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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

SEALY HOMESTEAD

**THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS
COUNTY OF §**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SEALY HOMESTEAD (this "Declaration"), is made on the date hereinafter set forth by LQH DEVELOPMENT, INC., ("Declarant") for the purpose of evidencing the covenants, conditions and restrictions contained herein.

WITNESSETH:

WHEREAS, Declarant, is the owner of that certain real property platted as Sealy Homestead, as approved by the City of Sealy and filed of record on November 21, 2000, of the Plat Records of Austin County Texas, said subdivision hereinafter referred to as the "Development" or the "Subdivision," and such plat, as may be amended or further replatted, being referred to as the "Plat," all of said real property being more specifically described on the Plat of the Development which are incorporated herein and made a part hereof for all purposes (the "Property").

NOW, THEREFORE, Declarant hereby declares that all of the Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property. These easements, covenants, restrictions and conditions shall run with the Property and be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of Declarant and each owner thereof.

ARTICLE I

ADDITIONAL DEFINITIONS

1.1 Association. "Association" shall mean and refer to SEALY HOMESTEAD HOMEOWNERS' ASSOCIATION, INC., its successors and assigns.

1.2 Areas of Common Responsibility. "Areas of Common Responsibility" shall mean those areas listed below in which the Association shall maintain upkeep and repair:

- a. Any and all common areas as may be depicted on the Plat for the Development.
- b. Any and all landscaping, entry way features, signage, landscaping and monument signage, screening walls, perimeter fencing, open spaces, green belts, irrigation systems, walking trails, lighting and improvements located within the Development, including but not limited to the entry features and signage located within the Development and screening within the Development.
- c. Any and all landscape, utility and drainage easements, public utility easements, detention ponds, right of ways, and common areas that may be depicted on the Plat to the extent same is not maintained by the City, any governmental agency or other entity.
- d. Any and all emergency access easements as depicted on the Plats to the extent same is not maintained by the City, any governmental agency or other entity.
- e. Any and all sight clearance easements as depicted on the Plats to the extent same is not maintained by the City, any governmental agency or other entity.

1.3 Declarant. The term “Declarant” shall mean LQH DEVELOPMENT, INC., and any party to whom it shall expressly assign in writing, its rights, powers, privileges and prerogatives hereunder.

1.4 City. “City” shall mean the City of Sealy, Texas.

1.5 County. “County” shall mean Austin County, Texas.

1.6 Home. “Home” shall mean a single-family residential unit constructed on a Lot being a part of the Property, including the parking garage utilized in connection therewith and the Lot upon which the Home is located.

1.7 Lienholder. “Lienholder” or “Mortgagee” shall mean the holder of a purchase money mortgage lien, either on any Home and/or any Lot.

1.8 Lot. “Lot” or “Lots” shall mean and refer to a portion of the Property designated as a Lot on the Plats of the Property, excluding open space, streets, alleys and any Area of Common Responsibility. Where the context requires or indicates, the term Lot shall include the Home and all other improvements which are or will be constructed on the Lot.

1.9 Member. “Member” shall mean and refer to every person who or entity that holds membership in the Association. The Declarant and each Owner shall be a Member in the Association.

1.10 Owner. "Owner" shall mean and refer to the record Owner, other than Declarant, whether one or more persons or entities, of a fee simple title to any Lot and shall include any homebuilder, but shall exclude those having such interest merely as security for the performance of an obligation. However, the term "Owner" shall include any Lienholder or Mortgagee who acquires fee simple title to any Lot which is a part of the Property, through deed in lieu of foreclosure or through judicial or nonjudicial foreclosure.

ARTICLE II

PROPERTY RIGHTS

2.1 Maintenance of Areas of Common Responsibility by the Declarant and the Association. The Association will be solely obligated to maintain and improve the Areas of Common Responsibility in a prudent manner to enhance the safety, security and overall appearance of the Development. As such, the Declarant and Association shall not, except as the Declarant or Association may reasonably deem appropriate to comply with applicable laws or to protect the health, safety or welfare of the Development or the Members, (i) cause any buildings or permanent structures to be constructed within the Areas of Common Responsibility which are not present at the time the Property is deeded to the Association, or (ii) allow any interference or conflict with the natural or planted vegetation or trees in the Areas of Common Responsibility. The Association shall have the following rights with regard to the Areas of Common Responsibility:

- a. the right to dedicate or transfer all of any part of the Areas of Common Responsibility to any public agency or authority subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless (a) an instrument of agreement to such dedication or transfer, provided that any such instrument of agreement or transfer shall have the prior written approval of sixty-six and two-thirds percent (66-2/3%) of the outstanding votes (determined pursuant to Section 3.2 hereof) held by the Members at a meeting at which a quorum is present, and (b) the City consents in writing to the dedication or transfer.
- b. the right to borrow money to be secured by a lien against the Areas of Common Responsibility; however, the rights under such improvement mortgage shall be subordinate and inferior to the rights of the Owners hereunder.
- c. the right to enter upon and make rules and regulations relating to the use of the Areas of Common Responsibility and the right to enter upon any access, maintenance or other easements for the purposes of maintaining the Areas of Common Responsibility.

- d. Declarant makes no representation or warranty as to the security or safety of the Development. Declarant does not, and will not, provide resources to ensure the security or safety of the Development, Homes, Owners, and/or Members, and shall not be responsible for the health, safety, or welfare of the Development, Homes, Owners, and/or Members.

2.2 Title to Areas of Common Responsibility. The recordation of this Declaration shall serve as a dedication and conveyance to the Association, without consideration, the fee simple title to the Areas of Common Responsibility (and any agreements regarding the same) owned by Declarant free and clear of monetary liens and encumbrances other than those created in or subordinate to this Declaration. Notwithstanding the foregoing or any other provision contained in this Declaration, Declarant shall have the right to use, for no additional charge, any and all Areas of Common Responsibility and the facilities thereon for purposes of marketing and other signage, construction and operation of model home(s), fencing, landscape, irrigation, sales and/or construction trailers and other facilities, and any other improvements in connection with the development of its Lots, from the date hereof through the date that Declarant closes on the sale of its last Lot in the Subdivision to a third-party homebuyer, and Declarant may assign any said rights to any third party Declarant which deems necessary in Declarant's sole discretion. Declarant and its contractors and vendors shall the right to conduct business within Sealy Homestead and any and all Areas of Common Responsibility, and the right to allow home builders, their contractors, and their vendors to conduct business within Sealy Homestead and any and all Areas of Common Responsibility.

ARTICLE III

ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

3.1 Membership. Declarant, during the time it owns any Lots, and each person or entity who is a record Owner of a fee or undivided fee interest in any Lot shall be a Member of the Association. The foregoing is not intended to include persons who or entities that hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from any ownership of any Lot which is subject to assessment by the Association. Transfer of ownership, either voluntarily or by operation of law, shall terminate such Owner's membership in the Association, and membership shall be vested in the transferee; provided, however, that no such transfer shall relieve or release such Owner from any personal obligation with respect to assessments which have accrued prior to such transfer.

3.2 Voting Rights. The Association shall have two classes of voting membership.

- a. **Class "A".** The Class "A" Members shall be all Owners. The Class "A" Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

- b. **Class "B"**. The Class "B" Member shall be Declarant. The Declarant shall be entitled to nine (9) votes for each Lot it owns; provided however that Declarant shall cease to be a Class "B" Member and shall become a Class "A" Member entitled to one vote per Lot on the happening of either of the following events:
- (i) when the total votes outstanding in the Class "A" membership equals the total votes outstanding in the Class "B" membership, or
 - (ii) the expiration of ten (10) years from the recording date of this instrument in the Real Property Records of the County.

3.3 No Cumulative Voting. At all meetings of the Homeowners' Association, there shall be no cumulative voting. Prior to all meetings, the Board of Directors shall determine the total number of votes outstanding and entitled to vote by the Members.

