

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
RIDGELAKE SHORES, SECTION THREE**

STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF MONTGOMERY

BLUEGREEN SOUTHWEST ONE, L.P., a Delaware limited partnership, duly authorized to do business in the State of Texas, acting through its General Partner, BLUEGREEN SOUTHWEST LAND, INC., a Delaware Corporation, authorized to do business in the State of Texas, hereinafter referred to as "Developer",

WITNESSETH:

WHEREAS, Developer is the owner of that certain tract of land known as RidgeLake Shores, Section Three, being more particularly described by metes and bounds attached hereto as Exhibit "A", consisting of 282.9264 acres of land situated in Montgomery County, Texas (herein sometimes referred to as the "Property"), with the plat ("Plat") of RidgeLake Shores, Section Three recorded in Cabinet 4, Page 31-33, of the Plat Records in the office of the County Clerk of Montgomery County, Texas on the 28 day of April, 2003, after having been approved as provided by law; and

WHEREAS, it is the desire of Developer to place certain restrictions, easements, covenants, conditions, stipulations and reservations upon and against such RidgeLake Shores, Section Three in order to establish a uniform plan for its development, improvement and sale, and to insure the preservation of such uniform plan for the benefit of both the present and future owners of Tracts in RidgeLake Shores, Section Three; and

WHEREAS, Developer reserves and retains unto itself, the right, as it, in its sole discretion, shall determine, to (i) add to or delete areas from RidgeLake Shores; and, (ii) hereafter place and impose such restrictions, easements, covenants, conditions, stipulations and reservations on any and all remaining unrestricted Properties, or portions thereof, in RidgeLake Shores, in order to establish any plan chosen by Developer for the development, improvement and sale thereof;

NOW, THEREFORE, Developer hereby adopts, establishes and imposes this Declaration of Covenants, Conditions and Restrictions for RidgeLake Shores, Section Three (hereinafter, the "Declaration") upon RidgeLake Shores, Section Three and declares the following reservations, easements, restrictions, covenants and conditions, applicable thereto, all of which are for the purposes of enhancing and protecting the value, desirability and attractiveness of said Property, which Declaration shall run with said Property and title or interest therein, or any part thereof, and shall inure to the benefit of each owner thereof. Developer also declares that RidgeLake Shores, Section Three shall be subject to the jurisdiction of the "Association" (as hereinafter defined).

**ARTICLE I
DEFINITIONS**

The terms in this Declaration and in the exhibits hereto shall generally be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms shall be defined as set forth below.

Section 1.01. "Accessory Building" shall mean and refer to a subordinate building, attached to or detached from the Dwelling (as hereinafter defined).

Section 1.02. "Act" shall mean and refer to the Texas Residential Property Owners Protection Act, Title 11, Chapter 209 of the Texas Property Code, as such act may be amended.

Section 1.03. "Annexable Area" shall mean and refer, without limitation, to any property adjacent to or in the proximity of the Subdivision.

Section 1.04. "Annexed Area" shall mean and refer to any additional property made subject to the jurisdiction of the Association pursuant to the provisions set forth herein.

Section 1.05. "Association" shall mean and refer to the RidgeLake Shores Property Owners' Association, Inc., and its successors and assigns.

Section 1.06. "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Association.

Section 1.07. "Boat Dock/Pier" shall refer to any structure extending into the Lakes where boats are docked.

Section 1.08. "Builders" shall mean and refer to persons or entities that purchase tracts and build speculative or custom homes thereon for third party purchasers.

Section 1.09. "Bylaws" shall mean and refer to the Bylaws of RidgeLake Shores Property Owners' Association, Inc., as they may be adopted and amended from time to time as provided therein.

Section 1.10. "Committee" shall mean and refer to the Architectural Control Committee, as described in Article IV.

Section 1.11. "Common Area" shall mean all real and personal property (including the improvements thereto) within the Subdivision owned, leased or held with possessory or use rights by the Association for the common use and enjoyment of the Owners.

Section 1.12. "Contractor" shall mean and refer to the person or entity with whom an Owner contracts to construct a residential Dwelling on such Owner's Tract.

Section 1.13. "Control Transfer Date" shall mean and refer to the first Association meeting held after that point in time when Developer has conveyed ninety percent (90%) of all Tracts within all sections of the Subdivision as shown on relevant recorded plats pertaining thereto, or such earlier point in time as Developer, in its unilateral discretion, shall voluntarily relinquish its control over the Association by recording a written instrument evidencing same in the real property records of Montgomery County, Texas.

Section 1.14. "Developer" shall mean and refer to Bluegreen Southwest One, L.P., and its successors and assigns.

Section 1.15. "Dwelling" shall mean and refer to a building having accommodations for and occupied by not more than one family.

Section 1.16. "Front Line" shall mean and refer to any boundary line of a Tract that is adjacent to a public road which the front of the proposed or existing improvements on the Tract face.

Section 1.17. "Garage" shall mean and refer to an Accessory Building or a portion of a Dwelling in which motor-driven vehicles are stored.

Section 1.18. "Guest House" shall mean and refer to detached living quarters.

Section 1.19. "Height" shall mean and refer to the measurement from the building line or highest point on the Tract, whichever is greater, to the highest point of the improvement being measured.

Section 1.20. "Lake" or "Lakes" shall mean and refer to one or more bodies of water located within or adjacent to the RidgeLake Shores Subdivision. All Owners of Tracts within any Section of RidgeLake Shores may use said Lakes as Common Area, subject to the rules and regulations imposed for such use.

Section 1.21. "Lakefront Tract" shall mean and refer to Tracts adjoining any portion of the Lakes.

Section 1.22. "Member" shall mean and refer to any Person entitled and subject to membership in the Association as set forth herein.

Section 1.23. "Owner" shall mean and refer to the record owner, whether one or more Persons or entities, of fee simple title to any Tract which is a part of the Subdivision. The term "Owner" shall include (i) contract sellers (a seller under a Contract-for-Deed), but excluding those having such interest merely a security for the performance of an obligation, (ii) Developer (except as otherwise provided herein), and (iii) Builders.

Section 1.24. "Person" shall mean and refer to a natural person, a corporation, a partnership, a limited liability company, a fiduciary action on behalf of another Person, or any other legal entity.

Section 1.25. "Plat" shall collectively mean and refer to: the Final Plat of RidgeLake Shores, Section Three, an addition to Montgomery County, Texas, recorded in Cabinet _____, Page _____ of the Plat Records in the office of the County Clerk of Montgomery County, Texas, and all recorded revisions, amendments, modifications, or supplements thereto,

Section 1.26. "Rear Line" shall mean and refer to any rear boundary line of a Tract that is adjacent to a public road.

Section 1.27. "Recreational Vehicle/Motor Home" shall mean and refer to a professionally built vehicle designed for recreational use, (not including converted school buses or homemade trailers).

Section 1.28. "RidgeLake Shores Subdivision" or "Subdivision" shall mean and refer to all sections of that certain planned community located in Montgomery County, Texas, commonly referred to as RidgeLake Shores which are made subject to the jurisdiction of the Association.

Section 1.29. "Side Line" shall mean and refer to any boundary line of a Tract that is adjacent to a public road which is not a Front Line or Rear Line.

Section 1.30. "Street" shall mean and refer to the roadways dedicated by the Developer to Montgomery County, Texas, by the Plat and accepted by Montgomery County, Texas as public streets and roadways.

Section 1.31. "Tract" shall mean and refer to any plot of land identified as a tract or homesite on the Plat. For purposes of this instrument, "Tract" shall not be deemed to include any portion of the "Common Areas" or "Unrestricted Reserves" (defined herein as any Common Areas and Unrestricted Reserves shown on the Plat) in the Subdivision, regardless of the use made of such area.

