVISION) EITHER INDIVIDUALLY OR IN BUNDLED PACKAGES:

A. TELEPHONE SERVICES (LOCAL AND LONG DISTANCE)
B. CLOSED CIRCUIT TELEVISION
C. CABLE TELEVISION
D. SATELLITE TELEVISION
E. INTERNET CONNECTION
F. COMMUNITY INTERNET
G. FIRE AND/OR BURGLAR HOME ALARM MONITORING
H. ON DEMAND VIDEO
I. VOICE MAIL
J. ELECTRICAL POWER
K. NATURAL GAS
L. NON-POTABLE WATER FOR IRRIGATION
M. ENERGY MANAGEMENT
N. WATER MANAGEMENT

THE BULK SERVICES MAY BE BILLED TO THE OWNER IN ANY COMBINATION OF THE FOLLOWING METHODS AT THE OPTION OF THE BOARD: (1) BY THE BULK SERVICES PROVIDER; (2) AS A PART OF THE ANNUAL ASSESSMENTS IN ACCORDANCE WITH ARTICLE V OF THIS DECLARATION; AND/OR (3) AS A SEPARATE ASSESSMENT, IN WHICH EVENT, THE SEPARATE ASSESSMENT WILL BE SECURED BY THE LIEN RETAINED IN SECTION 5.3 HEREOF AND BILLED IN ACCORDANCE WITH SECTION 5.16 THEREOF. THE FEES FOR BULK SERVICES MAY BE BILLED PER LOT METERED, OR PER SERVICE, OR ANY COMBINATION THEREOF (WHICH RATE MAY FLUCTUATE BASED UPON THE BULK SERVICES BEING PROVIDED AND THE SIZE OF THE LOT), ALL AS DETERMINED IN THE SOLE DISCRETION OF THE DEVELOPER OR THE BOARD AS SET FORTH ABOVE. IN ITS SOLE DISCRETION, THE BOARD MAY CHANGE THE PROVIDER OF THE BULK SERVICES AT ANY TIME AND FROM TIME TO TIME.

SECTION 2.25. GRADING AND DRAINAGE. Each Lot must be graded so that storm water will drain in compliance with the requirements for Lot drainage and grading set forth in the Design Guidelines.

SECTION 2.26. DRIVEWAYS. Requirements for the construction of a driveway on a Lot and the permissible size and location of a driveway on a Lot are set forth in the Design Guidelines. The driveway on a Lot must be approved in writing by the Committee prior to construction and must be in accordance with the Design Guidelines.

SECTION 2.27. OUTDOOR LIGHTING AND SECURITY CAMERAS. All outdoor lighting must comply with the requirements of the Design Guidelines and be approved in writing by the Committee. Exterior lighting may not be offensive or an annoyance to surrounding residents of ordinary sensibilities. In the event of a dispute as to whether exterior lighting on a Lot is offensive or an annoyance to surrounding residents, the Board of Directors has the authority to make the determination and its determination will be conclusive and binding on all parties. In the event exterior lighting is determined to be offensive and annoying to surrounding residents, the Owner of the Lot on which the exterior lighting is located may be required to modify or remove the lighting as directed by the Board, regardless of prior approval of the lighting by the Committee.

The installation of a security or surveillance camera on the exterior of a residential dwelling or other structure on a Lot requires the prior written approval of the Committee. The viewing area of a security or surveillance camera must be limited to the Lot on which the security or surveillance camera is located; a viewing area that includes any portion of an adjacent (side or rear) Lot is prohibited.

SECTION 2.28. SCREENING. Mechanical and electrical devices, garbage containers and other similar objects visible from a street, Reserves, Common Area or Lakes or located on Section boundaries must be screened from view by either fences, walls, plantings, or a combination thereof. Screening with plants is to be accomplished with initial installation, not assumed growth at maturity. The Builder is required to install the required screening. If the Builder fails to install such screening, the Owner of such Lot is responsible for the installation.

SECTION 2.29. FENCES AND WALLS. A Fence or wall constructed on a Lot must comply with the provisions of the Design Guidelines as to type, location, height, color, and materials. **No fence or wall may be constructed on a Lot without the prior written approval of the Committee.** Notice is given that there may be more stringent requirements for a fence or wall

constructed on a Lot adjacent to a Reserve, Lake, or Green Belt or a fence or wall facing a street. No chain link fence or any type is permitted on a Lot.

SECTION 2.30. FENCES ON LAKE LOTS AND GREEN BELT LOTS. Fences are to be constructed and maintained on all Lake Lots and Green Belt Lots. The fences must enclose the rear Lot yard and/or side Lot and be built on the property line. The fences must be ornamental metal fences with a fence height of four feet two inches (4'2") along the rear property line adjacent to the Reserve or Lake and extending along the adjacent side property lines, thirty feet (30') from the rear property line graduated up to a maximum of six feet (6') in height. The pickets of a metal fence must be on four inch (4") at center interval spacing. Under no circumstances may the design of ornamental metal fences on Lake Lots and Green Belt Lots be altered without the written approval of the Committee.

SECTION 2.31. LOT PRIVACY FENCES. Six foot (6') high wood fences must be installed between all Lots and enclosing the rear yard on all Lots, except where Association Walls have been constructed or where alternative materials have been herein specified by this Declaration or the Committee. Wood fences must be constructed "good neighbor style" (alternating panels) using six inch (6") notched cedar pickets with a minimum of two (2) rails of two inch (2") by four inch (4") treated wood and four inch (4") by four inch (4") treated wood posts at a maximum spacing of eight feet (8') on center. All wood fences must be constructed using galvanized nails, four (4) per picket minimum. Wood fences that face a street must have all pickets facing the street. The Committee may require that wood fences facing a street be stained a particular color. All wood fences require the written approval of the Committee prior to construction.

SECTION 2.32. FENCE MAINTENANCE. All fences, except Association Walls, must be maintained in good condition at all times by the Owner of the Lot. If a fence is located on the common property line separating two (2) adjacent Lots, it is the joint responsibility of the Owner of those two (2) Lots to maintain and repair the fence. The Association is granted an easement for the purpose of maintenance or replacement over and across any Lot (i) upon which an Association Wall is constructed or adjacent, or (ii) upon which a fence constructed by the Association, Developer or Declarant is to be maintained by the Association.

SECTION 2.33. OTHER REQUIREMENTS. A Supplemental Declaration may impose additional restrictions or requirements on Lots made subject to the Supplemental Declaration (such as, by way of example and not in limitation, larger building sizes, more brick or masonry siding or different types of building materials). A Supplemental Declaration may

impose additional building requirements but may not limit the Declaration or diminish the building size or construction standards set forth in this Declaration.

ARTICLE III.
USE RESTRICTIONS

SECTION 3.1. SINGLE FAMILY RESIDENTIAL USE ONLY. Lots are restricted to single family residential use only. No activity which is not related to single-family residential purposes, whether for profit or not, is permitted on a Lot. No room(s) in the dwelling and no space in any other structure may be rented. This does not preclude the residential dwelling from being leased or rented, but only in its entirety as a single residence to one (1) family or person. No Lot is permitted to be made subject to any type of timesharing, fraction-sharing or similar program whereby the right to exclusive use of the Lot rotates among members of the program on a fixed or floating time schedule over a period of years.

SECTION 3.2 . PROHIBITION OF OFFENSIVE ACTIVITIES. No noxious or offensive activity of any sort is permitted on a Lot nor may anything be done on a Lot which may be or may become an annoyance or a nuisance to the Owners or occupants of surrounding Lots. A nuisance is any activity or condition on a Lot which is reasonably considered by the Board of Directors to be an annoyance to surrounding residents of ordinary sensibilities or which may reduce the desirability of the Lot or any surrounding Lot. No loud noises or noxious odors are permitted on a Lot. The Board of Directors of the Association has the authority to determine whether noise, odor or activity on a Lot constitutes a nuisance and its reasonable, good faith determination will be conclusive and binding on all parties. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles or other items which may unreasonably interfere with television or radio reception of any Lot Owner, may be located, used or operated on a Lot or exposed to the view of other Lot Owners without the prior written approval of the Association. No television, sound or amplification system or other such equipment may be operated at a level that can be heard outside of the building in which it is located. This restriction is not applicable to normal activities required to market and sell homes in the Subdivision or lighting utilized to display model homes.

SECTION 3.3. TEMPORARY STRUCTURES OR OUTBUILDINGS. No structure of a temporary character, with the exception of a storage building or a children's playhouse approved in writing by the Committee, may be constructed or placed on a Lot; provided, however, that the Developer may place or allow a Declarant or Builder to place a sales trailer and/or construction trailer on a Lot so long as construction and sales activities continue to be conducted in the Subdivision.

Provided the written consent of the Committee is obtained prior to installation and placement on a Lot, one (1) storage building and/or one (1) playhouse, each limited to a maximum height to eight feet (8') from ground to highest point of structure, and not more than one hundred (100) square feet each, may be placed on a Lot behind the residential dwelling. The exterior of a storage building and a children's playhouse must be an earth-tone color. In no case may the storage building or playhouse be placed on a utility easement, or within five feet (5') of a side Lot line or ten feet (10') of the rear Lot line. Additionally, no storage building or playhouse is permitted on a Lot unless completely enclosed by approved fencing. No other outbuilding or temporary structure of any kind may be moved onto or erected on a Lot. Additionally, no outbuilding or temporary structure of any kind may be moved onto or erected on a Lake Lot, regardless of whether the Lake Lot is completely enclosed by approved fencing.

