

8694-5 WARRANTY DEED

OFFICIAL PUBLIC RECORDS
CHAMBERS COUNTY, TEXAS
Susan E. Roshto, County Clerk

STATE OF TEXAS

§

§

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF CHAMBERS

04 733 130

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

THAT, the undersigned, FAMILY INTERESTS, LTD., a Texas limited partnership, (hereinafter called "Grantor"), for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) cash and other good and valuable consideration and the further consideration of the execution and delivery by COTTONTREE, LTD., ("Grantee"), a Texas limited partnership, herein of the following:

One certain promissory note (the "First Lien Note") dated 9/8/2004 2004, in the original principal sum of \$318,851.84 payable to the order of Grantor, bearing interest and being payable as therein provided, the First Lien Note being secured by a vendor's lien, herein reserved, and additionally secured by a Deed of Trust and Security Agreement of even date herewith, executed by the Grantee herein to A.P. Friedman, Trustee, reference to which is here made for all purposes,

has GRANTED, BARGAINED, SOLD and CONVEYED and by these presents does hereby GRANT, BARGAIN, SELL and CONVEY unto Grantee, whose mailing address is 4422 FM 1960 West, Suite 230, Houston, Texas 77068, the following described real property, to-wit:

Three (3) tracts of Land containing an aggregate of 25.27 acres (more or less) situated in Chambers County, Texas being more particularly described by Metes and Bounds on Exhibits "A", "B", and "C" which are attached hereto and made part hereof (the "Property").

This Conveyance by the Grantor is accepted by the Grantee subject to all easements, reservations, restrictions, rights of way and matters of record in the office of

04 733 131

the County Clerk of Chambers County, Texas (the "Permitted Exceptions"), to the extent that the same are valid, subsisting and affect the Property.

TO HAVE AND TO HOLD the Property together with all and singular the rights and appurtenances thereto or in anywise belonging unto the Grantee, and its successors and assigns forever, and Grantor does hereby bind itself, and its successors and assigns, to WARRANT AND FOREVER DEFEND all and singular the Property unto the Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through or under Grantee but not otherwise, subject, however, to the Permitted Exceptions and taxes for the year 2004, which have been prorated and are assumed by the Grantee.

Grantor reserves all of the oil, gas and other minerals of all kinds in, under, and that may be produced and saved from the Property (collectively, the "Reserved Minerals"); provided, however, that no right shall be reserved and no right shall exist on the part of Grantor, its successors, assigns, operators, or lessees, to enter upon, cross, use, or enjoy the surface of the Property for exploration, drilling, extraction, production, processing, or transporting of any of such Reserved Minerals, or any operations in connection therewith, Grantor fully waiving and releasing for itself and its successors, assigns, operators, and lessees under any oil and gas or mineral leases or other instruments relating to such Reserved Minerals, all rights to use or occupy any portion of the surface of the Property for such purposes, regardless of when such Reserved Minerals were acquired by Grantor. Grantor, its successors, assigns, lessees, and operators shall have the right to explore, drill, extract, produce, process, exploit, and develop said Reserved Minerals in or under the Property by directional drilling or other operations provided that the borehole of any such well shall enter below the Property at a depth of at least seven

04 733 132

hundred and fifty feet (750') below the surface of the Property and from previously designated drill sites which are not situated upon the Property.

The Property shall be used for (1) commercial purposes which are expressly limited to retail stores, and/or shopping centers and (2) single family residences. No gasoline stations (free standing or combined with a food mart), sexually oriented businesses or industrial businesses are permitted. No metal buildings shall be constructed or placed upon the Property.

GRANTOR HEREBY SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, OR CONCERNING (i) THE NATURE AND CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, AND THE SUITABILITY THEREOF AND OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH GRANTEE MAY ELECT TO CONDUCT THEREON, AND THE EXISTENCE OF ANY ENVIRONMENTAL HAZARDS OR CONDITIONS THEREON OR COMPLIANCE WITH ALL APPLICABLE LAWS, RULES OR REGULATIONS; (ii) EXCEPT FOR ANY WARRANTIES CONTAINED IN THIS DEED, THE NATURE AND EXTENT OF ANY RIGHT-OF-WAY, POSSESSION, LIEN, ENCUMBRANCE, LICENSE, RESERVATION, CONDITION OR OTHERWISE; AND (iii) THE COMPLIANCE OF THE PROPERTY OR ITS OPERATION WITH ANY LAWS, ORDINANCES OR REGULATIONS OF ANY GOVERNMENTAL OR OTHER BODY. GRANTEE ACKNOWLEDGES THAT IT HAS INSPECTED THE PROPERTY AND GRANTEE HAS RELIED SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY GRANTOR. GRANTOR FURTHER ACKNOWLEDGES THAT THE INFORMATION PROVIDED

AND TO BE PROVIDED WITH RESPECT TO THE PROPERTY WAS OBTAINED FROM A VARIETY OF SOURCES AND GRANTOR (x) HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION; AND (y) DOES NOT MAKE ANY REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THE SALE OF THE PROPERTY AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS," "WHERE IS" BASIS AND WITH ALL FAULTS, AND GRANTEE EXPRESSLY ACKNOWLEDGES THAT, IN CONSIDERATION OF THE AGREEMENTS OF GRANTOR HEREIN, EXCEPT AS OTHERWISE SPECIFIED HEREIN, GRANTOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY, TENANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, IN RESPECT OF THE PROPERTY.

PARTIAL RELEASE

(a) Provided no default exists by the Grantee in the payment of any sums due upon the First Lien Note or the performance of any obligation contained in any instrument securing the payment of the First Lien Note, Grantee shall be entitled to a partial release of all liens securing the payment of the First Lien Note upon compliance with the following requirements:

(1) a partial release shall be granted only upon Tract One (1) described on Exhibit "A" consisting of 0.81 acres (more or less), or Tract Three (3) described on Exhibit "B" containing 1.46 acres (more or less)

(2) A metes and bounds description shall be prepared at the expense of the Grantee describing the tract to be partially released.

(3) The partial release price shall be \$2.50 per square foot, plus accrued interest thereon.

RESERVED EASEMENT

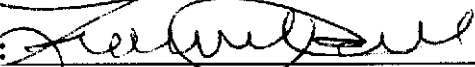
The Grantor hereby reserves an easement fifty (50') feet in width across the 0.81 acre tract described on Exhibit "A" for the purpose of permitting vehicular and pedestrian ingress and egress to and from property owned by the Grantor and an affiliated entity which is South of Tract One (1) containing 0.81 acres described on Exhibit "B" to ingress and egress Tract Two (2) consisting of 1.46 acres described on Exhibit "B", all of which are attached hereto and made part hereof.

It is expressly agreed and stipulated that a vendor's lien and superior title are hereby reserved and retained in favor of the holder of the First Lien Note in consideration of the funds having been deferred as described above until such time as the principal, all interest and other sums set forth therein are fully paid according to the terms thereof, when this deed shall become absolute.

EXECUTED this 26th day of August, 2004.

FAMILY INTERESTS, LTD., a Texas limited partnership by

CHAMBERS PROPERTIES, L.L.C., a Texas limited liability company

By: 
Leonard Rauch,
Manager

04 733 134

THE STATE OF TEXAS

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§
§

COUNTY OF HARRIS

This instrument was acknowledged before me on the 26th day of August, 2004, by Leonard Rauch, Manager of Chambers Properties, L.L.C., a Texas limited liability company, General Partner of Family Interests, Ltd., a Texas limited partnership, on behalf of said partnership.



Shannon L. Rhodes
Notary Public in and for the State of Texas

My Commission Expires

July 23, 2005

04 733 135

2619000014
Return to: Anna Melass
LandAmerica Commonwealth Title Co.
5847 San Felipe, Suite 4000
Houston, Texas 77057

“ TRACT 1 “

FIELD NOTES OF A TRACT OF LAND CONTAINING 0.81 ACRES SITUATED IN THE CHAMBERS COUNTY SCHOOL LAND SURVEY NO. 3, ABSTRACT 321, CHAMBERS COUNTY, TEXAS AND BEING OUT OF AND A PART OF A 1855.44 ACRE TRACT OF LAND CONVEYED TO THE FINGER FAMILY TRUST VOLUME 534, PAGE 72 OF THE OFFICIAL PUBLIC RECORDS OF CHAMBERS COUNTY, TEXAS. SAID 0.81 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

NOTE: THE NORTH LINE OF A 7.4836 ACRE TRACT OF LAND CONVEYED TO DAMON McKAY AND WIFE, JACKIE FAYE McKAY RECORDED BY DEED IN VOLUME 81, PAGE 158 OF THE OFFICIAL PUBLIC RECORDS OF SAID COUNTY WAS USED FOR THE BEARING BASIS DIRECTIONAL CONTROL LINE.

COMMENCING from a 5/8" iron rod, found, in the east right-of-way line of Eagle Drive and the northwest corner of a 3.673 acre tract of land conveyed to Texas Home Development Corporation recorded by deed in Volume 659, Page 294 of the Official Public Records of said county; **THENCE**, along the east right-of-way line of said Eagle Drive and the west line of said 3.673 acres with a curve to the right having a radius of 3879.83 feet and an arc length of 103.92 feet with a chord bearing of S 17°06'48" E, a distance of 103.92 feet to a 1/2" capped iron rod marked Henicke & Associates, set, being the southwest corner of said 3.673 acres; **THENCE**, along the east right-of-way line of said Eagle Drive with said curve having an arc length of 364.72 feet and a chord bearing of S 13°39'11" E, a distance of 364.58 feet to a 1/2" capped iron rod marked Henicke & Associates, set, for the **northwest corner** and "**Point of Beginning**" of the herein described tract;

THENCE, N 78°26'50" E, over and across said 1855.44 acres, a distance of 198.12 feet to a 1/2" capped iron rod marked Henicke & Associates, set, for "**Point of Curve**" in the north line of the herein described tract;

THENCE, over and across said 1855.44 acres along a curve to the left, having a radius of 119.06 feet and an arc length of 46.97 feet with a chord bearing of N 68°23'52" E, a distance of 46.67 feet to a 1/2" capped iron rod marked Henicke & Associates, set, for **northeast corner** of the herein described tract;

THENCE, S 08°33'22" E, over and across said 1855.44 acres, a distance of 154.21 feet to a 1/2" capped iron rod marked Henicke & Associates, set, for the **southeast corner** of the herein described tract;

THENCE, S 78°26'50" E, over and across said 1855.44 acres, a distance of 240.26 feet to a 1/2" capped iron rod marked Henicke & Associates, set, in the east right-of-way line of said Eagle Drive and for the **southwest corner** of the herein described tract;

THENCE, along a curve to the left with the east right-of-way line of said Eagle Drive having a radius of 3879.83 feet and an arc length of 145.93 feet with a chord bearing of N 09°52'57" W, a distance of 145.92 feet to the "**Point of Beginning**" and containing 0.81 acres more or less.

04 733 136

“ TRACT 3 “

FIELD NOTES OF A TRACT OF LAND CONTAINING 1.91 ACRES SITUATED IN THE CHAMBERS COUNTY SCHOOL LAND SURVEY NO. 3, ABSTRACT 321, CHAMBERS COUNTY, TEXAS AND BEING OUT OF AND A PART OF A 1855.44 ACRE TRACT OF LAND CONVEYED TO THE FINGER FAMILY TRUST VOLUME 534, PAGE 72 OF THE OFFICIAL PUBLIC RECORDS OF CHAMBERS COUNTY, TEXAS. SAID 1.91 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

NOTE: THE NORTH LINE OF A 7.4836 ACRE TRACT OF LAND CONVEYED TO DAMON MCKAY AND WIFE, JACKIE FAYE MCKAY RECORDED BY DEED IN VOLUME 81, PAGE 158 OF THE OFFICIAL PUBLIC RECORDS OF SAID COUNTY WAS USED FOR THE BEARING BASIS DIRECTIONAL CONTROL LINE.

COMMENCING from a 5/8" iron rod, found, in the east right-of-way line of Eagle Drive and the northwest corner of a 3.673 acre tract of land conveyed to Texas Home Development Corporation recorded by deed in Volume 659, Page 294 of the Official Public Records of said county; **THENCE**, along the east right-of-way line of said Eagle Drive and the west line of said 3.673 acres with a curve to the right having a radius of 3879.83 feet and an arc length of 103.92 feet with a chord bearing of S 17°06'48" E, a distance of 103.92 feet to a 1/2" capped iron rod marked Henicke & Associates, set, being the southwest corner of said 3.673 acres and for the **northwest corner** and "**Point of Beginning**" of the herein described tract;

THENCE, N 57°08'22" E (called N 58°08'18" E), along the south line of said 3.673 acres, a distance of 260.06 feet to a 1/2" capped iron rod marked Henicke & Associates, set, for the **northeast corner** of the herein described tract;

THENCE, S 16°02'06" E, over and across said 1855.44 acres, a distance of 193.59 feet to a 1/2" capped iron rod marked Henicke & Associates, set, for the **angle corner** in the east line of the herein described tract;

THENCE, S 13°20'56" E, over and across said 1855.44 acres, a distance of 193.59 feet to a 1/2" capped iron rod marked Henicke & Associates, set, for the **southeast corner** of the herein described tract;

THENCE, over and across said 1855.44 acres along a curve to the right, having a radius of 15.00 feet and an arc length of 4.65 feet with a chord bearing of N 88°27'07" W, a distance of 4.63 feet to a 1/2" capped iron rod marked Henicke & Associates, set, for "**Point of Reverse Curve**" in the south line of the herein described tract;

THENCE, over and across said 1855.44 acres along a curve to the left, having a radius of 122.81 feet and an arc length of 47.15 feet with a chord bearing of S 89°25'46" W, a distance of 46.86 feet to a 1/2" capped iron rod marked Henicke & Associates, set, for "**Point of Tangent**" in the south line of the herein described tract;

THENCE, S 78°26'50" W, over and across said 1855.44 acres, a distance of 199.67 feet to a 1/2" capped iron rod marked Henicke & Associates, set, in the east right-of-way line of said Eagle Drive and for the **southwest corner** of the herein described tract;

THENCE, along a curve to the left with east right-of-way line of said Eagle Drive having a radius of 3879.83 feet and an arc length of 284.72 feet with a chord bearing of N 14°14'37" W, a distance of 284.65 feet to the "**Point of Beginning**" and containing 1.91 acres more or less.

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RECORDER'S MEMORANDUM
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Was Not Clearly Legible For Satisfactory
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“ TRACT 6 “

FIELD NOTES OF A TRACT OF LAND CONTAINING 22.55 ACRES SITUATED IN THE CHAMBERS COUNTY SCHOOL LAND SURVEY NO. 3, ABSTRACT 321, CHAMBERS COUNTY, TEXAS AND BEING OUT OF AND A PART OF A 1855.44 ACRE TRACT OF LAND CONVEYED TO THE FINGER FAMILY TRUST VOLUME 534, PAGE 72 OF THE OFFICIAL PUBLIC RECORDS OF CHAMBERS COUNTY, TEXAS. SAID 22.55 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

NOTE: THE NORTH LINE OF A 7.4836 ACRE TRACT OF LAND CONVEYED TO DAMON MCKAY AND WIFE, JACKIE FAYE MCKAY RECORDED BY DEED IN VOLUME 81, PAGE 158 OF THE OFFICIAL PUBLIC RECORDS OF SAID COUNTY WAS USED FOR THE BEARING BASIS DIRECTIONAL CONTROL LINE.

COMMENCING from a 5/8" iron rod, found, in the east right-of-way line of Eagle Drive and the northwest corner of a 3.673 acre tract of land conveyed to Texas Home Development Corporation recorded by deed in Volume 659, Page 294 of the Official Public Records of said county; **THENCE**, along the east right-of-way line of said Eagle Drive and the west line of said 3.673 acres with a curve to the right having a radius of 3879.83 feet and an arc length of 103.92 feet with a chord bearing of S 17°06'48" E, a distance of 103.92 feet to a 1/2" capped iron rod marked Henicke & Associates, set, being the southwest corner of said 3.673; **THENCE**, N 57°08'22" E, along the south line of said 3.673 acres, at 1226.42 feet pass a 1/2" capped iron rod marked Henicke & Associates, set, for reference in the west bank of Cotton Bayou, in all a total distance of 1339.36 feet to a 1/2" capped iron rod marked Henicke & Associates, set, in the east bank of said Cotton Bayou, also for the **northwest corner** and "**Point of Beginning**" of the herein described tract;

THENCE, N 57°08'22" E (called N 58°08'18" E), along the south line of said 3.673 acres, a distance of 374.97 feet to a 1/2" capped iron rod marked Henicke & Associates, set, in the common survey line of Charles Tilton Survey, Abstract 242 and said Chambers County School Land Survey No. 3, the east line of said 1855.44 acres, the west line of a 188.365 acre tract conveyed to Mont Belvieu Partnerships LP recorded by deed in Volume 395, Page 508 of the Official Public Records of said county, the southeast corner of said 3.673 acres and for the **northeast corner** of the herein described tract;

THENCE, S 33°00'20" E (called S 29°58'00" E), along the said survey line, the east line of said 1855.44 acres, the west line of said 188.365 acres, at 9.68 feet pass a 5/8" iron rod, found, being the southwest corner of said 188.365 acres, the northeast corner of a residue tract conveyed to F. H. Stubbs recorded by deed in Volume 65, Page 310 of the Deed Records of said county, in all a total distance of 1493.96 feet to a 3/4" iron rod, found, in the north line of F. C. Rector Survey, Abstract 210, the common southerly survey corner of said Chambers County School Land Survey No. 3 and said Charles Tilton Survey, an interior corner of a 57.469 acre tract of land conveyed to Baytown Trust #24 recorded by deed in Volume 510, Page 416 of the Deed Records of said county and for the **southeast corner** of the herein described tract;

THENCE, S 58°07'10" W, along the common survey line of said Chambers County School Land Survey No. 3 and said F. C. Rector Survey, the north line of said 57.469 acres, a distance of 983.06 feet to a 1/2" capped iron rod marked Henicke & Associates, set, in the east bank of said Cotton Bayou and for the **southwest corner** of the herein described tract;

THENCE, over and across said 1855.44 acres along the east bank of Cotton Bayou the following courses and distances:

N 16°30'44" W, a distance of 93.15 feet to a point;

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RECORDER'S MEMORANDUM
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Was Not Clearly Legible For Satisfactory
Recordation

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FILED FOR RECORD
2004 OCT 26 PM 2:33
Sharon J. Laskin
COUNTY CLERK
CHAMBERLAIN COUNTY TEXAS

LandAmerica Commonwealth Title of Houston, Inc
5815 West Loop West, Suite 400
Houston, TX 77056

49.00

OFFICIAL PUBLIC RECORDS
CHAMBERS COUNTY, TEXAS
Heather H. Hawthorne, County Clerk

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
COTTONWOOD ESTATES, PHASE I

LEGAL DESCRIPTION: Cottonwood Estates, Phase I, an addition in Chambers County, Texas according to the map or plat thereof recorded under 2006011465 of the Official Public Records of Chambers County, Texas

MTH TITLE COMPANY
GF# 0810101305
NS-40

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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR COTTONWOOD ESTATES**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR COTTONWOOD ESTATES, PHASE I, A PLATTED SUBDIVISION IN CHAMBERS COUNTY, TEXAS (this "Declaration"), made as of the date hereinafter set forth by Cottontree, Ltd., a Texas limited partnership (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, the Declarant has platted and subdivided a portion of its property as Cottonwood Estates, Phase I, an addition in Chambers County, Texas according to the map or plat thereof recorded under 2006011465 of the Official Public Records of Chambers County, Texas (the "Subdivision"); and

WHEREAS, the Declarant intends by this Declaration to impose mutually beneficial restrictions under a general plan of improvements for the benefit of all owners of the property within the Subdivision and such other property as may hereafter be annexed into the jurisdiction of the Association (as hereinafter defined) the Declarant desires to provide a flexible and reasonable procedure for the overall development of such property and to establish a method for the administration, maintenance, preservation, use, and enjoyment of such property.

NOW, THEREFORE, the Declarant hereby declares that the Lots (as hereinafter defined) within the Subdivision are hereby subjected to the provisions of this Declaration and the property within the Subdivision and all other property hereafter made subject to this Declaration 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 desirability of, and which shall run with the title to, the real property subject to this Declaration, and shall be binding on all persons having any right, title, or interest in all or any portion of such property, 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**

The following words, when used in this Declaration, shall have the following meanings:

SECTION 1. "Area of Common Responsibility" shall mean the Common Area, together with those areas, if any, which by contract or agreement become the

responsibility of the Association. Road rights-of-ways within or adjacent to the Subdivision may be part of the Area of Common Responsibility.

SECTION 2. "Articles of Incorporation" means the Articles of Incorporation of Cottonwood Estates Community Association, Inc. and any amendments thereto, as filed with the Secretary of State of the State of Texas.

SECTION 3. "Assessment" shall mean the Residential Assessments, Special Assessments and Specific Assessments levied by the Association pursuant to Article III hereof, the Capitalization Payments payable to the Association pursuant to Section 2(d) of Article III hereof upon the sale of each Lot with a Single Family Residence from a Builder to the first Owner, and any other amounts or sums due by any Owner to the Association pursuant to the provisions of this Declaration or a Supplemental Declaration.

SECTION 4. "Association" shall mean and refer to the Homeowner's Association for Cottonwood Estates, Inc., a non-profit, non-stock, membership corporation incorporated under the laws of the State of Texas, its successors and assigns.

SECTION 5. "Association Expenses" shall mean and include the actual and estimated expenses of operating the Association, including any reasonable reserves, all as may be found to be necessary and appropriate by the Board of Directors of the Association pursuant to this Declaration and the Association's By-Laws and Articles of Incorporation.

SECTION 6. "Board of Directors" shall mean the governing body of the Association as selected by Association pursuant to its Bylaws.

SECTION 7. "Board" shall mean the governing body of the Association as selected by Association pursuant to its Bylaws.

SECTION 8. "Builder" shall mean and refer to any Person undertaking the construction of a Single Family Residence on a Lot within the Subdivision for the purpose of selling same.

SECTION 9. "Builder Guidelines" shall establish the minimum requirements for design and construction of single family residences.

SECTION 10. "By-Laws" shall mean the By-Laws of the Association, as amended from time to time.

SECTION 11. "Capitalization Payment" shall mean the transfer fee payable to the Association pursuant to Section 2(c) of Article III hereof upon the sale of a Lot with a Single Family Residence from a Builder to the first Owner.

SECTION 12. "Class B Control Period" shall mean the period during which there is a Class B membership in the Association and during which the Declarant is entitled, as more specifically set forth in the Articles of Incorporation and By-Laws, to appoint and remove the members of the Board of Directors and disapprove any action, policy or program of the Association, the Board or any committee which, in the sole judgment of the Declarant, would tend to impair rights of the Declarant or Builders or interfere with the development, construction or marketing of any portion of the Subdivision, or diminish the level of services being provided by the Association.

SECTION 13. "Common Area" shall mean and refer to any and all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Owners and Occupants.

SECTION 14. "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 by the provisions contained herein.

SECTION 15. "Declarant" shall mean and refer to Cottontree, Ltd., a Texas limited partnership, or to such successor Declarant as may hereafter be designated in an instrument placed of record in the real property records of Harris County, Texas as the Declarant by the Declarant hereunder at such time. Upon such designation of a successor Declarant, all rights of the former Declarant hereunder shall cease. The Declarant is granted the right during the Class B Control Period pursuant to certain provisions of this Declaration, the Articles of Incorporation, and the By-Laws to appoint and remove the members of the Board and the right to disapprove any actions, policies and programs of the Board and/or its committees.

SECTION 16. "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions for Cottonwood Estates, as it may hereafter be amended in accordance with the provisions hereof.

SECTION 17. "Landscaping Guidelines" shall mean and refer to written minimum landscape design, installation and maintenance criteria and guidelines for the Lots, as amended from time to time, which are adopted by Cottonwood Estates Architectural Review Committee. Different Landscaping Guidelines may be adopted for different portions of the Subdivision.

SECTION 18. "Lot" shall mean and refer to any portion of the Subdivision, whether developed or undeveloped, upon which a Single Family Residence has been constructed or it is intended by the Declarant that a Single Family Residence be constructed, excluding reserve tracts, but including lots created by the platting or replatting of a reserve tract. "Lots" shall mean and refer to each Lot and all of them. In the case of a parcel of land planned for single family residential development which has not been platted into Lots, the parcel shall be deemed to contain the number of Lots

designated by the Declarant on the development plan for such parcel of land unless or until a different number of Lots is platted. Upon approval by the Board of Directors, the Owner of one or more adjacent Lots (or portions thereof) shall have the right to consolidate such Lots or portions of such Lots into one or more Single Family Residence building sites, with the privilege of placing or constructing improvements on such sites, in which case side setback lines shall be measured from the resulting side property lines of each such building site rather than from the lot lines shown on the recorded plat. If such Single Family Residence building site is replatted as a single Lot, it shall be considered as a single Lot for purposes of Assessments levied by the Association pursuant to this Declaration at the time the replat is recorded in the Plat Records of Chambers County, Texas. If such Single Family Residence building site is not replatted as a single Lot, it shall be considered as a single Lot for purposes of Assessments levied by the Association pursuant to this Declaration at the time the Single Family Residence on such building site is initially occupied. Prior to either of such events, Assessments by the Association shall continue based on the number of Lots shown on the original plat. Further, if the Lots that are consolidated into a Single Family Residence building site are not replatted as a single Lot and such consolidation is discontinued, then Assessments by the Association shall again be based on the number of Lots shown on the original plat.

SECTION 19. "Member" shall refer to every Person entitled to membership in the Association, as provided herein.

SECTION 20. "Mortgage" shall mean and refer to a deed of trust, mortgage or other similar security instrument granting, creating, or conveying a lien or security interest upon a Lot.

SECTION 21 "Majority" shall mean those eligible votes, Owners, or other group as the context may indicate totaling more than Fifty-One percent (51 %) of the total eligible number.

