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**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
AND EASEMENTS**

FOR

CARLTON WOODS CREEKSIDE

ll

586-78-1689

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**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
AND EASEMENTS**

FOR

CARLTON WOODS CREEKSIDE

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS is made as of the date set forth on the signature page hereof by The Woodlands Land Development Company, L.P., a Texas limited partnership.

PART ONE: INTRODUCTION TO THE COMMUNITY

Article I Creation of the Community

1.1. Purpose and Intent.

The Woodlands Land Development Company, L.P., as the owner of the real property described in Exhibit "A," is recording this Declaration to establish a general plan of development for the planned community known as Carlton Woods Creekside. Carlton Woods Creekside is a component of The Woodlands, a comprehensively planned, mixed-use real estate development located in Montgomery County and Harris County, Texas. Created in 1972, The Woodlands is comprised of residential, commercial, industrial, institutional, and recreational uses, as well as open space. Carlton Woods Creekside is located solely in Harris County.

This Declaration provides for Carlton Woods Creekside's overall development, administration, maintenance, and preservation and provides a flexible and reasonable procedure for its future expansion. An integral part of the development plan is the creation of Carlton Woods Creekside Association, Inc., an association comprised of all owners of real property in Carlton Woods Creekside, to own, operate, and/or maintain various common areas and community improvements, to perform services, and to administer and enforce this Declaration and the other Governing Documents referenced in this Declaration.

This document does not and is not intended to create a condominium under Texas law.

1.2. Binding Effect.

All property described in Exhibit "A," and any additional property which is made a part of Carlton Woods Creekside in the future by a recorded Supplemental Declaration, shall be owned, conveyed, and used subject to all of the provisions of this Declaration, which shall run with the title to such property. This Declaration shall be binding upon all Persons having any right, title, or interest in any portion of Carlton Woods Creekside, their heirs, successors, successors-in-title, and assigns.

This Declaration shall be enforceable by Declarant, the Association, any aggrieved Owner, and their respective legal representatives, heirs, successors, and assigns until December 31, 2050, after which time this Declaration shall extend automatically for successive 10-year periods unless at least sixty-seven percent (67%) of the then Owners have signed, within a six month period preceding the end of the initial term or any extension, an instrument which terminates this Declaration and such instrument is recorded prior to the end of the term.

Every purchaser or grantee of any interest in any real property subject to this Declaration, by acceptance of a deed or other conveyance thereof, agrees that this Declaration may be extended and renewed as provided in this Section. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

1.3. The Woodlands Association, Inc.

Carlton Woods Creekside also is or shall be made subject to that certain Declaration of Covenants, Restrictions, Easement, Charges and Liens for The Woodlands (TWA), dated September 1, 1993, filed for record under County Clerk's File No. 9348561, Film Code 908-01-1585 of the Official Public Records of Real Property of Montgomery County, Texas, and attached as Exhibit "B" to the Annexation of Additional Lands to the Property Subject to the Covenants, Rstrictions, Easements, Charges and Liens of The Woodlands (TWA) dated March 25, 2002, filed for record under County Clerk's File No. V691732, Film Code No. 550-34-0920 of the Official Public Records of Real Property of Harris County, Texas (as may be amended and supplemented from time to time, the "TWA Covenants"), which shall have priority in title over this Declaration. No property shall be subjected to this Declaration without first being made subject to the TWA Covenants. Each Owner of a Unit subject to this Declaration shall be a member of The Woodlands Association, Inc. ("TWA"), in addition to the Association, and, among other things, shall be subject to assessment by TWA in accordance with the TWA Covenants. TWA assessments are in addition to assessments levied by the Association under this Declaration. TWA has rights and responsibilities which are described in and governed by the TWA Covenants and its by-laws and articles of incorporation. In the event of a conflict between the Governing Documents and the TWA Covenants with respect to TWA's rights and responsibilities, subject to the Annexation and Assignment Instrument described below, the TWA Covenants shall control.

Carlton Woods Creekside has been or shall be subjected to the TWA Covenants by that certain recorded Annexation and Assignment Instrument entered into by and between Declarant, TWA, and the Association ("Annexation Instrument"). The Annexation Instrument governs the TWA with respect to all of Carlton Woods Creekside. In accordance with the Annexation Instrument, certain of TWA's rights, powers, and authority under the TWA Covenants have been assigned and delegated to the Association and Declarant, including, without limitation, the creation, administration, and enforcement of architectural, design, maintenance, and construction standards within Carlton Woods Creekside. As set forth in this Declaration, with respect to such delegated authority, the Association may act by and through the Board, its agents, assigns, or committees, including the Carlton Woods Creekside Design Committee. Each Owner, by

accepting a deed or entering into a recorded contract of sale for a Unit within Carlton Woods Creekside, acknowledges and agrees that the Association and Declarant shall have such assigned and delegated rights and authority, including, without limitation, easement rights.

1.4. Governing Documents.

The Governing Documents for Carlton Woods Creekside consist of the following, each as they may be amended:

- this Declaration and any Supplemental Declaration
- the Association's Articles of Incorporation and By-Laws
- the Restrictions and Rules described in Articles III and IV
- the Carlton Woods Creekside Design Standards described in Article V
- Board resolutions

Additional restrictions or provisions which are more restrictive than the provisions of this Declaration may be imposed on any portion of Carlton Woods Creekside, in which case, the more restrictive provisions will be controlling. However, no Person shall record any additional covenants, conditions, and restrictions, whether contained in a declaration or other instrument, affecting any portion of Carlton Woods Creekside without Declarant's written consent during the Development and Sale Period. Thereafter, the Association must consent. Any instrument recorded without the required consent is void and of no force and effect.

If there are conflicts between Texas law, the Articles, the Declaration, and the By-Laws, Texas law, the Declaration, the Articles, and the By-Laws (in that order) shall prevail.

The Governing Documents apply to all Owners and occupants of property within Carlton Woods Creekside, as well as to their respective tenants, guests, and invitees. Any lease on a Unit shall provide that the tenant and all occupants of the leased Unit are bound by and obligated to comply with the Governing Documents.

If any court should determine that any provision of this Declaration is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications of such provision.

Article II Concepts and Definitions

2.1. Definitions.

The terms used in the Governing Documents shall generally be given their natural, commonly accepted definitions unless otherwise specified. The following capitalized terms shall be defined as set forth below.

"Area of Common Responsibility": The Common Area, together with such other areas, if any, for which the Association has or assumes responsibility pursuant to the terms of this Declaration, any Supplemental Declaration, or other applicable covenants, contracts, or agreements.

"Articles": Carlton Woods Creekside Association, Inc.'s Articles of Incorporation, filed with the Texas Secretary of State, as they may be amended.

"Association": Carlton Woods Creekside Association, Inc., a Texas nonprofit corporation, its successors or assigns.

"Base Assessment": Assessments levied on all Units subject to assessment under Article IX to fund Common Expenses for the general benefit of all Units, as determined in accordance with Section 9.1.

"Board of Directors" or "Board": The body responsible for administration of the Association, selected as provided in the By-Laws and generally serving the same role as the board of directors under Texas corporate law.

"Builder": Any Person who purchases one or more Units from Declarant for the purpose of constructing improvements for later sale to consumers, or who purchases land within Carlton Woods Creekside for further subdivision, development, and/or resale in the ordinary course of its business.

"By-Laws": The By-Laws of Carlton Woods Creekside Association, Inc., as they may be amended. A copy of the initial By-Laws is attached to this Declaration as Exhibit "C."

"Carlton Woods Creekside" or "Community": The real property described in Exhibit "A," together with such additional property as is subjected to this Declaration in accordance with Article X.

"Carlton Woods Creekside Design Committee" or "CWCDC": The committee established to review plans and specifications for the construction or modification of improvements within the Community, and to enforce the architectural controls described in Article V.

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"Carlton Woods Creekside Design Standards" or "Design Standards": The architectural, design, and construction guidelines and review procedures adopted pursuant to Article V, as they may be amended.

"Class "B" Control Period": The period of time during which the Class "B" Member is entitled to appoint a majority of the members of the Board. The Class "B" Control Period shall terminate on the first to occur of the following:

(a) when 100% of the Units planned for the property described in Exhibits "A" and "B" have been created by identification and description on a recorded plat and are conveyed to Class "A" Members other than Builders;

(b) December 31, 2025; or

(c) when, in its discretion, the Class "B" Member so determines.

"Common Area": All real and personal property, including easements, which the Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners. The term shall include the Limited Common Area, as defined below.

"Common Expenses": The actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Owners, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Governing Documents.

"Community-Wide Standard": The standard of conduct, maintenance, or other activity generally prevailing at Carlton Woods Creekside, or the minimum standards established pursuant to the Carlton Woods Creekside Design Standards, Restrictions and Rules, and Board resolutions, whichever is the higher standard. Initially, Declarant shall establish such standard and it may contain both objective and subjective elements. The Community-Wide Standard may evolve as development progresses and as the needs and desires within Carlton Woods Creekside change, but, in any event, shall at all times meet or exceed the standards established for other portions of The Woodlands by TWA pursuant to the TWA Covenants.

"Declarant": The Woodlands Land Development Company, L.P., a Texas limited partnership, or any successor or assign who takes title to any portion of the property described in Exhibit "A" or "B" for the purpose of development and/or sale and who is designated as Declarant in a recorded instrument which the immediately preceding Declarant executes.

"Development and Sale Period": The period during which Declarant, any affiliate of Declarant, or any Declarant-related entity owns real property within Carlton Woods Creekside or has an unexpired option unilaterally to annex property into the Community.

"District": One or more neighborhoods wherever located within the Community which are designated as a separate District in accordance with Section 7.5. Units within a District may share Limited Common Areas and/or receive and pay for benefits or services from the

Association which are not provided to all Units. If the Association provides benefits or services to less than all Units within a particular District, then the Association may levy a District Assessment or Specific Assessments against just those Units for such benefits or services.

"District Assessments": Assessments levied against the Units in a particular District or Districts to fund District Expenses, as described in Section 9.2.

"District Expenses": The actual and estimated expenses which the Association incurs or expects to incur for the benefit of Owners within a particular District or Districts, which may include a reasonable reserve for capital repairs and replacements and a reasonable administrative charge, as may be authorized pursuant to this Declaration or in the Supplemental Declaration(s) applicable to such District(s).

"Golf and Country Club": The golf course and country club located within Carlton Woods Creekside, which, at the time of recording this Declaration is known as and a part of The Club at Carlton Woods, including the real property and improvements or facilities which are a part of the club. The Golf and Country Club is privately owned and operated by Persons other than the Association for recreational and related purposes.

"Limited Common Area": A portion of the Common Area primarily benefiting one or more, but less than all, Districts, as more particularly described in Article XIII.

"Member": A Person subject to membership in the Association pursuant to Section 7.2.

"Mortgage": A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Unit. The term "Mortgagee" shall refer to a beneficiary or holder of a Mortgage.

"Owner": Any Person holding title to a Unit, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a recorded contract of sale, and the contract specifically so provides, the purchaser (rather than the fee owner) will be considered the Owner.

"Person": An individual, a corporation, a partnership, a trustee, or any other legal entity.

"Restrictions and Rules": The restrictions and rules which govern use and operation of Units and Common Area within Carlton Woods Creekside, as set forth in or otherwise promulgated pursuant to this Declaration, and as such may be supplemented, modified, and repealed from time to time. The Restrictions and Rules include the "Use Restrictions" set forth in Article IV.

"Reviewer": The entity, whether Declarant or the Carlton Woods Creekside Design Committee, having jurisdiction over design or architectural applications in any particular case pursuant to Article V.

"Special Assessment": Assessments levied against all Owners or all Owners within a District in accordance with Section 9.4.

"Specific Assessment": Assessments levied against a particular Owner or Owners in accordance with Section 9.5.

"Supplemental Declaration": A recorded instrument which subjects property to this Declaration, designates Districts, and/or imposes additional restrictions and obligations on the land described in such instrument. The term also shall refer to an instrument Declarant records pursuant to Section 7.6 which designates Voting Precincts.

"TWA": The Woodlands Association, Inc., its successors and assigns.

"TWA Covenants": The recorded Declaration of Covenants, Restrictions, Easements, Charges and Liens of The Woodlands, as may be amended from time to time.

"Unit": A portion of the Community, whether improved or unimproved, which may be independently owned and conveyed, and upon which a residence is intended for development, use, and occupancy. In addition, the Golf and Country Club shall be a single Unit. The term shall refer to the land, if any, which is part of the Unit as well as any improvements, including any residence, on the Unit. The boundaries of each Unit shall be shown on a plat.

A parcel shall be deemed to be a single Unit until such time as a plat subdivides all or a portion of the parcel. Thereafter, the subdivided portion shall contain the number of Units shown on the plat. Any portion not subdivided shall continue to be a single Unit.

In the event that two contiguous Units are combined for use as one residence, the combined Units shall be treated as one Unit for all purposes under this Declaration; provided, contiguous Units may not be so combined without Declarant's express approval during the Development and Sale Period.

"Voting Precinct": A designated group of Units within the Community, the owners of which vote on a common slate for election of directors as more particularly described in Section 7.6.

2.2 Interpretation of Certain References.

(a) Recording. All references in the Governing Documents to a "recorded" legal instrument, or to "recordation" or the "recording" of a legal instrument, shall refer to an instrument filed, or the filing of a legal instrument in the Official Public Records of Real Property of Harris County, Texas, or such other place designated as the official location for filing documents affecting title to real estate in Harris County in order to make them a matter of public record.

(b) Consent or Approval. All references in the Governing Documents to "consent" or "approval" shall refer to permission or approval which, unless otherwise expressly qualified in the specific provision, may be granted or withheld in the discretion of the Person whose consent or approval is required.

(c) Discretion and Determinations. All references in the Governing Documents to "discretion" or to the right to "determine" any matter shall refer to the sole and absolute power or right to decide or act and, unless otherwise expressly limited in the Governing Documents, a Person entitled to exercise its discretion or make a determination may do so without consent or approval of others, and without regard to the reasonableness of, and without the necessity of justifying, the decision, determination, action, or inaction.

(d) Notice. All references in the Governing Documents to "notice" or "notify" or any derivative of such terms shall be deemed to refer to written notice by personal delivery, United States mail, private carrier, or if the intended recipient has given its prior written authorization to use such method of delivery, facsimile or electronic mail with written confirmation of transmission.

Notices shall be deemed to have been duly given and effective:

(i) if sent by United States mail, when deposited with the U.S. Postal Service, correctly addressed, with first class or higher priority postage prepaid;

(ii) if delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery; or

(iii) if sent by facsimile or electronic mail, upon transmission, as evidenced by a printed confirmation of transmission.

PART TWO: CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

Article III Use and Conduct

3.1. Framework for Regulation

The Governing Documents establish a framework of affirmative and negative covenants, easements, and restrictions which govern Carlton Woods Creekside. Within that framework, the Board and the Members must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends, and technology.

3.2. Rule Making Authority.

(a) Adopting and Changing Restrictions and Rules.

Subject to the duty to exercise business judgment and reasonableness on behalf of the Association and the Members, the Association may create, modify, cancel, limit, create exceptions to, or expand the Restrictions and Rules in the manner provided in this Article. The Owners and occupants of Units shall have a reasonable opportunity for public comment prior to new or revised Restrictions and Rules which affect use of Units being adopted.

No public comment shall be required prior to the enactment of rules and regulations governing use and operation of the Common Area (e.g., speed limits on roads, rules governing use of recreational facilities, etc.). The BOARD may enact such Common Area rules and regulations, in its discretion, by resolution or otherwise pursuant to its general authority.

(b) Publication; Effective Date.

Prior to any action taken under this Section becoming effective, the Association shall notify the Owners of new or changed Restrictions and Rules by publication in a newsletter of Community-wide circulation, posting in a conspicuous location within Carlton Woods Creekside, or any other reasonable means designed to provide general notice to the Owners. The effective date shall be not less than 30 days following publication, posting or other dissemination of such notice. The Association shall provide, without cost, a copy of the Restrictions and Rules then in effect to any requesting Member or Mortgagee.

(c) Action by the Board.

Except to the extent Texas law requires Owner action, the Association shall act by and through the Board in the creation, modification, cancellation, limitation, creation of exceptions to, or expansion of Restrictions and Rules under this Article. In any event, the Board shall administer the Restrictions and Rules in the manner set forth in this Declaration.

(d) Conflicts.

No action taken under this Article shall have the effect of modifying, repealing, or expanding the Carlton Woods Creekside Design Standards, the TWA Covenants, or any provision of this Declaration other than the Restrictions and Rules currently in effect. In the event of a conflict between the Design Standards and the Restrictions and Rules, the Design Standards shall control.

3.3. Owners' Acknowledgment and Notice to Purchasers.

Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her Unit will be affected by the Restrictions and Rules, that the Restrictions and Rules may change from time to time, and that such changes

may not be set out in a recorded instrument. All purchasers of Units are on notice that the Association may have adopted changes to the Restrictions and Rules. Copies of the current Restrictions and Rules may be obtained from the Association.

3.4. Protection of Owners and Others.

Except as may be set forth in this Declaration (either initially or by amendment), all Restrictions and Rules shall be subject to the following provisions:

(a) Similar Treatment. Similarly situated Owners shall be treated similarly; however, the Restrictions and Rules may vary by District or permitted property use.

(b) Displays. Owners may display religious and holiday signs, symbols, and decorations on their Units of the kinds normally displayed in residential neighborhoods; provided, time, place, and manner restrictions may be adopted with respect to displays visible from outside any structure.

No rules shall regulate the content of political signs; however, rules may regulate the time, place, and manner of posting such signs (including design criteria).

(c) Household Composition. Owners shall be free to determine the composition of their households, provided, the total number of Persons permitted to occupy a Unit is subject to limitation based upon dwelling size and fair use of the Common Area.

(d) Activities Within Dwellings. Activities carried on within the confines of dwellings shall not be interfered with, except that activities not normally associated with residential property, that create monetary costs for the Association or other Owners, that create a danger to the health or safety of others, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance may be restricted or prohibited.

(e) Allocation of Burdens and Benefits. The allocation of financial burdens among the various Units or rights to use the Common Area shall not be altered to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent changes in the Common Area available, the adoption of generally applicable rules for use of the Common Area, or the denial of use privileges to those who are delinquent in paying assessments, abuse the Common Area, or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments as provided in Article IX.

(f) Abridging Existing Rights. An Owner shall not be required to dispose of personal property that was in or on a Unit prior to the adoption of new or changed Restrictions and Rules if such personal property was in compliance with all rules previously in force. This exemption shall apply only to property and not to conduct and shall apply only during the period of such

Owner's ownership of the Unit, and shall not apply to subsequent Owners who take title to the Unit after adoption of the rule.

(g) Reasonable Rights to Develop. The Association, the Board, the CWCDC, or any Owner may not unreasonably impede Declarant's right to develop Carlton Woods Creekside.