3.4 Association's Powers. In addition to the rights of the Association set forth in other sections of this Declaration, the Association shall have the duty to enforce the covenants under this Declaration and maintain all Areas of Common Responsibility and shall have the right, power, and authority to do any act which is consistent with or required by the provisions of this Declaration or the Association's Bylaws, whether the same be expressed or implied, including but not limited to the following:

- a. The power to levy and collect Assessments (as hereinafter defined), of whatever nature for the maintenance, repair or replacement of the Areas of Common Responsibility existing on the Property and for such other purposes as are herein provided;
- b. The power to keep accounting records with respect to the Association's activities;
- c. The power to contract with and employ others for maintenance and repair; and
- d. The power to adopt rules and regulations concerning the operation of the Association.

3.5 City's and County's Rights. Should the Declarant, the Association or its Board fail or refuse to maintain such Areas of Common Responsibility to City and/or County specifications for an unreasonable time, not to exceed ninety days after written request to do so, the City and/or County shall have the same right, power and authority as is herein given to the Association and its Board to enforce this Declaration and levy Assessments in the manner set forth herein. It is understood that in such event, the City and/or County may elect to exercise the rights and powers of the Association or its Board, to the extent necessary to take any action required and

levy any Assessment that the Association might have, either in the name of the Association, or otherwise, to cover the cost of maintenance of such Areas of Common Responsibility.

3.6 Declarant may, in its sole discretion, but is not obligated to, loan funds to the Association to meet budgetary deficits until the Association becomes financially self-sufficient. Said loans shall be documented by a promissory note executed by Declarant and the Association, and repayment of the loan shall be made under the terms thereof.

ARTICLE IV

ASSESSMENTS, MAINTENANCE FUND AND ASSESSMENT LIENS

4.1 **Creation of the Lien and Personal Obligation of Assessments.** Each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be expressed in any such deed or other conveyance, covenants and agrees to pay to the Association: (i) annual assessments or charges (ii) charges in connection with the transfer of a Lot, and (iii) special assessments for capital improvements. Such assessments (collectively, the "Assessments") are to be fixed, established and collected as provided herein. Assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the Lot and shall be secured by a continuing lien which is hereby created and impressed for the benefit of the Association upon the Lot against which each such Assessment is made. Each such Assessment, together with such interest costs and reasonable attorneys' fees shall also constitute a personal obligation of the person who or entity that was the record Owner of such Lot at the time of the Assessment. The personal obligation for delinquent Assessments shall not pass to successors in title unless expressly assumed by such successors; however, the lien upon the Lot shall continue until paid.

4.2 **Purpose of Assessments.** The Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the Owners of the Lots, the improvement and maintenance of the Areas of Common Responsibility and any other property owned by the Association, and the performance and/or exercise of the rights and obligations of the Association arising hereunder. Assessments shall include, but not be limited to, funds to cover actual Association costs (including reasonable reserves) for all taxes, insurance, repair, replacement, maintenance and other activities as may from time to time be authorized by the Board of Directors; legal and accounting fees, and any fees for management services; expenses incurred in complying with any laws, ordinances or governmental requirements applicable to the Association or the Property; reasonable replacement reserves and the cost of other facilities and service activities, including, but not limited to, mowing grass, grounds care, sprinkler system, landscaping, and other charges required or contemplated by this Declaration and/or that which the Board of Directors of the Association shall determine to be necessary to meet the primary purpose of the Association, including the establishment and maintenance of a reserve for repair, maintenance, taxes and other charges as specified herein.

4.3 Basis and Maximum of Annual Assessments and Transfer Fees on the Sale of Lots.

- a. Upon the recording of this Declaration, the initial regular maximum annual Assessment shall be an amount not to exceed Four Hundred and 00/100 Dollars (\$400.00) per Lot. If Property is platted and is owned by Declarant, but has not yet been developed, the Property shall be assessed at twenty-five percent (25%) of the normal annual assessment that would be owed if the Property had been developed and sold to a buyer.
- b. From and after January 1 of the first full year after the date of recordation of this Declaration and each year thereafter, the maximum regular annual assessment may be increased by an amount up to ten percent (10%) over the preceding year's regular annual assessment solely by the Board of Directors. Any increase over and above ten percent (10%) of the previous year's regular annual assessment shall be done only by the prior written approval of sixty-six and two-thirds percent (66-2/3%) of the outstanding votes (determined pursuant to Section 3.2 hereof) held by the Members at a meeting at which a quorum is present.
- c. In addition to the regular annual assessment, as a condition to the sale of every Lot by an Owner in the Development, a transfer fee of \$100.00 shall be charged to the seller of such Lot being conveyed (except for sales by Declarant, in which case, the purchaser shall pay the transfer fee), and a community enhancement fee of \$100.00 shall be charged to the purchaser of the Lot being conveyed and the pro-rata share of annual assessments then due on such Lot shall be paid by the purchaser of the Lot to the Association. The transfer fee and community enhancement fee provided for herein shall be for the benefit of the Association and shall only increase by an amount to be determined by the Board of Directors.

4.4 Special Assessments. In addition to the regular annual Assessment and transfer fees payable on the sale of lots authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the costs incurred by the Association pursuant to the provisions of this Declaration, provided that any such Assessment shall have the prior written approval of sixty-six and two-thirds percent (66-2/3%) of the outstanding votes (determined pursuant to Section 3.2 hereof) held by the Members at a meeting at which a quorum is present. Any Special Assessments shall be prorated based on the period of time the Owner owns the Lot during such year. If Property is platted and is owned by Declarant, but has not yet been developed, the Property shall be assessed at fifty percent (50%) of the normal special assessment that would be owed if the Property had been developed and sold to a buyer.

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4.5 Notice and Quorum for any Action Authorized Under Sections 4.3 and 4.4.

Written notice of any meeting called for the purpose of taking any action authorized under Sections 4.3 and 4.4 hereunder shall be given to all Members not less than ten (10) days or more than twenty (20) days in advance of such meeting. At such meeting, the presence of Members or of written proxies entitled to cast sixty percent (60%) of all the votes entitled to be cast by the Members of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

4.6 Uniform Rate of Assessment. Both the regular annual and Special Assessments shall be fixed at a uniform rate for all Lots, and shall commence and be due in accordance with the provisions of Section 4.7 hereof. Each Owner shall pay one hundred percent (100%) of the established Assessment for each Lot he or it owns.

4.7 Date of Commencement of Annual Assessments; Due Dates.

- a. The obligation to pay regular annual assessments provided for herein shall commence no earlier than the date this Declaration is recorded. The Assessments shall then be due on such payment dates as may be established by the Association. Assessments shall be due and payable on an annual basis unless otherwise designated by the Association.
- b. Unless provided above, the annual Assessments for the first Assessment year shall be fixed by the Association prior to the sale of the first Lot to an Owner. Except for the first Assessment year, the Association shall fix the amount of the annual Assessment at least thirty (30) days in advance of each Assessment year, which shall be the calendar year; provided, however, that the Association shall have the right to adjust the regular annual Assessment upon thirty days written notice given to each Owner, as long as any such adjustment does not exceed the maximum permitted pursuant to Section 4 hereof. Written notice of the regular annual Assessment shall be given as soon as is practicable to every Owner subject thereto. The amount of maximum annual Assessment may be increased each year by the Board of Directors of the Association by not more than ten percent (10%) above the amount of the maximum assessment for the previous year. Such maximum assessment may be increased by more than ten percent (10%) above the maximum assessment for the previous year only upon written approval of sixty-six and two-thirds percent (66-2/3%) of the outstanding votes held by the members at a meeting at which a quorum is present. The Association shall, upon demand at any time, furnish a certificate in writing signed either by the President, Vice President or the Secretary of the Association setting forth whether the annual and special Assessments on a specified Lot have been paid and the amount of any delinquency. A reasonable charge may be made by the Association for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any Assessment

therein stated to have been paid. As long as Declarant is a Class "B" Member pursuant to Section 3.2 hereof, Declarant shall pay the deficiency resulting in the event the cost of maintenance exceeds the amount of the Assessments received from the Owners; provided, however, in such event, Declarant shall not otherwise be required to pay Assessments with respect to portions of the Property owned by Declarant; and further, provided, however, in no event shall Declarant be required to pay an amount which is in excess of one hundred percent (100%) of the established Assessment for each Lot it owns. When the Declarant is converted to a Class "A" Member, the Declarant (i) shall no longer be responsible for contributing shortfalls outlined in the preceding sentence but rather, (ii) shall commence making regular annual and Special Assessments pursuant to Sections 4.3 and 4.4 hereof calculated on the number of Lots Declarant then owns.