Section 1.32. "Dam(s)" shall mean and refer to one or more water control structures which shall impound such water sufficient to create the Lake or Lakes. For purposes of these Restrictions, "Dam(s)" shall also be deemed a "Common Area".

ARTICLE II RESERVATIONS, EXCEPTION AND DEDICATIONS

Section 2.01. Recorded Subdivision Map of the Property. The Plat dedicates for use as such, subject to the limitations as set forth therein, the roads, streets and easements shown thereon. The Plat further establishes certain restrictions applicable to the Property. All dedications, restrictions and reservations created herein or shown on the Plat, replats or amendments of the Plat recorded or hereafter recorded shall be construed as being included in each contract, deed, or conveyance executed or to be executed by or on behalf of Developer, whether specifically referred to therein or not.

Section 2.02. Utility Easements. Developer reserves for public use the utility easements shown on the Plat or that have been or hereafter may be created by separate instrument recorded in the Real Property Records of Montgomery County, Texas, for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line or lines, cable television, or any other utility the Developer sees fit to install in, across and/or under such utility easements. Should any utility company furnishing a service covered by any easement in these restrictions provided for, request a specific easement by separate recordable document, Developer, without the joinder of any other Owner, shall have the right to grant such easement along and within the setback line of any Tract without conflicting with the terms hereof. Any utility company serving the Subdivision shall have the right to enter upon any utility easement for the purpose of installation, repair and maintenance of their respective facilities. Neither Developer nor any utility company, political subdivision or other authorized entity using the easements herein referred to shall be liable for any damages done by them or their assigns, agents, employees, or servants, to fences, shrubbery, trees and lawns or any other property of the Owner on the property covered by said easements.

(a) Utility ground and aerial easements have been dedicated in accordance with the Plat and by separate recorded easement documents. A utility easement and drainage easement of not less than sixteen feet (16'), of which the first eight feet (8') adjacent to the right-of-way may be utilized for drainage purposes, has been dedicated along the front of all Tracts, and along the Side Line adjacent to the street right-of-way of all corner Tracts, except as otherwise indicated on the Plat. All side Tract utility easements and drainage easements have been dedicated in accordance with the Plat. Rear utility easements and drainage easement have been dedicated in accordance with the Plat.

(b) No building shall be located over, under, upon or across any portion of any public utility easement. The Owner of each Tract shall have the right to construct, keep and maintain concrete or asphalt drives, fences, and similar improvements across any utility easement, except that no fences shall be erected or maintained across any drainage easement and except as provided in Section 3.09 hereof, and shall be entitled to cross such easements at all times for purposes of gaining access to and from such Tracts; provided, however, any concrete or asphalt driveway, fence, or similar improvement placed upon such public utility easement by the Owner shall be constructed, maintained and used at Owner's risk and, as such, the Owner of

each Tract subject to the public utility easement shall be responsible for (i) any and all repairs to the concrete or asphalt drives, fences, and similar improvements which cross or are located upon such public utility easements and (ii) repairing any damage to said improvements caused by the public utility in the course of installing, operating, maintaining, repairing, or removing its facilities located within the public utility easements.

(c) The Owner of each Tract shall indemnify and hold harmless Developer and any public or private utility companies having facilities located over, across or under utility easements from any loss, expense, suit or demand, resulting from injuries to persons or damage to property in any way occurring, incident to, arising out of, or in connection with said Owner's installation, maintenance, repair or removal of any permitted improvements located within the utility easements, including where such injury or damage is caused or alleged to be caused by the sole negligence of each public or private utility, or its employees, officers, contractors or agents.

Section 2.03. Drainage Easements. Developer reserves for public use, drainage easements shown on the Plat or that have been or hereafter may be created by separate instrument recorded in Real Property Records of Montgomery County, Texas, for the purpose of constructing, maintaining or repairing to insure proper storm drainage for the benefit of RidgeLake Shores. All dedicated utility easements may be used for the construction of drainage swales in order to provide for improved surface drainage of the Reserves, Common Area, Tracts and roadways. No Owner of any Tract in the Subdivision may perform or cause to be performed any act which would alter or change the course of such drainage easements in a manner that would divert, increase, accelerate or impede the natural flow of water over and across such easements, including the construction of ponds and dams on such easements. No Owner of any Tract may change or alter the drainage that would adversely affect an adjacent Tract.

Section 2.04. Title Subject to Easements. It is expressly agreed and understood that the title conveyed by Developer to any of the Tracts by contract for deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, electric lighting, electric power, telegraph or telephone purposes and other easements hereafter granted affecting the Tracts. The Owners of the respective Tracts shall not be deemed to own pipes, wires, conduits or other service lines running through their Tracts which are utilized for or service other Tracts. The Developer may convey title to said easements to the public, a public utility company or the Association.

Section 2.05. Flowage Easement and Lake Maintenance Easement. A flowage easement on, over and across that portion of the Lakefront Tracts below the elevation of 190 feet mean sea level (msl) are hereby reserved for the Developer and, upon the Control Transfer Date, the Association, for the following purposes:

(a) The right to overflow, flood or cover such portion of the Lakefront Tracts in the Subdivision lying in the flowage easement, with flood water, slack water or back water caused by the construction, maintenance and operation of the Dam(s) for the Lake and the reservoir for the storage of water created by the construction of the Lake.

(b) The right to enter upon said Lakefront Tracts or any other Tract, Common Area or Unrestricted Reserve, or Restricted Reserve, at anytime or times hereafter and do whatever is reasonably necessary in the sole discretion of the Developer and/or the Association; (i) to maintain and operate such Lake(s) and Dam(s); (ii) to prevent the draining or dumping of refuse, sewage or other material into such reservoir; (iii) to clear and keep cleared and to construct any improvements or conduct any operations which may be required by any current or future permits granted or issued by any governmental agency having jurisdiction, specifically including but not limited to the area known as the Lake Maintenance Easement, as depicted on the Plats for the RidgeLake Shores Subdivision covering Sections 1, 2 and 3. No owner (excluding Developer and

Association) shall make any improvements, conduct any operations on, or alter the topography or condition of, said Lake Maintenance Easement without the express written approval or consent of the Developer or the Association. No chemicals, fertilizers, pesticides or other material may be placed on or applied to any portion of any Tract covered by any portion of the Lake Maintenance Easement.

Section 2.06. Restricted Reserves. The area designated as Restricted Reserve C on the Plat are Common Areas to be used by all Owners in any Section of RidgeLake Shores, together with their invitees and guests for recreational and outdoor activities; provided, however, the use of Restricted Reserve C shall be subject to the exclusive and perpetual easement granted to Owners of Tracts adjoining said Restrictive Reserves as provided in Section 3.03. Restrictive Reserves B & D are restricted drill site reserves. Unrestricted Reserves A & E are reserved open space. The Developer, its successors or assigns, through written rules and regulations, or, by the Association after the Control Transfer Date, shall regulate the use of all Restricted Reserves.