SECTION 22. "Mortgagee" shall mean a beneficiary or holder of a Mortgage.

SECTION 23. "Occupant" shall mean any person occupying all or any portion of a Single Family Residence within the Subdivision for any period of time, regardless of whether such person is a tenant or the Owner of such property.

SECTION 24. "Owner" shall mean and refer to the record owner, whether one or more Persons of the fee simple title to a Lot within the Subdivision, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation or those owning an interest in the mineral estate.

SECTION 25. "Person" shall mean any natural person, corporation, joint venture, partnership, association, trust or other legal entity.

SECTION 26. "Residential Assessments" shall mean assessments levied by the Board of Directors pursuant to Section 2(a) of Article III hereof.

SECTION 27. "Residential ARC" refers to Cottonwood Estates Architectural Review Committee created by Section 2 of Article VI hereof.

SECTION 28. "Single Family Residence" shall mean and refer to a detached residence constructed on a single Lot.

SECTION 29. "Street" shall refer to any street, boulevard, road, alley, lane, avenue, or thoroughfare within or adjacent to the Subdivision.

SECTION 30. "Supplemental Declaration" shall refer to a separate restrictive covenant instrument which is imposed on all or a portion of the property within the jurisdiction of the Association, including property hereafter annexed into the jurisdiction of the Association, and which may be enforced by the Association.

ARTICLE II
HOMEOWNER'S ASSOCIATION FOR COTTONWOOD ESTATES , INC.

SECTION 1. ORGANIZATION. The Association has been organized and formed as a non-profit corporation under the laws of the State of Texas. The principal purposes of the Association are the collection, expenditure, and management of the maintenance funds, administration of the business of the Association, and providing for the maintenance and preservation of the Area of Common Responsibility and the facilities of the Association and architectural control of the Lots.

SECTION 2. MEMBERSHIP. Every Owner, including the Declarant, shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. No Owner, whether one (1) or more Persons, shall have more than one (1) membership per Lot owned. In the event the Owner of a Lot is more than one (1) Person, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership in the Association may be exercised by each Member, subject to the provisions of this Declaration and the By-Laws. The membership rights of a Lot owned by a corporation or partnership shall be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Board, subject to the provisions of this Declaration and the By-Laws. 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 3. VOTING. The Association shall have two 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 Class "B" Member. Class "A" Members shall be entitled to one (1) vote for each Lot of which they are the Owner. If more than one Person holds the interest in a Lot required for membership in the Association, any of such Persons may exercise the vote for such Lot; provided, however, the vote for such Lot shall be suspended in the event more than one Person seeks to exercise it. To the extent it may lawfully do so, the Board shall have the power and is authorized to suspend the voting rights of any Member who is more than ninety (90) days delinquent in payment of any Assessment to the Association.
- (b) CLASS B. The Class "B" Member shall be the Declarant who shall have six (6) votes for each Lot it owns in the Subdivision. The Class "B" Membership shall cease and be converted to Class "A" Membership upon the earlier of (i) the date on which the Declarant has sold and conveyed all of the Lots it owns in the Subdivision (including property hereafter annexed into the jurisdiction of the Association), or (ii) on such earlier date that the Declarant, in its discretion, so determines and records an instrument to such effect in the real property records of Chambers County, Texas. If termination occurs pursuant to clause (i) and property is thereafter annexed into the jurisdiction of the Association by the Declarant, the Class "B" Membership shall be restored. If the termination of the Class "B" Membership occurs pursuant to clause (ii), the Declarant shall be deemed to be a Class "A" Member with respect to the Lots it owns after the termination of the Class "B" Membership.

SECTION 4. RULE MAKING AUTHORITY. This Declaration establishes, as part of the general plan of development for the Subdivision, a framework of covenants, easements and restrictions which govern the Subdivision. Within that framework, the Board must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends and technology which inevitably will affect the Subdivision, its Owners and Occupants. This Section establishes procedures for the adoption and modification of rules by the Board.

Subject to the terms hereof and the Board's duty to exercise business judgment and reasonableness on behalf of the Association, the Board may adopt, amend, repeal and enforce rules and regulations ("Rules"), fines and levies as may be deemed necessary or desirable with respect to the implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Area and the use of any other property, facilities or improvements owned or operated by the Association. At least thirty (30) days prior to the effective date of any Rule, the Board shall cause a copy of the new rule or explanation of any changes to a Rule, specifying the effective

date, to be posted at a prominent place within the Subdivision. The Association shall provide a copy of the Rules then in effect to any requesting Owner or Mortgagee for such charge as may be established from time to time by the Board.

All Owners are given notice that use of their Lots is limited by the use restrictions set forth in this Declaration and the Rules adopted by the Board, as they may be amended, expanded and otherwise modified. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of their Lot can be affected by this provision and that the initial use restrictions and Rules may change from time to time.

No Rule shall be adopted by the Association in violation of the following provisions:

- (i) Similar Treatment. Similarly situated Owners shall be treated similarly; provided, Rules may differ between and among different portions of the Subdivision, based on type of development, use, density or physical characteristics of the property;
- (ii) Allocation of Burdens and Benefits. No Rule shall alter the allocation of financial burdens among the various Lots as specified herein or rights to use the Common Area. Nothing in this provision shall prevent the Board from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who abuse the Common Area, are delinquent in payment of Assessments or violate the Rules established by the Board for the use thereof. This provision does not affect the Board's right to establish or increase user fees or to increase the amount of Assessments;

SECTION 5. CERTIFICATES OF COMPLIANCE. Any Owner may request that the Association issue a certificate of architectural compliance certifying that there are no known violations of this Declaration. The Association shall either grant or deny such request within thirty (30) days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall preclude the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate.

ARTICLE III
COVENANT FOR MAINTENANCE ASSESSMENTS

SECTION 1. PURPOSE OF ASSESSMENT. The assessments provided for in this Declaration shall be used by the Association to maintain and keep in good repair the Area of Common Responsibility and for the general purposes of promoting the common benefit of the Owners and Occupants in the Subdivision. The judgment of the Board of Directors as to the expenditure of Assessments collected by the Association shall be final and conclusive so long as its judgment is exercised in good faith. Funds obtained by the Association from Assessments among other uses, may specifically be used to finance all or any of the following:

- (i) Operation, mowing, maintenance, repair, and improvement of the Area of Common Responsibility, including streets, irrigation facilities, entry gates, road rights-of-way, drainage and detention areas;
- (ii) Payment of taxes and premiums for insurance coverage in connection with the Common Area and for directors and officers liability insurance;
- (iii) Paying the cost of labor, equipment (including expense of leasing any equipment), material, and any associated management or supervisory services and fees;
- (iv) Paying the cost and fees of a manager or firm retained to carry out the duties of the Association or to manage the affairs and property of the Association;
- (v) Maintaining or replacing landscaping in the Area of Common Responsibility;
- (vi) Designing, purchasing and installing any improvements to the Area of Common Responsibility;
- (vii) Removing debris from the Area of Common Responsibility;
- (viii) Contracting for street lights in the Subdivision;
- (ix) Collecting and disposing of trash, garbage, rubbish and other similar materials if the Board decides to provide such service to the Subdivision;
- (x) Payment of legal fees and expenses incurred to collect assessments and enforce this Declaration;
- (xi) Employing entry personnel and watchmen and/or contracting for patrol services;

- (xii) Contracting for insect and pest control such as mosquito fogging;
- (xiii) Carrying out the duties of the Board of Directors of the Association;
- (xiv) Creation and funding of such reserve funds as the Board of Directors of the Association deems necessary; and
- (xv) Carrying out such purposes of the Association as generally benefit the Members of the Association, as determined by the Board of Directors.

SECTION 2. TYPES OF ASSESSMENTS. Each Owner by acceptance of a deed to any Lot in the Subdivision, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (i) Residential Assessments as provided in subsection (a) of this Section 2; (ii) Specific Assessments as provided in subsection (b) of this Section 2; (iv) Capitalization Payments as provided in subsection (c) of this Section 2; and (v) Special Assessments to be established and collected as hereinafter provided in Section 5 of this Article III.

(a) **Residential Assessments.** Residential Assessments shall be levied annually to enable the Association to pay Association Expenses which are determined by the Board to benefit all Members. Such expenses benefiting all Members shall be all Association Expenses except expenses for which the Board makes a Specific Assessment Residential Assessments on all Lots shall be fixed at uniform rates; PROVIDED, HOWEVER, there shall be no Residential Assessments against unplatted Lots and, subject to the provisions of Section 9 of this Article, Lots owned by the Declarant (other than unplatted Lots which shall not be assessed) shall not be assessed for a period of two (2) years from the formation of the Association and thereafter shall be assessed at ten percent (10%) of the amount assessed against the Lots owned by other Owners. The initial annual Residential Assessment shall commence as to all Lots in the Subdivision on the date that the first Lot in the Subdivision is conveyed by the Declarant or on such later date as the Board determines, and shall be due and payable thirty (30) days thereafter. The initial assessment against property hereafter annexed into the jurisdiction of the Association shall commence on the date the annexation instrument is recorded or on such other date as may be specified in such instrument. If an Assessment commences on a date other than January 1, such Assessment shall be adjusted according to the number of days remaining in the calendar year. After the initial Residential Assessment, annual Residential Assessments shall be levied for each calendar year in advance and shall be due and payable as specified by the Board. In the event the Board levies no Fee or an insufficient fee, the City Council of the City of Mont Belvieu may, at its sole discretion, direct the Board to levy an assessment in an amount it shall determine.

(b) **Specific Assessments.** The Association shall have the power to levy Specific Assessments against a particular Lot as follows:

- (i) to cover the costs, including overhead and administrative costs, of providing services to Lots upon request of an Owner pursuant to any menu of special services which may be offered by the Association. Specific Assessments for special services may be levied in advance of the provision of the requested service; and
- (ii) to cover costs incurred in bringing a Lot into compliance with this Declaration or the Landscaping Guidelines, or costs incurred as a consequence of the conduct of the Owner or Occupants of a Lot, their agents, contractors, employees, licensees, invitees, or guests.

(c) Capitalization Payments. Upon acquisition of record title to a Lot with a Single Family Residence by the first Owner thereof from a Builder, a transfer fee payment shall be made by or on behalf of the purchaser to the Association in an amount equal to twenty-five percent (25%) of the Residential Assessment for the year in which the sale or transfer occurs, or such amount as may hereafter be specified by the Board from time to time. This amount shall be in addition to, not in lieu of, the Residential Assessments and shall not be considered an advance payment of Residential Assessments. This amount shall be paid to the Association at the closing of the purchase of the Lot with a Single Family Residence and may be used for such purposes as may be determined by the Board from time to time.

SECTION 3. CREATION OF LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS. Each Owner of any lot, by acceptance of a deed therefore, 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 Lot; (b) special assessments against a Lot, such assessments to be established and collected as hereinafter provided; and (c) specific assessments against any particular 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 Lot against which each assessment is made and the owner of each Lot hereby covenants and agrees to grant and does hereby grant to Louis R. Braden, trustee, the continuing lien on each 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 Chambers 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. All Assessments, together with interest commencing on the due date at the rate of eighteen percent (18%) per annum or such other rate of interest as may be established from time to time by the Board of Directors not in excess of the maximum lawful rate, costs incurred by the Association in collecting delinquent Assessments (specifically including, but not limited to, any flat

charges or percentage fees charged by any third party collection agencies used by the Association if the Association elects to use a collection agency), and reasonable attorney's fees and court costs actually incurred, shall be a charge on the land and shall be secured by a continuing lien upon the land against which each Assessment is made. Each such Assessment, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, shall also be the personal obligation of the Person who was the Owner of such land at the time the Assessment fell due. Each such Owner shall be personally liable for his or her portion of each Assessment coming due while he or she is the Owner of the land, and each Assessment thereafter coming due unless and until such Owner notifies the Association of the sale or conveyance of the land against which the Assessment is made as hereinafter provided in this Section 3.

In order to extinguish any Person's personal liability with regard to Assessments coming due following the sale or conveyance of the Lot owned by such Person, such Person shall be obligated to notify the Association of such Person's sale or conveyance of the Lot against which Assessments may be levied. In that regard, each Person who at any time owned any Lot in the Subdivision against which Assessments may be levied shall no longer be liable or responsible for payment of Assessments coming due after the date upon which such Person furnishes to the Association a copy of the executed instrument of conveyance by which fee title to the Lot previously owned by such Person was conveyed or transferred to another Person, and the mailing address of the Person to whom such Lot was conveyed or transferred. Upon receipt of such information, the Association shall cause the name and address of the new Owner to be substituted for that of the prior Owner on the records of the Association, and the prior Owner shall no longer be liable or responsible for Assessments subsequently coming due or for compliance with this Declaration. Each Person owning a Lot against which Assessments may be made shall have the obligation to notify the Association of any change in its address, and notice of any such change shall become effective five (5) days after written notice thereof has been provided to the Association. With regard to mailing notices of Assessments payable by any Person to the Association, the Association shall be deemed to have satisfied any obligation that it might have to provide written notices or bills if the same are mailed or delivered to the Owner at the address of such Owner as reflected on the records of the Association, and no such Owner or other Person liable for the payment of any Assessment shall escape such liability or be entitled to any deferral or abatement of interest or any late charges or collection costs with regard to delinquent Assessments on the basis of such Person's failure to receive notice thereof if the Association sent such notice by regular U.S. Mail to the most recent address of the Person according to the records of the Association.

Residential Assessments shall be payable annually on a date specified by the Board of Directors; provided, however, the Board may, at its option, require payment of such Assessments in monthly or quarterly installments. Special Assessments shall be paid in such manner and on such date or dates as may be fixed by the Board.

SECTION 4. COMPUTATION. It shall be the duty of the Board to adopt a budget covering the estimated costs of operating the Association during each calendar year, taking into consideration any subsidy payments to be received from the Declarant and any additional property to be annexed into the jurisdiction of the Association in the forthcoming year. In the event that the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been adopted, the budget in effect for the then current year shall continue for the succeeding year. The Association Expenses shall be levied as Residential Assessments against the Lots in the Subdivision as provided in Section 2(a) of this Article III. The annual per Lot Residential Assessment by the Association shall be such amount as is determined by the Board of Directors of the Association, at its sole discretion.

The Board shall use reasonable efforts to cause notice of the Assessments to be levied against each Owner for each year to be delivered to each Member at least thirty (30) days prior to the due date.

SECTION 5. SPECIAL ASSESSMENTS. In addition to the other Assessments authorized herein, the Board may levy one or more special assessments in any year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or repair or replacement of a capital improvement located upon the Common Area, including fixtures and personal property related thereto; provided, however, any such special assessment must have the written consent of the Declarant during the Class B Control Period and a per Lot special assessment in an amount greater than twenty percent (20%) of the Residential Assessment per Lot for such year must be approved by a two-thirds (2/3rds) vote of the eligible Members who are present in person or by proxy at a meeting of the Members called for such purposes.

If a special assessment is approved as herein required and levied, it 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. Special assessments shall be allocated among all Owners in the same manner as Residential Assessments.

SECTION 6. LIEN FOR ASSESSMENTS. All sums assessed against any property subject to this Declaration pursuant to this Declaration, together with interest, collection and other costs, and reasonable attorney's fees actually incurred, as provided herein, shall be secured by a lien on the property owned by each Owner in favor of the Association. Such liens shall be superior to all other liens and encumbrances on such 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 Chambers County, Texas, and all amounts advanced pursuant to such Mortgage and secured thereby in accordance with the terms of such instrument.

All persons acquiring liens or encumbrances on any 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.

All Persons acquiring liens or encumbrances on any property subject to this Declaration after this Declaration shall have been recorded in the real property records of Chambers County, Texas 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 7. SUBORDINATION OF THE LIEN TO FIRST MORTGAGES. The lien securing the Assessments provided for herein shall be subordinate to (i) liens of ad valorem taxes and (ii) the lien of any first Mortgage which has been recorded in the real property records of Chambers County, Texas. Sale or transfer of any Lot subject to this Declaration shall not affect the lien hereby created. However, the sale or transfer of any Lot pursuant to foreclosure of a first Mortgage or any conveyance in lieu thereof, shall extinguish the lien of such Assessments as to payments which become due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any Assessments thereafter becoming due or from the lien thereof.

SECTION 8. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION. Any Assessments which are not paid in full by the date specified by the Board shall be delinquent. Any delinquent Assessment shall commence to bear interest on the due date at the rate of twenty-one percent (21%) per annum or such other interest rate as the Board may from time to time determine or the maximum lawful rate of interest. If the Assessment is not paid when due, the lien herein retained and created against the affected Lot shall secure the Assessment due, interest thereon from the date due and payable, all costs of collection, court costs, reasonable attorney's fees actually incurred, and any other amount provided or permitted by law. In the event that the Assessment remains unpaid after ninety (90) days, the Association may, as the Board shall determine, institute suit for collection against the Owner personally obligated to pay the Assessment or foreclose the lien created and reserved hereby against the Lot of such Owner.

The Association's lien is created by recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of lien shall be or is required. By acquiring a Lot, an Owner grants to the Association a power of sale in connection with the Association's lien. By written resolution, the Board of Directors of the Association may appoint, from time to time, an officer, agent, trustee, or attorney of the Association to exercise the power of sale on behalf of the Association. The Association shall exercise its power of sale pursuant to Section 51.002 of the Texas Property Code, and any applicable revision(s), amendment(s), or recodifications thereof in effect at the time of the exercise of such power of sale. The Association has the right to foreclose its lien judicially or by

nonjudicial foreclosure pursuant to the power of sale created hereby. Costs of foreclosure may be added to the amount owed by the Owner to the Association. An Owner may not petition a court to set aside a sale solely because the purchase price at the foreclosure sale was insufficient to fully satisfy the Owner's debt. The Association may bid for and purchase the Lot at the foreclosure sale utilizing funds of the Association. The Association may own, lease, encumber, exchange, sell, or convey a Lot. The purchaser at any such foreclosure sale shall be entitled to sue for recovery of possession of the Lot by an action of forcible detainer without the necessity of giving any notice to the former owner or owners of the Lot sold at foreclosure. The Owner shall have a right of redemption after or resulting from a foreclosure sale of the Association's lien as provided by law. Nothing herein shall prohibit the Association from taking a deed in lieu of foreclosure or from filing suit to recover a money judgment for sums that may be secured by the lien. At any time before a nonjudicial foreclosure sale, an Owner of a Lot may avoid foreclosure by paying all amounts due the Association. Foreclosure of a tax lien attaching against a Lot under Chapter 32, Tax Code, shall not discharge the Association's lien under this paragraph for amounts becoming due to the Association after the date of foreclosure of the tax lien.

No Owner may waive or otherwise exempt himself from liability for the Assessments provided for herein, by non-use of Common Area or abandonment of the Lot owned by such Owner. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay Assessments being a separate and independent covenant on the part of Declarant and each other Owner.

All payments shall be applied as determined by the Board of Directors in accordance with any applicable laws.

SECTION 9. ASSESSMENT OBLIGATION OF DECLARANT. Subject to the further provisions hereof, Declarant, on behalf of itself and its successors and assigns to whom its rights as Declarant are expressly assigned, covenants and agrees to pay Assessments as provided herein for the Lots (other than unplatted Lots) that it owns. However, as long as the Class "B" membership exists in the Association, the Declarant may annually elect either to pay Residential Assessments on the Lots (other than unplatted Lots) it owns as herein provided or to pay the Association the difference between the amount of Residential Assessments collected or to be collected on all other Lots subject to assessment and the amount of the expenditures indicated in the budget adopted by the Board that will be incurred to operate the Association during such calendar year (the "Subsidy") even if the Subsidy is less than the Residential Assessment that would otherwise have been payable by the Declarant. The payment

by Declarant of a Subsidy in any year in lieu of Residential Assessments shall under no circumstances obligate the Declarant to pay a Subsidy in a future year or years. The Subsidy may be paid by the Declarant in increments throughout the year as funds are needed by the Association. In the event that the Declarant elects to make subsidy payments in lieu of Residential Assessments, the Board of Directors of the Association shall, and is hereby authorized to execute a promissory note or enter into such other repayment agreements or obligations for the purpose of reimbursing the Declarant the amount of such subsidy payments.

Notwithstanding anything to the contrary herein, the Declarant may pay Residential Assessments or a subsidy in services or materials or a combination of services and materials, rather than in money (herein collectively called "in kind payment"). The amount by which Residential Assessments or a subsidy shall be decreased as a result of any in kind payment shall be the fair market value of the in kind payment. If the Declarant and the Board agree as to the value of any in kind payment, the value shall be as agreed. If the Board and the Declarant cannot agree as to the value of any in kind payment, the Declarant shall supply the Board with a detailed explanation of the service performed and material furnished, and the Board 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 Board and the Declarant are still unable to agree on the value of the in kind payment, the value shall be deemed to be the average of the bids received from the three (3) independent contractors.

ARTICLE IV

RIGHTS IN THE COMMON AREA

SECTION 1. OWNER'S RIGHTS OF ACCESS AND ENJOYMENT. Subject to the further provisions of this Section, every Member shall have a right of access to and enjoyment of the Common Area and such right shall be appurtenant to and shall pass with the title to the Lot owned by such Member. Such rights shall be subject to the following:

(a) The Board shall have the right to charge reasonable admission and other fees for the use of any facility situated upon the Common Area.

(b) The Board shall have the right, without the approval of the Members, to borrow money and to mortgage, pledge, deed in trust, or hypothecate any or all of the Common Area as security for money borrowed or debts incurred.

(c) The Board shall have the right to take such steps as are reasonably necessary to protect the Common Area against foreclosure of any such mortgage.

(d) The Board shall have the right to suspend the enjoyment rights of any Member for any period during which any assessment or other amount owed by such Member to the Association remains unpaid in excess of thirty (30) days.

(e) The Board shall have the right to establish reasonable rules and regulations governing the Members' use and enjoyment of the Common Area, and to suspend the enjoyment rights of any Member for any period not to exceed sixty (60) days for any infraction of such rules and regulations. The Board shall also have the right to discontinue general access to any common area if the Board deems such action in the best interest of the Members.

(f) The Board shall have the right, without the approval by the Members, to sell or convey all or any part of the Common Area and the right, to grant or dedicate easements in portions of the Common Area to public or private utility companies.

(g) The Board shall have the right to enter into agreements with one or more Persons pursuant to which individuals who are not Members of the Association are granted the right to use the Common Area and the facilities located thereupon upon payment of such fees as may be determined by the Board.

SECTION 2. DELEGATION OF USE. Each Member shall have the right to extend his right of enjoyment to the Common Area to the members of his family and to such guests or other persons as may be permitted by the Association. An Owner shall be deemed to have made a delegation of all rights to use the Common Area to the Occupants of any leased residence.

SECTION 3. EASEMENTS-GENERAL. Easements for the installation and maintenance of utilities are reserved as shown and provided for on the plats of the Subdivision and/or as dedicated by separate instruments. Neither Declarant nor any utility company or authorized political subdivision using the easements referred to herein shall be liable for any damages done by them or their assigns, agents, employees or servants, to fences, shrubbery, trees, flowers, improvements or other property of the Owner situated on the land covered by such easements as a result of construction, maintenance or repair work conducted by such parties or their assigns, agents, employees or servants. Declarant expressly reserves the right to grant easements over, under and across any Lot in the Subdivision for the installation and maintenance of utility and drainage facilities; provided, however, any easement created by the Declarant pursuant to this provision shall not materially adversely affect the use and enjoyment of any Single Family Residence or the value of any Single Family Residence. Declarant further reserves unto itself, its agents, employees, servants, successors and assigns, the temporary right of ingress and egress, on, over, in, and across the Subdivision in order to complete development of the Subdivision and the construction of all Single Family Residences. The rights reserved by Declarant in this

paragraph shall be used in such a manner as not to unreasonably interfere with the use and enjoyment of any Single Family Residence in the Subdivision and such rights shall terminate upon the expiration of the Class B Control Period.

SECTION 4. EASEMENTS FOR UTILITIES AND PUBLIC SERVICES.

(a) There is hereby granted to the Association, to Chambers County, to the City of Mont Belvieu, and to any other public authority or agency, utility district, or public or private utility company, a perpetual easement upon, over, under, and across (i) the Common Area, and (ii) those portions of all Lots as are reasonably necessary, for the purpose of installing, replacing, repairing, maintaining, and using master television antenna and/or cable systems, security and similar systems, and all utilities, including, but not limited to, storm sewers, drainage systems and retention ponds, electrical, gas, telephone, water and sewer lines, street lights, street signs and traffic signs; provided, however, that such easements shall not unreasonably affect the ability to develop, market or the value of any Lot. To the extent possible, utility lines and facilities serving the Subdivision and located therein shall be located underground. By virtue of any such easement and facilities, it shall be expressly permitted for the providing utility company or other supplier or servicer, with respect to the portions of the Subdivision encumbered, (i) to erect and maintain pipes, lines, manholes, pumps, and other necessary equipment and facilities, (ii) to cut and remove any trees, bushes, or shrubbery, (iii) to excavate or fill, or (iv) to take any other similar action reasonably necessary to provide economical and safe installation, maintenance, repair, replacement, and use of such utilities and systems.

(b) There is also hereby granted to Chambers County, to the City of Mont Belvieu, and to such other governmental authority or agency as shall from time to time have jurisdiction over the Subdivision (or any portion thereof) with respect to law enforcement and fire protection, the perpetual, non-exclusive right and easement upon, over and across all of the Subdivision for purposes of performing such duties and activities related to law enforcement and fire protection in the Subdivisions as shall be required or appropriate from time to time by such governmental authorities under applicable law.

