

PLEASANT FARMS PROPERTY OWNERS ASSOCIATION

AMENDED AND RESTATED

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

This AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR PLEASANT FARMS PROPERTY OWNERS ASSOCIATION is made as of the 10th day of April, 2001. Signatures on this Declaration may be dated either before or after the Effective Date, without affect on this Declaration or the Effective Date.

RECITALS:

A. The Owners executing this Declaration are all of the owners on the Effective Date of all of the Tracts within the Subdivision.

B. V(Five) Corp., a Texas corporation, was the initial developer of the Subdivision and, as such, initially encumbered the property within the subdivision with certain covenants, conditions and restrictions, as set forth in the original Declaration (entitled "Dedication and Protective Covenants and Restrictions Applicable to Pleasant Farms") recorded in the Official Records of Washington County, Texas in Plat Cabinet File Nos. 162B through 163A of the Plat Records of Washington County, Texas.

C. The Owners desire to subject the Subdivision to the provisions of this Declaration as a complete substitution for and restatement of the covenants, conditions and restrictions, as set forth in the original Declaration, to create and maintain the Subdivision as a residential community of single-family housing in a peaceful rural atmosphere in which the Owners may be protected in the pleasure and enjoyment of their property.

NOW, THEREFORE, the Owners hereby declare that the real property described in Article II of this Declaration, including the improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the covenants, conditions, restriction, easements, assessments, and liens, hereinafter set forth, which are for the pur-

pose of protecting the value and desirability of, and which shall run with the title to, the real property hereby or hereafter made subject hereto, and shall be binding on all persons having any right, title, or interest in all or any portion of the real property now or hereafter made subject hereto, their respective heirs, legal representatives, successors, successors-in-title, and assigns and shall inure to the benefit of each and every owner of all or any portion thereof.

Article I
Definitions

Unless the context shall prohibit, certain words used in this Declaration shall have the meaning set forth in Exhibit "A", attached hereto and by reference made a part hereof

Article II
Property Subject To this Declaration

Property Subjected To This Declaration. The real property which is, by the recording of this Declaration, subject to the covenants and restrictions hereafter set forth and which, by virtue of the recording of this Declaration, shall be held, transferred, sold, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to this Declaration is the real property described as 148.00 acres of land out of the William Munson League, Washington County, Texas, as shown on a map and plat prepared by Don Muzzy, Registered Public Surveyor, dated November 1, 1978, and recorded to create Pleasant Farms subdivision, recorded in Plat Cabinet File Nos. 162B through 163A of the Plat Records of Washington County, Texas.

Article III
Association Membership and Voting Rights

3.1 Membership. Every Person who is the record owner of a fee or undivided fee interest in any Tract that is subject to this Declaration shall be deemed to have a membership in the Association. The forgoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more Persons, shall have more than one (1) membership per Tract. In the event of multiple Owners of a Tract, votes and right to use and enjoyment shall be as provided in this Declaration and in the By-Laws. Membership shall be appurtenant to and may not be separated from ownership of any Tract. The rights and privileges of membership, including the right to vote and to hold office, may be exercised by a member or the member's spouse, but in no event shall more than one (1) vote be cast nor office held for each Tract owned.

3.2 Voting. Members shall be entitled to one (1) vote for each Tract owned. When more than one Person holds an ownership interest in any Tract, the vote for such Tract shall be exercised as those Owners themselves determine and advise the Secretary prior to any meeting. In the absence of such advice, the Tract's vote shall be suspended in the event more than one Person seeks to exercise it.

Article IV Assessments

4.1 Purpose of the Assessments. The assessments provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and occupants of Tracts, including the maintenance of real and personal property, all as may be more specifically authorized from time to time by the Committee.