ARTICLE III USE RESTRICTIONS

Section 3.01. Single Family Residential Construction. No building shall be erected, altered, placed or permitted to remain on any Tract other than one Dwelling unit per each Tract to be used for residential purposes. Detached Garages, work shops and other accessory buildings may be constructed on the property 12 months prior to the time the main Dwelling is being built so long as they are of good construction, kept in good repair and are not used for residential purposes, as determined in the sole discretion of the Committee. All Dwellings, detached Garages, workshops and accessory buildings must be approved in writing by the Committee prior to being erected, altered or placed on the property. The term "Dwelling" does not include single or double wide or other manufactured homes, and said manufactured homes are not permitted within the Subdivision. All Dwellings must have at least 2000 square feet of living area, excluding porches, for a single story Dwelling, and 2400 square feet of living area, excluding porches, for a two story Dwelling, and a minimum of a two-car Garage. Notwithstanding the foregoing, Tracts 36 through 73, in Block 1, must have at least 2400 square feet of living area, excluding porches for a single story Dwelling, and 2800 square feet of living area, excluding porches, for a two story Dwelling, and a minimum of a two-car Garage. All improvements must be built with new construction materials, with exterior walls being masonry, glass or natural wood (i.e., no aluminum, asbestos siding, vinyl siding, plywood siding, or masonite siding). Cement fiber siding is considered masonry. Storage buildings may also be built or placed on the Tract as long as they are placed behind the Dwelling and detached Garages and at least 150 feet from the Front Line and are approved by the Committee. Guest Houses must be approved in writing by the Committee prior to commencement of construction., be no less than 500 square feet in size, be built simultaneously with or after construction of the main Dwelling upon an Owner's Tract, be kept in good condition, be of similar exterior construction as the main Dwelling upon the Owner's Tract and must be constructed with a maximum roof elevation at a height less than the main Dwelling. Any building, structure or improvement commenced on any Tract shall be completed as to exterior finish and appearance within one (1) year from the commencement date. As used herein, the term "residential purposes" shall be construed to prohibit manufactured housing, mobile homes or trailers being placed on said Tracts, or the use of said Tracts for duplex houses, condominiums, townhouses, or apartment houses. All Tracts shall be for residential purposes and all homes must be site constructed.

Section 3.02. Composite Building Site. Any Owner of one or more adjoining Tracts (or portions thereof) may, with the prior written approval of the Committee and Montgomery County consolidate such Tracts or portions into one building site, with the privilege of placing or constructing improvements on such resulting

site, in which case the side set-back lines shall be measured from the resulting Side Lines rather than from the Tract lines as indicated on the Plat.

Section 3.03. Lakefront Tracts; Construction of Pier or Dock.

(a) No pier, dock, boat slip or other structure shall be constructed on any Tract other than Lakefront Tracts and, on said Lakefront Tracts, shall not be constructed or project beyond the lot line or into the water of the Lake (whether within or outside of the lot line), unless prior written approval is given by the Committee and such improvement complies with the specifications set forth by the Committee. Architectural approval shall be granted or withheld based upon (i) architectural design and character of improvements, (ii) engineering design and specifications of planned structures, and (iii) whether or not proposed improvements conform to the Committee's pre-determined plan for such improvements.

(b) A pier, dock or boat slip may not project more than 1/3 the width of the pool elevation of the Lake or thirty feet (30'), which ever is less, into the Lake as measured from the existing shoreline or the lot line, and no pier, dock or boat slip shall exceed a height of five feet (5') above the pool level of the Lake, which shall be 190 msl. No improvements or modifications of any kind to any approved pier, dock, boat slip, or other improvement constructed by an Owner shall be made unless prior written approval is given by the Committee and all such improvements must conform to the Committee's pre-determined plan for such improvements.

Section 3.04. Easements and Building Setbacks. Developer reserves for public use the utility easements shown on the Plat or which have been or may hereafter be created by separate instrument recorded in the real property records of Montgomery County, Texas, for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph or telephone line or lines, storm surface drainage, cable television, or any other utility the Developer sees fit to install in, across and/or under the Subdivision for the benefit of the Subdivision or any part thereof. All public utility easements in Article II may be used for the construction of drainage swales in order to provide for improved surface drainage for the Reserves, Common Area, Tracts and/or all other areas of the Subdivision or any part thereof. Should any utility company furnishing a service covered by a general easement herein provided request a specific easement by separate recordable document, Developer, without the joinder of any other Owner, shall have the right to grant such easement on said property without conflicting with the terms hereof. Any utility company serving the Subdivision shall have the right to enter upon any public utility easement for the purpose of installation, repair and maintenance of their respective facilities. Neither Developer, the Association, nor any utility company, political subdivision or other authorized entity using the easements herein referred to shall be liable for any damages done by them or their assigns, agents, employees, or servants to fences, shrubbery, trees and lawns or any other property of the Owner on the property covered by said easements. No Guest House, Dwelling, detached Garages or storage buildings shall be built in any "Fault Zone" as identified on the Plat.

Section 3.05. Drainage. Each Owner of a Tract agrees for himself, his heirs, legal representatives, assigns or successors-in-interest that he will not in any way interfere with the established drainage pattern over his Tract from adjoining or other Tracts in the Subdivision; subject to the terms of Section 3.24 of these Restrictions, and he will make adequate provisions for the drainage of his Tract in the event it becomes necessary to change the established drainage over his Tract (which provisions for drainage shall be included in the Owner's plans and specifications submitted to the Committee and shall be subject to the Committee's approval). For the purposes hereof, "established drainage" is defined as the drainage which existed at the time that the overall grading of the Subdivision, including natural drainage swales or channels and landscaping of any Tract in the Subdivision, was completed by Developer.

Section 3.06. Title Subject to Easements It is expressly agreed and understood that the title conveyed by Developer to any of the Tracts by contract deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, electric lighting, electric power, telegraph or telephone purposes and other easements hereafter granted affecting the Tracts. The Owners of the respective Tracts shall not be deemed to own pipes, wires, conduits or other service lines running through their Tracts which are utilized for or service other Tracts, but each Owner shall have an easement in and to aforesaid facilities as shall be necessary for the use, maintenance, and enjoyment of their Tract. The Developer may convey title to said easements to the public, a public utility company, or the Association.

Section 3.07. Public Utility Easements Utility ground and aerial easements have been dedicated in accordance with the Plat and may be dedicated by separate recorded easement documents.

Section 3.08. Use of Temporary Structures. No structure of a temporary character, whether trailer, basement, tent, shack, Garage, barn or other Accessory Building shall be maintained or used on any Tract at any time as a residence, either temporarily or permanently; provided, however, that Developer reserves the exclusive right to erect, place and maintain such facilities in or upon any property in the Subdivision that it owns as in its sole discretion may be necessary or convenient while selling Tracts, selling or constructing residences and constructing other improvements within the Subdivision. Notwithstanding the above, however, Owners may locate motor homes, travel trailers on their Tracts within set back lines for temporary periods of up to 6 months while the Dwelling is being constructed. Motor Homes and travel trailers remaining on the Tract beyond the set time restriction are subject to removal by the Developer or the Association. Developer, or any member of the Committee shall have the right, which each Owner hereby gives Developer or such Committee member(s), to enter upon the Owner's Tract and to remove any such temporary structure which is placed on any Tract in violation of these restrictions, and in doing so, Owner agrees that neither Developer nor such Committee member(s) shall be liable, and each is hereby expressly relieved from any liability for trespass or other tort in connection therewith, or arising from such removal.

Section 3.09. Walls and Fences. Walls and fences, if any, must be approved prior to construction by the Committee and shall be no closer to the road than the front property line; provided, however, fences fronting roadways must be constructed of approved materials being three rail wood or PVC, ornamental iron, or masonry and must maintain conformity to the front of the Dwelling or residence. No barbed wire, chain link, or other agricultural farm wire is allowed. A maximum Height of any fence shall not exceed six (6) feet. Notwithstanding the provisions contained within Section 2.02 herein, no fence may be placed within any easement or within seventy-five (75) feet of any Lake in the Subdivision that may, in the sole discretion of the Committee, disrupt the view of the Lake of any Owner or other person in the Subdivision. Any fence fronting the lake shall be of ornamental iron with masonry corner post construction.