SECTION 5. EASEMENTS FOR ASSOCIATION. There is hereby granted a general right and easement to the Association, its directors, officers, agents, and employees, including, but not limited to, any manager employed by the Association and any employees of such manager, to enter upon any Lot or any portion thereof in the performance of their respective duties or the enforcement of the provisions of this Declaration without liability for trespass. The easement hereby created includes the right to enter upon the Lots for the maintenance and repair of each Lot in accordance with the provisions hereof, to maintain any common fencing, and for the carrying out by the Association of its functions, rights, duties and obligations hereunder; provided, that any such entry by the Association upon any Lot shall be made with as little inconvenience to the Owner as practical, and any damage caused thereby shall be

repaired by the Association, and the expense thereof shall be assessed as provided in this Declaration. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to the Owner or Occupant of the residence directly affected thereby.

SECTION 6. SECURITY. THE ASSOCIATION MAY, BUT SHALL NOT BE OBLIGATED TO, MAINTAIN OR SUPPORT CERTAIN ACTIVITIES WITHIN THE PROPERTIES DESIGNED TO MAKE THE SUBDIVISION SAFER THAN THEY OTHERWISE MIGHT BE. NEITHER THE ASSOCIATION, THE DECLARANT, ANY SUCCESSOR DECLARANT, THE RESIDENTIAL ARC, NOR THEIR AGENTS (INCLUDING ANY MANAGER OF THE ASSOCIATION) SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES, HOWEVER, AND NEITHER THE ASSOCIATION, THE DECLARANT, ANY SUCCESSOR DECLARANT, THE RESIDENTIAL ARC, NOR THEIR AGENTS (INCLUDING ANY MANAGER OF THE ASSOCIATION) SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND OCCUPANTS OF ANY LOT, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION AND ITS BOARD OF DIRECTORS, DECLARANT, ANY SUCCESSOR DECLARANT, THE RESIDENTIAL ARC AND THEIR AGENTS (INCLUDING ANY MANAGER OF THE ASSOCIATION) DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED BY THE BOARD, THE DECLARANT OR THE RESIDENTIAL ARC MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE, NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER AND OCCUPANT OF ANY LOT, AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, THE BOARD OF DIRECTORS, THE RESIDENTIAL ARC, THE DECLARANT, ANY SUCCESSOR DECLARANT AND THEIR AGENTS (INCLUDING ANY MANAGER OF THE ASSOCIATION) ARE NOT INSURERS AND THAT EACH OWNER AND OCCUPANT OF ANY LOT AND EACH TENANT, GUEST AND INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO LOTS AND TO THE CONTENTS OF LOTS AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, THE BOARD OF DIRECTORS, THE RESIDENTIAL ARC, THE DECLARANT, OR ANY SUCCESSOR DECLARANT AND THEIR AGENTS HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR

PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE SUBDIVISION.

SECTION 7. RIGHTS OF DECLARANT DURING CONSTRUCTION AND SALE PERIOD. Notwithstanding any provisions contained in this Declaration, until the Declarant has developed and sold all of its land within the Subdivision, it shall be expressly permissible for the Declarant and any Builder approved by the Declarant to maintain upon such portion of the Subdivision as the Declarant may deem necessary, such facilities, and carry on such activities as in the sole opinion of the Declarant may be required, convenient, or incidental to the Declarant's and such Builder's development, construction, and sales activities related to their properties, including, but without limitation: the right of access, ingress and egress for vehicular and pedestrian traffic over, under, on or in the Subdivision; the right to carry on sales and promotional activities in the Subdivision; the right to place signs in the Common Area and in road rights-of-way within the Subdivision; and the right to construct and operate business offices, construction trailers, model residences, information and sales offices. The Declarant and any such Builder may use residences as model residences, sales offices and construction offices. Garages in residences used for sales offices and other purposes must be converted to operative parking garages prior to occupancy by a resident.

ARTICLE V

INSURANCE

SECTION 1. INSURANCE. The Association's Board of Directors, or its duly authorized agent, shall obtain blanket all-risk casualty insurance for all insurable improvements on the Common Area, or if blanket all-risk coverage is not reasonably available, an insurance policy providing fire and extended coverage. This insurance obtained by the Association shall not cover improvements on the Lots. Such insurance policies shall be in such amount or amounts as the Board of Directors deems appropriate. The Board may also obtain a public liability policy covering the Common Area, insuring the Association and its Members for all damages or injury caused by the negligence of the Association, its agents, the Members or Occupants, in such amount as the Board deems appropriate. Premiums for all insurance on the Common Area shall be Association Expenses and shall be included in the Residential Assessments.

In addition to the other insurance discussed in this Section, the Board may also obtain, as an Association Expense payable from Residential Assessments, (i) worker's compensation insurance, and the Board shall obtain such insurance if and to the extent required by law, (ii) directors' and officers' liability coverage, and (iii) a fidelity bond or fidelity insurance on directors, officers, employees, and other Persons handling or responsible for the Association's funds.

SECTION 2. DAMAGE AND DESTRUCTION. Any damage or destruction to any Lot or Lots shall be repaired or reconstructed. Any damage or destruction to any Common Property shall be repaired or reconstructed unless (i) at least seventy-five percent (75%) of the Class "A" members or (ii) the Class "B" member, so long as such membership exists, determine otherwise. Immediately after damage or destruction by fire or other casualty of all or any part of the property 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 the repair or reconstruction of the damaged or destroyed property, to the extent insurance proceeds are available for such purpose. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition which existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes. In the event that insurance proceeds are unavailable to repair or reconstruct the Common Area, the damaged or destroyed property shall be restored to its natural state. If insurance proceeds are insufficient to cover a repair or reconstruction, the Board may levy a Special Assessment to cover the shortfall, subject to the requirements of Section 5 of Article III above.

**ARTICLE VI
ARCHITECTURAL STANDARDS AND RESTRICTIONS**

SECTION 1. PURPOSE. In order to preserve the natural setting and beauty of the Subdivision, to establish and preserve a harmonious and aesthetically pleasing design for the project and to protect and promote the value of the Subdivision, the Lots shall be subject to the restrictions set forth in this Article VI. Every grantee of any interest in a Lot by acceptance of a deed or other conveyance of such interest, agrees to be bound by the provisions of this Article.

SECTION 2. COTTONWOOD ESTATES ARCHITECTURAL REVIEW COMMITTEE. There is hereby established Cottonwood Estates Architectural Review Committee (sometimes hereinafter called the "Residential ARC"), which shall have exclusive jurisdiction over all original construction on the Lots and over modifications, additions, or alterations made on or to the residences and other improvements on the Lots, including the right to establish Builder Guidelines. The Residential ARC shall establish application and review procedures for plans and specifications. The Residential ARC shall consist of a minimum of three (3) and a maximum of five (5) members. During the period there is a Class "B" Membership, the Residential ARC may consist of a minimum of one (1) member. Until the date on which it has sold all of its Lots within the Subdivision, the Declarant shall have the right to appoint all members of the Residential ARC as well as the right to remove any member. There shall be no surrender of this right prior to that time, except by a written instrument executed by Declarant and recorded in the real property records of Chambers County, Texas. Following the expiration of such right, the Board of Directors shall appoint the members of the Residential ARC. The Residential ARC is authorized, but not obligated, to retain

the services of consulting architects, landscape architects, urban designers, engineers, inspectors, and/or attorneys in order to advise and assist the Residential ARC in performing its functions set forth herein.

The Declarant, during the period there is a Class "B" Membership, and thereafter, the Board of Directors, shall have the right, but not the obligation, at any time to create a separate committee known as the "Modifications Committee" to perform the obligations of the Residential ARC hereinafter specified with respect to the review of plans for the alteration or modification of the improvements on a Lot after construction of the initial improvements. The Declarant or Board, as applicable, shall also have the right to abolish such committee at any time. In the event such committee is created it shall consist of three (3) members appointed by the Declarant or Board, as applicable, and the Declarant or Board, as applicable, shall have the power to remove a member at any time. In the event a Modifications Committee is created, such committee shall have all of the duties and powers granted to the Residential ARC in this Declaration with respect to the alteration or modification of improvements on a Lot in the Subdivision unless or until the Declarant or Board, as applicable, determines there should no longer be two (2) separate committees and abolishes the Modifications Committee, in which event all such duties and powers shall thereafter be restored to the Residential ARC.

SECTION 3. ARCHITECTURAL APPROVAL. To preserve the architectural and aesthetic appearance of the Cottonwood Estates project, no construction of improvements, including landscaping, or modifications, additions, or alterations to existing improvements, shall be commenced or maintained by any Owner with respect to any Lot in the Subdivision, including, without limitation, the construction or installation of sidewalks, driveways, parking areas, mail boxes, decks, patios, courtyards, swimming pools, tennis courts, greenhouses, playhouses, landscaping, awnings, walls, fences, exterior lights, garages, guest or servants' quarters, or accessory buildings, nor shall any exterior addition to or change or alteration be made to any improvements (including, without limitation, painting or staining of any exterior surface, including fences), unless and until two (2) copies of the plans and specifications and related data (including, if required by the Residential ARC, a survey showing the location of trees of four (4) inches or more in diameter at a point twelve (12) inches above the ground and other significant vegetation on such Lot) showing the nature, color, type, shape, height, materials, and location of the same shall have been submitted to and approved in writing by the Residential ARC including, without limitation, approval as to the compliance of such plans and specifications with this Declaration, and the harmony of external design, location, and appearance in relation to surrounding structures and topography. One copy of such plans, specifications, and related data so submitted shall be retained in the records of the Residential ARC, and the other copy shall be returned to the Owner marked "approved," "approved with conditions as noted," or "disapproved." The Residential ARC may establish a reasonable fee sufficient to cover the expense of reviewing plans and related data and to compensate any consulting architects, landscape architects, urban designers, inspectors, or attorneys retained in accordance with the terms hereof. Nothing contained herein shall be construed to limit

the right of an Owner to remodel the interior of his improvements, or to paint the interior of the improvements on his property any color desired. The Residential ARC shall have the sole authority and discretion to determine whether plans and specifications submitted for approval are acceptable to the Association 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. The Residential ARC shall use reasonable efforts to give its approval or disapproval of plans and specifications within forty-five (45) days after submission of all items required. The failure of such committee to respond within such period shall be deemed to be a disapproval unless written approval is thereafter given.

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 approval 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 herein.

Upon approval of plans and specifications, no further approval under this Article VI shall be required with respect thereto, unless construction has not substantially commenced within six (6) months of the approval of such plans and specifications (e.g. clearing and grading, pouring of footings, etc.) or unless such plans and specifications are materially altered or changed. The Residential ARC may disapprove plans and specifications for any reason which is consistent with the objects and purposes of this Declaration as determined by the Residential ARC from time to time, including purely aesthetic considerations, so long as such grounds are not arbitrary or capricious.

SECTION 4. LANDSCAPING APPROVAL. To preserve the aesthetic appearance of the Cottonwood Estates project, no landscaping, grading or excavation shall be implemented and installed on a Lot in the Subdivision unless and until the plans therefor have been submitted to and approved in writing by the Residential ARC. In the installation of landscaping and maintenance of his Lot, each Owner shall comply with the Landscaping Guidelines.

SECTION 5. APPROVAL NOT A GUARANTEE OR VARIANCE. The review and approval of plans pursuant to this Article is made on the basis of aesthetic considerations only and no approval of plans and specifications shall be construed as representing or implying that such plans, specifications, or guidelines will, if followed, result in properly designed improvements. Such approvals shall in no event be construed as representing or guaranteeing that any improvements built in accordance therewith will be built in a good and workmanlike manner. Neither Declarant, the

Developers, the Association, the Residential ARC, nor any of their respective officers, partners, directors or members, shall be responsible or liable in damages or otherwise to any Person who submits plans for approval by reason of mistake of judgment, negligence or nonfeasance arising out of the approval or disapproval of any plans or specifications, any loss or damage arising from the noncompliance of such plans and specifications with any governmental ordinances and regulations, nor any defects in construction undertaken pursuant to such plans and specifications. The purpose of such reviews primarily seeks to conform the aesthetic appearances of development within the Subdivision. In addition, the approval of plans pursuant to this Article shall not be deemed to be a variance from the specific restrictions of this Declaration. All variances must be issued in accordance with the provisions of Section 8 of this Article.

SECTION 6. RIGHT TO INSPECT. Any member of the Board of Directors or the Residential ARC and their representatives shall have the right, but not the obligation during reasonable hours to enter upon and inspect any Lot with respect to which construction is underway to determine whether or not the plans and specifications therefor have been approved and are being complied with. Such Person or Persons shall not be deemed guilty of trespass by reason of such entry. In the event the Residential ARC shall determine that such plans and specifications have not been approved or are not being complied with, the Residential ARC shall be entitled to enjoin further construction and to require the removal or correction of any work in place which does not comply with approved plans and specifications. In addition to any other remedies available to the Association, the Board may record in the appropriate land records a notice of violation naming the violating Owner.

SECTION 7. NO WAIVER OF FUTURE APPROVALS. The approval by the Residential ARC of any plans and specifications for any work done or proposed, or in connection with any other matter requiring the approval and consent of such committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

SECTION 8. VARIANCES. The Residential ARC may grant variances from compliance with the restrictions of this Declaration and from the Landscaping Guidelines when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations merit a variance and the granting of the variance will have no material adverse effect, in the judgment of the Residential ARC, on surrounding properties. No variance shall (a) be effective unless in writing, or (b) estop the Residential ARC 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.

ARTICLE VII
SPECIFIC USE RESTRICTIONS

SECTION 1. SINGLE FAMILY RESIDENCES. Each and every Lot in the Subdivision is hereby restricted to one (1) Single Family Residence and approved outbuildings and improvements, and use for single-family residential purposes exclusively and no Single Family Residence shall be occupied by more than a single family which for purposes hereof shall mean and refer to any number of individuals living together as a single household unit, and the household employees of such household unit.

SECTION 2. BUSINESS AND TRADES

No trade or business may be conducted in or from any Lot, except that an Owner or Occupant may conduct business activities within the Single Family Residence so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Lot; (b) the business activity does not involve persons coming onto the Subdivision who do not reside in the Subdivision or door-to-door solicitation of residents of the Subdivision; and (c) the business activity is consistent with the residential character of the Subdivision and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Subdivision. The Board is authorized to promulgate rules and regulations to insure that home businesses comply with the above standards and to make factual determinations regarding the impact of a home business on the residential character of the Subdivision. If, in the judgment of the Board, a home business has a detrimental impact on the residential quality of the Subdivision or otherwise constitutes a nuisance, it is authorized to require that the Owner cease the home business or alter it to the Board satisfaction. The terms business and trade, as used in this provision, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the providers family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required. Notwithstanding the above, the leasing of a Single Family Residence shall not be considered a trade or business within the meaning of this Section. This Section shall not apply to any activity conducted by the Declarant or by a Builder with the approval of the Declarant, with respect to the development and sale of the Lots and Single Family Residences in the Subdivision.

SECTION 3. NUISANCE. It shall be responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition of his or her Lot. No Lot shall be used, in whole or in part, for the storage of any property or thing that will cause such 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 Lot

that will emit foul or obnoxious odors or that will cause any noise or other conditions 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 Lot, or shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any property adjacent 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. TYPE OF CONSTRUCTION. All construction shall conform to the minimum Builder Guidelines adopted by the Residential ARC.

SECTION 5. ANTENNAE AND SATELLITE DISHES. No television, radio, or other electronic towers, aerials, antennae, satellite dishes or device of any type for the reception or transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon, except that this prohibition shall not apply to those antennae specifically covered by the regulations promulgated under the Telecommunications Act of 1996, as amended from time to time. The Residential ARC is empowered to adopt rules governing the types of antennae that are permissible in the Subdivision and to establish reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae. To the extent that receipt of an acceptable signal would not be impaired, an antenna permissible pursuant to the rules of the Residential ARC may only be installed in a side or rear yard location, not visible from the Street or neighboring property, and integrated with the dwelling and surrounding landscape. Antennae shall be installed in compliance with all state and local laws and regulations.

SECTION 6. ANIMALS AND PETS. No animals, livestock, or poultry of any kind may be raised, bred, kept, or permitted on any Lot, with the exception of a maximum of three (3) dogs, cats or other usual and common household pets in the aggregate (excluding in such maximum number, fish and birds); provided, however, exotic animals or animals which endanger health or otherwise constitute a nuisance or inconvenience to the Owners or Occupants within the Subdivision, in the sole discretion of the Board, may be prohibited by the Board. No animals shall be kept, bred or maintained for any commercial purpose on a Lot. Dogs which are household pets shall at all times whenever they are outside a Single Family Residence be on a leash or otherwise confined within a fenced area of the Owner's Lot. The owner of a pet that has caused damage to property shall be responsible for compensating the owner of the damaged property, but the Association shall have no obligation to enforce such obligation. Animal control authorities shall be permitted to enter the Subdivision to patrol and remove pets. Pets shall be registered, licensed and inoculated as required by law.

SECTION 7. WINDOW AIR CONDITIONERS. Unless otherwise approved by the Residential ARC, no window or wall type air conditioners shall be permitted to be used, erected, placed or maintained on or in any Single Family Residence.

SECTION 8. RENTING OR LEASING. Single Family Residences may be rented or leased only by written leases and subject to the restriction that all tenants shall be subject to the terms and conditions of this Declaration and the rules and regulations promulgated by the Association as though such tenant were an Owner. Each Owner of a Single Family Residence agrees to cause his or her tenants to comply with this Declaration and the rules and regulations promulgated pursuant hereto, and is responsible and liable for all violations and losses caused by such tenants, notwithstanding the fact that such tenants are fully liable for any such violation. All provisions of this Declaration and of any rules and regulations promulgated pursuant hereto which govern the conduct of Owners of a Single Family Residence and which provide for sanctions against Owners shall also apply to all Occupants of a Single Family Residence even though such Occupants are not specifically mentioned. Each Owner who leases his or her residence shall provide the Association with a copy of the lease and the mailing address where such Owner can be contacted at all times.

SECTION 9. VEHICLES AND PARKING. The term "vehicles", as used herein, shall refer to all motorized vehicles including, without limitation, automobiles, trucks, motor homes, boats, trailers, motorcycles, minibikes, scooters, go-carts, campers, buses, and vans.

(a) Passenger Vehicles. Except as hereinafter provided, no Owner, lessee, tenant or occupant of a Lot, including all persons who reside with such Owner, lessee or occupant on the Lot, shall park, keep or store ("store" is defined as vehicle being kept immobile for period longer than seven days) any vehicle on any Lot which is visible from any Street in the Subdivision or any neighboring Lot other than a passenger vehicle or pick-up truck. For purposes hereof, the term "passenger vehicle" is limited to any vehicle which displays a current passenger vehicle license plate and the term "pick-up truck" is limited to a maximum one (1) ton capacity pick-up truck which has not been adapted or modified for commercial use. No passenger vehicle or pick-up truck owned or used by the residents of a Lot shall be permitted to be parked on any Street in the Subdivision. No vehicle may be parked on any part of the Lot except the driveway or the interior of the garage.

(b) Other Vehicles. No mobile home trailers, recreational vehicles, trailers or boats shall be kept overnight in the Subdivision unless approved by the ARC.

(c) Vehicle Repairs. Vehicle repair work on a Lot that is visible from the Street or any neighboring Lot is permitted as long as the repair work is being performed on a vehicle owned by the occupant of the Lot and does not exceed forty-eight (48) hours in any calendar month; otherwise, the vehicle repair work must be conducted in the garage, out of view from any Street adjacent to the Lot and all neighboring Lots. For

purposes of this Section, a vehicle is owned by the occupant of the Lot if the vehicle is (a) owned by any person who resides on the Lot and is regularly used by that person, (b) owned by any person who resides on the Lot and is regularly used by another person who resides on the Lot, or (c) provided to any person who resides on the Lot by that persons employer and is regularly used by the person. All other vehicle repair work is prohibited. No vehicle repair work shall create unreasonable noise or cause the Lot to become unsanitary, unsightly, offensive and/or detrimental to any other Lot or its occupants.

SECTION 10. DISPOSAL OF TRASH. No trash, rubbish, garbage, manure, debris, or offensive material of any kind shall be kept or allowed to remain on any Lot, nor shall any Lot be used or maintained as a dumping ground for such materials. All such matter shall be placed in sanitary refuse containers constructed of metal, plastic or masonry materials with tight fitting sanitary covers or lids and placed in an area adequately screened from public view by planting or fencing. All rubbish, trash, and garbage shall be regularly removed and not allowed to accumulate. Equipment used for the temporary storage and/or disposal of such material prior to removal shall be kept in a clean and sanitary condition and shall comply with all current laws and regulations and those which may be promulgated in the future by any federal, state, county, municipal or other governmental body with regard to environmental quality and waste disposal. In a manner consistent with good housekeeping, the Owner of each Lot shall remove such prohibited matter from his Lot at regular intervals at his expense.

SECTION 11. DRAINAGE EASEMENT. There is hereby granted to the Declarant, any Builder and to their respective successors, assigns, employees and contractors, a perpetual easement consisting of a strip of land three (3) feet in width upon, over, under, along and across the inside length of the side boundary lines (as such are depicted on the plats of the Subdivision) of all Lots. The easement, together with the necessary rights of ingress, egress and regress to and from the Lots is hereby granted for the purpose of locating and constructing drainage swales. With respect to the portions of the Lots hereby encumbered, the Declarant, any Builder and their respective successors, assigns, employees and contractors are hereby expressly permitted, (i) to cut and remove any trees, bushes, or shrubbery, (ii) to excavate or fill, or (iii) to take any other similar action reasonably necessary to effect the purpose of this easement.

Catchbasins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner or Occupant of a Lot may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers or storm drains.

SECTION 12. CLOTHESLINES, GARBAGE CANS, WOODPILES, ETC. All clotheslines, garbage cans, woodpiles, swimming pool pumps, filters and related equipment and other similar items shall be concealed from view of neighboring streets and property with landscaping or fences.

SECTION 13. WEAPONS AND FIREWORKS. The use of fireworks, firearms and other weapons within the Subdivision is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and small firearms of all types. Nothing contained in this Declaration shall be construed to require the Board to take action to enforce this Section.

SECTION 14. TEMPORARY BUILDINGS. Temporary buildings or structures shall not be permitted on any Lot, provided, however, Declarant may permit temporary toilet facilities, sales and construction offices and storage buildings to be used by Builders in connection with the construction and sale of residences and by contractors performing land development activities within the Subdivision for Declarant. Builders may use garages as sales or construction offices for the time during which such Builders are marketing homes. At the time of the sale of a Single Family Residence by a Builder any garage appurtenant to such residence used for sales purposes must be reconverted to a functional garage in compliance with the plans approved by the Residential ARC.

SECTION 15. LANDSCAPING. The Owner of each Lot shall landscape the areas of his or her Lot which are visible from the Street or adjacent property in accordance with the Landscaping Guidelines and maintain the Lot as required by Section 26 of this Article VII. The Association may, at its option, plant and install shrubbery and other screening devices around boxes, transformers and other above-ground utility equipment located on the Lots, and mow and maintain the grass, shrubbery or other screening devices around such utility equipment. The Association shall have the right to enter upon the Lots for such purposes. In addition, in landscaping his or her Lot, the Owner of each Lot shall comply with the following specific requirements:

(a) No grading, excavation or fill work of any nature shall be implemented or installed by an Owner on a Lot unless and until plans therefor have been submitted to and approved by the Residential ARC in accordance with the provisions of Article VI of this Declaration.

(b) All front and side yards of each Lot shall, unless otherwise approved by the Residential ARC, be sodden with grass; provided that, under no circumstances shall the predominant area of the front or side yard of a Lot be covered with stone, rock, or gravel.

(c) All landscaping for a Lot shall be completed no later than thirty (30) days following the issuance of a certificate of occupancy for the residence situated thereon. All landscaping in a Lot must be maintained at all times in a neat and attractive manner.

(d) No hedge or shrubbery planting which obstructs sight-lines of Streets and roadways shall be placed or permitted to remain on any Lot where such hedge or shrubbery interferes with traffic sight-lines for roadways within the

Subdivision. The determination of whether any such obstruction exists shall be made by the Board of Directors, whose determination shall be final, conclusive and binding on all Owners.

(e) No rocks, rock walls or other substances shall be placed on any Lot as a front or side yard border or to prevent vehicles from parking on or pedestrians from walking on any portion of such Lot or to otherwise impede or limit access to the same. No foundations, reflectors, artificial plants, rock gardens, rock walls, or other fixtures and accessories shall be placed or installed within the front yard or visible side or rear yard of any Lot unless such items have been approved in writing by the Residential ARC and are in compliance with the the Rules adopted by the Board.

(f) No vegetable, herb or similar gardens or plants shall be planted or maintained in the front or side yards of any Lot.

SECTION 16. TRAFFIC SIGHT AREAS. All Lots located at Street intersections shall be landscaped so as to permit safe sight across the Street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where this would create a traffic or sight problem.

SECTION 17. MAILBOXES AND HOUSE NUMBERS. The Owner of each Lot shall install and maintain an individual mailbox which conforms to specifications adopted by the Residential ARC, unless provisions are made by the Declarant for the installation of cluster boxes in accordance with U.S. Postal Service requirements. No Owner of a Lot served by a cluster mailbox shall install a mailbox on his Lot. Each Lot shall have a house number identifying its street address made of materials and a color or colors specified by the Residential ARC in keeping with the overall character and aesthetics of the community.

SECTION 18. PRIVATE UTILITY LINES. All electrical, telephone, and other utility lines and facilities which are located on a Lot and are not owned by a governmental entity or a public utility company shall be installed underground unless otherwise approved in writing by the Residential ARC.

SECTION 19. ROOFTOP ELEMENTS. All stack vents and attic ventilators shall be located on the rear slopes of roofs and mounted perpendicular to the ground plate. All exposed roof stack vents, flashings, attic ventilators, etc. on each Single Family Residence must be painted to match the color of the roof of the Single Family Residence unless otherwise approved by the Residential ARC. No solar collectors shall be placed on a roof slope so that they are visible from a Street or the Common Area.