- c. No Owner may exempt himself from liability for Assessments by waiver of the use or enjoyment of any portion of the Development or Areas of Common Responsibility or by abandonment of his Home.

4.8 Effect of Non-Payment of Assessments; Remedies of the Association.

- a. All payments of the Assessments shall be made to the Association at its principal place of business in Austin County, Texas, or at such other place as the Association may otherwise direct or permit. Payment shall be made in full regardless of whether any Owner has any dispute with Declarant, the Association, any other Owner or any other person or entity regarding any matter to which this Declaration relates or pertains. Payment of the Assessments shall be both a continuing affirmative covenant personal to the Owner and a continuing covenant running with the Lot.
- b. Any Assessment provided for in this Declaration which is not paid when due shall be delinquent. If any such Assessment is not paid within thirty (30) days after the date of delinquency, the Assessment shall bear interest from the date of delinquency (with no notice required to be given), until paid, at the rate of ten percent (10%) per annum or the maximum rate allowed by law, whichever is the lesser. The Association may, at its option, bring an action at law against the Owner personally obligated to pay the same, or, upon compliance with the notice provisions hereof, foreclose the lien against the Lot as provided in Subsection 4.8(d) hereof. There shall be added to the amount of such Assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include said interest and a reasonable attorneys' fee, together with the costs of action. Each Owner vests in the Association or its assigns, the right and power to bring all actions at law or in equity foreclosing such lien against such Owner, and the expenses incurred in connection therewith, including interest costs and reasonable attorneys' fees shall be chargeable to the Owner

in default. Under no circumstances, however, shall Declarant or the Association be liable to any Owner or to any other person or entity for failure or inability to enforce any Assessments.

- c. No action shall be brought to foreclose said Assessment lien or to proceed under the power of sale herein provided in less than thirty (30) days after the date a notice of claim of lien is deposited with the postal authority, certified or registered, postage prepaid, to the Owner of said Lot, and a copy thereof is recorded by the Association in the Office of the County Clerk of the County; said notice of claim must recite a good and sufficient legal description of any such Lot, the record Owner or reputed Owner thereof, the amount claimed (which may, at the Association's option, include interest on the unpaid Assessment at the maximum legal rate, plus reasonable attorneys' fees and expenses of collection in connection with the debt secured by said lien), and the name and address of the Association.
- d. Any such sale provided for above is to be conducted in accordance with the provisions applicable to the exercise of powers of sale in mortgages and deeds of trust, as set forth in Section 51.002 of the Property Code of the State of Texas (as it may be amended from time to time), or in any other manner permitted by law. Each Owner, by accepting a deed to a Lot, expressly grants to the Association a power of sale as set forth in said Section 51.002 of the Property Code, in connection with the Assessment lien. The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.
- e. Upon the timely curing of any default for which a notice of claim of lien was filed by the Association, the officers of the Association are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee, to be determined by the Association but not to exceed the actual cost of preparing and filing or recording the lien and the release. The Assessment lien and the right to foreclosure sale hereunder shall be in addition to and not in substitution of all other rights and remedies which the Association and its successors or assigns may have hereunder and by law, including the right of suit to recover a money judgment for unpaid Assessments, as above provided.

4.9 Subordination of Lien to Purchase Money Mortgages. The lien securing the Assessments provided for herein shall be expressly subordinate to the lien of any purchase money mortgage on any Lot. The sale or transfer of any Lot shall not affect the Assessment lien. However, the sale or transfer of any purchase money mortgage, pursuant to a decree of foreclosure or a non-judicial foreclosure under such purchase money mortgage or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such Assessments as to payments thereof which

became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any Assessment thereafter becoming due, in accordance with the terms herein provided.

4.10 Management Agreements. The Association shall be authorized to enter into management agreements with third parties in connection with the operation and management of the development and the performance of its obligations hereunder. A copy of all such agreements shall be available to each Owner. Any and all management agreements entered into by the Association shall provide that said management agreement may be canceled with or without cause and without penalty by the Association with thirty (30) days written notice and the management company with ninety (90) days written notice. Any and all management agreements shall be for a term not to exceed one year and shall be made with a professional and responsible party or parties with proven management skills and experience managing a project of this type. The Association may, at its discretion, assume self management of the development by the Association.

4.11 Insurance Requirements. The Association shall obtain insurance policies covering the Areas of Common Responsibility covering all damage or injury caused by the negligence of the Association, any of its employees, officers, directors and/or agents, including, but not limited to, commercial general liability insurance, directors and officers liability insurance, and such other insurance as the Association may from time to time deem necessary or appropriate.

4.12 Independent Accounting Firm Review. The Association shall have its income and expense statements, balance sheets and other books and records reviewed by an independent accounting firm annually (beginning the first full calendar year that new homes are sold), such review to be performed within 90 days following the end of the Association's fiscal year. The review shall be performed in accordance with guidelines established by the American Institute of Certified Public Accountants.

ARTICLE V

ARCHITECTURAL REVIEW COMMITTEE

5.1 Appointment of Members. The Declarant shall appoint an Architectural Control Committee (the "Committee"), which shall consist of three members who shall be natural persons and may be employed by Declarant. All matters before the Committee shall be decided by majority vote of its members. After all of the Lots are sold by Declarant, the Association shall assume all of the rights and powers of the Committee. In the event of death, incapacity or resignation of a member of the Committee, the successor for such member shall be appointed by the majority of the remaining members of the Committee if before the above date and by the Association if after such date.

5.2 Submission of Plans to Architectural Control Committee. No building, fence, wall, parking area, swimming pool, spa, pole, mail box, driveway, fountain, pond, tennis court, sign, exterior color or shape, or new or modification of a structure shall be commenced, erected or maintained upon any Lot or the patio or garage used in connection with any Lot after the purchase of any Lot from Declarant, nor shall any exterior addition to or change or alteration therein be made

until the plans and specifications showing the nature, kind, shape, height, materials and location of the same are submitted to and approved by the Committee. Plans and specifications shall be submitted to the Committee at least thirty (30) days prior to the commencement of any construction or modification. The following shall be submitted for approval: a site plan showing the entire Lot with existing improvements, and floor plan and elevations of all faces of the proposed structure; and a description of all exterior construction materials. A copy of the above described plans and specifications may be retained by Declarant.

Notwithstanding the foregoing paragraph, except with the written permission of the Committee or as provided herein, no Owner may erect or maintain (a) any direct broadcast satellite ("DBS") antenna greater than one meter (39 inches) in diameter, or (b) any multi-channel multipoint distribution service (wireless cable) ("MMDS") antenna greater than one meter (39 inches) in diameter; provided, however, such DBS or MMDS antenna being less than one meter in diameter may be placed in the least conspicuous location on a Lot where an acceptable quality signal can be received as long as such DBS or MMDS antenna is screened from view (for aesthetic reasons) of any street, alley, park, Common Area or other public area, unless otherwise approved in writing by the Committee. The installation of any other antennal structure, such as a television broadcast service ("TVBS") antenna, will be mounted in the attic of a residential structure unless written permission is given by the ACC to place such antennal structure in another location. Except with the written permission of the Committee, no solar collector panels may be placed on or around the residential structure.