Section 3.10. Prohibition of Offensive Activities. No activity, whether for profit or not, shall be conducted on any Tract which is not related to single family residential purposes, unless said activity meets the following criteria: (a) no additional exterior sign of activity is present, (b) it is the type of action that usually happens in a home, (c) no additional traffic, that would not be there normally, is created, (d) the entity or activity maintains an office or place of business elsewhere, and (e) no hazardous or dangerous materials may be stored in bulk on the Tract. This restriction is waived in regard to the customary sales activities by Developer or Builders required to sell Tracts or homes in the Subdivision. The discharge or use of firearms is expressly prohibited. The Association shall have the sole and absolute discretion to determine what constitutes a nuisance or annoyance.

Section 3.11. Garbage and Trash Disposal. Garbage and trash or other debris accumulated in this Subdivision shall not be permitted to be dumped at any place within this Subdivision or that may be created.

No Tract shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall be kept in sanitary containers and shall be disposed of regularly. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

Section 3.12. Junked Motor Vehicles Prohibited. No Tract shall be used as a depository for abandoned or junked motor vehicles. No junk of any kind or character, or dilapidated structure or building of any kind or character, shall be kept on any Tract.

Section 3.13. Signs. No signs, advertisement, billboards or advertising structure of any kind may be erected or maintained on any Tract without the consent in writing of the Committee and/or Developer except one (1) standard sign adopted by the Developer and Association not more than twenty-four inches by thirty-six inches, advertising an Owner's Dwelling for sale or rent. During construction of the Dwelling or accessory building, Contractors or Builders are permitted to have one (1) professionally made sign, not more than thirty-six inches wide by thirty-six inches long for advertising purposes, but shall be required to remove said sign upon completion of contracted construction. All other signs are prohibited. Developer, or any member of the Committee shall have the right, which each Owner hereby gives Developer or such Committee member(s), to enter upon the Owner's Tract and to remove any such sign, advertisement or billboard or structure which is placed on any Tract in violation of these restrictions, and in doing so, Owner agrees neither Developer nor such Committee member(s) shall be liable, and each is hereby expressly relieved from any liability for trespass or other tort in connection therewith, or arising from such removal. After the Developer has sold the last Tract, the allowance of "For Sale" signs will be at the discretion of the Board of Directors and must meet its requirements for design and appearance. Notwithstanding the foregoing, this Section shall not apply to entry, directional or other signs installed by the Developer or its duly authorized agent as may be necessary or convenient for the marketing or development of the Property, including, without limitation, "For Sale" signs installed by the Developer.

Section 3.14. Animal Husbandry. No hogs, pigs, cattle, goats, poultry or exotic livestock or animals of any kind shall be raised, bred or kept on any Tracts. On Tracts one and one half (1.5) acres or greater, Owners shall be limited to one (1) horse per acre; provided, however, horses shall only be allowed if the Tract is fenced with fencing capable of containing such animals. FFA or 4H school project animals will be permitted on tracts with prior written consent and approval of the Committee. Dogs, cats, or other common household pets may be kept on a Tract. There shall be no more than four (4) adult dogs per household. Dogs must be kept in a kennel, dog run, or fenced in area that confines said dog(s) to that area. Dogs will not be permitted to run loose in the Subdivision and must be vaccinated for rabies according to Montgomery County requirements.

Section 3.15. Mineral Development. No oil or gas drilling, oil or gas development operations, oil or gas refinery, or mining operations of any kind shall be permitted upon or on any Tract, nor shall any wells, tanks, tunnels, mineral excavation or shafts be permitted upon or on any Tract. No derrick or other structures designed for the use of boring for oil or gas shall be erected, maintained or permitted upon any Tract. The prohibition of oil and gas drilling and oil and gas development operations shall not apply to those Reserves or Common Areas nor to those easements (nonexclusive, access or pipeline) which are designated by the Plat or by written instrument filed of record in Montgomery County, Texas, in favor of the mineral owner(s) pursuant to any surface use agreement(s) covering RidgeLake Shores.

At no time shall the drilling, usage or operation of any water well be permitted on any Tract for domestic water service. With written approval from MSEC Enterprises, Inc., drilling water wells will be for irrigation purposes only. The prohibition of water wells shall not in any manner be deemed to apply to the Reserves designated on the Plat or to any land within the RidgeLake Shores Subdivision, or Annexed Area owned by the Developer or the Association, whether adjacent hereto or not.

Section 3.16. Uses and Maintenance of the Tract and All Improvements Located Thereon. Without limiting the foregoing, the following restrictions shall apply to all Tracts:

(a) No boat, jet ski, aircraft, travel trailer, motor home, mobile home, camper body or similar vehicle or equipment may be parked for storage in the Front Yard of any Dwelling or parked on any Street in the Subdivision, nor shall any such vehicle or equipment be parked for storage in the side yard or Rear Yard of any Dwelling unless completely concealed from public view. All boats so parked or stored in the side yard or Rear Yard must at all times also be stored on a trailer. No such vehicle or equipment shall be used as a residence temporarily or permanently. This restriction shall not apply to any vehicle, machinery or equipment temporarily parked and in use for the construction, maintenance or repair of a Dwelling in the immediate vicinity;

(b) Trucks with tonnage in excess of one and one-half (1 1/2) tons shall not be permitted to park overnight within the Subdivision except those used by a Builder during the construction of improvements. Any vehicle with painted advertisements or business placards on its body shall not be permitted to park overnight on any Street within the Subdivision except for those vehicles used by a Builder during the construction of improvements;

(c) No vehicle of any size which transports inflammatory or explosive cargo may be kept in the Subdivision at any time;

(d) No vehicles or similar equipment shall be parked or stored in an area visible from any street except passenger automobiles, passenger vans, motorcycles, pick-up trucks and pick-up trucks with attached bed campers that are in operating condition and have current license plates and inspection stickers and are in daily use as motor vehicles on the Streets and highways of the State of Texas; and

(e) Propane tanks or other visible equipment must be completely screened from public and private view. The screening materials, installation and location of all propane tanks or other visible equipment must be approved by the Architectural Control Committee.

Section 3.17. Antennas. Antennas of any kind shall not exceed five feet above the roof of the Dwelling or Accessory Building. One satellite dish or other instrument or structure may be placed in the Rear Yard so long as it is completely screened from view from any Street.

Section 3.18. Duty of Maintenance. Owners and occupants (including lessees) of any Tract shall jointly and severally have the duty and responsibility, at their sole cost and expense, to keep that Tract so owned or occupied, including improvements and grounds in connection therewith, in a well-maintained, safe, clean and attractive condition at all times. Such maintenance includes, but is not limited to, the following:

- (a) Prompt removal of all litter, trash, refuse and wastes;
- (b) Keeping lawn and garden areas alive, free of weeds and attractive;
- (c) Keeping driveways in good repair;

- (d) Complying with all government health and policy requirements; and
- (e) Repair of exterior damage to improvements.

Section 3.19. Approved Watercraft. All watercraft must meet Texas registration requirements and be registered with the Association.