4.2 Creation of the Lien and Personal Obligation for Assessments. Each Owner of any Tract, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, or by execution of this Declaration, covenants and agrees to pay to the Association: (a) annual assessment or charges; (b) special assessments, such assessments to be established and collected as hereinafter provided; and (c) specific assessments against any particular Tract which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration. All such assessments, together with late charges, interest, not to exceed the maximum legal rate, costs, and reasonable attorney's fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Tract against which each assessment is made. Each such assessment, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, shall also be the personal obligation of the person who was the Owner of such Tract at the time the assessment fell due. Each Owner shall be personally liable for his or her portion of each assessment coming due while he or she is the Owner of a Tract, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance; provided, however, the liability of a grantee for the unpaid assessments of its grantor shall not apply to any first mortgage holder taking title through foreclosure proceedings or deed in lieu of foreclosure.

Assessments, annual, special and specific, shall be paid at a uniform rate per Tract in such manner and on such dates as may be fixed by the Committee, and the Committee shall have the right to allow any such assessments be paid in installments at such intervals as it shall determine and within its sole discretion.

4.3 Computation. It shall be the duty of the Committee to prepare a budget covering the estimated costs of operating the Association during the coming year, which shall include a capital contribution or reserve in accordance with a capital budget separately prepared. The Committee shall cause the budget and the assessments to be levied against each Tract for the following year to be delivered to each member at least thirty (30) days prior to the end of the current fiscal year. The budget and the assessment shall become effective unless disapproved by a

meeting by a majority of the Owners. Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Committee fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

4.4 Special Assessments. In addition to the other assessments authorized herein, the Association may levy special assessments in any year. So long as the total amount of special assessments allocable to each Tract does not exceed one hundred percent (100%) of the then current annual assessments in any one fiscal year, the Committee may impose the special assessment. Any special assessment which would cause the amount of special assessments allocable to any Tract to exceed this limitation shall be effective only if approved by a majority of the Owners. Special assessments shall be paid as determined by the Committee, and the Committee may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed.

4.5 Lien for Assessments. All sums assessed against any Tract pursuant to this Declaration, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, as provided herein, shall be secured by a lien on such Tract in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Tract, except for (a) liens of ad valorem taxes; or (b) liens for all sums unpaid on a first mortgage duly recorded in the land records of the county where the Subdivision is located, and all amounts advance pursuant to such mortgage and secured thereby in accordance with the terms of such instrument.

All other persons acquiring liens or encumbrances on any Tract after this Declaration shall have been recorded in such records shall be inferior to future liens for assessments, as provided; herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

4.6 Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments which are not paid when due shall be delinquent. Any assessment delinquent for a period of more than ten (10) days shall incur a late charge in an amount as the Committee may from time to time determine. The Association shall cause a notice of delinquency to be given to any member who has not paid within ten (10) days following the due date. If the assessment is not paid within thirty (30) days, a lien, as herein provided, shall attach and, in addition, the lien shall include the late charge, interest, not to exceed the maximum legal rate, on the principal amount due, and all late charges from the date first due and payable, all costs of collection, reasonable attorney's fees actually incurred, and any other amount provided or permitted by law. In the event that the assessment remains unpaid after sixty (60) days, the Association may, as the Committee shall determine, institute suit to collect such amounts and to foreclose its lien. Each Owner, by acceptance of a deed or as a party to any other type of a conveyance, vests in the Association or its agents the right and power to bring all actions against him or her, personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the

improvement of real property. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid on the Tract at any foreclosure sale or to acquire, hold, lease, mortgage, or convey the same. No Owner may waive or otherwise except liability for the assessments provided for herein, including, by way of illustration, but not limitation, abandonment of the Tract. No diminution or abatement of assessment shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay assessments being a separate and independent covenant on the part of each Owner.

All payments shall be applied first to costs and attorney's fees, then to late charges, then interest and then to delinquent assessments.

4.7 Specific Assessments. The Committee shall have the power to specifically assess pursuant to this Section as, in its discretion, it shall deem appropriate. Failure of the Committee to exercise its authority under this Section shall not be grounds for any action against the Association or the Committee and shall not constitute a waiver of the Committee's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Committee has not previously exercised its authority under this Section. The Committee may specifically assess Tracts for the following Association expenses, except for expenses incurred for maintenance and repair of items which are the maintenance responsibility of the Association as provided herein.