SECTION 3.4. VEHICLES, BOATS, TRAILERS, AND RECREATIONAL VEHICLES. No motor vehicle of any kind may be parked or stored on any part of a Lot, easement, street right-of-way or Common Area or in the street adjacent to a Lot, easement, right-of-way or Common Area unless:

(a) such vehicle does not exceed seven feet six inches (7'6") in height, seven feet six inches (7'6") in width, and twenty-one feet (21') in length ("**Permitted Vehicle**"); and

(b) such Permitted Vehicle:

  (i) is in operating condition;

  (ii) has current license plates and inspection stickers; and

  (iii) is in daily use as motor vehicle on the streets and highways of the State of Texas.

No Permitted Vehicle may be parked on a Lot in view from a street in the Subdivision in excess of forty-eight (48) consecutive hours. If parked on a Lot in excess of forty-eight (48) consecutive hours, the Permitted Vehicle must be parked in the garage or an approved enclosure. The term "approved enclosure" as used in this Section 3.4 means any fence, structure

or other improvement approved in writing by the Committee that substantially conceals the Permitted Vehicle from public view. An enclosure for a Permitted Vehicle on a Lake Lot is prohibited. It is the intent of this section that vehicles not in daily use outside the Subdivision must be parked in the garage or an approved enclosure on the Lot. No Permitted Vehicle owned or used by the occupant of a Lot may be parked overnight on any street in the Subdivision. No vehicle of any kind may be parked on an unpaved portion of a Lot.

No non-motorized vehicle, trailer, boat, marine craft, hovercraft, aircraft, machinery or equipment of any kind or any type of vehicle other than a Permitted Vehicle may be parked or stored on any portion of a Lot, driveway, easement, street right-of-way, or Common Area or in the street adjacent to such Lot, easement, street right-of-way, or Common Area unless concealed from public view inside a garage or other approved enclosure (on the Owner's Lot). No person may park, store or keep within the Subdivision any commercial vehicle (dump truck, cement-mixer truck, oil or gas truck, delivery truck, tractor or tractor trailer, boat trailer and any other vehicle equipment, mobile or otherwise deemed to be a nuisance by the Board of Directors of the Association), or any recreational vehicle (camper unit, motor home, truck, trailer, boat, mobile home or other similar vehicle deemed to be a nuisance by the Board of Directors of the Association). Provided, however, recreational vehicles may be temporarily parked on a Lot for the purposes of loading and unloading; for the purposes of this section, the allowed "temporary parking" may not exceed four (4) hours in any given seven (7) day period.

No person may repair or restore any motor vehicle, boat, trailer, aircraft or other vehicle on any street, driveway, Lot or portion of the Common Area, except for repairs to the personal vehicles of the occupants of a Lot conducted exclusively in the enclosed garage (and provided such personal vehicle repairs do not cause excessive noise or disturb the neighbors at unreasonable hours of the night, as determined by the Board of Directors of the Association).

This restriction does not apply to a vehicle, machinery, or maintenance equipment temporarily parked on a Lot or on a street in the Subdivision and in use for the construction, repair or maintenance of a residential dwelling on the Lot or in the immediate vicinity.

No vehicle may be parked on a street or on a driveway in a manner that obstructs ingress or egress to a Lot by other Owners, their families, guests and invitees or the general public using the streets for ingress to and egress from the Subdivision. The Association may designate areas as fire zones, or no parking zones, or guest parking only zones. The Association has the authority to tow any vehicle parked or situated on a Private Street in violation of this Declaration or the Association rules, the cost to be at the vehicle owner's expense.

No motor bikes, motorcycles, motorscooters, "go-carts" or other similar vehicles may be operated in the Subdivision if, in the sole judgment of the Association, such operation, by reason of noise or fumes emitted, or by reason of manner of use, constitutes a nuisance or jeopardizes the safety of any Owner or the Owner's family members, tenants or guests. The Association may adopt rules for the regulation of the admission and parking of vehicles within the Subdivision, the Common Area, and adjacent street right-of-ways, including the assessment of charges and fines to Owners who violate, or whose invitees violate, such rules after notice and hearing.

SECTION 3.5. GARAGE SALES. The Association has the authority to adopt rules and regulations governing and limiting garage sales and the promotion of garage sales.

SECTION 3.6. AIR CONDITIONERS. No window or wall type air conditioner may be installed, erected, placed, or maintained on or in a building or other improvement on a Lot without prior written approval of the Committee.

SECTION 3.7. WINDOW AND DOOR COVERINGS. No aluminum foil or similar reflective material may be used or placed over doors or on windows. No newspaper, sheets, flags or similar materials which are not customarily used as appropriate window coverings may be placed in the window of a building on a Lot.

SECTION 3.8. UNSIGHTLY OBJECTS. No unsightly objects which might reasonably be considered to be an annoyance to surrounding residents of ordinary sensibilities may be placed or allowed to remain in a yard or on a street or driveway. The Association has the sole and exclusive discretion to determine what constitutes an unsightly object.

SECTION 3.9. POOLS AND PLAY EQUIPMENT. No above ground pool is permitted on a Lot. Play equipment, including playforts, playstructures and similar styles (but excluding playhouses addressed under Article III, Section 3.3 of this Declaration) are limited to (i) a maximum overall height of eleven feet (11') excluding a canopy or twelve and one-half feet (12½') including a canopy, and (ii) an above ground grade platform maximum height of sixty-two inches (62"). Decks of pool ancillary structures are limited to twenty-four inches (24"). Additionally, playground and equipment of any type or amenity structures of any type are permitted on a Lot only if the Lot is completely enclosed by a fence. The intent of this provision is to offer optimum private enjoyment of adjacent properties. The Committee has the authority to require a play structure to be located farther from a property line than the applicable building setback to minimize visibility from an adjacent Lot.

SECTION 3.10. MINERAL OPERATION. No oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind is permitted on or in a Lot or Common Area, and no wells, tanks, tunnels, mineral excavation, or shafts are permitted upon or in a Lot or Common Area. No derrick or other structures designed for the use in boring for oil or natural gas is permitted on a Lot or Common Area.

SECTION 3.11. ANIMALS. No animals, livestock, or poultry of any kind may be raised, bred or kept on a Lot, except that dogs, cats or other common household pets may be kept, in reasonable numbers, provided that they are not kept, bred or maintained for commercial purposes. Provided that, in no event will a pig of any kind, including a Vietnamese pot-belly pig, be considered to be a common household pet. No Owner may allow any pet to become a nuisance by virtue of noise, odor, dangerous proclivities, or excessive pet debris. Common household pets must be confined to a fenced backyard (such fence must encompass the entire backyard) or within the residential dwelling. When outside the residential dwelling or fenced rear yard, a pet must be at all times on a leash. It is the pet owner's responsibility to keep the Lot clean and free of pet debris and to keep pets from making unreasonable noise. Pet owners are prohibited from allowing their pets to defecate on other Owners' Lots, on the Common Area, Lake, Landscape Areas, Recreational Areas or on the streets, curbs, or sidewalks.

SECTION 3.12. VISUAL OBSTRUCTION AT THE INTERSECTION OF STREETS. No object or thing which obstructs site lines at elevations between two feet (2') and six feet (6') above the roadways within the triangular area formed by the intersecting street Lot lines and a line connecting them at points twenty-five feet (25') from the intersection of the street property lines or extension thereof may be placed, planted or permitted to remain on any corner Lots.

SECTION 3.13. LOT AND IMPROVEMENT MAINTENANCE. The Owner or occupant of each Lot must at all times keep all weeds and grass thereof cut in a sanitary, healthful, attractive and weed free manner; maintenance must include regularly edging curbs that run along the Lot lines. In no event may a Lot be used for storage of materials and equipment except for normal residential requirements or incident to construction of improvements thereon as herein permitted. All fences (excluding Association Walls) and buildings (including but not limited to the residential dwelling and garage) and other improvements which have been erected on any Lot must be maintained in good repair and condition by Owner, and Owner must promptly maintain, repair or replace any improvement

that is in need of maintenance, repair or replacement as determined by the Board of Directors of the Association. Each Owner must maintain in good condition and repair all improvements on the Lot including, but not limited to, all windows, doors, garage doors, roofs, siding, brickwork, stucco, masonry, concrete, driveways and walks, fences, trim, plumbing, gas and electrical. By way of example and not in limitation, wood rot, damaged brick, fading, peeling or aged paint or stain, mildew, broken doors or windows, rotting or failing fences are considered violations of this Declaration, which, if not sooner remedied, the Owner of the Lot is required to repair or replace upon demand by the Association.

All walks, driveways, and other areas must be kept clean and free of debris, oil or other unsightly conditions by the Owner of the Lot. The Association is the final authority as to the need for maintenance or repair. No Lot may be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste materials must be kept in sanitary containers constructed of metal, plastic or masonry materials with sanitary covers or lids. No waste materials may be dumped or drained into a Lake, Landscape Area or Common Area. Containers for the storage of trash, garbage and other waste materials must be stored out of view from any street in the Subdivision except on trash collection days when they may be placed at the curb not earlier than 7:00 p.m. of the night prior to the day of scheduled collection and must be removed by 7:00 p.m. on the day of collection. Burning of trash, garbage, leaves, grass or anything else on a Lot or in a street in the Subdivision is prohibited. New building materials used in the construction of improvements on a Lot may be placed on the Lot at the time construction is commenced and may be maintained thereon for a reasonable time, so long as the construction progresses without undue delay, until the completion of the improvements, after which the materials must either be removed from the Lot or stored in a suitable approved enclosure on the Lot.