Section 3.20. Enforcement. If, in the opinion of the Board of Directors or the Committee, any such Owner or occupant (including lessees) has failed to comply with any of the foregoing restrictions or has failed in any of the foregoing duties or responsibilities, then the Committee or the Board of Directors shall deliver to such Owner or occupant (including lessees) written notice of such failure in accordance with the notice and hearing procedures set forth in the Bylaws, and such Owner or occupant (including lessees) must within the time period set forth in the notice, comply with the restrictions and/or perform the care and maintenance required. Should any such Owner or occupant (including lessees) fail to fulfill this duty and responsibility within such period, then the Committee, or the Board of Directors, or their designated agents are hereby authorized to enter onto the premises and correct such violations and perform such care and maintenance as necessary, at the expense of the Owner, without any liability for damages or for wrongful entry, trespass or otherwise, to the Owner, Contractor, Builder, occupant or any other Person found on the Tract. The Owners and occupants (including lessees) of any Tract on which such work is performed shall promptly reimburse the Committee or the Association for such cost. If such Owner or occupant (including lessees) shall fail to reimburse the Developer, Committee or the Association within 30 Days from and after delivery by the Association of an invoice setting forth the costs incurred by the Association for such work, then said indebtedness shall be a debt of the Owner and occupant (including lessees) jointly and severally and may be secured by the Association by placing a lien on the offending Owner's or occupant's Tract.

Section 3.21. Driveways and Walkways. Driveways shall be constructed and paved with asphalt or concrete, and that portion of the driveway that lies on the Tract shall be constructed with a minimum width of ten feet (10') and the specifications for, and location of, such driveway shall be subject to the prior approval of the Committee. Notwithstanding the foregoing, that portion of the driveway that lies between the Front Line and the street shall be a minimum width of twelve feet (12') and the driveway shall be constructed in accordance with detail, design and specifications as provided in Bylaws and the Rules and Regulations for RidgeLake Shores.

All driveway crossings of the roadside drainage swales shall be constructed using a minimum eighteen (18) inch reinforced concrete culvert pipe with slopped inlet and outlets as shown on construction plans for paving and drainage for RidgeLake Shores, Section Three dated January 30, 2002, as approved by the Montgomery County Engineering Department, unless alternate driveway culverts and slope payment construction is approved by the Committee. All culvert pipe shall be installed at a grade four (4) inches below the designed ditch flow line. The construction of driveway paving on any side lot utility easement is expressly prohibited.

The driveway culverts shall be installed prior to the commencement of any other construction activity on any Tract. No Builder or Contractor shall drive trucks or equipment across roadside drainage ditches or roadside drainage swales except over the driveway culverts. Prior to acceptance of the roads and associated drainage facilities into the Montgomery County Road System, the Developer will furnish the Owner's Contractor with the specifications of the proper culvert size and grade to be installed. Upon acceptance of the roads and drainage facilities of the Subdivision into the Montgomery County Road System, the Montgomery County Engineers Office will furnish Owner or Owner's Contractor the detail, design and specifications for driveway culverts and slope payment construction.

Walkways providing access to the front door of a Dwelling must turn and intersect into the driveways and may not cross a roadside ditch or swale. No walkways or sidewalks shall be constructed across the front of any Tracts, and no sidewalks shall be constructed along the street side of any corner Tracts.

Section 3.22. Building Inspection of Driveways, Manholes and Storm Sewer Inlets. Prior to the acceptance of the roads and associated drainage facilities, in order to control the quality of construction of the work described in Section 3.19, a construction (building) inspection by the Committee is required to be made prior to and after construction of the driveways. Fees, in an amount to be determined by the Committee, must be paid to the Committee prior to architectural approval of such residential improvements to defray the expense for such before and after building inspections. In the event construction requirements are incomplete or rejected at the time of inspection and it becomes necessary to have additional building inspections, a fee, in an amount to be determined by the Committee, must be paid to the Committee prior to each inspection.

Prior to requesting a building inspection, the Contractor of any residence, whether the Owner or a Builder, is required to prepare driveways complete with excavation and in accordance with any applicable construction requirements for manholes, valves and storm sewer inlets. The Contractor shall not construct driveway until after the Committee furnishes written approval of such construction to the Owner.

Section 3.23. Carports. No carports shall be erected or permitted to remain on any Tract without the express prior written approval of the Committee. Said approval will be denied unless the carport is shown to be an integral part of the residence and the carport is constructed with the same design, color and materials as the residence.

Section 3.24. Wetlands

(a) All areas designated on a recorded plat, or all Jurisdictional Waters of the United States, now or in the future, and whether natural or manmade (including but not limited to all headwaters, swales, creeks, gullies, bayous, or streams, located in the RidgeLake Shores Subdivision) shall be known as "wetlands", and shall be generally left undisturbed and in a natural state, and any proposed alteration of the wetlands must be in accordance with any restrictions or covenants recorded against such property and be approved by all appropriate regulatory bodies, however, under no circumstances shall the wetlands be disturbed or impacted in violation of any permit issued by any governmental authority having jurisdiction, covering or affecting same, now or in the future. Prior to any alteration of a Tract, the Owner shall determine if any portion thereof meets the requirements for designation as a regulatory wetland. Notwithstanding anything contained herein, the Developer, the Association, and the successors, assigns, affiliates and designees of each may conduct such activities as have been or may be permitted by the U.S. Army Corps of Engineers (the "COE") or any successor thereof responsible for the regulation of wetlands.

(b) Notwithstanding anything to the contrary contained herein, the Developer shall have and reserves the right at any time and from time to time, without the joinder or consent of any Owner or other party, to unilaterally impose additional restrictive covenants upon any Tract or upon the Common Area for purposes of complying with any condition, regulation or requirements of the COE or any other federal, state or local governmental agency.

(c) Each application submitted to the Committee must comply with the requirements of these Restrictions as well as any regulatory requirements of the COE or any other federal, state or local governmental agency.

**ARTICLE IV
ARCHITECTURAL CONTROL COMMITTEE**

Section 4.01. Basic Control.

(a) No building or other improvements of any character shall be erected or placed, or the erection or placing thereof commenced or changes made in the design or exterior appearance thereof (excluding, without limitation, painting, staining or siding), or any addition or exterior alteration made thereto after original construction, or demolition or destruction by voluntary action made thereto after original construction, on any Tract in the Subdivision until the obtaining of the necessary approval (as hereinafter provided) from the Developer until the establishment of the Committee as hereafter provided, and, thereafter, the Committee, and Montgomery County (if required by law, rule or other regulation) of the construction plans and specifications for the construction or alteration of such improvements or demolition or destruction of existing improvements by voluntary action.

(b) Each application made to the Committee or to the Developer under Section 4.02 below must be accompanied by three sets of plans and specifications for all proposed construction (initial or alteration) to be done on such Tract, including plot plans showing location on the Tract. Upon receipt, the Committee shall forward one set of the plans and specifications to the Developer. There is a \$150.00 fee for the cost of processing an approval of plans. These fees are used for postage, copies, phone, onsite inspection, or however deemed necessary by the Committee.

Section 4.02. Architectural Control Committee.

Each Owner, by accepting a deed or other instrument conveying any interest in any portion of the Property acknowledges that, as the developer of the Property, Developer has a substantial interest in ensuring that all structures and improvements within the Property enhance Developer's reputation as a community developer and do not impair Developer's ability to market, sell or lease any portion of the Property. Therefore, the Developer may, on its behalf, establish the Committee to be responsible for administration and review of all applications for construction and modifications under the Declaration. The members of the Committee, which need not be members of the Association, may, but need not, include architects, landscape architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Committee. The Committee may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred by the Committee in having any application reviewed by architects, engineers or other professionals.

The Committee shall have exclusive jurisdiction over all construction on any portion of the Property. Until 100% of the Property has been developed and conveyed to Owners other than Builders, and initial construction on each Tract has been completed in accordance with Committee approval, the Developer retains the right to appoint all members of the Committee which may consist of one or more Persons, who shall serve at the Developer's discretion. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by Developer. Upon the expiration or surrender of such right, the Board shall appoint the members of the Committee who shall thereafter serve and may be removed in the Board's discretion.