SECTION 20. DECORATIONS. No decorative appurtenances such as sculptures, statues, birdbaths and birdhouses, flagpoles, fountains or other decorative embellishments shall be placed on the front lawn of a Lot or on the visible side or rear yard of a Lot unless such items have been approved in writing by the Residential ARC

and are in compliance with the Rules adopted by the Board. Notwithstanding the foregoing, customary seasonal decorations for national holidays are permitted for a maximum of thirty (30) days or sixty (60) days, in the case of Christmas, subject to the right of the Board to specify a maximum size and other guidelines for decorations.

SECTION 21. PLAYGROUND EQUIPMENT. All playground equipment on a Lot must be approved by the Residential ARC and must be placed at the rear of the Lot a minimum of ten (10) feet from the side and rear lot lines and behind a fence or otherwise screened from public view. No such equipment shall exceed twelve (12) feet in height, including an awning. Any shade covering on playground equipment which is visible from adjacent property or any public area must be a color or colors approved by the Residential ARC.

SECTION 22. OUTBUILDINGS. No treehouse, children's playhouse, storage building, outbuilding or structure shall be permitted on any Lot in the Subdivision without prior written approval of the Residential ARC. Outbuildings or other structures, temporary or permanent, other than the main residence or garage shall be limited to eight (8) feet in height and each outbuilding may not exceed one hundred and forty-four (144) square feet of floor area. The floor of a treehouse or other playstructure must be not more than three (3) feet from the ground. Temporary structures may be used as building offices and other related purposes by Declarant or a Builder. The Residential ARC shall be entitled to review and approve or disapprove, without limitation, all outbuildings, playstructures (including basketball backboards and hoops), and storage structures. Any such outbuilding will be required to be constructed with material and design that is determined by the Residential ARC to be architecturally and aesthetically compatible with the design of the Single Family Residence thereon and other structures in the Subdivision. All playground and recreational equipment pertaining to a Lot must be placed at the rear of such Lot. No basketball hoop and/or backboard shall be installed closer to the front or side Lot lines facing on any adjacent Street than the applicable building set-back line along such Street. No outbuilding or play structure will be permitted to (a) be placed on an easement; or (b) be located nearer to a Lot boundary than the applicable building set-back established by plat or Supplemental Declaration.

SECTION 23. SIGNS. No sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Single Family Residence, fence or other improvement upon such Lot so as to be visible from public view except the following:

- (a) For Sale Signs. An Owner may erect one (1) sign on his Lot, not exceeding 2' x 3' in area, fastened only to a stake in the ground and extending not more than three (3) feet above the surface of such Lot advertising the property for sale.

(b) Declarants Signs. Declarant may permit builders to erect and maintain a sign or signs deemed reasonable and necessary for the construction, development, operation, promotion, leasing and sale of the Lots.

(c) Builders Signs. Any Builder may utilize a minimum of one professional sign (of not more than six (6) square feet in size) per Lot for advertising and sales promotion of the residence on such Lot.

(d) Political Signs. Political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal, provided that such signs shall not be erected more than thirty (30) days in advance of the election to which they pertain provided that the sign is not more than 36" x 36" and shall be removed within ten (10) days after such election.

(e) School Spirit Signs. Signs containing information about one or more children residing in the Single Family Residence and the school they attend shall be permitted so long as the sign is not more than 36" x 36". There shall be no more than one sign for each child under the age of eighteen (18), residing in the Single Family Residence. Banners are not permitted.

(f) Security Signs/Stickers. Signs or stickers provided to an Owner by a commercial security or alarm company providing service to the Single Family Residences shall be permitted so long as the sign is not more than 12" x 12" or the sticker is no more than 4" x 8". There shall be no more than one sign per Lot and stickers on no more than fifty percent (50%) of the windows and one on the front door or front entry area.

No sign permitted by this Section shall be lighted. In addition to any other remedies provided for in this Declaration, the Board of Directors or its duly authorized agent shall have the power to enter upon a Lot to remove any sign which violates this Section provided the violating Owner has been given forty-eight (48) hours written notice by the Board of Directors 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 Owner and shall be collected as provided for herein for the collection of Assessments.

SECTION 24. WALLS AND FENCES.

(a) Fences. In no event shall any fence or wall be constructed of chain link or wire. In those instances in which privacy fences are installed, in no case may the privacy fence extend beyond the front of the residence or building line, whichever is less. No wall or hedge shall be erected, grown or maintained on any part of the Lot which is in excess of six (6) feet in height. Fences are generally prohibited from extending above the ground by more than six (6) feet; however, the Residential ARC is authorized to approve fences which extend up to a maximum of eight (8) feet above the

ground when deemed necessary or appropriate. The type of materials utilized for (including the color thereof) and the location of all fences, walls, hedges, and other structures must be approved by the Residential ARC.

(b) Maintenance of Fences. Ownership of any wall or fence erected on a Lot shall pass with title to such Lot and it shall be the Lot Owners responsibility to maintain such wall or fence. The maintenance and repair of a fence located on a property line shall be the joint responsibility of the Owners of the adjacent Lots. In the event the Owner or occupant of any Lot fails to maintain a wall or fence that is visible from a Street or Common area and such failure continues after thirty (30) days written notice thereof from the Association, Declarant, its successors or assigns, or the Association, may, at their option, without liability to the Owner or Occupant in trespass or otherwise, enter upon said Lot and cause the fence or wall to be repaired or maintained or to do any other thing necessary to secure compliance with this Declaration and to place said wall or fence in a satisfactory condition, and may charge the Owner or Occupant of such Lot for the cost of such work. The Owner or Occupant, as the case may be, agrees by the purchase or occupancy of such Lot, to pay such charge immediately upon receipt of the corresponding statement. Payment of such charges, plus fifty percent (50%) of such costs for overhead and supervision, shall be secured by the lien created in Article III of this Declaration. Interest thereon at the rate of eighteen percent (18%) per annum shall begin to accrue on such sum on the thirtieth (30th) day after a written invoice is delivered to Owner.

(c) Fences Erected by Declarant. Declarant shall have the right, but not the obligation, to construct fences or walls within or around the Subdivision, on existing easements or common areas, which are deemed by the Declarant to enhance the appearance of the Subdivision. An Owner shall be responsible for any damage to a fence or wall constructed by or at the direction of the Declarant which is caused by such Owner or his family members, or the negligent, but not the intentional, acts of his guests, agents or invitees.

SECTION 25. PRIVATE WATER WELLS. No Owner of a Lot shall construct a private water well on his or her Lot unless such well is approved in writing by the Board of Directors.

SECTION 26. OWNER'S MAINTENANCE. Each Owner and Occupant of a Lot shall at all times be obligated to maintain his or her property and all improvements thereupon as well as the area between the boundary lines of his Lot and the curb or edge of the pavement of the adjacent Streets, so as to keep same in a clean, sightly and safe condition and to conform with the Landscaping Guidelines and any specific standards which the Board of Directors may adopt by resolution for the Subdivision. In addition, the Owner of any Lot shall maintain all pipes, lines, ducts, conduits, or other apparatus which serve the Lot, whether located within or without a Lot's boundaries (including all gas, electricity, water, sewer or air conditioning pipes, lines ducts, conduits or other apparatus serving the Lot). Unless expressly assumed by the Association, an

Owner's maintenance obligation shall include, but not be limited to: the maintenance of all visible exterior surfaces of all buildings and other improvements, including fences; the prompt removal of all paper, debris, and refuse; the removal and replacement of dead and diseased trees and plantings; the repair, replacement, cleaning and relamping of all signs and lighting fixtures; the mowing, watering, fertilizing, weeding, replanting and replacing of all approved landscaping; the edging of all curbs, roadways, drives and walkways; and, during construction, the cleaning of dirt, construction debris and other construction-related refuse from Streets and storm drains and inlets. The responsibilities of the Owner of each Lot hereunder also include the obligation to maintain, repair and replace when necessary the public sidewalk along the front of the Lot and along the side on corner Lots, which is constructed either within the right-of-way of the adjacent Street or within an easement across the Lot, and the Street curb. In the event an Owner fails to maintain his Lot and such adjacent property as specified above, the Association shall have the right, but not the obligation, to enter upon the applicable Lot to perform the necessary work as more specifically set forth in Section 8 of Article X hereof.

SECTION 27. DAMAGE AND DESTRUCTION OF IMPROVEMENTS. In the event a Single Family Residence shall be partially or entirely destroyed by fire or other casualty, such Single Family Residence shall either be repaired and restored within a reasonable period of time or demolished and the Lot landscaped so that no damaged portion of the former structure remains visible. Subject only to the rights of the holder of a first Mortgage lien on a damaged or destroyed residence, the insurance proceeds from any insurance policy covering a damaged or destroyed Single Family Residence shall be first applied to such repair, restoration or replacement of such residence, or to the demolition of such residence and landscaping of such Lot. Each Owner shall be responsible for the repair, restoration, replacement or demolition of the Single Family Residence owned by such Owner pursuant to the terms of this Declaration. Any such repair, restoration or replacement shall (subject to advances and changes in construction techniques and materials generally used in such construction and then current generally accepted design criteria) be in accordance with the plans and specifications for the original construction of the Single Family Residence unless otherwise approved by the Residential ARC. If the proceeds of the insurance available to the Owner of a damaged Single Family Residence are insufficient to pay for the cost of repair, restoration or replacement following a casualty (or demolition and landscaping if the Residence is to be demolished), the Owner of such Single Family Residence shall be responsible for the payment of any such deficiency necessary to complete the repair, restoration, replacement or demolition.

Each Owner of a Lot covenants and agrees to obtain its casualty and liability insurance with respect to the Lot and improvements located hereon owned by such Owner, the casualty portion to be in an amount sufficient to cover the full replacement cost of any repair or reconstruction. At closing of the sale of any lot, and at anytime thereafter upon request by the Association, the Owner of a Lot is required to provide the Association a certificate of insurance. The Association may provide insurance for the

improvements on individual Lots if no insurance coverage exists without the approval of the Owner of the Lot, the premium for which shall be a Reimbursement Assessment against such Lot

ARTICLE VIII
ANNEXATION OF ADDITIONAL PROPERTY AND DEANNEXATION

SECTION 1. UNILATERAL ANNEXATION BY DECLARANT. The Declarant, as the owner thereof or, if not the owner, with the consent of the owner thereof, shall have the unilateral right, privilege, and option, but not the obligation, at any time and from time to time to annex additional real property within the Cottonwood Estates project or in the vicinity of such project to the jurisdiction of the Association by filing for record a declaration of annexation instrument or Supplemental Declaration in respect to the property being annexed which subjects the Lots within the annexed property to assessment by the Association on a uniform basis with all other Lots within the Association's jurisdiction. Any such annexation shall be effective as to the property described therein upon the filing for record of such declaration of annexation or Supplemental Declaration unless otherwise provided therein.

The right reserved by the Declarant to annex additional land shall not be implied or construed so as to impose an obligation upon the Declarant to subject any property it now owns or may own in the future to this Declaration or to the jurisdiction of the Association. If additional land is not annexed, the Declarant has no obligation to impose any covenants and restrictions similar to those contained herein upon such land nor shall any thing contained herein be construed to limit or restrict the use to which such land may be put by the Declarant or by any subsequent owner thereof, whether such uses are consistent with the covenants and restrictions imposed hereby or not.

SECTION 2. OTHER ANNEXATIONS. With the consent of the Owner thereof, the Association may annex other real property to the jurisdiction of the Association. Such annexation shall require the affirmative vote of a majority of the Class "A" Members present in person or by proxy at a meeting called for such purpose, and of the Declarant during the Class B Control Period. Annexation shall be accomplished by filing of record in the real property records of Chambers County, Texas, an annexation agreement describing the property being annexed. Such annexation agreement shall be signed by the President and the Secretary of the Association, and by the owner of the property being annexed, and any such annexation shall be effective upon filing unless otherwise provided therein.

SECTION 3. RIGHTS OF OWNERS OF ANNEXED AREA. The Owners of land in annexed property shall be entitled to use the Common Area in the same manner and to the same extent of the Owners of all other property subject to the jurisdiction of the Association. Annexed property shall be impressed with and subject to Assessments imposed hereby on a uniform basis, consistent with provisions of this Declaration.

SECTION 4. DEANNEXATIONS. Without the approval of any other Owners or Members, the Declarant shall have the right to deannex and remove any portion of the Subdivision which is not yet developed with building improvements at the time of deannexation from the provisions of this Declaration and the jurisdiction of the Association. Such deannexation shall be accomplished by the execution and filing for record an instrument setting forth the land being deannexed.

ARTICLE IX
MORTGAGEE PROVISIONS

The following provisions are for the benefit of the holders of Mortgages. To the extent applicable, necessary or proper, the provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained herein or therein.

SECTION 1. NOTICES OF ACTION. A Mortgagee who provides written request to the Association (such request to state the name and address of such holder, insurer or guarantor and the description of the affected property), will be entitled to timely written notice of:

- (a) any proposed termination of the Association;
- (b) any condemnation loss or any casualty loss which affects the property on which there is a mortgage or deed of trust held, insured, or guaranteed by such Mortgagee; or
- (c) any delinquency in the payment of Assessments or charges owed by an Owner of the property subject to the Mortgage of such Mortgagee, where such delinquency has continued for a period of sixty (60) days.
- (d) any lapse, cancellation, or material modification of any insurance policy maintained by the Association

SECTION 2. NO PRIORITY. No provision of this Declaration gives or shall be construed as giving any Owner or other party priority over any rights of the Mortgagees in the case of distribution of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

SECTION 3. NOTICE TO ASSOCIATION. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's property.

ARTICLE X

GENERAL PROVISIONS

SECTION 1. TERM. Unless sooner terminated or amended in accordance with the further provisions hereof, the provisions of this Declaration shall run with and bind the land and shall be and remain in effect for a period of forty (40) years after the date that this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by the Owners of not less than seventy five percent (75%) of the Lots subject to the provisions hereof agreeing to terminate this Declaration has been recorded within the year immediately preceding the beginning of a ten (10) year renewal period, in which case this Declaration shall terminate at the end of its original term or the applicable extension period. Every purchaser or grantee of any interest in any real property subject to this Declaration, by acceptance of a deed or other conveyance therefor, thereby agrees that the provisions of this Declaration may be extended and renewed as provided in this Section.

SECTION 2. 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. Invalidation of any one of these covenants by judgment or other court order shall in no wise affect any other provisions, which shall remain in full force and effect except as to any terms and provisions which are invalidated.

SECTION 3. 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. The singular wherever used herein shall be construed to mean or include the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations (or other entities) or individuals, male or female, shall in all cases be assumed as though in each case fully expressed.

SECTION 4. TITLES. The titles of this Declaration of Articles and Sections contained herein are included for convenience only and shall not be used to construe, interpret, or limit the meaning of any term or provision contained in this Declaration.

SECTION 5. 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 required by an institutional or governmental lender or purchaser of

mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, Veteran's Administration, Federal Housing Administration or the Department of Housing and Urban Development, to enable such lender or purchaser to make or purchase mortgage loans on the property subject to this Declaration; (c) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage on the property subject to this Declaration; or (d) if such amendment is necessary to enable a reputable title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration; (e) for any other purpose, provided that the amendment has no material adverse effect upon any right of any Owner or that the Owner or Owners so affected have consented thereto.

In addition to the amendments described above, Declarant may unilaterally amend this Declaration at any time by an instrument signed by the Owners of a majority of the Lots subject to this Declaration and, as long as the Class "B" Membership exists, the Declarant; provided, however, no amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant. Any amendment to this Declaration must be recorded in the real property records of Chambers County, Texas.

SECTION 6. MERGER AND CONSOLIDATION. Upon a merger or consolidation of the Association with another non-profit corporation organized for the same or similar purposes, the Association's properties, rights, and obligations may be transferred to the surviving or consolidated association, or alternatively, the properties, rights and obligations of another association may be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association shall administer the covenants, conditions and restrictions established by this Declaration, together with the covenants, conditions and restrictions applicable to the properties of the other association as one scheme. No merger or consolidation shall be permitted except with the approval by two-thirds (2/3rds) vote of the Class "A" Members present in person or by proxy at a meeting called for such purpose and, until the termination of the Class "B" Membership, the Declarant.

SECTION 7. DISSOLUTION. The Association may be dissolved with the approval by two-thirds (2/3rds) vote of the Class "A" Members present in person or by proxy at a meeting called for such purpose and, until the termination of the Class "B" Membership, the Declarant. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

Notwithstanding anything to the contrary, no dissolution may be accomplished without an affirmative vote of the City Council of the City of Mont Belvieu. If the Association, in any event does dissolve or refuses to maintain the Common Areas or drainage facilities, the City may perform such action as is necessary and assess such cost to the Association or to the Members by lien or other proceedings.

SECTION 8. ENFORCEMENT. Each Owner and Occupant shall comply strictly with the covenants, conditions, and restrictions set forth in this Declaration, as may be amended from time to time, and with the rules and regulations adopted by the Board. The Board may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration or the rules and regulations shall be grounds for an action to recover sums due for damages, injunctive relief, or any other remedy available at law or in equity, maintainable by the Board, on behalf of the Association, or by any Owner of a portion of the Subdivision. Failure of the Board or any other Person to enforce any of the provisions herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Association shall also have the right to enforce, by any proceeding at law or in equity, any other restrictions, conditions, covenants and liens imposed upon any portion of the Subdivision which by the terms of the instrument creating same grant the Association the power to enforce same, and failure of the Association to enforce such provisions shall in no event be deemed a waiver of the right to do so thereafter. In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon a Lot to abate or remove, using such force as may be reasonably necessary, any erection, thing or condition which violates this Declaration, or the Landscaping Guidelines. Except in the case of emergency situations, and as otherwise specified herein, the Association shall give the violating Owner ten (10) days' written notice of its intent to exercise self-help. 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 Lot. If any Owner is given notice of a failure or refusal to maintain, repair or replacement 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. All costs of self-help, including reasonable attorney's fees actually incurred, shall be assessed against the violating Owner and shall be collected as provided for herein for the collection of Assessments. Private property disputes between Owners are matters to be resolved between such Owners and the Board has no obligation to intervene in or resolve any such disputes. The City of Mont Belvieu is hereby granted the right to enforce by any proceedings at law or in equity the covenants and restrictions contained herein but only as to common areas or for drainage.

SECTION 9. RIGHT OF ENTRY. The Association shall have the right, but not the obligation, to enter into any Lot for emergency, security, and safety reasons, and to

inspect for the purpose of ensuring compliance with this Declaration, the By-Laws, and the Association's rules, 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. This right of entry shall include the right of the Association to enter a 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 within a reasonable time after request by the Board.

SECTION 10. NOTICE OF SALE OR TRANSFER OF TITLE. In the event that an Owner sells or otherwise transfers title to his or her Lot, such Owner shall provide the Association with a copy of the executed instrument of conveyance and give the Association written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board of Directors may reasonably require. Until such written notice is received by the Association, the transferor shall continue to be jointly and severally responsible for all obligations of the Owner of the Lot hereunder, including payment of Assessments, notwithstanding the transfer of title to the Lot. The Board may require payment of a transfer fee to defray the costs incurred in changing its records to reflect the new Owner of a Lot.

SECTION 11. CUMULATIVE EFFECT; CONFLICT. The covenants, restrictions and provisions of this Declaration shall be cumulative with all Supplemental Declarations; provided, however, in the event of conflict between the provisions of this Declaration and a Supplemental Declaration, this Declaration shall prevail, it being intended that all Supplemental Declarations be subject and subordinate to this Declaration.

IN WITNESS WHEREOF, this Declaration of Covenants, Conditions and Restrictions for Cottonwood Estates is executed as of the 10th day of March, 2008.

COTTONTREE, LTD.,
a Texas limited partnership,

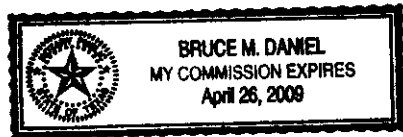
By: Greenbriar Real Estate Services, Inc.
Its general partner

By: Louis R. Braden
Louis R. Braden, President

THE STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on March 10, 2008 by Louis R. Braden, President of Greenbriar Real Estate Services, Inc., a Texas Corporation which is the general partner of Cottontree, Ltd., a Texas limited partnership, on behalf of said limited partnership.

(SEAL)



B. M. Daniel
Notary Public in and for
the State of Texas

AFTER RECORDING RETURN TO:

~~Bruce M. Daniel
9450 Grogan's Mill Road
Suite 100
The Woodlands, Texas 77380~~

RETURN TO:
MTH TITLE COMPANY
14100 SW FREEWAY
SUITE 200
SUGAR LAND, TX 77478

FILED FOR RECORD IN:

Chambers County

ON: MAR 18, 2008 AT 10:14A

AS A(N) Public Records

Heather H. Hawthorne, COUNTY CLERK

CLERK NUMBER 00033864

AMOUNT: 192.00

RECEIPT NUMBER 08228889

BY MTURNER
STATE OF TEXAS Chambers County
AS STAMPED HEREON BY ME. MAR 18, 2008

Heather H. Hawthorne, COUNTY CLERK

Recorded: Caroline Turner

(45) MTH Title Company
ATTN: Ashleigh Jackson
14100 S.W. Fwy., Ste 200
Sugar Land, TX 77478

OFFICIAL PUBLIC RECORDS
CHAMBERS COUNTY, TEXAS
Heather H. Hawthorne, County Clerk

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
COTTONWOOD ESTATES, PHASE I

LEGAL DESCRIPTION: Cottonwood Estates, Phase I, an addition in Chambers County, Texas according to the map or plat thereof recorded under 2006011465 of the Official Public Records of Chambers County, Texas

MTH TITLE COMPANY
GF# 0810101305
NS-40

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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR COTTONWOOD ESTATES**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR COTTONWOOD ESTATES, PHASE I, A PLATTED SUBDIVISION IN CHAMBERS COUNTY, TEXAS (this "Declaration"), made as of the date hereinafter set forth by Cottontree, Ltd., a Texas limited partnership (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, the Declarant has platted and subdivided a portion of its property as Cottonwood Estates, Phase I, an addition in Chambers County, Texas according to the map or plat thereof recorded under 2006011465 of the Official Public Records of Chambers County, Texas (the "Subdivision"); and

WHEREAS, the Declarant intends by this Declaration to impose mutually beneficial restrictions under a general plan of improvements for the benefit of all owners of the property within the Subdivision and such other property as may hereafter be annexed into the jurisdiction of the Association (as hereinafter defined) the Declarant desires to provide a flexible and reasonable procedure for the overall development of such property and to establish a method for the administration, maintenance, preservation, use, and enjoyment of such property.

NOW, THEREFORE, the Declarant hereby declares that the Lots (as hereinafter defined) within the Subdivision are hereby subjected to the provisions of this Declaration and the property within the Subdivision and all other property hereafter made subject to this Declaration 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 desirability of, and which shall run with the title to, the real property subject to this Declaration, and shall be binding on all persons having any right, title, or interest in all or any portion of such property, 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**

The following words, when used in this Declaration, shall have the following meanings:

SECTION 1. "Area of Common Responsibility" shall mean the Common Area, together with those areas, if any, which by contract or agreement become the

responsibility of the Association. Road rights-of-ways within or adjacent to the Subdivision may be part of the Area of Common Responsibility.

SECTION 2. "Articles of Incorporation" means the Articles of Incorporation of Cottonwood Estates Community Association, Inc. and any amendments thereto, as filed with the Secretary of State of the State of Texas.

SECTION 3. "Assessment" shall mean the Residential Assessments, Special Assessments and Specific Assessments levied by the Association pursuant to Article III hereof, the Capitalization Payments payable to the Association pursuant to Section 2(d) of Article III hereof upon the sale of each Lot with a Single Family Residence from a Builder to the first Owner, and any other amounts or sums due by any Owner to the Association pursuant to the provisions of this Declaration or a Supplemental Declaration.

SECTION 4. "Association" shall mean and refer to the Homeowner's Association for Cottonwood Estates, Inc., a non-profit, non-stock, membership corporation incorporated under the laws of the State of Texas, its successors and assigns.

SECTION 5. "Association Expenses" shall mean and include the actual and estimated expenses of operating the Association, including any reasonable reserves, all as may be found to be necessary and appropriate by the Board of Directors of the Association pursuant to this Declaration and the Association's By-Laws and Articles of Incorporation.

SECTION 6. "Board of Directors" shall mean the governing body of the Association as selected by Association pursuant to its Bylaws.

SECTION 7. "Board" shall mean the governing body of the Association as selected by Association pursuant to its Bylaws.

SECTION 8. "Builder" shall mean and refer to any Person undertaking the construction of a Single Family Residence on a Lot within the Subdivision for the purpose of selling same.

SECTION 9. "Builder Guidelines" shall establish the minimum requirements for design and construction of single family residences.

SECTION 10. "By-Laws" shall mean the By-Laws of the Association, as amended from time to time.

SECTION 11. "Capitalization Payment" shall mean the transfer fee payable to the Association pursuant to Section 2(c) of Article III hereof upon the sale of a Lot with a Single Family Residence from a Builder to the first Owner.

SECTION 12. "Class B Control Period" shall mean the period during which there is a Class B membership in the Association and during which the Declarant is entitled, as more specifically set forth in the Articles of Incorporation and By-Laws, to appoint and remove the members of the Board of Directors and disapprove any action, policy or program of the Association, the Board or any committee which, in the sole judgment of the Declarant, would tend to impair rights of the Declarant or Builders or interfere with the development, construction or marketing of any portion of the Subdivision, or diminish the level of services being provided by the Association.

SECTION 13. "Common Area" shall mean and refer to any and all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Owners and Occupants.

SECTION 14. "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 by the provisions contained herein.

SECTION 15. "Declarant" shall mean and refer to Cottontree, Ltd., a Texas limited partnership, or to such successor Declarant as may hereafter be designated in an instrument placed of record in the real property records of Harris County, Texas as the Declarant by the Declarant hereunder at such time. Upon such designation of a successor Declarant, all rights of the former Declarant hereunder shall cease. The Declarant is granted the right during the Class B Control Period pursuant to certain provisions of this Declaration, the Articles of Incorporation, and the By-Laws to appoint and remove the members of the Board and the right to disapprove any actions, policies and programs of the Board and/or its committees.