(a) Expenses of the Association which benefit less than all of the Tracts may be specifically assessed equitably among all of the Tracts which are benefitted according to the benefit received.

(b) Expenses of the Association which benefit all Tracts, but which do not provide an equal benefit to all Tracts, may be assessed equitably among all Tracts according to the benefit received.

Article V Maintenance

5.1 Association's Responsibility. The Association shall maintain and keep in good repair the Common Property. This maintenance shall include, without limitation, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and improvements situated on the Common Property. The Association shall maintain all entry features for the Subdivision.

In addition, the Association shall have the right, but not the obligation, to maintain property not owned by the Association where the Committee has determined that such maintenance would benefit all Owners.

5.2 Owner's Responsibility. All maintenance of the Tract and all structures, parking areas, and other improvements thereon shall be the sole responsibility of the Owner thereof, who shall maintain such Tract and all residences, buildings and other improvements thereon in good repair and in a neat and clean condition, and all such improvements shall be maintained and repaired when necessary to preserve the attractiveness of the Tract and improvements thereon. In the event that the Committee determines that (a) any Owner has failed or refused to discharge properly his obligations with regard to the maintenance, repair, or replacement of items for which he is responsible hereunder; or (b) that the need for maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an owner, his or her family, guests, lessees, or invitees, and is not covered or paid for by insurance, in whole or in part, then, the Association may perform the repair, replacement of maintenance and shall, except in the event of an emergency situation, give the Owner written notice of the Association's intent to provide such necessary maintenance, repair, or replacement, at Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repairs, or replacement deemed necessary. The Owner shall have ten (10) days within which to complete such maintenance, repair, or replacement, or, in the event that such maintenance, repair, or replacement is not capable of completion within a ten (10) day period, to commence such work which shall be completed within a reasonable time. If any Owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair, or replacement at Owner's sole cost and expense, and all costs shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Tract.

Article VI

Use Restrictions and Rules

6.1 General. The Committee may, from time to time, without consent of the Owners, promulgate, modify, or delete use restrictions and rules and regulations applicable to the Tracts and the Common Property. This authority shall include, but shall not be limited to, the right to limit the type and size and to set the maximum and minimum speeds of vehicles within the Subdivision. The Committee shall also have the authority to impose other necessary traffic and parking regulations and to restrict the maximum noise levels of vehicles in the Subdivision. Such regulations and use restrictions shall be binding upon all Owners and occupants until and unless overruled, canceled, or modified in a regular or special meeting by the vote of Owners holding a majority of the total votes in the Association.

6.2 Use of Tracts. All Tracts shall be used for single-family residential purposes exclusively. Other than commercial agricultural enterprises involved in the cattle or horse business, limited to no more than two (2) animal units per acre, no business or business activity shall be

carried on or upon any Tract at any time except with the written approval of the Committee. Leasing of a Tract shall not be considered a business or business activity. With the prior written agreement between the Owner and the Committee that the Tract will be maintained in a clean, neat and attractive condition, an Owner may camp on his or her Tract for a period of no more than two (2) weeks at any one time, and for a period of no more than four (4) weeks per calendar year, in the aggregate.

6.3 Signs. Other than property sale signs not exceeding twelve (12) square feet in surface area, no sign of any kind shall be erected by an Owner within the Subdivision without the written consent of the Committee. The Committee shall have the right to erect reasonable and appropriate signs.

6.4 Leasing. Tracts may be leased for residential purposes.

6.5 Occupants Bound. All provisions of the Declaration and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants of any Tract.

6.6 Animals and Pets. Except for the agricultural enterprises permitted by Paragraph 6.2 of this Declaration, no animals, livestock, or poultry of any kind, including common household pet, dogs, cats, and the like, may be raised, bred, kept, or permitted on any Tract for any commercial purpose, and the number of any animals on any Tract must be reasonable, under the circumstances. In the event that dogs, cats, or other pets are permitted to roam free, or, in the sole discretion of the Committee, endanger the health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners of other Tracts or the owner of any property located adjacent to the Subdivision, such animals may be removed by the Committee. Without prejudice to the Committee's right to remove any such household pets, no household pet that has caused damage or injury may be walked in the Subdivision.

