

North American Title Company
550 Greenway Plaza, Ste 110
Houston, TX 77067

**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
VILLAGES OF LANGHAM CREEK PROPERTY OWNERS ASSOCIATION, INC.**

THIS DECLARATION is made on the date hereinafter set forth by LENNAR HOMES OF TEXAS LAND AND CONSTRUCTION, LTD., a Texas limited partnership, (hereinafter sometimes called "Declarant"):

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described in Article II, Section 1, of this Declaration; and

WHEREAS, Declarant desires to subject the real property described in Article II, Section 1, hereof to the provisions of this Declaration to create a residential community of single-family attached housing and single-family detached housing;

NOW, THEREFORE, Declarant hereby declares that the real property described in Article II, Section 1, of this Declaration, including the improvements constructed or to be constructed thereon, and any other real property annexed herein subsequent to the date hereof, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments, and liens, hereinafter set forth, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the real property hereby or hereafter made subject hereto, and shall be binding on all persons having any right, title, or interest in all or any portion of the real property now or hereafter made subject hereto, their respective heirs, legal representatives, successors, successors-in-title, and assigns and shall inure to the benefit of each and every owner of all or any portion thereof.

**ARTICLE I.
Definitions**

Unless the context shall prohibit, certain words used in this Declaration shall have the definitional meaning set forth below:

- (a) "Architectural Review Committee" or "ARC" shall mean and refer to the Architectural Review Committee of three (3) members appointed by the Board, which members may, but need not be, members of the Association. Members of the ARC may be removed at any time, and vacancies filled, by the Board, however as long as Declarant owns at least one (1) Unit or Lot (including Lots and Units by annexation), Declarant's approval is needed to appoint / remove members of the ARC.

(b) "Association" shall mean and refer to Association of Villages of Langham Creek Property Owners Association, Inc., a nonprofit Texas corporation, its successors and assigns.

(c) "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association.

(d) "By-Laws" shall refer to the By-Laws of Association of Villages of Langham Creek Property Owners Association, Inc.

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

(f) "Community" shall mean and refer to that certain real property and interests therein described in Exhibit "A", attached hereto, and any and all real property and interests therein added to the Community subsequent to the date hereof by annexation pursuant to Article XI, hereof.

(g) "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing in the Community. Such standard may be more specifically determined by the Board of Directors of the Association.

(h) "Declarant" shall mean and refer to Lennar Homes of Texas Land and Construction, Ltd., a Texas limited partnership, and the successors-in-title and assigns of Lennar Homes of Texas Land and Construction, Ltd., provided any such successor-in-title or assign shall acquire for the purpose of development or sale all or any portion of the remaining undeveloped or unsold portions of the real property described in Exhibit "A", attached hereto (or subsequently annexed herein and made a part hereof), and provided further, in the instrument of conveyance to any such successor-in-title or assign, such successor-in-title or assign is designated as the "Declarant" hereunder by the grantor of such conveyance, which grantor shall be the "Declarant" hereunder at the time of such conveyance; provided, further, upon such designation of such successor Declarant, all rights of the former "Declarant" in and to such status as "Declarant" hereunder shall cease, it being understood that as to all of the property described in Exhibit "A", attached hereto, (and subsequently annexed hereto and made a part hereof) which is hereafter subjected to this Declaration, there shall be only one person or legal entity entitled to exercise the rights and powers of the "Declarant" hereunder at any one point in time.

(i) "Majority" means those eligible votes, Owners, or other group as the context may indicate totaling more than fifty percent (50%) of the total eligible number.

(j) "Mortgage" means any mortgage, deed to secure debt, and any and all other similar instruments used for the purpose of conveying or encumbering real property as security for the payment or satisfaction of an obligation.

(k) "Mortgagee" shall mean the holder of a Mortgage.

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

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

(n) "Unit" shall mean a portion of the Community intended for ownership and use as an individual single-family attached residence (both the real property and the improvements located thereon) and as permitted in this Declaration and as shown on the plat, or amendments thereto, recorded in the Official Public Records of Real Property of Harris County, Texas, for the real property described on Exhibit "A" attached hereto, and any such other portion of the Community shown on any plat or plats recorded in the Official Public Records of Real Property of Harris County, Texas, when annexed into the Association and made subject to this Declaration. The ownership of each Unit shall include, and there shall pass with each Unit as an appurtenance thereto, whether or not separately described, all of the right, title, and interest of an Owner in the Common Property, which shall include, without limitation, membership in the Association. Each Unit shall for all purposes constitute real property which may be owned in fee simple and which may be conveyed, transferred, or encumbered in the same manner as any other real property. Each Owner shall be entitled to the exclusive ownership and possession of his or her Unit, subject to this Declaration. All appliances, air conditioning apparatus and utilities serving only one Unit shall be a part of the Unit so served. Each Owner shall have the right to lateral and subjacent support for his or her Unit, and such right shall pass with the Unit.

(n) "Lot" shall mean a plot of land which is a portion of the Community intended for ownership and use as a single-family detached residence and as shown on the plats for the Community to be known as Villages at Langham Creek, or amendments thereto, recorded in the Official Records of Real Property of Harris County, Texas. The ownership of each Lot shall include, and there shall pass with each Lot as an appurtenance thereto, whether or not separately described, all of the right, title, and interest of an Owner in the Common Property, which shall include, without limitation, membership in the Association. Each Lot shall refer to the land, as well as any improvements located thereon. Each Owner shall be entitled to the exclusive ownership and possession of his or her Lot, subject to this Declaration.

ARTICLE II.

Property Subject to This Declaration

Section 1. Property Hereby Subjected to This Declaration. The real property which is, by the recording of this Declaration, subject to the covenants and restrictions hereafter set forth and which, by virtue of the recording of this Declaration, shall be held, transferred, sold, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to this Declaration is the real property

described in Exhibit "A", attached hereto and by reference made a part hereof, and any additional real property annexed into the Association and made subject to the terms of this Declaration.

ARTICLE III.
Association Membership and Voting Rights

Section 1. Membership. The Declarant and every person who is the record owner of a fee or undivided fee interest in any Unit or Lot that is subject to this Declaration shall be deemed to have a membership in the Association. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more Persons, shall have more than one (1) membership per Unit or Lot. In the event of multiple Owners of a Unit or Lot, votes and rights of use and enjoyment shall be as provided in this Declaration and in the By-Laws. Membership shall be appurtenant to and may not be separated from ownership of any Unit or Lot. The rights and privileges of membership, including the right to vote and to hold office, may be exercised by a member or the member's spouse, but in no event shall more than one (1) vote be cast nor office held for each Unit or Lot owned. The Board may decree that no member or spouse of any member shall be entitled to vote or exercise any other right or privilege of membership if such member is delinquent with respect to any assessments due hereunder.

Section 2. Voting. The Association shall have two (2) classes of membership, Class "A" and Class "B", as follows:

(a) Class "A". Class "A" members shall be all Owners, with the exception of the Declarant. Class "A" members shall be entitled to one (1) vote for each Unit or Lot owned, regardless of where such Unit or Lot is located. When more than one Person holds an ownership interest in any Unit or Lot, the vote for such Unit or Lot shall be exercised as those Owners themselves determine and advise the Secretary prior to any meeting. In the absence of such advice, the Unit's or Lot's vote shall be suspended in the event more than one Person seeks to exercise it.

(b) Class "B". The Class "B" member shall be the Declarant. The Class "B" member shall be entitled to three (3) votes for each Unit or Lot owned. The Class "B" membership shall terminate and become converted to Class "A" membership upon the happening of the earlier of the following:

- (i) when 75% of the Units and Lots have been sold to and occupied by Class "A" members;
- (ii) October 1, 2025; or
- (iii) when, in its discretion, the Declarant so determines.

From and after the happening of these events, whichever occurs earlier, the Class "B" member shall be deemed to be a Class "A" member entitled to one (1) vote for each Unit or Lot it owns.

(c) At such time that additional property is annexed into the Association, the Class B Membership of the Declarant, shall, if it had previously ceased due to one of the conditions listed above in (i), (ii) or (iii) be reinstated and shall apply to all Units and Lots owned by Declarant in the newly annexed portion of the Community, as well as to all Units and Lots owned by Declarant in all other areas of the Community. Such reinstatement is subject to further cessation in accordance with the limitation set forth in the preceding paragraphs (i), (ii) and (iii) of this Article, whichever occurs first. However, upon reinstatement due to annexation of additional property into the Community, the period of time set forth in the preceding paragraph (ii) of this Article shall be extended to the extent necessary such that in all circumstances it extends for a period no shorter than ten (10) years from the date of each such recorded annexation (i.e. Supplemental Declaration).

Section 3. Management. The Association shall be incorporated as a nonprofit corporation. The Association shall be managed by the Board of Directors pursuant to the procedures set forth in the Articles of Incorporation and Bylaws of the Association, subject to this Declaration.

Section 4. Duties and Powers of the Board. Through the Board, the Association shall have the following powers and duties:

- (a) To adopt rules and regulations to implement this Declaration and the By-Laws.
- (b) To enforce this Declaration, the By-Laws, its rules and regulations.

(c) To take any and all actions, and to cause to be taken any and all actions which are the responsibility of the Association and the Board pursuant to this Declaration and the By-Laws, including but not limited to duties relating to electing Directors, creating budgets, delegating power, establishing and collecting assessments, the enforcement of all of the obligations of the Owners, to receive complaints and make determinations about violations of this Declaration, the By-Laws, the rules and regulations, the holding of annual and special meetings, the management and maintenance of Common Property, the performance of all maintenance obligations of the Association hereunder and the payment of all costs and expenses to be paid by the Association hereunder.

ARTICLE IV.

Assessments

Section 1. Purpose of Assessments. The assessments provided for herein shall be used for the general purpose of promoting the recreation, common benefit, and enjoyment of all of the Owners and occupants of Units and Lots, including the maintenance of real and personal property, all as may be more specifically authorized from time to time by the Board of Directors.

Section 2. Creation of the Lien and Personal Obligation for Assessments. Each Owner of any Unit or Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (a) annual assessments or charges assessed against said Unit or Lot; (b) special assessments against a Unit or Lot, such assessments to be established and collected as hereinafter provided; and (c) specific assessments against any particular Unit or Lot which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration. All such assessments, together with late charges, interest, not to exceed the maximum legal rate, costs and reasonable attorney's fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Unit or Lot against which each assessment is made and the owner of each Unit hereby covenants and agrees to grant and does hereby grant to Cynthia Hinson as Trustee, the continuing lien on each Unit or Lot to secure all such sums set forth herein. Declarant and/or the Association acting through the Board, shall have the right to appoint one or more successor or substitute trustees to act instead of the trustee named herein without other formality than the recordation in the Official Public Records Real Property of Harris County, Texas of a written designation of such trustee. Such substitute or successor trustee shall have all authority hereby conferred on the Trustee herein named. Each such assessment, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, shall also be the personal obligation of the person who was the Owner of such Unit or Lot at the time the assessment fell due. Each Owner shall be personally liable for his or her portion of each assessment coming due while he or she is the Owner of a Unit or Lot, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance; provided, however, the liability of a grantee for the unpaid assessments of its grantor shall not apply to any first Mortgage holder taking title through foreclosure proceedings or deed in lieu of foreclosure.