5.3 Approval of Plans. The Committee shall review the plans and specifications and notify the Owner in writing of its approval or disapproval. If the Committee fails to approve or disapprove said plans and specifications within thirty (30) days after the same has been submitted to it, they will be deemed to have been approved by the Committee. Any disapproval shall set forth the elements disapproved and the reason or reasons thereof. The judgment of the Committee in this respect in the exercise of its sole and absolute discretion shall be final and conclusive and the Owner shall promptly correct the plans and specifications (if disapproved) and resubmit them for approval. No construction, alteration, change or modification shall commence until approval of the Committee is obtained. The Committee may approve any deviation from these covenants and restrictions as the Committee, in its sole and absolute discretion, deems consistent with the purpose hereof. No member of the Committee shall be liable to any Owner for any claims, causes of action or damages arising out of the denial of any submittal or grant of any deviation to an Owner. Future requests for deviations submitted hereunder shall be reviewed separately and apart from other such requests and the grant of a deviation to any Owner shall not constitute a waiver of the Committee's rights to strictly enforce the Declaration and the architectural standards provided herein against any other Owner. Approval by the Committee of the plans and specifications or its determination that the completed construction or modification has been constructed in accordance with the plans and specifications shall be deemed to be an acknowledgment by the Committee that such are in accordance with this Declaration and such acknowledgment shall be binding against the Owners of the Lots and the Property.

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5.4 Committee Members' Liability. Neither the Declarant, the Association, the Board, the Committee nor any employees, officers, directors or members thereof shall be liable for damages or otherwise to anyone submitting plans and specifications for approval or to any Owner affected by this Declaration by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any plans or specifications. Any errors in or omissions from the plans of the site plan submitted to the Committee shall be the responsibility of the Owner of the Lot to which the improvements relate, and the Committee shall have no obligation to check for errors in or omissions from any such plans, or to check for such plans' compliance with the general provisions of this Declaration, City and/or County codes, state statutes or the common law, whether the same relate to Lot lines, building lines, easements or any other issue.

5.5 Homebuilder Plans. Notwithstanding anything to the contrary contained herein, once a particular set of plans and specifications submitted by a homebuilder (which for purposes hereof shall be defined as any entity or person in the business of constructing single family residences for the purpose of sale to third parties) has been approved by the Committee or deemed approved, such homebuilder may construct homes in the Development on any Lot in accordance with such plans and specifications without the necessity of obtaining subsequent approvals therefor, so long as there are no major material changes in the plans and specifications and the Committee approves of the location of the plans and specifications to prevent unnecessary duplication thereof within the Development.

5.6 Design Guidelines. The Committee has the right to issue Design Guidelines from time to time which will contain the specific provisions applicable to all of the Lots regarding style, basic site design issues, aesthetics of each home, the use of quality exterior finish materials and minimum landscaping plans for the Lots. The Design Guidelines will be used by the Committee with the Declaration to determine the approval of all plans.

ARTICLE VI

CONSTRUCTION OF IMPROVEMENTS AND USE OF LOTS

6.1 Residential Use. The Property shall be used for single-family residential purposes only. No building shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached single family residence per Lot, which residence may not exceed two and one-half (2 1/2) stories in height and a private garage as provided below, which residence shall be constructed to minimum Federal Housing Authority ("FHA") and Veteran's Administration ("VA") standards, unless otherwise approved in writing by the Committee.

6.2 Single Family Use. Each residence shall be limited to occupancy by only one family consisting of persons related by blood, adoption or marriage or no more than two unrelated persons residing together as a single housekeeping unit, in addition to any household or personal servant staff.

6.3 Garage Required. Each residence shall have an enclosed garage suitable for parking a minimum of two (2) standard size automobiles. The garage shall conform in design and materials with the main structure.

6.4 Restrictions on Resubdivision. No Lot shall be subdivided into smaller Lots.

6.5 Driveways. All driveways shall be surfaced with concrete or similar substance approved by the Committee.

6.6 Burglar Bars. No bars or obstructions intended for use as burglar bars or sold as devices intended to prohibit forced entry into a residence may be placed on the exterior of a residence, including but not limited to windows and doors.

6.7 Uses Specifically Prohibited.

- a. No temporary dwelling, shop, trailer or mobile home of any kind or any improvement of a temporary character (except children's playhouses, dog houses, greenhouses, gazebos and buildings for storage of lawn maintenance equipment which may be placed on a Lot only in places which are not visible from any street on which the Lot fronts) shall be permitted on any Lot except that the builder or contractor may have temporary improvements (such as a sales office and/or construction trailer) on a specifically permitted Lot during construction in the Subdivision. No building material of any kind or character shall be placed or stored upon the Property until construction is ready to commence, and then such material shall be placed totally within the property lines of the Lot upon which the improvements are to be erected.
- b. No boat, marine craft, hovercraft, aircraft, recreational vehicle, pick-up camper, travel trailer, motor home, camper body, automobile or motorcycle or similar vehicle or equipment may be parked for storage in the driveway or front yard of any dwelling or parked on any public street on the Property, nor shall any such vehicle or equipment be parked for storage in the side or rear yard of any residence. No such vehicle or equipment shall be used as a residence or office temporarily or permanently. This restriction shall not apply to any vehicle, machinery or equipment temporarily parked while in use for the construction, maintenance or repair of a residence in the Development.
- c. Trucks with tonnage in excess of one and one-half (1.5) tons and any commercial vehicle with painted advertisement shall not be permitted to park overnight on the Property (except those used by a builder during the construction of improvements) unless properly concealed from public view in the garage of the residence.

- d. No vehicle of any size which transports flammable or explosive cargo may be kept on the Property at any time.
- e. No motorized vehicle or similar equipment shall be parked or stored in an area visible from any street except passenger automobiles, passenger vans, motorcycles, pick-up trucks (including those with attached bed campers) that are in operating condition and have current license plates and inspection stickers and are in current use.
- f. No vehicle shall park on any street located within the Subdivision from the hours of 12:00 midnight to 6:00 a.m. This restriction shall not apply to any vehicles owned, operated or under the control of a builder, contractor, and/or subcontractor temporarily parked while in use for the construction, maintenance and/or repair of a residence in the Subdivision.
- g. No structure of a temporary character, such as a trailer, tent, shack, barn, underground tank or structure or other out-building shall be used on the Property at any time as a dwelling house; provided, however, that any builder may maintain and occupy model houses, sales offices and construction trailers during the construction period, but not as a residence.
- h. No oil drilling, oil development operation, oil refining, quarrying or mining operations of any kind shall be permitted in or on the Property, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any part of the Property. No derrick or other structure designed for use in quarrying or boring for oil, natural gas or other minerals shall be erected, maintained or permitted on the Property.
- i. No animals, livestock or poultry of any kind shall be raised, bred or kept on the Property except that dogs, cats or other qualified animals may be kept as household pets. Animals are not to be raised, bred or kept for commercial purposes or for food. It is the purpose of these provisions to restrict the use of the Property so that no person shall quarter on the premises cows, horses, bees, hogs, llamas, sheep, goats, guinea fowls, emus, pigeons, ducks, chickens, turkeys, skunks or any other animals that may interfere with the peace and quiet and health and safety of the community. No more than four (4) pets will be permitted on each Lot. Pets must be restrained or confined to the homeowner's rear yard within a secure fenced area or within the house. It is the pet owner's responsibility to keep the Lot clean and free of pet debris or odor noxious to adjoining Lots. All animals must be properly registered, vaccinated and tagged for identification in accordance with local ordinances.
- j. No Lot or other area of the Property shall be used as a dumping ground for rubbish or accumulation of unsightly materials of any kind, including without limitation, broken or rusty equipment, disassembled or inoperative

cars and discarded appliances and furniture. Trash, garbage or other waste (collectively "Trash"), shall only be kept in sanitary containers that must be stored out of public view at all times. Notwithstanding the foregoing, Trash containers may only be visible on designated trash collection days and for only the period of time in which Trash is to be collected. In no event should Trash containers be left out over night. All containers for the storage or other disposal of such material shall be kept in clean and sanitary condition. Materials incident to construction of improvements may only be stored on Lots during construction of the improvement thereon.