6.7 Nuisance. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition of his or her Tract. No Tract shall be used, in whole or in part, for the storage of any property or thing that will cause such Tract to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any Tract that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on upon any Tract, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any property adjacent to the Tract. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Subdivision.

6.8 Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken in any part of the Subdivision which is visible from a street in the subdivision.

No building materials or other materials shall be stored or located outside on any Tract except when the storage of building materials is necessary in connection with the construction of improvements then in progress, and then all rubbish and stored building material must be removed before the construction is occupied.

6.9 Architectural Standards. No exterior construction, alteration, addition, or erection of any nature whatsoever, including, without limitation, fences, shall be commenced or placed upon any part of the Subdivision, except such as is approved in accordance with this Section, or as is otherwise expressly permitted herein. No exterior construction, addition, erection, or alteration shall be made unless and until the plans and specifications showing the nature, kind, shape, height, materials, and location shall have been submitted in writing to and approved by the Committee or its designee. The Committee or its designee may promulgate written guidelines for the exercise of this review, and the purpose of these restrictions is to insure that the intended nature of the Subdivision to provide a peaceful, serene and pleasant atmosphere, where the Owners may be protected in the pleasure and enjoyment of their property, and to protect the value of all property within the Subdivision. In that regard, without in any way limiting the generality of the foregoing or limiting the discretion of the Committee, certain criteria which the Committee will follow are as follows:

- (a) All buildings to be placed or erected on a Tract shall be finished with an acceptable wood, composition, masonry, or metal (excluding corrugated metal siding) residential type building material.
- (b) No primary residential structure will be permitted having less than a total of 1,400 square feet of living space, excluding garages, porches, patios and the like, or having less than 1,000 square feet of living space on the ground floor of any multi-story structure.
- (c) No structure will be permitted in the Subdivision commonly known as a trailer or mobile home, including, but not limited to any residential or other structure with a frame permanently affixed to the structure as is required for transport.
- (d) The exterior of all improvements, including, without limitation, residences, constructed, erected, allowed, or maintained upon any Tract if painted must be painted or repainted in a color in keeping with the overall architectural

nature of the Subdivision, i.e. extreme or shocking or offensive exterior colors, within the sole discretion of the Committee, will not be allowed.

(e) No buildings or other improvements shall be constructed closer than fifty (50) feet to the front property line of any Tract, or closer than twenty-five (25) feet to any side or rear property line of any Tract.

(f) Each private driveway shall have a drainage structure thereunder and parallel to the roadway which provides a net drainage opening area of sufficient size to permit the free flow of water without back water, and in no event shall such drainage structure have a net drainage opening area less than that of a 12-inch diameter pipe culvert or minimum Washington County, Texas, road requirements.

(g) Each septic system to be installed in the Subdivision will have an underground drain field; shall meet all requirements of all governmental or quasi-governmental agency, entity or unit having jurisdiction over the Subdivision; and shall be designed to absolutely prevent any effluent of any type from draining into any creek or drainage way within the Subdivision

The Committee or its designees shall be the sole arbiter of such plans and may withhold approval for any reason, including purely aesthetic consideration, and it shall be entitled to stop any construction in violation of these restrictions. Any member of the Committee or its representatives shall have the right, during reasonable hours, to enter upon any Tract to inspect any Tract and any improvements thereon for the purpose of ascertaining whether or not these restrictive covenants have been or are being complied with. Such person or persons shall not be deemed guilty of trespass by reason of such entry. In the event the Committee or its designee fails to approve or to disapprove such design and location within sixty (60) days after the plans and specifications have been submitted to it, approval will not be required, and this Section will be deemed to have been fully complied with.

No improvements of the nature covered by this Paragraph 6.9 existing on the Effective Date which do not meet the criteria set forth in this Paragraph 6.9 shall be deemed in violation of this Declaration or the restrictions contained in this Declaration, the provisions of this Paragraph 6.9 being applicable to future improvements to be placed, constructed or erected on any Tract.