(h) Interference with Golf and Country Club. The Restrictions and Rules may not interfere with the use or operation of the Golf and Country Club.

The limitations in subsections (a) through (f) of this Section 3.4 shall only limit rulemaking authority exercised under Section 3.2; they shall not apply to amendments to this Declaration adopted in accordance with Article XX. Amendments to the Use Restrictions set forth in Article IV require an amendment to the Declaration pursuant to Article XX.

Article IV Use Restrictions

4.1. TWA Covenants

The general and specific covenants and restrictions set forth in the TWA Covenants, including those set forth in Articles X, XI, XIII, and XIV thereof, are applicable to Carlton Woods Creekside and incorporated as if fully set forth in this Declaration. With regard to such covenants and restrictions, any approvals required or discretion to be exercised shall be deemed to require the approval or exercise of discretion of the Reviewer (on matters involving architecture, design, or appearance), or the Board (as to other matters). In addition, any right of entry and inspection granted or reserved under the TWA Covenants relating to the administration or enforcement of the TWA Covenants may be exercised by Declarant or the Association, by or through the Board, or their respective agents or assigns.

4.2. Exterior Lighting

Excessive exterior lighting on any Unit is prohibited. The Board in its sole discretion shall determine whether any exterior lighting is excessive. Lighting requirements may differ between residential Units and the Golf and Country Club or between Units in different locations.

Article V Architecture and Landscaping

5.1. General

No structure or thing shall be placed, erected, or installed upon any Unit and no improvements or other work (including staking, clearing, excavation, grading and other site work, exterior alterations of existing improvements, or planting or removal of landscaping) shall take place within Carlton Woods Creekside, except in compliance with the TWA Covenants (subject to the Annexation Instrument), this Article, and the Carlton Woods Creekside Design Standards.

No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications. Any Owner may remodel, paint, or redecorate the interior of his or her Unit without approval. However, modifications to the interior of screened porches, patios, and similar portions of a Unit visible from outside the structure shall be subject to approval.

All dwellings constructed on any portion of Carlton Woods Creekside shall be designed by and built in accordance with the plans and specifications of a licensed architect or a "Certified Designer," unless Declarant or its designee otherwise approves in its sole discretion. A Certified Designer shall be a member of the Texas or American Institute of Building Design.

This Article shall not apply to Declarant's activities, or to the Association's activities during the Class "B" Control Period.

5.2. Architectural Review.

(a) By Declarant. Each Owner, by accepting a deed or other instrument conveying any interest in any portion of Carlton Woods Creekside, acknowledges that, as the developer of Carlton Woods Creekside and other neighboring real estate, Declarant has a substantial interest in ensuring that the improvements within Carlton Woods Creekside enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market, sell, or lease its property. Therefore, each Owner agrees that no activity within the scope of this Article shall be commenced on such Owner's Unit unless and until Declarant or its designee has given its prior written approval for such activity, which approval may be granted or withheld in the Declarant's or its designee's sole discretion.

In reviewing and acting upon any request for approval, Declarant or its designee shall be acting solely in Declarant's interest and shall owe no duty to any other Person. Declarant's rights reserved under this Article shall continue until 100% of the Units planned for the property described in Exhibits "A" and "B" have been conveyed to Class "A" Members other than Builders and have been issued certificates of occupancy, unless earlier terminated in a recorded instrument which Declarant has executed.

Declarant may, in its sole discretion, designate one or more Persons from time to time to act on its behalf in reviewing applications hereunder.

Declarant may from time to time, but shall not be obligated to, delegate all or a portion of its reserved rights under this Article to the Carlton Woods Creekside Design Committee or to any other Person or entity. Any such delegation shall be in writing specifying the scope of responsibilities delegated and shall be subject to (i) Declarant's right to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated and (ii) Declarant's right to veto any decision which Declarant determines, in its sole discretion, to be inappropriate or inadvisable for any reason. So long as Declarant has any rights under this Article, the jurisdiction of the foregoing entities shall be limited to such matters as Declarant specifically delegates to them.

(b) Carlton Woods Creekside Design Committee (CWDC). Upon delegation by Declarant or upon expiration or termination of Declarant's rights under this Article, the Association, acting through the CWDC, shall assume jurisdiction over architectural matters within Carlton Woods Creekside, subject to the rights and authority of the Creekside Park RDRC as described below. The CWDC shall consist of at least three, but not more than seven, persons who shall serve and may be removed and replaced in the Board's discretion. The members of the CWDC need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers, or similar professionals, who may be compensated in such manner and amount, if any, as the Board may establish.

Unless and until such time as Declarant delegates all or a portion of its reserved rights to the CWDC or Declarant's rights under this Article terminate, the CWDC shall have no jurisdiction over architectural matters. If, at any time, the CWDC is not in existence, any reference in this Declaration to the CWDC shall be deemed a reference to the Board.

(c) Creekside Park Residential Design Review Committee. As set forth in the Annexation Instrument, Carlton Woods Creekside shall be a part of a "Village" under the TWA Covenants, known as the Village of Creekside Park. As such, in accordance with Section 9.02 of the TWA Covenants, a Residential Design Review Committee shall be appointed for the Village of Creekside Park ("Creekside Park RDRC") at such time as there are 50 residents (as defined in this TWA Covenants) within the Village of Creekside Park. The TWA Covenants and the Annexation Instrument shall govern the composition and operations of the Creekside Park RDRC. Subject to the Annexation Instrument, the Creekside Park RDRC shall have architectural review authority with respect to existing residential structures within Carlton Woods Creekside as set forth in Section 9.09 of the TWA Covenants; provided, no application for approval shall be submitted to the Creekside Park RDRC unless and until such time as the application has been approved by the Reviewer in accordance with this Article V.

(d) Fees; Assistance. The Reviewer may establish and charge reasonable fees for review of applications and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers, or other professionals. Declarant and the Association may employ architects, engineers, or other persons as deemed necessary to perform the review. The Board may include the compensation of such persons in the Association's annual operating budget.

5.3. Guidelines and Procedures.

(a) Carlton Woods Creekside Design Standards. Declarant may prepare the initial Carlton Woods Creekside Design Standards, which may contain general provisions applicable to all of Carlton Woods Creekside as well as specific provisions which vary from District to District. The Carlton Woods Creekside Design Standards are intended to provide guidance to Owners and Builders regarding matters of particular concern to the Reviewer in considering applications. The Carlton Woods Creekside Design Standards are not the exclusive basis for

decisions of the Reviewer, and compliance with the Design Standards does not guarantee approval of any application.

Notwithstanding a delegation of reviewing authority to the CWCDC, unless Declarant also delegates the power to amend to the CWCDC, Declarant shall have sole and full authority to amend the Carlton Woods Creekside Design Standards until 100% of the Units planned for the property described in Exhibits "A" and "B" have been conveyed to Class "A" Members other than Builders and have been issued certificates of occupancy, unless earlier terminated in a recorded instrument which Declarant has executed. Upon termination or delegation of Declarant's right to amend, the CWCDC shall have the authority to amend the Carlton Woods Creekside Design Standards with the Board's consent.

Any amendments to the Carlton Woods Creekside Design Standards shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved work has commenced. Subject to the Annexation Instrument and the TWA Covenants, there shall be no limitation on the scope of amendments to the Carlton Woods Creekside Design Standards, and such amendments may remove requirements previously imposed or otherwise make the Design Standards less restrictive.

The Reviewer shall make the Carlton Woods Creekside Design Standards available to Owners and Builders who seek to engage in development or construction within Carlton Woods Creekside. In Declarant's discretion, or if Texas law requires, the Carlton Woods Creekside Design Standards may be recorded, in which event the recorded version, as it may unilaterally be amended from time to time, shall control in the event of any dispute as to which version of the Design Standards was in effect at any particular time.

(b) Procedures. Except as otherwise specifically provided in the Carlton Woods Creekside Design Standards, no activities shall commence on any portion of Carlton Woods Creekside until an application for approval has been submitted to and approved by the Reviewer. Such application shall include plans and specifications showing site layout, exterior elevations, exterior materials and colors, landscaping and drainage, exterior lighting, other features of proposed construction, as applicable, and such other items as the Reviewer may require.

In reviewing each submission, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements. The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment and such determinations shall not be subject to review so long as made in good faith and in accordance with the procedures set forth herein.

The Reviewer shall make a determination on each application within 45 days after receipt of a completed application and all required information. The Reviewer may (i) approve the

application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application.

The Reviewer shall notify the applicant in writing of the final determination on any application within five days thereafter. In the case of disapproval, the Reviewer may, but shall not be obligated to, specify the reasons for any objections and/or offer suggestions for curing any objections. Reviewer decisions shall not be subject to appeal; provided, in the event of disapproval, an applicant may make modifications to plans and submit them for reconsideration; and, provided further, an application for modification to an existing residential structure shall be subject to review by the Creekside Park RDRC as provided in the TWA Covenants.

In the event that the Reviewer fails to respond in a timely manner, approval shall be deemed given, subject to Declarant's right to veto pursuant to this Section. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Carlton Woods Creekside Design Standards unless a written variance has been granted pursuant to Section 5.6.

If work does not commence on a project for which Plans have been approved within one year after the date of approval, such approval shall be deemed withdrawn and it shall be necessary for the Owner to reapply for approval before commencing any activities. Once any approved work is commenced, it shall be diligently pursued to completion. All work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the Reviewer grants an extension in writing, which it shall not be obligated to do. If approved work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Association, Declarant, or any aggrieved Owner.

The Reviewer may, by resolution, exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution and otherwise comply with the Community-Wide Standard.

5.4. Construction and Other Codes.

Declarant or the CWCDC shall have the authority to adopt a building code, fire code, housing code, or other similar codes, as it deems necessary or desirable. Any adopted codes shall be made available for inspection to all interested parties at the Association's principal office.

5.5. No Waiver of Future Approvals.

Each Owner acknowledges that the persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Carlton Woods Creekside Design Standards, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features until work is completed, in which case it may be unreasonable to require changes to the

improvements involved, but the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

5.6. Variances.

The Reviewer may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations justify a variance, or if the Reviewer otherwise reasonably deems a variance to be appropriate under the particular circumstances; however, the Reviewer shall under no circumstances be obligated to grant variances. No variance shall (a) be effective unless in writing; (b) be contrary to this Declaration or the TWA Covenants; or (c) estop the Reviewer from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

5.7. Inspection of Units.

Declarant, its agents, designees, or assigns, and the Association, by and through the CWCDC, and its agents, may, but shall not be obligated to, enter upon and inspect any Unit during regular business hours and following reasonable notice for the purpose of ascertaining whether such Unit and any improvements and uses thereon are in compliance with the Governing Documents. Neither Declarant, the Association, the CWCDC, nor an agent of any of them shall be deemed to have committed a trespass by reason of such entry or inspection, provided such inspection is carried out in accordance with the terms of this section.

5.8. Limitation of Liability.

The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of Carlton Woods Creekside; they do not create any duty to any Person. Review and approval of any application pursuant to this Article may be made solely on the basis of aesthetic considerations. The Reviewer shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring that all dwellings are of comparable quality, value, or size, of similar design, or aesthetically pleasing or otherwise acceptable to neighboring property owners.

Declarant, the Association, the Board, the CWCDC, any other Association committee, or member of any of the foregoing shall not be held liable for soil conditions, drainage, or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not Declarant has approved or featured such contractor as a builder in Texas; or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Unit. In all

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matters, the Board, the CWCDC, and the members of each shall be defended and indemnified by the Association as provided in Section 8.6.

5.9. Certificate of Compliance.

Any Owner may request that the Reviewer issue a certificate of architectural compliance certifying that there are no known violations of this Article or the Carlton Woods Creekside Design Standards with respect to the Owner's modification of an existing structure or improvement upon his or her Unit. The Association shall either grant or deny such request within 30 days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall estop the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate.

Article VI Maintenance and Repair

6.1. Maintenance of Units.

Each Owner shall maintain his or her Unit and all landscaping and improvements comprising the Unit in a manner consistent with the Governing Documents, the Community-Wide Standard, and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association pursuant to any Supplemental Declaration or other recorded covenants applicable to such Unit.

Each Owner shall also be responsible for maintaining landscaping and irrigation within any area lying between the Unit boundary and the curb or pavement forming the edge of any street immediately adjacent to the Unit; provided, there shall be no right to remove trees, shrubs, or similar vegetation from this area without prior approval pursuant to Article V.

Any Unit which borders the Golf and Country Club may contain a special landscape or buffer zone along its border with the Golf and Country Club. Any such landscape or buffer zone may vary in size from Unit to Unit based upon Unit size or other factors and shall be more specifically identified in "Design Criteria" prepared for the Units by Declarant. The Design Standards, a Supplemental Declaration or recorded covenants specific to a Unit, and/or a recorded plat may set forth specific landscaping requirements or restrictions affecting such areas, or a requirement that such area remain undisturbed. By accepting a deed to a Unit which borders on the Golf and Country Club, the Owner of such a Unit acknowledges that such restrictions may be imposed and agrees to comply with all such restrictions. The Association may enforce all such restrictions in the manner provided in the Governing Documents.

6.2. Maintenance of Common Area Within or Adjacent to a District.

If so designated in a Supplemental Declaration, the Owners within a District shall be responsible for paying, through District Assessments, the costs of operating, maintaining, and insuring Limited Common Area within or adjacent to such District. This may include, without

limitation, the costs of maintaining any signage, entry features, and lakes or ponds within the District. The Board also may, by resolution, assign particular Common Area maintenance costs to the Owners within a District; provided, all Districts which are similarly situated shall be treated the same. In addition, upon the affirmative vote, written consent, or a combination thereof, of Owners of two-thirds (2/3) of the Units within a District, the Association shall provide maintenance within the District which exceeds that which the Association otherwise provides in accordance with the Community-Wide Standard. The Association shall perform such additional maintenance and assess such additional costs against the Owners and Units within the District as a District Assessment.

6.3. Responsibility for Repair and Replacement.

Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary to maintain property to a level consistent with the Community-Wide Standard.

Each Owner covenants and agrees that in the event of damage to or destruction of structures on or comprising his or her Unit, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article V. Alternatively, the Owner shall clear the Unit and maintain it in a neat and attractive condition consistent with the Community-Wide Standard. The Owner shall pay any costs not covered by insurance proceeds.

Additional recorded covenants applicable to any District may establish more stringent requirements for insurance and more stringent standards for rebuilding or reconstructing structures on the Units within such District and for clearing and maintaining the Units in the event the structures are not rebuilt or reconstructed.

6.4. Remedies for Maintenance Deficiencies.

In the event that any Owner fails to maintain his or her Unit in accordance with the Community-Wide Standard, the Association may perform such maintenance on behalf of the Owner. Such maintenance costs shall be assessed against the benefited Unit Owner as a Specific Assessment in accordance with Section 9.5.

Except in an emergency situation, the violating Owner shall be afforded reasonable notice and an opportunity to cure the problem prior to the applicable enforcing entity's exercise of the enforcement rights set forth in this Section.

PART THREE: COMMUNITY GOVERNANCE AND ADMINISTRATION

Article VII The Association and its Members

7.1. Function of Association.

The Association is the entity responsible for management, maintenance, operation, and control of the Area of Common Responsibility. The Association also is the primary entity responsible for enforcing the Governing Documents. The Association shall perform its functions in accordance with the Governing Documents and Texas law.

7.2. Membership.

Every Owner shall be a Member of the Association; provided, there shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 7.3(a) and in the By-Laws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is not an individual (e.g., a corporation, partnership, etc.) may be exercised by any officer, director, partner, or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Association's Secretary or its designee.

7.3. Voting.

The Association shall have two classes of membership, Class "A" and Class "B."

(a) Class "A". Class "A" Members shall be all Owners except the Class "B" Member, if any. Class "A" Members shall have one equal vote for each Unit in which they hold the interest required for membership under Section 7.2, except that there shall be only one vote per Unit. No vote shall be exercised for any property which is exempt from assessment under Section 9.9.

In any situation where there is more than one Owner of a Unit, the vote for such Unit shall be exercised as the co-Owners determine among themselves and advise the Association's Secretary in writing prior to the vote being taken. Absent such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

(b) Class "B". The sole Class "B" Member shall be Declarant. The Class "B" Member shall not vote, but may appoint a majority of the members of the Board of Directors during the Class "B" Control Period and may exercise the additional rights of the Class "B" Member specified in the Governing Documents.

The Class "B" membership shall terminate upon the earlier of:

- (i) two years after expiration of the Class "B" Control Period; or

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(ii) when, in its discretion, Declarant so determines and declares in a recorded instrument.

Upon termination of the Class "B" membership, Declarant shall be a Class "A" Member entitled to one Class "A" vote for each Unit which it owns.

7.4. Election of Board of Directors.

(a) The Board initially shall consist of the three directors identified in the Articles of Incorporation. Such directors shall serve at the Class "B" Member's pleasure. The Class "B" Member shall have the sole right to remove any directors which it appoints and to appoint their successors.

(b) Within 30 days after the time that 25% of the total number of Units planned for the property described in Exhibit "A" or "B" have been improved and are occupied by Class "A" Members, the Board shall be increased to five directors. The Association's President shall call for an election by which the Class "A" Members shall be entitled to elect two of the five directors, who shall serve as at-large directors. The remaining three directors shall be appointees of the Class "B" Member. The directors elected by the Class "A" Members shall not be subject to removal by the Class "B" Member and shall be elected for a term of two years or until the happening of the event described in subsection (c), whichever is shorter. If such directors' terms expire prior to the happening of the event described in subsection (c), successors shall be elected for like terms.

(c) Within 90 days after termination of the Class "B" Control Period, the three directors appointed by the Class "B" Member shall resign. The President shall call for an election by which the Class "A" Members shall be entitled to elect all five directors. The Class "A" Members within each Voting Precinct, if any, shall elect one director. Additional directors, if any, shall be elected at-large by vote of all Class "A" Members. Three directors shall serve a term of two years and the remaining two directors shall serve a term of one year, as such directors determine among themselves.

Upon expiration of the term of office of each director elected by the Class "A" Members, the Class "A" Members entitled to elect such director shall elect a successor to serve a term of two years. Directors elected by the Class "A" Members shall hold office until their respective successors have been elected.

7.5. Districts.

Exhibit "A" to this Declaration, and any Supplemental Declaration may initially assign the submitted property to a specific District (by name or other identifying designation), which District may be then existing or newly created. During the Development and Sale Period, Declarant may unilaterally amend this Declaration or any Supplemental Declaration to create new Districts or redesignate District boundaries. However, two or more existing Districts shall

not be combined without the consent of Owners of a majority of the Units in the affected Districts.

The Units within a particular District may be subject to covenants in addition to those set forth in this Declaration. The Owners within a District may, but are not required to, elect a District Committee to represent their interests, as provided for in the By-Laws.

