

***DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS
FOR
TEASWOOD SECTION "V"
THE LAKES AT TEASWOOD***

THE STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

WHEREAS, TEASWOOD PROPERTY INTERESTS, Ltd., a Texas Limited Partnership, herein sometimes referred to as "Declarant", is the owner of the 14.906 acres of land out of the James Edwards Survey A-190 and situated in the City of Conroe, Montgomery County, Texas in that subdivision known as TEASWOOD SECTION V, THE LAKES AT TEASWOOD; and

WHEREAS, as of the date of recordation of the subdivision plat, the real property was located within the corporate limits or extraterritorial jurisdiction of the City Of Conroe, Texas and was subject to the approval of its Planning Commission; and

WHEREAS, certain improvements required under the subdivision regulations of the City of Conroe, Texas as a condition of the Planning Commission's approval of the plat of TEASWOOD SECTION V, THE LAKES AT TEASWOOD were privately dedicated by DECLARANT; and

WHEREAS, it is necessary to make provision for the City of Conroe to exercise the maintenance lien powers if the Association fails:

NOW, THEREFORE, DECLARANT hereby adopts, establishes and imposes upon the hereinabove described TEASWOOD SECTION V, THE LAKES AT TEASWOOD hereinafter referred to as the "Property", and declares the following reservations, easements, restrictions, covenants and conditions applicable thereto, all of which shall run with the land and be binding upon all parties having or acquiring any right, title or interest therein, or any part thereof, and shall inure to the benefit of each owner thereof, and to the City of Conroe, Texas.

ARTICLE I

GENERAL

Section 1. Definitions. The following words, when used in this Declaration, unless the context shall prohibit, shall have the following meanings:

"Association" shall mean and refer to The Teaswood Community Improvement Association, Inc. a Texas non-profit corporation.

“Assessment Valuation” means the land value of any Lot as determined by the Assessor and does not include any building value or other improvement placed upon the Lot.

“Assessor” means the chief or head Assessor for the Montgomery County Appraisal District, or his successor. In the event the Montgomery County Appraisal District is dissolved or not used by Montgomery County, Assessor shall mean that County official that would determine the land value of real property in Montgomery County, Texas, for ad valorem tax purposes.

"Board" shall mean and refer to the Board of Directors of The Teaswood Community Improvement Association, Inc.

“City” means the City of Conroe, Texas.

"Common Properties" means and refer to the following Reserves, as shown on the recorded plat and amendments thereto which are restricted to Conservation Area/Greenbelt use; Reserves D and E, together with any lot or part of a Lot or Reserve that may, in the future, be dedicated as such by the Declarant; together with the private streets dedicated by said plat of Teaswood Section V as amended.

“Conservation Areas” or **“Greenbelt Areas”** are those areas identified as such on the said plat, as amended, and are those Common Properties defined above, being Reserves D and E, and those strips and portions or parts of lots shown as greenbelt easements, if any, on the plat of Teaswood Section V, as amended, being an easement for Greenbelt use.

“Conversion Date” shall mean and refer to the earlier of the following:

- (i) December 31, 2012
- (ii) Such earlier date as may be established by Declarant in a Supplemental Declaration to be recorded by Declarant.

"Declarant" means the present owner of all the land known as Teaswood Section V, The Lakes at Teaswood, the declarant of this instrument, and the Declarant’s successors and assigns and shall include any person or entity to which Declarant may assign its rights and privileges, duties, and obligations hereunder, which are and shall be assignable.

“Greenbelt Use” or **“Conservation Area Use”** means an easement for the benefit of the owners of lots within Teaswood Section V, restricted from motor vehicular use, for the use of pedestrians. Except as directed by the Declarant, no buildings are to be constructed within any area designated as Greenbelt or Conservation Area on the recorded plat of Teaswood Section V, The Lakes at Teaswood, as amended. A building may be constructed on any Lot, Greenbelt, or Conservation Area by the Declarant in the future.

"Lot" for the purposes of this declaration means any platted lot in Teaswood Section V shown on the plat thereof, as amended, or one or more such lots or fractions thereof used for a single detached dwelling site. The ownership of a lot extends to the underlying fee of the private streets adjacent to such lot, extending to the centerline of those dedicated private streets, and bounded by lines perpendicular or radial to the centerline of said private streets.

"Member" shall mean and refer to every person or entity that holds membership in the Teaswood Community Improvement Association, Inc., as set forth herein.

"Owner" means the record titleholder of the fee simple interest to any Lot whether or not such holder actually resides on the lot.

"Required private subdivision improvements" means the subdivision improvements, which are required under the applicable regulations of the City of Conroe, Texas and are described in Section 3 of Article hereof.

"Residence" means a single dwelling that is the residence of a family residing therein. The living area for purposes of this instrument includes the heated and air conditioned space of said dwelling. The area of a residence, for the purposes of this instrument does not include attached or unattached garages, and does not include the living area of detached dwellings utilized as guest houses or housing for persons employed as servants unless a variance is granted by the Teaswood Architectural Control Committee.

"Residential Reserve" means and refers to Reserves, if any, shown on the recorded plat and amendments thereto which are restricted to Residential Use and being reserved for future development; together with any lot or part of a Lot or Reserve that may, in the future, be dedicated as such by the Declarant. Residential Reserves can be further subdivided as directed by Declarant.

"Residential Use" means for single family residential purposes, any area designated as such shall not be used for any purpose except for single-family residential purposes and for ingress and egress as directed by declarant.

"Section" when followed by a numeral greater than one, means a group of contiguous platted lots or lots that may be platted in the future within Montgomery County, Texas, whether or not contiguous to The Properties (Teaswood).