6.10 Drainage. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner of any Tract may obstruct or rechannel the drainage flows after installation of drainage swales, storm sewers, or storm drains are located. If any Owner puts in a culvert that is too small, he or she will be responsible for removing it, and repairing any damage to the road bed which was caused by the culvert's being too small.

6.11 Site Distance at Intersections. All Tracts at street intersections shall be so landscaped as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain at the corner of a Tract where this would create a traffic or sight problem.

6.12 Subdivision of Tract. A Tract may be subdivided by an Owner without consent of the Association provided that after any such subdivision no resulting Tract will contain less than four (4) acres, and that no boundary line of a resulting Tract will result in a violation of the building set back requirements set forth in this Declaration. Except for the subdivision permitted by the immediately preceding sentence, no Tract shall be subdivided or its boundary lines changed except with the prior approval of the Association. Any such division, boundary line change, or replatting shall not be in violation of the applicable subdivision regulations. Each resulting Tract, after a permitted subdivision of a Tract, will be a separate Tract for the purpose of the assessments provided for in Article IV of this Declaration.

6.13 Hunting. Hunting is prohibited within the subdivision, and no firearms will be discharged in the subdivision across any roadway within the subdivision. Extermination of varmints or coyotes shall be an exception to the prohibition against hunting.

6.14 Fences. No fence or fencing type barrier of any kind shall be placed, erected, allowed, or maintained upon any portion of the Subdivision, including any Tract, without the prior written consent of the Committee or its designee. The Committee may issue guidelines detailing acceptable fence styles or specifications.

Article VII Insurance and Casualty Losses

7.1 Insurance. The Committee or its duly authorized agent shall have the authority to obtain insurance for all insurable improvements on the Common Property. This insurance shall cover loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. Alternatively, the Committee may purchase "all-risk" coverage in like amounts.

The Committee shall obtain a public liability policy applicable to the Common Property covering the Association and its members for all damage or injury caused by the negligence of the Association or any of its members or agents, and, if reasonably available, directors' and officers' liability insurance. The public liability policy shall have a combined single limit of at least One Million Dollars (\$1,000,000.00).

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

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

(a) All policies shall be written with a company licensed to do business in Texas and holding a rating meeting criteria set from time to time by the Committee.

(b) Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Committee; provided, however, no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(c) In no event shall the insurance coverage obtained and maintained by the Committee hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their mortgagees, and the insurance carried by the Association shall be primary.

(d) All casualty insurance policies shall be reviewed annually by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in Washington County, Texas.

(e) The Committee shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(i) a waiver of subrogation by the insurer as to any claims against the members of the Committee, its manager, the Owners 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) that no policy may be canceled, invalidated, or suspended on account of any one or more individual Owners;

(iv) that no policy may be canceled, invalidated, or suspended on account of any defect or the conduct of any member of the Committee, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect or to cease the conduct and the allowance of a reasonable time thereafter within which a cure may be effected by the Association, its manager, any Owner or mortgagee;

(v) that any "other insurance" clause in any policy exclude individual Owner's policies from consideration; and

(vi) that no policy may be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association.

In addition to the other insurance required by this Section, the Committee shall obtain workmen's compensation insurance, if and to the extent necessary, to satisfy the requirements of applicable laws, and a fidelity bond or bonds on members of the Committee, officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the best business judgment of the Committee. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association.

7.2 Damage and Destruction – Common Property.

(a) In General. Immediately after the damage or destruction by fire or other casualty to all or any portion of any improvement covered by insurance written in the name of the Association, the Committee or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty.

(b) Repair and Reconstruction. Any damage or destruction shall be repaired or reconstructed unless, within sixty (60) days after the casualty, at least seventy-five percent (75%) of the Owners otherwise agree. 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 such period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No mortgagee shall have the right to participate in the determination of whether damage or destruction shall be repaired or reconstructed.

If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof the Committee shall, without the necessity of a vote of the Association's members, levy a special assessment against all Owners in proportion to the number of Tracts owned by such Owners. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited to the benefit of the Association.