7.6. Voting Precincts.

Before the Class "B" Control Period expires, Declarant, in its sole discretion, may combine different Districts, neighborhoods, or other areas within the Community into Voting Precincts for the purpose of electing directors to the Board. The purpose of Voting Precincts is to provide for representation on the Board by groups with dissimilar interests and to avoid particular groups dominating the Board due to the number of votes held by such groups. Declarant shall establish a Voting Precinct by recording a Supplemental Declaration identifying the Voting Precinct in any manner by which the Units within the Voting Precinct can clearly be determined. Declarant may amend such designations, in its sole discretion, at any time during the Class "B" Control Period.

After Declarant's right to appoint Voting Precincts expires, the Board, with the approval of a majority of the total Class "A" votes in the Association, may create one or more Voting Precincts, or change existing Voting Precincts, by recording a Supplemental Declaration or amending a previous Supplemental Declaration.

Neither recording nor amending a Supplemental Declaration to create or change Voting Precincts shall be an amendment to this Declaration, and no consent or approval of any Person shall be required except as stated in this Section. After Voting Precincts are established, all portions of the Community not assigned to a specific Voting Precinct shall together constitute a single Voting Precinct.

Article VIII Association Powers and Responsibilities

8.1. Acceptance and Control of Association Property.

(a) The Association may acquire, hold, lease (as lessor or lessee), operate, and dispose of tangible and intangible personal property and real property. The Association may enter into leases, licenses, or operating agreements for portions of the Common Area, for such consideration or no consideration as the Board deems appropriate, to permit use of such portions of the Common Area by others.

(b) Declarant and its designees may convey to the Association, and the Association shall accept "as is," personal property and fee title, leasehold, or other property interests in any real property, improved or unimproved, described in Exhibit "A" or "B." Upon Declarant's written request, the Association shall reconvey to Declarant or a Builder designated by Declarant any portions of the Common Area which Declarant or such Builder originally conveyed to the

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Association for no consideration, to the extent conveyed to the Association in error or needed to make minor adjustments in property lines, provided such reconveyance does not impair the use of the remaining Common Area.

(c) The Association shall be responsible for management, operation, and control of the Common Area, subject to any covenants and restrictions set forth in the deed or other instrument transferring such property to the Association. The Board may adopt such reasonable rules regulating use of the Common Area as it deems appropriate.

8.2. Maintenance of Area of Common Responsibility.

The Association shall maintain, in accordance with the Community-Wide Standard, the Area of Common Responsibility, which shall include, but need not be limited to:

(a) all portions of and structures situated on the Common Area; including; but not limited to; park land; open space; paths; ponds, streams, and other wetlands (except as maintained by a municipal utility district or other governmental or quasi-governmental entity); private streets; street lights; street furniture; signs; perimeter fencing; entry gates; gatehouses; and other entry features and monumentation;

(b) landscaping within public rights-of-way within or abutting Carlton Woods Creekside;

(c) such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, or any contract, covenant, or agreement which the Association enters into (or which Declarant enters into on the Association's behalf); and

(d) any property and facilities which Declarant owns and makes available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members. Such property and facilities shall be identified by written notice from Declarant to the Association and will remain part of the Area of Common Responsibility maintained by the Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Association.

The Association may maintain other property which it does not own, including, without limitation, property dedicated to the public or ponds, streams, and/or wetlands (including improvements and equipment installed therein or used in connection therewith) located within a Unit's boundary, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard. In addition, Units may be subject to a private access easement, as shown on a recorded plat, in favor the Association for activities relating to the maintenance, repair, and replacement of private streets within Carlton Woods Creekside.

The Association shall not be liable for any damage or injury occurring on or arising out of the condition of property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities.

The Association shall maintain the Common Area facilities (other than Limited Common Area facilities) in continuous operation, unless Owners representing at least 67% of the total votes in the Association consent in writing to discontinue such operation. If the property is Limited Common Area, any discontinuation shall require the approval of the Board and the approval in writing of Owners representing at least 75% (or such higher percentage as a Supplemental Declaration may require) of the Units to which such Limited Common Area is assigned. This paragraph shall not apply to temporary closures or interruptions in operation as the Board may determine appropriate to perform maintenance or repairs. In addition, and in any event, the Association may not discontinue maintenance and operation of private streets, thoroughfares, and roadways used for access, ingress, or egress within Carlton Woods Creekside.

Notwithstanding the above, Declarant's consent is required to discontinue operations of any facilities within the Common Area or other portions of the Area of Common Responsibility during the Development and Sale Period.

The costs associated with maintenance, repair, and replacement of the Area of Common Responsibility shall be a Common Expense; provided, the Association may seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, any covenant to share costs, other recorded covenants, or agreements with the owner(s) thereof. Maintenance, repair, and replacement of Limited Common Areas shall be a District Expense assessed to the District(s) to which the Limited Common Areas are assigned, notwithstanding that the Association may be responsible for performing such maintenance hereunder.

8.3. Insurance.

(a) Required Coverages. The Association, acting through its Board or its duly authorized agent, may obtain and continue in effect any or all of the following types of insurance, as deemed necessary or advisable in the Board's business judgment and as may be reasonably available: (i) blanket property insurance covering all insurable improvements within the Area of Common Responsibility to the extent that the Association has assumed responsibility in the event of a casualty, regardless of ownership; (ii) commercial general liability insurance on the Area of Common Responsibility; (iii) directors and officers liability coverage; (iv) commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds; and (v) such additional insurance as the Board, in its business judgment, determines advisable.

In addition, the Association shall, if so specified in a Supplemental Declaration applicable to any District, obtain and maintain property insurance on the insurable improvements within such District. Any such policies shall provide for a certificate of insurance to be furnished upon request to the Owner of each Unit insured.

Premiums for all insurance on the Area of Common Responsibility shall be Common Expenses, except that (i) premiums for property insurance on Units within a District shall be a District Expense; and (ii) premiums for insurance on Limited Common Areas may be included in the District Expenses of the District(s) to which such Limited Common Areas are assigned unless the Board reasonably determines that other treatment of the premiums is more appropriate.

(b) Policy Requirements. After termination of the Class "B" Control Period, the Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in Harris County, Texas. All Association policies shall be written in the name of the Association and shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured.

Association insurance policies may contain a reasonable deductible. In the event of an insured loss, the deductible shall be treated as a Common Expense or a District Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Units as a Specific Assessment.

(c) Restoring Damaged Improvements. In the event of damage to or destruction of Common Area or other property which the Association is obligated to insure, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

The Association shall repair or reconstruct damaged Common Area improvements (other than Limited Common Area improvements) unless Owners representing at least 75% of the total votes in the Association decide within 180 days after the loss not to repair or reconstruct. If the damage is to Limited Common Area, any decision not to restore the damaged improvements shall require the approval of the Board and Owners representing at least 75% of the Units to which such Limited Common Area is assigned. If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 180-day period, then the period shall be extended until such funds or information are available. No Mortgagee shall have the right to participate in determining whether the damage or destruction to the Common Area shall be repaired or reconstructed.

Notwithstanding the above, any decision not to repair or reconstruct any portion of the Common Area shall require Declarant's consent during the Development and Sale Period.

If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and

thereafter shall be maintained by the Association in a neat and attractive condition consistent with the Community-Wide Standard.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by the Association for the benefit of its Members or the Owners of Units within the insured District, as appropriate, and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Members, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 8.3(a).

8.4. Compliance and Enforcement.

(a) Every Owner and occupant of a Unit shall comply with the Governing Documents. The Board may impose sanctions for Governing Document violations, which sanctions include those listed below and any others described elsewhere in the Governing Documents. The Board may establish a range of penalties for different violations, with violations of the Declaration, unsafe conduct, and harassment or intentionally malicious conduct treated more severely than other violations. The following sanctions require prior notice and an opportunity for a hearing in accordance with the By-Laws:

(i) imposing reasonable monetary fines which shall constitute a lien upon the violator's Unit (fines may be imposed within a graduated range). (In the event that any occupant, guest, or invitee of a Unit violates the Governing Documents and a fine is imposed, the fine may first be assessed against the violator; provided, if the violator does not pay the fine within the time period the Board sets, the Owner shall pay the fine upon notice from the Board);

(ii) suspending an Owner's right to vote (except that no notice or hearing is required if the Owner is more than 60 days delinquent in paying any Base Assessment);

(iii) suspending any Person's right to use Common Area amenities (except that no notice or hearing is required if the Owner is more than 30 days delinquent in paying any assessment or other charge owed the Association); provided, the Board may not limit ingress or egress to or from a Unit;

(iv) suspending any services which the Association provides to an Owner or the Owner's Unit (except that no notice or hearing is required if the Owner is more than 30 days delinquent in paying any assessment or other charge owed to the Association);

(v) exercising self-help or taking action to abate any violation of the Governing Documents occurring on a Unit in a non-emergency situation (including removing personal property that violates the Governing Documents);

(vi) requiring an Owner, at its own expense, to remove any structure or improvement on such Owner's Unit in violation of the Governing Documents and to restore the Unit to its previous condition and, upon an Owner's failure to do so, the Board or its designee shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass;

(vii) without liability to any Person, precluding any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of Article V and the Carlton Woods Creekside Design Standards from continuing or performing any further activities in Carlton Woods Creekside; and

(viii) levying Specific Assessments to cover any costs which the Association incurs in bringing a Unit into compliance with the Governing Documents.

In addition, the Board may enforce the Governing Documents through the following methods without the necessity of compliance with the procedures set forth in the By-Laws:

(i) enforcing traffic rules and speed limits on all private streets within Carlton Woods Creekside, including, without limitation, stopping and ticketing all motorists and pedestrians who violate such traffic rules or speed limits;

(ii) exercising self-help or taking action to abate any violation on a Unit in any emergency situation. An emergency situation shall include any situation where the passage of time or the requirement of process would render enforcement ineffective (e.g., towing vehicles that are in violation of parking rules and regulations);

(iii) exercising self-help or taking action to abate a violation on the Common Area under any circumstances; or

(iv) bringing suit at law or in equity to enjoin any violation, to recover monetary damages, or both.

All remedies set forth in the Governing Documents are in addition to any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

The Association, by contract or other agreement, may enforce applicable city and county ordinances, and governmental authorities may enforce applicable laws within Carlton Woods Creekside.

(b) The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking

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enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

(i) the Association's position is not strong enough to justify taking any or further action; or

(ii) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law; or

(iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or

(iv) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed a waiver of the Association's right to enforce such provision at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction, or rule.

8.5. Implied Rights; Board Authority.

The Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. The Board may exercise rights and powers of the Association without a vote of the membership except where applicable law or the Governing Documents specifically require a vote of the membership.

The Board may institute, defend, settle, or intervene on behalf of the Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Area of Common Responsibility, enforcement of the Governing Documents, or any other matter, civil claim, or action affecting the welfare of the Members. However, the Governing Documents shall not be construed as creating any independent legal duty to intervene in any action or to institute litigation or any other proceeding on behalf of or in the name of the Association or its Members.

In exercising the rights and powers of the Association, making decisions on behalf of the Association, and conducting the Association's affairs, Board members shall be subject to, and their actions shall be judged in accordance with, the standards set forth in the By-Laws.

8.6. Indemnification of Officers, Directors, and Others.

Subject to Texas law, the Association shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit

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or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under this Section.

The Association's officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association).

The Association shall indemnify and forever hold each such officer, director, and committee member harmless from any and all liability to others on account of any such contract, commitment, or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

8.7. Access Control.

The Association shall have the right and authority, but not the obligation, to control access to Carlton Woods Creekside or any portion thereof by such means as the Board, in its sole discretion, deems reasonable and appropriate. This authority shall include, but shall not be limited to, the right to construct, install, operate, and staff entrance gates; to require identification for admission to the Community; to videotape or otherwise record and document all Persons and vehicles entering or exiting the Community; to screen and/or require registration of vehicles, guests, and others entering the Community; and to deny entry to the Community to unauthorized Persons. Unauthorized Persons include Persons other than Owners, residents, and their guests and invitees; members and guests of the Golf and Country Club; police, fire, and emergency medical personnel in the performance of their official duties; and contractors and other service providers authorized by Owners or residents of Units.

Notwithstanding the above, Declarant and its designees, agents, and employees shall have the right and easement to enter any portion of the Community during the Development and Sale Period. Declarant shall also have the right to authorize and permit construction vehicles and personnel to enter the Community as may be reasonably required, convenient, or incidental to the construction of Units or improvements to the Common Area within Carlton Woods Creekside, as determined in Declarant's sole discretion. The Association shall not interfere with Declarant's rights under this paragraph.

8.8. Safety and Security.

The Association, the Board, its directors and officers, Declarant, and, their respective agents, assigns, or employees shall not be considered insurers or guarantors of

security or safety within the Community, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security or safety measures undertaken. No representation or warranty is made that any safety measure or security system, including any mechanism, system, or procedure for limiting access to any portion of Carlton Woods Creekside, cannot be compromised or circumvented, nor that any such systems or measures undertaken will in all cases prevent loss or provide the detection or protection for which it is designed or intended. Each Owner, resident, guest, and invitee acknowledges and agrees that the Association, the Board, its directors and officers, Declarant, and their respective agents, assigns, and employees are not insurers and that each person using the Community assumes all risks for personal injury and loss or damage to property resulting from acts of third parties.

8.9. Provision of Services.

The Association may provide, or provide for, services and facilities for the Members and their Units, and shall be authorized to enter into and terminate contracts or agreements with other entities, including Declarant, to provide such services and facilities. The Board may charge use or service fees for any such services and facilities provided at the option of an Owner, or may include the costs thereof in the Association's budget as a Common Expense and assess it as part of the Base Assessment if provided to all Units. By way of example, such services and facilities might include landscape maintenance, garbage collection, pest control service, cable television service, access control, caretaker, transportation, fire protection, utilities, and similar services and facilities.

The Association may provide, or provide for, concierge services at the request of any Owner. Such concierge services may include housekeeping, home watch, airport shuttle service, car care, dry-cleaning pickup, grocery shopping and delivery, mail and newspaper pickup, and other personal, home, and delivery services. The Association shall charge use or service fees for any concierge services provided at the option of an Owner.

Any District may request that the Association provide a higher level of service than that which the Association generally provides to all Districts or may request that the Association provide special services for the benefit of Units in such District. Upon the affirmative vote, written consent, or a combination thereof, of Owners of two-thirds (2/3) of the Units within the District, the Association shall provide the requested services. The cost of such services, which may include a reasonable administrative charge in such amount as the Board deems appropriate (provided, any such administrative charge shall apply at a uniform rate per Unit to all Districts receiving the same service), shall be assessed against the Units within such District as a District Assessment.

Nothing in this Section shall be construed as a representation by Declarant or the Association as to what, if any, services shall be provided; provided, the Association shall be obligated to maintain all private streets within the Community in perpetuity unless otherwise dedicated to and accepted by Harris County or another governmental entity having such authority. In addition, the Board shall be permitted to modify or cancel existing contracts for

services in its discretion, unless the provision of such services is otherwise required by the Governing Documents. Non-use of services provided to all Owners or Units as a Common Expense shall not exempt any Owner from the obligation to pay assessments for such services.

8.10. Relationships with Other Properties.

The Association may enter into contractual agreements or covenants to share costs with TWA, any neighboring property, or the Golf and Country Club to contribute funds for, among other things, shared or mutually beneficial property or services and/or a higher level of Common Area maintenance. In addition, the Association shall be bound by the Annexation Instrument which addresses TWA's obligation to contribute funds for services within the Community.

Article IX Association Finances

9.1. Budgeting and Allocating Common Expenses.

At least 60 days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year, including any contributions to be made to a reserve fund pursuant to Section 9.3. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units, and the amount to be generated through the levy of Base Assessments and Special Assessments against the Units, as authorized in Section 9.6.

The Association is authorized to levy Base Assessments equally against all Units subject to assessment under Section 9.6 to fund the Common Expenses; provided, the Golf and Country Club shall be assessed as provided in Section 16.8. In determining the Base Assessment rate per Unit, the Board may consider any assessment income expected to be generated from any additional Units reasonably anticipated to become subject to assessment during the fiscal year.

Prior to adopting a final budget, the Board shall hold a meeting open to all Owners to discuss or consider the proposed budget for the coming year. Such meeting shall be for informational purposes only and the right and obligation to adopt the budget shall at all times be and remain the Board's responsibility. The Board may limit the time that individuals may speak at such meeting. At least 30 days prior to the effective date of the budget, the Board shall notify the Owners of the availability for review of the final budget, including the amount of the Base Assessment to be levied pursuant to such budget. The Board may provide such notification by any means permissible under Texas law which is reasonably calculated, as determined in the Board's discretion, to provide notice to all Owners (including, without limitation, by electronic mail or by posting on a community website).

If the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined.

9.2. Budgeting and Allocating District Expenses.

At least 60 days before the beginning of each fiscal year, the Board shall prepare a separate budget covering the estimated District Expenses for each District on whose behalf District Expenses are expected to be incurred during the coming year. Each such budget shall include any costs for additional services or a higher level of services which the Owners in such District have approved pursuant to Section 7.4 and any contribution to be made to a reserve fund pursuant to Section 9.3. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units, and the amount required to be generated through the levy of District and Special Assessments against the Units in such District.

The Association is hereby authorized to levy District Assessments equally against all Units in the District which are subject to assessment under Section 9.6 to fund District Expenses; provided, if so specified in the applicable Supplemental Declaration or if so directed by petition signed by a majority of the Owners within the District, any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves which pertain to particular structures shall be levied on each of the benefitted Units in proportion to the benefit received.

Prior to adopting a final District Budget, the Board shall hold a meeting open to all Unit Owners within the District to discuss or consider the proposed District budget. Such meeting shall be for informational purposes only and the right and obligation to adopt the District budget shall at all times be and remain the Board's responsibility. The Board may limit the time that individuals may speak at such meeting. At least 30 days prior to the effective date of the budget, the Board shall notify Owners of Units within the District of the availability of the final District budget, including the amount of the District Assessment for the coming year. The Board may provide such notification by any means permissible under Texas law which is reasonably calculated, as determined in the Board's discretion, to provide notice to all Owners (including, without limitation, by electronic mail or by posting on a community website).

If the Board fails for any reason to determine the budget for any District for any year, then until such time as a budget is determined, the budget in effect for the immediately preceding year shall continue for the current year.

All amounts collected by the Association as District Assessments shall be held in trust for and expended solely for the benefit of the District for which they were collected and shall be accounted for separately from the Association's general funds.

9.3. Budgeting for Reserves.

The Board shall prepare and review at least annually a reserve budget for the Area of Common Responsibility and for each District for which the Association maintains capital items as a District Expense. The budgets shall take into account the number and nature of replaceable

assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall include in the Common Expense budget adopted pursuant to Section 9.1 or the District Expense budgets adopted pursuant to Section 9.2, as appropriate, a capital contribution to fund reserves in an amount sufficient to meet the projected need with respect to both amount and timing by annual contributions over the budget period. So long as the Board exercises business judgment in determining the amount of the reserve fund, the amount shall be deemed adequate.