Except as provided below based on the distinction between a Unit and a Lot, annual assessments shall be paid at a uniform rate per Unit and at a uniform rate per Lot, regardless of where such Unit or Lot is located, in such manner and on such dates as may be fixed by the Board of Directors, which may include, without limitation, acceleration, upon ten (10) days' written notice, of the annual assessment for Units or Lots delinquent in payment. Unless otherwise provided by the Board, the Units and Lots will pay the same annual assessments and the Units will also pay additional annual assessments on a monthly basis, therefore the annual assessment for Lots shall be paid in annual installments and the annual assessments for Units will be paid in monthly and annual installments. All Units, because of the larger maintenance obligations of the Association for Units as compared to Lots, as well as the Association paying for casualty insurance for the Units and not the Lots, shall be assessed at a higher rate than Lots. That additional higher Unit assessment will be paid monthly, in addition to the same annual payment being paid both by Units and Lots.

Common Property shall be exempt from assessments.

Section 3. Computation. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which may provide for an increase over the previous year's budget and which shall include a capital contribution or reserve in

accordance with a capital budget separately prepared. There may be separate reserve accounts for Units and Lots. Such budget may also take into account annexations which the Board reasonably believes may occur in the coming year. The Board shall cause the budget and the assessments to be levied against each Unit and Lot for the following year to be delivered to each member at least thirty (30) days prior to the end of the current fiscal year. After the termination of the Class B membership, the budget and the assessment shall become effective unless disapproved at a meeting by a two-thirds of the members. Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

It is anticipated that for calendar year 2001, the annual assessment for the Units shall be the annual assessment of \$200.00 plus the additional annual assessment of \$45.00 per month (paid in monthly installments) and the annual assessment for the Lots (paid in annual installments) shall be \$200.00.

Section 4A. Special Assessments. In addition to the other assessments authorized herein, the Association may levy special assessments in any year. So long as the total amount of special assessments allocable to each Unit or Lot does not exceed Three Hundred (\$300.00) Dollars in any one fiscal year, the Board may impose the special assessment. Any special assessment which would cause the amount of special assessments allocable to any Unit or Lot to exceed this limitation shall be effective only if approved by a Majority of the Class "A" members present in person or by proxy at a meeting of the Owners at which a quorum is present. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed. The proper purpose of a special assessment hereunder shall be any purpose determined by the Board of Directors to be in the best interests of the Association.

Section 4B. Reimbursement Assessments. The Board, subject to the provisions hereof, may levy a reimbursement assessment against any Owner (or Unit or Lot) if the failure of the Owner (or Unit or Lot), or of the Owner's family, guests or tenants to comply with this Declaration, the By-laws, or any rules applicable to such Owner and/or Unit or Lot shall have resulted in the expenditure of funds or the determination that funds will be expended by the Association to cause such compliance. The amount of such reimbursement assessment shall be due and payable to the Association ten (10) days after notice to the Owner (or Unit or Lot) of the decision of the Board that such reimbursement assessment is owing.

Section 5. Lien for Assessments. All sums assessed against any Unit or Lot pursuant to this Declaration, together with late charges, interest, costs and reasonable attorney's fees actually incurred, as provided herein, shall be secured by a lien on such Unit or Lot in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Unit or Lot, except for (a) liens of ad valorem taxes; or (b) liens for all sums unpaid on a first Mortgage or on any Mortgage to Declarant duly recorded in the Official Public Records of Real Property of Harris

County, Texas, and all amounts advanced pursuant to such Mortgage and secured thereby in accordance with the terms of such instrument.

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

Section 6. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments which are not paid when due shall be delinquent. Any assessment delinquent for a period of more than ten (10) days shall incur a late charge in the amount of \$25.00, which amount may be amended as the Board may from time to time determine. The Association shall cause a notice of delinquency to be given to any member who has not paid within ten (10) days following the due date. If the assessment is not paid within thirty (30) days, a lien, as herein provided, has attached and, in addition, such lien shall include the late charge, interest, not to exceed the maximum legal rate, on the principal amount due, and all late charges from the date first due and payable, all costs of collection, reasonable attorney's fees actually incurred, and any other amounts provided or permitted by law. In the event that the assessment remains unpaid after sixty (60) days, the Association may, as the Board shall determine, institute suit to collect such amount and/or take action to foreclose its lien, either by action for judicial foreclosure in the manner prescribed by law or by directing the Trustee to foreclose the lien by public sale conducted in accordance with the notice, posting and other requirements of the statutes of the State of Texas under the Texas Property Code § 51.02 *et seq* (as it may hereafter be amended), for the foreclosure of deed of trust liens upon real property. Each Owner, by acceptance of a deed to a Unit or Lot or as a party to any other type of a conveyance of a Unit or Lot, vests in the Association or its agents the power of sale and the right and power to bring all actions against him or her, personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid on the Unit or Lot at any foreclosure sale or to acquire, hold, lease, mortgage, or convey the same. No Owner may waive or otherwise except liability for the assessments provided for herein, including, by way of illustration, but not limitation, abandonment of the Unit or Lot.

All payments shall be applied first to costs and attorney's fees, then to late charges, then interest and then to delinquent assessments, or in such other order as the Board shall determine in its sole discretion. In addition to all other remedies of the Association set forth herein, in the event any member is delinquent in the payment of any assessments due pursuant to this Declaration, or shall otherwise be in default hereunder, then such member may not be entitled to exercise the rights and privileges of membership, including but not limited to the right to vote and hold office. The election by the Association to exercise any of its remedies herein permitted shall not be construed to constitute an election to waive the right to exercise any other remedy available. The Association is hereby authorized by all Owners to use any and all of such remedies as often as may be required to collect payment of all sums secured by a lien hereunder.

Section 7. Date of Commencement of Annual Assessments. The annual assessments procedure provided for herein shall commence on the first day of the month following the conveyance of the first Unit or Lot by the Declarant to a Class "A" member and shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual assessment for any specific Unit or Lot shall be adjusted according to the number of months then remaining in that fiscal year. The date any specific Unit or Lot becomes subject to assessment hereunder shall be the date on which the Unit or Lot is conveyed by Declarant to a Class "A" member and the Owner of a Unit or Lot shall, at such conveyance, pay the prorata balance of the annual assessment. In addition, at the closing of Units from the Declarant to a Class A member purchasing a Unit, such member shall pay a fee equal to three months of the additional monthly assessment plus a prorata portion for the month of closing of the additional monthly assessment then being charged to Units.

Section 8. Assessments to Declarant.

(a) At the option of Declarant, the Declarant shall not be required to pay the annual assessment for Units and Lots that it owns, as long as the Declarant is attempting to sell those Units and Lots. However, in such event, Declarant will contribute such sums as are needed by the Association to meet its operating expenses. For purposes of this paragraph, operating expenses are hereby defined as normal and customary day-to-day expenses specifically excluding any capital reserve contributions and/or capital expenditures. Should Declarant ever begin leasing its unsold Units or Lots, other than short-term leases as part of a sales transaction, then Declarant shall commence paying annual assessments as to those leased Units or Lots.

(b) Notwithstanding anything to the contrary herein, the Declarant may contribute assessments due from it in services or materials or a combination of services and materials, rather than in money, (herein collectively called "in kind contribution"). The amount by which monetary assessments shall be decreased as a result of any in kind contribution shall be the fair market value of the contribution. If the Declarant and the Association agree as to the value of any contribution, the value shall be as agreed. If the Association and the Declarant cannot agree as to the value of any contribution, the Declarant shall supply the Association with a detailed explanation of the service performed and material furnished, and the Association shall acquire bids for performing like services and furnishing like materials from three (3) independent contractors approved by the Declarant who are in the business of providing such services and materials. If the Association and the Declarant are still unable to agree on the value of the contribution, the value shall be deemed to be the average of the bids received from the independent contractors.

Section 9. Assessment Certificate and Transfer Fee. Upon written request by an Owner, the Association shall within a reasonable period of time, issue to an Owner a written certificate stating that all assessments of any kind (including interest and costs), have been paid with respect to any specified Unit or Lot, and if all assessments and charges have not been paid, setting forth the amount of such assessments and charges (including interest and costs, if any) due and payable as of the date of the certificate. The Association may make a reasonable charge for the issuance of such

certificate; however, there shall be no charge to the Declarant for any such certificate. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with regard to any matter therein stated as between the Association and any bona fide purchaser or lender on the Unit or Lot specified in such certificate. The Association shall have the right to charge any Owner selling or otherwise transferring title to a Unit or Lot, a fee which is reasonable compensation, in the opinion of the Board, for the costs incurred by the Association in changing its records to reflect the transfer of ownership; however, there shall be no charge to the Declarant when the Declarant sells a Unit or Lot.

ARTICLE V.
Maintenance

Section 1. Association's Responsibility. The Association shall maintain and keep in good repair the Common Property. The Association shall also maintain and repair any Association perimeter fencing constructed pursuant to Article X, Section 10 hereof. The Association shall maintain and keep in good repair all paved or concrete walkways, driveways, parking areas and patios, if any, located on the Common Property. Any paved or concrete walkways, driveways, parking areas and patios located within the boundaries of a Unit or Lot shall be the responsibility of the Owner of such Unit or Lot.

The Association shall provide exterior maintenance upon Unit improvements (however not on Lot improvements) as follows: paint, repair, replace, and care for roof surfaces and roof systems, (i.e. shingles and decking only) gutters, downspouts, chimneys, and, with the exception of foundations, patios, decks, exterior or lighting controlled from within the Unit, entry doors, garage doors, glass and door and window appurtenant hardware, the Association shall also maintain all exterior building surfaces. There are hereby reserved to the Association easements over the Community and each Unit and Lot as necessary to enable the Association to fulfill the Association's maintenance responsibilities and other responsibilities described in this Declaration

The Association will not maintain any part of the improvements constructed on the Lots.

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

The foregoing maintenance shall be performed consistent with the Community-Wide Standard.