"Special Assessments" means and refers to those assessments made by the Teaswood Community Improvement Association, Inc. from time to time as provided under Section 4 of Article III hereof.

"Supplemental Declaration" means any supplement or amendment to this Declaration as herein permitted.

"The Properties" means the property subject to this declaration, being the real property described on the plat thereof and including any improvements thereon and further described as TEASWOOD SECTION V, THE LAKES AT TEASWOOD, a subdivision of 14.906 acres of land out of the James Edwards Survey, Abstract No. 190, Montgomery County, Texas, according to the map or plat thereof recorded under File # 2004-078012 in Cabinet "W", Sheet 96, et.seq. Map Records of Montgomery County, Texas, and any amendments thereto.

Section 2. Property Subject to Declaration.

The real property covered by this Declaration is described above as “The Properties”. All of The Properties and any right, title or interest therein shall be owned, held, leased, sold and/or conveyed by Declarant, and any subsequent Owner of all or any part thereof, subject to this Declaration and the covenants, restrictions, charges and liens hereafter set forth, and additional properties may be added hereto in the following manner:

- a. If Declarant or any other person, individual, firm or corporation is the Owner of any property which it desires to add to the scheme of this Declaration, it may do so by filing of record a Supplemental Declaration, which shall extend the scheme of the covenants and of this Declaration to such property, PROVIDED HOWEVER, that such covenants and restrictions as applied to the property which is so added may be altered or modified by said Supplemental Declaration, and PROVIDED FURTHER, if property is added to the scheme of this Declaration by any person, individual, firm, or corporation other than Declarant, the Association, acting through its Board of Directors, must give written consent thereto. Properties may be added to the scheme of this Declaration whether or not such properties are contiguous to the properties covered by this Declaration. Each Supplemental Declaration shall include a legal description of the property added and shall designate said area with the term "Section" followed by a numeral greater than Five so as to differentiate each respective area from other areas within The Properties.
- b. Upon a merger or consolidation of the Association with another association, its properties, rights, and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights, and obligations of another association may, by operation of law, be added to The Properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and established by this Declaration upon The Properties together with the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation, however, shall affect any revocation, change or addition to the covenants established by this Declaration pertaining to The Properties except as herein provided.

Section 3. Required Subdivision Improvements

Private dedication. Certain subdivision improvements which are required by the subdivision regulations of the City of Conroe, Texas have been privately dedicated for the use and benefit of property owners within the subdivision. The improvements described in this Article are required subdivision improvements, which are dedicated for the private use and benefit lot owner’s within the subdivision.

The maintenance entity authorized and required under these Declaration of Covenants, Conditions & Restrictions (“the Restrictions”) is The Teaswood Community Improvement Association, Inc. a Texas non-profit corporation and shall be responsible for the maintenance and upkeep of these required improvements and shall be authorized to access and collect a maintenance fee against the subdivision lots and to expend funds so collected for such purposes.

Private Streets. Streets which have been noted on the subdivision plat as “Private” are dedicated for the private use and benefit of lot owner’s within the subdivision and are maintained by the maintenance entity. Notwithstanding this private dedication, the dedication includes an easement covering the street area which permits the installation, operation and maintenance of water, sewer, gas, electric, telephone, cable television or other such utilities by the city and other utilities lawfully entitled to provide service to the abutting property. The dedication also includes a right of access to public agencies engaged in both routine and emergency public services, including law enforcement, fire protection, medical response, inspection and code enforcement. The maintenance entity may make an offer of public dedication of private streets if such dedication is authorized by affirmative vote of a majority of lot owners within the subdivision. To be effective, an offered public dedication must be accepted by formal vote of the governing body of the public entity that has jurisdiction over the streets. Until formally accepted, private streets that are offered for public dedication remain the responsibility of the maintenance entity.

Street lights. The maintenance entity shall be responsible for the operation and maintenance of street lighting, if any, within the subdivision until such responsibility is assumed by a public entity.

Storm water detention facilities. Storm water detention facilities have been located as easements within the subdivision to contain the storm water runoff associated with development. The maintenance entity shall be responsible for the operation and maintenance of these facilities.

Open spaces and common areas. The maintenance entity shall be responsible for open spaces and common areas, if any, within the subdivision. These facilities are dedicated for the use and benefit of lot owners within the subdivision only.

Amendment of Article. The provisions of this Article may not be amended without the express written consent of the Planning Commission of the City of Conroe, Texas.

Exercise of maintenance and assessment powers by City. In the event the maintenance entity shall fail or refuse to adequately maintain the privately dedicated subdivision improvements described by the Article, the City shall be authorized, but not obligated, to exercise the assessment and maintenance powers in place of the maintenance entity. The City may utilize the proceeds of the maintenance funds to reimburse funds advanced by the City for maintenance of improvements covered by this Article. It shall be the duty of the Board of Directors to assess and collect the maintenance fee established by the Article and to utilize such funds for the maintenance and upkeep of the privately dedicated subdivision improvements located within the subdivision. If, for any reason, the Board of Directors shall fail to provide for the assessment and collection of such maintenance fee, or for the proper maintenance and upkeep of the privately dedicated subdivision improvements, then, the City of Conroe, Texas shall be authorized, but not required, to exercise such power in the place of the Board of Directors. In the event the City of Conroe, Texas shall advance its own funds to defray expenses of maintenance of the privately dedicated subdivision improvements, the City shall be entitled to reimbursement from the maintenance fund and may increase the maintenance assessment as necessary to insure repayment.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS IN TEASWOOD COMMUNITY IMPROVEMENT ASSOCIATION, INC.