The Board may adopt resolutions regarding the expenditure of any reserve funds, including policies designating the nature of assets for which reserve funds may be expended. These policies may differ for general Association purposes and for each District. During the Development and Sale Period, the Board shall not adopt, modify, limit, or expand such policies relating to reserve funds without Declarant's prior written consent.

9.4. Special Assessments.

In addition to other authorized assessments, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership, if such Special Assessment is for Common Expenses, or against the Units within any District if such Special Assessment is for District Expenses. Except as otherwise specifically provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent of Members representing more than 50% of the total votes allocated to Units which will be subject to such Special Assessment. In addition, during the Development and Sale Period, any Special Assessment shall also be subject to Declarant's written consent. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

9.5. Specific Assessments.

The Association shall have the power to levy Specific Assessments against a particular Unit as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to Units upon request of an Owner pursuant to any menu of special services which may be offered by the Association (which might include the items identified in Section 8.9). Specific Assessments for special services may be levied in advance of the provision of the requested service; and

(b) to cover costs incurred in bringing the Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing, in accordance with the By-Laws, before levying any Specific Assessment under this subsection (b).

The Association may also levy a Specific Assessment against the Units within any District to reimburse the Association for costs incurred in bringing the District into compliance with the provisions of the Governing Documents, provided the Board gives prior written notice to the Owners of Units in the District and an opportunity for such Owners to be heard before levying any such assessment.

9.6. Authority to Assess Owners; Time of Payment.

Declarant hereby establishes and the Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay assessments shall commence as to a Unit on the first day of the month following: (a) the month in which the Unit is conveyed to a Class "A" Member, or (b) the month in which the Board first determines a budget and levies assessments pursuant to this Article, whichever is later. The obligation to pay assessments shall commence as to the Golf and Country Club on the first day of the month following the commencement of operations of the Golf and Country Club (*i.e.*, upon the opening of the golf course for play). The first annual Base Assessment and District Assessment, if any, levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to a Unit and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in two or more installments. Unless the Board otherwise provides, the Base Assessment and any District Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his or her Unit, the Board may require the outstanding balance on all assessments to be paid in full immediately.

9.7. Obligation for Assessments.

Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of Carlton Woods Creekside, is deemed to covenant and agree to pay all assessments authorized in the Governing Documents. All assessments, together with interest (computed from its due date at a rate of 10% per annum or such higher rate as the Board may establish, subject to the limitations of Texas law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Unit until paid in full. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance.

Failure of the Board to fix assessment amounts or rates or to deliver or mail to each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments and District Assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

No Owner may exempt himself or herself from liability for assessments by non-use of Common Area, abandonment of his or her Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

Upon written request, the Association shall furnish to any Owner liable for any type of assessment a certificate in writing signed by an Association officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

9.8 Declarant's Subsidy Option.

During the Development and Sale Period, Declarant may, but shall not be obligated to, reduce the Base Assessment or any District Assessment, or fund any budget deficit for any fiscal year by payment of a subsidy which may be treated as either a contribution, an advance against future assessments due from Declarant, or a loan, in Declarant's discretion. Any such subsidy shall be conspicuously disclosed as a line item in the Common Expense budget and the treatment of such subsidy shall be made known to the membership. The payment of such subsidy in any year shall under no circumstances obligate Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and Declarant.

9.9. Lien for Assessments.

The Association shall have a lien against each Unit to secure payment of delinquent assessments, unpaid fines, and unpaid service fees, as well as interest, late charges (subject to the limitations of Texas law), and costs of collection (including attorneys' fees). Such lien shall be superior to all other liens, except TWA's lien for assessments under Section 3.02 of the TWA Covenants and the liens of all taxes, bonds, assessments, and other levies which by law are required to be superior. The Association's lien, when delinquent, may be enforced by suit, judgment, and foreclosure in the same manner as mortgages are foreclosed under Texas law.

Although no further action is required to create or perfect the lien, the Association may, as further evidence and notice of the lien, execute and record a document setting forth as to any Unit, the amount of the delinquent sums due the Association at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the Association's failure to execute and record any such document shall not, to any extent, affect the validity, enforceability, perfection, or priority of the lien. The lien may be foreclosed through judicial or, to the extent allowed by law, nonjudicial foreclosure

proceedings in accordance with Tex. Prop. Code Ann. Section 51.002 (Vernon 1984), as it may be amended, in like manner of any deed of trust on real property. Each Owner hereby grants to the Association, whether or not it is so expressed in the deed or other instrument conveying such Unit to the Owner, a power of sale to be exercised in accordance with Tex. Prop. Code Ann. Section 51.002 (Vernon 1984), as it may be amended.

The Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

The sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments.

9.10. Exempt Property.

The following property shall be exempt from payment of Base Assessments, District Assessments, and Special Assessments:

- (a) All Common Area and such portions of the Area of Common Responsibility owned by Declarant; and
- (b) Any property dedicated to and accepted by any governmental authority or public utility.

9.11 Use and Consumption Fees.

The Association may offer services or facilities for which it does not recover its costs through assessments under this Article. The Board may charge use and consumption fees to any Person who chooses to use or participate in such services or facilities and may determine the amount and method of determining such fees. Different fees may be charged to different classes of users (e.g., Owners and non-Owners).

9.12. Transfer Fee.

(a) Authority. The Board shall have the authority, on behalf of the Association, to establish and collect a transfer fee in an amount equal to one-sixth (1/6) of the annual Base Assessment per Unit upon each transfer of title to a Unit in Carlton Woods Creekside. The transfer fee shall be payable to the Association by the purchaser, including a Builder, at the closing of the transfer of title to a Unit and shall be secured by the Association's lien for assessments under Section 9.9. The transferring Owner shall notify the Association's Secretary of a pending title transfer at least seven days prior to the transfer. Such notice shall include the

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name of the purchaser, the date of title transfer, and such other information as the Board may reasonably require.

(b) Exempt Transfers. Notwithstanding the above, no transfer fee shall be levied upon transfer of title to a Unit:

- (i) to Declarant;
- (ii) by a co-Owner to any Person who was a co-Owner immediately prior to such transfer;
- (iii) to the Owner's estate, surviving spouse, or child upon the death of the Owner;
- (iv) to an entity wholly owned by the grantor; provided, upon any subsequent transfer of an ownership interest in such entity, the transfer fee shall become due; or
- (v) to an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage.

9.13. Obligation to Pay Assessments to TWA.

Pursuant to the TWA Covenants, each Owner is obligated to pay assessments to TWA to fund its common expenses. The obligation to pay assessments to TWA is governed by the TWA Covenants and is in addition to the obligation to pay assessments to the Association in accordance with this Article IX. TWA shall have a lien against each Unit to secure the obligation to pay TWA assessments and TWA may exercise the remedies provided in the TWA Covenants, including foreclosure, in the event of non-payment. Notwithstanding the above, the Association, in its discretion, and using Association funds, may satisfy any TWA assessment delinquency on any Unit, in which event, the Association's lien under this Article IX shall be deemed to include all amounts expended in satisfaction of TWA's assessment lien.

PART FOUR: COMMUNITY DEVELOPMENT

Article X Expansion of the Community

10.1. Annexation by Declarant.

Declarant may from time to time subject to the provisions of this Declaration all or any portion of the property described in Exhibit "B" by recording a Supplemental Declaration describing the additional property to be subjected. Annexation pursuant to this Section shall not require the consent of any Person except the owner of such property, if other than Declarant.

Declarant's right to annex property pursuant to this Section shall expire when all property described in Exhibit "B" has been subjected to this Declaration or 20 years after this Declaration

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is recorded, whichever is earlier. Until then, Declarant may transfer or assign this right to any Person who is the developer of at least a portion of the real property described in Exhibit "A" or "B." Any such transfer shall be memorialized in a recorded instrument executed by Declarant.

Nothing in this Declaration shall be construed to require Declarant or any successor to subject additional property to this Declaration or to develop any of the property described in Exhibit "B" in any manner whatsoever.

10.2. Annexation by the Association.

The Association may also subject additional property to the provisions of this Declaration by recording a Supplemental Declaration describing the additional property. Any such Supplemental Declaration shall require the affirmative vote of Members representing more than 50% of the Class "A" votes of the Association represented at a meeting duly called for such purpose and the consent of the owner of the property. In addition, during the Development and Sale Period, Declarant's consent shall be necessary. The Supplemental Declaration shall be signed by the Association's President and Secretary, by the owner of the property, and by Declarant, if Declarant's consent is necessary.

10.3. Additional Covenants and Easements.

Declarant may subject any portion of Carlton Woods Creekside to additional covenants and easements, including covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through District Assessments. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting such property to this Declaration or in a separate Supplemental Declaration referencing property previously subjected to this Declaration. If the property is owned by someone other than Declarant, then the consent of the Owner(s) shall be necessary and shall be evidenced by their execution of the Supplemental Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

10.4. Effect of Filing Supplemental Declaration.

Any property submitted to this Declaration also shall be deemed submitted to the TWA Covenants, regardless of whether specifically set forth in the Supplemental Declaration or other annexation instrument. No Supplemental Declaration may contain provisions inconsistent with the provisions of this Declaration or the TWA Covenants. A Supplemental Declaration shall be effective upon recording unless otherwise specified in such Supplemental Declaration. On the effective date of the Supplemental Declaration, any additional property subjected to this Declaration shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Declaration.

Article XI Additional Rights Reserved to Declarant

11.1. Withdrawal of Property.

During the Development and Sale Period, Declarant reserves the right to amend this Declaration, so long as it has a right to annex additional property pursuant to Section 10.1, for the purpose of removing any portion of Carlton Woods Creekside which has not yet been improved with structures from the coverage of this Declaration, provided such withdrawal does not reduce the total number of Units then subject to the Declaration by more than 20 percent. Such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Declarant. If the property is Common Area, the Association shall consent to such withdrawal.

11.2. Marketing and Sales Activities.

Declarant and Builders authorized by Declarant may construct and maintain upon portions of the Common Area and other property they own, such facilities, activities, and things as, in Declarant's sole opinion, may be reasonably required, convenient, or incidental to the construction or sale of Units. Such permitted facilities, activities, and things shall include business offices, signs, flags (whether hung from flag poles or attached to a structure), model homes, sales offices, holding or sponsoring special events, and exterior lighting features or displays. In addition, if reasonably required, convenient, or incidental to construction or sales activities, Declarant and Builders may park vehicles in areas other than garages or driveways, including on streets. Builders' rights under this Section are subject to Declarant's approval. Declarant and authorized Builders shall have easements for access to and use of such facilities at no charge. Sales offices authorized pursuant to this Section shall comply with the Carlton Woods Creekside Design Standards.

11.3. Right to Develop.

During the Development and Sale Period, Declarant and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing, and installing utility and drainage improvements within the Common Area as it deems appropriate in its sole discretion.

Every Person that acquires any interest in Carlton Woods Creekside acknowledges that Carlton Woods Creekside is a component of the larger master planned community known as The Woodlands, the development of both Carlton Woods Creekside and The Woodlands is likely to extend over many years. Each Owner agrees that the Association shall not engage in, or use Association funds to support, any protest, challenge, or other form of objection to (a) changes in uses or density of property outside within Carlton Woods Creekside or The Woodlands, or (b) changes in the master plan for The Woodlands as it relates to property outside Carlton Woods Creekside, without Declarant's prior written consent.

11.4. Right to Approve Changes in Carlton Woods Creekside Standards.

No amendment to or modification of any Restrictions and Rules or Carlton Woods Creekside Design Standards shall be effective without prior notice to and the written approval of Declarant during the Development and Sale Period.

11.5. Right to Transfer or Assign Declarant Rights.

Any or all of Declarant's special rights and obligations set forth in this Declaration or the By-Laws may be transferred in whole or in part to other Persons; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the By-Laws. No such transfer or assignment shall be effective unless Declarant evidences its consent in a signed, recorded instrument. The foregoing sentence shall not preclude Declarant from permitting other Persons to exercise, on a one time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety, and in such case it shall not be necessary to record any written assignment unless necessary to evidence Declarant's consent to such exercise.

11.6. Exclusive Rights to Use Name of Development.

No Person shall use the name "Carlton Woods Creekside" or any derivative of such name or in logo or depiction in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "Carlton Woods Creekside" in printed or promotional matter where such term is used solely to specify that particular property is located within Carlton Woods Creekside and the Association shall be entitled to use the words "Carlton Woods Creekside" in its name.

11.7. Limitation of Liability Against Builder's Work Performance.

Each Owner acknowledges and agrees that Builders are not agents or employees of Declarant, the Association, or their respective agents, assigns, or employees. The Association, Declarant, and their respective agents, assigns, or employees shall not be held liable to any Person for any loss, damage, or injury resulting from any decision, action, inaction, negligence, contractual breach, tort, or work performance of any Builder.

11.8. Termination of Rights.

Except for the rights and protections afforded under Sections 11.6 and 11.7, which shall be perpetual unless otherwise limited by Texas law, the rights contained in this Article shall not terminate until the earlier of (a) expiration of the Development and Sale Period, or (b) Declarant's recording of a written statement that all sales activity has ceased.

PART FIVE: PROPERTY RIGHTS WITHIN THE COMMUNITY

Article XII Easements

12.1. Easements in Common Area.

Declarant grants to each Owner a non-exclusive right and easement of use, access, and enjoyment in and to the Common Area, subject to:

- (a) the Governing Documents and any other applicable covenants;
- (b) any restrictions or limitations contained in any deed conveying such property to the Association;
- (c) the Board's right to:
 - (i) adopt rules regulating use and enjoyment of the Common Area, including rules limiting the number of guests who may use the Common Area;
 - (ii) suspend an Owner's right to use recreational facilities within the Common Area (A) for any period during which any charge against such Owner's Unit remains delinquent, and (B) for a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation, of the Governing Documents after notice and a hearing pursuant to the By-Laws;
 - (iii) dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Declaration;
 - (iv) impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Area;
 - (v) permit use of any recreational facilities situated on the Common Area by persons other than Owners, their families, lessees, and guests upon payment of use fees established by the Board;
 - (vi) rent any portion of any Common Area facility on an exclusive or non-exclusive short-term basis to any Person; and
 - (vii) mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
- (d) the rights of certain Owners to the exclusive use of those portions of the Common Area designated "Limited Common Areas," as described in Article XIII; and

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(e) the rights of owners and other residents of homes in the Carlton Woods community to access and use the Common Area facilities as provided in Section 12.8.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable, subject to reasonable Board regulation. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the period of the lease. Notwithstanding the above, the members, guests, patrons, and employees of the Golf and Country Club (in their capacity as such) shall not have a right or easement to use Common Area recreational facilities.

12.2. Easements of Encroachment.

Declarant grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units or any Unit and the Golf and Country Club due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

12.3. Easements for Utilities, Slope, and Buffers.

(a) Easements and Rights-of-Way. Easements and rights-of-way across each Unit are hereby expressly reserved to Declarant, its designees, agents, successors, and assigns, in, on, over, and under the Easement Area (as defined in Section 12.3(b) below) for the following purposes, among others:

(i) the installation, construction, and maintenance of:

(1) wires, lines, conduits, and the necessary or proper attachments in connection with the transmission and reception of electricity, telephone, cable television, computer systems, and other utilities and similar facilities,

(2) storm-water drains, land drains, public and private sewers, pipe lines for supplying gas, water, and heat, and for any other public or quasi-public utility facility, service, or function, whether above ground or underground,

(ii) slope control purposes, including the right to grade and plant slopes and prevent the doing of any activity which might interfere with slope ratios approved by Declarant, its successors and assigns, or which might create erosion or sliding problems, or which might change, obstruct, or retard drainage flow, and

(iii) an open space or buffer area between a Unit and adjacent Units or street rights-of-way, to provide separation and privacy among adjacent Units.

(b) Definition of Easement Area. The term "Easement Area" as used herein, means and refers to a strip of land within each Unit ten feet in width along the entire distance of the front and rear boundaries of the Unit, and five feet in width along the entire distance of each side boundary of each Unit and any additional areas as are shown and designated as Easement Areas on a recorded plat.

(c) Restrictions on Use of Easement Area. No Person shall construct, maintain, or place any structures, improvements, or other objects on, over, or above any portion of the Easement Area without the Reviewer's prior written approval. In the event that any Person violates the restrictions in this Section, Declarant or the Association may enter upon the Easement Area and remove such violating obstruction, and assess the removal costs thereof to the violator as a Specific Assessment. The Person(s) exercising the easement rights described in this Section 12.3 may clear the Easement Area of all trees (including any overhanging branches), landscaping, or other things which may obstruct or hinder the use of the easements and rights-of-way granted in that Section.

(d) Reservation of Rights for Utilities. Declarant, its successors and assigns, reserves the right to build, maintain, repair, sell, grant, or lease all utilities in the Easement Area.

(e) Right of Entry. Declarant, the Association, their respective designees (which may include, for example, the CWCDC), agents, successors, and assigns, shall have the right, at reasonable times, to enter upon all parts of the Easement Area for any of the purposes for which said easements and rights-of-way are reserved, and upon any part of a Unit or the Common Area necessary to gain access to the Easement Area for such purposes. The Person(s) exercising these easement rights shall be responsible for leaving each Unit in good condition and repair following any work or activity undertaken in an Easement Area, provided that this obligation shall not extend to structures or things which the Reviewer has not approved or are in violation of the Governing Documents.

(f) Exception from Title. Title to any Unit or portion thereof shall not include title to any utility lines in, on, over, or under the Easement Area or any street. Declarant expressly reserves the right for itself, its successors and assigns, to construct, operate, maintain, repair, remove, and replace utility lines in the Easement Area. The conveyance of a Unit shall not convey any right to any utility lines located in the Easement Area on such Unit.

(g) Specific Easements. Declarant also reserves for itself the non-exclusive right and power to grant and record such specific easements as may be necessary, in Declarant's sole discretion, in connection with the orderly development of any property described in Exhibits "A" and "B." The Owner of any property to be burdened by any easement granted pursuant to this subsection (g) shall be given written notice in advance of the grant. The location of the easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not unreasonably be withheld, delayed, or conditioned.

12.4. Easements to Serve Additional Property.

Declarant hereby reserves for itself and its duly authorized agents, successors, assigns, and mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B," whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property.

Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Area as a result of their respective actions in connection with development of such property. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof benefiting from such easement is not made subject to this Declaration, Declarant, its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of any maintenance which the Association provides to or along any roadway providing access to such property.