Section 2. Owner's Responsibility. Except as provided in Section 1 above, all maintenance of the Unit shall be the responsibility of the Owner thereof. Such maintenance obligation of Unit Owners shall specifically include, but not be limited to, yard maintenance, fence repair and maintenance, exterior light fixture and bulb replacement, foundations, patios, decks, entry doors, garage doors, glass and appurtenant hardware to doors and windows, and repair maintenance to the frame of the Unit, including the frame of the roof. For the Lots, the Owners shall maintain all

and every part of the improvements located on the Lots. In addition, the Owner of any Unit or Lot shall maintain all pipes, lines, ducts, conduits, or other apparatus which serve the Unit or Lot, whether located within or without a Unit's or Lot's boundaries (including all gas, electricity, water, sewer or air conditioning pipes, lines, ducts, conduits or other apparatus serving the Unit or Lot). Such maintenance shall be performed consistent with this Declaration and the Community Wide Standard established pursuant hereto. In the event that the Board of Directors of the Association determines that (a) any Owner has failed or refused to discharge properly his obligations with regard to the maintenance, repair, or replacement of items for which he is responsible hereunder; or (b) that the need for maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, his or her family, guests, lessees, or invitees, and is not covered or paid for by insurance, in whole or in part, then, the Association may perform the repair, replacement or maintenance and shall, except in the event of an emergency situation, give the Owner written notice of the Association's intent to provide such necessary maintenance, repair, or replacement, at Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repairs, or replacement deemed necessary. The Owner shall have ten (10) days within which to complete such maintenance, repair, or replacement, or, in the event that such maintenance, repair, or replacement is not capable of completion within a ten (10) day period, to commence such work which shall be prosecuted with diligence and completed within a reasonable time. If any Owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair, or replacement and shall bill the Owner therefore 110% of such cost and expenses, plus a \$50.00 administrative fee, such bill to be due upon receipt and if not timely paid, such bill shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Unit or Lot. If any Owner is given notice of a failure or refusal to maintain, repair or replace items for which he or she is responsible hereunder more than twice in any calendar year, the Association may proceed with the necessary maintenance, repair or replacement without the need to give any additional 10 day notices.

Section 3. Party Walls and Fences.

(a) General Rules of Law to Apply. Each wall built as a part of the original construction of the Units which shall serve and separate any two (2) adjoining Units and each fence which will serve and separate any two adjacent Lots or set of Units shall constitute a party wall or fence and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and fences and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall or fence shall be shared by the Owners who are served by the wall or fence in equal proportions.

(c) Damage and Destruction. If a party wall or fence 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 served by the wall or fence may restore it, and if other Owner or Owners are served by the wall or fence, they shall contribute to the cost of restoration thereof in equal proportions without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule or law regarding liability for negligent or willful acts or omissions.

(d) Weatherproofing. Notwithstanding any other provision of this Section, to the extent that such damage is not covered and paid by the insurance provided for herein, an Owner who by his negligent or willful act causes any party wall of a Unit to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(e) Right to Contribution Runs with Land. 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.

(f) Foundation, Fences. Common foundations which form a part of the Units and common fences between Units or Lots, if any, will be dealt with in the same fashion as party walls, as set forth in this section.

(g) Arbitration. In the event of any dispute arising concerning a party wall or fence, or under the provisions of this Section, each party shall appoint one (1) arbitrator. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefor by the Board of Directors, the Board shall appoint an arbitrator for the refusing party. The arbitrators thus appointed shall appoint one (1) additional arbitrator and the decision by a majority of all three (3) arbitrators shall be binding upon the parties and shall be a condition precedent to any right of legal action that either party may have against the other.

ARTICLE VI.

Use Restrictions and Rules

Section 1. General. The Board of Directors may, from time to time, without consent of the members, promulgate, modify, or delete use restrictions and rules and regulations applicable to all of the Units and Lots and the Common Property. Such regulations and use restrictions shall be binding upon all Owners and occupants until and unless overruled, canceled, or modified in a regular or special meeting by both the vote of Class "A" members holding a Majority of the total votes in the Association and the consent of the Class "B" member, so long as such membership shall exist. Such rules and regulations may apply to activities in the Community, including but not limited to, the use of the Common Property, traffic and parking rules, and the leasing of residences by the Owners thereof. Such rules and regulations shall not apply to Declarant or to any property owned by it and shall not be applied in any manner which would prohibit or restrict the development of the Community and/or the development, construction and sale of residences by Declarant.

Section 2. Occupants Bound. All provisions of the Declaration and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants of any Unit or Lot.

Section 3. Nuisance. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition of his or her Unit or Lot. No Unit or Lot shall be used, in whole or in part, for the storage of any property or thing that will cause such Unit or Lot to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any Unit or Lot that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on upon any Unit or Lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any property adjacent to the Unit or to the Lot. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community.

Section 4. Architectural Review. No existing residence and/or other improvements on any Lot or Unit shall be modified, enlarged or otherwise altered (including but not limited to change of exterior color scheme) nor shall any additional improvements be commenced, erected, placed, moved onto or permitted to remain on any Lot or Unit, except such as is installed by Declarant or is approved in writing by the Architectural Review Committee (or the Board of Directors should no Architectural Committee have been formed) of the Association or its designee after review of the plans and specifications showing the nature, kind, shape, height, materials and location submitted in writing to the ARC (or Board). The ARC (or Board) or its designee may promulgate written guidelines for the exercise of this review.

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

The standards and procedures established by this Article and/or the ARC are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Community and, they do not create any duty to or rights in 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 ARC, 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 Lot. In all matters, the Board, the ARC and the members of each shall be defended and indemnified by the Association as provided in Article XII, Section 10.

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 require, but only in accordance with duly adopted rules and regulations. No variance shall (a) be effective unless in writing, (b) be contrary to this Declaration; 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.

Section 5. Antennas and Satellite Dishes.

(a) No antenna or satellite dish which exceeds one meter (39 inches) in diameter is permitted on any Unit or Lot.

(b) An antenna or satellite dish of one meter (39 inches) or less, and other antennas and related masts are permitted to be placed on a Unit or Lot provided any such item must comply with all of the below set forth minimum conditions. Further, the Association must receive written notification at its then current address from the Owner of the applicable Lot or Unit, on or before the installation of any antenna, satellite dish and related mast provided for in this Section. Such notification must include the type and color of antenna, satellite dish, and any related mast to be installed, and the method, manner, and site of installation. The site must be shown in a plot plan.

If the Owner of a Unit or Lot proposes to install an antenna, satellite dish and any related mast provided for in this Section in any manner whatsoever which does not strictly comply with the below set forth minimum conditions, such Owner must submit an application to the Architectural Review Committee and obtain the written approval of the Architectural Review Committee prior to commencing such installation. In connection with the Architectural Review Committee's decision, the Architectural Review Committee shall consider such factors as it deems appropriate, in its reasonable discretion. The application to the Architectural Review Committee must be made on a form approved by the Architectural Review Committee and contain such

information as may be required by the Architectural Review Committee, including a statement which specifically describes the manner in which it is proposed that such antenna, satellite dish and related mast will vary from such minimum conditions. The Architectural Review Committee shall endeavor to make its decision regarding the proposed antenna, satellite dish and any related mast on an expedited basis within seven (7) days after receipt by the Architectural Review Committee of the completed application and all information required therein. The granting of a variance from such minimum conditions shall in no way affect the Owner's obligation to comply with all governmental laws and regulations and other regulations affecting the Lot or Unit concerned.

(c) Minimum Conditions. In addition to the foregoing requirements, no antenna, satellite dish, or any related mast shall be erected, constructed, placed, or permitted to remain on any Lot or Unit unless such installation strictly complies with the following minimum conditions (however, each minimum condition shall not apply if it unreasonably delays installation of the applicable antennae, satellite dish, and any related mast, or unreasonably increases the cost of such items or their installation, or precludes reception of an acceptable quality signal):

(i) The antenna, satellite dish and any mast must be located to the rear one-half ($\frac{1}{2}$) of the Unit or Lot and must serve only improvements on the particular Unit or Lot in which it is located.

(ii) To the extent feasible, the antenna, satellite dish and any mast, including its base and anchoring structure, shall not extend above the roofline of the residence located on the Unit or Lot and shall not be visible from the frontage street or any adjoining street.

(iii) To the extent feasible, no antenna, satellite dish or mast shall be constructed or placed or permitted to remain on any utility easement or other easement or right-of-way located on any Unit or Lot.

(iv) The antenna, satellite dish and any mast must be securely mounted to a base, so as to be able to withstand the effects of high winds or other extraordinary weather conditions; however no guy wires or similar mounting apparatus will be allowed.

(v) No advertising slogans, logos, banners, signs or any other printing or illustration whatsoever shall be permitted upon or be attached to an antenna, satellite dish or mast.

(vi) No satellite dish or antenna shall ever be used for the transmission of any signal whatsoever and said antenna or satellite dish shall be for the purpose of receiving only normal signals through airwaves for television viewing purposes only.

(vii) No antenna or satellite dish shall be permitted to cause any distortion or interference whatsoever with respect to any other electronic device in the Property.

(viii) The antenna or satellite dish shall be one solid color only, either white or black or shades of either brown, gray, tan or natural metal.

(ix) Each Unit or Lot shall be permitted to have no more than one antenna or satellite dish and any related mast, as applicable, for each category of the following categories of video programming providers, to-wit: direct broadcast satellites, multi-channel multi-point distribution (wireless cable) providers, and television broadcast stations.

(x) Any antenna, satellite dish, or related mast installed hereunder shall be installed in a manner that complies with all applicable laws and regulations and manufacturer's instructions.

(xi) If any provision of the guidelines in this Section 5 is ruled invalid, the remainder of such guidelines shall remain in full force and effect.

(xii) The Owner of a Unit shall be responsible for any damage done to the exterior of the Unit caused by the installation of the antenna, satellite dish or related mast.

Section 6. Parking. Overnight parking of any vehicles in the street is prohibited. The Board may make other Rules and Regulations with respect to the parking and/or storage of vehicles on Units and Lots.

Section 7. Signs. Other than standard size for sale or rent signs, or signs for a security company, no signs, billboards, posters or advertising devices of any kind shall be permitted on any Unit or Lot without the prior written consent of the ARC. The size, shape and color of any signs other than for sale signs must be as set forth in the rules of the ARC or as otherwise approved by the ARC. This section shall not apply to the Declarant.

Section 8. No Storage Buildings. Except as follows, no exterior storage building shall be allowed on any Unit. Storage buildings may only be erected after obtaining ARC approval, which may impose conditions on the size, material and/or location of the storage buildings.