Section 1. Membership. Each and every person, persons, or legal entity who shall own any Lot of land in The Properties, shall automatically be a Member of the Association, PROVIDED, that any person or entity who holds such an interest merely as security for the performance of any obligation shall not be a Member.

Section 2. Classes of Voting Members. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all of those Members described in Section 1 hereof with the exception of Declarant. Class A Members shall be entitled to one vote for each one hundred dollars (\$100.00), or major fraction thereof, of value of the Lot or Lots owned by each such Member as assessed by the Assessor, for ad valorem tax purposes for the preceding year. Reference to the value of any Lot or Lots shall refer to the appraised value thereof exclusive of any building or other improvement. When two or more persons or entities hold undivided interests in any Lot or Lots, all such persons or entities shall be Class A members, and the vote for such Lot or Lots shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to each one hundred dollars (\$100.00) or major fraction thereof, of value of the Lot or Lots in which such Members own undivided interests

Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to ten (10) votes for each one hundred dollars (\$100.00), or major fraction thereof, of value of those Lots owned by it as assessed by the Assessor, for ad valorem tax purposes for the preceding year, PROVIDED, HOWEVER, that after the Conversion Date, notwithstanding any other provision of this Article, the Class B Member shall be entitled to only one vote for each one hundred dollars (\$100.00), or major fraction thereof, of value of those Lots owned by it as assessed by the Assessor, for ad valorem tax purposes for the preceding year. Reference to the value of any Lot or Lots shall refer to the appraised value thereof exclusive of any building or other improvement. Voting rights may be assigned, in whole or in part, as such rights relate to a particular Lot, to a lessee holding a ground lease on such particular lot.

ARTICLE III

ASSESSMENTS BY THE ASSOCIATION

Section 1. Covenants for Assessments. Each purchaser of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to a covenant to pay to the Association: (1) annual assessments or charges (as specified in Section 3 hereof); (2) special assessments for capital improvements (as specified in Section 4 hereof). All such assessments to be fixed, established and collected from time to time as hereinafter provided. The Declarant shall not be required to pay any such assessments but may do so voluntarily, at its sole discretion.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the comfort, health, safety, and welfare of the Lot Owners, and for carrying out the purposes of the Association as stated in its Articles of Incorporation.

Section 3. Annual Assessment. Each Owner of each Lot shall pay to the Association an annual assessment of \$1000.00 per Lot payable in advance for each year, on the 1st day of January of each year during the term hereof. In the event of any conveyance or transfer of any Lot, the proration of any prepaid assessment shall be the responsibility of the transferor and transferee, and under no circumstances shall the Association be liable for the refund of any assessment. The rate of annual assessment may be changed by vote of the membership of the Association, as provided in Section 5 hereof.

The Board of Directors of the Association may, after consideration of current maintenance costs and future needs of the Association, fix the actual assessment of any year at a lesser or greater amount. The Association may not accumulate a surplus at the end of any year which is more than two times the maximum permissible annual assessment for that year. The Board of Directors shall, should excess surplus (as above defined) exist at the end of any year, reduce the next total annual assessment by an amount at least equal to said excess surplus.

Any Lots, or parts thereof, which are permitted to be consolidated pursuant to the terms of Section 5 of Article V hereof, shall be deemed to be one Lot effective as of January 1 of the year following the year in which such Lots are consolidated, for purposes of determining the annual assessment with respect to such consolidated Lot.

Section 4. Special Assessments. In addition to the annual assessments authorized by Section 3 hereof, the Association may, by vote of its Members as set out in Section 6 hereof, levy in any assessment year or years a special assessment for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of any capital improvement within the private street area and common properties including but not limited to storm water facilities, lakes, detention ponds, structures, buildings, roadway lighting systems and appurtenances as provided under Section 6 of Article V hereof, and/or for carrying out other purposes of the Association as stated in its Articles of Incorporation.

Section 5. Vote Required for Increase in Rate of Annual Assessment. The increase in the rate of the annual assessment as authorized by Section 3 hereof must be approved by a majority of the total eligible votes of the membership of the Association as defined in Article II hereof, voting in person or by proxy, at a meeting duly called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 6. Vote Required for Special Assessment. Special Assessments authorized by Section 4 hereof must be approved by a majority of the total eligible votes of the membership of the Association as defined in Article II hereof, voting in person or by proxy, at a meeting duly called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 7. Commencement Date of Annual Assessment. The first annual assessment provided for herein shall commence on the 1st day of ownership by any person or entity other than Declarant. The amount of the Annual Assessment shall be prorated and collected for the balance of the current year and shall continue thereafter from year to year.

Section 8. Due Date of Assessments. The assessments for each year shall become due and payable on January 1 of such year and shall be considered delinquent if not paid by January 31 of such year. The due date and delinquent date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment. Special assessments may be assessed annually, quarterly, monthly or at other times as fixed in the resolution authorizing such assessment.

Section 9. Owner's Personal Obligation for Payment of Assessments in addition to being a lien on any Lot. The annual assessments and special assessments provided for herein shall be the personal and individual debt of the Owner of the Lot covered by such assessments. In the event of default in the payment of any such assessment, the Owner of the Lot shall be obligated to pay interest at the rate of eighteen percent (18%) per annum on the amount of the assessment from the due date thereof, together with all costs and expenses of collection, including attorney's fees.