- k. No individual water supply system shall be permitted on any Lot.
- l. No individual sewage disposal system shall be permitted on any Lot.
- m. No garage, garage house or other out-building (except for sales offices and construction trailers during the construction period) shall be occupied by any Owner, tenant or other person prior to the erection of a residence.
- n. No air-conditioning apparatus shall be installed on the ground in front of a residence. No air-conditioning apparatus shall be attached to any front wall or window of a residence. No evaporative cooler shall be installed on the front wall or window of a residence.
- o. Except with the written permission of the Committee or as preempted by the FCC or other governmental agency, no antennas, satellite dishes or other equipment for receiving or sending sound or video signals shall be permitted in or on the Property except antennas for AM or FM radio reception and UHF and VHF television reception, except that one satellite dish or similar antenna that must be no greater than one (1) meter in diameter and must be placed in the least conspicuous location on a Lot where an acceptable quality signal can be received so long as it is completely screened from view from any adjacent street or other public area. No exposed cabling for satellite TV, phone lines, electrical connections, etc., can be visible from the street or side of the house.
- p. No Lot or improvement thereon shall be used for a business, professional, commercial or manufacturing purpose of any kind for any length of time. No business activity shall be conducted on the Property which is not consistent with single family residential purposes. No noxious or offensive activity shall be undertaken on the Property, nor shall anything be done which is or may become an annoyance or nuisance to the neighborhood. Nothing in this subparagraph shall prohibit a builder's temporary use of a residence as a sales/construction office for so long as such builder is actively engaged in construction on the Property. Nothing in this subparagraph shall prohibit an Owner's use of a residence for quiet, inoffensive activities such

as tutoring or giving art lessons so long as such activities do not materially increase the number of cars parked on the street or interfere with adjoining homeowners' peaceful use and enjoyment of their residences and yards.

- q. No fence, wall, hedge or shrub planting which obstructs sight lines at an elevation between three and six feet (6') above the roadway shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street right-of-way lines, or in the case of a rounded property corner, from the intersection of the street right-of-way lines as extended. The same sight-line limitations shall apply on any Lot within that area is ten feet (10') from the intersection of a street right-of-way line with the edge of a private driveway or alley pavement. No tree shall be permitted to remain within such distance of such intersections unless the foliage line is maintained at a minimum height of six feet (6') above the adjacent ground line.
- r. Except for children's playhouses, dog houses, greenhouses, gazebos and buildings for storage of lawn maintenance equipment no building previously constructed elsewhere shall be moved onto any Lot, it being the intention that only new construction be placed and erected on the Property.
- s. Within those easements on each Lot as designated on the Plat of the Development, no improvement, structure, planting or materials shall be placed or permitted to remain which might damage or interfere with the installation, operation and maintenance of public utilities, or which might alter the direction of flow within drainage channels or which might obstruct or retard the flow of water through drainage channels. The general grading, slope and drainage plan of a Lot as established by the Declarant's approved development plans may not be altered without the approval of the City and/or other appropriate agencies having authority to grant such approval.
- t. No sign of any kind or character shall be displayed to the public view on any Lot or from any home on any Lot except for one professionally fabricated sign of not more than five (5) square feet advertising the property for rent or sale, or signs used by a builder to advertise the property during the construction and sales period. Declarant, any home builder, or their agents shall have the right, without notice, to remove any sign, billboard or other advertising structure that does not comply with the above, and in so doing shall not be subject to any liability for trespass or any other liability in connection with such removal. The failure to comply with this restriction will also subject any Owner to a fine of One Hundred and no/100 Dollars (\$100.00) per day (to be collected by Declarant) for each day that such Owner fails to comply with this restriction. The non-payment of such fine can result in a lien against said Lot, which lien may be foreclosed on in accordance with the terms set forth in this Declaration

in order to collect such fine by the Declarant or any Owner in the Subdivision.

- u. Outdoor clothes lines and drying racks visible to adjacent Properties are prohibited. Owners or residents of Lots where the rear yard is not screened by solid fencing or other such enclosures, shall construct a drying yard or other suitable enclosure or screening to shield from public view clothes drying racks, yard maintenance equipment and/or storage of materials.
- v. Except within fireplaces in the main residential dwelling and equipment for outdoor cooking, no burning of anything shall be permitted anywhere on the Property.
- w. All basketball goals must either be portable (temporary), set in cement next to the driveway or attached to the garage on the front of the home and must be kept behind all building setback lines. No basketball nets may be allowed to hang out over any street at any time, block any sidewalk or be placed in the street at any time.
- x. Aluminum or vinyl patio covers are not allowed.
- y. Car ports of any kind are not allowed.
- z. Temporary equipment used for any sport, such as a basketball hoop, soccer netting, volleyball netting, and similar types of temporary and portable sporting use equipment are only permitted while in use on the homeowner's property. In no event can sporting equipment be used or stored in or on a roadway, sidewalk, driveway, or common area, or left out in public view on the homeowner's property when not in use.
- aa. Enclosed/screened-in back porches and back patios are allowed provided that they comply with Committee guidelines and standards of construction and are approved by the Committee prior to construction.
- bb. Patio enclosures and carports are prohibited.

6.8 Minimum Floor Area. The total air-conditioned living area of the main residential structure, as measured to the outside of exterior walls (but exclusive of open porches, garages, patios and detached accessory buildings), shall be not less than the minimum floor area as specified by the City.

6.9 Building Materials. The total exterior wall area (excluding windows, doors and gables of each residence constructed on a Lot) shall not be less than the minimum percentage as established by the City a by ordinance or building code requirement of brick, brick veneer, stone, stone veneer, stucco, cement plank, fiber cement siding, or other masonry material approved by the Committee.

6.10 Setback Requirements. No dwelling shall be located on any Lot nearer to the front lot line or nearer to the side lot line than the minimum setback lines shown on the Plat or as required by the City and/or County.

6.11 Waiver of Setback Requirements. With the written approval of the Committee and subject to plat and zoning restrictions, any building may be located farther back from the front property line of a Lot than provided above, where, in the opinion of the Committee, the proposed location of the building will enhance the value and appearance of the Lot and will not negatively impact the appearance of adjoining Lots.

6.12 Fences and Walls. All Lots along detention areas shall have wrought iron fences four feet (4') in height. All other fences and walls shall be constructed of masonry, brick, wood, or other material approved in writing by the Committee. No chain link or wire fencing is allowed. No fence or wall on any Lot shall extend nearer to any street than the front of the residence thereon. Except as otherwise specifically approved by the Committee, all streetside side yard fencing on corner Lots shall be set no closer to the abutting side street than the property line of such Lot. No portion of any fence shall exceed six feet (6') in height. Any fence or portion thereof that faces a public street shall be constructed so that all structural members and, unless Declarant determines otherwise, support posts will be on the side of the fence away from the street and not visible from any public right-of-way.

6.13 Sidewalks. All walkways along public right-of-ways shall conform to the minimum property standards of the City, County, FHA and VA.

6.14 Mailboxes. Mailboxes shall be standardized and shall be constructed of a material and design approved by the Committee (unless gangboxes are required by the U.S. Postal Service).

6.15 Windows. Windows, jambs and mullions shall be composed of anodized or painted aluminum or vinyl. All front elevation windows shall have baked-on painted or anodized aluminum windows (no mill finish).