SECTION 16. "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions for Cottonwood Estates, as it may hereafter be amended in accordance with the provisions hereof.

SECTION 17. "Landscaping Guidelines" shall mean and refer to written minimum landscape design, installation and maintenance criteria and guidelines for the Lots, as amended from time to time, which are adopted by Cottonwood Estates Architectural Review Committee. Different Landscaping Guidelines may be adopted for different portions of the Subdivision.

SECTION 18. "Lot" shall mean and refer to any portion of the Subdivision, whether developed or undeveloped, upon which a Single Family Residence has been constructed or it is intended by the Declarant that a Single Family Residence be constructed, excluding reserve tracts, but including lots created by the platting or replatting of a reserve tract. "Lots" shall mean and refer to each Lot and all of them. In the case of a parcel of land planned for single family residential development which has not been platted into Lots, the parcel shall be deemed to contain the number of Lots

designated by the Declarant on the development plan for such parcel of land unless or until a different number of Lots is platted. Upon approval by the Board of Directors, the Owner of one or more adjacent Lots (or portions thereof) shall have the right to consolidate such Lots or portions of such Lots into one or more Single Family Residence building sites, with the privilege of placing or constructing improvements on such sites, in which case side setback lines shall be measured from the resulting side property lines of each such building site rather than from the lot lines shown on the recorded plat. If such Single Family Residence building site is replatted as a single Lot, it shall be considered as a single Lot for purposes of Assessments levied by the Association pursuant to this Declaration at the time the replat is recorded in the Plat Records of Chambers County, Texas. If such Single Family Residence building site is not replatted as a single Lot, it shall be considered as a single Lot for purposes of Assessments levied by the Association pursuant to this Declaration at the time the Single Family Residence on such building site is initially occupied. Prior to either of such events, Assessments by the Association shall continue based on the number of Lots shown on the original plat. Further, if the Lots that are consolidated into a Single Family Residence building site are not replatted as a single Lot and such consolidation is discontinued, then Assessments by the Association shall again be based on the number of Lots shown on the original plat.

SECTION 19. "Member" shall refer to every Person entitled to membership in the Association, as provided herein.

SECTION 20. "Mortgage" shall mean and refer to a deed of trust, mortgage or other similar security instrument granting, creating, or conveying a lien or security interest upon a Lot.

SECTION 21 "Majority" shall mean those eligible votes, Owners, or other group as the context may indicate totaling more than Fifty-One percent (51 %) of the total eligible number.

SECTION 22. "Mortgagee" shall mean a beneficiary or holder of a Mortgage.

SECTION 23. "Occupant" shall mean any person occupying all or any portion of a Single Family Residence within the Subdivision for any period of time, regardless of whether such person is a tenant or the Owner of such property.

SECTION 24. "Owner" shall mean and refer to the record owner, whether one or more Persons of the fee simple title to a Lot within the Subdivision, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation or those owning an interest in the mineral estate.

SECTION 25. "Person" shall mean any natural person, corporation, joint venture, partnership, association, trust or other legal entity.

SECTION 26. "Residential Assessments" shall mean assessments levied by the Board of Directors pursuant to Section 2(a) of Article III hereof.

SECTION 27. "Residential ARC" refers to Cottonwood Estates Architectural Review Committee created by Section 2 of Article VI hereof.

SECTION 28. "Single Family Residence" shall mean and refer to a detached residence constructed on a single Lot.

SECTION 29. "Street" shall refer to any street, boulevard, road, alley, lane, avenue, or thoroughfare within or adjacent to the Subdivision.

SECTION 30. "Supplemental Declaration" shall refer to a separate restrictive covenant instrument which is imposed on all or a portion of the property within the jurisdiction of the Association, including property hereafter annexed into the jurisdiction of the Association, and which may be enforced by the Association.

ARTICLE II
HOMEOWNER'S ASSOCIATION FOR COTTONWOOD ESTATES , INC.

SECTION 1. ORGANIZATION. The Association has been organized and formed as a non-profit corporation under the laws of the State of Texas. The principal purposes of the Association are the collection, expenditure, and management of the maintenance funds, administration of the business of the Association, and providing for the maintenance and preservation of the Area of Common Responsibility and the facilities of the Association and architectural control of the Lots.

SECTION 2. MEMBERSHIP. Every Owner, including the Declarant, shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. No Owner, whether one (1) or more Persons, shall have more than one (1) membership per Lot owned. In the event the Owner of a Lot is more than one (1) Person, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership in the Association may be exercised by each Member, subject to the provisions of this Declaration and the By-Laws. The membership rights of a Lot owned by a corporation or partnership shall be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Board, subject to the provisions of this Declaration and the By-Laws. 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 3. VOTING. The Association shall have two 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 Class "B" Member. Class "A" Members shall be entitled to one (1) vote for each Lot of which they are the Owner. If more than one Person holds the interest in a Lot required for membership in the Association, any of such Persons may exercise the vote for such Lot; provided, however, the vote for such Lot shall be suspended in the event more than one Person seeks to exercise it. To the extent it may lawfully do so, the Board shall have the power and is authorized to suspend the voting rights of any Member who is more than ninety (90) days delinquent in payment of any Assessment to the Association.
- (b) CLASS B. The Class "B" Member shall be the Declarant who shall have six (6) votes for each Lot it owns in the Subdivision. The Class "B" Membership shall cease and be converted to Class "A" Membership upon the earlier of (i) the date on which the Declarant has sold and conveyed all of the Lots it owns in the Subdivision (including property hereafter annexed into the jurisdiction of the Association), or (ii) on such earlier date that the Declarant, in its discretion, so determines and records an instrument to such effect in the real property records of Chambers County, Texas. If termination occurs pursuant to clause (i) and property is thereafter annexed into the jurisdiction of the Association by the Declarant, the Class "B" Membership shall be restored. If the termination of the Class "B" Membership occurs pursuant to clause (ii), the Declarant shall be deemed to be a Class "A" Member with respect to the Lots it owns after the termination of the Class "B" Membership.

SECTION 4. RULE MAKING AUTHORITY. This Declaration establishes, as part of the general plan of development for the Subdivision, a framework of covenants, easements and restrictions which govern the Subdivision. Within that framework, the Board must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends and technology which inevitably will affect the Subdivision, its Owners and Occupants. This Section establishes procedures for the adoption and modification of rules by the Board.

Subject to the terms hereof and the Board's duty to exercise business judgment and reasonableness on behalf of the Association, the Board may adopt, amend, repeal and enforce rules and regulations ("Rules"), fines and levies as may be deemed necessary or desirable with respect to the implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Area and the use of any other property, facilities or improvements owned or operated by the Association. At least thirty (30) days prior to the effective date of any Rule, the Board shall cause a copy of the new rule or explanation of any changes to a Rule, specifying the effective

date, to be posted at a prominent place within the Subdivision. The Association shall provide a copy of the Rules then in effect to any requesting Owner or Mortgagee for such charge as may be established from time to time by the Board.

All Owners are given notice that use of their Lots is limited by the use restrictions set forth in this Declaration and the Rules adopted by the Board, as they may be amended, expanded and otherwise modified. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of their Lot can be affected by this provision and that the initial use restrictions and Rules may change from time to time.

No Rule shall be adopted by the Association in violation of the following provisions:

- (i) Similar Treatment. Similarly situated Owners shall be treated similarly; provided, Rules may differ between and among different portions of the Subdivision, based on type of development, use, density or physical characteristics of the property;
- (ii) Allocation of Burdens and Benefits. No Rule shall alter the allocation of financial burdens among the various Lots as specified herein or rights to use the Common Area. Nothing in this provision shall prevent the Board from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who abuse the Common Area, are delinquent in payment of Assessments or violate the Rules established by the Board for the use thereof. This provision does not affect the Board's right to establish or increase user fees or to increase the amount of Assessments;

SECTION 5. CERTIFICATES OF COMPLIANCE. Any Owner may request that the Association issue a certificate of architectural compliance certifying that there are no known violations of this Declaration. The Association shall either grant or deny such request within thirty (30) days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall preclude the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate.

ARTICLE III
COVENANT FOR MAINTENANCE ASSESSMENTS

SECTION 1. PURPOSE OF ASSESSMENT. The assessments provided for in this Declaration shall be used by the Association to maintain and keep in good repair the Area of Common Responsibility and for the general purposes of promoting the common benefit of the Owners and Occupants in the Subdivision. The judgment of the Board of Directors as to the expenditure of Assessments collected by the Association shall be final and conclusive so long as its judgment is exercised in good faith. Funds obtained by the Association from Assessments among other uses, may specifically be used to finance all or any of the following:

- (i) Operation, mowing, maintenance, repair, and improvement of the Area of Common Responsibility, including streets, irrigation facilities, entry gates, road rights-of-way, drainage and detention areas;
- (ii) Payment of taxes and premiums for insurance coverage in connection with the Common Area and for directors and officers liability insurance;
- (iii) Paying the cost of labor, equipment (including expense of leasing any equipment), material, and any associated management or supervisory services and fees;
- (iv) Paying the cost and fees of a manager or firm retained to carry out the duties of the Association or to manage the affairs and property of the Association;
- (v) Maintaining or replacing landscaping in the Area of Common Responsibility;
- (vi) Designing, purchasing and installing any improvements to the Area of Common Responsibility;
- (vii) Removing debris from the Area of Common Responsibility;
- (viii) Contracting for street lights in the Subdivision;
- (ix) Collecting and disposing of trash, garbage, rubbish and other similar materials if the Board decides to provide such service to the Subdivision;
- (x) Payment of legal fees and expenses incurred to collect assessments and enforce this Declaration;
- (xi) Employing entry personnel and watchmen and/or contracting for patrol services;

- (xii) Contracting for insect and pest control such as mosquito fogging;
- (xiii) Carrying out the duties of the Board of Directors of the Association;
- (xiv) Creation and funding of such reserve funds as the Board of Directors of the Association deems necessary; and
- (xv) Carrying out such purposes of the Association as generally benefit the Members of the Association, as determined by the Board of Directors.

SECTION 2. TYPES OF ASSESSMENTS. Each Owner by acceptance of a deed to any Lot in the Subdivision, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (i) Residential Assessments as provided in subsection (a) of this Section 2; (ii) Specific Assessments as provided in subsection (b) of this Section 2; (iv) Capitalization Payments as provided in subsection (c) of this Section 2; and (v) Special Assessments to be established and collected as hereinafter provided in Section 5 of this Article III.

(a) Residential Assessments. Residential Assessments shall be levied annually to enable the Association to pay Association Expenses which are determined by the Board to benefit all Members. Such expenses benefiting all Members shall be all Association Expenses except expenses for which the Board makes a Specific Assessment Residential Assessments on all Lots shall be fixed at uniform rates; PROVIDED, HOWEVER, there shall be no Residential Assessments against unplatted Lots and, subject to the provisions of Section 9 of this Article, Lots owned by the Declarant (other than unplatted Lots which shall not be assessed) shall not be assessed for a period of two (2) years from the formation of the Association and thereafter shall be assessed at ten percent (10%) of the amount assessed against the Lots owned by other Owners. The initial annual Residential Assessment shall commence as to all Lots in the Subdivision on the date that the first Lot in the Subdivision is conveyed by the Declarant or on such later date as the Board determines, and shall be due and payable thirty (30) days thereafter. The initial assessment against property hereafter annexed into the jurisdiction of the Association shall commence on the date the annexation instrument is recorded or on such other date as may be specified in such instrument. If an Assessment commences on a date other than January 1, such Assessment shall be adjusted according to the number of days remaining in the calendar year. After the initial Residential Assessment, annual Residential Assessments shall be levied for each calendar year in advance and shall be due and payable as specified by the Board. In the event the Board levies no Fee or an insufficient fee, the City Council of the City of Mont Belvieu may, at its sole discretion, direct the Board to levy an assessment in an amount it shall determine.

(b) Specific Assessments. The Association shall have the power to levy Specific Assessments against a particular Lot as follows:

- (i) to cover the costs, including overhead and administrative costs, of providing services to Lots upon request of an Owner pursuant to any menu of special services which may be offered by the Association. Specific Assessments for special services may be levied in advance of the provision of the requested service; and
- (ii) to cover costs incurred in bringing a Lot into compliance with this Declaration or the Landscaping Guidelines, or costs incurred as a consequence of the conduct of the Owner or Occupants of a Lot, their agents, contractors, employees, licensees, invitees, or guests.

(c) Capitalization Payments. Upon acquisition of record title to a Lot with a Single Family Residence by the first Owner thereof from a Builder, a transfer fee payment shall be made by or on behalf of the purchaser to the Association in an amount equal to twenty-five percent (25%) of the Residential Assessment for the year in which the sale or transfer occurs, or such amount as may hereafter be specified by the Board from time to time. This amount shall be in addition to, not in lieu of, the Residential Assessments and shall not be considered an advance payment of Residential Assessments. This amount shall be paid to the Association at the closing of the purchase of the Lot with a Single Family Residence and may be used for such purposes as may be determined by the Board from time to time.

SECTION 3. CREATION OF LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS. Each Owner of any lot, by acceptance of a deed therefore, 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 Lot; (b) special assessments against a Lot, such assessments to be established and collected as hereinafter provided; and (c) specific assessments against any particular 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 Lot against which each assessment is made and the owner of each Lot hereby covenants and agrees to grant and does hereby grant to Louis R. Braden, trustee, the continuing lien on each 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 Chambers 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. All Assessments, together with interest commencing on the due date at the rate of eighteen percent (18%) per annum or such other rate of interest as may be established from time to time by the Board of Directors not in excess of the maximum lawful rate, costs incurred by the Association in collecting delinquent Assessments (specifically including, but not limited to, any flat

charges or percentage fees charged by any third party collection agencies used by the Association if the Association elects to use a collection agency), and reasonable attorney's fees and court costs actually incurred, shall be a charge on the land and shall be secured by a continuing lien upon the land against which each Assessment is made. Each such Assessment, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, shall also be the personal obligation of the Person who was the Owner of such land at the time the Assessment fell due. Each such Owner shall be personally liable for his or her portion of each Assessment coming due while he or she is the Owner of the land, and each Assessment thereafter coming due unless and until such Owner notifies the Association of the sale or conveyance of the land against which the Assessment is made as hereinafter provided in this Section 3.

In order to extinguish any Person's personal liability with regard to Assessments coming due following the sale or conveyance of the Lot owned by such Person, such Person shall be obligated to notify the Association of such Person's sale or conveyance of the Lot against which Assessments may be levied. In that regard, each Person who at any time owned any Lot in the Subdivision against which Assessments may be levied shall no longer be liable or responsible for payment of Assessments coming due after the date upon which such Person furnishes to the Association a copy of the executed instrument of conveyance by which fee title to the Lot previously owned by such Person was conveyed or transferred to another Person, and the mailing address of the Person to whom such Lot was conveyed or transferred. Upon receipt of such information, the Association shall cause the name and address of the new Owner to be substituted for that of the prior Owner on the records of the Association, and the prior Owner shall no longer be liable or responsible for Assessments subsequently coming due or for compliance with this Declaration. Each Person owning a Lot against which Assessments may be made shall have the obligation to notify the Association of any change in its address, and notice of any such change shall become effective five (5) days after written notice thereof has been provided to the Association. With regard to mailing notices of Assessments payable by any Person to the Association, the Association shall be deemed to have satisfied any obligation that it might have to provide written notices or bills if the same are mailed or delivered to the Owner at the address of such Owner as reflected on the records of the Association, and no such Owner or other Person liable for the payment of any Assessment shall escape such liability or be entitled to any deferral or abatement of interest or any late charges or collection costs with regard to delinquent Assessments on the basis of such Person's failure to receive notice thereof if the Association sent such notice by regular U.S. Mail to the most recent address of the Person according to the records of the Association.

Residential Assessments shall be payable annually on a date specified by the Board of Directors; provided, however, the Board may, at its option, require payment of such Assessments in monthly or quarterly installments. Special Assessments shall be paid in such manner and on such date or dates as may be fixed by the Board.

SECTION 4. COMPUTATION. It shall be the duty of the Board to adopt a budget covering the estimated costs of operating the Association during each calendar year, taking into consideration any subsidy payments to be received from the Declarant and any additional property to be annexed into the jurisdiction of the Association in the forthcoming year. In the event that the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been adopted, the budget in effect for the then current year shall continue for the succeeding year. The Association Expenses shall be levied as Residential Assessments against the Lots in the Subdivision as provided in Section 2(a) of this Article III. The annual per Lot Residential Assessment by the Association shall be such amount as is determined by the Board of Directors of the Association, at its sole discretion.

The Board shall use reasonable efforts to cause notice of the Assessments to be levied against each Owner for each year to be delivered to each Member at least thirty (30) days prior to the due date.

SECTION 5. SPECIAL ASSESSMENTS. In addition to the other Assessments authorized herein, the Board may levy one or more special assessments in any year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or repair or replacement of a capital improvement located upon the Common Area, including fixtures and personal property related thereto; provided, however, any such special assessment must have the written consent of the Declarant during the Class B Control Period and a per Lot special assessment in an amount greater than twenty percent (20%) of the Residential Assessment per Lot for such year must be approved by a two-thirds (2/3rds) vote of the eligible Members who are present in person or by proxy at a meeting of the Members called for such purposes.

If a special assessment is approved as herein required and levied, it 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. Special assessments shall be allocated among all Owners in the same manner as Residential Assessments.

SECTION 6. LIEN FOR ASSESSMENTS. All sums assessed against any property subject to this Declaration pursuant to this Declaration, together with interest, collection and other costs, and reasonable attorney's fees actually incurred, as provided herein, shall be secured by a lien on the property owned by each Owner in favor of the Association. Such liens shall be superior to all other liens and encumbrances on such 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 Chambers County, Texas, and all amounts advanced pursuant to such Mortgage and secured thereby in accordance with the terms of such instrument.

All persons acquiring liens or encumbrances on any 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.

All Persons acquiring liens or encumbrances on any property subject to this Declaration after this Declaration shall have been recorded in the real property records of Chambers County, Texas 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 7. SUBORDINATION OF THE LIEN TO FIRST MORTGAGES. The lien securing the Assessments provided for herein shall be subordinate to (i) liens of ad valorem taxes and (ii) the lien of any first Mortgage which has been recorded in the real property records of Chambers County, Texas. Sale or transfer of any Lot subject to this Declaration shall not affect the lien hereby created. However, the sale or transfer of any Lot pursuant to foreclosure of a first Mortgage or any conveyance in lieu thereof, shall extinguish the lien of such Assessments as to payments which become due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any Assessments thereafter becoming due or from the lien thereof.

SECTION 8. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION. Any Assessments which are not paid in full by the date specified by the Board shall be delinquent. Any delinquent Assessment shall commence to bear interest on the due date at the rate of twenty-one percent (21%) per annum or such other interest rate as the Board may from time to time determine or the maximum lawful rate of interest. If the Assessment is not paid when due, the lien herein retained and created against the affected Lot shall secure the Assessment due, interest thereon from the date due and payable, all costs of collection, court costs, reasonable attorney's fees actually incurred, and any other amount provided or permitted by law. In the event that the Assessment remains unpaid after ninety (90) days, the Association may, as the Board shall determine, institute suit for collection against the Owner personally obligated to pay the Assessment or foreclose the lien created and reserved hereby against the Lot of such Owner.

The Association's lien is created by recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of lien shall be or is required. By acquiring a Lot, an Owner grants to the Association a power of sale in connection with the Association's lien. By written resolution, the Board of Directors of the Association may appoint, from time to time, an officer, agent, trustee, or attorney of the Association to exercise the power of sale on behalf of the Association. The Association shall exercise its power of sale pursuant to Section 51.002 of the Texas Property Code, and any applicable revision(s), amendment(s), or recodifications thereof in effect at the time of the exercise of such power of sale. The Association has the right to foreclose its lien judicially or by

nonjudicial foreclosure pursuant to the power of sale created hereby. Costs of foreclosure may be added to the amount owed by the Owner to the Association. An Owner may not petition a court to set aside a sale solely because the purchase price at the foreclosure sale was insufficient to fully satisfy the Owner's debt. The Association may bid for and purchase the Lot at the foreclosure sale utilizing funds of the Association. The Association may own, lease, encumber, exchange, sell, or convey a Lot. The purchaser at any such foreclosure sale shall be entitled to sue for recovery of possession of the Lot by an action of forcible detainer without the necessity of giving any notice to the former owner or owners of the Lot sold at foreclosure. The Owner shall have a right of redemption after or resulting from a foreclosure sale of the Association's lien as provided by law. Nothing herein shall prohibit the Association from taking a deed in lieu of foreclosure or from filing suit to recover a money judgment for sums that may be secured by the lien. At any time before a nonjudicial foreclosure sale, an Owner of a Lot may avoid foreclosure by paying all amounts due the Association. Foreclosure of a tax lien attaching against a Lot under Chapter 32, Tax Code, shall not discharge the Association's lien under this paragraph for amounts becoming due to the Association after the date of foreclosure of the tax lien.

No Owner may waive or otherwise exempt himself from liability for the Assessments provided for herein, by non-use of Common Area or abandonment of the Lot owned by such Owner. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay Assessments being a separate and independent covenant on the part of Declarant and each other Owner.

All payments shall be applied as determined by the Board of Directors in accordance with any applicable laws.

SECTION 9. ASSESSMENT OBLIGATION OF DECLARANT. Subject to the further provisions hereof, Declarant, on behalf of itself and its successors and assigns to whom its rights as Declarant are expressly assigned, covenants and agrees to pay Assessments as provided herein for the Lots (other than unplatted Lots) that it owns. However, as long as the Class "B" membership exists in the Association, the Declarant may annually elect either to pay Residential Assessments on the Lots (other than unplatted Lots) it owns as herein provided or to pay the Association the difference between the amount of Residential Assessments collected or to be collected on all other Lots subject to assessment and the amount of the expenditures indicated in the budget adopted by the Board that will be incurred to operate the Association during such calendar year (the "Subsidy") even if the Subsidy is less than the Residential Assessment that would otherwise have been payable by the Declarant. The payment

by Declarant of a Subsidy in any year in lieu of Residential Assessments shall under no circumstances obligate the Declarant to pay a Subsidy in a future year or years. The Subsidy may be paid by the Declarant in increments throughout the year as funds are needed by the Association. In the event that the Declarant elects to make subsidy payments in lieu of Residential Assessments, the Board of Directors of the Association shall, and is hereby authorized to execute a promissory note or enter into such other repayment agreements or obligations for the purpose of reimbursing the Declarant the amount of such subsidy payments.

Notwithstanding anything to the contrary herein, the Declarant may pay Residential Assessments or a subsidy in services or materials or a combination of services and materials, rather than in money (herein collectively called "in kind payment"). The amount by which Residential Assessments or a subsidy shall be decreased as a result of any in kind payment shall be the fair market value of the in kind payment. If the Declarant and the Board agree as to the value of any in kind payment, the value shall be as agreed. If the Board and the Declarant cannot agree as to the value of any in kind payment, the Declarant shall supply the Board with a detailed explanation of the service performed and material furnished, and the Board 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 Board and the Declarant are still unable to agree on the value of the in kind payment, the value shall be deemed to be the average of the bids received from the three (3) independent contractors.

ARTICLE IV

RIGHTS IN THE COMMON AREA

SECTION 1. OWNER'S RIGHTS OF ACCESS AND ENJOYMENT. Subject to the further provisions of this Section, every Member shall have a right of access to and enjoyment of the Common Area and such right shall be appurtenant to and shall pass with the title to the Lot owned by such Member. Such rights shall be subject to the following:

(a) The Board shall have the right to charge reasonable admission and other fees for the use of any facility situated upon the Common Area.

(b) The Board shall have the right, without the approval of the Members, to borrow money and to mortgage, pledge, deed in trust, or hypothecate any or all of the Common Area as security for money borrowed or debts incurred.

(c) The Board shall have the right to take such steps as are reasonably necessary to protect the Common Area against foreclosure of any such mortgage.

(d) The Board shall have the right to suspend the enjoyment rights of any Member for any period during which any assessment or other amount owed by such Member to the Association remains unpaid in excess of thirty (30) days.

(e) The Board shall have the right to establish reasonable rules and regulations governing the Members' use and enjoyment of the Common Area, and to suspend the enjoyment rights of any Member for any period not to exceed sixty (60) days for any infraction of such rules and regulations. The Board shall also have the right to discontinue general access to any common area if the Board deems such action in the best interest of the Members.

(f) The Board shall have the right, without the approval by the Members, to sell or convey all or any part of the Common Area and the right, to grant or dedicate easements in portions of the Common Area to public or private utility companies.

(g) The Board shall have the right to enter into agreements with one or more Persons pursuant to which individuals who are not Members of the Association are granted the right to use the Common Area and the facilities located thereupon upon payment of such fees as may be determined by the Board.

SECTION 2. DELEGATION OF USE. Each Member shall have the right to extend his right of enjoyment to the Common Area to the members of his family and to such guests or other persons as may be permitted by the Association. An Owner shall be deemed to have made a delegation of all rights to use the Common Area to the Occupants of any leased residence.

SECTION 3. EASEMENTS-GENERAL. Easements for the installation and maintenance of utilities are reserved as shown and provided for on the plats of the Subdivision and/or as dedicated by separate instruments. Neither Declarant nor any utility company or authorized political subdivision using the easements referred to herein shall be liable for any damages done by them or their assigns, agents, employees or servants, to fences, shrubbery, trees, flowers, improvements or other property of the Owner situated on the land covered by such easements as a result of construction, maintenance or repair work conducted by such parties or their assigns, agents, employees or servants. Declarant expressly reserves the right to grant easements over, under and across any Lot in the Subdivision for the installation and maintenance of utility and drainage facilities; provided, however, any easement created by the Declarant pursuant to this provision shall not materially adversely affect the use and enjoyment of any Single Family Residence or the value of any Single Family Residence. Declarant further reserves unto itself, its agents, employees, servants, successors and assigns, the temporary right of ingress and egress, on, over, in, and across the Subdivision in order to complete development of the Subdivision and the construction of all Single Family Residences. The rights reserved by Declarant in this

paragraph shall be used in such a manner as not to unreasonably interfere with the use and enjoyment of any Single Family Residence in the Subdivision and such rights shall terminate upon the expiration of the Class B Control Period.