Section 10. Assessment Lien and Foreclosure. All sums assessed in the manner provided in this Article but unpaid, shall, together with interest as provided in Section 9 hereof and the cost of collection, including attorney's fees as herein provided, thereupon become a continuing lien and charge on the Lot covered by such assessment, which shall bind such Lot in the hands of the Owner, and his heirs, devisees, personal representatives and assigns. The aforesaid lien shall be superior to all other liens and charges against said Lot, except only for tax liens and all sums unpaid on a first mortgage lien or first deed of trust lien of record, securing in either instance sums borrowed from a state or national bank, mortgage company, savings association, credit union, insurance company or other institutional lender for the purchase and/or improvement of the Lot in question. The Association, acting through its Board, shall have the power to subordinate the aforesaid assessment lien to any other lien. To evidence the aforesaid assessment lien, the President of the Board of the Association shall prepare a written notice of assessment lien (the "Assessment Notice") setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot. Such notice shall be signed by any member of the Board of the Association and shall be recorded in the office of the County Clerk of Montgomery County, Texas. Such lien for payment of assessments shall attach with the priority above set forth from the date that such payment becomes delinquent as set forth hereinabove, and may be enforced by non-judicial foreclosure of the defaulting Owner's Lot by the Association in the like manner as under a deed of trust (with power of sale) on real property subsequent to the recording of the Assessment Notice as provided above. In furtherance of the foregoing, and as security for the payment of said assessments, Declarant, on behalf of itself and all subsequent Owners of Lots, hereby grants and conveys all of the Lots, in trust, unto Jerel J. Hill, as Trustee. In the event of default in payment of any assessment when due, it shall thereupon at any time thereafter be the duty of said Trustee, or his successor or substitute as hereinafter provided, as the request of any member of the Board (which request is hereby conclusively presumed), to enforce this Trust; and after advertising the time, place and terms of the sale of the Lot or Lots described in said Assessment Notice, and mailing and filing notices as required by Section 51.002, Texas Property Code, as then amended (successor to Article 3810, Texas Revised Civil Statutes), and otherwise complying with that statute, said Trustee shall see said Lot or Lots then subject to the lien herein retained, at public auction in accordance with such notice on the first Tuesday of any month between the hours of 10:00 o'clock a.m. and 4:00 o'clock p.m., to the highest bidder for cash, selling, if there be more than one Lot, such property in its entirety or in separate Lots as the Trustee acting may elect, and make due conveyance to the purchaser of purchasers, with general warranty binding the Owner thereof, his heirs and assigns; and out of the monies arising from such sale, said Trustee acting shall first pay all the expenses-

of-advertising the sale and making the conveyance, including a commission of five percent (5%), to himself, which commission shall be due and owing in addition to any attorney's fees or collection costs otherwise provided to be paid hereunder and all other indebtedness secured hereby, rendering the balance of the purchase price, if any, to said Owner, his heirs or assigns; and the recitals in the conveyance to the purchaser or purchasers shall be full and conclusive evidence of the trust of the matters therein stated, and all requisites to said sale shall be presumed to have been performed, and such sale and conveyance shall be conclusive against said Owner, his heirs and assigns. It is further agreed that in the event a foreclosure hereunder should be commenced by said Trustee, or his substitute or successor, such sale may be abandoned, and the Board of the Association may institute suit for the collection of any Assessment, and for foreclosure of this lien judicially; and it is further agreed that if the Board of the Association should so institute suit for collection thereof, and for foreclosure of the lien herein retained, that the Board may at any time before entry of final judgment in said suit dismiss the same, and require said Trustee, his successor substitute, to sell such Lot or Lots in accordance with the provisions hereof. The Board of Directors of the Association in any event is hereby authorized to appoint a substitute trustee or a successor trustee to act instead of any trustee named herein without other formality than a designation in writing of a substitute or a successor trustee signed by any member of the Board of the Association; and the authority hereby conferred shall extend to the appointment of other successor and substitute trustees successively until all assessments hereby secured have been paid in full, or until all said Lots are sold hereunder, and each substitute and successor trustee shall succeed to all the rights and powers of the original Trustee. The lien herein retained and created shall not be exhausted by any one or more sales of one or more Lots, but shall continue as security for payment of all assessments at any time to become due hereunder. The Association shall have the power to bid on any Lot or Lots being foreclosed.

Section 11. Exempt Properties. The following realty is exempt from assessment and from any lien: (1) all Common Properties, (2) all utility property, utility plants, utility distribution, transmission and collection systems (3) all property owned by Declarant and (4) any real property owned or dedicated to any political subdivision.

ARTICLE IV

ARCHITECTURAL CONTROL COMMITTEE

Section 1. Designation of Committee. The Association shall have an Architectural Control Committee, which shall consist of three (3) members who shall be natural persons, and who shall be appointed by the Board of Directors of the Association. Until and including December 31, 2012, the appointment of members of the Architectural Control Committee must be approved by Declarant and any and all members of such committee may be removed by the Board of Directors or the Declarant without cause. After such date, the Board of Directors shall have the exclusive right and power at any time and from time to time to create and fill vacancies on the Architectural Control Committee.

Section 2. Function of Architectural Control Committee. No improvement, as that term is hereinafter defined, shall be erected, constructed, placed, (altered by addition or deletion), maintained or permitted to remain on any portion of a Lot until plans and specifications, in such form and detail as the Architectural Control Committee may deem necessary, shall have been submitted to and approved in writing by such committee. The Architectural Control Committee

shall have the right to employ professional consultants to assist it in discharging its duties or may impose fees to cover the cost of discharging its duties, enforcing design guidelines, enforcing of the covenants and restrictions, and enforcing Architectural Control Committee decisions. The fees associated with the foregoing shall be determined and apportioned from time to time by the Architectural Control Committee. The decision of the Architectural Control Committee shall be final, conclusive, and binding upon the applicant.