6.16 Landscaping. Landscaping of each Lot shall be completed within sixty (60) days (subject to extension for delays caused by inclement weather, restrictions or delays caused by governmental regulations prohibiting new planting or watering due to restricted water use) after the home construction is completed and shall include grassed yards.

6.17 General Maintenance of Lots. Following occupancy of the Home upon any Lot, each Owner shall maintain and care for the Home, all improvements and all trees, foliage, plants, and lawns on the Lot and otherwise keep the Lot and all improvements thereon in good condition and repair and in conformity with the general character and quality of properties in the immediate area, such maintenance and repair to include but not be limited to: (i) the replacement of worn and/or rotted components, (ii) the regular painting of all exterior surfaces, (iii) the maintenance, repair and replacement of roofs, rain gutters, downspouts, exterior walls, windows, doors, walks, drives, parking areas and other exterior portions of the improvements to maintain an attractive appearance, and (iv) regular mowing and edging of lawn and grass areas. Upon failure of any Owner to maintain a Lot owned by him in the manner prescribed herein, the or the Association, or either of them, at its option and discretion, but without any obligation to do so, but only after ten (10) days written notice to such Owner to comply herewith, may enter upon such Owner's Lot and undertake to maintain and care for such Lot to the condition required hereunder and the Owner thereof shall be obligated, when presented with an itemized statement, to reimburse said Declarant and/or Association for the cost of such work within ten days after presentment of such statement. This provision, however, shall in no manner be construed to create a lien in favor of any party on any Lot for the cost or charge of such work or the reimbursement for such work.

ARTICLE VII

GENERAL PROVISIONS

7.1 Additional Easements.

- a. **Utility and Telecommunication Utility Easements.** The Declarant hereby reserves the right to grant perpetual, non-exclusive easements in gross for the benefit of Declarant or its designees, upon, across, over, through and under any portion of the Property designated on the plat thereof for easements for the purpose of ingress, egress, installation, replacement, repair, maintenance, use and operation of any and all utility and service lines and service systems, public and private, including, without limitation, telephone, cable, fiber optic and any other cable or wiring system designed to provide or deliver communication of any form, video or telecommunications, computer access, "Internet" or e-mail access, security monitoring or other services to any Owner. The Declarant also reserves the right to grant perpetual, non-exclusive easements in gross for the benefit of Declarant or its designees across and over any portion of the Property for the purpose of delivering satellite, "broadband," cellular or other wireless communication designed to provide or deliver communication of any form, video or telephone communications, computer access, "Internet" or e-mail access, security monitoring or other services to any Owner. In addition, the Declarant also reserves the right to grant perpetual, non-exclusive easements in gross in the Areas of Common Responsibility to erect one or more transmission towers as required, to facilitate the providing or delivering of satellite, "broadband,"

cellular or other wireless communication, designed to provide communication of any form, video or telephone communications, computer access, "Internet" or e-mail access, security monitoring and other services to any Owner.

Declarant, for itself and its designees, reserves the right to retain or transfer title to any and all wires, pipes conduits, lines, cables, transmission towers or other improvements installed on or in such easements and to enter into franchise or other agreements with private or public providers of telecommunication type packages that are designed to provide such services to the Development.

- b. **Continued Maintenance Easement.** In the event that the Owner fails to maintain the Lot as required herein, or in the event of emergency, or in the event the Association requires entry upon any Lot to repair or maintain any Area of Common Responsibility, the Association shall have the right to enter upon the Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the Property. Entry upon the Lot as provided herein shall not be deemed a trespass, and the Association shall not be liable for any damage so created unless such damage is caused by the Association's willful misconduct or gross negligence.

- c. **Drainage Easements.** Easements for installation and maintenance of utilities, stormwater retention/detention ponds, and/or a conservation area are reserved as may be shown on the Plat. Within these easement areas, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may hinder or change the direction of flow of drainage channels or slopes in the easements. The easement area of each Lot and all improvements contained therein shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority, utility company or the Association is responsible. Declarant hereby reserves for the benefit of Declarant and any Builder a blanket easement on, over and under the ground within the Property to maintain and correct drainage of surface waters and other erosion controls in order to maintain reasonable standards of health, safety and appearance and shall be entitled to remove trees or vegetation, without liability for replacement or damages, as may be necessary to provide adequate drainage facilities. Notwithstanding the foregoing, nothing herein shall be interpreted to impose any duty upon Declarant or any Builder to correct or maintain any drainage facilities within the Property.

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- d. **Temporary Completion Easement.** All Lots shall be subject to an easement of ingress and egress for the benefit of the Declarant, any Builder, their employees, subcontractors, successors and assigns, over and upon the front, side and rear yards of the Property as may be expedient or necessary for the construction, servicing and completion of dwellings and landscaping upon Lots adjacent thereto, provided that such easement shall terminate twelve (12) months after the date such burdened Lot is conveyed to the Owner by the Declarant or a Builder.
- e. **Universal Easements.** The Owner of each Lot (including Declarant so long as Declarant is the Owner of any Lot) is hereby granted an easement not to exceed three feet (3') in width over all adjoining Lots for the purpose of accommodating any encroachment or protrusion due to engineering or fence line errors, trees, landscaping or retaining wall located along property lines, errors in original construction, surveying, settlement or shifting of any building, or any other cause. There shall be easements for the maintenance of said encroachment, protrusion, settling or shifting; provided, however, that in no event shall an easement for encroachment or protrusion be created in favor of an Owner or Owners of said encroachment or protrusion occurred due to willful misconduct of said Owner or Owners. In addition, the Owner of each Lot is hereby granted an easement for encroachments not to exceed three feet (3') in width by misplaced fences or fence lines and overhanging roofs, eaves or other improvements as originally constructed over each adjoining Lot and for the maintenance thereof. Each of the easements hereinabove referred to shall be deemed to be established upon the recordation of this Declaration and shall be appurtenant to each affected Lot and shall pass with each conveyance of said Lot.
- f. Declarant may transfer to any third party Declarant's rights under Section 7.1.

7.2 Enforcement. The Declarant or the Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, the By-Laws and Certificate of Formation. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. With respect to any litigation hereunder, the prevailing party shall be entitled to recover reasonable attorneys' fees from the nonprevailing party. The failure of any Owner to comply with any restrictions or covenants will result in irreparable damage to Declarant, the Association and/or other Owners of Lots in the Subdivision; thus, the breach of any provisions of this Declaration may not only give rise to an action for damages at law, but also may be made the subject of an action for injunctive relief and/or specific performance in equity in any court of competent jurisdiction. In the event enforcement actions are instituted and the enforcing party recovers, then, in addition to the remedies specified above, court costs and reasonable attorneys' fees shall

be assessed against the violator. In addition to the remedies for enforcement provided for elsewhere in this Declaration, the violation or attempted violation of the provisions of this Declaration, or any amendment hereto, or Rules and Regulations promulgated by the Board, by an Owner, his family, guests, lessees or licensees, shall authorize the Board (in the case of all of the following remedies) or any Owner (in the case of the remedies provided in (d) below), to avail itself of any one or more of the following remedies:

- a. The imposition of a special charge not to exceed Fifty and no/100 Dollars (\$50.00) per violation, or
- b. The suspension of the Owner's right to use any Association property for a period not to exceed thirty (30) days per violation, plus attorneys' fees incurred by the Association with respect to the exercise of such remedy, or
- c. The right to cure or abate such violation, including the right to enter any Lot upon which such violation exists without liability for trespass, and to charge the expense thereof, if any, to such Owner, plus attorneys' fees incurred by the Association with respect to the exercise of such remedy, or
- d. The right to seek injunctive or any other relief provided or allowed by law against such violation and to recover from such Owner all its expenses and costs in connection therewith, including, but not limited to, attorneys' fees and court costs.