SECTION 4. EASEMENTS FOR UTILITIES AND PUBLIC SERVICES.

(a) There is hereby granted to the Association, to Chambers County, to the City of Mont Belvieu, and to any other public authority or agency, utility district, or public or private utility company, a perpetual easement upon, over, under, and across (i) the Common Area, and (ii) those portions of all Lots as are reasonably necessary, for the purpose of installing, replacing, repairing, maintaining, and using master television antenna and/or cable systems, security and similar systems, and all utilities, including, but not limited to, storm sewers, drainage systems and retention ponds, electrical, gas, telephone, water and sewer lines, street lights, street signs and traffic signs; provided, however, that such easements shall not unreasonably affect the ability to develop, market or the value of any Lot. To the extent possible, utility lines and facilities serving the Subdivision and located therein shall be located underground. By virtue of any such easement and facilities, it shall be expressly permitted for the providing utility company or other supplier or servicer, with respect to the portions of the Subdivision encumbered, (i) to erect and maintain pipes, lines, manholes, pumps, and other necessary equipment and facilities, (ii) to cut and remove any trees, bushes, or shrubbery, (iii) to excavate or fill, or (iv) to take any other similar action reasonably necessary to provide economical and safe installation, maintenance, repair, replacement, and use of such utilities and systems.

(b) There is also hereby granted to Chambers County, to the City of Mont Belvieu, and to such other governmental authority or agency as shall from time to time have jurisdiction over the Subdivision (or any portion thereof) with respect to law enforcement and fire protection, the perpetual, non-exclusive right and easement upon, over and across all of the Subdivision for purposes of performing such duties and activities related to law enforcement and fire protection in the Subdivisions as shall be required or appropriate from time to time by such governmental authorities under applicable law.

SECTION 5. EASEMENTS FOR ASSOCIATION. There is hereby granted a general right and easement to the Association, its directors, officers, agents, and employees, including, but not limited to, any manager employed by the Association and any employees of such manager, to enter upon any Lot or any portion thereof in the performance of their respective duties or the enforcement of the provisions of this Declaration without liability for trespass. The easement hereby created includes the right to enter upon the Lots for the maintenance and repair of each Lot in accordance with the provisions hereof, to maintain any common fencing, and for the carrying out by the Association of its functions, rights, duties and obligations hereunder; provided, that any such entry by the Association upon any Lot shall be made with as little inconvenience to the Owner as practical, and any damage caused thereby shall be

repaired by the Association, and the expense thereof shall be assessed as provided in this Declaration. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to the Owner or Occupant of the residence directly affected thereby.

SECTION 6. SECURITY. THE ASSOCIATION MAY, BUT SHALL NOT BE OBLIGATED TO, MAINTAIN OR SUPPORT CERTAIN ACTIVITIES WITHIN THE PROPERTIES DESIGNED TO MAKE THE SUBDIVISION SAFER THAN THEY OTHERWISE MIGHT BE. NEITHER THE ASSOCIATION, THE DECLARANT, ANY SUCCESSOR DECLARANT, THE RESIDENTIAL ARC, NOR THEIR AGENTS (INCLUDING ANY MANAGER OF THE ASSOCIATION) SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES, HOWEVER, AND NEITHER THE ASSOCIATION, THE DECLARANT, ANY SUCCESSOR DECLARANT, THE RESIDENTIAL ARC, NOR THEIR AGENTS (INCLUDING ANY MANAGER OF THE ASSOCIATION) SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND OCCUPANTS OF ANY LOT, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION AND ITS BOARD OF DIRECTORS, DECLARANT, ANY SUCCESSOR DECLARANT, THE RESIDENTIAL ARC AND THEIR AGENTS (INCLUDING ANY MANAGER OF THE ASSOCIATION) DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED BY THE BOARD, THE DECLARANT OR THE RESIDENTIAL ARC MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE, NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER AND OCCUPANT OF ANY LOT, AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, THE BOARD OF DIRECTORS, THE RESIDENTIAL ARC, THE DECLARANT, ANY SUCCESSOR DECLARANT AND THEIR AGENTS (INCLUDING ANY MANAGER OF THE ASSOCIATION) ARE NOT INSURERS AND THAT EACH OWNER AND OCCUPANT OF ANY LOT AND EACH TENANT, GUEST AND INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO LOTS AND TO THE CONTENTS OF LOTS AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, THE BOARD OF DIRECTORS, THE RESIDENTIAL ARC, THE DECLARANT, OR ANY SUCCESSOR DECLARANT AND THEIR AGENTS HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR

PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE SUBDIVISION.

SECTION 7. RIGHTS OF DECLARANT DURING CONSTRUCTION AND SALE PERIOD. Notwithstanding any provisions contained in this Declaration, until the Declarant has developed and sold all of its land within the Subdivision, it shall be expressly permissible for the Declarant and any Builder approved by the Declarant to maintain upon such portion of the Subdivision as the Declarant may deem necessary, such facilities, and carry on such activities as in the sole opinion of the Declarant may be required, convenient, or incidental to the Declarant's and such Builder's development, construction, and sales activities related to their properties, including, but without limitation: the right of access, ingress and egress for vehicular and pedestrian traffic over, under, on or in the Subdivision; the right to carry on sales and promotional activities in the Subdivision; the right to place signs in the Common Area and in road rights-of-way within the Subdivision; and the right to construct and operate business offices, construction trailers, model residences, information and sales offices. The Declarant and any such Builder may use residences as model residences, sales offices and construction offices. Garages in residences used for sales offices and other purposes must be converted to operative parking garages prior to occupancy by a resident.

ARTICLE V

INSURANCE

SECTION 1. INSURANCE. The Association's Board of Directors, or its duly authorized agent, shall obtain blanket all-risk casualty insurance for all insurable improvements on the Common Area, or if blanket all-risk coverage is not reasonably available, an insurance policy providing fire and extended coverage. This insurance obtained by the Association shall not cover improvements on the Lots. Such insurance policies shall be in such amount or amounts as the Board of Directors deems appropriate. The Board may also obtain a public liability policy covering the Common Area, insuring the Association and its Members for all damages or injury caused by the negligence of the Association, its agents, the Members or Occupants, in such amount as the Board deems appropriate. Premiums for all insurance on the Common Area shall be Association Expenses and shall be included in the Residential Assessments.

In addition to the other insurance discussed in this Section, the Board may also obtain, as an Association Expense payable from Residential Assessments, (i) worker's compensation insurance, and the Board shall obtain such insurance if and to the extent required by law, (ii) directors' and officers' liability coverage, and (iii) a fidelity bond or fidelity insurance on directors, officers, employees, and other Persons handling or responsible for the Association's funds.

SECTION 2. DAMAGE AND DESTRUCTION. Any damage or destruction to any Lot or Lots shall be repaired or reconstructed. Any damage or destruction to any Common Property shall be repaired or reconstructed unless (i) at least seventy-five percent (75%) of the Class "A" members or (ii) the Class "B" member, so long as such membership exists, determine otherwise. Immediately after damage or destruction by fire or other casualty of all or any part of the property 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 the repair or reconstruction of the damaged or destroyed property, to the extent insurance proceeds are available for such purpose. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition which existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes. In the event that insurance proceeds are unavailable to repair or reconstruct the Common Area, the damaged or destroyed property shall be restored to its natural state. If insurance proceeds are insufficient to cover a repair or reconstruction, the Board may levy a Special Assessment to cover the shortfall, subject to the requirements of Section 5 of Article III above.

**ARTICLE VI
ARCHITECTURAL STANDARDS AND RESTRICTIONS**

SECTION 1. PURPOSE. In order to preserve the natural setting and beauty of the Subdivision, to establish and preserve a harmonious and aesthetically pleasing design for the project and to protect and promote the value of the Subdivision, the Lots shall be subject to the restrictions set forth in this Article VI. Every grantee of any interest in a Lot by acceptance of a deed or other conveyance of such interest, agrees to be bound by the provisions of this Article.

SECTION 2. COTTONWOOD ESTATES ARCHITECTURAL REVIEW COMMITTEE. There is hereby established Cottonwood Estates Architectural Review Committee (sometimes hereinafter called the "Residential ARC"), which shall have exclusive jurisdiction over all original construction on the Lots and over modifications, additions, or alterations made on or to the residences and other improvements on the Lots, including the right to establish Builder Guidelines. The Residential ARC shall establish application and review procedures for plans and specifications. The Residential ARC shall consist of a minimum of three (3) and a maximum of five (5) members. During the period there is a Class "B" Membership, the Residential ARC may consist of a minimum of one (1) member. Until the date on which it has sold all of its Lots within the Subdivision, the Declarant shall have the right to appoint all members of the Residential ARC as well as the right to remove any member. There shall be no surrender of this right prior to that time, except by a written instrument executed by Declarant and recorded in the real property records of Chambers County, Texas. Following the expiration of such right, the Board of Directors shall appoint the members of the Residential ARC. The Residential ARC is authorized, but not obligated, to retain

the services of consulting architects, landscape architects, urban designers, engineers, inspectors, and/or attorneys in order to advise and assist the Residential ARC in performing its functions set forth herein.

The Declarant, during the period there is a Class "B" Membership, and thereafter, the Board of Directors, shall have the right, but not the obligation, at any time to create a separate committee known as the "Modifications Committee" to perform the obligations of the Residential ARC hereinafter specified with respect to the review of plans for the alteration or modification of the improvements on a Lot after construction of the initial improvements. The Declarant or Board, as applicable, shall also have the right to abolish such committee at any time. In the event such committee is created it shall consist of three (3) members appointed by the Declarant or Board, as applicable, and the Declarant or Board, as applicable, shall have the power to remove a member at any time. In the event a Modifications Committee is created, such committee shall have all of the duties and powers granted to the Residential ARC in this Declaration with respect to the alteration or modification of improvements on a Lot in the Subdivision unless or until the Declarant or Board, as applicable, determines there should no longer be two (2) separate committees and abolishes the Modifications Committee, in which event all such duties and powers shall thereafter be restored to the Residential ARC.

SECTION 3. ARCHITECTURAL APPROVAL. To preserve the architectural and aesthetic appearance of the Cottonwood Estates project, no construction of improvements, including landscaping, or modifications, additions, or alterations to existing improvements, shall be commenced or maintained by any Owner with respect to any Lot in the Subdivision, including, without limitation, the construction or installation of sidewalks, driveways, parking areas, mail boxes, decks, patios, courtyards, swimming pools, tennis courts, greenhouses, playhouses, landscaping, awnings, walls, fences, exterior lights, garages, guest or servants' quarters, or accessory buildings, nor shall any exterior addition to or change or alteration be made to any improvements (including, without limitation, painting or staining of any exterior surface, including fences), unless and until two (2) copies of the plans and specifications and related data (including, if required by the Residential ARC, a survey showing the location of trees of four (4) inches or more in diameter at a point twelve (12) inches above the ground and other significant vegetation on such Lot) showing the nature, color, type, shape, height, materials, and location of the same shall have been submitted to and approved in writing by the Residential ARC including, without limitation, approval as to the compliance of such plans and specifications with this Declaration, and the harmony of external design, location, and appearance in relation to surrounding structures and topography. One copy of such plans, specifications, and related data so submitted shall be retained in the records of the Residential ARC, and the other copy shall be returned to the Owner marked "approved," "approved with conditions as noted," or "disapproved." The Residential ARC may establish a reasonable fee sufficient to cover the expense of reviewing plans and related data and to compensate any consulting architects, landscape architects, urban designers, inspectors, or attorneys retained in accordance with the terms hereof. Nothing contained herein shall be construed to limit

the right of an Owner to remodel the interior of his improvements, or to paint the interior of the improvements on his property any color desired. The Residential ARC shall have the sole authority and discretion to determine whether plans and specifications submitted for approval are acceptable to the Association 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. The Residential ARC shall use reasonable efforts to give its approval or disapproval of plans and specifications within forty-five (45) days after submission of all items required. The failure of such committee to respond within such period shall be deemed to be a disapproval unless written approval is thereafter given.

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 approval 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 herein.

Upon approval of plans and specifications, no further approval under this Article VI shall be required with respect thereto, unless construction has not substantially commenced within six (6) months of the approval of such plans and specifications (e.g. clearing and grading, pouring of footings, etc.) or unless such plans and specifications are materially altered or changed. The Residential ARC may disapprove plans and specifications for any reason which is consistent with the objects and purposes of this Declaration as determined by the Residential ARC from time to time, including purely aesthetic considerations, so long as such grounds are not arbitrary or capricious.

SECTION 4. LANDSCAPING APPROVAL. To preserve the aesthetic appearance of the Cottonwood Estates project, no landscaping, grading or excavation shall be implemented and installed on a Lot in the Subdivision unless and until the plans therefor have been submitted to and approved in writing by the Residential ARC. In the installation of landscaping and maintenance of his Lot, each Owner shall comply with the Landscaping Guidelines.

SECTION 5. APPROVAL NOT A GUARANTEE OR VARIANCE. The review and approval of plans pursuant to this Article is made on the basis of aesthetic considerations only and no approval of plans and specifications shall be construed as representing or implying that such plans, specifications, or guidelines will, if followed, result in properly designed improvements. Such approvals shall in no event be construed as representing or guaranteeing that any improvements built in accordance therewith will be built in a good and workmanlike manner. Neither Declarant, the

Developers, the Association, the Residential ARC, nor any of their respective officers, partners, directors or members, shall be responsible or liable in damages or otherwise to any Person who submits plans for approval by reason of mistake of judgment, negligence or nonfeasance arising out of the approval or disapproval of any plans or specifications, any loss or damage arising from the noncompliance of such plans and specifications with any governmental ordinances and regulations, nor any defects in construction undertaken pursuant to such plans and specifications. The purpose of such reviews primarily seeks to conform the aesthetic appearances of development within the Subdivision. In addition, the approval of plans pursuant to this Article shall not be deemed to be a variance from the specific restrictions of this Declaration. All variances must be issued in accordance with the provisions of Section 8 of this Article.

SECTION 6. RIGHT TO INSPECT. Any member of the Board of Directors or the Residential ARC and their representatives shall have the right, but not the obligation during reasonable hours to enter upon and inspect any Lot with respect to which construction is underway to determine whether or not the plans and specifications therefor have been approved and are being complied with. Such Person or Persons shall not be deemed guilty of trespass by reason of such entry. In the event the Residential ARC shall determine that such plans and specifications have not been approved or are not being complied with, the Residential ARC shall be entitled to enjoin further construction and to require the removal or correction of any work in place which does not comply with approved plans and specifications. In addition to any other remedies available to the Association, the Board may record in the appropriate land records a notice of violation naming the violating Owner.

SECTION 7. NO WAIVER OF FUTURE APPROVALS. The approval by the Residential ARC of any plans and specifications for any work done or proposed, or in connection with any other matter requiring the approval and consent of such committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

SECTION 8. VARIANCES. The Residential ARC may grant variances from compliance with the restrictions of this Declaration and from the Landscaping Guidelines when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations merit a variance and the granting of the variance will have no material adverse effect, in the judgment of the Residential ARC, on surrounding properties. No variance shall (a) be effective unless in writing, or (b) estop the Residential ARC 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.

ARTICLE VII
SPECIFIC USE RESTRICTIONS

SECTION 1. SINGLE FAMILY RESIDENCES. Each and every Lot in the Subdivision is hereby restricted to one (1) Single Family Residence and approved outbuildings and improvements, and use for single-family residential purposes exclusively and no Single Family Residence shall be occupied by more than a single family which for purposes hereof shall mean and refer to any number of individuals living together as a single household unit, and the household employees of such household unit.

SECTION 2. BUSINESS AND TRADES

No trade or business may be conducted in or from any Lot, except that an Owner or Occupant may conduct business activities within the Single Family Residence so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Lot; (b) the business activity does not involve persons coming onto the Subdivision who do not reside in the Subdivision or door-to-door solicitation of residents of the Subdivision; and (c) the business activity is consistent with the residential character of the Subdivision and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Subdivision. The Board is authorized to promulgate rules and regulations to insure that home businesses comply with the above standards and to make factual determinations regarding the impact of a home business on the residential character of the Subdivision. If, in the judgment of the Board, a home business has a detrimental impact on the residential quality of the Subdivision or otherwise constitutes a nuisance, it is authorized to require that the Owner cease the home business or alter it to the Board satisfaction. The terms business and trade, as used in this provision, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the providers family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required. Notwithstanding the above, the leasing of a Single Family Residence shall not be considered a trade or business within the meaning of this Section. This Section shall not apply to any activity conducted by the Declarant or by a Builder with the approval of the Declarant, with respect to the development and sale of the Lots and Single Family Residences in the Subdivision.

SECTION 3. NUISANCE. It shall be responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition of his or her Lot. No Lot shall be used, in whole or in part, for the storage of any property or thing that will cause such 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 Lot

that will emit foul or obnoxious odors or that will cause any noise or other conditions 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 Lot, or shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any property adjacent 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. TYPE OF CONSTRUCTION. All construction shall conform to the minimum Builder Guidelines adopted by the Residential ARC.

SECTION 5. ANTENNAE AND SATELLITE DISHES. No television, radio, or other electronic towers, aerials, antennae, satellite dishes or device of any type for the reception or transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon, except that this prohibition shall not apply to those antennae specifically covered by the regulations promulgated under the Telecommunications Act of 1996, as amended from time to time. The Residential ARC is empowered to adopt rules governing the types of antennae that are permissible in the Subdivision and to establish reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae. To the extent that receipt of an acceptable signal would not be impaired, an antenna permissible pursuant to the rules of the Residential ARC may only be installed in a side or rear yard location, not visible from the Street or neighboring property, and integrated with the dwelling and surrounding landscape. Antennae shall be installed in compliance with all state and local laws and regulations.

SECTION 6. ANIMALS AND PETS. No animals, livestock, or poultry of any kind may be raised, bred, kept, or permitted on any Lot, with the exception of a maximum of three (3) dogs, cats or other usual and common household pets in the aggregate (excluding in such maximum number, fish and birds); provided, however, exotic animals or animals which endanger health or otherwise constitute a nuisance or inconvenience to the Owners or Occupants within the Subdivision, in the sole discretion of the Board, may be prohibited by the Board. No animals shall be kept, bred or maintained for any commercial purpose on a Lot. Dogs which are household pets shall at all times whenever they are outside a Single Family Residence be on a leash or otherwise confined within a fenced area of the Owner's Lot. The owner of a pet that has caused damage to property shall be responsible for compensating the owner of the damaged property, but the Association shall have no obligation to enforce such obligation. Animal control authorities shall be permitted to enter the Subdivision to patrol and remove pets. Pets shall be registered, licensed and inoculated as required by law.

SECTION 7. WINDOW AIR CONDITIONERS. Unless otherwise approved by the Residential ARC, no window or wall type air conditioners shall be permitted to be used, erected, placed or maintained on or in any Single Family Residence.

SECTION 8. RENTING OR LEASING. Single Family Residences may be rented or leased only by written leases and subject to the restriction that all tenants shall be subject to the terms and conditions of this Declaration and the rules and regulations promulgated by the Association as though such tenant were an Owner. Each Owner of a Single Family Residence agrees to cause his or her tenants to comply with this Declaration and the rules and regulations promulgated pursuant hereto, and is responsible and liable for all violations and losses caused by such tenants, notwithstanding the fact that such tenants are fully liable for any such violation. All provisions of this Declaration and of any rules and regulations promulgated pursuant hereto which govern the conduct of Owners of a Single Family Residence and which provide for sanctions against Owners shall also apply to all Occupants of a Single Family Residence even though such Occupants are not specifically mentioned. Each Owner who leases his or her residence shall provide the Association with a copy of the lease and the mailing address where such Owner can be contacted at all times.

SECTION 9. VEHICLES AND PARKING. The term "vehicles", as used herein, shall refer to all motorized vehicles including, without limitation, automobiles, trucks, motor homes, boats, trailers, motorcycles, minibikes, scooters, go-carts, campers, buses, and vans.

(a) Passenger Vehicles. Except as hereinafter provided, no Owner, lessee, tenant or occupant of a Lot, including all persons who reside with such Owner, lessee or occupant on the Lot, shall park, keep or store ("store" is defined as vehicle being kept immobile for period longer than seven days) any vehicle on any Lot which is visible from any Street in the Subdivision or any neighboring Lot other than a passenger vehicle or pick-up truck. For purposes hereof, the term "passenger vehicle" is limited to any vehicle which displays a current passenger vehicle license plate and the term "pick-up truck" is limited to a maximum one (1) ton capacity pick-up truck which has not been adapted or modified for commercial use. No passenger vehicle or pick-up truck owned or used by the residents of a Lot shall be permitted to be parked on any Street in the Subdivision. No vehicle may be parked on any part of the Lot except the driveway or the interior of the garage.

(b) Other Vehicles. No mobile home trailers, recreational vehicles, trailers or boats shall be kept overnight in the Subdivision unless approved by the ARC.

(c) Vehicle Repairs. Vehicle repair work on a Lot that is visible from the Street or any neighboring Lot is permitted as long as the repair work is being performed on a vehicle owned by the occupant of the Lot and does not exceed forty-eight (48) hours in any calendar month; otherwise, the vehicle repair work must be conducted in the garage, out of view from any Street adjacent to the Lot and all neighboring Lots. For

purposes of this Section, a vehicle is owned by the occupant of the Lot if the vehicle is (a) owned by any person who resides on the Lot and is regularly used by that person, (b) owned by any person who resides on the Lot and is regularly used by another person who resides on the Lot, or (c) provided to any person who resides on the Lot by that persons employer and is regularly used by the person. All other vehicle repair work is prohibited. No vehicle repair work shall create unreasonable noise or cause the Lot to become unsanitary, unsightly, offensive and/or detrimental to any other Lot or its occupants.

SECTION 10. DISPOSAL OF TRASH. No trash, rubbish, garbage, manure, debris, or offensive material of any kind shall be kept or allowed to remain on any Lot, nor shall any Lot be used or maintained as a dumping ground for such materials. All such matter shall be placed in sanitary refuse containers constructed of metal, plastic or masonry materials with tight fitting sanitary covers or lids and placed in an area adequately screened from public view by planting or fencing. All rubbish, trash, and garbage shall be regularly removed and not allowed to accumulate. Equipment used for the temporary storage and/or disposal of such material prior to removal shall be kept in a clean and sanitary condition and shall comply with all current laws and regulations and those which may be promulgated in the future by any federal, state, county, municipal or other governmental body with regard to environmental quality and waste disposal. In a manner consistent with good housekeeping, the Owner of each Lot shall remove such prohibited matter from his Lot at regular intervals at his expense.

SECTION 11. DRAINAGE EASEMENT. There is hereby granted to the Declarant, any Builder and to their respective successors, assigns, employees and contractors, a perpetual easement consisting of a strip of land three (3) feet in width upon, over, under, along and across the inside length of the side boundary lines (as such are depicted on the plats of the Subdivision) of all Lots. The easement, together with the necessary rights of ingress, egress and regress to and from the Lots is hereby granted for the purpose of locating and constructing drainage swales. With respect to the portions of the Lots hereby encumbered, the Declarant, any Builder and their respective successors, assigns, employees and contractors are hereby expressly permitted, (i) to cut and remove any trees, bushes, or shrubbery, (ii) to excavate or fill, or (iii) to take any other similar action reasonably necessary to effect the purpose of this easement.

Catchbasins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner or Occupant of a Lot may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers or storm drains.

SECTION 12. CLOTHESLINES, GARBAGE CANS, WOODPILES, ETC. All clotheslines, garbage cans, woodpiles, swimming pool pumps, filters and related equipment and other similar items shall be concealed from view of neighboring streets and property with landscaping or fences.

SECTION 13. WEAPONS AND FIREWORKS. The use of fireworks, firearms and other weapons within the Subdivision is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and small firearms of all types. Nothing contained in this Declaration shall be construed to require the Board to take action to enforce this Section.

SECTION 14. TEMPORARY BUILDINGS. Temporary buildings or structures shall not be permitted on any Lot, provided, however, Declarant may permit temporary toilet facilities, sales and construction offices and storage buildings to be used by Builders in connection with the construction and sale of residences and by contractors performing land development activities within the Subdivision for Declarant. Builders may use garages as sales or construction offices for the time during which such Builders are marketing homes. At the time of the sale of a Single Family Residence by a Builder any garage appurtenant to such residence used for sales purposes must be reconverted to a functional garage in compliance with the plans approved by the Residential ARC.

SECTION 15. LANDSCAPING. The Owner of each Lot shall landscape the areas of his or her Lot which are visible from the Street or adjacent property in accordance with the Landscaping Guidelines and maintain the Lot as required by Section 26 of this Article VII. The Association may, at its option, plant and install shrubbery and other screening devices around boxes, transformers and other above-ground utility equipment located on the Lots, and mow and maintain the grass, shrubbery or other screening devices around such utility equipment. The Association shall have the right to enter upon the Lots for such purposes. In addition, in landscaping his or her Lot, the Owner of each Lot shall comply with the following specific requirements:

(a) No grading, excavation or fill work of any nature shall be implemented or installed by an Owner on a Lot unless and until plans therefor have been submitted to and approved by the Residential ARC in accordance with the provisions of Article VI of this Declaration.

(b) All front and side yards of each Lot shall, unless otherwise approved by the Residential ARC, be sodden with grass; provided that, under no circumstances shall the predominant area of the front or side yard of a Lot be covered with stone, rock, or gravel.

(c) All landscaping for a Lot shall be completed no later than thirty (30) days following the issuance of a certificate of occupancy for the residence situated thereon. All landscaping in a Lot must be maintained at all times in a neat and attractive manner.