12.5. Easements for Maintenance.

Declarant grants to the Association easements over Carlton Woods Creekside as necessary to enable the Association to fulfill its maintenance responsibilities under Section 8.2. The Association shall also have the right, but not the obligation, to enter upon any Unit for emergency reasons, to perform maintenance, and to inspect for the purpose of ensuring compliance with and enforcing the Governing Documents. Such right may be exercised by any member of the Board and its duly authorized agents and assignees, and all emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

12.6. Easements for Lake and Pond Maintenance and Flood Water.

Declarant reserves for itself, the Association, and their successors, assigns, and designees, the non-exclusive right and easement, but not the obligation, to enter upon bodies of water and wetlands located within the Area of Common Responsibility to (a) install, operate, maintain, and replace pumps to supply irrigation water to the Area of Common Responsibility; (b) construct, maintain, and repair structures and equipment used for retaining water; and (c) maintain such areas in a manner consistent with the Community-Wide Standard. Declarant, the Association, and their successors, assigns, and designees shall have an access easement over and across any portion of Carlton Woods Creekside abutting or containing bodies of water or wetlands to the extent reasonably necessary to exercise their rights under this Section.

Declarant further reserves for itself, the Association, and their successors, assigns, and designees, a perpetual, non-exclusive right and easement of access and encroachment over the Common Area and Units (but not the dwellings thereon) adjacent to or within 100 feet of bodies of water and wetlands within Carlton Woods Creekside, in order to (a) temporarily flood and back water upon and maintain water over such portions of Carlton Woods Creekside; (b) alter in

any manner and generally maintain the bodies of water and wetlands within the Area of Common Responsibility; and (c) maintain and landscape the slopes and banks pertaining to such areas. All persons entitled to exercise these easements shall use reasonable care in and repair any damage resulting from the intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to hurricanes, heavy rainfall, or other natural occurrences.

12.7. Easements for Golf Course.

Any portion of Carlton Woods Creekside immediately adjacent to the golf course is hereby burdened with an easement permitting golf balls unintentionally to come upon such areas, and for golfers at reasonable times and in a reasonable manner to come upon the Common Area, common property of a District, or the exterior portions of a Unit to retrieve errant golf balls; provided, if any Unit is fenced or walled, the golfer shall seek the Owner's permission before entry. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement: Declarant; the Association or its Members (in their capacities as such); the owner and/or operator of the Golf and Country Club; any builder or contractor (in their capacities as such); any officer, director, or partner of any of the foregoing; or any officer or director of any partner.

The owner of the Golf and Country Club, its agents, successors, and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Areas reasonably necessary to the operation, maintenance, repair, and replacement of its golf course.

Any portion of Carlton Woods Creekside immediately adjacent to the golf course is hereby burdened with a non-exclusive easement in favor of the Golf and Country Club for overspray of water from the irrigation system serving such golf course. Under no circumstances shall the Association or the owner of such golf course be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

The owner of the Golf and Country Club, its successors and assigns, shall have a perpetual, exclusive easement of access over Carlton Woods Creekside for the purpose of retrieving golf balls from bodies of water within the Common Areas lying reasonably within range of golf balls hit from its golf course.

12.8. Easements for Carlton Woods Community.

The owners and residents of homes within "Carlton Woods," the community within The Woodlands subject to that certain Amended and Restated Declaration of Covenants, Conditions, Restrictions, and Easements for Carlton Woods, recorded under Clerk's File No. 2000-070278, in the Official Public Records of Real Property of Montgomery County, Texas, shall have rights and easements of access, use, and enjoyment in and to the Common Area facilities within Carlton Woods Creekside. The rights and easements in favor of Carlton Woods owners and residents,

and the limitations and regulations governing such rights, shall be the same as those applicable to Owners under this Declaration; provided, the rights of Carlton Woods owners and residents to use Carlton Woods Creekside Common Area facilities shall be subject to reciprocal rights over the Carlton Woods common area facilities being granted to Owners and residents of Units in Carlton Woods Creekside.

Article XIII Limited Common Areas

13.1. Purpose.

Certain portions of the Common Area may be designated as Limited Common Area and reserved for the exclusive use or primary benefit of Owners and occupants within a particular District or Districts. By way of illustration and not limitation, Limited Common Areas may include entry features, recreational facilities, landscaped medians and cul-de-sacs, lakes, and other portions of the Common Area within a particular District or Districts. All costs associated with maintenance, repair, replacement, and insurance of a Limited Common Area shall be a District Expense allocated among the Owners in the District(s) to which the Limited Common Areas are assigned.

13.2. Designation.

Initially, any Limited Common Area shall be designated as such in a Supplemental Declaration, the deed conveying such area to the Association, or on the subdivision plat relating to such Common Area; provided, any such assignment shall not preclude Declarant from later assigning use of the same Limited Common Area to additional Units and/or Districts, during the Development and Sale Period.

Thereafter, a portion of the Common Area may be assigned as Limited Common Area and Limited Common Area may be reassigned upon approval of the Board and the vote of a majority of the Class "A" Members present and voting at a meeting, and the vote of a majority of the Class "A" votes within the District(s) affected by the proposed assignment or reassignment. During the Development and Sale Period, any such assignment or reassignment shall also require Declarant's written consent.

13.3. Use by Others.

Upon approval of a majority of Owners of Units within the District to which any Limited Common Area is assigned, the Association may permit Owners of Units in other Districts to use all or a portion of such Limited Common Area. The Association may charge reasonable user fees to such Owners for the use of such Limited Common Area, which fees shall be used to offset the District Expenses attributable to such Limited Common Area.

Article XIV Party Walls and Other Shared Structures

14.1. General Rules of Law to Apply.

Each wall, fence, driveway, or similar structure built as a part of the original construction on the Units which serves and/or separates any two adjoining Units shall constitute a party structure. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. Any dispute arising concerning a party structure shall be handled in accordance with the provisions of Article XV.

14.2. Maintenance; Damage and Destruction.

The cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners who make use of the party structure.

If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the structure may restore it. If other Owners thereafter use the structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

PART SIX: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

Article XV Dispute Resolution and Limitation on Litigation

15.1. Agreement to Encourage Resolution of Disputes Without Litigation.

(a) Declarant, the Association and its officers, directors, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 15.2 in a good faith effort to resolve such Claim.

(b) As used in this Article, the term "Claim" shall refer to any claim, grievance, or dispute arising out of or relating to:

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- (i) the interpretation, application, or enforcement of the Governing Documents;
 - (ii) the rights, obligations, and duties of any Bound Party under the Governing Documents; or
 - (iii) the design or construction of improvements within the Community, other than matters of aesthetic judgment under Article V, which shall not be subject to review;

except that the following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 15.2:

- (i) any suit by the Association to collect assessments or other amounts due from any Owner;
- (ii) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Part Two of this Declaration (relating to creation and maintenance of community standards);
- (iii) any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;
- (iv) any suit in which any indispensable party is not a Bound Party; and
- (v) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 15.2(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

15.2. Dispute Resolution Procedures.

(a) Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice to each Respondent and to the Board stating plainly and concisely:

- (i) the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;
- (ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);
- (iii) the Claimant's proposed resolution or remedy; and

(iv) the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

(b) Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.

(c) Mediation. If the parties have not resolved the Claim through negotiation within 30 days of the date of the notice described in Section 15.2(a) (or within such other period as the parties may agree upon), the Claimant shall have 30 additional days to submit the Claim to mediation with an independent agency providing dispute resolution services in the Harris County, Texas, area.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the Parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all fees charged by the mediator.

(d) Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

Article XVI Golf and Country Club

16.1. General.

Neither membership in the Association nor ownership or occupancy of a Unit shall confer any ownership interest in or right to use the Golf and Country Club. Rights to use the Golf and Country Club will be granted only to such persons, and on such terms and conditions, as may be determined from time to time by the owner(s) of the Golf and Country Club. The owner(s) of the Golf and Country Club shall have the right, from time to time in its/their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of the Golf and

Country Club, including, without limitation, eligibility for and duration of use rights, categories of use and extent of use privileges, and number of users, and shall also have the right to reserve use rights and to terminate use rights altogether, subject to the terms of any written agreements with its/their members.

16.2. Conveyance of Golf and Country Club.

All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by Declarant, the Association, any Builder, or by any Person acting on behalf of any of the foregoing, with regard to the continuing ownership or operation of the Golf and Country Club. No purported representation or warranty in such regard, either written or oral, shall be effective unless specifically set forth in a written instrument executed by the record owner of the Golf and Country Club. The ownership or operation of the Golf and Country Club may change at any time by virtue of, but without limitation, (a) the sale to or assumption of operations of the Golf and Country Club by a Person other than the current owner or operator; (b) the establishment of, or conversion of the membership structure to, an "equity" club or similar arrangement whereby the members of the Golf and Country Club or an entity owned or controlled by its members become the owner(s) and/or operator(s) of the Golf and Country Club; or (c) the conveyance of the Golf and Country Club to one or more of Declarant's affiliates, shareholders, employees, or independent contractors. Consent of the Association or any Owner shall not be required to effectuate any change in ownership or operation of the Golf and Country Club, for or without consideration and subject to or free of any mortgage, covenant, lien, or other encumbrance.

16.3. View Impairment.

Declarant, the Association, or the owner(s) of the Golf and Country Club, do not guarantee or represent that any view over and across the Golf and Country Club from Units adjacent to the Golf and Country Club will be preserved without impairment. The owner(s) of the Golf and Country Club shall have no obligation to prune or thin trees or other landscaping, and shall have the right, in their sole and absolute discretion, to add trees and other landscaping to the Golf and Country Club from time to time. In addition, the owner(s) of the Golf and Country Club may, in their sole and absolute discretion, change the location, configuration, size, and elevation of the trees, bunkers, fairways, and greens from time to time. Any such additions or changes may diminish or obstruct any view from the Units and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

16.4. Rights of Access and Parking.

There is hereby established for the benefit of the Golf and Country Club and their members (regardless of whether such members are Owners hereunder), guests, invitees, employees, agents, contractors, and designees (including, but not limited to, the members of the Club at Carlton Woods), a right and non-exclusive easement of access and use over those private streets within Carlton Woods Creekside reasonably necessary to travel between the entrance to

Carlton Woods Creekside and the Golf and Country Club. No person, including Unit Owners and residents, may access the Golf and Country Club except by private street within Carlton Woods Creekside. Access or trespassing through any other Owner's Unit is prohibited.

16.5. Limitations on Amendments.

In recognition of the fact that the provisions of this Article are for the benefit of the Golf and Country Club, no amendment to this Article, and no amendment in derogation of any other provisions of this Declaration benefiting the Golf and Country Club, may be made without the written approval of the Golf and Country Club. The foregoing shall not apply, however, to amendments made by Declarant.

16.6. Jurisdiction and Cooperation.

The Golf and Country Club shall be subject to the jurisdiction of the Association, the Board, the CWDC, and Declarant with respect to all provisions, including, without limitation, provisions relating to enforcement, design standards and review, maintenance and compliance with the Community-Wide Standard, and the obligation to pay assessments; provided, no provision shall apply to unreasonably interfere with the operation and use of the Golf and Country Club as a private golf and country club in the manner for which it is intended.

It is Declarant's intention that the Association and the Golf and Country Club shall cooperate to the maximum extent possible in the maintenance and operation of both Carlton Woods Creekside and the Golf and Country Club. Each shall reasonably assist the other in upholding the Community-Wide Standard as it pertains to maintenance and the Carlton Woods Creekside Design Standards. The Association is authorized to promulgate Restrictions and Rules which affect the Community, including that portion of the Golf and Country Club subject to this Declaration; provided, the Association shall have no power to promulgate Restrictions or Rules which materially adversely affect activities on or use of the Golf and Country Club without the prior written consent of the Golf and Country Club owner(s).

16.7. Assumption of Risk and Indemnification.

Each Owner, by purchasing a Unit in the vicinity of the Golf and Country Club, hereby expressly assumes the risk of noise, personal injury, or property damage caused by maintenance and operation of the Golf and Country Club, including, without limitation: (a) noise from maintenance equipment (it being specifically understood that such maintenance typically takes place around sunrise or sunset), (b) noise caused by golfers, (c) use of pesticides, herbicides, and fertilizers, (d) view restrictions caused by maturation of trees and shrubbery, (e) use of effluent in the irrigation or fertilization of any golf course, (f) reduction in privacy caused by constant golf traffic on the golf course or the removal or pruning of shrubbery or trees on the golf course, (g) errant golf balls and golf clubs, and (h) design or redesign of the golf course.

Each such Owner agrees that neither Declarant, the Association, nor any of Declarant's affiliates or agents shall be liable to an Owner or any other person claiming any loss or damage, including, without limitation, indirect, special, or consequential loss or damage arising from personal injury, destruction of property, trespass, loss of enjoyment, or any other alleged wrong or entitlement to remedy based upon, due to, arising from, or otherwise related to the proximity of such Owner's Unit to any golf course, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, any of Declarant's affiliates or agents, or the Association. The Owner hereby agrees to indemnify and hold harmless Declarant, Declarant's affiliates and agents, and the Association against any and all claims by Owner's visitors, tenants, and others upon such Owner's Unit.

16.8. Obligation to Share Costs between Association and Golf and Country Club.

(a) Easements over Gate Facilities and Private Streets. Declarant hereby grants to the Golf and Country Club and its members and guests a perpetual, non-exclusive easement for vehicular and pedestrian access, ingress, and egress through the gatehouse and related access-control facilities and private streets within Carlton Woods Creekside leading to the Golf and Country Club. The Golf and Country Club accepts this easement in consideration of its payment of the maintenance fee described in subsection (c).

(b) Association's Operation and Maintenance of Gate Facilities and Private Streets. The Association shall be responsible for operating and maintaining the gate facilities and private streets leading to the Golf and Country Club in accordance with the Community-Wide Standard.

Neither the Association nor any other Person shall construct, install, or maintain any obstruction across such private streets (except access control gates or similar devices installed by Declarant or the Association at the entryway into the Community) or otherwise hinder the Golf and Country Club's ability to exercise the easement rights created hereby. The Golf and Country Club shall have the right to remove any such unauthorized obstruction placed in violation of this paragraph, without notice and without liability to the Association or other Person(s) who constructed said obstruction or hindered such use.

In the normal course of maintaining, repairing, or replacing the gate facilities and private streets leading to the Golf and Country Club, the Association and its employees and agents may reasonably and temporarily limit and delay use of such gate facilities and private streets. Except in an emergency, the Association agrees to provide the Golf and Country Club and its members with advance notice of no less than five days before the commencement of any substantial repair, replacement, or other maintenance activities involving such gate facilities and private streets, and such notice shall specify the approximate commencement and completion date and the nature of the work to be performed.

(c) Responsibility and Obligation for Maintenance Fee. In consideration of their access and use of the gate facilities and roads maintained by the Association, the owner(s) of the Golf and Country Club and its members agree to pay an annual maintenance fee to the

Association. The amount of the Golf and Country Club's annual maintenance fee shall be a proportionate share of the Association's expenses associated with the costs of operating and maintaining such gate facilities and private streets, including, without limitation, the cost of streetscape maintenance, street lighting and maintenance, sign maintenance, access control devices and gates, any gatehouse, access control personnel, applicable insurance, management fees and expenses, taxes, and reserves for all such items as pertain to the main access road extending from the entrance to Carlton Woods Creekside to the entrance to the Golf and Country Club. The specific percentage of the budget to be allocated to the Golf and Country Club shall be set forth in a recorded instrument. The obligation to pay this maintenance fee shall be an assessment against the Golf and Country Club as provided in Article IX and shall be secured by the Association's lien for assessments set forth in Section 9.8. The obligation to pay the maintenance fee is in addition to the obligation to pay assessments to TWA in accordance with the TWA Covenants.

Article XVII Mortgagee Provisions

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

17.1. No Priority.

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

17.2. Notice to Association.

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

17.3. Notice to Mortgagees.

Notwithstanding anything to the contrary in this Declaration, the Association shall provide to each first Mortgagee of any Unit 60 days prior notice of its intention to take any action to foreclose its first lien on such Unit if the mortgage holder has notified the Association of its mortgage interest, and provided the Association its current mailing address.

17.4. Failure of Mortgagee to Respond.

Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 30 days of the date of the Association's request,

provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

PART SEVEN: CHANGES IN THE COMMUNITY

Article XVIII Changes in Ownership of Units

Within 10 days following the closing of title to a Unit, the new Owner of such Unit shall give the Board written notice of the Owner's name and address, the date of such transfer of title, and such other information as the Board may reasonably require.

Article XIX Changes in Common Area

19.1. Condemnation.

If any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the vote of at least 67% of those Class "A" Members present in person or by proxy at a meeting called for such purpose, and of Declarant, during the Development and Sale Period) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as follows:

If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed and such improvements have been deemed essential by the Board, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within 60 days after such taking, Declarant, during the Development and Sale Period, shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 8.3(c) regarding funds for restoring improvements shall apply.

If the taking or conveyance does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

19.2. Partition.

Except as permitted in this Declaration, the Common Area shall remain undivided, and no Person shall bring any action to partition any portion of the Common Area without the written consent of all Owners and Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

19.3. Transfer or Dedication of Common Area.

The Association may dedicate portions of the Common Area to Harris County, Texas, or to any other local, state, or federal governmental or quasi-governmental entity.

Article XX Amendment of Declaration

20.1. By Declarant.

In addition to specific amendment rights granted elsewhere in this Declaration, until conveyance of the first Unit to a Person other than a Builder, Declarant may unilaterally amend this Declaration for any purpose.

Thereafter, Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Units; (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Units; or (d) to satisfy the requirements of any local, state, or federal governmental agency. However, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent in writing.

In addition, during the Development and Sale Period, Declarant may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon the rights of more than 2% of the Owners.

20.2. By Members.

Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing at least 67% of the total Class "A" votes in the Association. In addition, Declarant's consent is required for any amendment during the Development and Sale Period.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

20.3. Validity and Effective Date.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant or the Class "B" Member, respectively (or the assignee of such right or privilege). No amendment may specifically remove, revoke, or materially adversely affect the right of the Golf and Country Club owner(s) to continue

2002-09-05

operations on its property or, by design, materially adversely impact the Golf and Country Club's permitted operations, without the consent of the Golf and Country Club owner(s).

No amendment may remove or revoke any right or privilege of TWA under the TWA Covenants without TWA's consent. In addition, no amendment to this Declaration shall have the effect of amending the TWA Covenants.

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

Any amendment shall become effective upon recording, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

20.4. Exhibits.

Exhibits "A" and "B" attached to this Declaration are incorporated by this reference and amendment of such exhibits shall be governed by this Article. Exhibit "C" is attached for informational purposes and may be amended as provided therein.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration of Covenants, Conditions, Restrictions, and Easements for Carlton Woods Creekside on this 28th day of May, 2004.

DECLARANT: THE WOODLANDS LAND DEVELOPMENT COMPANY, L.P., a Texas limited partnership

10R

By: The Woodlands Operating Company, L.P., a Texas limited partnership
Its: Authorized Agent

By: [Signature]
Name: Tim Welbes
Title: Sr. V.P.