In the event of default on the part of the Owner of a Lot in observing the above requirements or any of them, such default continuing after Association has delivered not less than ten (10) days' written notice thereof, then the Association, by and through its duly authorized agent only, without liability to the Owner or occupant of the Lot in trespass or otherwise, may enter upon the Lot and cut the grass, edge and weed the lawn, remove garbage, trash and rubbish or do any other thing necessary to secure compliance with this Declaration so as to place said Lot and the improvements thereon in a neat, attractive and sanitary condition. The Association may charge the Owner or occupant of the Lot for the cost of such work. The Owner or occupant, as the case may be, agrees by the purchase or occupancy of a Lot to pay for

such work, plus fifty percent (50%) of the cost of the work for administrative costs, immediately upon receipt of a statement thereof. In the event of failure by the Owner or occupant to pay such statement within fifteen (15) days from the date the statement is mailed, the amount thereof may be added to the annual maintenance charge provided for herein and the collection of such additional maintenance charge will be governed by Article V of this Declaration.

SECTION 3.14. SIGNS. No sign of any kind may be displayed on a Lot, except not more than one (1) sign in each of the following categories, each of which may be not more than six (6) square feet in area used to: (a) advertise the Lot for sale or lease; (b) indicate traffic control or security services; (c) identify the Builder or contractor while construction is in progress on the Lot; or (d) local school spirit signs approved by the Committee for designated periods of time. Owners may place ground mounted signs on their Lot, which advertise a political candidate or ballot item for an election ("**Political Signs**"), provided the following criteria are met:

(1) No Political Sign may be placed on an Owner's Lot prior to the ninetieth (90th) day before the date of the election to which the sign relates, or remain on an Owner's Lot subsequent to the tenth (10th) day after the election date.

(2) No more than one (1) Political Sign is allowed per political candidate or ballot item.

(3) No Political Sign may: contain roofing material, siding, paving, materials, flora, one or more balloons or lights, or any other similar building, landscaping, or nonstandard decorative component; be attached in any way to plant material, a traffic control device, a light, a trailer, a vehicle, or any other existing structure or object; include the painting of architectural surfaces; threaten the public health or safety; be larger than four feet (4') by six feet (6'); violate a law; contain language, graphics, or any display that would be offensive to the ordinary person; or be accompanied by music, other sounds, by streamers or is otherwise distracting to motorists.

The Association is authorized to go onto a Lot and remove and discard a sign displayed in violation of this section of the Declaration without liability in trespass or otherwise.

Notwithstanding the foregoing, Declarant reserves the right to construct and maintain signs, billboards, and advertising devices as is customary in connection with the sale of residential dwellings in the Subdivision. The Developer, a Declarant and the Association also has the right to erect identifying signs at each entrance to the Subdivision. In no event may any sign, billboard, poster or advertising device of any character, other than as expressly allowed per the provisions of

this Section 3.14 be erected, permitted or maintained on a Lot without the prior written consent of the Committee.

SECTION 3.15. NO BUSINESS OR COMMERCIAL USE. No Lot or improvement on a Lot is permitted to be used for any purpose other than single-family residential purposes. No Lot or improvement on a Lot is permitted to be used for any business, commercial trade or professional purpose or as a church either apart from or in connection with, the use thereof as a residence. The foregoing restrictions do not, however, prohibit an Owner from:

(a) maintaining a personal professional library;

(b) keeping personal business or professional records or accounts; or

(c) handling personal business or professional telephone calls or correspondence,

which uses are considered to be incidental to the principal use of the Lot as a residence so long as the activity is not apparent by sight, sound or smell outside the Lot and does not involve pedestrian or vehicle traffic to or from the Lot by customers, suppliers or other business invitees.

SECTION 3.16. HOLIDAY DECORATIONS. Exterior Thanksgiving decorations may be installed November 10 of each year and must be removed by December 1 of each year. Exterior holiday season (e.g. Christmas and Hanukkah) decorations may be installed the day after Thanksgiving each year and must be removed by January 6 of the new year. Decorations for other holidays may be installed no earlier than thirty (30) days prior to the holiday and must be removed no later than ten (10) days after the holiday passes. No holiday decorations may be so excessive on a Lot as to cause a nuisance to Owners of other Lots in the vicinity of the Lot in question. The Board has the sole and exclusive authority to decide if holiday decorations are causing a nuisance.

SECTION 3.17. VISUAL SCREENING ON LOTS. The drying of clothes in public view is prohibited. All yard equipment, woodpiles or storage piles must be screened by a service yard or other similar facility so as to conceal them from view of neighboring Lots, streets, Lakes, Green Belts, or other property.

SECTION 3.18. ANTENNAS, SATELLITE DISHES AND MASTS. No exterior antenna, aerial, satellite dish, or other apparatus for the reception of television, radio, satellite or other signals of any kind may be placed, allowed, or maintained on a Lot, which are visible from any street, Common Area or another Lot, unless it is impossible to receive an acceptable

quality signal from any other location. In that event, the receiving device may be placed in the least visible location where reception of an acceptable quality signal is possible. The Board of Directors of the Association may require painting or screening of the receiving device, which painting or screening does not substantially interfere with an acceptable quality signal. In no event are the following devices permitted: (i) satellite dishes, which are larger than one (1) meter in diameter; (ii) broadcast antenna masts, which exceed the height of the center ridge of the roofline; or (iii) MMDS antenna masts, which exceed the height of twelve feet (12') above the center ridge of the roofline. In no event may more than one (1) of each of allowed antenna types (i.e. satellite dish, broadcast antenna or MMDS antenna) be installed unless it is impossible to receive the desired signal from only one (1) of each of allowed antenna types. This section is intended to be incompliance with the Telecommunications Act of 1996 (the "**Act**"), as the Act may be amended from time to time, and FCC regulations promulgated under the Act; this section is to be interpreted to be as restrictive as possible, while not violating the Act or applicable FCC regulations. The Board of Directors of the Association may promulgate architectural guidelines which further define, restrict or elaborate on the placement and screening of receiving devices and masts, so long as the architectural guidelines are in compliance with the Act and applicable FCC Regulations.

SECTION 3.19. STREETS. All streets and esplanades in the Subdivision which are designated as Private Streets and esplanades on a Plat and deeded to the Association must be maintained and regulated by the Association. The Association has the right to establish rules and regulations concerning all Private Streets including, but not limited to, speed limits, curb parking, fire lanes, alleys, stop signs, traffic directional signals and signs, speed bumps, crosswalks, traffic directional flow, stripping, signage, curb requirements, and other matters regarding the roads, streets, curbs, esplanades and their usage by Lot Owners and their family members, guests, and invitees.

SECTION 3.20. DRAINAGE AND SEPTIC SYSTEMS. Catch basin drainage areas are for the purpose of natural flow of water only. No obstructions or debris may be placed in these areas. No person other than Developer may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. Developer hereby reserves for itself and the Association a perpetual easement across the Subdivision for the purpose of altering drainage and water flow; provided, however, that the exercise of such easement may not materially diminish the value or interfere with the use of any adjacent property without the consent of the Owner thereof. Septic tanks and drain fields, other

than those installed by or with the consent of the Developer are prohibited within the Subdivision. No Owner or occupant may dump grass clippings, leaves or other debris, petroleum products, fertilizers or other potentially hazardous or toxic substances, in any drainage ditch, storm sewer or storm drain, Lake, or Landscape Areas within the Subdivision.

SECTION 3.21. FIREWORKS AND FIREARMS. The discharge of fireworks or firearms within the Subdivision is prohibited. The terms "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size. Notwithstanding anything to the contrary in this Declaration, the Association is not obligated to take action to attempt to prevent the discharge of fireworks or firearms in the Subdivision, the regulation of the discharge of fireworks and firearms being primarily under the purview of law enforcement agencies.

SECTION 3.22. ON-SITE FUEL STORAGE. No on-site storage of gasoline, heating or other fuels is permitted on a Lot except that up to five (5) gallons of fuel in approved containers may be stored on each Lot for emergency purposes and the operation of lawn mowers and similar tools or equipment; provided, however, that the Association is permitted to store fuel in a secure building or structure on Common Area for operation of maintenance vehicles, generators and similar equipment.

ARTICLE IV.
PROPERTY OWNERS ASSOCIATION OF BALMORAL, INC.

SECTION 4.1. PURPOSE. The purposes of the Association are to provide for maintenance, preservation and architectural control of the Lots within the Subdivision, as well as the Private Streets, Recreational Areas, and the Common Area and to manage and administrate the Subdivision.

SECTION 4.2. MEMBERSHIP AND VOTING RIGHTS. The Association has mandatory membership. Every Owner of a Lot subject to this Declaration will, upon acquiring an ownership interest in a Lot, become a member of the Association until the Owner no longer has an ownership interest in a Lot, at which membership in the Association will automatically cease. Membership is appurtenant to and may not be separated from ownership of any Lot. Persons or entities who hold an interest in a Lot merely as security for the performance of an obligation are not members. No Owner may have more than one membership.

SECTION 4.3. CLASSES OF VOTING MEMBERSHIP. The Association has two (2) classes of voting membership.

- Class A. Class A members are all Owners other than Developer. Class A members have one (1) vote for each Lot owned. When more than one (1) person holds an interest in a Lot, all such persons are members. The vote for such Lot may be exercised as they determine, but in no event may more than one (1) vote be cast with respect to a Lot. Holders of future interests not entitled to present possession are not Owners for the purposes of voting hereunder.
- Class B. The Class B member is Developer, or its successor or assign so designated in writing by the Developer. Developer is entitled to seven (7) votes for each Lot owned. The Class B membership will cease and be converted to Class A membership at the end of the Developer Control Period. If, prior to the end of the Developer Control Period, Developer ceases to own a Lot within the Property, but additional land is thereafter annexed by Developer and subjected to the provisions of this Declaration and the jurisdiction of the Association, Developer will have, as the Class B Member, seven (7) votes for each Lot owned within the additional land. Class B membership in the Association will not cease to exist at such time as Developer no longer owns a Lot within the Property; rather, Class B membership in the Association will only cease to exist at the end of the Developer Control Period.