(d) No hedge or shrubbery planting which obstructs sight-lines of Streets and roadways shall be placed or permitted to remain on any Lot where such hedge or shrubbery interferes with traffic sight-lines for roadways within the

Subdivision. The determination of whether any such obstruction exists shall be made by the Board of Directors, whose determination shall be final, conclusive and binding on all Owners.

(e) No rocks, rock walls or other substances shall be placed on any Lot as a front or side yard border or to prevent vehicles from parking on or pedestrians from walking on any portion of such Lot or to otherwise impede or limit access to the same. No foundations, reflectors, artificial plants, rock gardens, rock walls, or other fixtures and accessories shall be placed or installed within the front yard or visible side or rear yard of any Lot unless such items have been approved in writing by the Residential ARC and are in compliance with the the Rules adopted by the Board.

(f) No vegetable, herb or similar gardens or plants shall be planted or maintained in the front or side yards of any Lot.

SECTION 16. TRAFFIC SIGHT AREAS. All Lots located at Street intersections shall be landscaped so as to permit safe sight across the Street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where this would create a traffic or sight problem.

SECTION 17. MAILBOXES AND HOUSE NUMBERS. The Owner of each Lot shall install and maintain an individual mailbox which conforms to specifications adopted by the Residential ARC, unless provisions are made by the Declarant for the installation of cluster boxes in accordance with U.S. Postal Service requirements. No Owner of a Lot served by a cluster mailbox shall install a mailbox on his Lot. Each Lot shall have a house number identifying its street address made of materials and a color or colors specified by the Residential ARC in keeping with the overall character and aesthetics of the community.

SECTION 18. PRIVATE UTILITY LINES. All electrical, telephone, and other utility lines and facilities which are located on a Lot and are not owned by a governmental entity or a public utility company shall be installed underground unless otherwise approved in writing by the Residential ARC.

SECTION 19. ROOFTOP ELEMENTS. All stack vents and attic ventilators shall be located on the rear slopes of roofs and mounted perpendicular to the ground plate. All exposed roof stack vents, flashings, attic ventilators, etc. on each Single Family Residence must be painted to match the color of the roof of the Single Family Residence unless otherwise approved by the Residential ARC. No solar collectors shall be placed on a roof slope so that they are visible from a Street or the Common Area.

SECTION 20. DECORATIONS. No decorative appurtenances such as sculptures, statues, birdbaths and birdhouses, flagpoles, fountains or other decorative embellishments shall be placed on the front lawn of a Lot or on the visible side or rear yard of a Lot unless such items have been approved in writing by the Residential ARC

and are in compliance with the Rules adopted by the Board. Notwithstanding the foregoing, customary seasonal decorations for national holidays are permitted for a maximum of thirty (30) days or sixty (60) days, in the case of Christmas, subject to the right of the Board to specify a maximum size and other guidelines for decorations.

SECTION 21. PLAYGROUND EQUIPMENT. All playground equipment on a Lot must be approved by the Residential ARC and must be placed at the rear of the Lot a minimum of ten (10) feet from the side and rear lot lines and behind a fence or otherwise screened from public view. No such equipment shall exceed twelve (12) feet in height, including an awning. Any shade covering on playground equipment which is visible from adjacent property or any public area must be a color or colors approved by the Residential ARC.

SECTION 22. OUTBUILDINGS. No treehouse, children's playhouse, storage building, outbuilding or structure shall be permitted on any Lot in the Subdivision without prior written approval of the Residential ARC. Outbuildings or other structures, temporary or permanent, other than the main residence or garage shall be limited to eight (8) feet in height and each outbuilding may not exceed one hundred and forty-four (144) square feet of floor area. The floor of a treehouse or other playstructure must be not more than three (3) feet from the ground. Temporary structures may be used as building offices and other related purposes by Declarant or a Builder. The Residential ARC shall be entitled to review and approve or disapprove, without limitation, all outbuildings, playstructures (including basketball backboards and hoops), and storage structures. Any such outbuilding will be required to be constructed with material and design that is determined by the Residential ARC to be architecturally and aesthetically compatible with the design of the Single Family Residence thereon and other structures in the Subdivision. All playground and recreational equipment pertaining to a Lot must be placed at the rear of such Lot. No basketball hoop and/or backboard shall be installed closer to the front or side Lot lines facing on any adjacent Street than the applicable building set-back line along such Street. No outbuilding or play structure will be permitted to (a) be placed on an easement; or (b) be located nearer to a Lot boundary than the applicable building set-back established by plat or Supplemental Declaration.

SECTION 23. SIGNS. No sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Single Family Residence, fence or other improvement upon such Lot so as to be visible from public view except the following:

- (a) For Sale Signs. An Owner may erect one (1) sign on his Lot, not exceeding 2' x 3' in area, fastened only to a stake in the ground and extending not more than three (3) feet above the surface of such Lot advertising the property for sale.

(b) Declarants Signs. Declarant may permit builders to erect and maintain a sign or signs deemed reasonable and necessary for the construction, development, operation, promotion, leasing and sale of the Lots.

(c) Builders Signs. Any Builder may utilize a minimum of one professional sign (of not more than six (6) square feet in size) per Lot for advertising and sales promotion of the residence on such Lot.

(d) Political Signs. Political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal, provided that such signs shall not be erected more than thirty (30) days in advance of the election to which they pertain provided that the sign is not more than 36" x 36" and shall be removed within ten (10) days after such election.

(e) School Spirit Signs. Signs containing information about one or more children residing in the Single Family Residence and the school they attend shall be permitted so long as the sign is not more than 36" x 36". There shall be no more than one sign for each child under the age of eighteen (18), residing in the Single Family Residence. Banners are not permitted.

(f) Security Signs/Stickers. Signs or stickers provided to an Owner by a commercial security or alarm company providing service to the Single Family Residences shall be permitted so long as the sign is not more than 12" x 12" or the sticker is no more than 4" x 8". There shall be no more than one sign per Lot and stickers on no more than fifty percent (50%) of the windows and one on the front door or front entry area.

No sign permitted by this Section shall be lighted. In addition to any other remedies provided for in this Declaration, the Board of Directors or its duly authorized agent shall have the power to enter upon a Lot to remove any sign which violates this Section provided the violating Owner has been given forty-eight (48) hours written notice by the Board of Directors 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 Owner and shall be collected as provided for herein for the collection of Assessments.

SECTION 24. WALLS AND FENCES.

(a) Fences. In no event shall any fence or wall be constructed of chain link or wire. In those instances in which privacy fences are installed, in no case may the privacy fence extend beyond the front of the residence or building line, whichever is less. No wall or hedge shall be erected, grown or maintained on any part of the Lot which is in excess of six (6) feet in height. Fences are generally prohibited from extending above the ground by more than six (6) feet; however, the Residential ARC is authorized to approve fences which extend up to a maximum of eight (8) feet above the

ground when deemed necessary or appropriate. The type of materials utilized for (including the color thereof) and the location of all fences, walls, hedges, and other structures must be approved by the Residential ARC.

(b) Maintenance of Fences. Ownership of any wall or fence erected on a Lot shall pass with title to such Lot and it shall be the Lot Owners responsibility to maintain such wall or fence. The maintenance and repair of a fence located on a property line shall be the joint responsibility of the Owners of the adjacent Lots. In the event the Owner or occupant of any Lot fails to maintain a wall or fence that is visible from a Street or Common area and such failure continues after thirty (30) days written notice thereof from the Association, Declarant, its successors or assigns, or the Association, may, at their option, without liability to the Owner or Occupant in trespass or otherwise, enter upon said Lot and cause the fence or wall to be repaired or maintained or to do any other thing necessary to secure compliance with this Declaration and to place said wall or fence in a satisfactory condition, and may charge the Owner or Occupant of such Lot for the cost of such work. The Owner or Occupant, as the case may be, agrees by the purchase or occupancy of such Lot, to pay such charge immediately upon receipt of the corresponding statement. Payment of such charges, plus fifty percent (50%) of such costs for overhead and supervision, shall be secured by the lien created in Article III of this Declaration. Interest thereon at the rate of eighteen percent (18%) per annum shall begin to accrue on such sum on the thirtieth (30th) day after a written invoice is delivered to Owner.

(c) Fences Erected by Declarant. Declarant shall have the right, but not the obligation, to construct fences or walls within or around the Subdivision, on existing easements or common areas, which are deemed by the Declarant to enhance the appearance of the Subdivision. An Owner shall be responsible for any damage to a fence or wall constructed by or at the direction of the Declarant which is caused by such Owner or his family members, or the negligent, but not the intentional, acts of his guests, agents or invitees.

SECTION 25. PRIVATE WATER WELLS. No Owner of a Lot shall construct a private water well on his or her Lot unless such well is approved in writing by the Board of Directors.

SECTION 26. OWNER'S MAINTENANCE. Each Owner and Occupant of a Lot shall at all times be obligated to maintain his or her property and all improvements thereupon as well as the area between the boundary lines of his Lot and the curb or edge of the pavement of the adjacent Streets, so as to keep same in a clean, sightly and safe condition and to conform with the Landscaping Guidelines and any specific standards which the Board of Directors may adopt by resolution for the Subdivision. In addition, the Owner of any Lot shall maintain all pipes, lines, ducts, conduits, or other apparatus which serve the Lot, whether located within or without a Lot's boundaries (including all gas, electricity, water, sewer or air conditioning pipes, lines ducts, conduits or other apparatus serving the Lot). Unless expressly assumed by the Association, an

Owner's maintenance obligation shall include, but not be limited to: the maintenance of all visible exterior surfaces of all buildings and other improvements, including fences; the prompt removal of all paper, debris, and refuse; the removal and replacement of dead and diseased trees and plantings; the repair, replacement, cleaning and relamping of all signs and lighting fixtures; the mowing, watering, fertilizing, weeding, replanting and replacing of all approved landscaping; the edging of all curbs, roadways, drives and walkways; and, during construction, the cleaning of dirt, construction debris and other construction-related refuse from Streets and storm drains and inlets. The responsibilities of the Owner of each Lot hereunder also include the obligation to maintain, repair and replace when necessary the public sidewalk along the front of the Lot and along the side on corner Lots, which is constructed either within the right-of-way of the adjacent Street or within an easement across the Lot, and the Street curb. In the event an Owner fails to maintain his Lot and such adjacent property as specified above, the Association shall have the right, but not the obligation, to enter upon the applicable Lot to perform the necessary work as more specifically set forth in Section 8 of Article X hereof.

SECTION 27. DAMAGE AND DESTRUCTION OF IMPROVEMENTS. In the event a Single Family Residence shall be partially or entirely destroyed by fire or other casualty, such Single Family Residence shall either be repaired and restored within a reasonable period of time or demolished and the Lot landscaped so that no damaged portion of the former structure remains visible. Subject only to the rights of the holder of a first Mortgage lien on a damaged or destroyed residence, the insurance proceeds from any insurance policy covering a damaged or destroyed Single Family Residence shall be first applied to such repair, restoration or replacement of such residence, or to the demolition of such residence and landscaping of such Lot. Each Owner shall be responsible for the repair, restoration, replacement or demolition of the Single Family Residence owned by such Owner pursuant to the terms of this Declaration. Any such repair, restoration or replacement shall (subject to advances and changes in construction techniques and materials generally used in such construction and then current generally accepted design criteria) be in accordance with the plans and specifications for the original construction of the Single Family Residence unless otherwise approved by the Residential ARC. If the proceeds of the insurance available to the Owner of a damaged Single Family Residence are insufficient to pay for the cost of repair, restoration or replacement following a casualty (or demolition and landscaping if the Residence is to be demolished), the Owner of such Single Family Residence shall be responsible for the payment of any such deficiency necessary to complete the repair, restoration, replacement or demolition.

Each Owner of a Lot covenants and agrees to obtain its casualty and liability insurance with respect to the Lot and improvements located hereon owned by such Owner, the casualty portion to be in an amount sufficient to cover the full replacement cost of any repair or reconstruction. At closing of the sale of any lot, and at anytime thereafter upon request by the Association, the Owner of a Lot is required to provide the Association a certificate of insurance. The Association may provide insurance for the

improvements on individual Lots if no insurance coverage exists without the approval of the Owner of the Lot, the premium for which shall be a Reimbursement Assessment against such Lot

ARTICLE VIII
ANNEXATION OF ADDITIONAL PROPERTY AND DEANNEXATION

SECTION 1. UNILATERAL ANNEXATION BY DECLARANT. The Declarant, as the owner thereof or, if not the owner, with the consent of the owner thereof, shall have the unilateral right, privilege, and option, but not the obligation, at any time and from time to time to annex additional real property within the Cottonwood Estates project or in the vicinity of such project to the jurisdiction of the Association by filing for record a declaration of annexation instrument or Supplemental Declaration in respect to the property being annexed which subjects the Lots within the annexed property to assessment by the Association on a uniform basis with all other Lots within the Association's jurisdiction. Any such annexation shall be effective as to the property described therein upon the filing for record of such declaration of annexation or Supplemental Declaration unless otherwise provided therein.

The right reserved by the Declarant to annex additional land shall not be implied or construed so as to impose an obligation upon the Declarant to subject any property it now owns or may own in the future to this Declaration or to the jurisdiction of the Association. If additional land is not annexed, the Declarant has no obligation to impose any covenants and restrictions similar to those contained herein upon such land nor shall any thing contained herein be construed to limit or restrict the use to which such land may be put by the Declarant or by any subsequent owner thereof, whether such uses are consistent with the covenants and restrictions imposed hereby or not.

SECTION 2. OTHER ANNEXATIONS. With the consent of the Owner thereof, the Association may annex other real property to the jurisdiction of the Association. Such annexation shall require the affirmative vote of a majority of the Class "A" Members present in person or by proxy at a meeting called for such purpose, and of the Declarant during the Class B Control Period. Annexation shall be accomplished by filing of record in the real property records of Chambers County, Texas, an annexation agreement describing the property being annexed. Such annexation agreement shall be signed by the President and the Secretary of the Association, and by the owner of the property being annexed, and any such annexation shall be effective upon filing unless otherwise provided therein.

SECTION 3. RIGHTS OF OWNERS OF ANNEXED AREA. The Owners of land in annexed property shall be entitled to use the Common Area in the same manner and to the same extent of the Owners of all other property subject to the jurisdiction of the Association. Annexed property shall be impressed with and subject to Assessments imposed hereby on a uniform basis, consistent with provisions of this Declaration.

SECTION 4. DEANNEXATIONS. Without the approval of any other Owners or Members, the Declarant shall have the right to deannex and remove any portion of the Subdivision which is not yet developed with building improvements at the time of deannexation from the provisions of this Declaration and the jurisdiction of the Association. Such deannexation shall be accomplished by the execution and filing for record an instrument setting forth the land being deannexed.

ARTICLE IX
MORTGAGEE PROVISIONS

The following provisions are for the benefit of the holders of Mortgages. To the extent applicable, necessary or proper, the provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained herein or therein.

SECTION 1. NOTICES OF ACTION. A Mortgagee who provides written request to the Association (such request to state the name and address of such holder, insurer or guarantor and the description of the affected property), will be entitled to timely written notice of:

- (a) any proposed termination of the Association;
- (b) any condemnation loss or any casualty loss which affects the property on which there is a mortgage or deed of trust held, insured, or guaranteed by such Mortgagee; or
- (c) any delinquency in the payment of Assessments or charges owed by an Owner of the property subject to the Mortgage of such Mortgagee, where such delinquency has continued for a period of sixty (60) days.
- (d) any lapse, cancellation, or material modification of any insurance policy maintained by the Association

SECTION 2. NO PRIORITY. No provision of this Declaration gives or shall be construed as giving any Owner or other party priority over any rights of the Mortgagees in the case of distribution of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

SECTION 3. NOTICE TO ASSOCIATION. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's property.

ARTICLE X

GENERAL PROVISIONS

SECTION 1. TERM. Unless sooner terminated or amended in accordance with the further provisions hereof, the provisions of this Declaration shall run with and bind the land and shall be and remain in effect for a period of forty (40) years after the date that this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by the Owners of not less than seventy five percent (75%) of the Lots subject to the provisions hereof agreeing to terminate this Declaration has been recorded within the year immediately preceding the beginning of a ten (10) year renewal period, in which case this Declaration shall terminate at the end of its original term or the applicable extension period. Every purchaser or grantee of any interest in any real property subject to this Declaration, by acceptance of a deed or other conveyance therefor, thereby agrees that the provisions of this Declaration may be extended and renewed as provided in this Section.

SECTION 2. 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. Invalidity of any one of these covenants by judgment or other court order shall in no wise affect any other provisions, which shall remain in full force and effect except as to any terms and provisions which are invalidated.

SECTION 3. 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. The singular wherever used herein shall be construed to mean or include the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations (or other entities) or individuals, male or female, shall in all cases be assumed as though in each case fully expressed.

SECTION 4. TITLES. The titles of this Declaration of Articles and Sections contained herein are included for convenience only and shall not be used to construe, interpret, or limit the meaning of any term or provision contained in this Declaration.

SECTION 5. 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 required by an institutional or governmental lender or purchaser of

mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, Veteran's Administration, Federal Housing Administration or the Department of Housing and Urban Development, to enable such lender or purchaser to make or purchase mortgage loans on the property subject to this Declaration; (c) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage on the property subject to this Declaration; or (d) if such amendment is necessary to enable a reputable title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration; (e) for any other purpose, provided that the amendment has no material adverse effect upon any right of any Owner or that the Owner or Owners so affected have consented thereto.

In addition to the amendments described above, Declarant may unilaterally amend this Declaration at any time by an instrument signed by the Owners of a majority of the Lots subject to this Declaration and, as long as the Class "B" Membership exists, the Declarant; provided, however, no amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant. Any amendment to this Declaration must be recorded in the real property records of Chambers County, Texas.

SECTION 6. MERGER AND CONSOLIDATION. Upon a merger or consolidation of the Association with another non-profit corporation organized for the same or similar purposes, the Association's properties, rights, and obligations may be transferred to the surviving or consolidated association, or alternatively, the properties, rights and obligations of another association may be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association shall administer the covenants, conditions and restrictions established by this Declaration, together with the covenants, conditions and restrictions applicable to the properties of the other association as one scheme. No merger or consolidation shall be permitted except with the approval by two-thirds (2/3rds) vote of the Class "A" Members present in person or by proxy at a meeting called for such purpose and, until the termination of the Class "B" Membership, the Declarant.

SECTION 7. DISSOLUTION. The Association may be dissolved with the approval by two-thirds (2/3rds) vote of the Class "A" Members present in person or by proxy at a meeting called for such purpose and, until the termination of the Class "B" Membership, the Declarant. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

Notwithstanding anything to the contrary, no dissolution may be accomplished without an affirmative vote of the City Council of the City of Mont Belvieu. If the Association, in any event does dissolve or refuses to maintain the Common Areas or drainage facilities, the City may perform such action as is necessary and assess such cost to the Association or to the Members by lien or other proceedings.

SECTION 8. ENFORCEMENT. Each Owner and Occupant shall comply strictly with the covenants, conditions, and restrictions set forth in this Declaration, as may be amended from time to time, and with the rules and regulations adopted by the Board. The Board may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration or the rules and regulations shall be grounds for an action to recover sums due for damages, injunctive relief, or any other remedy available at law or in equity, maintainable by the Board, on behalf of the Association, or by any Owner of a portion of the Subdivision. Failure of the Board or any other Person to enforce any of the provisions herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Association shall also have the right to enforce, by any proceeding at law or in equity, any other restrictions, conditions, covenants and liens imposed upon any portion of the Subdivision which by the terms of the instrument creating same grant the Association the power to enforce same, and failure of the Association to enforce such provisions shall in no event be deemed a waiver of the right to do so thereafter. In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon a Lot to abate or remove, using such force as may be reasonably necessary, any erection, thing or condition which violates this Declaration, or the Landscaping Guidelines. Except in the case of emergency situations, and as otherwise specified herein, the Association shall give the violating Owner ten (10) days' written notice of its intent to exercise self-help. 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 Lot. If any Owner is given notice of a failure or refusal to maintain, repair or replacement 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. All costs of self-help, including reasonable attorney's fees actually incurred, shall be assessed against the violating Owner and shall be collected as provided for herein for the collection of Assessments. Private property disputes between Owners are matters to be resolved between such Owners and the Board has no obligation to intervene in or resolve any such disputes. The City of Mont Belvieu is hereby granted the right to enforce by any proceedings at law or in equity the covenants and restrictions contained herein but only as to common areas or for drainage.

SECTION 9. RIGHT OF ENTRY. The Association shall have the right, but not the obligation, to enter into any Lot for emergency, security, and safety reasons, and to

inspect for the purpose of ensuring compliance with this Declaration, the By-Laws, and the Association's rules, 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. This right of entry shall include the right of the Association to enter a 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 within a reasonable time after request by the Board.

SECTION 10. NOTICE OF SALE OR TRANSFER OF TITLE. In the event that an Owner sells or otherwise transfers title to his or her Lot, such Owner shall provide the Association with a copy of the executed instrument of conveyance and give the Association written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board of Directors may reasonably require. Until such written notice is received by the Association, the transferor shall continue to be jointly and severally responsible for all obligations of the Owner of the Lot hereunder, including payment of Assessments, notwithstanding the transfer of title to the Lot. The Board may require payment of a transfer fee to defray the costs incurred in changing its records to reflect the new Owner of a Lot.

SECTION 11. CUMULATIVE EFFECT; CONFLICT. The covenants, restrictions and provisions of this Declaration shall be cumulative with all Supplemental Declarations; provided, however, in the event of conflict between the provisions of this Declaration and a Supplemental Declaration, this Declaration shall prevail, it being intended that all Supplemental Declarations be subject and subordinate to this Declaration.

IN WITNESS WHEREOF, this Declaration of Covenants, Conditions and Restrictions for Cottonwood Estates is executed as of the 10th day of March, 2008.

COTTONTREE, LTD.,
a Texas limited partnership,

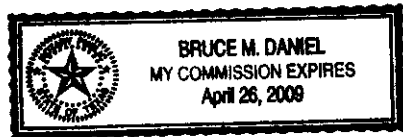
By: Greenbriar Real Estate Services, Inc.
Its general partner

By: Louis R. Braden
Louis R. Braden, President

THE STATE OF TEXAS §
§
COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on March 10, 2008 by Louis R. Braden, President of Greenbriar Real Estate Services, Inc., a Texas Corporation which is the general partner of Cottontree, Ltd., a Texas limited partnership, on behalf of said limited partnership.

(SEAL)



B. M. Daniel
Notary Public in and for
the State of Texas

AFTER RECORDING RETURN TO:

~~Bruce M. Daniel
9450 Grogan's Mill Road
Suite 100
The Woodlands, Texas 77380~~

RETURN TO:
MTH TITLE COMPANY
14100 SW FREEWAY
SUITE 200
SUGAR LAND, TX 77478

FILED FOR RECORD IN:

Chambers County

ON: MAR 18, 2008 AT 10:14A

AS A(N) Public Records

Heather H. Hawthorne, COUNTY CLERK

CLERK NUMBER 00033864

AMOUNT: 192.00

RECEIPT NUMBER 08228889

BY MTURNER
STATE OF TEXAS Chambers County
AS STAMPED HEREON BY ME. MAR 18, 2008

Heather H. Hawthorne, COUNTY CLERK

Recorded: Caroline Turner

(45) MTH Title Company
ATTN: Ashleigh Jackson
14100 S.W. Fwy., Ste 200
Sugar Land, TX 77478

**AMENDMENT
TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR COTTONWOOD ESTATES**

2011 BK VOL PG
69307 OR 1294 86

STATE OF TEXAS §
 §
COUNTY OF CHAMBERS §

WHEREAS, Cottonwood Estates, Phase 1, an addition in Chambers County, Texas according to the map or plat thereof recorded under 2006011465 of the Official Public Records of Chambers County, Texas (the "Subdivision"), has adopted a Declaration of Covenants, Conditions and Restrictions (the "Covenants");

WHEREAS, pursuant to Article X, Section Five, the Declarant may amend the Covenants;

WHEREAS, the Declarant believes it is in the best interest of the Subdivision to amend the Covenants to provide for the Commercial Property;

NOW THEREFORE, the Declarant hereby amends to include the following provisions:

**ARTICLE XI
COMMERCIAL PROPERTY**

SECTION ONE. "Commercial Property" shall refer to the Commercial Reserves which are part of the Subdivision.

SECTION TWO. "Commercial Uses Only". The Commercial Property may be used for light commercial uses only, including retail sales, office services, restaurant and similar high quality, low impact uses suitable for a site directly adjacent to a first class residential single family subdivision. The following uses of the Commercial Property are specifically prohibited:

- (a) Any residential, heavy industrial or manufacturing use;
- (b) Storage and/or distribution, as a primary business;
- (c) Any sexually oriented business, as that term is generally construed;
- (d) A mortuary;
- (e) A mobile home or trailer court, labor camp, junkyard or stockyard;
- (f) A land fill, garbage dump or facility for the dumping, disposing, incineration or reduction of garbage; or
- (g) A flea market.

SECTION THREE. “Setbacks.” No buildings or parking areas shall be located on the Commercial Property closer than thirty (30) feet from the western property line of the Commercial Property which is adjacent to the Subdivision Property and such thirty (30) foot wide strip of land shall be used solely for landscaping/green belt purposes.

SECTION FOUR. “Exterior Building Materials.” All buildings on the Commercial Property shall have exterior walls of permanent, architecturally-finished materials to finished grade and no portion of a building shall be covered with unfinished sheet or corrugated aluminum, asbestos, iron or steel.

SECTION FIVE. “Loading Docks.” Loading docks shall not face any street adjacent to the Commercial Property and provision must be made for all loading and unloading on those sides of a building which do not face a street; provided, however, in any instance in which a building will face streets on two or more sides, a loading dock will be permitted on the side of such building farthest from the street provided it is screened as hereinafter provided.

SECTION SIX. “Fences and Screening.” With the exception of articles and goods being sold or promoted actively; no materials, incinerators, storage tanks, refuse containers or like equipment shall be permitted on the Commercial Property in the open or readily visible to the public. If it shall become necessary to store or keep such materials or equipment outside of a building, they must be screened from view by a fence or wall of a height at least equal to that of the materials or equipment being stored, but not less than six (6) feet in height.