ARTICLE VII Insurance and Casualty Losses

Section 1. Insurance. The Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements on the Common Property and for all buildings containing Units. This insurance obtained by the Association shall not cover improvements on the Lots. This insurance for the Common Property and Units shall cover loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. Each Unit Owner should obtain insurance to cover the contents of its respective Unit. Each Lot Owner should obtain

insurance for all insurable improvements on the Lot (with the same type of coverage described above for the Units) and for the contents of such Lot.

The Board shall obtain a liability insurance applicable to the Common Property covering the Association and its members for all damage or injury caused by the negligence of the Association or any of its members or agents, and, if reasonably available, directors' and officers' liability insurance.

Owners shall obtain liability insurance applicable to their individual Lots and Units.

Premiums for all insurance which it is the obligation of the Association to provide for the benefit of the Association shall be common expenses of the Association. Premiums for insurance which is for the benefit of Units will be apportioned equally among the Units and shall be included only in the assessments paid by Unit Owners. The policies may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

In addition to the other insurance required by this Section, the Board shall obtain, if and to the extent necessary, a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the directors' best business judgment. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association.

Each Owner of a Lot covenants and agrees to obtain its casualty and liability insurance with respect to the Lot and improvements located thereon owned by such Owner, the casualty portion to be in an amount sufficient to cover the full replacement cost of any repair or reconstruction. The Association may provide insurance for the improvements on individual Lots with the approval of the Owner of the Lot, the premium for which shall be a Reimbursement Assessment against such Lot.

Section 2. Damage and Destruction.

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

(b) Repair and Reconstruction. Any damage or destruction to any Unit or Units or Lot or Lots shall be repaired or reconstructed. Any damage or destruction to any Common Property

shall be repaired or reconstructed unless at least seventy-five percent (75%) of the Class "A" members and the Class "B" member, so long as such membership exists, agree otherwise.

If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Association's members, levy a special assessment against all Owners in proportion to the number of Lots and Units owned by such Owners if the damage was to the Common Property and to the Owners of Units only if the damage is to the buildings containing Units. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited to the benefit of the Association; provided that the Owner and Mortgagee of any Unit for which proceeds are received agree to the distribution as their interest may appear.

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

ARTICLE VIII Condemnation

Section 1. Common Property. If the taking involves a portion of the Common Property on which improvements have been constructed, then, unless within sixty (60) days after such taking, the Class "B" member (if such membership shall then exist) and at least seventy-five percent (75%) of the Class "A" members of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Property to the extent lands are available therefor. The provisions of Article VII, Section 2, above, applicable to Common Property improvements damage, shall govern replacement or restoration and the actions to be taken in the event that the improvements are not restored or replaced.

Section 2. Units. If the taking includes one or more Units, or any part or parts thereof, whether or not there is included in the taking any part of the Common Property, then the award shall be disbursed and all related matters shall be handled pursuant to and in accordance with the consent of no less than fifty percent (50%) of all Owners of Units expressed in a duly recorded amendment to this Declaration; provided that the consent of the Owner or Owners of the Unit or Units so taken must first be obtained. If such consent cannot be obtained, the funds shall be disbursed as the court may determine.

ARTICLE IX Mortgagee Provisions

The following provisions are for the benefit of holders of first Mortgages on Units or Lots in the Community. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

Section 1. Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage, who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Unit or Lot number), (therefore becoming an "eligible holder"), will be entitled to timely written notice of:

(a) any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Unit or Lot on which there is a first Mortgage held, insured, or guaranteed by such eligible holder;

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

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

Section 2. Special Provisions. Only if, and only for so long as required by the Federal Housing Administration, the Department of Housing & Urban Development ("HUD") and/or the Veteran's Administration ("VA"), the following provisions apply in addition to and not in lieu of the foregoing, and shall supersede any provision to the contrary in this Declaration.

A. Unless two-thirds (2/3) of the Class A Members give their consent, the Association shall not:

(a) by act or omission seek to encumber (except as provided in Article X(2)(a)(iii), sell, or transfer the Common Property which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Property shall not be deemed a transfer or encumbrance within the meaning of this subsection); or

(b) amend this provision of this Declaration.

B. Annexation of additional properties other than Declarant Annexation Property, dedication of Common Area and amendment of this Declaration shall require HUD/VA approval as long as there exists a Class B membership.

Nothing contained in Article X, Section 2, of this Declaration shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration for any of the acts set out in this Section 2.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Property and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy on the Common Property, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

Section 3. 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 or Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Property.

Section 4. Notice to Association. Each Unit Owner and Lot Owner other than Declarant shall be obligated to furnish to the Association the name and address of the holder of any mortgage encumbering such Owner's Unit or Lot. Each Unit Owner or Lot Owner shall be obligated to furnish the Association any changes to such information within a reasonable time after such changes become effective.

ARTICLE X Easements

Section 1. Easements for Encroachment and Overhang. There shall be reciprocal appurtenant easements for encroachment and overhang and drainage (as well as an easement for repair and maintenance of any such encroachment and overhang) as between each Unit and such portion or portions of the Common Property adjacent thereto or as between adjacent Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than five (5) feet, as measured from any point on the common boundary between each Unit and the adjacent portion of the Common Property or as between adjacent Units, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an Owner, tenant, or the Association. The Easements for encroachment and overhang also include and allow for drainage from any overhang onto adjacent Units.

Section 2. Easements for Use and Enjoyment.

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

(i) the right of the Association to charge reasonable admission and other fees for the use of any portion of the Common Property and to limit the number of guests of Unit and Lot Owners and tenants who may use the Common Property;

(ii) the right of the Association to suspend the voting rights of a Unit or Lot Owner and the right of such Owner to use the recreational facilities in the Community, if any, for any period during which any assessment against his Unit or Lot which is hereby provided for remains unpaid; and, for a reasonable period of time for an infraction of the Declaration, By-Laws, or rules and regulations;

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

(iv) the right of the Association to dedicate or transfer all or any portion of the Common Property subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved by at least two-thirds of the votes which the Class "A" members of the Association present, or represented by proxy, are entitled to cast at a meeting duly called for such purpose and by the Class "B" member of the Association, so long as such membership shall exist; and

(v) the right of the Declarant to annex additional real property and the Units and Lots located thereon into the Association and made subject to the terms of this Declaration; and

(vi) the right of Declarant and/or the Association to modify the Common Property as set forth in this Declaration; and

(vii) the right of Declarant and/or the Association regarding the Community and Common Property, as reserved in this Declaration, including the right to utilize the same and grant use rights, etc., to others; and

(viii) rules and regulations adopted governing use and enjoyment of the Common Property.

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

Section 3. Easements for Utilities. There is hereby reserved to the Association blanket easements upon, across, above and under all property within the Community for access, ingress, egress, installation, repairing, replacing, and maintaining all utilities serving the Community or any portion thereof, including, but not limited to, gas, water, sanitary sewer, telephone and electricity, as well as storm drainage and any other service such as, but not limited to, a master television antenna system, cable television system, alarm monitoring system or internet communication system which the Association might decide to have installed to serve the Community. It shall be expressly permissible for the Association or its designee, as the case may be, to install, repair, replace, and maintain or to authorize the installation, repairing, replacing, and maintaining of such wires, conduits, cables and other equipment related to the providing of any such utility or service. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the Board shall have the right to grant such easement.

Section 4. Easement for Entry. The Association shall have an easement but not any obligation to enter into any Unit or Lot for emergency, security, safety, and for other purposes reasonably necessary for the proper maintenance and operation of the Community, which right may be exercised by the Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. It is intended that this right of entry shall include (and this right of entry shall include) the right of the Association to enter a Unit or Lot to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition upon request by the Board.

Section 5. Construction of Common Property Improvements. Declarant has constructed, or may construct, certain facilities and improvements as part of the Common Property, together with equipment and personalty contained therein, and such other improvements and personalty as Declarant determines, in its sole discretion. Declarant shall be the sole judge of the composition of

such facilities and improvements. Prior to the termination of the Class B membership, Declarant shall have the absolute right to, from time to time, in its sole discretion, construct additional improvements and facilities on the Common Property and to remove, add to, modify and change the boundaries, facilities and improvements now or then part of the Common Property. Declarant is not obligated to, nor has it represented that it would, modify or add to the facilities or improvements on the Common Property as they are contemplated as of the date hereof, if any. Declarant is the sole judge of all matters concerning the Common Area until the Class B membership terminates, including the plans, specifications, design, location, completion schedule, materials, size and contents of the facilities and improvements or changes to any of them.

Section 6. Use. The Common Property shall be used and enjoyed by the Owners on a non-exclusive basis in common with other persons, entities and corporations, who may, but are not required to be, members of the Association, entitled to use those portions of the Common Property. Prior to the expiration of the Class B membership, the Declarant, and thereafter the Association, has the right, at any time and all times, and from time to time, to further additionally provide and make the Common Property available to other individuals, persons, firms or corporations, as it deems appropriate. The granting of such rights shall not invalidate this Declaration, reduce or abate any Owner's obligations pursuant to this Declaration, or give any Owner the right to avoid any of the covenants, agreements or obligations to be performed hereunder.

Section 7. Indemnification. The Association and Owners each covenant and agree, jointly and severally, to indemnify, defend and hold harmless Declarant, its respective officers, directors, parent and/or subsidiary entities, partner(s) and any related persons or corporations, and their employees, professionals and agents from and against any and all claims, suits, actions, causes of action or damages arising from any personal injury, loss of life, or damage to property, sustained on or about the Common Property or other property serving the Association and improvements thereon, or resulting from or arising out of activities or operations of Declarant or of the Association, or of the Owners, and from and against all costs, expenses, court costs, counsel fees (including, but not limited to, expenses, court costs, counsel fees (including, but not limited to, all trial and appellate levels and whether or not suit be instituted), expenses and liabilities incurred or arising from any such claim, the investigation thereof, or the defense of any action or proceedings brought thereon, and from and against any orders, judgments or decrees which may be entered relating thereto. The costs and expense of fulfilling this covenant of indemnification shall be considered operating costs of the Association to the extent such matters are not covered by insurance maintained by the Association. IT IS EXPRESSLY ACKNOWLEDGED THAT THE INDEMNIFICATION IN THIS SECTION PROTECTS DECLARANT (AND ANY PARENT OR SUBSIDIARY OR RELATED ENTITY OF ANY OF IT) FROM THE CONSEQUENCES OF THEIR RESPECTIVE ACTS OR OMISSIONS, INCLUDING WITHOUT LIMITATION, DECLARANT'S (OR ANY PARENT'S OR SUBSIDIARY'S OR RELATED ENTITY'S) NEGLIGENT ACTS OR OMISSIONS, TO THE FULLEST EXTENT ALLOWED BY LAW.

Section 8. Telecommunication Services. The Declarant or Association may provide, either directly or by contracting with other parties, various telecommunication services to the Property.