SECTION 4.4. NON-PROFIT CORPORATION. The Association is a nonprofit corporation organized under the laws of the State of Texas. The Association may exercise any right or privilege given to it expressly by the provisions of this Declaration or its Certificate of Formation or Bylaws, or reasonably implied from or reasonably necessary to effectuate any such right or privilege.

SECTION 4.5. BYLAWS; CONFLICTS. The Association may adopt and amend Bylaws as deemed appropriate so long as the Bylaws do not conflict with the provisions of this Declaration. In the event of a conflict between a provision in this Declaration and a provision in either the Certificate of Formation or the Bylaws of the Association, the provision in this Declaration controls. In the event of a conflict between a provision in the Certificate of Formation and a provision in the Bylaws of the Association, the provision in the Certificate of Formation controls.

SECTION 4.6. BOARD ACTIONS; STANDARD OF CONDUCT. Any action, inaction or omission by the Board made or taken in good faith will not subject the Board or any individual member of the Board to liability to the Association, its members or any other party. The Board of Directors, the officers of the Association, and the Association have the duty to

represent the interests of the Owners in a fair and just manner. Any act or thing done by any Director, officer or committee member taken in furtherance of the purposes of the Association, and accomplished in conformity with this Declaration, the Certificate of Formation, the Bylaws, and the laws of the State of Texas, must be reviewed under the standard of the Business Judgment Rule as established by the common law of Texas, and such act or thing will not be a breach of duty on the part of the Director, officer or committee member if taken or done in good faith and within the exercise of their discretion and judgment. The Business Judgment Rule means that a court is not substitute its judgment for that of the Director, officer or committee member. A court is not to re-examine the decisions made by a Director, officer or committee member by determining the reasonableness of the decision as long as the decision is made in good faith and in what the Director, officer, or committee member believed to be in the best interest of the Association.

SECTION 4.7. OWNERSHIP INFORMATION. The Owner is required at all times to provide the Association with written notice of proper mailing information if different from the property address of the Owner's Lot. Further, when the Owner has an alternate address, the Owner is required to notify the Association of the name of Owner's tenant, if any, or agency, if any, involved in the management of the Owner's Lot. The Owner is obligated to notify the Association or its designated management company if the Owner's mailing address changes. The submission of a check with a different mailing address on it to the Association or its designated management company does not constitute notice of a change of mailing address.

SECTION 4.8. INSPECTION OF RECORDS. The members of the Association have the right to inspect the books and records of the Association in accordance with the Association's recorded Open Records Policy.

SECTION 4.9. DEVELOPER CONTROL. SECTIONS 4.2 AND 4.3 OF THIS ARTICLE IV NOTWITHSTANDING, AND FOR THE BENEFIT AND PROTECTION OF THE LOT OWNERS AND ANY FIRST MORTGAGES OF RECORD, FOR THE SOLE PURPOSE OF INSURING A COMPLETE AND ORDERLY BUILDOUT OF THE SUBDIVISION AND ALL ANNEXATIONS THERETO, AS WELL AS A TIMELY SELLOUT OF THE PROPERTY, THE DEVELOPER WILL RETAIN CONTROL OF AND OVER THE ASSOCIATION FOR A MAXIMUM PERIOD NOT TO EXCEED (1) SEPTEMBER 1, 2030, OR (2) WHEN, IN THE SOLE OPINION OF THE DEVELOPER, THE PROPERTY, INCLUDING ALL ANNEXATIONS THERETO, BECOMES VIABLE, SELF-SUPPORTING AND OPERATIONAL. IT IS EXPRESSLY UNDERSTOOD THAT THE DEVELOPER WILL NOT USE SAID CONTROL FOR ANY ADVANTAGE OVER THE OWNERS BY WAY OF RETENTION OF ANY RESIDUAL RIGHTS

OR INTEREST IN THE ASSOCIATION OR THROUGH THE CREATION OF ANY MANAGEMENT AGREEMENT WITH A TERM LONGER THAN ONE (1) YEAR WITHOUT MAJORITY ASSOCIATION APPROVAL UPON RELINQUISHMENT OF DEVELOPER CONTROL.

ARTICLE V.
ASSESSMENTS AND OTHER FEES

SECTION 5.1. THE MAINTENANCE FUND. All funds maintained by the Association per the provisions of this Article V constitute the "**Maintenance Fund.**" The Assessments levied by the Association will be used for the administration, management and operation of the Subdivision and for the improvement, maintenance and acquisition of Common Area and any Private Streets, Reserves, storm water detention Lakes, and easements. The Association may use the Maintenance Fund, by way of example and not in limitation, at its sole discretion, for any and all of the following: maintaining, repairing or replacing parkways, streets, Private Streets, curbs, perimeter fences, esplanades; maintaining, repairing or replacing of the walkways, steps, entry gates, or fountain areas, Landscape Areas, project identity signs, landscaping, if any; maintaining rights-of-way, easements, esplanades and other public areas, if any; constructing, installing, and operating street lights; purchasing and/or operating expenses of recreation areas, pools, playgrounds, clubhouses, tennis courts, jogging tracks and parks, if any; collecting garbage; providing insecticide services; payment of all legal and other expenses incurred in connection with the enforcement of all recorded charges and Assessments, covenants, restrictions, and conditions affecting the Subdivision; employing policemen and watchmen; employing CPAs and property management firms, attorneys, porters, lifeguards, or any type of service deemed necessary or advisable by the Association; caring for vacant Lots and doing any other thing necessary or desirable in the opinion of the Association to keep the Subdivision neat and in good order, or to which is considered of general benefit to the Owners or occupants of Lots in the Subdivision. It is understood that the judgment of the Association in the expenditure of the Maintenance Fund is final and conclusive so long as such judgment is exercised in good faith.

The Association must prepare each year 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 Association will 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 to both the amount and timing by annual Assessments over the period of the budget. Provided that, the Association is not obligated to set the capital contribution at an amount required to at all times cause the reserve account to be one hundred percent (100%) funded per the projected needs of the Association or, if a reserve study is performed by a third party, per the recommendations set forth in the reserve study.

SECTION 5.2. LAKES. Each Lake within the Subdivision owned by the Association or which the Association is obligated to maintain must be maintained and insured by the Association, the cost of which will be paid out of the Maintenance Fund.

SECTION 5.3. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. Each Lot in the Subdivision is hereby subjected to the Assessments as set forth in this Article, and each Owner of a Lot, by acceptance of a deed to the Lot, whether or not it is so expressed in the deed, is deemed to covenant and agree to pay to the Association: (1) Annual Assessments; (2) Gated Section Assessments; (3) Operating Fund Capitalization Fees; (4) Reserve Fund Capitalization Fees; (5) Special Assessments; (6) Specific Special Assessments; (7) Adopt-A-School Assessments; (8) Administrative Fees; (9) Bulk Services Assessments; and (10) any charge back for costs, fees, expenses, fines, attorney's or other charges incurred or authorized by the Declaration, or by the Association in connection with enforcement of this Declaration, the Association's Bylaws, and the rules and regulations adopted by the Association (such Assessments, fees and other charges being collectively referred to herein as "**Assessments**"). The Assessments are a charge on the Lot and a continuing lien upon the Lot against which each Assessment is made. All Assessments as to a particular Lot, together with interest, late charges, costs and reasonable attorney's fees, are also the personal obligation of the person who was the Owner of the Lot at the time the Assessments became due. The personal obligation for delinquent Assessments will not pass to his successor in title unless expressly assumed by that successor.

SECTION 5.4. PAYMENT OF ANNUAL ASSESSMENTS, GATED SECTION ASSESSMENTS AND BULK SERVICES ASSESSMENTS. The Annual Assessments, Gated Section Assessments and Bulk Services Assessments must be paid by the Owner or Owners of each Lot in the Association in annual installments (unless the Board determines otherwise as to Bulk Services Assessments in accordance with Section 5.16). The annual periods for which Annual Assessments, Gated Section Assessments and Bulk Services Assessments are levied will be January 1 through December 31, with payment being due by January 1st of each year. The rate at which each Lot is assessed as to the Annual Assessments, Gated Section Assessments

and Bulk Services Assessments will be determined annually, billed in advance and adjusted from year to year by the Board of Directors of the Association.

SECTION 5.5. ANNUAL ASSESSMENT. Until January 1, 2018, the Annual Assessment is SEVEN HUNDRED FIFTY DOLLARS ($750.00) per Lot. From and after January 1, 2018, the Annual Assessment may be increased each year not more than twenty percent (20%) above the amount of the Annual Assessment for the previous year without a vote of the members. Each year, the Board will estimate the expenses of the Association for the next calendar year and set the rate of the Annual Assessment to be levied against each Lot as deemed necessary, subject the limitations set forth in this Section 5.5. The Annual Assessment may not be adjusted more than once in a calendar year. The Board of Directors of the Association may, at its discretion, accumulate and assess the increase in a later year. The Annual Assessment may be increased in a given year above twenty percent (20%) only by approval of at least two-thirds (2/3) of each class of the members of the Association present and voting in person or by proxy at a meeting duly called for this purpose at which a quorum is present.