In the event that it should be determined by the Association in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the property shall be restored to its natural state and maintained as an undeveloped portion of the Common Property by the Association in a neat and attractive condition.

7.3 Damage and Destruction – Tracts. The damage or destruction by fire or other casualty to all or any portion of any improvement on a Tract shall be repaired by the Owner thereof within seventy-five (75) days after such damage or destruction or, where repairs cannot be completed within seventy-five (75) days, they shall be commenced within such period and shall be completed within a reasonable time thereafter. Alternatively, the Owner may elect to demolish all improvements on the Tract and remove all debris therefrom within seventy-five (75) days after such damage or destruction. In the event of noncompliance with this provision, the Committee shall have all enforcement powers specified in Article XI, Section 11.1, of this Declaration.

Article VIII Condemnation

Whenever all or any part of the Common Property shall be taken (or conveyed in lieu of and under threat of condemnation by the Committee, acting on its behalf or on the written direction of all owners of Tracts subject to the taking, if any) by any authority having the power of condemnation or eminent domain, the Association shall represent the Owners. The award made for such taking shall be payable to the Association as trustee for all Owners. The provisions of Article VII, Section 7.2, above, applicable to Common Property improvement damage or destruction, shall govern replacement or restoration and the actions to be taken in the event that the improvements are not restored or replaced.

Article IX Mortgagee Provisions

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

9.1 Notices of Action. An institutional holder, insurer, or guarantor of a first mortgage, who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Tract number), (therefore becoming an “eligible holder”), will be entitled to timely written notice of:

- (a) any condemnation loss or any casualty loss which affects a material portion of the Subdivision or which affects any Tract on which there is a first mortgage held, insured, or guaranteed by such eligible holder;

(b) any delinquency in the payment of assessments or charges owed by an Owner of a Tract subject to the mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first mortgage, upon request, is entitled to written notice from the Association of any default in the performance by an Owner of a Tract of any obligation under the Declaration or By-Laws of the Association which is not cured within sixty (60) days;

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

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

9.2 No Priority. No provision of this declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first mortgagee of any Tract in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Property.

9.3 Notice to Association. Upon request, each Tract Owner shall be obligated to furnish to the Association the name and address of the holder of any mortgage encumbering such Owner's Tract.

Article X Easements

10.1 Easements for Use and Enjoyment.

(a) Every Owner of a Tract shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Property which shall be appurtenant to and shall pass with the title to his Tract, subject to the following provisions:

(i) the right of the Committee to limit the number of guests of Tract Owners and tenants who may use the Common Property, and to provide for the exclusive use and enjoyment of specific portions thereof at certain designated times by an Owner, his family, tenants, guests, and invitees;

(ii) the right of the Association to suspend the voting rights of a Tract Owner and the right of an Owner to use the recreational facilities in the Subdivision, if any, for any period during which any assessment against his Tract which is hereby provided

remains unpaid; and, for a reasonable period of time for an infraction of the Declaration, By-Laws, or rules and regulations;

(iii) the right of the Association to borrow money for the purpose of improving the Common Property, or any portion thereof, or for construction, repairing or improving any facilities located or to be located thereon, and give as security for the payment of any such loan a mortgage conveying all or any portion of the Common Property; provided, however, the lien and encumbrance of any such mortgage given by the Association shall be subject and subordinate to any rights, interests, options, easements and privileges herein reserved or established for the benefit of any Tract or Tract Owner, or the holder of any mortgage, irrespective of when executed, given by any Tract Owner encumbering any Tract or other property located within the Subdivision (Any provision in this Declaration or in any such mortgage given by the Association to the contrary notwithstanding, the exercise of any rights therein by the holder thereof in the event of a default thereunder shall not cancel or terminate any rights, easements or privileges herein reserved or established for the benefit of any Tract or Tract Owner, or the holder of any mortgage, irrespective of when executed, given by any Tract Owner encumbering any Tract or other property located within the Subdivision.); and

(iv) the right of the Association to dedicate or transfer all or any portion of the Common Property subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved by at least a majority of the Owners present, or represented by proxy, at a meeting duly called for such purpose.