[Handwritten mark]

STATE OF TEXAS

COUNTY OF MONTGOMERY

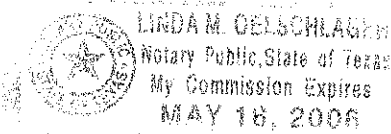
This instrument was acknowledged before me on May 28, 2004 by Tim Welbes, Sr. V.P. of The Woodlands Operating Company, L.P., a Texas limited partnership, authorized agent of The Woodlands Land Development Company, L.P., a Texas limited partnership, on behalf of said limited partnership.

[Signature]

Notary Public, State of Texas
Printed Name of Notary: _____

My Commission Expires: _____

[NOTARIAL SEAL]



5190.01/CADocs/Carlton Woods Creekside CCRs

u:\ecs\final carlton woods creekside covenants\5-13-04

Upon recording, please return to:
The Woodlands Operating Company, L.P.
C/o Polly Weaver
2201 Timberloch Place
The Woodlands, Texas 77380

5190-01-995

EXHIBIT "A"

TRACT 1

METES AND BOUNDS DESCRIPTION
OF 17.05 ACRES OUT OF THE
WILLIAM WHITE SURVEY, ABSTRACT NO. 829
HARRIS COUNTY, TEXAS

A tract or parcel of land containing 17.05 acres (742,676 square feet) located in the William White Survey, Abstract No. 829, Harris County, Texas, and being out of a called 20.03 acre tract as described in a deed to The Woodlands Commercial Development Company as recorded under County Clerks File No. M173974 of the Official Public Records of Real Property of Harris County, Texas, (O.P.R.R.P.H.C.), out of a called 628.7652 acre tract as described in a deed to The Woodlands Corporation and recorded under County Clerks File No. K690757 of the O.P.R.R.P.H.C., said 17.05 acre tract being more fully described by metes and bounds as follows with all control referenced to the 1927 Texas State Plane Coordinate System, Lambert Projection, South Central Zone, the basis of bearing is the call SOUTH 06 degrees 24 minutes 31 seconds WEST for the east right-of-way line of Kuykendahl Road:

COMMENCING at the northwest corner of a call 19.866 acre tract as described in a deed to the Woodlands Land Development Company L.P. and recorded under County Clerks File No. W675439 of the Official Public Records of Real Property of Harris County, Texas and the southwest corner of Lot 1 of the Linebarger and Clark Subdivision as described in a deed to the Woodlands Land Development Company L.P. and recorded under County Clerks File No. W 631579 of the O.P.R.R.P.H.C., and lying in the east right-of-way line of Kuykendahl Road (100 feet wide), having a Texas State Plane Coordinate Value of X= 3,091,057.58 (E), Y= 862703.1570 (N);

THENCE SOUTH 68 degrees 06 minutes 23 seconds EAST, 2,691.71 feet to the POINT OF BEGINNING and the northwest corner of the herein described tract, and having a Texas State Plane Coordinate Value of X= 3,093,555.1605 (E), Y= 861,699.4639 (N);

THENCE NORTH 80 degrees 48 minutes 08 seconds EAST, 389.35 feet along the south right-of-way line of Fazio Way (120 feet wide) to a point of curvature and northerly corner of the herein described tract;

THENCE EASTERLY along a curve to the left and said south line of Fazio Way, through a central angle of 14 degrees 41 minutes 11 seconds to a point of tangency and northerly corner of the herein described tract, said curve having a radius of 1,260.00 feet, an arc length of 322.97 feet, and a long chord bearing and distance of NORTH 73 degrees 27 minutes 33 seconds EAST, 322.09 feet;

THENCE NORTH 66 degrees 06 minutes 57 seconds EAST, 133.47 feet along said south line of Fazio Way to the northeast corner of the herein described tract;

THENCE SOUTH 23 degrees 53 minutes 03 seconds EAST, 73.02 feet to an easterly corner of the herein described tract;

THENCE SOUTH 00 degrees 18 minutes 02 seconds WEST, 229.43 feet to an easterly corner of the herein described tract;

THENCE SOUTH 25 degrees 36 minutes 18 seconds EAST, 666.82 feet to an easterly corner of the herein described tract;

THENCE SOUTH 09 degrees 33 minutes 45 seconds WEST, 163.36 feet to the southeast corner of the herein described tract;

THENCE SOUTH 70 degrees 25 minutes 51 seconds WEST, 191.90 feet to a southerly corner of the herein described tract;

THENCE SOUTH 77 degrees 06 minutes 29 seconds WEST, 232.21 feet to the southwest corner of the herein described tract;

THENCE NORTH 70 degrees 47 minutes 59 seconds WEST, 168.03 feet to an angle point;

THENCE NORTH 29 degrees 49 minutes 19 seconds WEST, 509.20 feet to an angle point;

THENCE NORTH 31 degrees 17 minutes 20 seconds WEST, 549.64 feet to the POINT OF BEGINNING, containing 17.05 acres (742,676 square feet) of land. This description was prepared under the authority of Stephen P. Matovich, RPLS 5347, on June 24, 2003.

CARLTON WOODS CREEKSIDE SECTION 1 IN THE
Village of Creekside Park
Section One
Rev. May 27, 2004

TRACT 2

METES AND BOUNDS DESCRIPTION
OF A 14.30 ACRE TRACT IN THE
WILLIAM WHITE SURVEY, ABSTRACT NO. 829
HARRIS COUNTY, TEXAS

A tract or parcel of land containing 14.30 acres (623,106 square feet) located in the William White Survey Abstract No. 829, Harris County, Texas, being out of a called 19.992 acre tract, conveyed to Walter Clay Cooke Trustee as recorded under County Clerks File No. W404166 of the Official Public Records of Real Property of Harris County, Texas, (O.P.R.R.P.H.C.), out of a called 628.7652 acre tract as described in a deed to The Woodlands Corporation as recorded under County Clerks File No. K690757 of the O.P.R.R.P.H.C., and out of a called 19.947 acre tract conveyed to The Woodlands Corporation as recorded under County Clerks File No. R550115 of the O.P.R.R.P.H.C., said 14.30 acre tract being more fully described by metes and bounds as follows with all control referenced to the 1927 Texas State Plane Coordinate System, Lambert Projection, South Central Zone, the basis of bearing is the call SOUTH 06 degrees 24 minutes 31 seconds WEST for the easterly right-of-way line of Kuykendahl Road:

COMMENCING at the northwest corner of a call 19.866 acre tract conveyed to The Woodlands Land Development Company L.P. and recorded under County Clerks File No. W675439 of the O.P.R.R.P.H.C., and the southwest corner of Lot 1 of the Linebarger and Clark Subdivision as described in a deed to the Woodlands Land Development Company L.P. and recorded under County Clerks File No. W 631579 of the O.P.R.R.P.H.C., lying in the east right-of-way line of Kuykendahl Road (100 feet wide), having a Texas State Plane Coordinate Value of X= 3,091,057.58 (E), Y= 862,703.1570 (N);

THENCE SOUTH 52 degrees 21 minutes 25 seconds EAST, 2142.06 feet to the POINT OF BEGINNING lying in the south right-of-way line of Fazio Way (120 feet wide), and being the northwest corner of the herein described tract, and having a Texas State Plane Coordinate Value of X= 3,092,753.7275 (E), Y= 861,394.9121 (N);

THENCE EASTERLY along a curve to the left and said south line of Fazio Way, through a central angle of 28 degrees 54 minutes 59 seconds to the northeast corner of the herein described tract, said curve having a radius of 910.00 feet, an arc length of 459.26 feet, and a long chord bearing and distance of NORTH 71 degrees 33 minutes 07 seconds EAST, 454.41 feet;

THENCE SOUTH 31 degrees 17 minutes 20 seconds EAST, 500.39 feet to an easterly corner of the herein described tract;

THENCE SOUTH 31 degrees 41 minutes 04 seconds EAST, 122.62 feet to an easterly corner of the herein described tract;

THENCE SOUTH 36 degrees 33 minutes 43 seconds EAST, 595.06 feet to the southeast corner of the herein described tract;

2021-02-09

THENCE SOUTH 45 degrees 58 minutes 41 seconds WEST, 333.07 feet to a southerly corner of the herein described tract;

THENCE NORTH 56 degrees 34 minutes 18 seconds WEST, 143.17 feet to a southerly corner of the herein described tract;

THENCE SOUTH 33 degrees 25 minutes 42 seconds WEST, 60.00 feet to the southwest corner of the herein described tract, lying in the westerly line of South Fazio Way (width varies);

THENCE NORTH 56 degrees 34 minutes 18 seconds WEST 15.95 feet along said west line of Fazio Way to a point of curvature and westerly corner of the herein described tract;

THENCE NORTHWESTERLY along a curve to the right and said westerly line of South Fazio Way, through a central angle of 06 degrees 32 minutes 52 seconds to a point of compound curvature and westerly corner of the herein described tract, said curve having a radius of 635.00 feet, an arc length of 72.57 feet, and a long chord bearing and distance of NORTH 53 degrees 17 minutes 52 seconds WEST, 72.53 feet;

THENCE NORTHWESTERLY along a curve to the right and said west line of South Fazio Way, through a central angle of 30 degrees 54 minutes 34 seconds to a point of reverse curvature and westerly corner of the herein described tract, said curve having a radius of 1,835.00 feet, an arc length of 989.93 feet, and a long chord bearing and distance of NORTH 34 degrees 34 minutes 10 seconds WEST, 977.97 feet;

THENCE NORTHERLY along a curve to the left and said westerly line of South Fazio Way, through a central angle of 01 degrees 52 minutes 16 seconds to a point of tangency and westerly corner of the herein described tract, said curve having a radius of 200.00 feet, an arc length of 6.53 feet, and a long chord bearing and distance of NORTH 20 degrees 03 minutes 01 seconds WEST, 6.53 feet;

THENCE NORTH 20 degrees 59 minutes 08 seconds WEST, 124.21 feet to a point of curvature and westerly corner of the herein described tract;

THENCE NORTHERLY along a curve to the right and said westerly line of South Fazio Way, through a central angle of 06 degrees 39 minutes 19 seconds to a point of compound curvature and westerly corner of the herein described tract, said curve having a radius of 200.00 feet, an arc length of 23.23 feet, and a long chord bearing and distance of NORTH 17 degrees 39 minutes 29 seconds WEST, 23.22 feet;

THENCE NORTHERLY along a curve to the right and said westerly line of South Fazio Way, through a central angle of 01 degrees 31 minutes 29 seconds, to a point of reverse curvature and westerly corner of the herein described tract, said curve having a radius of 1,845.00 feet, an arc length of 49.10 feet, and a long chord bearing and distance of NORTH 13 degrees 34 minutes 05 seconds WEST, 49.09 feet;

THENCE NORTHWESTERLY along a curve to the left and said westerly line of South Fazio Way, through a central angle of 81 degrees 11 minutes 03 seconds, to the POINT OF BEGINNING, containing 14.30 acres (623,106 square feet) of land, said curve having a radius of 25.00, an arc length of 35.42 feet, and a long chord bearing and distance of NORTH 53 degrees 23 minutes 52 seconds WEST, 32.53 feet. This description was prepared under the authority of Stephen P. Matovich, RPLS 5347, on June 25, 2003.

CARLTON WOODS CREEKSIDE SECTION 2 IN THE
Village of Creekside Park
Section 2
Rev. May 27, 2004

536-78-1754

TRACT 3

METES AND BOUNDS DESCRIPTION
OF A 50.1501 ACRE OUT OF THE
WILLIAM WHITE SURVEY, ABSTRACT NO. 829
HARRIS COUNTY, TEXAS

A tract or parcel of land containing 50.1501 acres (2,184,537 square feet) located in the William White Survey Abstract No. 829, Harris County, Texas and being out of a called 19.992 acre tract conveyed to Walter Clay Cooke Trustee and recorded under County Clerks File No. W404166 of the Official Public Records of Real Property of Harris County, Texas, (O.P.R.R.P.H.C.), out of a called 628.7652 acre tract conveyed to The Woodlands Corporation and recorded under County Clerks File No. K690757 of the O.P.R.R.P.H.C., said 50.1501 acre tract being more fully described by metes and bounds as follows with all control referenced to the 1927 Texas State Plane Coordinate System, Lambert Projection, South Central Zone, the basis of bearing is the call SOUTH 06 degrees 24 minutes 31 seconds WEST for the easterly right-of-way line of Kuykendahl Road (100 feet wide):

COMMENCING at the northwest corner of a call 19.866 acre tract conveyed to The Woodlands Land Development Company L.P. and recorded under County Clerks File No. W675439 of the O.P.R.R.P.H.C., also being the southwest corner of Lot 1 of the Linebarger and Clark Subdivision as conveyed to The Woodlands Land Development Company L.P. and recorded under County Clerks File No. W 631579 of the O.P.R.R.P.H.C., and lying in said east line of Kuykendahl Road, and having a Texas State Plane Coordinate Value of X= 3,091,057.5763 (E), Y= 862,703.1570 (N);

THENCE SOUTH 45 degrees 26 minutes 28 seconds EAST, 3,387.80 feet to the POINT OF BEGINNING and northwest corner of the herein described tract, also being a southerly corner of The Woodlands Carlton Woods at Harmony Bend Section 2, and having a Texas State Plane Coordinate Value of X= 3,093,471.4882 (E), Y= 860,326.1333 (N);

THENCE NORTH 33 degrees 25 minutes 42 seconds EAST, 60.00 feet along a southerly line of The Woodlands Carlton Woods at Harmony Bend Section 2 to a northerly corner of the herein described tract;

THENCE SOUTH 56 degrees 34 minutes 18 seconds EAST, 280.68 feet to a northerly corner of the herein described tract;

THENCE NORTH 33 degrees 25 minutes 42 seconds EAST, 260.96 feet to a northerly corner of the herein described tract;

THENCE SOUTH 43 degrees 05 minutes 10 seconds EAST, 104.82 feet to a northerly corner of the herein described tract;

THENCE SOUTH 70 degrees 08 minutes 52 seconds EAST, 254.43 feet to a northerly corner of the herein described tract;

THENCE SOUTH 43 degrees 56 minutes 24 seconds EAST, 774.91 feet to a northerly corner of the herein described tract;

THENCE SOUTH 53 degrees 51 minutes 52 seconds EAST, 117.55 feet to a northerly corner of the herein described tract;

THENCE NORTH 83 degrees 07 minutes 22 seconds EAST, 116.32 feet to a northerly corner of the herein described tract;

THENCE SOUTH 18 degrees 29 minutes 03 seconds EAST, 231.12 feet to a nontangent curve and northerly corner of the herein described tract;

THENCE EASTERLY along a curve to the left through a central angle of 02 degrees 48 minutes 44 seconds to the point of tangency and northerly corner of the herein described tract, said curve having a radius of 570.00 feet, an arc length of 27.98 feet, and a long chord bearing and distance of NORTH 70 degrees 06 minutes 35 seconds EAST, 27.97 feet;

THENCE NORTH 68 degrees 42 minutes 13 seconds EAST, 292.91 feet to a northerly corner of the herein described tract;

THENCE NORTH 41 degrees 17 minutes 20 seconds WEST, 237.68 feet to a northerly corner of the herein described tract;

THENCE NORTH 43 degrees 57 minutes 57 seconds EAST, 110.93 feet to a northerly corner of the herein described tract;

THENCE NORTH 17 degrees 32 minutes 56 seconds EAST, 425.04 feet to a northerly corner of the herein described tract;

THENCE NORTH 11 degrees 19 minutes 24 seconds WEST, 125.69 feet to a northerly corner of the herein described tract;

THENCE NORTH 34 degrees 35 minutes 57 seconds WEST, 152.40 feet to a northerly corner of the herein described tract;

THENCE NORTH 09 degrees 43 minutes 37 seconds WEST, 237.87 feet to a northerly corner of the herein described tract;

THENCE NORTH 48 degrees 27 minutes 02 seconds EAST, 534.12 feet to a northerly corner of the herein described tract;

THENCE NORTH 84 degrees 19 minutes 04 seconds EAST, 108.38 feet to a northerly corner of the herein described tract;

THENCE SOUTH 48 degrees 08 minutes 14 seconds EAST, 136.02 feet to a northerly corner of the herein described tract;

536-28-1750

THENCE SOUTH 58 degrees 22 minutes 56 seconds EAST, 72.87 feet to a northerly corner of the herein described tract;

THENCE SOUTH 72 degrees 19 minutes 04 seconds EAST, 338.95 feet to a northerly corner of the herein described tract;

THENCE SOUTH 73 degrees 05 minutes 07 seconds EAST, 111.04 feet to a northerly corner of the herein described tract;

THENCE SOUTH 78 degrees 56 minutes 17 seconds EAST, 436.96 feet to a northerly corner of the herein described tract;

THENCE NORTH 76 degrees 43 minutes 47 seconds EAST, 237.12 feet a nontangent curve and northeast corner of the herein described;

THENCE SOUTHERLY along a curve to the right through a central angle of 61 degrees 59 minutes 04 seconds to a point of tangency and southeasterly corner of the herein described tract, said curve having a radius of 495.00 feet, an arc length of 535.51 feet, and a long chord bearing and distance of SOUTH 24 degrees 00 minutes 23 seconds WEST, 509.77 feet;

THENCE SOUTH 54 degrees 59 minutes 55 seconds WEST, 252.56 feet to a point of curvature and southeasterly corner of the herein described tract;

THENCE SOUTHWESTERLY along a curve to the left through a central angle of 12 degrees 59 minutes 30 seconds to a point of tangency and southeasterly corner of the herein described tract, said curve having a radius of 780.00 feet, an arc length of 176.86 feet, and a long chord bearing and distance of SOUTH 48 degrees 30 minutes 10 seconds WEST, 176.48 feet;

THENCE SOUTH 42 degrees 00 minutes 25 seconds WEST, 168.47 feet to a point of curvature and southeasterly corner of the herein described tract;

THENCE SOUTHWESTERLY along a curve to the right through a central angle of 41 degrees 39 minutes 26 seconds to a point of tangency and southerly corner of the herein described tract, said curve having a radius of 720.00 feet, an arc length of 523.48 feet, and a long chord bearing and distance of SOUTH 62 degrees 50 minutes 08 seconds WEST, 512.03 feet;

THENCE SOUTH 83 degrees 39 minutes 51 seconds WEST, 188.36 feet to a point of curvature and southerly corner of the herein described tract;

THENCE WESTERLY along a curve to the left through a central angle of 02 degrees 16 minutes 39 seconds to a southerly corner of the herein described tract, said curve having a radius of 750.00 feet, an arc length of 29.81 feet, and a long chord bearing and distance of SOUTH 82 degrees 31 minutes 31 seconds WEST, 29.81 feet;

THENCE SOUTH 08 degrees 36 minutes 48 seconds EAST, 60.00 feet to a nontangent curve and southerly corner of the herein described tract;

2021-02-09

THENCE WESTERLY along a curve to the left through a central angle of 12 degrees 40 minutes 59 seconds to a point of tangency and southerly corner of the herein described tract, said curve having a radius of 690.00 feet, an arc length of 152.74 feet, and a long chord bearing and distance of SOUTH 75 degrees 02 minutes 42 seconds WEST, 152.43 feet;

THENCE SOUTH 68 degrees 42 minutes 13 seconds WEST, 470.07 feet to a point of curvature and southerly corner of the herein described tract;

THENCE WESTERLY along a curve to the right through a central angle of 74 degrees 20 minutes 03 seconds to a point of tangency and southerly corner of the herein described tract, said curve having a radius of 630.00 feet, an arc length of 817.35 feet, and a long chord bearing and distance of NORTH 74 degrees 07 minutes 45 seconds WEST, 761.22 feet;

THENCE NORTH 36 degrees 57 minutes 44 seconds WEST, 144.50 feet to a point of curvature and southerly corner of the herein described tract;

THENCE NORTHWESTERLY along a curve to the left through a central angle of 19 degrees 36 minutes 34 seconds to a point of tangency and southerly corner of the herein described tract, said curve having a radius of 1,370.00 feet, an arc length of 468.88 feet, and a long chord bearing and distance of NORTH 46 degrees 46 minutes 01 seconds WEST 466.60 feet;

THENCE NORTH 56 degrees 34 minutes 18 seconds WEST, 518.14 feet to the POINT OF BEGINNING, containing 50.1501 acres (2,184,537 square feet) of land. This description was prepared under the authority of Stephen P. Matovich, RPLS 5347, on July 1, 2003.