The Declarant or the Board of Directors of the Association or shall have the sole discretion to determine whether or not such telecommunication services are provided, the types of services to be provided, the manner in which such services will be provided, the amount to be charged, and the method of paying for such services. The Declarant and/or the Association shall utilize the easements reserved in Sections 3 and 4 of this Article X to provide such services. Should the Declarant be the entity to provide such services, the Association agrees not to cancel any contracts entered into by Declarant except for good cause.

(a) Types of Communication Services. The types of telecommunication services that may be provided by or through the Declarant or Association shall include, but not be limited to, any or all of the following: (i) local and long-distance telephone service; (ii) voice mail service, (iii) cable television service; (iv) internet connectivity including intranet services; (v) private television channels for education and community purposes; (vi) video monitoring of streets, Common Property, and other public areas; (vii) central home systems for fire and burglary detection; (viii) electronic utility meter reading systems; (ix) electronic mail systems, and (x) such other similar telecommunications services as the Board of Directors determines to be necessary or beneficial for the members.

(b) Common Property Facilities. The telecommunications equipment, wiring and other facilities that are necessary to provide the telecommunication services may be owned by the Declarant or Association or the Declarant or Association may contract with other parties to provide such facilities on behalf of the Declarant or Association. The cost and expense of constructing, installing, operating, maintaining, repairing and replacing such facilities shall be paid by the Declarant or Association or such other party, and may included as part of the annual assessments and special assessments to the members.

(c) Residence Facilities. If the Declarant or Association determines to provide telecommunication services, it may require that each residence constructed in the Property include wiring and other necessary equipment or other necessary facilities to provide access to the residence for the telecommunication services described above. The necessary equipment will provide a connecting terminal for the wiring that extends to each outlet or point of access in the residence for the telecommunications services. The Declarant or Association shall have the right to designate the type of necessary equipment to be installed and the manner in which such necessary equipment shall be operated, maintained and repaired, and may from time to time, designate appropriate replacements or improvements to the necessary equipment. The Declarant or Association may contract with other parties to provide the foregoing services relating to the necessary equipment. The Declarant or Association may require each Owner to pay all costs and expenses required to purchase, install, maintain, repair, replace or improve the necessary equipment for the Owner's which shall be paid each Owner in the same manner as a special assessment. The necessary equipment shall remain as a permanent fixture to the residence and may not be removed from the residence when it is sold to another party. The Declarant or Association and the parties with whom it contracts to provide services relating to the necessary equipment shall have an easement and right of entry over and

across each Lot and Unit and into each residence for the purpose of installing, maintaining, repairing, replacing and making improvements to the necessary equipment.

(d) Optional Services. The installation of a necessary equipment in a Residence does not obligate the Owner to accept or pay for any of the telecommunication services that may be provided by, or available through, the Declarant or Association (except to the extent the Board of Directors determines to provide a service to all members paid with annual assessments). Unless provided to all Owners and included in the annual assessments, each Owner shall have the right to (i) accept and pay for any such services provided by or through the Declarant or Association, (ii) contract with another party to provide such services, or (iii) decline such services, in whole or in part.

Section 9. Security and Other Services. The Association and/or Declarant may also, but shall not be obligated, to provide alarm monitoring and other services and facilities for the Property and shall be authorized to enter into contracts with other entities to provide such services and facilities. In addition to assessments, the Board shall be authorized to charge additional use and consumption fees for selected services and facilities. By way of example, some services and facilities which may be provided include, in addition to the telecommunication services listed in the preceding section, landscape, maintenance, concierge, and pest control services. The Board shall be permitted to modify or cancel existing services or facilities provided, if any, or to provide additional services and facilities. Nothing contained herein is a representation as to what services and facilities will or will not be provided.

Section 10. Easement Regarding Association Fences. Declarant hereby reserves for itself and for the Association a non-exclusive right-of-way and easement for the purpose of constructing, maintaining, operating, repairing, removing and re-constructing an identifying entry way and monument and decorative perimeter fence under, across and through a 5' strip of Lots or Units that are adjacent to some of the outer perimeter streets of the Property, as well a 5' strip of Lots or Units (if any) along some of the perimeter of the Property where the perimeter of the Property does not abut a street, on which 5' strips the Association may construct such entry monument and perimeter fencing. Prior to the construction of the monument and fence, the Declarant and/or the Association shall have the right to go over and across the portions of the Lots or Units that are adjacent to such 5' easement strips for the purpose of performing surveys and other such necessary pre-construction work. After the construction of the monument and fence, Declarant and/or the Association, from time to time, and at any time, shall have a right of ingress and egress over, along, across and adjacent to said 5' easement strips for purposes of maintaining, operating, repairing, removing, re-constructing, and/or inspecting the monument and fence. The Owners of the Lots and Units shall have all other rights in and to such 5' easement strip located on each Owner's respective Lot or Unit; provided however, such Owner shall not damage, remove or alter the monument or fence or any part thereof without first obtaining written approval from the Declarant and/or the Association with respect to any such action, such approval to be at the Declarant's and/or the Association sole discretion.

However, this Section shall not apply to, and the Association shall not be responsible to, install or maintain any fencing located along Lot or Unit lines which separate individual Lots or Units from one another.

ARTICLE XI
Annexation of Additional Property

Section 1. Annexation Without Approval of Membership. As the Owner thereof, or if not the Owner, with the consent of the Owner thereof, Declarant, its successors or assigns, shall have the unilateral right, privilege, and option, from time to time at any time until twenty (20) years from the date this initial Declaration is recorded in the Office of the County Clerk of Harris County, Texas, to annex and subject to the provisions of the Declaration and the jurisdiction of the Association all or any portion of tracts of real property located within a five mile radius of the real property described on Exhibit "A" hereto ("Declarant Annexation Property"), whether in fee simple or leasehold, by filing in the Harris County Real Property Records a Supplemental Declaration annexing such property. Such Supplemental Declaration shall not require the vote of members of the Association or approval by the Association or any person. Any such annexation shall be effective upon the filing of such Supplemental Declaration in the Harris County Real Property Records unless otherwise provided therein.

Declarant shall have the unilateral right to transfer to any other person its right, privilege, and option to annex herein additional land, provided that such transferee or assignee shall be the developer of at least a portion of the additional land and shall be expressly designated by Declarant in writing as the successor to all or any part of Declarant's rights hereunder.

Any such annexation or addition shall be accomplished by the execution and filing for record by Declarant (or the other Owner of the property being added or annexed, to the extent such Owner has received a written assignment from Declarant of the right to annex), of an instrument to be called "Supplemental Declaration." Each Supplemental Declaration of annexation must set out and provide for the following:

(i) the name of the Owner of the property being added or annexed who shall be called the "Declarant" for purposes of that Supplemental Declaration;

(ii) the legal sufficient perimeter (or recorded subdivision description of the property being added or annexed to the Community, separately describing portions of the annexed property that are dedicated and/or conveyed to the public or any governmental or quasi-governmental authority for street right-of-way or utility facility purposes, those portions that are to comprise Units or Lots and related improvements and those portions that comprise Common Property (those being the only three permitted uses for annexed property);

(iii) a mutual grant and reservation of rights and assessments of the Owners in and to the existing and annexed Common Property;

(iv) that the property is being added or annexed into the Community in accordance with and subject to the provisions of the initial Declaration, as theretofore amended, and that the property being annexed into the Community shall be developed, held, used, sold and conveyed in accordance with and subject to the provisions of this Declaration as theretofore and thereafter amended;

(v) that all of the provisions of this Declaration, as theretofore amended, shall apply to the property being added or annexed with the same force and effect as if said property were originally included in this Declaration as part of the property; and

(vi) that a vendor's lien is therein reserved in favor of the Association, in the same manner as herein provided, to secure collection of the Assessments provided for, authorized or contemplated herein or in the Supplemental Declaration of annexation.

Each such "Supplemental Declaration" may contain other provisions not inconsistent with the provisions of the Declaration, as amended.

After additions or annexations are made, all assessments collected by the Association from the Owners in the annexed areas shall be commingled with the Assessments collected from all other Owners so that there shall be a common maintenance fund for the Community. Nothing in this Declaration shall be construed to represent or imply that Declarant, its successors or assigns, are under any obligation to add or annex additional land to the Property to this residential development.

Declarant also reserves the unilateral right to amend this Declaration, so long as it has the right to annex additional property in this Article XI, Section 1, for the purpose of removing unimproved portions of the property from the coverage of this Declaration. 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 portion of the Property to be withdrawn is owned by the Association, then the Association shall consent to such withdrawal by majority vote of the Board. For purposes of this Section 1, the term "unimproved" shall mean no above ground, vertical improvements located on such property.

Section 2. Annexation with Approval of Membership. In addition to the above and subject to the written consent of the owner thereof, upon the written consent by affirmative vote of two-thirds (2/3rds) of the total number of votes of the members of the Association entitled to be cast, present in person or by proxy at a meeting at which a quorum is present, the Association may annex or permit the annexation of real property and to the provisions of the Declaration and the jurisdiction of the Association by filing, or having the party owning such property file, a Supplemental

Declaration with respect to the property being annexed in the Harris County Real Property Records. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, and any such annexation shall be effective upon recording in the Harris County Real Property Records unless otherwise provided therein. The timing of and manner in which notice of any such meeting of the property shall be annexed, and the quorum required for the transaction of business at any such meeting, shall be as specified in the By-Laws of the Association for regular or special meetings, as the case may be.

ARTICLE XII General Provisions

Section 1. Enforcement. Each Owner and every occupant of a Unit or Lot shall comply strictly with the By-Laws, the rules and regulations, the use restrictions, as they may be lawfully amended or modified from time to time, and with the covenants, conditions, and restrictions set forth in this Declaration and in the deed to his or her Unit or Lot, if any. The Board of Directors may (or Declarant, as long as Declarant is the Class B member) impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Further, the Board (or Declarant, as long as Declarant is the Class B member) may cause the rule, regulation, use restriction, covenant and/or condition to be complied with and bill the Owner the costs incurred by the Association or Declarant to do so, along with an administrative fee as the Board may determine. Failure to comply with this Declaration, the By-Laws or the rules and regulations shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board of Directors, on behalf of the Association, or, in a proper case, by an aggrieved Owner. Failure by the Association or Declarant or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Self-Help. In addition to any other remedies provided for herein, the Association or its duly authorized agent (and/or Declarant as long as Declarant is the Class B member) shall have the power to enter upon a Unit or Lot or any portion of the Common Property to abate or remove, using such force as may be reasonably necessary, any erection, thing or condition which violates this Declaration, the By-Laws, the rules and regulations, or the use restrictions. Unless an emergency situation exists, the Board shall give the violating Unit or Lot Owner ten (10) days' written notice of its intent to exercise self-help. All costs of self-help, including reasonable attorney's fees actually incurred shall be assessed against the violating Unit or Lot Owner and shall be collected as provided for herein for the collection of assessments.