Before the Board invokes the remedies provided in subparagraphs (a), (b), (c), and (d) above, it shall give written notice of such alleged violation to the Owner, and shall afford the Owner a hearing. If, after the hearing, a violation is found to exist, the Board's right to proceed with the listed remedies shall become absolute. Each day a violation continues shall be deemed a separate violation. Failure of the Association, the Declarant, or of any Owner to take any action upon any breach or default with respect to any of the foregoing violations shall not be deemed a waiver of their right to take enforcement action thereafter or upon a subsequent breach or default. All charges assessed against an Owner shall constitute a continuing lien upon the Lot of such Owner as fully as if such charge were an unpaid annual or special assessment.

7.3 Severability. If any condition, covenant or restriction herein contained shall be invalid, which invalidity shall not be presumed until the same is determined by the final judgment or order of a court of competent jurisdiction, such invalidity shall in no way affect any other condition, covenant or restriction, each of which shall remain in full force and effect.

7.4 Term. The covenants and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and be enforceable by Declarant (during the time it owns any Lots), the Association, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of twenty-five years from the date this

Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless by vote, of the then Owners of sixty-seven percent (67%) of the Lots (and the City, if then a party hereto) agree in writing to terminate or change this Declaration in whole or in part and such writing is recorded in the Real Property Records of the County.

7.5 Amendment.

- a. This Declaration may be amended or modified upon the express written consent of at least sixty-six and two-thirds percent (66-2/3%) of the outstanding votes (determined pursuant to Section 3.2 hereof) held by Members at a meeting at which a quorum is present. If the proposed amendment involves a modification of any of the Association's agreements, covenants or restrictions pertaining to the use, maintenance, operation, maintenance and/or supervision of any Areas of Common Responsibilities, the approval of the City and/or County must also be obtained for such amendment. Any and all amendments, if any, shall be recorded in the office of the County Clerk of the County. Notwithstanding the foregoing, Declarant shall have the right to execute and record amendments to this Declaration without the consent or approval of any other party if the sole purpose of the amendment is for the purpose of correcting technical errors or for purposes of clarification.

- b. Declarant intends that this Declaration may be amended to comply if not in compliance with all requirements of the Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA"), FHA and VA. Notwithstanding anything to the contrary contained herein, if this Declaration does not comply with FHLMC, FNMA, VA or FHA requirements, the Board and/or the Declarant shall have the power in its discretion (on behalf of the Association and each and every Owner) to amend the terms of this Declaration or to enter into any agreement with FHLMC, FNMA, VA, and FHA, or their respective designees, reasonably required by FHLMC, FNMA, VA or FHA to allow this Declaration to comply with such requirements. Should the FHLMC, FNMA, VA or FHA subsequently delete any of their respective requirements which necessitate any of the provisions of this Declaration or make any such requirements less stringent, the Board and/or the Declarant, without approval of the Owners, may, upon reasonable justification, cause an amendment to this Declaration to be executed and recorded to reflect such changes.

7.6 Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, in all cases shall be assumed as though fully expressed in each case.

7.7 **Remedies.** Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity, including, without limitation, an action for injunctive relief, it being acknowledged and agreed that a violation of the covenants, conditions and restrictions contained herein could cause irreparable injury to Declarant and/or the other Owners and that the Declarant's and/or the other Owner's remedies at law for any breach of the Owners' obligations contained herein would be inadequate. Enforcement may be commenced by the Association, the Declarant, the City and/or County, or any Owner against any person or persons violating or attempting to violate them, and failure by the Association, the Declarant or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The rights created herein are unique and enforceable by specific performance. In addition to the remedies set forth herein, the Association will also have the right and power to levy fines against any Owner in breach of their obligations set forth in this Declaration.

7.8 **Notices to Member/Owner.** Any notice required to be given to any Member and/or Owner under the provisions of this Declaration shall be deemed to have been properly delivered forty-eight (48) hours after deposited in the United States Mail, postage prepaid, certified or registered mail, and addressed to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

7.9 **Headings.** The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration. Words of any gender used herein shall be held and construed to include any other gender and words in the singular, shall be held to include the plural and visa versa unless the context requires otherwise.

7.10 **Formation of Association; Inspection of Documents, Books and Records.** The Association shall be formed by Declarant as a non-profit corporation in accordance with the laws of the State of Texas. Management and governance of the Association shall be implemented and/or undertaken in accordance with its Certificate of Formation, in accordance with this Declaration, and in accordance with the Bylaws which shall be adopted by the Association following its formation. The Association shall make available copies of the Declaration, Bylaws, Certificate of Formation, rules and regulations governing the Association as well as the books, records and financial statements of the Association for inspection by Owners or any Mortgagee during regular business hours or other reasonable times.

7.11 **Indemnity.** The Association shall indemnify, defend and hold harmless the Declarant, the Board, the Committee and each director, officer, employee and agent of the Declarant, the Board and the Committee from all judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses (including attorneys' fees) incurred by such indemnified person under or in connection with this Declaration or the Property to the fullest extent permitted by applicable law. Such indemnity to include matters arising as a result of the sole or concurrent negligence of the indemnified party, to the extent permitted by applicable law.

7.12 **FHA/VA Approval Requirement.** As long as there remains any Class B membership and any first lien mortgage is in effect with respect to any Lot which is insured by FHA or VA, the following actions shall require prior approval of FHA or VA if such approval is required

under the then applicable FHA or VA regulations): amendment of the Certificate of Formation, Declaration or Bylaws; annexation of additional property; mortgaging or dedication of the Open Space; and dissolution of the Association.

7.13 Failure of Declarant or Association to Perform Duties. Should the Declarant or the Association fail to carry out its duties as specified in this Declaration, the City and/or County or its lawful agents shall have the right and ability, after due notice to the Declarant or the Association, to remove any landscape systems, features or elements that are the responsibility of and cease to be maintained by the Declarant or the Association; to perform the responsibilities of the Declarant or the Association if either party fails, to do so in compliance with any of the provisions of this Declaration or of any applicable City and/or County codes or regulations; to assess the Declarant or the Association for all costs incurred by the City and/or County in performing said responsibilities if the Declarant or the Association fails to do so; and/or to avail itself of any other enforcement actions available to the City and/or County pursuant to state law or City and/or codes and regulations. Should the City and/or County exercise its rights as specified above, the Declarant or the Association shall indemnify and hold harmless the City and/or County from any and all costs, expenses, suits, demands, liabilities or damages, including attorneys' fees and costs of suit, incurred or resulting from the City's and/or County's removal of any landscape systems, features or elements that cease to be maintained by the Declarant or the Association or from the City's and/or County's performance of the aforementioned operations, maintenance or supervision responsibilities of the Declarant's or the Association's failure to perform said duties. The obligations described in this paragraph are solely obligations of the Association (and the Declarant if the Declarant remains so obligated), and no other party, including without limitation, the Declarant (assuming the Declarant is no longer so obligated) or any Owner, shall have any liabilities or obligations in connection therewith.

7.14 Binding Effect. Each of the conditions, covenants, restrictions and agreements herein contained is made for the mutual benefit of, and is binding upon, each and every person acquiring any part of the Property, it being understood that such conditions, covenants, restrictions and agreements are not for the benefit of the owner of any land except land in the Development. This Declaration, when executed, shall be filed of record in the Real Property Records of the County so that each and every owner or Owner of any portion of the Development is on notice of the conditions, covenants, restrictions and agreements herein contained.

7.15 Recorded Plat; Other Authorities. All dedications, limitations, restrictions and reservations that are shown on the Plats are deemed to be incorporated herein and shall be construed as being adopted in each contract, deed or conveyance executed or to be executed by the Declarant, conveying the Lots, whether specifically referred to therein or not. If other authorities, such as the City and/or the County, impose more demanding, expensive, extensive or restrictive requirements than those that are set forth herein (through zoning or otherwise), the requirements of such authorities shall be complied with. Other authorities' imposition of lesser requirements than those that are set forth herein shall not supersede or diminish the requirements that are set forth herein.