SECTION SEVEN. “Exterior Illumination.” Exterior Illumination, if such is to be provided on the Commercial property, shall be designed to light only buildings, parking areas and walkways and shall not produce glare on adjacent private property. All ground level floodlighting fixtures shall be depressed or screened from public view.

SECTION EIGHT. “Trash and Rubbish Removal.” No trash, rubbish, garbage, manure, or debris of any kind shall be kept or allowed to remain on the Commercial Property for extended periods, except in a dumpster kept within a screened enclosure. The Owner of the Commercial Property shall remove such trash and other matter at regular intervals. All trash shall be placed in sanitary refuse containers with tight fitting lids which shall be maintained in a clean and attractive condition and kept screened from public view. Reasonable amounts of construction materials and equipment may be stored for reasonable periods of time during the construction of improvements on the Commercial Property.

SECTION NINE. “Signs.” Signs are permitted only along the front of the Commercial property. No mobile or portable sign, sign with flashing lights, or pylon sign shall be permitted within the Commercial Property without prior written approval. Temporary ground mounted signs may be erected for the sole purpose of advertising the selling/leasing of or businesses to be conducted thereon. All temporary signs must be removed when the principal building(s) on the Commercial Property is substantially occupied.

SECTION TEN. “Prohibited Use.” No nuisance shall ever be erected, placed, or suffered to remain upon the Commercial Property. No use shall be permitted which is offensive by reason of odor, fumes, dust, smoke, noise or pollution, or which is hazardous by reason of excessive danger of fire or explosion. No activity or use shall be permitted which is unsafe or hazardous, or involves unusually hazardous substances.

SECTION ELEVEN. “Storage of Boats, Trailers and Other Vehicles and Equipment.” No boat, trailer, recreational vehicle, camping unit, bus, commercial use truck, or self-propelled or towable equipment or machinery of any sort shall be parked for a period of time in excess of forty-eight (48) hours or stored on the Commercial Property except in an enclosed structure or behind a solid fence, except that during the construction of improvements, necessary construction vehicles may be parked thereon from and during the time of necessity therefore. This restriction shall not apply to automobiles or small non-commercial passenger trucks in good repair and attractive condition, provided that any such vehicles are parked on an improved driveway or parking area.

SECTION TWELVE. “Landscaping.” The Commercial Property shall be neatly landscaped, but the style and composition of the landscaping shall be up to the discretion of the landowner.


SECTION THIRTEEN “Architectural Control.” No building or other improvement shall be constructed on the Commercial Property and no substantial changes shall be made in any building or improvement which may hereafter be constructed thereon unless the plans and specifications therefore are, consistent with the terms of this Article XI. The Architectural Control Committee shall have the right to review proposed Commercial Development to determine if such development is consistent with the covenants and restrictions contained herein. If the Commercial Development is in compliance, approval by the Architectural Control Committee is not required.

SECTION FOURTEEN “Application to the Covenants.” The Commercial Property shall not be subject to Articles II, III, V, VI and VII of the Covenants. If there is any conflict between this Article XI and any other part of the Covenants, the terms of this Article XI shall control. This Article XI can only be amended by a unanimous vote of the owners of the Commercial Property.

AMENDED THIS 30th DAY OF SEPTEMBER, 2011.

COTTONTREE, LTD.,
A Texas limited partnership,

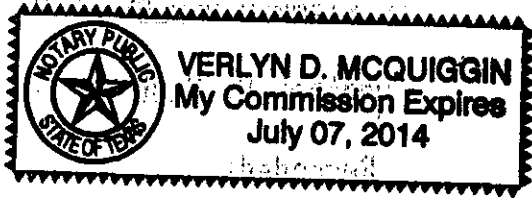
By: Greenbriar Real Estate Services, Inc., its general partner

By: 
Louis R. Braden, President

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on September 30th, 2011 by Louis R. Braden, President of Greenbriar Real Estate Services, Inc., a Texas Corporation which is the general partner of Cottontree, Ltd., a Texas limited partnership, on behalf of said limited partnership.

(SEAL)



Verlyn D. McQuiggin

Notary Public in and for
the State of Texas

AFTER RECORDING RETURN TO:

Bruce M. Daniel
10130 FM 2920, Suite 100
Tomball, Texas 77375

FILED FOR RECORD IN:

Chambers County

ON: OCT 05, 2011 AT 11:17A

AS A(N) Public Records

Heather H. Hawthorne, COUNTY CLERK

CLERK NUMBER 69307 PAGES 5

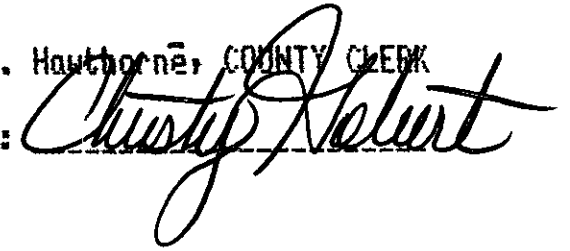
AMOUNT: 28.00

RECEIPT NUMBER 11265801

BY CGOBERT
STATE OF TEXAS
AS STAMPED HEREON BY ME. OCT 05, 2011
Chambers County

Heather H. Hawthorne, COUNTY CLERK

Recorded:



Homeowner Assoc for Cottonwood

4 ✓ PO BOX 2068

Tomball, TX 77377-2068

OFFICIAL PUBLIC RECORDS
CHAMBERS COUNTY, TEXAS
Heather H. Hawthorne, County Clerk

Job 42666936B-1
Map 6661D
S/C BAYTOWN

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

EASEMENT FOR CERTAIN UTILITIES

STATE OF TEXAS }
COUNTY OF CHAMBERS } KNOW ALL PERSONS BY THESE PRESENTS:

THAT, Cottontree, Ltd., a Texas limited partnership, herein called Grantor, whether one or more, for and in consideration of the sum of ONE DOLLAR (\$1.00) CASH to Grantor paid by CenterPoint Energy Houston Electric, LLC ("CNP Electric"), CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Texas Gas Operations ("CNP Gas"), Southwestern Bell Telephone Company ("SWBT") and Texas Cable Partners, L.P. d/b/a Time Warner Cable ("Time Warner"), collectively herein called "Grantees", has GRANTED, SOLD AND CONVEYED and by these presents, does GRANT, SELL AND CONVEY unto said Grantees, their respective successors and assigns, all or in part, the following perpetual easements (collectively hereinafter referred to as the "Easement Area", whether one or more): (i) to CNP Electric, an easement for electric distribution and communication facilities, (ii) to CNP Gas, an easement for natural gas facilities, (iii) to SWBT, an easement for telephone communication facilities, and (iv) to Time Warner, an easement for cable communication facilities, together within the Easement Area,

Job 42666936B-1
Map 6661D
S/C BAYTOWN

consisting of a variable number of wires and cables and all necessary and desirable equipment and appurtenances, including, but not limited to, towers or poles made of wood, metal or other materials, props and guys (hereinafter referred to as "Facilities") located on, under, over, and across the following described lands, to-wit:

Lots 1, 2, 3, 4, 5, 6, 9, 10, 11, 12, 13, 14, 15, 17, 18, 19, 20, 21, and Commercial "A" in Block 1; Lots 4, 6, 7, 8, and 9, in Block 2; Lots 2, 3, 4, 5, 6, 7, and 8, in Block 3; and Lots 5, 8, 12, 17, 19, 20, 21, 22, and 23, in Block 4 of a Final Plat of Cotton Wood Estates, Phase I, a subdivision out of the Chambers County School Land Survey, Abstract 321, Chambers County, Texas, according to the map or plat thereof recorded in County Clerk's File 11465 of the Map Records of Chambers County, Texas.

The Easement Area herein granted is described as follows:

1.0 Five (5) feet wide, the locations of which are shown by the crosshatched areas on said Lots 3, 4, 5, 6, 9, 10, 13, 14, 15, 17, 18, 19, 20, and 21, in Block 1; Lots 4, 6, and 9 in Block 2; Lots 2, 3, 6, 7, and 8, in Block 3; and Lots 5, 8, 12, 17, 19, 20, 22, and 23, in Block 4, as depicted on Exhibit "A", hereto attached and made a part hereof.

2.0 Sixteen (16) feet wide, the location of which is shown by the crosshatched area on said Commercial "A", as depicted on said attached Exhibit "A", hereto attached and made a part hereof, together with an unobstructed aerial easement five (5) feet six (6) inches wide, beginning at a plane sixteen (16) feet above the ground and extending upward, located southerly of and adjoining said sixteen (16) foot wide easement.

3.0 An unobstructed aerial easement five (5) feet six (6) inches wide, beginning at a plane sixteen (16) feet above the ground and extending upward, located southerly of and adjoining the sixteen (16) foot wide dedicated utility easement located southerly of and adjoining the entire northerly line of said Lots 1, 2, 3, 4, and 5, in Block 1.

4.0 Six (6) feet wide, the location of which is shown by the crosshatched area in

Job 42666936B-1
Map 6661D
S/C BAYTOWN

said Lots 11, 12, 13, and 14 in Block 1; Lots 7, 8 and 9 in Block 2; Lots 4, 5 and 6 in Block 3 and Lots 21 and 22 in Block 4, as depicted on said attached Exhibit "A".

Grantor or its successors or assigns shall observe and exercise all notification laws as per the Underground Facility Damage Prevention and Safety Act, also known as "ONE CALL" & "CALL BEFORE YOU DIG", when working in or near the Easement Area.

To the extent that such Laws and Codes apply to Grantor, its successors or assigns, Grantor or its successors or assigns shall observe all safety codes and laws which apply to working along, within and or near the Easement Area and Facilities during construction activities and safe clearance from such Facilities, including O.S.H.A., Chapter 752 of the Texas Health and Safety Code, the National Electric Code, and the National Electrical Safety Code. Grantor, its successors or assigns, is hereby obligated to place National Electrical Safety Code notices into Community Deed Restrictions when Easement Areas fall within Residential Developments.

Notwithstanding the description of the Easement Area set forth in the exhibits, the parties intend that the Easement Area granted herein shall run to the edge of Grantor's property so that the exteriors of all ground or aerial easements herein granted are to intersect with the exteriors of all adjoining easements and/or property lines without any gaps in the property granted.

Grantees shall also have reasonable rights of ingress and egress to and from said Easement Area, together with reasonable working space, for the purposes of erecting, installing, operating, maintaining, replacing, inspecting, and removing said Facilities, together with the additional right to remove from said Easement Area and land immediately adjoining thereto, all bushes, trees and parts thereof, or other structures or improvements which are within, protrude, bisect, encroach or overhang into said Easement Area and which, in the sole opinion of Grantees, endanger or may interfere with the efficient, safe and proper operation, and maintenance of said Facilities.

Job 42666936B-1
Map 6661D
S/C BAYTOWN

TO HAVE AND TO HOLD the above described Easement Area, together with all and singular the rights and appurtenances thereto in anywise belonging, unto Grantees, its successors or assigns, forever, and Grantor does hereby bind itself and its successors, heirs, assigns, and legal representatives, to fully warrant and forever defend all and singular the above described Easement Area and rights unto said Grantees, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantor, but not otherwise. In the event of a deficiency in title or actions taken by others which results in the relocation of Grantee's Facilities, the Grantor herein, its successors and assigns, will be responsible for all costs associated with the relocation and/or removal of Grantee's Facilities.

EXECUTED this 28 day of March, 2007.

COTTONTREE, LTD.

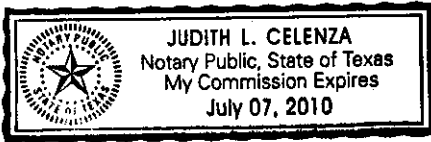
BY: Louis R Braden Real Estate Services, its general partner
Title: pres. of Greenbriar
Louis R. Braden
(Name typed or printed)

Job 42666936B-1
Map 6661D
S/C BAYTOWN

STATE OF TEXAS }

COUNTY OF }

This instrument was acknowledged before me on March 28, 2007, by Louis Braden, of Cottontree, Ltd., a Texas limited partnership, on behalf of said partnership.

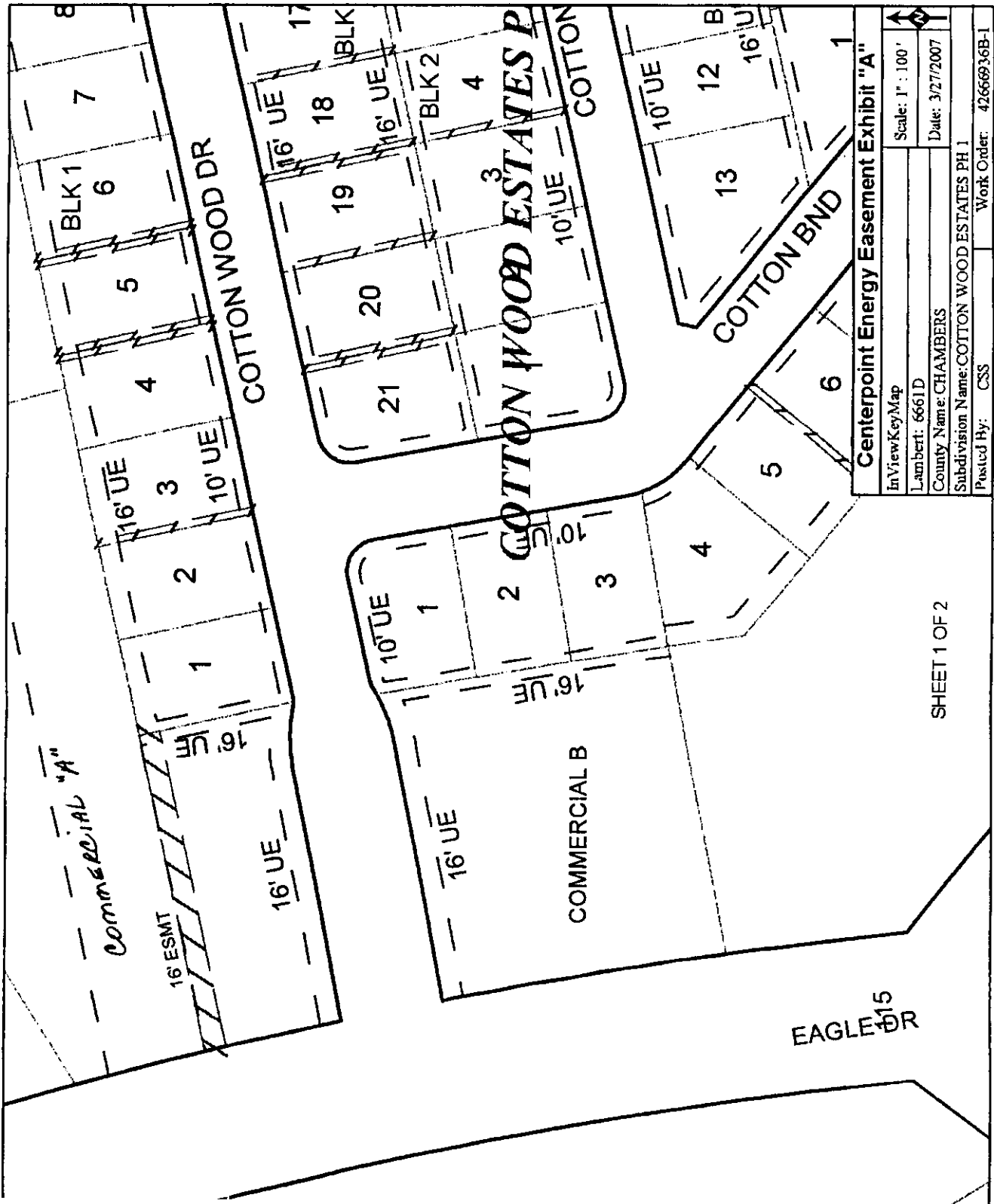


Judith L. Celenza
Notary's Signature

Judith L Celenza
(Name typed or printed)

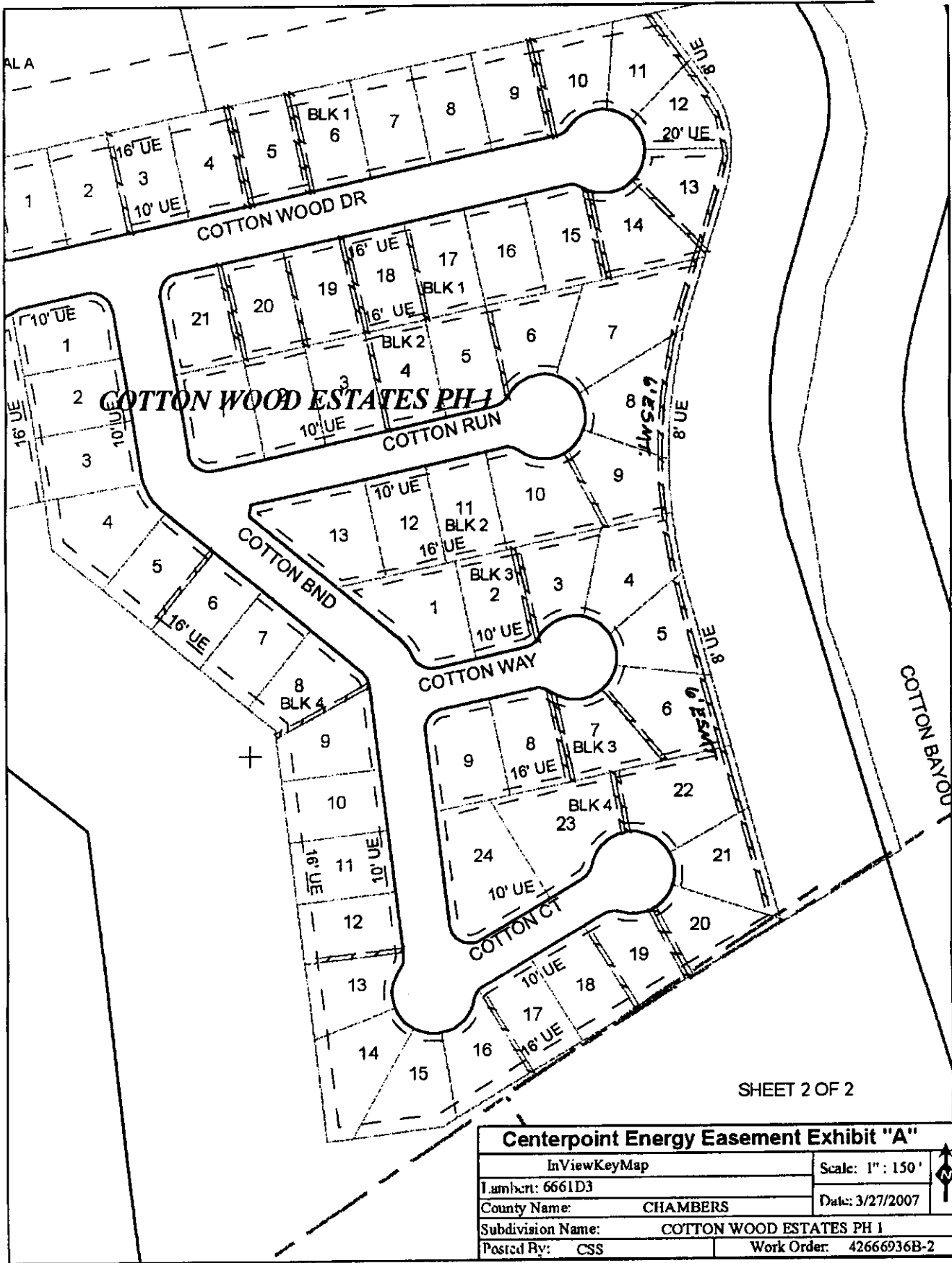
Commission Expires: 07/07/10

**AFTER RECORDING RETURN TO:
SURVEYING & RIGHT OF WAY
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC
P. O. BOX 1700
HOUSTON, TX 77251-1700**



Centerpoint Energy Easement Exhibit "A"	
InViewKeyMap	Scale: 1" = 100'
Lambert: 6661D	Date: 3/27/2007
County Name: CHAMBERS	
Subdivision Name: COTTON WOOD ESTATES PH 1	
Plotted By: CSS	Work Order: 4266936B-1

SHEET 1 OF 2



SHEET 2 OF 2

Centerpoint Energy Easement Exhibit "A"	
InViewKeyMap	Scale: 1" = 150'
Job#: 6661D3	Date: 3/27/2007
County Name: CHAMBERS	
Subdivision Name: COTTON WOOD ESTATES PH 1	
Posted By: CSS	Work Order: 42666936B-2

FILED FOR RECORD IN:

Chambers County

ON: MAR 05, 2008 AT 02:25P

AS A(N) Public Records

Heather H. Hawthorne, COUNTY CLERK

CLERK NUMBER 00033542

AMOUNT: 40.00

RECEIPT NUMBER 08228551

BY DNELSON
STATE OF TEXAS

Chambers County

AS STAMPED HEREON BY ME. MAR 05, 2008

Heather H. Hawthorne, COUNTY CLERK

Recorded: Robin Edmonds

①

740

CenterPoint Energy
Surveying & ROW Div
PO Box 1700
Houston, Tx 77251-1700

GENERAL WARRANTY DEED

DATE: July 21, 2009

GRANTOR:

COTTONTREE, LTD.
c/o Greenbriar Real Estates Services, Inc.
4634 FM 1960 West
Houston, Texas 77069

**OFFICIAL PUBLIC RECORDS
CHAMBERS COUNTY, TEXAS**
Heather H. Hawthorne, County Clerk

GRANTEE:

Meritage Homes of Texas, LLC,
an Arizona limited liability company
8920 Business Park Drive, Suite 300
Austin, Texas 78759

CONSIDERATION: Ten Dollars and Other Good and Valuable Consideration

PROPERTY: As Described on Exhibit A.

EXCEPTIONS TO CONVEYANCE AND WARRANTY:

This conveyance is made and accepted subject to the restrictions, covenants, conditions, rights-of-way, assessments, outstanding royalty and mineral reservations, and easements, if any, that are described on Exhibit B hereto, and the Declaration of Covenants, Conditions and Restrictions for Cottonwood Estates filed of even date herewith.

CONVEYANCE:

Grantor, for the Consideration and subject to the Exceptions to Conveyance and Warranty, grants, sells, and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Grantee and Grantee's heirs, successors, and assigns forever. Grantor binds Grantor and Grantor's heirs and successors, executors and administrators, to warrant and forever defend all and singular the Property to Grantee and Grantee's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the Exceptions to Conveyance and Warranty.

When the context requires, singular nouns and pronouns include the plural.

GRANTOR

COTTONTREE, LTD.
by and through its General Partner
Greenbriar Real Estate Services, Inc.

By: Louis R. Braden
Louis R. Braden, President

MTH TITLE COMPANY

GF# 09661335 & 09661328-NS-40

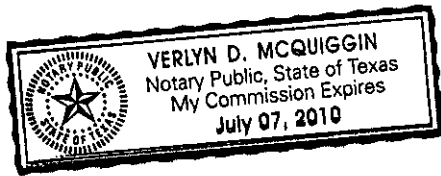
**RETURN TO:
MTH TITLE COMPANY
14100 SW FREEWAY
SUITE 200
SUGAR LAND, TX 77478**

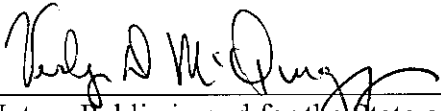
ACKNOWLEDGMENT

STATE OF TEXAS)
) SS
COUNTY OF HARRIS)

This instrument was acknowledged before me on the 21 day of July, 2009, by Louis R. Braden, President of Greenbriar Real Estate Services, Inc. a Texas corporation, on behalf of said corporation as General Partner of Cottontree, Ltd.

Seal





Notary Public in and for the State of Texas

EXHIBIT A
To That Certain General Warranty Deed
Dated July 21, 2009

The following two (2) lots located in Cottonwood Estates, Phase 1, an addition in Chambers County, Texas according to the map or plat thereof recorded under 2006011465 of the Official Public Records of Chambers County, Texas:

1. Block 4 Lot 17
2. Block 4 Lot 12

EXHIBIT B
To That Certain General Warranty Deed
Dated July 21, 2009

1. Restrictive Covenants as set out under 2006011465 and under Clerk's File Nos. 2004008694 (04 733 130) and 2004008695 (04 733 140) of the Official Public Records of Chambers County, Texas.
2. All easement as reflected by the recorded plat.
3. Agreement with Centerpoint Energy Houston Electric, LLC, a Texas Corporation for the installation, operation and maintenance of an underground/overhead electrical distribution system, as recorded under Clerk's File No. 2007023799 (07 941 617), of the Official Public Records of Chambers County, Texas.
4. All the oil, gas and other minerals, the royalties, bonuses, rentals and all other rights in connection with same all of which are expressly excepted herefrom and not insured hereunder, as same are set forth in instrument recorded under Clerk's File No. 2004008694 (04 733 130) of the Official Public Records of Chambers County, Texas. Surface rights waived therein.
5. All the oil, gas and other minerals, the royalties, bonuses, rentals and all other rights in connection with same all of which are expressly excepted herefrom and not insured hereunder, as same are set forth in instruments recorded under Clerk's File No. 2004008695 (04 733 140) of the Official Public Records of Chambers County, Texas. Surface rights waived therein.
6. All building set back lines as reflected by the recorded plat.

FILED FOR RECORD IN:

Chambers County

ON: AUG 07, 2009 AT 10:25A

AS A(N) Public Records

Heather H. Hawthorne, COUNTY CLERK

CLERK NUMBER 47097 PAGES 5

AMOUNT: 28.00

RECEIPT NUMBER 09242371

BY AHULSEY
STATE OF TEXAS Chambers County
AS STAMPED HEREON BY ME. AUG 07, 2009

Heather H. Hawthorne, COUNTY CLERK

Recorded: Caroline Turney

④ MTH Title
See above