Section 3. Term. The covenants, conditions and restrictions of this Declaration shall run with and bind each Unit and Lot and shall inure to the benefit of and shall be enforceable by the Declarant and the Association and/or the Owner of any portion of the Property, their respective legal representatives, heirs, successors, and assigns, for a term of forty (40) years from the date this Declaration is recorded, after which time they shall be automatically extended to successive periods of ten (10) years, unless an instrument signed by a majority of the then Owners (including the Class B member if such membership still exists) has been recorded within the year preceding the

beginning of each successive period of 10 years, or during the initial 40 year period, agreeing to change said covenants, conditions and restrictions, in whole or in part, or to terminate same, in which case this Declaration shall be modified or terminated as specified therein.

Section 4. Amendment. This Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Units or Lots subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Veteran's Administration, Federal Housing Administration or the Department of Housing & Urban Development, to enable such lender or purchaser to make or purchase mortgage loans on the Units or Lots subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Units or Lots subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Unit or Lot unless any such Unit or Lot Owner shall consent thereto in writing. Further, so long as the Class "B" membership exists, Declarant may unilaterally amend this Declaration for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Unit or Lot Owner hereunder, nor shall it adversely affect title to any Unit without the consent of the affected Unit or Lot Owner. Declarant's right to annex additional real property into the Association and make it subject to the terms of this Declaration shall not be deemed to materially adversely affect the substantive rights of any Unit or Lot Owner hereunder.

In addition to the above, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of at least a majority of the Class "A" members, and the consent of the Class B member if such Class B membership still exists. Amendments to this Declaration shall become effective upon recordation in the Official Public Records of Real Property of Harris County, Texas, unless a different effective date is specified therein. Notwithstanding this Section, there shall be no amendment of the provisions of Article XI, Section 1, regarding annexation rights of the Declarant.

Section 5. Partition. The Common Property shall remain undivided, and no Unit or Lot Owner nor any other Person shall bring any action for partition or division of the whole or any part thereof without the written consent of all Owners of all portions of the property located within the Community and without the written consent of all holders of all Mortgages encumbering any portion of the property, including, but not necessarily limited to, the Units or Lots located within the Community.

Section 6. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

Section 7. Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Declaration are declared to be severable.

Section 8. Captions. The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article of Section to which they refer.

Section 9. Conveyance of Common Property. The Association shall accept such conveyances of Common Property as are made from time to time to the Association by Declarant. The Declarant shall determine, in its sole discretion the appropriate time to convey all or any part of the Common Area to the Association. All such conveyances shall be "AS IS, WHERE IS".

Section 10. Indemnification. The Association shall indemnify every officer and director against any and all expenses, including attorney's fees, imposed upon or reasonably incurred by any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit 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 or director. The officers and directors 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 by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 11. Construction and Sale Period. Notwithstanding any provisions contained in this Declaration to the contrary, Declarant hereby expressly reserves unto itself and its successors and assigns a non-exclusive, perpetual right, privilege, and easement with respect to the Community for the benefit of Declarant, its successors, and assigns over, under, in, and/or on the Community, without obligation and without charge to Declarant, for the purposes of construction, installation, relocation, development, sale, maintenance, repair, replacement, use and enjoyment, and/or otherwise dealing with the Community and any other property now owned or which may in the future be owned by Declarant (whether annexed hereunder or not), (such other property is hereinafter referred to as "Additional Property"). The reserved easement shall constitute a burden on the title to the Community and specifically includes, but is not limited to:

(a) the right of access, ingress, and egress for vehicular and pedestrian traffic over, under, on, or in the Community; and the right to tie into any portion of the Community with driveways, parking areas, and walkways; and the right to tie into and/or otherwise connect and use (without a tap-on or any other fee for so doing), replace, relocate, maintain, and repair any device which provides utility or similar services, including, without limitation, electrical, telephone, natural gas, water, sewer, drainage and/or other utility lines and facilities constructed or installed in, on, under, and/or over the Community; and

(b) the right to construct, install, replace, relocate, maintain, repair, use, and enjoy signs, model residences, and sales offices and construction offices in the Community.

(c) No rights, privileges, and easements granted or reserved herein shall be merged into the title of any property, including, without limitation, the Community, but shall be held independent of such title, and no such right, privilege, or easement shall be surrendered, conveyed, or released unless and until and except by delivery of a quit-claim deed from Declarant releasing such right, privilege, or easement by express reference thereto.

(d) If these reserved easements are exercised without annexing any Additional Property to the Community, the Owners of the affected Additional Property shall share the costs, if any, of using and maintaining utility and similar facilities, including, without limitation, electrical, telephone, natural gas, water, sewer, and drainage lines and facilities with the Owners in the Community in the proportion that the number of completed dwellings on the affected Additional Property bears to the total number of completed dwellings upon the affected Additional Property and the number of Units and Lots in the Community. The costs of maintenance and repair of Community driveways shall likewise be apportioned to the affected Additional Property if the only means of vehicular access to the affected Additional Property is across the Community. The allocation of expenses and the collection therefor may be done on a monthly, quarterly or annual basis as may reasonably be determined by the Association in accordance with this Declaration. If any of the Additional Property is added to the Community, from the time of the annexation, the sharing of costs and expenses and the use of any property so added shall be governed by this Declaration, rather than by these reserved easements.

Section 12. Intentionally Deleted.

Section 13. Books and Records.

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

Mortgage at the office of the Association or at such other reasonable place as the Board shall prescribe.

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

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

(c) Inspection by 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 extra copies of documents at the reasonable expense of the Association.

Section 14. Audit. An audit of the accounts of the Association shall be made annually in the manner as the Board of Directors may decide; provided, however, after having received the Board's audit at the annual meeting, the Class "A" members, by a majority vote, may require that the accounts of the Association be audited as a common expense by a certified public accountant. Upon written request of any institutional holder of a first Mortgage and upon payment of all necessary costs, such holder shall be entitled to receive a copy of the annual audited financial statement within one hundred eighty (180) days after the end of each fiscal year.

Section 15. Notice of Sale or Lease. In the event an Owner sells or leases his or her Lot or Unit, the Owner shall give to the Association, in writing, the name of the purchaser or lessee of the Lot or Unit and such other information as the Board may reasonably require.

Section 16. NON-LIABILITY. NEITHER THE ASSOCIATION, NOR DECLARANT (NOR ANY DIRECTOR, NOR OFFICER, NOR ANY PARTNER NOR PARENT NOR SUBSIDIARY NOR RELATED ENTITY NOR EMPLOYEE NOR AGENT OF ANY OF THEM) SHALL IN ANY WAY OR MANNER BE HELD LIABLE OR RESPONSIBLE FOR ANY VIOLATION OF THIS DECLARATION BY ANY OTHER PERSON OR ENTITY. NEITHER DECLARANT, NOR THE ASSOCIATION (NOR ANY DIRECTOR, NOR OFFICER, NO ANY PARTNER NOR PARENT NOR SUBSIDIARY NOR RELATED ENTITY NOR ANY EMPLOYEE NOR AGENT OF ANY OF THEM) MAKE ANY REPRESENTATIONS WHATSOEVER AS TO THE SECURITY OF THE COMMON PROPERTY OR LOTS OR UNITS OR RESIDENCES, OR THE EFFECTIVENESS OF ANY GATE, ACCESS SYSTEM OR MEDICAL ALERT SYSTEM. THE ASSOCIATION AND EACH OWNER DOES HEREBY HOLD DECLARANT, THE ASSOCIATION, (AND ANY DIRECTOR, OFFICER, PARTNER, PARENT, SUBSIDIARY, RELATED ENTITY OR EMPLOYEE OR AGENT OF ANY OF THEM) HARMLESS FROM ANY LOSS OR CLAIM ARISING FROM THE OCCURRENCE OF

ANY CRIME OR OTHER ACT. NEITHER THE ASSOCIATION, NOR THE DECLARANT (NOR ANY DIRECTOR, NOR OFFICERS, NOR ANY PARTNER NOR PARENT NOR SUBSIDIARY NOR RELATED ENTITY NOR EMPLOYEE NOR AGENT OF ANY OF THEM) SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE COMMON PROPERTIES, UNITS, LOTS OR RESIDENCES OR THE EFFECTIVENESS OF ANY SUCH SYSTEM. ALL OWNERS SPECIFICALLY ACKNOWLEDGE THAT THE COMMUNITY MAY OR MAY NOT HAVE A PERIMETER BOUNDARY SYSTEM, SUCH AS FENCES, WALLS, HEDGES, GATED ENTRIES OR THE LIKE. NEITHER THE ASSOCIATION, NOR THE DECLARANT, (NOR ANY DIRECTOR, NOR OFFICER, NOR ANY PARTNER, NOR PARENT NOR SUBSIDIARY NOR RELATED ENTITY NOR EMPLOYEE NOR AGENT OF ANY OF THEM) SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF MEASURES UNDERTAKEN. ALL OWNERS AND OCCUPANTS OF ANY LOTS OR UNITS AND/OR RESIDENCES, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION, THEIR RESPECTIVE BOARDS AND OFFICERS, DECLARANT, ANY SUCCESSOR DECLARANT, OR THEIR NOMINEES, OR AGENTS OR ASSIGNS, DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, GATE ACCESS SYSTEM, BURGLAR ALARM SYSTEM, MEDICAL ALERT SYSTEM, OR OTHER SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS, GATE ACCESS SYSTEM, MEDICAL ALERT SYSTEM OR OTHER SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE, NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED.

Section 17. Arbitration. In the event of any dispute arising between, among, against or on behalf of Owners relating to this Declaration, or between any Owners and Declarant, or between Owners and the Association, or between the Declarant and the Association, each party shall appoint one (1) arbitrator. Should any such party refuse to appoint an arbitrator within ten (10) days after written request therefor by the Board of Directors, the Board shall appoint an arbitrator for the refusing party. The arbitrators thus appointed shall appoint one (1) additional arbitrator and the decision by a majority of all three (3) (or more) arbitrators shall be binding upon the parties and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof and located in Harris County, Texas. However this Section shall not be construed to require Declarant or the Association to arbitrate any enforcement action initiated by Declarant or the Association hereunder.

Section 18. Attorneys' Fees. If any controversy, claim or dispute arises relating to this instrument, its breach or enforcement, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorneys' fees and costs.

IN WITNESS WHEREOF, the undersigned being the duly appointed officers of Declarant herein, have executed this instrument this 3rd day of NOVEMBER, 2001.