Section 4.03. Effect of Inaction. Approval or disapproval as to architectural control matters as set forth in the preceding provisions shall be in writing. In the event that the authority exercising the prerogative of approval or disapproval (whether the Developer or the Committee) fails to approve or disapprove in writing

any plans and specifications and plats received by it in compliance with the preceding provisions within thirty (30) days following such submission, such plans, specifications and plot plan shall be deemed approved and the construction of any such building and other improvements may be commenced and proceeded with in compliance with all such plans, specifications and plot plan and all of the other terms and provisions hereof.

Section 4.04. Effect of Approval. The granting of the aforesaid approval, whether in writing or by lapse of time, shall constitute only an expression of opinion by the Committee that the terms and provisions hereof shall be complied with if the building and/or other improvements are erected in accordance with said plans, specifications and plot plan; and such approval shall not constitute any nature of waiver or estoppel either as to the Persons expressing such approval or any other Person in the event that such building and/or improvements are not constructed in accordance with such plans, specifications and plot plan or in the event that such building and/or improvements are constructed in accordance with such plans, specifications and plot plan, but, nevertheless, fail to comply with the provisions hereof. Further, no Person exercising any prerogative of approval or disapproval shall incur any liability by reason of the good faith exercise thereof. Exercise of any such prerogative by one (1) or more members of the Committee in their capacity as such shall not constitute action by the Developer.

The criteria and requirements established by the Committee for approval of architects, Builders and Contractors are solely for the Developer's protection and benefit and are not intended to provide the Owner with any form of guarantee with respect to any approved architect, Builder or Contractor. Owner's selection of an architect, Builder or Contractor shall be conclusive evidence that the Owner is independently satisfied with any and all concerns Owner may have about the qualifications of such architect, Builder or Contractor. Furthermore, Owner waives any and all claims and rights that Owner has or may have now or in the future, against the Committee or the Developer. The standards and procedures established pursuant to this Article are intended to provide a mechanism for maintaining and enhancing the overall aesthetics of the Property only, and shall not create any duty to any Person. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and the Committee shall bear no responsibility for ensuring the structural integrity or soundness of approved construction or modifications, the adequacy of soils or drainage, nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring that all Dwellings are of comparable quality, value or size, of similar design, or aesthetically pleasing or otherwise acceptable to neighboring property owners. Neither the Developer, the Association, the Board of Directors, the Committee or any committee, or member of any of the foregoing shall be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Tract. In all matters, the committees and their members shall be defended and indemnified by the Association as provided in Section 4.6.

Section 4.05. Minimum Construction Standards: Inspections. The Committee may, from time to time, promulgate an outline of minimum acceptable construction standards; provided, however, that such outline will serve as a minimum guideline only and the Committee shall not be bound thereby. In order to control the quality of construction and to reasonably insure that all residential construction (including the construction of the Dwelling and all other improvements on the Tract) are constructed in accordance with (a) the Plat, (b) this Declaration, (c) the Montgomery County and other governmental regulations, (d) minimum acceptable construction standards as promulgate from time to time by the Committee, and (e) Committee regulations and requirements, the Committee may conduct certain building inspections and the Owner, in the construction of all improvements, shall hereby be subject to such building inspections and building inspection policies and procedures as established from time to time by the Committee. A fee in an amount to be determined by the Committee shall be paid to the Committee prior to architectural approval, or at such other time as designated by the Committee, to defray the expense of such building inspections and re-inspections.

Section 4.06. Variances. The Committee may authorize variances from compliance with any of the provisions of this Declaration, or minimum acceptable construction standards or regulations and requirements as promulgated from time to time by the Committee, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require a variance. Such variances must be evidenced in writing and shall become effective when signed by the Developer or by at least a majority of the members of the Committee. If any such variances are granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance is granted; provided, however, that the granting of a variance shall not operate to waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provisions hereof covered by the variance, nor shall the granting of any variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the property concerned and the Plat.

Section 4.07. Notices of Completion and Noncompliance. Each Owner shall send a written notice of the completion ("Notice of Completion") of such Owner's construction of residential improvements to the Committee and to the Association within fifteen (15) days after completion of such Owner's construction. If, as a result of inspections or otherwise, the Committee finds that any residential construction has been done without obtaining the approval of the Committee or was not done in conformity with the approved plans and specifications and plot plan, the Committee shall notify the Owner in writing of the noncompliance, which notice ("Notice of Noncompliance") shall be given, in any event, within sixty (60) days after the Committee receives a Notice of Completion. The Notice of Noncompliance shall specify the particulars of the noncompliance and shall require the Owner to take such action as may be necessary to remedy the noncompliance. If for any reason other than Owner's act or neglect, the Committee fails to notify the Owner of any noncompliance within sixty (60) days after receipt by the Committee of the Notice of Completion, the improvements constructed by such Owner on the Lot shall be deemed in compliance if such improvements were, in fact, completed as of the date of the Notice of Completion. If, however, the Committee issues a Notice of Noncompliance, the Owner shall commence to correct the noncompliance without delay. If the Owner does not correct the noncompliance within forty-five (45) days after receipt of the Notice of Noncompliance or commence, within ten (10) days after receipt of the Notice of Noncompliance, the correction of such noncompliance, in the case of a noncompliance which cannot reasonably be expected to be corrected within forty-five (45) days (provided that such Owner diligently continues the removal of such noncompliance) the Committee may, at its option, record a Notice of Noncompliance against the Lot on which the noncompliance exists, and/or may otherwise correct such noncompliance, and the Owner shall reimburse the Committee, upon demand, for all expenses incurred therewith, which reimbursement obligation shall be a charge on such Owner's Lot and shall be a continuing lien, secured by the same lien which secures the Maintenance Charge and Special Assessment. The right of the Committee to remedy or remove any noncompliance shall be in addition to all other rights and remedies which the Committee may have at law, in equity, or under this Declaration to cure such noncompliance.

Section 4.08. No Implied Waiver or Estoppel. No action or failure to act by the Committee shall constitute a waiver or estoppel with respect to future action by the Committee, the Developer or the Board of Directors, as applicable, with respect to the construction of any improvements within the Subdivision. Specifically, the approval by the Committee, Developer or Board of Directors, as applicable, of any such residential construction shall not be deemed a waiver of any right or an estoppel to withhold approval or consent for and similar residential construction or any similar proposals, plans, specifications or other materials submitted with respect to any other residential construction by such person or other Owners.

Section 4.09. Disclaimer. No approval of plans and specifications and no publication or designation of architectural standards shall ever be construed as representing or implying that such plans, specifications or standards will result in a properly designed structure or satisfy any legal requirements, including compliance with the provisions of Section 3.19.

**ARTICLE V
RIDGELAKE SHORES
PROPERTY OWNERS ASSOCIATION**

Section 5.01. Membership. Every Person or entity who is a record Owner of any Tract which is subject to the Maintenance Charge provided herein (or could be following the withdrawal of an exemption therefrom) and other assessments provided herein, including contract sellers, shall be a "Member" of the Association. The foregoing is not intended to include Persons or entities that hold an interest merely as security for the performance of an obligation or those having only an interest in the mineral estate. Owners shall have one membership for each Tract, including consolidated Tracts under Section 3.02, owned by such Member. Memberships shall be appurtenant to and may not be separated from the ownership of the Tract. Regardless of the number of persons who may own a Tract (such as husband and wife, or joint tenants, etc.) there shall be but one membership for each Tract. Additionally, the Directors of the Association shall also be Members of the Association (as more particularly described in the By-laws). Ownership of the Tracts shall be the sole qualification for membership. The voting rights of the Members are set forth in the Bylaws of the Association. However, the Restrictive covenants will not be construed as to assess the Veterans Land Board or the State of Texas. Any assessments are the personal obligation of the Veteran purchaser, his heirs and assigns. Any lien imposed by the restrictive covenants does not affect the Veterans Land Board's interest in the property.