(b) Any Tract Owner may delegate his or her right of use and enjoyment in and to the Common Property and facilities located thereon to the members of his family, his tenants and guests and shall be deemed to have made a delegation of all such rights to the occupants of any leased Tract.

10.2 Easement for Utilities. There is hereby reserved to the Association blanket easements upon, across, above and under all property within the Subdivision for access, ingress, egress, installation, repairing, replacing, and maintaining all utilities serving the Subdivision or any portion thereof, including, but not limited to, gas, water, sanitary sewer, telephone and electricity, as well as storm drainage and any other service such as, but not limited to, a master television antenna system, cable television system, or security system which the Association might decide to

have installed to serve the Subdivision. It shall be expressly permissible for the Association or its designee, as the case may be, to install, repair, replace, and maintain or to authorize the installation, repairing, replacing, and maintaining of such wires, conduits, cables and other equipment related to the providing of any such utility or service request a specific license or easement by separate recordable document, the Committee shall have the right to grant such easement.

Article XI General Provisions

11.1 Enforcement. Each Owner and every occupant of a Tract shall comply strictly with the By-Laws, the rules and regulations, the use restrictions, as they may be lawfully amended or modified from time to time, and with the covenants, conditions, and restrictions set forth in this Declaration and in the deed to his or her Tract, if any. The Committee may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration, the By-Laws or the rules and regulations shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Committee, on behalf of the Association, or, in a proper case, by an aggrieved Owner. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter.

11.2 Self-Help. In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon a Tract or any portion of the Common Property to abate or remove, using such force as may be reasonably necessary, any erection, thing or condition which violates this Declaration, the By-Laws, the rules and regulations, or the use restrictions. Unless an emergency situation exists, the Committee shall give the violating Tract Owner ten (10) days' written notice of its intent to exercise self-help. All cost of self-help, including reasonable attorney's fees actually incurred shall be assessed against the violating Tract Owner, and shall be collected as provided for herein for the collection of assessments.

11.3 Duration. The provisions of this Declaration shall run with and bind the land and shall be and remain in effect for a period of twenty-five (25) years from the effective date, and shall automatically renew, as then in effect, if amended or modified during the twenty-five (25) year term, for additional terms of ten (10) years each, and will to continue to so renew each ten (10) years thereafter unless and until terminated by vote of seventy-five percent (75%) or more of the votes entitled to be cast by the then existing Tract Owners.

11.4 Amendment. This Declaration may be amended by the Committee, without vote of the Tract owners, at any time and from time to time, but only

(a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; or

(b) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to Tracts subject to this Declaration; or

(c) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Tracts subject to this Declaration; or

(d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Tracts subject to this Declaration;

provided, however, any such amendment shall not adversely affect the title to any Owner's Tract unless such Tract Owner shall consent thereto in writing.

In addition to the above, this Declaration may be amended at any time and from time to time upon the affirmative vote or written consent, or any combination thereof, of the Owners of at least seventy-five percent (75%) of the Tracts. Amendments to this Declaration shall become effective upon recordation in the Official Records of Washington County, Texas, unless a later effective date is specified therein.

11.5 Partition. The Common Property shall remain undivided, and no Tract Owner nor any other person shall bring any action for partition or division of the whole or any part thereof without the written consent of all Owners of all portions of the property located within the Subdivision and without the written consent of all mortgages encumbering any portion of the property, including, but not necessarily limited to, the Tracts located within the Subdivision.

11.6 Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

11.7 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Declaration are declared to be severable.