Section 3. Content of Plans and Specifications. The plans and specifications to be submitted for approval shall include the following:

- a. A site plan, including a topographical plat showing existing contour grades and showing the location of all improvements, structures, walks, patios, driveways, fences and walls. Site plan to include location and method of protection of Landscaping Set Back Easement as set forth in Article V, Section 8, below. Existing and finished grades shall be shown at Lot corners and on corners of proposed buildings. Lot and road right-of-way drainage provisions shall be indicated as well as cut and fill details if any appreciable change in the Lot contours is contemplated.
- b. Exterior architectural elevations.
- c. Exterior materials, colors, textures, and shapes.
- d. Structural design.
- e. Landscaping plan, including walkways, fences and walls (if permitted), elevation changes, watering systems, lighting, vegetation and ground cover.
- f. Parking area and driveway plan.
- g. Vegetation screening, including size, location, and method.
- h. Utility connections.
- i. Plans and specifications for exterior illumination, including location and method of illumination of both sides of any driveway intersecting with any Teaswood private street or roadway.
- j. Design and materials for construction, and plans for grading and clean up of the interconnect (including any culvert or related facility) between driveways and any walkway, and the street or roadway.
- k. All job sites must have one portable toilet available for the construction crew and one large trash bin or cage located on the lot and out of any road right of way.
- l. The type, size and height of all mail boxes which shall be first approved by the Architectural Control Committee.
- m. Plans and specifications for any boat docks or piers, including location and method of illumination, type of material and color.

Section 4. Definition of "Improvement". Improvement includes all buildings, and roofed structures, parking areas, fences, walls, hedges, mass plantings, poles, sidewalks, driveways, ponds, lakes, piers, boat docks, swimming pools, tennis courts, sports or play equipment, signs, changes in any exterior color or shape, glazing or re-glazing of exterior windows with mirrored or reflective glass, and any new exterior construction or exterior improvements, (in the estimation of the Architectural Control Committee) exceeds \$500.00 in cost which may not be included in any of the foregoing. Improvement includes the cutting or replacement of any trees in excess of six (6) inches in diameter as measured one foot above the ground surface. Improvement also includes both original improvements and all later changes and improvements.

Section 5. Basis of Approval. Approval of plans and specifications shall be based, among other things, on adequacy of site dimensions, structural design, conformity and harmony of external design and of location with neighboring structures and sites, relation of finished grades and elevations to neighboring sites, and conformity to both the specific and general intent of these protective covenants.

Section 6. Failure of the Committee to Act. If the Architectural Control Committee fails to approve or to disapprove such plans and specifications or to reject them as being inadequate within thirty (30) days after submittal thereof, it shall be conclusively presumed that such committee has approved such plans and specifications, EXCEPT that the Architectural Control Committee has no right or power, either by action or failure to act, to waive or grant any variances specifically reserved to Declarant in Article V hereof.

Section 7. Limitation of Liability. Neither the Declarant, the Association, the Board, the Architectural Control Committee nor any of the members of such committee shall be liable for damages or otherwise to anyone submitting plans and specifications for approval or to any Owner of land affected by this Declaration by reason of mistake of judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or to disapprove any plans and specifications.

Section 8. Enforcement. The Architectural Control Committee shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, and reservations imposed by this Declaration. Failure to enforce any covenant or restriction shall not be deemed a waiver of the right of enforcement either with respect to the violation in question or any other violation. All waivers must be in writing and signed by the party to be bound. The owner, against whom any action is brought to enforce these covenants and restrictions, shall be responsible for and shall pay the reasonable expenses, attorney's fees and costs incurred by the Architectural Control Committee.

ARTICLE V

PROTECTIVE COVENANTS AND EASEMENTS

The following provisions shall be applicable to any and all construction, improvement, alteration, or addition to any property located in Teaswood Section V:

Section 1. Use Restrictions. No Lot shall be used for any purpose except for single family residential purposes; provided that until Declarant, its successors and assigns, has sold all the Lots, any unsold Lot or Common Area, Greenbelt, or Conservation Area may be used by Declarant for the location and operation of a sales office. The term "residential purposes" as used herein shall exclude hospitals, clinics, duplex houses, apartment houses, multiple family dwellings, boarding houses and hotels, and also exclude the conduct of or operation of any commercial, business or professional activity that in the sole opinion of Declarant is a nuisance in any circumstance. Businesses run from home may be permitted at the sole discretion of the Declarant. The foregoing uses are hereby expressly prohibited. The foregoing listings of prohibited and excluded uses shall not be deemed exclusive listings of uses which, are residential. The term "building" or "buildings" as used herein shall be held and construed to mean only those permissible buildings and structures, which are or will be erected and constructed on the lots. No building shall be erected, altered, placed or permitted to remain on any Lot other than:

- a. One (1) detached single family dwelling residence not to exceed two and one-half (2-1/2) stories in height, together with a private fully enclosed garage for not less than two (2) nor more than six (6) cars, which garage may include living quarters above or adjacent thereto occupied by an integral part of the family occupying the main residence on the Lot or by servants employed on the Lot; and workshops for the personal use of the Owner, and his/her family.

All mobile homes and manufactured homes are absolutely forbidden to be located on any Lot. Unoccupied recreational vehicles (including house, camping and hunting trailers, motor homes, tents and other portable camping structures) may be located on a Lot if they are fully enclosed within a structure approved by the Architectural Control Committee.