LENNAR HOMES OF TEXAS LAND AND CONSTRUCTION, LTD., a Texas limited partnership

Jan

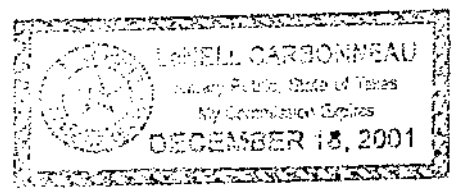
By: LENNAR TEXAS HOLDING COMPANY, a Texas corporation, general partner

By: *[Signature]*
Name: DONALD P KLEIN
Title: VICE PRESIDENT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on this 3rd day of November, 2001, by Donald P. Klein ^{to} Authorized Agent, Vice President of Lennar Texas Holding Company, general partner of Lennar Homes of Texas Land and Construction, Ltd., on behalf of said entities.

[Signature]
Notary Public



AFTER RECORDING RETURN TO:
LENNAR HOMES OF TEXAS
550 GREENS PARKWAY SUITE 200
HOUSTON, TEXAS 77067
ATTN: FRED SIMON

[Vertical Stamp]
COUNTY CLERK
HARRIS COUNTY TEXAS
NOV 13 2001 7:51 PM

EXHIBIT "A"

Property Subject to this Declaration

[Description Attached]

EXHIBIT A

Being a 109.2107 acre tract of land in the W.C.R.R. Co. Survey, Section 11, Abstract No. 910 and the Wiley Smith Survey, Abstract No. 708 in Harris County, Texas and being a portion of a 168.6368 acre tract of land sold to The Woodlane Corporation by Langham Investment Partnership as described in deed recorded under Harris County Clerk's File No. H929596 plus that land quitclaimed to The Woodlane Corporation as per deed recorded under Harris County Clerk's File No. J079971 and being more particularly described by metes and bounds as follows with all bearing based on said 168.6368 acre tract deed;

BEGINNING at a 5/8 inch iron rod found marking the intersection of the South right-of-way line of West Little York Road, 100.00 feet wide as described in deed recorded under Harris County Clerk's File No. G786598 with the East line of the said W.C.R.R. Co. Survey and marking the Northwest corner of a 0.0197 acre tract of land described in deed recorded under Harris County Clerk's File No. J079972;

THENCE along said survey line and along the West line of said 0.0197 acre tract, South 00 deg. 30 min. 41 se. East, 4.73 feet to a 3/8 inch iron rod in concrete found marking the Northwest corner of the said Wiley Smith Survey, Abstract No. 708 and the Southwest corner of the William Matzke Survey, Abstract No. 1413, the Southwest corner of said 0.0197 acre tract and the Northwest corner of a tract of land sold to Harris County as described in deed recorded under Harris County Clerk's File No. G953056;

THENCE Along the West line of said Harris County Tract, South 00 deg. 17 min. 27 sec. East, at 10.00 feet pass a 5/8 inch iron rod found marking the Southwest corner of said Harris County tract and the North corner of that tract of land Quitclaimed to the Woodlane Corporation and continue along the East line of said Quitclaimed tract, in all a total distance of 872.54 feet to a 5/8 inch iron rod found marking an angle point;

THENCE continuing along the East line of said quitclaimed tract, South 00 deg. 14 min. 37 sec. East, 2022.38 feet (Quitclaimed Deed call South 02 deg. 28 min. 28 sec. East, 2022.3 feet) to a 1 1/4 inch iron pipe found marking the Southeast corner of the herein described tract and also quitclaimed tract; said point being in the extension of the North line of Glencairn Section Six as per plat recorded in Volume 263, Page 1 of the Harris County Map Records and in the extension of the common survey line of the W.C.R.R. Co. Survey, Section 13, Abstract No. 909 and W.C.R.R. Co. Survey, Section 11, Abstract No. 910;

THENCE along the extension of the North line of said Glencairn Section Six and said common survey line, North 89 deg. 42 min. 35 sec. West, at 16.63 feet pass a 5/8 inch iron rod found marking the Southwest corner of the said quitclaimed tract and continue along the North line of said Glencairn Section Six and said common survey line, in all a total distance of 1801.00 feet to a 5/8 inch iron rod set marking the Southwest corner of the herein described tract and the Southeast corner of an adjoining 60.0000 acre tract;

THENCE along the East line of said adjoining 60.0000 acre tract, North 00 deg. 17 min. 18 sec. West, 2166.64 feet to a 5/8 inch iron rod set marking the Northwest corner of the herein described tract, the Northeast corner of said adjoining 60.0000 acre tract, a point in the South right-of-way line of said West Little York Road and marking a point in a curve concave to the Northwest;

THENCE along the South right-of-way line of said West Little York Road as follows:

Easterly 463.50 feet along the arc of said curve concave to the Northwest having a radius of 2050.00 feet, a central angle of 12 deg 57 min. 16 sec. and whose chord bears North 60 deg. 18 min. 02 sec. East, 462.51 feet to a 5/8 inch iron rod found marking the point of tangency of said curve;

North 53 degrees 49 min. 25 sec. East, 200.00 feet to a 5/8 inch iron rod found marking the point of curvature of a curve to the right;

Northeasterly 1216.10 feet along the arc of said curve to the right having a radius of 1950.00 feet, a central angle of 35 deg. 43 min. 55 sec. and whose chord bears North 71 deg. 41 min. 22 sec. East, 1196.49 feet to a 5/8 inch iron rod found marking the point of tangency of said curve;

THENCE along the said South right-of-way line of West Little York Road, North 89 deg. 33 min. 19 sec. East, 99.71 feet to the POINT OF BEGINNING and containing 109.2107 acres of land.

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

NOV - 7 2001



Dwight B. Kayman
COUNTY CLERK
HARRIS COUNTY, TEXAS

RECORDERS MEMORANDUM
ALL BLACKOUTS, ADDITIONS AND CHANGES
WERE PRESENT AT THE TIME THE INSTRUMENT
WAS FILED AND RECORDED.

BY-LAWS
OF
VILLAGES OF LANGHAM CREEK PROPERTY OWNERS ASSOCIATION, INC.

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BY-LAWS
OF
VILLAGES OF LANGHAM CREEK PROPERTY OWNERS ASSOCIATION, INC.

Article I.
Name, Membership, Applicability, and Definitions

Section 1. Name. The name of the Association shall be Villages of Langham Creek Property Owners Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 2. Membership. The Association shall have two (2) classes of membership, Class "A" and "B", as is more fully set forth in that Declaration of Covenants, Conditions, and Restrictions for Villages of Langham Creek Property Owners Association, Inc. (this is hereinafter sometimes referred to as the "Declaration"), the terms of which pertaining to membership are specifically incorporated by reference herein.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in the Declaration, unless the context shall prohibit.

Article II.
Association: Meetings, Quorum, Voting, Proxies

Section 1. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Board of Directors, either in the Community or as convenient thereto as possible and practical.

Section 2. First Meeting and Annual Meetings. An annual or special meeting shall be held within one (1) year from the date the Declaration is recorded. Annual meetings shall be set by the Board so as to occur no later than one hundred twenty (120) days after the close of the Association's fiscal year, but not a legal holiday, or a Saturday and Sunday.

Section 3. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a Majority of the Board of Directors or upon a petition signed by at least twenty-five percent (25%) of the Class "A" members. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of record of each Unit or Lot a notice of each annual or special meeting of the Association stating the purpose of the special meeting, as well as the time and place where it is to be held. If an Owner wishes notice to be given at an address other than his or her Unit or Lot, he or she shall have designated by notice in writing to the Secretary such other address. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than ten (10) nor more than thirty (30) days before a meeting.

Section 5. Waiver of Notice. Waiver of notice of a meeting of the members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any meeting of the members, either before or after such meeting. Attendance at a meeting by a member, whether in person or by proxy, shall be deemed waiver by such 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.

Section 6. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a Majority of the members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 7. Voting. The voting rights of the members shall be as set forth in the Declaration, and such voting rights are specifically incorporated herein.

Section 8. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his or her Unit, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

Section 9. Quorum. The presence, in person or by proxy, of twenty-five percent (25%) of the Owners to which eligible votes appertain shall constitute a quorum at all meetings of the Association. The 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.

Section 10. Voting by Mail. The Board of Directors may authorize members to vote by mail on the election of directors and officers or on any other matter that may be voted on by the members.

Article III.
Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors. Except as provided in Section 2 of this Article, the Directors must reside in the Community and shall be members or spouses of such members; provided, however, no Person and his or her spouse or roommate (i.e. no two occupants of the same Unit) may serve on the Board at the same time.

Section 2. Directors Appointed by Declarant. The Directors shall be selected by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant, so long as the Class "B" membership exists as set forth in the Declaration, unless the Declarant shall earlier surrender this right to select Directors. The Directors selected by the Declarant need not be Owners or residents in the Community. The names of the initial Directors selected by the Declarant are set forth in the Articles of Incorporation of the Association.

Section 3. Number of Directors. The Board shall consist of three (3) members.

Section 4. Nomination of Directors. Elected Directors shall be nominated from the floor and may also be nominated by a Nominating Committee, if such a committee is established by the Board. All candidates shall have a reasonable opportunity to communicate their qualifications to the members and to solicit votes.

Section 5. Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Not later than thirty (30) days after the Class "B" membership terminates, or no later than thirty (30) days after the Declarant surrenders its right to select Directors, if such surrender occurs prior to the termination of the Class "B" membership, the Association shall call a special meeting to be held at which members shall elect three (3) Directors for initial terms, or such higher number of Directors as these Bylaws then call for.

(b) At annual meetings of the membership after such special meeting, Directors shall be elected. All eligible members of the Association shall vote on all Directors to be elected, and the candidate(s) receiving the most votes shall be elected; provided, however, those Directors serving at the time of the first few annual meetings after the termination of the Class "B" membership shall serve the remainder of their initial terms.

The initial term of one-third (1/3rd) of the Directors shall be one (1) year from the special meeting, the initial term of the second-third (2/3rd) of the Directors shall be two (2) years from the special meeting, and the initial term of the third of the Directors shall be three (3) years from the special meeting, however, each such initial term shall be extended to terminate at the next annual meeting which occurs. At the expiration of the initial term of office of each respective member of the Board of Directors, a successor shall be elected to serve for a term of three (3) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association. If at the time after the special meeting, these Bylaws have been amended to increase the number of Directors, the additional Directors elected shall each serve an initial term as to give effect to the staggered terms referred to above.

(c) The Declarant, in its sole discretion, may call meetings earlier than required herein and/or may permit Class "A" members to elect a larger number of Directors at any meeting than required herein.