SECTION 5.6. GATED SECTION ASSESSMENTS. Due to the anticipated cost of the operation, maintenance and repair of the limited access gates and Private Streets in Gated Sections, Owners of Lots in Gated Sections (excluding the Developer or a Declarant) must pay an additional assessment to the Association (the "**Gated Section Assessment**"), which Gated Section Assessment is due annually in accordance with Section 5.19 hereof. Until January 1, 2018, the rate of the Gated Section Assessment may not exceed FOUR HUNDRED AND NO/100 DOLLARS ($400.00) per Lot, per annum. From and after January 1, 2018, the rate of the Gated Section Assessment may be increased each year not more than twenty percent (20%) above the maximum rate of the Gated Section Assessment for the previous year without a vote of the Owners of Lots in the Gated Sections, as provided below. Each year, the Board will estimate the cost of operating, maintaining and repairing the limited access gates and Private Streets in the Gated Sections for the next calendar year and set the amount of the Gated Section Assessment to be levied against each Lot in a Gated Section as deemed necessary, not in excess of the maximum rate as provided in this Section 5.6. The Gated Section Assessment may not be adjusted more than once in a calendar year. The Board of Directors of the Association may, at its discretion, accumulate and assess the increase in a later year. The rate of the Gated Section Assessment may be increased above twenty percent (20%) from one year to the next only upon the approval of at least two-thirds (2/3rds) of the Owners of Lots in the Gated Sections who are

present and voting, in person or by proxy, at a meeting of the Owners of Lots in the Gated Sections called for that purpose. The approval of multiple Owners of a Lot in a Gated Section may be reflected by the approval of a single co-Owner. A Builder is obligated to pay a Gated Section Assessment on each Lot owned as set forth in Section 5.13. Notwithstanding the foregoing provisions, until such time that a Gated Section is substantially complete, Owners of Lots in that Gated Section are obligated to pay only one-half (1/2) the amount of the Gated Section Assessment established for a particular year by the Board of Directors. For the purposes of this Section 5.6, a Gated Section is deemed to be substantially complete at such time that residential dwellings have been constructed and are ready for occupancy (whether or not sold by the Builder) on not less than eighty-five percent (85%) of the Lots in that Gated Section. Once a Gated Section is substantially complete, as provided herein, the Owners of Lots in that Gated Section are obligated to pay the full amount of the Gated Section Assessment.

SECTION 5.7. OPERATING FUND CAPITALIZATION FEE. Each Owner, other than Developer, a Declarant or a Builder, upon acquisition of record title to a Lot, is obligated to pay a fee to the Association in an amount equal to fifty percent (50%) of the Annual Assessment for that year for the purpose of funding the Association's operating account. This fee is based solely on the Annual Assessment and does not apply to any other assessment, fee or charges established in this Declaration, including, but not limited to, Adopt-A-School Assessments, Administrative Fees and the Bulk Services Assessments. This amount is called the "**Operating Fund Capitalization Fee**". The Operating Fund Capitalization Fee is in addition to, not in lieu of, the Annual Assessment and will not be considered an advance payment of the Annual Assessment. The Operating Fund Capitalization Fee will initially be used by the Association to defray its initial operating costs and other expenses and later to ensure the Association has adequate funds to meet its expenses and otherwise, including contributions to the Association's reserve fund, all as the Board of Directors, in its sole discretion, may determine.

SECTION 5.8. RESERVE FUND CAPITALIZATION FEE. Upon the transfer of ownership of a Lot by a Builder, the Lot is subject to a Reserve Fund Capitalization Fee in the amount provided herein. Such fee will be in an amount equal to one-quarter (1/4) of the amount of the Annual Assessment for such Lot, will be due and payable upon the date of such transfer, and will be deposited in the reserve fund of the Association. Such fee is in addition to the Annual Assessment assessed against each Lot. Notwithstanding the foregoing, no Reserve

Fund Capitalization Fee is payable upon the transfer of a Lot from either Developer or a Declarant to a Builder.

SECTION 5.9. ADMINISTRATIVE FEES. The Association may charge a fee relating to the transfer of ownership of a Lot and the associated change in the records of the Association ("**Administrative Fee**"). The amount of the fee may be set by the Board of Directors of the Association, but the amount may not exceed one-third (1/3) of the Annual Assessment.

SECTION 5.10. ADOPT-A-SCHOOL ASSESSMENT. In addition to the Annual Assessments and Special Assessments required to be paid by an Owner, each purchaser of a Lot, upon acceptance of a deed therefor, whether or not it is so expressed in the deed, is deemed to covenant and agree to pay the Association upon the transfer of title to the Lot: (a) upon the first transfer of a Lot from a Builder to a purchaser, the sum of ONE HUNDRED DOLLAR ($100.00) payable by the Builder/seller and an additional sum of ONE HUNDRED DOLLAR ($100.00) payable by the purchaser; and (b) on each subsequent transfer, the purchaser is required to pay a sum equal to one-fourth (1/4) of the Annual Assessment then in effect for each Lot purchased (referred to herein as the "**Adopt-A-School Assessment**"). Adopt-A-School Assessments received by the Association under this section must be held in a separate account and used by the Association for projects, activities, or events considered by the Board of Directors to benefit or enhance the Subdivision or the Owners and occupants of Lots in the Subdivision, including, by way of example and not in limitation, programs and activities of schools attended by children who reside in the Subdivision. An Adopt-A-School Assessment is in addition to the Administrative Fee imposed by Article V, Section 5.9, above.

SECTION 5.11. SPECIAL ASSESSMENTS. In addition to the Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to the current year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, streets, curbs, storm sewers, sidewalk, Recreational Areas, including mixtures and personal property related thereto, or for any other purpose approved by the membership; provided, however, that any such Special Assessment must be approved by at least two-thirds (2/3) of the votes of those members of each class who are voting in person or by proxy at a meeting duly called for this purpose at which a quorum is present.

SECTION 5.12. SPECIFIC SECTION ASSESSMENT. The Association has the authority to levy and collect a Specific Section Assessment as set forth in this Section 5.12. A

Specific Section Assessment is a separate assessment levied against all Lots in a particular Section. The purpose of the Specific Section Assessment is to provide special services or improvements for the exclusive benefit of the Owners of Lots in the particular Section. Prior to the end of the Developer's Control Period, Specific Section Assessments may be levied by the Board of Directors with the approval of the Developer and the Declarant. After the Developer Control Period ends, the special services or improvements to be provided to the Owners of Lots in the Section will be decided by the Owners of the Lots of the Section approving the Specific Section Assessment; provided however, after the Developer Control Period ends, no Specific Section Assessment may be levied by the Association unless (a) a written request for services or improvements not regularly provided by the Association is submitted to the Board of Directors, (b) the Board of Directors agrees, on behalf of the Association, to provide the requested special services or improvements, subject to the approval of a Specific Section Assessment to cover the cost of the services, (c) a meeting is called among the Owners of Lots in the Section, (d) all Owners of Lots in the Section, are notified in writing not less than thirty (30) days or more than sixty (60) days before the meeting that a meeting will be held to discuss and vote upon the proposal to obtain the special services or improvements and to approve a Specific Section Assessment for that purpose, and (e) the Specific Section Assessment is approved by the Owners of a majority of the Lots in the Section.

The initial Specific Section Assessment will be due thirty (30) days after approval by (i) the Board of Directors, the Developer and the Declarant prior to the end of the Developer's Control Period, or (ii) the Owners in the Section after the end of the Developer Control Period. Thereafter, the Specific Section Assessment will be due on January 1st of each year (unless the Specific Section Assessment approved by the Owners is a one time special service or improvement that does not require ongoing maintenance by the Association in which case there will be only one Specific Section Assessment). Once the initial Specific Section Assessment has been levied, the Board of Directors has the authority to set the rate of the Specific Section Assessment each year thereafter [unless the Specific Section Assessment approved by the Owners is a one (1) time special service or improvement that does not require ongoing maintenance by the Association in which case there will be only one Specific Section Assessment] based upon the anticipated cost to provide the special services or maintenance of the improvements, plus any amounts for approved services or improvements provided to the Owners of the Section not covered by the prior year's Specific Section Assessment.

Notwithstanding any provision herein to the contrary, the Board of Directors has the authority to discontinue any special services or improvements which were previously requested and approved, as the Board deems, in its reasonable, good faith judgment, to be necessary or appropriate. If an Owner of any Lot in the Section that has approved a Specific Section Assessment, proposes to discontinue any special services previously requested and approved, a petition signed by Owners representing not less than a majority of the Lots in the Section, must be submitted to the Board of Directors. A meeting of the Owners of Lots in the Section must be called in the manner set forth above. The special services or improvements must be discontinued if Owners representing not less than a majority of the Lots in the Section approve the proposal. When special services or improvements are discontinued, either as the result of a decision of the Board of Directors or a vote of the Owners of Lots in the Section, the portion of the total Specific Section Assessment relating to those special services or improvements will likewise be discontinued. Once discontinued, special services or other improvements may not be renewed unless approved in the manner set forth in this section. With reference to any vote under this section, if there are multiple Owners of a Lot, the vote for that Lot may be cast by one (1) of the Owners.

SECTION 5.13. COMMENCEMENT OF ASSESSMENT. Assessments will commence on a Lot as of the date of substantial completion of the development of the Lot. For the purposes of this section, the "date of substantial completion" is the later of (i) the date the Plat in which the Lot is located is recorded, or (ii) the date the engineer for the Section in which the Lot is located issues a letter certifying all Lots in the Section have been substantially completed. Lots owned by the Developer or a Declarant in the Subdivision are not exempt from Assessment save and except the Developer is exempt from the payment of the Operating Fund Capitalization Fee as set forth in Section 5.7 above. All Lots are subject to the Assessments determined by the Board of Directors of the Association in accordance with the provisions hereof. Lots which are owned by the Developer or a Declarant will be assessed at a rate equal to one-quarter (¼) of the Annual Assessment for twenty-four (24) months after the date of substantial completion of the Lot and, thereafter, at a rate equal to one-half (½) of the Annual Assessment for so long as the Lot is owned by the Developer or a Declarant. Each Lot owned by a Builder will be assessed at a rate equal to one-half (½) of the Annual Assessment for a period of twelve (12) months after closing and thereafter at the full rate of the Annual Assessment for so long as the Builder owns a Lot. The same computations (for the Developer, a Declarant, or a Builder) apply to Gated Section Assessments and any Special Assessments. The rate of Assessment for an individual Lot, within a calendar year,

may change as the character of ownership and the status of occupancy by resident changes, and the applicable Assessment for such Lot will be prorated according to the rate required during each type of ownership.