Section 2. Size Restriction: No single primary residential dwelling, not including quest houses or servants quarters, shall be placed on any lot unless its living area (air conditioned/heated space) has (exclusive of porches and garages) the minimum square of floor area set forth with respect to the indicated Lot size, to-wit:

<u>Lot Area Range In Acres</u>	<u>Living Area of Dwelling in Square Feet</u>
1.000 - 1.499	2,500
1.500 - 1.999	2,750
2.000 - 2.499	3,000
2.500 or more	3,300

All residential dwellings shall be equipped with and served by a potable water and sanitary sewer connection installed, operated and continuously maintained in accordance with applicable utility company and governmental requirements. Exterior walls of all residential dwellings shall be completed with a suitable grade of exterior veneer so as to present a suitable appearance, provided however, that the Architectural Control Committee has the authority in its sole discretion to approve all veneer materials, provided further, any stone or brick, redwood or cedar siding or stucco, wood-like masonry material or reasonable combination thereof, shall be acceptable veneer/siding material. The roof of each residential dwelling shall be constructed and maintained with wood, tile, standing seam metal, or slate shingles, or with composition shingles or aluminum shingles that are approved by the Architectural Control Committee. Roofing and

exterior veneers of hobby shops, garages, quarters, or other out buildings shall be of like material as the dwelling. All residential dwellings shall be equipped with illumination located on either sides of any driveway intersecting any platted adjacent street subject to the requirements that plans and specifications therefore be submitted for approval by the Architectural Control Committee under Article IV, Section 3 of these protective covenants.

Section 3. Occupancy Only on Completion. Written approval of the Architectural Control Committee shall be required before any single family dwelling may be occupied prior to the entire completion of the exterior of such dwelling, including all additions or expansions. Entire completion includes, but is not limited to removal from the construction site of all unused construction materials and cleaning of the construction site so that the general appearance of the Lot meets the standards set by the Association.

Section 4. Building Setbacks. No building shall be placed on any Lot within twenty feet (20') from a side or rear Lot line and shall not encroach upon another Lot or closer to the front lot line than the distant identified as "Building Line" on the recorded plat. In the event there is no Building Line indicated on the recorded plat, the Architectural Control Committee shall establish the Building Line. For the purpose of this covenant, eaves, steps and open porches shall be considered as a part of the building. Without limiting the foregoing, no portion of any building on any Lot shall encroach upon the easements, set back lines or Landscape set-back easements. If two or more Lots, or fractions thereof, are consolidated into a building site in conformity with the provisions of this Section 4, these building setback provisions shall be applied to such resultant Lot and building site as if it were one original Lot.

Section 5. Lot Consolidation or Subdivision. No Lot, portion of a Lot, or Lots shall be consolidated or subdivided without the consent of the Architectural Control Committee. If lot consolidation is approved by the Architectural Control Committee the owner of the property shall pay only one annual assessment for the resultant lot.

Section 6. Drainage Easement: A twenty foot (20') wide easement for the installation and maintenance of drainage facilities is hereby granted to Teaswood Property Interests, Ltd. and reserved along all side, rear, and front boundaries of each Lot. No authorized entity using the said easements shall be liable for any damage done by them or their assigns, agents, employees or servants, to shrubbery, trees or flowers, or to other property of the Owner of any Lot situated within any such easement. The easements reserved herein are in addition to the public utility easements shown on the map or plat. Such easements may be crossed by walkways, driveways and the like, but no building shall be constructed or maintained thereon.

All permanent electrical utility service to any building shall be underground, via the existing or other underground conduits from the existing overhead primary line. No permanent overhead secondary line service shall be permitted, although temporary overhead service may be permitted to any Lot during construction of residence. Electrical service for new development shall be in accordance with the prevailing extension regulations of the electric utility provider pertaining to new development.

The drainage area or ditch line of the street right-of-way in front of each Lot in Teaswood Section V shall be seeded, sodded, and irrigated by Owner at time of construction as approved by the Teaswood Architectural Control Committee.

In the event the Association shall deem it necessary to install area lighting for private streets, common areas, conservation areas, and other areas, the Association may establish same by special assessment in accordance with the applicable provisions of Section 4 of Article III hereof. The Association may provide the area lighting as would a utility provide such service, charging a monthly fee to lot owners to reimburse its expenses. The Association may elect to assign or franchise the operation of such area lighting utility to any local utility.

Section 7. Greenbelts and Conservation Areas. Greenbelt and Conservation Area easements have been granted for Greenbelt Use and Conservation Area Use over those lands identified above. No Lot Owner or other person whomsoever shall be permitted to fence or obstruct any portion of any Greenbelt or Conservation Area, and no building or other structure whatsoever shall be constructed or maintained on any part of any Greenbelt and Conservation Area, except by Declarant. The Greenbelts and Conservation Areas shall be maintained in as natural a state as possible consistent with use as a greenbelt, and no cutting of any tree, clearing of any underbrush, or landscaping shall be done thereon except as may from time to time be designated by the Architectural Control Committee. No motorized vehicle of any type, including without limitation, any three or four wheeler, motorized tricycle, wagon, buggy, motorcycle, go-cart, tractor or automobile, shall be permitted on any Greenbelt, Hike and Bike Trail or Conservation Area, except equipment necessary for the construction, maintenance and repair of the Greenbelt and Conservation Areas.

Section 8. Natural Vegetation Protected; Landscaping Setback Easement. In order to provide and perpetuate a natural setting for the subdivision, an easement is hereby reserved for the purpose of maintaining a natural vegetation screen on, over and across the following areas: Twenty (20') feet along the front of each Lot and twenty (20') feet along the sides and twenty (20') along the rear of each lot. With respect to determining the areas affected by this natural vegetation easement, such easement shall include any common area dedicated to natural vegetation. Within the natural vegetation easement, no owner or other party whomsoever shall cut any tree or remove any underbrush except with respect to those areas crossed by walkways and driveways, as approved by the Architectural Control Committee. No landscaping, or planting whatsoever shall be permitted within the natural vegetation easement except as expressly permitted by the Architectural Control Committee. Landscaping outside of such natural vegetation easement shall be permitted subject to the requirements that plans and specifications therefore be submitted for approval by the Architectural Control Committee under Article IV, Section 3, subsection "e" of these protective covenants.