(d) If the Class B membership has previously ceased and is reinstated pursuant to the Declaration in connection with an annexation, then the Class B member's right to appoint Directors under Section 2 above shall be reinstated and this Section 5 provisions relating to election of Directors shall be suspended until such time as the Class B membership ceases again.

Section 6. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the members of the Board of Directors may be removed, with or without cause, by the Class B member or by a majority vote of the Class "A" members and a successor may then and there be elected to fill the vacancy thus created. A Director whose removal has been proposed by the Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any Director not appointed by Declarant who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of an assessment for more than twenty (20) days may be removed by a Majority vote of the Directors at a meeting, a quorum being present. This Section shall not apply to Directors appointed by Declarant. If the Class B membership has previously ceased and is reinstated pursuant to the Declaration in connection with an annexation, then this ability of the Class B member to remove a Director is also reinstated.

Section 7. Vacancies. Vacancies in the Board of Directors caused by any reason, excluding the removal of a Director by vote of the Association, shall be filled by a vote of the Majority of the remaining Directors, even though less than a quorum, at any meeting of the Board of Directors. Each Person so selected shall serve the unexpired portion of the term.

B. Meetings.

Section 8. Organization Meetings. The first meeting of the members of the Board of Directors each year shall be held within ten (10) days following each annual meeting of the membership at such time and place as shall be fixed by the Board.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a Majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the regular schedule shall constitute sufficient notice of such meetings.

Section 10. Special Meetings. Special meetings of the Board of Directors shall be held when requested by the President, Vice President or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a Person at the Director's home or office who would reasonably be expected to communicate such notice promptly to the Director; (d) by telegram, charges prepaid; (e) by fax as long as confirmation of the fax transmission is received or (f) by email. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph company shall be given at least forty-eight (48) hours before the time set for the meeting.

Section 11. Waiver of Notice. The transactions of any meeting of the Board of Directors, 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 (a) a quorum is present, and (b) either before or after the meeting, each of the Directors 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 shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 12. Quorum of Board of Directors. At all meetings of the Board of Directors, 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 of Directors. 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 meeting cannot be held because a quorum is not present, a Majority of the Directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time that the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 13. Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by a Majority of the Class "A" members.

Section 14. Open Meetings. All meetings of the Board shall be open to all members, but members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by the Board.

Section 15. Executive Session. The Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, contract negotiations, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 16. 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, shall be signed by all of the Directors. Such consent may be executed by multiple counterpart, fax signatures or email.

Section 17. Meeting by Telephone. The Board of Directors may hold a meeting by telephone conference-call procedures in which all persons participating in the meeting can hear each other. The notice of a meeting by telephone conference must state the fact that the meeting will be held by telephone as well as all other matters required to be included in the notice. Participation of a person in a conference-call meeting constitutes presence of that person at the meeting.

C. Powers and Duties.

Section 18. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the members. In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses, which annual budget shall take into account the different assessments against the Lots and the Units;

(b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment;

(c) providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association;

(d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;

(f) making and amending use restrictions and rules and regulations;

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

(h) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(i) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(j) paying the cost of all services rendered to the Association or its members which are not directly chargeable to Owners;

(k) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred; and

(l) contracting with any Person for the performance of various duties and functions. The Board shall have the power to enter into common management agreements with trusts, condominiums, or other associations. Any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other entity.

Section 19. Management Agent. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Declarant or an affiliate of the Declarant may be employed as managing agent or Manager. The term of any

management agreement shall not exceed one (1) year and shall be subject to termination by either party without cause and without penalty, upon ninety (90) days' written notice.

Section 20. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of the Common Property and facilities without the approval of the members of the Association; provided, however, the Board shall obtain membership approval in the same manner as for special assessments, in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed Ten Thousand Dollars (\$10,000.00) outstanding debt at any one time per each one hundred (100) Units or Lots in the Association at any given time.

Section 21. Fining Procedure. The Board shall not impose a fine (a late charge shall not constitute a fine) unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation; and
- (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a fine, if the violation is not continuing. The Board or its designee may demand immediate abatement in such circumstances which, in the Board's determination, pose a danger to safety or property.

(b) Notice. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board may, upon notice, impose a fine. The notice shall state:

- (i) the nature of the alleged violation;
- (ii) that the alleged violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine;
- (iii) that any statements, evidence, and witnesses may be produced by the alleged violator at the hearing; and

(iv) that all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

(c) Hearing. If a hearing is requested, it shall be held before the Board in executive session, and the alleged violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing.

Article IV. Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. Any two or more offices may be held by the same Person, excepting the offices of President and Secretary. The President and Treasurer shall be elected from among the members of the Board of Directors.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the members. A vacancy in any office arising because of death, resignation, removal, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever, in its judgment, the best interests of the Association will be served thereby.

Section 4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the Texas Non-Profit Corporation Act.

Section 5. Vice President. The Vice President shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform or cause to be performed all duties incident to the office of the secretary of a corporation organized in accordance with Texas law.

Section 7. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board of Directors.

Section 8. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, 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, the acceptance of such resignation shall not be necessary to make it effective.

Article V.
Committees

Section 1. General. Committees to perform such tasks and to serve for such periods as may be designated by the Board are hereby authorized. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Article VI.
Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall be determined by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

Section 2. Parliamentary Rules. Roberts Rules of Order (current edition) shall govern the conduct of all Association proceedings, when not in conflict with Texas law, the Articles of Incorporation, the Declaration, these By-Laws, or a ruling made by the Person presiding over the proceeding.

Section 3. Conflicts. If there are conflicts or inconsistencies between 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.

Section 4. Amendment. The provisions of the Declaration applicable to amendment of that instrument shall apply to any amendment to these By-Laws. In addition, these Bylaws may be amended by the Board of Directors.

Article VII.
Indemnification

Section 1. When Indemnification is Required, Permitted and Prohibited.

(a) The Association shall indemnify a director, officer, committee member, employee, or agent of the Association who was, is, or may be named defendant or respondent in any proceeding as a result of his or her actions or omissions within the scope of his or her official capacity in the Association. For the purposes of this article, an agent includes one who is or was serving at the request of

the Association as a director, officer, partner, venturer, proprietor, trustee, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise. However, the Association shall indemnify a person only if he or she acted in good faith and reasonably believed that the conduct was in the Association's best interests. In a case of a criminal proceeding, the person may be indemnified only if he or she had no reasonable cause to believe that the conduct was unlawful. The Association shall not indemnify a person who is found liable to the Association or is found liable to another on the basis of improperly receiving a personal benefit. A person is conclusively considered to have been found liable in relation to any claim, issue, or matter if the person has been adjudged liable by a court of competent jurisdiction and all appeals have been exhausted.

(b) The termination of a proceeding by judgment, order, settlement, conviction or on a plea of nolo contendere or its equivalent does not necessarily preclude indemnification by the corporation.

(c) The Association shall pay or reimburse expenses incurred by a director, officer, member, committee member, employee, or agent of the Association in connection with the person's appearance as a witness or other participation in a proceeding involving or affecting the Association when the person is not a named defendant or respondent in the proceeding.

(d) In addition to the situations otherwise described in this paragraph, the Association may indemnify a director, officer, member, committee member, employee, or agent of the Association to the extent permitted by law. However, the Association shall not indemnify any person in any situation in which indemnification is prohibited by the terms of Section 1(a) above.

(e) Before the final disposition of a proceeding, the Association may pay indemnification expenses permitted by the bylaws and authorized by the Association. However, the Association shall not pay indemnification expenses to a person before the final disposition of a proceeding if: the person is a named defendant or respondent in a proceeding brought by the Association or one or more members or the person is alleged to have improperly received a personal benefit or committed other wilful or intentional misconduct.

(f) If the Association may indemnify a person under the bylaws, the person may be indemnified against judgments, penalties, including excise and similar taxes, fines, settlements, and reasonable expenses (including attorney's fees) actually incurred in connection with the proceeding. However, if the proceeding was brought by or on behalf of the Association, the indemnification is limited to reasonable expenses actually incurred by the person in connection with the proceeding.

Section 2. Procedure Relating to Indemnification Payments.

(a) Before the Association may pay any indemnification expenses (including attorney's fees), the Association shall specifically determine that indemnification is permissible, authorize indemnification, and determine that expenses to be reimbursed are reasonable, except as provided in Section 2(c) below. The Association may make these determinations and decisions by any one of the following procedures:

(i) Majority vote of a quorum consisting of directors who, at the time of the vote, are not named defendants or respondents in the proceeding.

(ii) If such a quorum cannot be obtained, by a majority vote of a committee of the Board of Directors, designated to act in the matter by a majority vote of all directors, consisting solely of two or more directors who at the time of the vote are not named defendants or respondents in the proceeding.

(iii) Determination by special legal counsel selected by the Board of Directors by vote as provided in Section 2(a)(i) or 2(a)(ii) or if such a quorum cannot be obtained and such a committee cannot be established, by a majority vote of all directors.

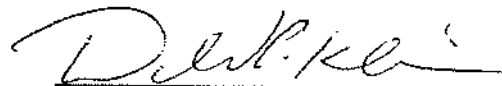
(iv) Majority vote of members at a meeting at which a quorum is present, excluding directors who are named defendants or respondents in the proceeding.

(b) The Association shall authorize indemnification and determine that expenses to be reimbursed are reasonable in the same manner that it determines whether indemnification is permissible. If the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination of reasonableness of expenses shall be made in the manner specified by Section 2(a)(iii) above, governing the selection of special legal counsel. A provision contained in the articles of incorporation, the bylaws, or a resolution of members or the Board of Directors that requires the indemnification permitted by Section 1, above, constitutes sufficient authorization of indemnification even though the provision may not have been adopted or authorized in the same manner as the determination that indemnification is permissible.

(c) The Association shall pay indemnification expenses before final disposition of a proceeding only after the Association determines that the facts then known would not preclude indemnification and the Association receives a written

affirmation and undertaking from the person to be indemnified. The determination that the facts then known to those making the determination would not preclude indemnification and authorization of payment shall be made in the same manner as a determination that indemnification is permissible under Section 2(a) above. The person's written affirmation shall state that he or she has met the standard of conduct necessary for indemnification under the bylaws. The written undertaking shall provide for repayment of the amount paid or reimbursed by the Association if it is ultimately determined that the person has not met the requirements for indemnification. The undertaking shall be an unlimited general obligation of the person, but it need not be secured and it may be accepted without reference to financial ability to make repayment.

(d) Any indemnification or advance of expenses shall be reported in writing to the members of the Association. The report shall be made with or before the notice or waiver of notice of the next membership meeting, or with or before the next submission to members of a consent to action without a meeting. In any case, the report shall be sent within the 12-month period immediately following the date of the indemnification or advance.



Secretary of Association

Effective Date: May 16, 2001