SECTION 5.14. BEACH CLUB. In the event that the Developer or the Association builds or approves construction of a beach club, the Annual Assessment then in effect will be increased by Two Hundred Dollars ($200.00) per Lot commencing on January 1st of the year next following the year in which the beach club is substantially completed. The approval of this increase by a vote of the Owners is not required. The beach club will be deemed to be substantially completed as of the date it is capable of being used for its intended purpose.

NOTWITHSTANDING THE FOREGOING, DEVELOPER HAS NO OBLIGATION TO CONSTRUCT A BEACH CLUB OR TO APPROVE THE CONSTRUCTION OF A BEACH CLUB BY ANY OTHER PERSON OR ENTITY. DEVELOPER DOES NOT REPRESENT OR WARRANT THAT A BEACH CLUB WILL BE CONSTRUCTED OR APPROVED FOR CONSTRUCTION IN THE SUBDIVISION OR IN CLOSE PROXIMITY TO THE SUBDIVISION.

SECTION 5.15. RECREATIONAL/SPORTS CENTER. In the event that the Developer or the Association builds or approves construction of a recreational/sports center, the Annual Assessment then in effect will increase by One Hundred Dollars ($100.00) per annum per Lot commencing on January 1st of the year next following the year in which the recreational/sports center is substantially completed. The approval of this increase by a vote of the Owners is not required. The recreational/sports center will be deemed to be substantially completed as of the date it is capable of being used for its intended purpose.

NOTWITHSTANDING THE FOREGOING, DEVELOPER HAS NO OBLIGATION TO CONSTRUCT A RECREATIONAL/SPORTS CENTER OR TO APPROVE THE CONSTRUCTION OF A RECREATIONAL/SPORTS CENTER BY ANY OTHER PERSON OR ENTITY. DEVELOPER DOES NOT REPRESENT OR WARRANT THAT A RECREATIONAL/SPORTS CENTER WILL BE CONSTRUCTED OR APPROVED FOR CONSTRUCTION IN THE SUBDIVISION OR IN CLOSE PROXIMITY TO THE SUBDIVISION.

SECTION 5.16. BULK SERVICES ASSESSMENTS. In the event that the Association contracts for bulk communication or power services, such costs will be billed directly to each Owner as a monthly, quarterly or annual assessment, as the Board may elect (the "**Bulk Services Assessments**"). Bulk Services Assessments will be separately itemized and will be due and collected in the same manner and subject to the same penalties and enforcement as Annual Assessments. Provided, however, at the sole discretion of the Board, Bulk Services

Assessments may be billed monthly or quarterly hereunder in which case the Bulk Services Assessments will (a) be due on the first day of the month or quarter when billed, (b) be late if not paid by the tenth (10th) day of the month or quarter billed, (c) be subject to a late charge as set by the Board, if not paid by the late date, and (d) incur interest at the rate of ten percent (10%) per annum or the maximum rate of interest allowed by law. The provisions of this Article V apply to nonpayment of the Bulk Services Assessments. The Bulk Services Assessments may be billed as flat rate per Lot metered, or per service, or any combination thereof, as determined in the sole discretion of the Developer or the Board. Developer and Declarant or not responsible for Bulk Services Assessments. Builders will only be responsible for Bulk Services Assessments on those Lots owned by Builders that are provided Bulk Services.

SECTION 5.17. EFFECT OF NONPAYMENT OF ASSESSMENTS. Any Assessment not paid within thirty (30) days after the due date will bear interest from the due date at the rate of ten percent (10%) per annum or the maximum rate of interest allowed by law, whichever is less. The Association may impose a late charge for Assessments not paid within fifteen (15) days after the due date. Late charges are in addition to, not in lieu of, interest. The Association may bring an action at law against the Owner personally obligated to pay same, or foreclose the lien against the Lot. Interest, costs, late charges and attorneys fees incurred in any such collection action will be added to the amount of such Assessment or charge. An Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Association and its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for enforcement of such liens, including either judicial foreclosure or non-judicial foreclosure pursuant to Article 51.002 of the Texas Property Code (or any amendment or successor statute) and each such Owner expressly grants to the Association a power of sale in connection with said lien. Provided, however, prior to the Association exercising its power of sale, the Association must first have obtained a court order in an application for expedited foreclosure in accordance with Section 209.0092 of the Texas Property Code. The Board has the right and power to appoint an agent or Trustee to act for and in behalf of the Association to enforce the lien. The lien provided for in this Article is in favor of the Association. The Board may, whenever it proceeds with non-judicial foreclosure pursuant to the provisions of said Section 51.002 of the Texas Property Code and said power of sale, designate in writing an agent or Trustee to post or cause to be posted all required notices of such foreclosure sale and to conduct such foreclosure sale. The agent or Trustee may be changed at any time and from time to time by the Board by means of a written

instrument executed by the President or any Vice President of the Association and filed of record in the Official Public Records of Real Property of Harris County, Texas. In the event that the Association has determined to non-judicially foreclose the lien provided herein pursuant to the provisions of said Section 51.002 of the Texas Property Code and to exercise the power of sale hereby granted, the Association must mail to the defaulting Owner a copy of the Notice of Sale not less than twenty-one (21) days prior to the date on which said sale is scheduled by posting such notice through the U.S. Postal Service, postage prepaid, registered or certified, return receipt requested, properly addressed to such Owner at the last known address of such Owner according to the records of the Association. If required by law, the Association or Trustee must also cause a copy of the Notice of Sale to be recorded in the Official Public Records of Real Property of Harris County, Texas. Out of the proceeds of such sale, there will first be paid all expenses in proceeds of such incurred by the Association in connection with such defaults, including reasonable attorney's fees and reasonable agent or Trustee's fee; second, from such proceeds there will be paid to the Association an amount equal to the amount in default; and, third, the remaining balance, if any, will be paid to such Owner. Following any such foreclosure, each occupant of any such Lot foreclosed on, and each occupant of any improvements thereon will be deemed to be a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgment for possession in an action of forcible detainer and the issuance of a writ of restitution thereunder. The Association also has the right to maintain a deficiency suit in the event the sale proceeds are less than the amount of Assessments, interest, late fees, attorney's fees, costs incurred by or owed to the Association.

In addition to foreclosing the lien hereby retained, in the event of nonpayment by any Owner of such Owner's portion of any Assessment, the Association may, upon thirty (30) days prior written notice thereof to such nonpaying Owner, in addition to all other rights and remedies available at law or otherwise: (i) restrict the right of such nonpaying Owner to use the Common Areas, if any, in such manner as the Association deems fit or appropriate or (ii) terminate any services being provided the Owner, e.g., Bulk Services Assessments. No Owner will be entitled to receive a credit or discount in the amount of an Assessment due to or by virtue of the Association's exercise of any of its remedies. Additionally, the Board may charge the Owner a reconnect fee (as set by the Board) to reconnect any services or use rights so terminated or restricted.

It is the intent of the provisions of this section to comply with the provisions of said Section 51.002 of the Texas Property Code relating to non-judicial sales by power of sale and, in the event of the amendment of said Section 51.002 of the Texas Property Code hereafter, the

President or Vice President of the Association, acting without joinder of any other Owner or mortgagee or other person may amend the provisions hereof so as to comply with said amendments to Section 51.002 of the Texas Property Code.

No Owner may waive or otherwise avoid liability for the Assessments provided herein by nonuse of the facilities or services provided by the Association or by abandonment of his Lot.

SECTION 5.18. SUBORDINATION OF THE LIEN TO MORTGAGES. The lien created in this Article against each Lot for the benefit of the Association is secondary, subordinate and inferior to all liens, present and future given, granted and created by or at the request of the Owner of any such Lot to secure the payment of monies advanced to purchase the Lot or to construct improvements on the Lot to the extent of any such Assessments accrued and were unpaid prior to foreclosure of any such purchase money lien or construction lien. The sale or transfer of a Lot pursuant to purchase money or construction loan mortgage foreclosure or any proceeding in lieu thereof, will extinguish the lien of such Assessment but only as to payment which became due prior to such sale or transfer and not thereafter. Mortgagees are not required to collect Assessments. The failure of a mortgagee to pay Assessments does not constitute a default under an insured mortgage.

SECTION 5.19. DUE DATES. The Association will fix the amount of the Annual Assessment, Gated Section Assessment and Bulk Services Assessment and any other Assessments due on an annual basis against each Lot at least thirty (30) days in advance of the applicable assessment year. Written notice of such Assessments must be mailed (by U.S. first class mail) to every Owner. The due date for Annual Assessments is January 1st of the applicable assessment year. The due date for other Assessments will be established by the Board of Directors of the Association. Provided that, the failure of the Association to fix the amount of the Annual Assessment, Gated Section Assessment or Bulk Services Assessment or to provide written notice of the amount of any such Assessment will not affect the Association's authority to levy such Assessments or an Owner's obligation to pay such Assessments. Rather, the amount of the Annual Assessment, Gated Section Assessment and Bulk Services Assessment in effect for the preceding year must be paid on the applicable due date will remain in effect until the Association fixes the new amount(s). The Association may, upon demand and for a reasonable charge, from the Owner or the Owner's duly authorized representative, furnish a certificate signed by a duly authorized representative of the Association setting forth whether the Annual Assessments and any other Assessments on the Owner's Lot have been paid and the amount owed by the Owner of the Lot.