Section 9. Recreation Vehicles. Nothing herein shall be construed or held to exclude the keeping or storing of unoccupied recreational vehicles (including house, camping and hunting trailers, motor homes, tents and other portable camping structures) within a fully enclosed structure approved by the Architectural Control Committee. No such recreational vehicle shall be allowed to be used for overnight occupancy or occupied for any other length of time as a temporary residence or otherwise except by express written consent from the Teaswood Architectural Control Committee.

Section 10. Prohibited Buildings. Buildings which do not comply with the land use and building type restrictions contained herein are prohibited.

Section 11. Signs. No signs, advertisement, billboard or advertising structure of any kind may be erected or maintained on any Lot without the express consent in writing of the Architectural

Control Committee, except those placed by Declarant. Declarant or any members of such Committee shall have the right to remove any sign, advertisement or billboard or structure which is placed on any Lot in violation of these restrictions, and in doing so, shall not be liable, and are hereby expressly relieved from, any liability for trespass or other tort in connection therewith, or arising from such removal.

Section 12. Pets. Dogs, Cats and other household pets may not be kept, bred or maintained in excessive numbers. Furthermore, no cows, horses, goats, chickens, swine or other domestic fowl or livestock shall be kept on any Lot, except to the extent and for the times, if any, permitted by rules applicable to Section I of the Subdivision and time to time adopted and approved by the Architectural Control Committee. All such household pets shall be kept within fenced areas on Owners Lots or shall be confined by a leash or other harness. It is strictly prohibited to allow such pets to run loose. The Architectural Control Committee may approve the keeping of animals for short periods of time related to school-sponsored FFA and other projects.

Section 13. Noxious Activities Prohibited. No noxious or offensive trade or activity shall be permitted upon any Lot, nor shall anything be done thereon which is or may become an annoyance or a nuisance to the neighborhood, is illegal, dangerous or immoral, or which, in the sole judgment of the Architectural Control Committee, shall have the effect of degrading the residential environment of The Properties.

Section 14. Junked Motor Vehicles Prohibited and Parking of Vehicles: No Lot shall be used as a depository for abandoned or junked motor vehicles. An abandoned or junked motor vehicle is one that is inoperable or is without a current, valid state vehicle inspection sticker and license plate. No vehicle shall be allowed to be stored on any Lot which has a flat or inoperable tire or wheel or is generally unsightly for more than three days. No junk of any kind or character, or dilapidated structure or building of any kind or character, shall be kept on any Lot. No accessories, parts or objects used with cars, boats, buses, trucks, trailers, house trailers or the like, shall be kept on any Lot other than in a garage or other structure approved by the Architectural Control Committee. No vehicle shall be allowed to be parked on or in any street on a chronic basis. No vehicle shall be allowed to be parked in the yard or garden of any lot except on the area designated and paved as the driveway.

Section 15. Hunting Prohibited. Absolutely no hunting shall be allowed in, on or from any part of The Properties. Absolutely no handgun, rifle, shotgun or other firearm, or pellet or air gun, bow or crossbow or slingshot, or other weapon or projectile firing device, shall be discharged in, or from any of The Properties.

Section 16. General Appearance. The general appearance of each Lot shall be maintained in a manner beneficial to the environment of the development and in conformity with the reasonable standards set by the Architectural Control Committee.

Section 17. Certain Operations Prohibited. No commercial logging, oil well drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted on any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted on any Lot. No derrick or other structure designed for use in boring for oil, natural gas or other minerals shall be erected, maintained or permitted on any Lot. No private water well or water systems, or equipment shall be permitted on any Lot. Nothing in this Section shall be construed to prohibit Road Construction and Maintenance.

Section 18. Rubbish and Trash Prohibited. No lot shall be used or maintained as a dumping ground for rubbish or trash and no garbage or other waste shall be kept except in sanitary containers. All equipment for the storage and disposal of such materials shall be kept in a clean and sanitary condition, and in compliance with all applicable governmental laws and regulations. No Owner shall burn trash on site. All Owners shall use the rubbish and trash collection company chosen by the Teaswood C.I.A. for the removal of all garbage.

Section 19. Fences, Etc. No fence or wall shall be placed or permitted to remain on any Lot except as may conform to the rules and regulations with respect to fences and walls from time to time adopted and approved by the Architectural Control Committee, which rules and regulations shall be generally applicable to all Lots. Notwithstanding the foregoing, prior to the installation or construction, or any substantial modification or addition, to any fence or wall, the plans and specifications therefore shall be submitted to the Architectural Control Committee for approval in accordance with Section 3 of Article IV hereof.

Section 20. Cutting of Trees. No tree in excess of six inches (6") in diameter measured one foot (1') above the ground surface shall be cut, removed or transplanted without the prior approval of the Architectural Control Committee.

Section 21. Excavations. No excavation shall be made except in conjunction with construction of an improvement. When such improvement is completed, all exposed openings shall be back filled and graded within 72 hours.

Section 22. Completion of Construction. Once commenced, construction shall be diligently pursued to the end that it may not be left in a partly finished condition any longer than reasonably necessary, and in no event longer than nine (9) months.

Section 23. No Motorized Watercraft. No motorized watercraft will be allowed on any Teaswood lake except electric powered motors and only if the motor and the watercraft conform to the rules and regulations with respect to permitted watercraft from time to time adopted and approved by the Architectural Control Committee.