CARLTON WOODS CREEKSIDE SECTION 3 IN THE
Village of Creekside Park
Section 3
Rev. May 27, 2004

TRACT 4

METES AND BOUNDS DESCRIPTION
OF 60.0021 ACRES OUT OF THE
WILLIAM WHITE SURVEY, ABSTRACT NO. 829
HARRIS COUNTY, TEXAS

A tract or parcel of land containing 60.0021 acres (2,613,690 square feet) located in the William White Survey, Abstract No. 829, Harris County, Texas, out of a called 120.34 acre tract conveyed to The Woodlands Commercial Development Company and recorded under County Clerks File No. H191486 of the O.P.R.R.P.H.C., out of a called 20.00 acre tract conveyed to The Woodlands Corporation and recorded under County Clerks File No. R000072 of the O.P.R.R.P.H.C., and The Woodlands Commercial Development Company and recorded under County Clerks File No. H191486 of the O.P.R.R.P.H.C., out of a called 9.990 acre tract conveyed to The Woodlands Corporation as recorded under County Clerks File No. S127490 of the O.P.R.R.P.H.C., out of a called 19.947 acre tract conveyed to The Woodlands Corporation and recorded under County Clerks File No. R550115 of the O.P.R.R.P.H.C., out of a called 15.627 and a 4.987 acre tract conveyed to the Woodlands Land Development Company L.P. and recorded under County Clerks File No. W631556 and W631578 of the O.P.R.R.P.H.C., out of a called 19.886 acre tract conveyed to the Woodlands Land Development Company L.P. and recorded under County Clerks File No. W675439 of the O.P.R.R.P.H.C., and a called 19.486 acre tract conveyed to the Woodlands Land Development Company L.P. and recorded under County Clerks File No. W631579 of the O.P.R.R.P.H.C., said 60.0021 acre tract being more fully described by metes and bounds as follows with all control referenced to the 1927 Texas State Plane Coordinate System, Lambert Projection, South Central Zone, the basis of bearing is the call NORTH 06 degrees 24 minutes 31 seconds EAST, for a monumented easterly line of Kuykendahl Road (100 feet wide):

BEGINNING at the northwest corner of the said Ann Michelle Debes Watkins and Robert Randolph Debes Jr. Co-Trustees of the Debes 1992 Children's Trust 20 acre tract, also being in the southwest corner of the said Mary Emma Dixon tract, lying in said east line of Kuykendahl Road, having a Texas State Plane Coordinate Value of X= 3,091,057.5763 Y= 862,703.1570, and being a westerly corner of the herein described tract;

THENCE NORTH 06 degrees 24 minutes 31 seconds EAST, 15.73 feet along said east line of Kuykendahl Road to a 5/8-inch iron rod found at a point of curvature and westerly corner of the herein described tract;

THENCE NORTHERLY along a curve to the right and said east line of Kuykendahl Road, through a central angle of 19 degrees 19 minutes 20 seconds, to a 5/8-inch iron rod found at a westerly corner of the herein described tract, said curve having a radius of 1,829.86 feet, an arc length of 617.10 feet, and a long chord bearing and distance of NORTH 16 degrees 04 minutes 11 seconds EAST, 614.18 feet;

THENCE NORTH 86 degrees 27 minutes 16 seconds EAST, 33.70 feet along said east line of Kuykendahl Road to a 5/8-inch iron rod found at a westerly corner of the herein described tract;

THENCE NORTH 01 degrees 35 minutes 43 seconds WEST, 61.06 feet along said east line of Kuykendahl Road to a 5/8-inch iron rod found at a nontangent curve and westerly corner of the herein described tract;

THENCE NORTHEASTERLY along a curve to the right and said east line of Kuykendahl Road, through a central angle of 06 degrees 49 minutes 08 seconds, to the northwest corner of the herein described tract, said curve having a radius of 1,829.86 feet, an arc length of 217.78 feet, and a long chord bearing and distance of NORTH 31 degrees 21 minutes 20 seconds EAST, 217.65 feet;

THENCE SOUTH 55 degrees 13 minutes 50 seconds EAST, 135.02 feet to a nontangent curve and northerly corner of the herein described tract;

THENCE SOUTHERLY along a curve to the left through a central angle of 91 degrees 32 minutes 28 seconds to a point of tangency and northerly corner of the herein described tract, said curve having a radius of 25.00 feet, an arc length of 39.94 feet, and a long chord bearing and distance of SOUTH 11 degrees 00 minutes 04 seconds EAST, 35.83 feet;

THENCE SOUTH 56 degrees 46 minutes 18 seconds EAST, 132.53 feet to a northerly corner of the herein described tract;

THENCE SOUTH 53 degrees 54 minutes 33 seconds EAST, 200.25 feet to a northerly corner of the herein described tract;

THENCE SOUTH 56 degrees 46 minutes 18 seconds EAST, 96.58 feet to a northerly corner of the herein described tract;

THENCE NORTH 33 degrees 13 minutes 42 seconds EAST, 32.50 feet to a northerly corner of the herein described tract;

THENCE NORTH 56 degrees 41 minutes 40 seconds EAST, 146.55 feet to a northerly corner of the herein described tract;

THENCE NORTH 83 degrees 42 minutes 00 seconds EAST, 166.62 feet to the northeast corner of the herein described tract;

THENCE SOUTH 01 degrees 29 minutes 17 seconds EAST, 102.47 feet to an easterly corner of the herein described tract;

THENCE SOUTH 25 degrees 45 minutes 13 seconds EAST, 174.76 feet to an easterly corner of the herein described tract;

THENCE SOUTH 28 degrees 00 minutes 38 seconds EAST, 171.96 feet to an easterly corner of the herein described tract;

505-20-1201

THENCE SOUTH 31 degrees 24 minutes 33 seconds EAST, 603.08 feet to an easterly corner of the herein described tract;

THENCE SOUTH 23 degrees 33 minutes 29 seconds EAST, 269.90 feet to an easterly corner of the herein described tract;

THENCE SOUTH 25 degrees 47 minutes 00 seconds WEST, 201.32 feet to a nontangent curve and easterly corner of the herein described tract;

THENCE EASTERLY along a curve to the left through a central angle of 04 degrees 28 minutes 21 seconds to a point of tangency and easterly corner of the herein described tract, said curve having a radius of 400.00 feet, an arc length of 31.22 feet, and a long chord bearing and distance of SOUTH 69 degrees 03 minutes 14 seconds EAST, 31.22 feet;

THENCE SOUTH 71 degrees 17 minutes 25 seconds EAST, 61.91 feet to a point of curvature and easterly corner of the herein described tract;

THENCE SOUTHEASTERLY along a curve to the right through a central angle of 78 degrees 17 minutes 15 seconds to a point of tangency and easterly corner of the herein described tract, said curve having a radius of 190.00 feet, an arc length of 259.61 feet, and a long chord bearing and distance of SOUTH 32 degrees 08 minutes 47 seconds EAST, 239.88 feet;

THENCE SOUTH 06 degrees 59 minutes 50 seconds WEST, 179.69 feet to a point of curvature and easterly corner of the herein described tract;

THENCE SOUTHEASTERLY along a curve to the left through a central angle of 110 degrees 06 minutes 32 seconds to a nontangent curve and southeast corner of the herein described tract, lying in the north right-of-way line of Fazio Way (width varies) a private access easement, said curve having a radius of 25.00 feet, an arc length of 48.04 feet, and a long chord bearing and distance of SOUTH 48 degrees 03 minutes 26 seconds EAST, 40.98 feet;

THENCE WESTERLY along a curve to the right and said north line of Fazio Way, through a central angle of 30 degrees 22 minutes 03 seconds to a point of tangency and southerly corner of the herein described tract, said curve having a radius of 790.00 feet, an arc length of 418.71 feet, and a long chord bearing and distance of NORTH 87 degrees 55 minutes 40 seconds WEST, 413.83 feet;

THENCE NORTH 72 degrees 44 minutes 39 seconds WEST, 128.55 feet along said north line of Fazio Way to a point of curvature and southerly corner of the herein described tract;

THENCE WESTERLY along a curve to the left and said north line of Fazio Way, through a central angle of 29 degrees 02 minutes 53 seconds to a point of tangency and southerly corner of the herein described tract, said curve having a radius of 1,660.00 feet, an arc length of 841.59

feet, and a long chord bearing and distance of NORTH 87 degrees 16 minutes 05 seconds WEST 832.61 feet;

THENCE SOUTH 78 degrees 12 minutes 28 seconds WEST, 129.41 feet along said north line of Fazio Way to a point of curvature and southerly corner of the herein described tract;

THENCE WESTERLY along a curve to the right and said north line of Fazio Way, through a central angle of 19 degrees 06 minutes 27 seconds to a point of tangency and southerly corner of the herein described tract, said curve having a radius of 1,140.00 feet, an arc length of 380.18 feet, and a long chord bearing and distance of SOUTH 87 degrees 45 minutes 42 seconds WEST, 378.42 feet;

THENCE NORTH 82 degrees 41 minutes 05 seconds WEST, 39.86 feet along said north line of Fazio Way, to a point of curvature and southerly corner of the herein described tract;

THENCE NORTHWESTERLY along a curve to the right and said north line of Fazio Way, through a central angle of 89 degrees 05 minutes 36 seconds to a point of tangency lying in said east line of Kuykendahl Road and being a westerly corner of the herein described tract, said curve having a radius of 25.00 feet, an arc length of 38.87 feet, and a long chord bearing and distance of NORTH 38 degrees 08 minutes 17 seconds WEST, 35.07 feet;

THENCE NORTH 06 degrees 24 minutes 31 seconds EAST, 1,092.47 feet along said east line of Kuykendahl Road to the POINT OF BEGINNING, containing 60.0021 acres (2,613,690 square feet) of land. This description was prepared under the authority of Stephen P. Matovich, RPLS 5347, on July 7, 2003.

CARLTON WOODS CREEKSIDE SECTION 5 IN THE
Village of Creekside Park
Section 5
Rev. May 27, 2004

TRACT 5

METES AND BOUNDS DESCRIPTION
OF 29.11 ACRES OUT OF THE
WILLIAM WHITE SURVEY, ABSTRACT NO. 829
HARRIS COUNTY, TEXAS

A tract or parcel of land containing 29.11 acres (1,267,879 square feet) located in the William White Survey Abstract No. 829, Harris County, Texas, out of a called 628.7652 acre tract conveyed to The Woodlands Corporation and recorded under County Clerks File No. K690757 of The Official Public Records of Real Property of Harris County, Texas, (O.P.R.R.P.H.C.), out of a called 16.66 acre tract conveyed to The Woodlands Development Company L.P. and recorded under County Clerks File No. V081344, of the O.P.R.R.P.H.C., and out of a call 35.01 acre tract conveyed to The Woodlands Development Company L.P. and recorded under County Clerks File No. U821831 of the O.P.R.R.P.H.C., said 29.11 acre tract being more fully described by metes and bounds as follows with all control referenced to the 1927 Texas State Plane Coordinate System, Lambert Projection, South Central Zone, the basis of bearing is the call NORTH 06 degrees 24 minutes 31 seconds EAST, for a monumented easterly line of Kuykendahl Road (100 feet wide):

COMMENCING at the northwest corner of a called 19.866 acre tract conveyed to the Woodlands Land Development Company L.P. and recorded under County Clerks File No. W675439 of the O.P.R.R.P.H.C., also being the southwest corner of Lot 1 of the Linebarger and Clark Subdivision conveyed to the Woodlands Land Development Company L.P. and recorded under County Clerks File No. W631579 of the O.P.R.R.P.H.C., lying in said east line of Kuykendahl Road, having a Texas State Plane Coordinate Value of X= 3,091,057.5763 (E), Y= 862,703.1570 (E);

THENCE SOUTH 46 degrees 46 minutes 57 seconds EAST 4,258.16 feet to the POINT OF BEGINNING and north corner of the herein described tract, lying in a southerly line of The Woodlands Carlton Woods Creekside Section 3 in the Village of Creekside Park;

THENCE SOUTHEASTERLY along a curve to the right and said southerly line of The Woodlands Carlton Woods Creekside Section 3 in the Village of Creekside Park, through a central angle of 03 degrees 33 minutes 03 seconds, to a point of tangency and northerly corner of the herein described tract, said curve having a radius of 1,370.00 feet, an arc length of 84.90 feet, and a long chord bearing and distance of SOUTH 38 degrees 44 minutes 15 seconds EAST, 84.89 feet;

THENCE SOUTH 36 degrees 57 minutes 44 seconds EAST, 144.50 feet, along said southerly line of The Woodlands Carlton Woods Creekside Section 3 in the Village of Creekside Park, to a point of curvature and northerly corner of the herein described tract;

THENCE EASTERLY along a curve to the left and said southerly line of The Woodlands Carlton Woods Creekside Section 3 in the Village of Creekside Park, through a central angle of 74 degrees 20 minutes 03 seconds, to a point of tangency and northerly corner of the herein described tract, said curve having a radius of 630.00 feet, an arc length of 817.35 feet, and a long chord bearing and distance of SOUTH 74 degrees 07 minutes 45 seconds EAST, 761.22 feet;

THENCE NORTH 68 degrees 42 minutes 13 seconds EAST, 25.16 feet, along said southerly line of The Woodlands Carlton Woods Creekside Section 3 in the Village of Creekside Park, to a point of curvature and northerly corner of the herein described tract;

THENCE SOUTHEASTERLY along a curve to the right through a central angle of 88 degrees 12 minutes 39 seconds to a point of reverse curvature and easterly corner of the herein described tract, said curve to the right having a radius of 25.00 feet, an arc length of 38.49 feet, and a long chord bearing and distance of SOUTH 67 degrees 11 minutes 28 seconds EAST, 34.80 feet;

THENCE SOUTHEASTERLY along a curve to the left through a central angle of 23 degrees 02 minutes 35 seconds to a point of tangency and easterly corner of the herein described tract, said curve having a radius of 550.00 feet, an arc length of 221.20 feet, and a long chord bearing and distance of SOUTH 34 degrees 36 minutes 26 seconds EAST, 219.71 feet;

THENCE SOUTH 46 degrees 07 minutes 43 seconds EAST, 184.45 feet to an easterly corner of the herein described tract;

THENCE SOUTH 43 degrees 52 minutes 17 seconds WEST, 265.04 feet to an easterly corner of the herein described tract;

THENCE SOUTH 32 degrees 23 minutes 58 seconds WEST, 267.00 feet to an easterly corner of the herein described tract;

THENCE SOUTH 36 degrees 53 minutes 19 seconds WEST, 158.08 feet to an easterly corner of the herein described tract;

THENCE SOUTH 38 degrees 17 minutes 07 seconds WEST, 112.82 feet to a southerly corner of the herein described tract;

THENCE SOUTH 86 degrees 20 minutes 09 seconds WEST, 231.03 feet a southerly corner of the herein described tract;

THENCE NORTH 39 degrees 56 minutes 58 seconds WEST, 271.28 feet to a southerly corner of the herein described tract;

THENCE NORTH 69 degrees 12 minutes 15 seconds WEST, 88.67 feet to a southerly corner of the herein described tract;

THENCE NORTH 81 degrees 34 minutes 46 seconds WEST, 116.77 feet to a southerly corner of the herein described tract;

THENCE NORTH 69 degrees 15 minutes 39 seconds WEST, 144.88 feet to a southerly corner of the herein described tract;

THENCE NORTH 42 degrees 15 minutes 32 seconds WEST, 167.53 feet to a southerly corner of the herein described tract;

THENCE NORTH 61 degrees 40 minutes 43 seconds WEST, 144.20 feet to a southerly corner of the herein described tract;

THENCE NORTH 71 degrees 59 minutes 29 seconds WEST, 269.42 feet to the southwest corner of the herein described tract;

THENCE NORTH 01 degrees 24 minutes 19 seconds WEST, 42.06 feet to a westerly corner of the herein described tract;

THENCE NORTH 01 degrees 01 minutes 38 seconds WEST, 473.24 feet to the northwest corner of the herein described tract;

THENCE NORTH 88 degrees 58 minutes 22 seconds EAST, 210.40 feet to a northerly corner of the herein described tract;

THENCE NORTH 54 degrees 01 minutes 18 seconds EAST, 419.75 to the POINT OF BEGINNING, containing 29.11 acres (1,267,879 square feet) of land. This description was prepared under the authority of Stephen P. Matovich, RPLS 5347, on July 3, 2003.

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Carlton Woods Creekside Section 6 IN VILLAGE OF CREEKSIDE PARK
Revised May 25, 2004
July 3, 2003
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EXHIBIT "B"

Land Subject to Annexation

All lands now owned or hereafter acquired by Declarant that is within a 10-mile radius of each of the four tracts of land, Tract 1, Tract 2, Tract 3, Tract 4 and Tract 5, described in Exhibit "A" attached hereto.

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Exhibit "C"

BY-LAWS

OF

CARLTON WOODS CREEKSIDE ASSOCIATION, INC.

586-78-1767

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BY-LAWS
OF
CARLTON WOODS CREEKSIDE ASSOCIATION, INC.

Article I
Name, Principal Office, and Definitions

1.1. Name.

The name of the corporation is Carlton Woods Creekside Association, Inc. (the "Association").

1.2. Principal Office.

The principal office of the Association shall be located in Harris County, Texas. The Association may have such other offices, either within or outside the State of Texas, as the Board of Directors may determine or as the Association's affairs may require.