Section 5.02. Non-Profit Corporation. RidgeLake Shores Property Owners Association, Inc., a non-profit corporation, has been (or will be) organized and it shall be governed by the Articles of Incorporation and Bylaws of said Association; and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

Section 5.03. Bylaws. The Association has adopted or may adopt whatever Bylaws it may choose to govern the organization or operation of the Subdivision and the use and enjoyment of the Tracts and Common Areas, provided that the same are not in conflict with the terms and provisions hereof.

Section 5.04. Owner's Right of Enjoyment. Every Owner shall have a beneficial interest of use and enjoyment in and to the Common Areas and such right shall be appurtenant to and shall pass with the title to every assessed Tract, subject to the following provisions:

(a) the right of the Association, with respect to the Common Areas, to limit the number of guests of Owners;

(b) the right of the Association to charge reasonable admission and other fees for the use of any facility situated upon the Common Areas;

(c) the right of the Association, in accordance with its Articles and Bylaws (and until 100% of all Tracts in the Subdivision are sold, subject to the prior written approval of the Developer), to (i) borrow money for the purpose of improving and maintaining the Common Areas and facilities (including borrowing from the Developer or any entity affiliated with the Developer) and (ii) mortgage said property; provided, however, the rights of such mortgagee of said property shall be subordinate to the rights of the Owners hereunder;

(d) the right of the Association to suspend a Member's voting rights and the Member's and "Related Users" (as hereinafter defined) right to use any recreational facilities within the Common Areas during any period in which the Maintenance Charge or any assessment against his Tract remains unpaid;

(e) the right of the Association to suspend a Member's voting rights and the Member's, including the Member's family members, guests and invitees (the "Related Users"), right to use any recreational facilities within the Common Area, after notice and hearing by the Board of Directors as set forth in the Bylaws, for the infraction or violation by such Member or Related Users of this Declaration or the "Rules and Regulations", as hereinafter defined, which suspension shall continue for the duration of such infraction or violation, plus a period not to exceed sixty (60) days following the cessation or curing of such infraction or violation.

ARTICLE VI MAINTENANCE FUND & SPECIAL ASSESSMENT FUND

Section 6.01. Maintenance Fund & Special Assessment Obligation. Each Owner of a Tract by acceptance of a deed therefore, whether or not it shall be expressed in any such deed or other conveyance, is deemed to covenant and agrees to pay to the Association an annual maintenance charge (the "Maintenance Charge"), and any other assessments or charges hereby levied. In addition to the Maintenance Charge, each owner of a tract by acceptance of a deed therefore, agrees to pay a Special Monthly Assessment to create a fund, which will be used specifically to maintain the entrance, private roads, drainage facilities and other common areas located within and used exclusively by the owners of tracts in Section Three. The Maintenance Charge, Special Assessment and any other assessments, fines or charges hereby levied, together with such interest thereon and costs of collection thereof, including reasonable attorney's fees as allowed by the Act, as hereinafter provided, shall be a charge on the Tract and shall be a personal obligation of the Owner of the Tract and a continuing lien upon the property against which each such Maintenance Charge, Special Assessment and other charges, fines and assessments are made.

Section 6.02. Basis of the Maintenance Charge.

(a) The Maintenance Charge and Special Assessment referred to shall be used to create funds to be known as the "Maintenance Fund" and "Special Assessment Fund for Section Three", which shall be used as herein provided; and each such Maintenance Charge or Special Assessment (except as otherwise hereinafter provided) shall be paid by the Owner of each Tract (or residential building site) to the Association. The Maintenance Charge and Special Assessment for the year of purchase shall be pro-rated at closing and then shall be paid annually, in advance, on or before the first day of the first month of each calendar year. Provided, however, that if an Owner owns more than one Tract in the Subdivision, such Owner shall pay only twice the assessment of one (1) Tract no matter how many Tracts are owned. In the event an Owner obtains consent from the Committee for a Composite Building site pursuant to Section 3.02 hereof, such Composite Building Site shall, for this purpose, be considered one Tract beginning upon the completion of the improvements thereon.

(b) Any Maintenance Charge and Special Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of (i) the rate of eighteen percent (18%) per annum or (ii) the maximum rate permitted by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the hereinafter described lien against the Owner's Tract. No Owner may waive or otherwise escape liability for the Maintenance Charge or Special Assessment by non-use of any Common Areas or recreational facilities available for use by Owners of the Subdivision or by the abandonment of his Tract.

(c) The exact amount of the Maintenance Charge and Special Assessment applicable to each Tract will be initially determined by the Developer. All other matters relating to the Maintenance Charge and Special Assessment and the collection, expenditures and administration of the Maintenance Fund and Special

Assessment Fund shall be determined by the Developer until the Control Transfer Date and thereafter by the Board of Directors of the Association, subject to the provisions hereof.

(d) The Association, from and after the Control Transfer Date, shall have the further right at any time, with a majority vote of all Association Members, to adjust or alter said Maintenance Charge from year to year as it deems proper to meet the reasonable operation expenses and reserve requirements of the Association in order for the Association to carry out its duties hereunder.

(e) The Tract Owners in Section III, from and after the Control Transfer Date, shall have the further right at any time, with a majority vote of all Tract Owners in Section III, to adjust or alter said Special Assessment from year to year as it deems proper to meet the reasonable operation expenses and reserve requirements for Section III in order for the Association to carry out its duties hereunder.

Section 6.03. Creation of Lien and Personal Obligation. In order to secure the payment of the Maintenance Charge, and other charges, fines and assessments hereby levied, each Owner of a Tract in the Subdivision, by such party's acceptance of a deed thereto, hereby grants to the Association a contractual lien on such Tract which may be foreclosed on by judicial or non-judicial foreclosure and in like manner as a mortgage on real estate under power of sale pursuant to the provisions of Title 5, Chapter 51 of the Texas Property Code (and any successor statute); and each such owner hereby expressly grants the Association a power of sale in connection therewith. Notwithstanding anything to the contrary contained herein and as set forth in the Act, neither the Developer nor the Association shall be permitted to bring an action for foreclosure under this Section solely for fines assessed by the Association or for attorneys' fees incurred by the Association solely associated with fines assessed by the Association.

In any foreclosure action brought under the power of sale provisions, the Association shall be deemed to be the holder and owner of the obligation secured by this Declaration. The registered agent of the Association shall be the trustee for all purposes of the foreclosure proceeding, and the Association shall have the power to appoint a substitute trustee if for any reason the Association desires to replace the trustee, and the substitute trustee shall succeed to all rights, powers and duties thereof. The Association shall request of the trustee to sell the Tract subject to the lien at public auction for cash, after having first given such notice and advertising the time and place of such sale in such manner as may then be provided by law for mortgages, and upon such sale and upon compliance with the law then relating to foreclosure proceedings under power of sale to convey to the purchaser in as full and ample manner as authorized by Title 5, Chapter 51 of the Texas Property Code. The trustee shall be authorized to retain an attorney to represent such trustee in such proceedings. The proceeds of the sale shall, after the trustee retains its commission, together with any additional attorneys' fees incurred by the trustee, be applied to the costs of the sale, including but not limited to costs of collection, taxes, assessments, costs of recording, service fees, and incidental expenditures, the amount due on any note secured by the Tract, and any advancements made by the Association in the protection of the security. Following any such foreclosure, each occupant of any such Tract foreclosed on and each occupant of any improvements thereon shall be deemed to be a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgment for possession in an action of forcible detainer and the issuance of a writ of restitution thereunder.