ARTICLE VI

MAINTENANCE

Section 1. Duty of Maintenance. Owners and occupants (including lessees) of any Lot shall jointly and severally have the duty and responsibility, at their sole cost and expense, to keep that part of The Properties so owned or occupied by them, including buildings, improvements and grounds in connection therewith, in a well-maintained, safe, clean and attractive condition at all times. Such maintenance includes, but is not limited to, the following:

- a. Prompt removal of all litter, trash, refuse, and wastes.
- b. Lawn mowing.

- c. Tree and shrub pruning.
- d. Watering.
- e. Keeping exterior lighting and mechanical facilities in working order.
- f. Keeping lawn and garden areas alive, free of weeds, and attractive.
- g. Keeping parking areas, walkways and driveways in good repair.
- h. Complying with all government health and policy requirements.
- i. Repainting of improvements.
- j. Repair of exterior damage to improvements.

Section 2. Enforcement. If in the opinion of the Association any such Owner or occupant has failed in any of the foregoing duties or responsibilities, then the Association may give such person written notice of such failure and such person must within ten (10) days after receiving such notice, perform the care and maintenance required. Should any such person fail to fulfill this duty and responsibility within such period, then the Association through its authorized agent or agents shall have the right and power to enter onto the premises and perform such care and maintenance without any liability for damages for wrongful entry, trespass or otherwise to any person. The Owners and occupants (including lessees) of any part of The Properties on which such work is performed shall jointly and severally be liable for the cost of such work and shall promptly reimburse the Association for such cost. If such Owner or occupant shall fail to reimburse the Association within 30 days after receipt of a statement for such work from the Association, then said indebtedness shall be a debt of all of said persons jointly and severally, and shall constitute a lien against the Lot or Lots on which said work was performed. Such lien shall have the same attributes as the lien for annual assessments set forth in Article III, Section 10 above, which provisions are incorporated herein by reference, and the Association shall have identical powers and rights in all respects, including but not limited to, the right of non-judicial foreclosure.

ARTICLE VII

COMMON PROPERTIES

Section 1. Easement of Enjoyment. Subject to the provisions of Section 3 hereof, every member of the Association shall have a right and easement of enjoyment in and to the Common Properties and any Greenbelt or Conservation area.

Section 2. Title to Common Properties. Declarant shall convey ownership of the Common Properties and Greenbelt and Conservation areas to the Association which shall be responsible for their operation and maintenance, if not earlier, within ten (10) years after their designation as such in accordance with Article I, Section 1 above.

Section 3. Extent of Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

- a. The right of the Association to prescribe rules and regulations for the use, enjoyment and maintenance of the Common Properties.
- b. The right of the Association to sell and convey the Common Properties, or any part thereof, provided such sale or conveyance is approved by a majority of the total eligible votes of the membership of the Association as defined in Article II hereof, voting in person or by proxy, at a meeting duly called for
- c. such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance and shall set forth the purpose of the meetings.
- d. The right of the Association to borrow money for the purpose of improving the Common Properties, or any part thereof, and to mortgage the Common Properties, or any part thereof.
- e. The right of the Association to take such steps as are reasonably necessary to protect the Common Properties, or any part thereof, against foreclosure.
- f. The right of the Association to suspend the easements of enjoyment of any Member of the Association during which time any assessment levied under Article III hereof remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 1. Duration. This Declaration and the covenants, restrictions, charges and liens set out herein shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, and every Owner of any part of The Properties, including Declarant, and their respective legal representatives, heirs, successors and assigns, for a term beginning on the date this Declaration is recorded, and continuing through and including the twenty-fifth (25th) anniversary of such recordation, after which time said covenants shall be automatically extended for successive periods of five (5) years unless a change (the word "change" including additions, deletions or modifications thereto, in whole or in part) is approved by a majority of the total eligible votes of the membership of the Association as defined in Article II hereof, voting in person or by proxy at a meeting duly called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance and shall set forth the purpose of such meeting.

Section 2. Supplements and Amendments. Any and all Articles of this Declaration may be supplemented, amended or terminated at any time by sixty percent (60%) of the total eligible votes of the membership of this Association as defined in Article II. hereof, with both classes of the membership voting together, provided that Declarant must consent thereto if said supplement, amendment or termination is to be effective on or prior to December 31, 2012. Members may vote in person or by proxy at a meeting duly called for such purpose, written notice of which

shall be given to all Members at least thirty (30) days in advance and shall set forth the purpose of such meeting. Any such supplement, amendment or termination shall become effective when an instrument is filed for record in the Deed Records of Montgomery County, Texas, with the signatures of the requisite number of the Owners of The Properties (and the signature of Declarant if on or prior to December 31, 2012).

Section 3. Enforcement. The Association shall have the right (but not the duty) to enforce any of the covenants and restrictions set out in any Declaration hereafter filed by Declarant or any subsequent Owner. Enforcement of the covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the land to enforce any lien created by these covenants; and failure by the Association or any Owner to enforce any such covenant or restriction shall in no event be deemed a waiver of the right to do so thereafter.

Section 4. Severability. The invalidity, abandonment, or waiver of any of these restrictions and covenants does not affect any of the other covenants and restrictions, which remain in full force and effect. Invalidation of any provision hereof by judgment or order of the Court shall in no way affect any other provision hereof.

EXECUTED this _____ day of _____, 2004.

ATTEST: TEASWOOD PROPERTY INTEREST, LTD

By: TEASWOOD, L.L.C.

Larry L. Austin, Manager/Member

THE STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared **Larry L. Austin**, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this, the ___ day
of _____, 2004.

Notary Public, State of Texas