SECTION 5.20. NO WARRANTY. Developer, for itself, and the Association, and all Declarants hereby disclaims and disavows any warranty or representation that may be attributed to the annual budget adopted during the Developer Control Period. The annual budget is not a warranty or representation by Developer, the Association or any Declarant that the types of budgeted expenses or their relative sizes are accurate or complete, nor is it a warranty or representation that the Subdivision or the Association will achieve the budget's assumptions or that the Association will annually incur or fund every category of expense that is shown on the budget, or that the relative size of an expense category will be achieved. Neither the Association nor any Owner has a right or expectation of being reimbursed by Developer, a Declarant or by the Association for a budgeted line item that is not realized, or that is not realized at the projected level.

SECTION 5.21. DEVELOPER'S RIGHT TO INSPECT AND CORRECT ACCOUNTS. For a period of five (5) years after the end of the Developer Control Period, Developer reserves for itself and for Developer's accountants and attorneys, the right, but not the duty, to inspect, correct, and adjust the Association's financial books, records, and accounts relating to the Developer Control Period. The Association may not refuse to accept an adjusting or correcting payment made by or for the benefit of Developer or any Declarant. By way of illustration but not in limitation, Developer may find it necessary to re-characterize an expense or payment to conform to Developer or a Declarant's obligations under the Governing Documents or applicable law. This section may not be construed to create a duty for Developer or a right for the Association. In support of this reservation, each Owner, by accepting an interest in or title to a Lot, hereby grants to Developer a right of access to the Association's books, records, and accounts that is independent of Developer's rights during the Developer Control Period, for the limited purpose of this section and only to the extent necessary to enable Developer to exercise its rights under this section.

ARTICLE VI.
INSURANCE AND CASUALTY LOSSES

SECTION 6.1. INSURANCE. The Association, or its duly authorized agent, has the authority to and must 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 an insurance policy providing fire and extended coverage must be

obtained. The face amount of such insurance must be sufficient to cover the full replacement cost of the improvements in the event of damage or destruction from any insured hazard.

The Association has no insurance responsibility for any part of any Lot or the improvements thereon.

The Board must also obtain a general liability policy covering the Common Area, insuring the Association for all damage or injury caused by the negligence of the Association or any person for whose acts the Association is held responsible ("Liability Policy"). The Liability Policy must provide coverage in an amount not less than two million dollar ($2,000,000.00) single person limit with respect to bodily injury and property damage, not less than three million dollar ($3,000,000.00) limit per occurrence, if reasonably available, and not less than five hundred thousand dollar ($500,000.00) minimum property damage coverage.

Premiums for all insurance on the Common Area will be an expense of the Association paid out of the Maintenance Fund.

Insurance policies may provide for a reasonable deductible, and the amount thereof may not be subtracted from the face amount of the policy in determining whether the insurance satisfies the coverage required hereunder. The deductible must 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 will be allocated in relation to the amount each party's loss bears to the total. All insurance coverage obtained by the Association are governed by the following provisions:

(a) all policies must be written with a company authorized to do business in Texas and holding 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 reasonable available, or, if not available, the most nearly equivalent rating which is available;

(b) all policies on the Common Area must be for the benefit of the Association and be written in the name of the Association or for the benefit of the Association;

(c) exclusive authority to adjust losses under policies obtained on the Common Area is vested in the Association;

(d) in no event may the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees;

(e) all property insurance policies must have an agreed amount endorsement, if reasonably available; and

(f) the Association must 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 and its directors, officers, employees and manager, the Owner and occupants of Lots 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 canceled, invalidated, suspended, or subject to non-renewal on account of any one or more individual Owners;

(iv). a statement that no policy may be canceled, invalidated, suspended, or subject to non-renewal on account of any curable defect or violation without prior written demand in writing delivered to the Association to cure the defect or violation and the allowance of 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 Owner's 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 insurance described above, the Association must obtain, as a Common Area expense, worker's compensation insurance, if and to the extent required by law, directors' and officers' liability coverage, and a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. The Board of Directors of the Association has the authority to obtain flood insurance, as it deems appropriate. The amount of fidelity coverage will be determined by the Board of Directors, but, if reasonably available, may not be less than one-sixth (1/6) of the total of the Annual Assessments on all Lots for the year in which fidelity coverage is obtained, plus reserves on hand. Bonds must include a waiver or all defenses based upon the exclusion of persons serving without compensation and require at least thirty (30) days prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

SECTION 6.2. INDIVIDUAL INSURANCE. By accepting title to a Lot subject to this Declaration, each Owner covenants and agrees that such Owner will carry homeowners insurance on the Owner's Lot and structures thereon including (a) liability coverage of not less than ONE HUNDRED THOUSAND DOLLARS ($100,000) per person and THREE HUNDRED THOUSAND DOLLARS ($300,000) per occurrence and (b) property damage liability insurance of not less than FIFTY THOUSAND DOLLARS ($50,000) plus extended coverage for full replacement value. Each Owner further covenants and agrees that in the event of loss or damage to the structures comprising his Lot, the Owner will either: (a) 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 by the Committee; or (b) clear the Lot of all damaged structures, debris and ruins and thereafter maintain the Lot in a neat and attractive, landscaped condition consistent with the requirements of the Committee and the Board of Directors.

SECTION 6.3. DAMAGE AND DESTRUCTION.

(a) Immediately after damage or destruction by fire or other casualty to Common Area or other property covered by insurance written in the name of the Association, the Board of Directors of the Association or its duly authorized agent must proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost or repair or reconstruction of the damaged or destroyed Property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Common Area or other property to substantially the same condition in which it 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 must be repaired or reconstructed unless members representing at least seventy-five percent (75%) of the total Class "A" vote of the Association 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 will be extended until such funds or information is available; provided, however, such extension may not exceed sixty (60) additional days. Except as expressly provided herein, no mortgagee has the right to participate in the determination of whether the damage or

destruction to Common Area or other property of the Association will be repaired or reconstructed.

(c) In the event it is determined in the manner described above that the damage or destruction to the Common Area will not be repaired or constructed and no alternative improvements are authorized, the damaged portion of the Common Area or other property must be cleared of all debris and ruins and maintained by the Association in a neat, attractive, landscaped condition.

SECTION 6.4. 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 purposed, must be disbursed in payment of such payment of such repairs or reconstruction as hereinafter provided.

Any proceeds remaining after paying the costs of repair or reconstruction, or if no repair or reconstruction is made, all of the proceeds, will be retained by and for the benefit of the Association for use as the Board of Directors determines to be appropriate.

SECTION 6.5. REPAIR AND RECONSTRUCTION. If the damage or destruction to the Common Area 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 of the Association has the authority to, without the necessity of a vote of the members, levy a Special Assessment against the Owners of Lots sufficient to raise the additional funds necessary to restore the Common Area. Additional Special Assessments may be levied in a like manner at any time during or following the completion of any repair or reconstruction, if necessary to pay the costs of repair and reconstruction.

ARTICLE VII.
NO PARTITION

SECTION 7.1. NO PARTITION. Except as is permitted in the Declaration or any Supplemental Declaration, there may be no judicial partition of the Common Area or any part thereof, nor may any person acquiring any interest in a Lot in the Subdivision seek any judicial partition of the Common Area. This Article is not to be construed to prohibit the Association 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 VIII.
SUBDIVISION ACCESS

There may be one (1) or more access control stations and limited access gate systems ("Access Control Stations") within the subdivision. If so, the location of any such Access Control Station will be identified in the Supplemental Declaration annexing the Section in which the Access Control Station is located. The Supplemental Declaration will also address whether and to what extent the Access Control Station is manned and requirements for gate access cards, EZ Tags, remotes, or other automatic gate devices.

ARTICLE IX.
GENERAL PROVISIONS

SECTION 9.1. ENFORCEMENT. Developer, a Declarant, the Association or any Owner, has the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, and covenants set forth in this Declaration. Provided that, only the Association has the authority to enforce the provisions relating to the payment of Assessments. Failure by the Developer, a Declarant, the Association or any Owner to enforce any covenant or restriction set forth in this Declaration will in no event be deemed a waiver of the right to do so thereafter.

SECTION 9.2. SEVERABILITY. Invalidation of any one of these covenants or restrictions by judgment or court order will not affect any other provision or provisions which will remain in full force and effect.

SECTION 9.3. TEXAS PROPERTY CODE. The Association has all of the rights provided under all applicable provisions of the Texas Property Code and will comply with all applicable requirements set forth in the Texas Property Code.

SECTION 9.4. OWNER'S EASEMENT OF ENJOYMENT. Every Owner has a right and easement of enjoyment in and to the Common Area which is appurtenant to and will pass with the title to every Lot subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any Recreational Area situated upon the Common Area;

(b) the right of the Association to suspend the right to use of the Recreational Areas by an Owner for any period during which any Assessment against his Lot remains unpaid, and for a period not to exceed sixty (60) days for each infraction of its published rules and regulations, subject to notice required by law;

(c) the right of the Association or the Developer to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members; and

(d) the right of the Association to collect and disburse those funds as set forth in Article V.

SECTION 9.5. CONSTRUCTIVE NOTICE AND ACCEPTANCE. Every person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or other portion of the Subdivision does and is conclusively deemed to have consented and agreed to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to this Declaration is contained in the instrument by which such person acquired an interest in the Lot or other portion of the Subdivision.

SECTION 9.6. DELEGATION OF USE. Any Owner may delegate his right of enjoyment to the Common Area and facilities to the members of his family, his tenants or contract purchasers who reside on the Owner's Lot.