7.16 Additions to the Development. Additional property may become subject to this Declaration in any of the following manners:

- a. The Declarant may add or annex additional real property to the scheme of this Declaration by filing of record a Supplementary Declaration of Covenants, Conditions and Restrictions which shall extend the scheme of this Declaration to such property, provided, however, that such Supplementary Declaration may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with this Declaration.
- b. In the event any person or entity other than the Declarant desires to add or annex additional residential and/or common areas to the scheme of this Declaration, such annexation must have the prior written consent and approval of the majority of the outstanding votes within each voting class of the Association. Any additions made pursuant to paragraphs (a) and (b) of this Section, when added, shall automatically extend the jurisdiction, functions, duties and membership of the Association to the properties added.
- c. The Declarant shall have the right and option, without the joinder, approval or consent of any person(s) or entity(ies) to cause the Association to merge or consolidate with any similar association then having jurisdiction over real property located (in whole or part) within 1 mile of any real property then subject to the jurisdiction of this Association. Upon a merger or consolidation of the Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the Property together with the covenants and restrictions established upon any other properties as one scheme.
- d. The Declarant may disannex any of the real property of the scheme of this Declaration by filing of record a Supplementary Declaration of Covenants, Conditions and Restrictions.

7.17 No Warranty of Enforceability. While the Declarant has no reason to believe that any of the restrictive covenants or other terms or provisions contained in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenants. Any Owner acquiring a Lot in the Development in reliance on one or more of such restrictive covenants, terms or provisions shall assume all risks of the validity and enforceability thereof and,

by acquiring the Lot, agrees to hold Declarant and the Committee harmless therefrom. The Declarant shall not be responsible for the acts or omissions of any individual, entity or other Owners.

7.18 Right of Enforcement. The failure by Declarant or the Committee to enforce any provision of this Declaration shall in no event subject Declarant or the Committee to any claims, liability, costs or expense; it being the express intent of this Declaration to provide Declarant with the right (such right to be exercised at its sole and absolute discretion), but not the obligation to enforce the terms of this Declaration for the benefit of any Owner(s) of any Lot(s) in the Development.

7.19 Residential Construction Liability Act. Without waiving any rights under law or equity, all Owners acknowledge, covenant and agree that residential construction defect claims regarding any Home against the Declarant or any homebuilder in Texas are controlled by the Texas Residential Construction Liability Act (Tex. Prop. Code §27.001 *et seq.*, as amended) which preempts the Texas Deceptive Trade Practices Act (Tex. Bus. & Com. Code § 17.41 *et seq.*, as amended) and any other law.

7.20 EPA Compliance. The Owner of each Lot agrees to comply with all EPA rules and regulations regarding erosion control and compliance with a Storm Water Pollution Prevention Plan affecting the Lots (the "Plan") which will include elements necessary for compliance with the nationwide general permit for construction activities administered by the EPA under the National Pollutant Discharge Elimination System. Each Owner acknowledges that the Declarant and any homebuilder will not bear any responsibility for complying with a Plan on any Lot upon the sale of each Lot in the subdivision.

7.21 Disclosures. In order to preserve property values in the Development, it is in every Owner's best interest to be fully aware of any and all adjacent land uses, objectionable land uses or nuisances, or prior land uses that might impact someone's decision to live in the Development. Accordingly, the Declarant has the right at any time to file an instrument of record in the County that will reference this Declaration and will serve the purpose of putting all existing, potential and future Owners of any Lot on actual notice of any such land use(s) or nuisance(s).

7.22 Soil Movement. Each Owner acknowledges that the failure or excessive movement of any foundation of any Home in the Subdivision can result in the diminished value and overall desirability of the entire Development. Each Owner agrees and understands that the maintenance of the moisture content of the soils on each Lot is necessary to preserve the structural integrity of each home in the Development. Each Owner also acknowledges that the long term value and desirability of the Development is contingent upon each Owner maintaining their Home so that no structural failure or excessive soil movement occurs within the Development.

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EACH OWNER IS HEREBY NOTIFIED THAT THE SOIL COMPOSITION IN TEXAS IN GENERAL AND THE DEVELOPMENT IN PARTICULAR AND THE CONDITION OF THE LOTS MAY RESULT IN THE SWELLING AND/OR CONTRACTION OF THE SOIL IN AND AROUND THE LOT IF THE OWNER OF THE LOT DOES NOT EXERCISE THE PROPER CARE AND MAINTENANCE OF THE SOIL REQUIRED TO PREVENT SOIL MOVEMENT.

If the Owner fails to exercise the necessary precautions, damage, settlement, movement or upheaval to the foundation may occur. Owners are highly encouraged to install and maintain proper irrigation around their Home or take such other measures to ensure even, proportional, and prudent watering around the foundation of the Home.

By each Owner's acceptance of a warranty deed to any Lot, each Owner, on behalf of Owner and Owner's representatives, successors and assigns, hereby acknowledge that the developer, Declarant, all homebuilders in the Subdivision, the Association, and the Committee shall not be responsible or liable for any damage, settlement, movement or upheaval to the foundation or any other part of the residence constructed on said Lot and hereby releases and forever discharges, developer, all homebuilders in the Subdivision, Declarant, Association, and the Committee, and their respective shareholders, members, officers, directors, partners, employees, agents, representatives, affiliates, attorneys', successors and assigns, of and from any and all claim for the relief and/or causes of actions, liabilities, damages and claims whatsoever, known or unknown direct or indirect, arising from or relating to the foundation and/or the residence constructed upon the Lot, including but not limited to any damage thereto caused by and/or related in any fashion to the soil condition upon which the same are constructed, the presence of groundwater and any other subsurface condition affecting the Lot and/or from the failure or improper or uneven watering of the Lot, inadequate grading or drainage facilities to carry water away from the foundation, or planting of improper vegetation near the foundation or any action which affects the drainage of any Lot.

The Owner of each Lot, and the Owner's legal representatives, successors and assigns, shall assume all risk and consequences to the residential structure, including but not limited to those arising or relating to the subsurface and surface soil condition in and around the Lot, the failure of the Owner or any other person or entity to exercise prudent maintenance procedures and/or the Owner's negligence in protecting and maintaining the integrity of the foundation and structure of the residence.

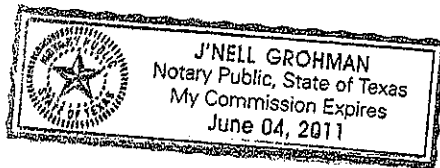
IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereto set its hand this the 19th day of December 2007.

LQH Development, Inc., a Texas Corporation

By: *Travis Light*
Name: Travis Light
Title: President

THE STATE OF TEXAS §
COUNTY OF Austin §

This instrument was acknowledged before me on the 19th day of December 2007, by **Travis Light, as President of LQH Development, Inc., a Texas Corporation**, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he has executed the same for the purposes and consideration therein expressed.

 *J'Nell Grohman*
Notary Public
State of Texas
My commission expires _____

After recording return to:

Duke Keller, Jr.
Keller & Allen, L.L.P.
11767 Katy Freeway, Suite 520
Houston, Texas, 77079

STATE OF TEXAS COUNTY OF AUSTIN

I certify that this Instrument was filed on the date and time stamped by me and was duly RECORDED in the OFFICIAL PUBLIC RECORDS OF AUSTIN COUNTY, TEXAS.



Carrie Gregor
Carrie Gregor, County Clerk
Austin County, Texas

FILED

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Declaration of Covenants, Conditions and Restrictions
Sealy Homestead
COUNTY CLERK
AUSTIN COUNTY, TEXAS

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