1.3. Definitions.

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that certain recorded Declaration of Covenants, Conditions, Restrictions, and Easements for Carlton Woods Creekside (as it may be amended and supplemented from time to time, the "Declaration"), unless the context indicates otherwise.

Article II
Membership: Meetings, Quorum, Voting, Proxies

2.1. Membership.

The Association shall have two classes of membership, Class "A" and Class "B," as more fully set forth in the Declaration. The provisions of the Declaration pertaining to membership are incorporated by this reference.

2.2. Place of Meetings.

Association meetings shall be held at the Association's principal office or at such other suitable place convenient to the Members as the Board may designate.

2.3. Annual Meetings.

The first Association meeting, whether a regular or special meeting, shall be held within one year after the date of incorporation of the Association. Subsequent regular annual meetings shall be set by the Board so as to occur within 90 days before or after the beginning of the Association's fiscal year on a date and at a time set by the Board.

2.4. Special Meetings.

The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by Board resolution or upon a petition signed by Members representing at least 25% of the total Class "A" votes of the Association.

2.5. Notice of Meetings.

The Association's Secretary shall cause written notice stating the place, day, and hour of any Members' meeting to be given in any manner permitted by Texas law. Notice may be mailed or personally delivered, or, if permitted, notice may be published in a newsletter having general circulation throughout Carlton Woods Creekside, posted in a conspicuous, prominent place within Carlton Woods Creekside, sent by facsimile, electronic mail, or other electronic communication device, or provided in such other manner which is reasonably calculated, as determined in the Board's discretion, to provide personal notice to the Members. Notice shall be given at least 10 but less than 60 days before the date of the meeting, by or at the direction of the President or the Secretary or the officers or Persons calling the meeting.

In the case of a special meeting or when a statute or these By-Laws require otherwise, the notice shall state the purpose or purposes for which the meeting is called. No business shall be transacted at a special meeting except as stated in the notice.

If posted, notice shall be deemed delivered when posted. If mailed, the notice of a meeting shall be deemed delivered when deposited in the United States mail addressed to the Member at his or her address as it appears on the Association's records, with postage prepaid. If published in a newsletter, notice shall be deemed delivered when the newsletter is made available in the Community for general circulation or, if the newsletter is mailed, notice shall be deemed delivered when deposited in the United States mail, as provided above for other mailed notice. If sent by facsimile, electronic mail, or such other electronic communication device, notice shall be deemed to be delivered when transmitted to the Member at his or her address or number as it appears on the Association's records. Failure to receive actual notice of an Association meeting shall not affect the validity of any action taken at such meeting.

2.6. Waiver of Notice.

Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may waive, in writing, notice of any membership meeting, either before or after such meeting. Attendance at a meeting by a Member shall be deemed waiver by such

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Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meetings.

If any Members' meeting cannot be held because a quorum is not present, a majority of the Members who are present at such meeting may adjourn the meeting to a time not more than 30 days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

2.8. Voting.

The voting rights of the Members shall be as set forth in the Declaration and in these By-Laws, and such voting rights provisions are specifically incorporated by this reference.

2.9. Proxies.

At all meetings of Members, each Member may vote in person (or if a corporation, partnership, or trust, through any officer, director, partner, or trustee duly authorized to act on behalf of the Member) or by proxy, subject to the limitations of Texas law relating to the use of general proxies and subject to any specific provision to the contrary in the Declaration or these By-Laws.

Every proxy shall be in writing specifying the Unit for which it is given, signed by the Member or his or her duly authorized attorney-in-fact, dated, and filed with the Association's Secretary or its designee prior to the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

Every proxy shall be revocable and shall automatically cease upon: (a) conveyance of any Unit for which it was given, (b) receipt by the Secretary or designee of a written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is a

natural person, or (c) 11 months from the date of the proxy, unless a shorter period is specified in the proxy.

2.10. Quorum.

Except as otherwise provided in these By-Laws or in the Declaration, the presence, in person or by proxy, of Members representing 10% of the total Class "A" votes in the Association shall constitute a quorum at all Association meetings.

2.11. Conduct of Meetings.

The President shall preside over all Association meetings, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

2.12. Action Without a Meeting.

Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting, without prior notice and without a vote if written consent specifically authorizing the proposed action is signed by the Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all Members entitled to vote thereon were present. Such consents shall be signed within 60 days after receipt of the earliest dated consent, dated, and delivered to the Association. Such consents shall be filed with the minutes of the Association and shall have the same force and effect as a vote of the Members at a meeting. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

Article III

Board of Directors: Selection, Meetings, Powers

A. Composition and Selection.

3.1. Governing Body: Composition.

The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one vote. Except with respect to directors appointed by the Class "B" Member, directors shall be Members or residents; provided, no Member and other resident representing the same Unit may serve on the Board at the same time. To be eligible, a Member must be in good standing under the Governing Documents and a resident must reside in a Unit with an Owner who is a Member in good standing. A "resident" shall be any natural person 18 years of age or older whose principal residence is a Unit within the Community, but shall not include any Person residing in the Unit as a tenant. If a Member is not an individual, any officer, director, partner, or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member; provided, no Member may have more

than one such representative on the Board at a time, except in the case of directors the Class "B" Member appoints.

3.2. Number of Directors.

The Board shall consist of three to five directors, as provided below and in the Declaration. The initial Board shall consist of three directors as identified in the Articles of Incorporation.

3.3. Directors During Class "B" Control Period.

Directors, the Class "B" Member appoints shall be appointed by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member.

3.4. Nomination of Class "A" Directors.

Prior to each election of directors by the Class "A" Members, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which each and every eligible person who has a bona-fide interest in serving as a director may file as a candidate for any position to be filled by Class "A" votes. The Board shall also establish such other rules and regulations, as it deems appropriate to conduct the nomination of directors in a fair, efficient, and cost-effective manner.

Each candidate shall be given a reasonable, uniform opportunity to communicate his or her qualifications to the Members and to solicit votes.

3.5. Election and Term of Office.

The Class "A" Members shall be entitled to elect all Members of the Board after termination of the Class "B" Control Period. During the Class "B" Control Period, the Class "A" Members right to elect directors shall be governed by the Declaration. Elections shall be held by written ballot. Each Member may cast the entire vote assigned to his or her Unit for each position to be filled. There shall be no cumulative voting. That number of candidates receiving the greatest number of votes for the positions to be filled shall be elected. If Voting Precincts are established, an equal number of directors shall be elected from within each Voting Precinct. Except as otherwise provided in the Declaration or these By-Laws, directors shall be elected to serve two-year terms. A director may serve any number of consecutive terms.

3.6. Removal of Directors and Vacancies.

Any director elected by the Class "A" Members may be removed, with or without cause, by the vote of Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Members

entitled to elect the director so removed to fill the vacancy for the remainder of such director's term.

Any director elected by the Class "A" Members who has three consecutive unexcused absences from Board meetings, or who is more than 30 days delinquent (or is the representative of a Member who is so delinquent) in the payment of any assessment or other charge due the Association, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director elected by the Class "A" Members, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next scheduled election, at which time the Class "A" Members shall elect a successor for the remainder of the term.

This Section shall not apply to directors Class "B" Member appoints nor to any director serving as Declarant's representative. The Class "B" Member or Declarant shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by or elected as a representative of the Class "B" Member or Declarant.

B. Annual Meetings.

3.7. Annual Board Meeting.

An annual Board meeting shall be held immediately following the Members' annual meeting at the place of the Members' annual meeting.

3.8. Regular Meetings.

Regular Board meetings may be held at such time and place as a majority of the directors shall determine, but at least four such meetings shall be held during each fiscal year with at least one per quarter.

3.9. Special Meetings.

Special Board meetings shall be held when called by written notice signed by the President or Vice President or by any two directors.

3.10. Notice; Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The notice shall be given to each director by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone communication, either directly to the director or to a person at the director's office or

506-78-1775

home who would reasonably be expected to communicate such notice promptly to the director; or (iv) facsimile, computer, fiberoptics, or other electronic communication device, with confirmation of transmission. All such notices shall be given at the director's telephone number, fax number, electronic mail address, or sent to the director's address as shown in the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least five business days before the date set for the meeting. Notices given by personal delivery, telephone, facsimile, electronic mail, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

(b) Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.11. Telephonic Participation in Meetings.

Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section shall constitute presence in person at such meeting.

3.12. Quorum of Board.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise specifically provided in these By-Laws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any Board meeting cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.13. Conduct of Meetings.

The President shall preside over all Board meetings, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.14. Open Meetings; Executive Session.

(a) Except in an emergency, notice of Board meetings shall be posted at least 48 hours in advance of the meeting at a conspicuous place within the Community which the Board establishes for the posting of notices relating to the Association or may be published at least 48 hours in advance of the meeting in a newsletter of general circulation throughout Carlton Woods Creekside. Notice of any meeting at which assessments are to be established shall state that fact and the nature of the assessment. Subject to the provisions of Section 3.15, all Board meetings shall be open to all Owners; but attendees other than directors may not participate in any discussion or deliberation unless a director requests that they be granted permission to speak. In such case, the President may limit the time any such individual may speak.

(b) Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, and may exclude persons other than directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

3.15. Action Without a Formal Meeting.

Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.16. Powers.

The Board shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Governing Documents, and as provided by law. The Board may do or cause to be done on behalf of the Association all acts and things except those which the Governing Documents or Texas law require to be done and exercised exclusively by the membership generally.

3.17. Duties.

Duties of the Board shall include, without limitation:

(a) preparing and adopting, in accordance with the Declaration, an annual budget and establishing each Owner's share of the Common Expenses and any District Expenses;

(b) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility consistent with the Community-Wide Standard;

(c) designating, hiring, and dismissing personnel necessary to carry out the Association's rights and responsibilities and where appropriate, providing for compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(d) depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve funds may be deposited, in the Board's best judgment, in depositories other than banks;

(e) making and amending use restrictions and rules which are consistent with the rights and duties established by the Declaration;

(f) opening bank accounts on behalf of the Association and designating the signatories required;

(g) providing for repairs, additions, and improvements to or alterations of the Common Area, and for preliminary studies or inspections, as necessary to comply with the Community-Wide Standard in accordance with the Declaration and these By-Laws;

(h) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association's obligation in this regard shall be conditioned in the manner provided in the Declaration;

(i) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the costs thereof, and filing and adjusting claims, as appropriate;

(j) paying the cost of all services rendered to the Association;

(k) keeping books with detailed accounts of the Association's receipts and expenditures;

(l) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Governing Documents and all other books, records, and financial statements of the Association as provided in Section 6.4;

(m) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Community; and

(n) indemnifying a director, officer, or committee member, or former director, officer, or committee member of the Association to the extent such indemnity is permitted or required by Texas law, the Articles of Incorporation, or the Declaration.

3.18. Compensation.

Directors shall not receive any compensation from the Association for acting as such. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding the interested director.

3.19. Management.

The Board may employ for the Association a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policy-making authority. Declarant or its affiliate may be employed as managing agent or manager.

The Board may delegate to one of its members the authority to act on the Board's behalf on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

The Association shall not be bound, either directly or indirectly, by any management contract executed during the Class "B" Control Period unless such contract contains a right of termination exercisable by the Association, with or without cause and without penalty, at any time after termination of the Class "B" Control Period upon not more than 90 days' written notice.

3.20. Accounts and Reports.

The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

- (a) generally accepted accounting principles shall be employed;
- (b) accounting and controls should conform to generally accepted accounting principles;
- (c) cash accounts of the Association shall not be commingled with any other accounts;
- (d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the

form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm or entity providing goods or services to the Association shall be disclosed promptly to the Board; and

(f) an annual report consisting of at least the following shall be made available to all Members within 120 days after the close of the fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant.

3.21. Borrowing.

The Association shall have the power to borrow money for any legal purpose, subject to any limitations set forth in the Governing Documents.

3.22. Right To Contract.

The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or Districts and other owners or residents associations, within and outside the Community.

3.23. Enforcement.

The Association shall have the power, as provided in the Declaration, to impose sanctions for any violation of the Governing Documents in accordance with the Declaration and, if required, the following procedures.

(a) Notice. Prior to imposing a sanction, the Board or its delegate shall serve the alleged violator with written notice which sets forth (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than 10 days within which the alleged violator may present a written request for a hearing to the Board or the Covenants Committee, if one has been appointed pursuant to Article V; and (iv) that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within the period specified in the notice. If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed; provided, the Board or the Covenants Committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within a stated period of time. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(b) Hearing. If a hearing is requested within the allotted period, the hearing shall be held before the Covenants Committee, or if none has been appointed, then before the Board in

executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) Appeal. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board. To exercise this right, a written notice of appeal must be received by the Association's manager, President, or Secretary within 10 days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, towing vehicles that violate parking rules) or, following compliance with the dispute resolution procedures set forth in Article XV of the Declaration, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' fees actually incurred. Any entry onto a Unit for purposes of exercising this power of self-help shall not be deemed as trespass.

3.24. Board Standards.

While conducting the Association's business affairs, the Board shall be protected by the business judgment rule. The business judgment rule protects a director from personal liability so long as the party claiming liability does not prove that the director failed to: (a) serve in a manner the director believes to be in the best interests of the Association and the Members; (b) serve in good faith; or (c) act with such care as an ordinarily prudent person in a like position would use under similar circumstances.

In fulfilling its governance responsibilities, the Board's actions shall be governed and tested by the rule of reasonableness. The Board shall exercise its power in a fair and nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents.

Operational standards of the Board and any committee appointed by the Board shall be the requirements set forth in the Governing Documents or the minimum standards which Declarant, the Board, and the Architectural Review Committee may establish. Such standard shall, in all cases, meet or exceed the standards set by Declarant and the Board during the Class "B" membership. Operational standards may evolve as the needs and demands of the Community change.

Article IV
Officers

4.1. Officers.

The Association's officers shall be a President, Vice President, Secretary, and Treasurer, each of whom shall be elected from among Board members. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes.

4.2. Election and Term of Office.

The Board shall elect the Association's officers at the Board's annual meeting to serve for a one-year term.

4.3. Removal and Vacancies.

The Board may remove any officer whenever in its judgment the best interests of the Association will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4. Powers and Duties.

The Association's officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

4.5. Resignation.

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

4.6. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by Board resolution.

4.7. Compensation.

Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.18.

Article V
Committees

5.1. General.

The Board may appoint such committees, as it deems appropriate, to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

5.2. Covenants Committee.

In addition to any other committees which the Board may establish pursuant to Section 5.1, the Board may appoint a Covenants Committee consisting of at least three and no more than five Members. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions which the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Section 3.23 of these By-Laws.

5.3. District Committees.

In addition to any other committees appointed as provided above, each District which has no formal organizational structure or association may elect a District Committee to determine the nature and extent of services, if any, to be provided to the District by the Association in addition to those provided to all Members of the Association in accordance with the Declaration. A District Committee may advise the Board on any other issue but shall not have the authority to bind the Board. Such District Committees, if elected, shall consist of three to five Members, as determined by the vote of at least 51% of the Owners of Units within the District.

District Committee members shall be elected for a term of one year or until their successors are elected. Any director elected to the Board from a District shall be an *ex officio* member of the District Committee. One member of the District Committee shall be elected chairperson, who shall preside at its meetings and transmit any and all communications to the Board.

In the conduct of its duties and responsibilities, each District Committee shall abide by the notice and quorum requirements applicable to the Board under Sections 3.8, 3.9, 3.10, and 3.11. District Committee meetings shall be open to all Owners of Units in the District and their representatives. Members of a District Committee may act by unanimous written consent in lieu of a meeting.

2021-02-03

Article VI
Miscellaneous

6.1. Fiscal Year.

The Association's fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.

6.2. Parliamentary Rules.

Except as may be modified by Board resolution, *Robert's Rules of Order* (current edition) shall govern the conduct of Association proceedings when not in conflict with Texas law or the Governing Documents.

6.3. Conflicts.

If there are conflicts among the provisions of Texas law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of Texas law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

6.4. Books and records.

(a) Inspection by Members and Mortgagees. Except as otherwise specifically provided in this Section 6.4, any Member, any holder of a first Mortgage on a Unit, or the duly appointed representative of any of the foregoing, shall have the right to examine and copy the books and records maintained by the Association, including the Governing Documents, books of account, and the minutes of meetings of the Members, the Board, and committees. Such right may be exercised only for a purpose reasonably related to the requesting party's interest in a Unit. The Association's membership rosters shall not be used for purposes of commercial solicitation.

Notwithstanding the above, the Association's books and records may be withheld from inspection and copying to the extent that they concern:

- (i) personnel matters or a person's medical records;
- (ii) communications with legal counsel or attorney work product;
- (iii) transactions currently in negotiation and agreements containing confidentiality requirements;
- (iv) pending litigation;
- (v) pending matters involving enforcement of the Governing Documents;
- (vi) disclosure of information in violation of law; or

- (vii) minutes or other records of Board meetings held in executive session pursuant to Section 3.14 of these By-Laws.

Such right of inspection may be exercised only during reasonable business hours or at another mutually convenient time, and upon five days' prior written notice to the Board. The Board may impose and collect a charge, reflecting its actual costs of materials and labor, prior to providing copies of any books and records under this Section. The Board shall provide for such inspection to take place at the Association's office or at such other place within the Community as the Board shall designate.

(c) Inspection by Directors. Every director 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 director includes the right to make a copy of relevant documents at the Association's expense.

6.5. Notices.

Except as otherwise provided in the Declaration or these By-Laws, all notices, demands, bills, statements, or other communications under the Declaration or these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member;

(b) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent or at such other address as shall be designated by written notice to the Members pursuant to this Section; or

(c) if to any committee, at the Association's principal address or at such other address as shall be designated by written notice to the Members pursuant to this Section.

6.6. Amendment.

(a) By Class "B" Member. Prior to the conveyance of the first Unit by Declarant to a Person other than a Builder, the Class "B" Member may unilaterally amend these By-Laws.

Thereafter, the Class "B" Member may unilaterally amend these By-Laws at any time and from time to time if such amendment is necessary: (i) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; or (iii) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Units;

provided, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing.

In addition, so long as the Class "B" membership exists, the Class "B" Member may unilaterally amend these By-Laws for any other purpose, provided the amendment has no material adverse effect upon the substantive rights of more than 2% of the Owners.

(b) By Directors Generally. Except as provided above, these By-Laws may be amended only by the Board upon the vote of at least two-thirds (2/3) of the directors present and voting at a Board meeting at which a quorum is present, and the consent of the Class "B" Member, if such exists. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) Validity and Effective Date of Amendments. Amendments to these By-Laws shall become effective upon recordation unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

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

536-73-1736

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 on

MAY 28 2004



Beverly B. Kayman
COUNTY CLERK
HARRIS COUNTY, TEXAS

FILED

04 MAY 28 AM 10:27

Beverly B. Kayman
COUNTY CLERK
HARRIS COUNTY, TEXAS