SECTION 9.7. AMENDMENT. This Declaration will run with and bind the land for a term of forty (40) years from the date this Declaration is recorded, after which time the provisions of this Declaration will be automatically extended for successive periods of ten (10) years each. This Declaration may be amended by an instrument signed by those Owners owning not less than sixty-seven percent (67%) of the Lots in the Subdivision; provided that, prior to the end of the Developer Control Period, any amendment to this Declaration or a Supplemental Declaration must be also approved in writing by the Developer, which written approval must be filed of record with the amendment to the Declaration or Supplemental Declaration. This Declaration may also be amended by Developer without the joinder of any other party as long as Developer owns a Lot in the Subdivision and the amendment is consistent with the residential character of the Subdivision. A Supplemental Declaration may be amended by the Declarant of the Section, so long as Declarant owns a Lot in the Section being amended, the amendment is consistent with the residential character of the Section, and the amendment is approved by the Developer. In no event may an amendment of this Declaration diminish the rights or increase the liability of the Developer unless the amendment is approved by the Developer as evidenced by Developer's execution of the amendment. No person is charged with notice of or inquiry with respect to any amendment until and unless it has been filed for record in the Official Public Records of Real Property of Harris County, Texas.

In the event there are multiple Owners of a Lot, the written approval of an amendment to this Declaration may be reflected by the signature of a single co-Owner.

SECTION 9.8. DISSOLUTION. If the Association is dissolved, the assets must be dedicated to a public body or conveyed to a non-profit organization with similar purposes.

SECTION 9.9. COMMON AREA MORTGAGES OR CONVEYANCE. The Common Area may not be mortgaged or conveyed without the consent of seventy-five percent (75%) of the Lot Owners (excluding the Developer and Declarant).

If the ingress or egress to any residence is through the Common Area, any conveyance or encumbrance of such area is subject to the Lot Owner's easement.

SECTION 9.10. INTERPRETATION. If this Declaration or any word, clause, sentence, paragraph or other part thereof is susceptible of more than one or conflicting interpretations, then the interpretation which is most nearly in accordance with the general purposes and objectives of this Declaration will govern. This Declaration is to be liberally construed to give full effect to its purposes and intent.

SECTION 9.11. OMISSIONS. If any punctuation, word, clause, sentence or provision necessary to give meaning, validity or effect to any other word, clause, sentence or provision appearing in this Declaration is omitted herefrom, then it is hereby declared that such omission was unintentional and that the omitted punctuation, word, clause, sentence or provisions is supplied by inference.

SECTION 9.12. LIENHOLDER. Lienholder joins herein solely for the purpose of subordinating the liens held by it of record upon the Subdivision to the covenants, conditions and restrictions hereby imposed by Developer, with the stipulation that such subordination does not extend to any lien or charge imposed by or provided for in this Declaration.

SECTION 9.13. ADDITIONAL REQUIREMENTS. So long as required by the Federal Home Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least sixty-seven percent (67%) of the first mortgagees or members representing at least sixty-seven percent (67%) of the total Association vote entitled to be cast thereon consent, the Association may not:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Association owns directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area will not be deemed a transfer within the meaning of this subsection);

(b) change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Lot (a decision, including contracts, by the Board or provisions of any declaration subsequently recorded on any portion of the Property regarding Assessments annexed or other similar areas will not be subject to this provision when such decision or subsequent declaration is otherwise authorized by this Declaration.);

(c) by act or omission change, waive, or abandon any scheme or regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Lots and of the Common Area (the issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions will not constitute a change, waiver, or abandonment within the meaning of this provision);

(d) fail to maintain insurance, as required by this Declaration; or

(e) use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property, or to add to Reserves. First mortgagees may, jointly or singly, after thirty (30) days written notice to the Association, 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 will be entitled to immediate reimbursement from the Association.

SECTION 9.14. NO PRIORITY. No provision of this Declaration or the Bylaws gives or may be construed as giving any Owner or other party priority over any rights of the first mortgagee of any Lot 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 9.15. NOTICE TO ASSOCIATION. Upon request, each Owner is obligated to provide to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

SECTION 9.16. AMENDMENT BY BOARD. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements, which negate the provisions of Section 9.13 or make any such requirements less stringent, the Association, without approval of the Owners, may cause an amendment to the Declaration to be recorded to reflect such changes.

SECTION 9.17. FAILURE OF MORTGAGEE TO RESPOND. Any mortgagee who receives a written request from the Board by certified or registered mail, return receipt requested, to respond to or consent to any action is 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.

SECTION 9.18. ANNEXATION. For a period of twenty (20) years after the date this Declaration is recorded, additional residential property, commercial property and common area may be annexed to Property and subjected to the provisions of this Declaration and the jurisdiction of the Association by Developer, without the approval of the Members of the Association. Thereafter, additional property may be annexed and subjected to the provisions of this Declaration and the jurisdiction of the Association only if approved by two-thirds (2/3) of the Members present, in person or by proxy, and voting at a meeting of the Members duly called for that purpose at which a quorum is present.

SECTION 9.19. SAFETY AND SECURITY IN PROPERTY. NEITHER THE DEVELOPER, THE ASSOCIATION, NOR ANY DECLARANT, THEIR RESPECTIVE DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, AND ATTORNEYS, ("ASSOCIATION AND RELATED PARTIES") WILL IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SAFETY OR SECURITY WITHIN THE SUBDIVISION. THE ASSOCIATION AND RELATED PARTIES ARE NOT LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR THE INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN, IF ANY, INCLUDING LIMITED ACCESS GATES, IF ANY, THE ENTRANCE AND/OR THE PERIMETER FENCE. OWNERS, LESSEES AND OCCUPANTS OF ALL LOTS, ON BEHALF OF THEMSELVES, AND THEIR GUESTS AND INVITEES, BY ACCEPTANCE OF A DEED TO A LOT ACKNOWLEDGE THAT THE ASSOCIATION AND RELATED PARTIES DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES, OR OTHER SECURITY SYSTEMS (IF ANY ARE PRESENT) WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP OR OTHERWISE, NOR THAT FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. OWNERS, LESSEES, AND OCCUPANTS OF LOTS ON BEHALF OF THEMSELVES, AND THEIR GUESTS AND INVITEES, ACKNOWLEDGE AND UNDERSTAND THAT THE ASSOCIATION AND RELATED PARTIES ARE NOT INSURERS AND THAT EACH OWNER, LESSEE AND OCCUPANT OF ANY LOT AND ON BEHALF OF

THEMSELVES AND THEIR GUESTS AND INVITEES ASSUME ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO RESIDENCE OR LOT AND TO THE CONTENTS OF THEIR RESIDENCE OR LOT AND FURTHER ACKNOWLEDGE THAT THE ASSOCIATION AND RELATED PARTIES HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER OR LESSEE ON BEHALF OF THEMSELVES AND THEIR GUESTS OR INVITEES RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVISES OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE SUBDIVISION.

SECTION 9.20. COMMON AREA REDESIGNATION. Regardless of designation on any plat or otherwise and notwithstanding any provision in this Declaration to the contrary, during the Developer Control Period, Developer is authorized to (i) designate, construct, or expand Common Area, and (ii) modify, discontinue, redesignate or in any other manner change the Common Area. Without limitation of the foregoing, Developer specifically reserves the right at any time during the Developer Control Period to sell or otherwise dispose of any "Reserves" and any other similar areas, regardless of designation of any such area by any plat or otherwise as "Restricted", "Unrestricted", or other designation. Neither the foregoing nor any other provisions hereof will be construed as in any manner constituting any representation, warranty or implication whatsoever that Developer, a Declarant or any Builder will undertake any such designation, construction, maintenance, expansion, improvement or repair, or that if at any time or from time to time undertaken, any such activities will continue, and any such representation, warranty or implication is hereby specifically disclaimed. The Declarant of a particular Section has the same right as Developer under this section relating to Common Area in the applicable Section; provided that, once a Supplemental Declaration for a Section has been recorded, the exercise of such rights also requires the approval of the Developer.

[*The remainder of this page was intentionally left blank.*]

IN WITNESS WHEREOF, Developer has executed this Declaration to be effective, this the 30th day of March, 2017.

BALMORAL LT, LLC,
a Texas limited liability company

By: L.T. Partnership, Ltd.,
a Texas limited partnership,
its Manager

By: L.T. Management, Inc.,
a Nevada corporation,
its General Partner

By: _____
Al P. Brende, President

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned notary public, on this 30th day of March, 2017 personally appeared Al P. Brende, President of L.T. Management, Inc., a Nevada corporation, General Partner of L.T. Partnership, Ltd., a Texas limited partnership, Manager of Balmoral LT, LLC, a Texas limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and in the capacity therein expressed.

_____
Notary Public in and for the State of Texas

JANICE GORDO
Notary Public, State of Texas
Comm. Expires 03-18-2021
Notary ID 125236449

RP-2017-139910

EXHIBIT "A"

That certain 57.43 acres of land out of the Victor Blanco Survey, A-2, Harris County, Texas, known as BALMORAL SEC 1, a subdivision in Harris County, Texas, according to the map or plat thereof recorded under Film Code No. 680970 of the Map Records of Harris County, Texas.

SAVE AND EXCEPT:

1. Restricted Reserve "E", 9.9183 acres, BALMORAL SEC 1, according to the plat thereof recorded under Film Code No. 680970 of the Map Records of Harris County, Texas.

2. Unrestricted Reserve "F", 3.9588 acres, BALMORAL SEC 1, according to the plat thereof recorded under Film Code No. 680970 of the Map Records of Harris County, Texas.

RP-2017-139910

Pages 56

04/03/2017 12:16 PM

e-Filed & e-Recorded in the

Official Public Records of

HARRIS COUNTY

STAN STANART

COUNTY CLERK

Fees $232.00

RP-2017-139910

RECORDERS MEMORANDUM
This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid 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.

Stan Stanart

COUNTY CLERK
HARRIS COUNTY, TEXAS