11.8 Captions. The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and are in no way to be construed as

defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

11.9 Indemnification. The Association shall indemnify every officer and Committee member against any and all expenses, including attorney's fees, imposed upon or reasonable incurred by any officer or Committee member in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Committee) to which he or she may be a party by reason of being or having been an officer or Committee member. The officers and Committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and Committee members shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or Committee members may also be members of the Association), and the Association shall indemnify and forever hold each such officer and Committee member free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Committee member, or former officer or Committee member, may be entitled. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

11.10 Books and Records.

(a) Inspection by Members and Mortgagees. This Declaration, the By-Laws, copies of rules and use restrictions, membership register, books of account, and minutes of meetings of the members of the Committee and of any other committees shall be made available for inspection and copying by any member of the Association or by his duly appointed representative and by holders, insurers, or guarantors of any first mortgage at any reasonable time and for a purpose reasonably related to his or her interest as a member or holder, insurer, or guarantor of a first mortgage at the office of the Association or at such other reasonable place as the Committee shall prescribe.

(b) Rules for Inspection. The Committee shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents.

(c) Inspection by Committee Members. Every member of the Committee shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a member of the Committee includes the right to make extra copies of documents at the reasonable expense of the Association.

11.11 Audit. An audit of the accounts of the Association shall be made annually in the manner as the Committee may decide; provided, however, after having received the Committee's audit at the annual meeting, the Owners, by a majority vote, may require that the accounts of the Association be audited as a common expense by a public accountant. Upon written request of any institutional holder of a first mortgage and upon payment of all necessary costs, such holder shall be entitled to receive a copy of an existing audited financial statement within ninety (90) days of the date of the request.

11.12 Notice of Sale or Lease. In the event an Owner sells or leases his or her Tract, the Owner shall give to the Association, in writing, the name of the purchaser or lessee of the Tract, and such other information as the Committee may reasonably require.

11.13 Agreements. All agreements and determinations, including settlement agreements regarding litigation involving the Association, lawfully authorized by the Committee shall be binding upon all Owners, their heirs, legal representatives, successors, assigns, and others having an interest in the Subdivision or the privilege of possession and enjoyment of any part of the Subdivision.

11.14 In the event that any person or entity has a real property interest of any kind in any Tract, which interest, for any reason, is not or does not become subject to this Declaration and the terms, conditions, covenants, restrictions and agreements contained in this Declaration, then, with respect to that interest only, and only until such interest shall become subject to this Declaration and the terms, conditions, covenants, restrictions and agreements contained in this Declaration, the original Declaration described in Recital B on page 1 of this Declaration shall survive, and shall remain in full force and effect as to any such interest.

IN WITNESS WHEREOF, the undersigned, being the Owners, have executed this instrument on the dates beside their respective signatures, but effective as of the date and year first above set forth.

EXHIBIT "A"

Definitions

The following words, when used in this Declaration (or any Supplementary or subsequently Amended Declaration (unless the context shall prohibit), shall have the following meanings:

(a) "The Association" shall mean and refer to the Pleasant Farms Property Owners Association, a Texas non-profit corporation.

(b) "The By-Laws" shall mean and refer to the By-Laws of the Association.

(c) "The Committee" shall mean and refer to the Property Owners Committee elected by the members of the Association, as provided in the By-Laws.

(d) "The Common Property" shall mean and refer to any and all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Owners.

(e) "This Declaration" shall mean and refer to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Pleasant Farms Property Owners Association to which this Exhibit "A" is attached.

(f) "The Effective Date" shall mean and refer to the date and year set forth in the introductory paragraph of this Declaration.

(g) "Owner" shall mean and refer to the record owner, whether one or more Persons, of the fee simple title to any Tract located within the Subdivision, excluding, however, any Person holding such interest merely as security for the performance or satisfaction of any obligation.

(h) "Person" means any natural person, as well as a corporation, joint venture, partnership (general or limited), association, trust, or other legal entity.

(i) "The Subdivision" shall mean and refer to a 148 acre subdivision called Pleasant Farms Subdivision, as shown on the plat(s) of the Subdivision recorded in the Official Records of Washington County, Texas.

(j) "The Tracts" shall mean and refer to the tracts of land within the Subdivision as shown on the recorded plat(s) of the Subdivision (not including any of the common areas within the Subdivision as shown on said plat(s)), and "a Tract", "any Tract", or "Tract" shall mean and refer to one or more of the Tracts.