The Association may bid for the Tract at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Tract. While a Tract is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no Maintenance Charge or other charge, fine, or assessment shall be levied on it; and (c) each other Tract shall be charged, in addition to its usual Maintenance Charge & Special Assessment, its pro rata share of the Maintenance Charge & Special Assessment that would have been charged such Tract had it not been acquired by the Association.

In the event of non-payment by any Owner of any Maintenance Charge or other charge, fine, or assessment levied hereunder, the Association may, in addition to foreclosing the lien hereby retained, and exercising the remedies provided herein, upon ten (10) days prior written notice thereof to such nonpaying Owner, exercise all other rights and remedies available at law or in equity. The Association may sue for unpaid Maintenance Charge or other charges, fines, or assessments authorized hereunder without foreclosing or waiving the lien securing the same.

It is the intent of the provisions of this Section 6.03 to comply with the provisions of Title 5, Chapter 51 of the Texas Property Code relating to judicial or non-judicial foreclosure and, in the event of the amendment of said Title 5, Chapter 51 of the Texas Property Code hereafter, the Board of Directors of the Association, acting without joinder of any other Owner or mortgagee or other person may, by amendment to this Declaration filed in the Real Property Records of Montgomery County, Texas, amend the provisions hereof so as to comply with said amendments to Title 5, Chapter 51 of the Texas Property Code.

Section 6.04. Notice of Lien. In addition to the right of the Association to enforce the Maintenance Charge or other charge, fine, or assessment levied hereunder, the Association may file a claim or lien against the Tract of the delinquent Owner by recording a notice ("Notice of Lien") setting forth (a) the amount of the claim of delinquency, (b) the interest and costs of amount of the claim of delinquency, (c) the interest and costs of collection which have accrued thereon, (d) the legal description and street address of the Tract against which the lien is claimed and (e) the name of the Owner thereof. Such Notice of Lien shall be signed and acknowledged by an officer of the Association or other duly authorized agent of the Association. The lien shall continue until the amounts secured thereby and all subsequently accruing amounts are fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien have been fully paid or satisfied, the Association acting through its duly authorized officer or agent shall execute and record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the Board of Directors to cover the preparation and recordation of such release of lien instrument. Notwithstanding the foregoing, neither the Developer nor the Association shall be permitted to file a lien on any Tract owned by the Veterans Land Board following foreclosure and assumption of ownership of the Tract by the Veteran's Land Board.

Section 6.05. Liens Subordinate to Mortgages. The lien described in this Article VI shall be deemed subordinate to a first lien or other liens of any bank, insurance company, savings and loan association, university, pension and profit sharing trusts or plans, or any other third party lender, including Developer, which may have heretofore or may hereafter lend money in good faith for the purchase or improvement of any Tract and any renewal, extension, rearrangement or refinancing thereof. The sale or transfer of any Tract shall not affect the lien or relieve such Tract from the lien for any subsequent Maintenance Charge or other charge, fine, or assessment. However, the sale or transfer of any Tract pursuant to foreclosure of the first mortgage shall extinguish the lien as to any installments of such Maintenance Charge or other charge, fine, or assessment due prior to such sale or transfer. A mortgagee or other purchaser of a Tract who obtains title pursuant to foreclosure of the mortgage shall not be personally liable for Maintenance Charges or other charges, fines or assessments on such Tract due prior to such acquisition of title. Such unpaid Maintenance Charges or other charges, fines, or assessments shall be deemed to be common expenses of the Association collectible from Owners of all Tracts subject to assessment under Article VI, including such acquirer, its successors and assigns. Any other sale or transfer of a Tract shall not affect the Association's lien for Maintenance Charges or other charges, fines or assessments. The Association shall make a good faith effort to give each such mortgagee sixty (60) days advance written notice of the Association's proposed foreclosure of the lien described in Section 6.01 hereof, which notice shall be sent to the nearest office of such mortgagee by prepaid United States registered or Certified mail, return receipt requested, and shall contain a statement of delinquent Maintenance Charges or other charges, fines, or assessments upon which the proposed action is

based provided, however, the Association's failure to give such notice shall not impair or invalidate any foreclosure conducted by the Association pursuant to the provisions of this Article VI.

Section 6.06. Purpose of the Maintenance Charge & Special Assessment for Section III.

(a) The Maintenance Charge levied by the Developer or the Association may be used by the Association for the general benefit of the Owners which may include, but is not necessarily limited to promoting the recreation, health, safety, and welfare of the Owners of the Subdivision and other portions of the Annexable Area which hereafter may become subject to the jurisdiction of the Association. In particular, the Maintenance Charge shall be used for any improvement or services in furtherance of these purposes and the performance of the Association's duties described in Article VIII, including the maintenance of any Common Areas, any drainage easements and any storm water detention facilities and the establishment and maintenance of a reserve fund for maintenance of any Common Areas. The Maintenance Fund may be expended by the Developer or the Association for any purposes which, in the judgment of the Developer or the Association, will tend to maintain the property values in the Subdivision, including, but not limited to, providing funds for the actual cost to the Association of all taxes, insurance, repairs, energy charges, replacement and maintenance of the Common Area as may from time to time be authorized by the Association. Except for the Developer or the Association's use of the Maintenance Charge to perform its duties described in this Declaration and in the Bylaws, the use of the Maintenance Charge for any of these purposes is permissive and not mandatory. It is understood that the judgment of the Developer or the Association as to the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith.

(b) The Special Assessment levied by the Developer or the Association may be used by the Association for the general benefit of the Owners in Section III which may include, but is not necessarily limited to promoting the recreation, health, safety, and welfare of the Owners in Section III. In particular, the Special Assessment shall be used for any improvement or services in furtherance of these purposes and the performance of the Association's duties described in Article VIII, including the maintenance of any Common Areas, any drainage easements and any storm water detention facilities, maintenance of roads and the establishment and maintenance of a reserve fund for maintenance of any Common Areas. The Special Assessment may be expended by the Developer or the Association for any purposes which, in the judgment of the Developer or the Association, will tend to maintain the property values in Section III, including, but not limited to, providing funds for the actual cost to the Association of all taxes, insurance, repairs, energy charges, replacement and maintenance of the Common Area as may from time to time be authorized by the Association. Except for the Developer or the Association's use of the Special Assessment to perform its duties described in this Declaration and in the Bylaws, the use of the Special Assessment for any of these purposes is permissive and not mandatory. It is understood that the judgment of the Developer or the Association as to the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith.

Section 6.07. Exempt Property. The following property subject to this Declaration shall be exempt from the Maintenance Charge and all other charges and assessments created herein: (a) all properties dedicated to and accepted by a local public authority; (b) the Common Area; (c) all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Texas; (d) all tracts owned by the Developer; however, no land or improvements devoted to Dwelling use shall be exempt from said Maintenance Charge.

Section 6.08. Handling of Maintenance Charges. The collection and management of the Maintenance Charge or other charge or assessment levied hereunder, shall be performed by the Developer until the Control Transfer Date, at which time the Developer shall deliver to the Association all funds on hand together with all

books and records of receipt and disbursements. The Developer and, upon transfer, the Association, shall maintain separate special accounts for these funds, and Owners shall be provided at least annually information on the Maintenance Fund & Special Assessment.

Section 6.09. Annexation by City of Conroe, Texas and the Insolvency or Dissolution of the Association.

The Subdivision is located within the extraterritorial jurisdictional limits of the City of Conroe, Texas (the "City"). Storm water detention facilities, screening, bulk heading (if applicable), Common Areas, and streetlights are maintained either by a governmental entity or the Developer, and after the Control Transfer Date, will be maintained by the Association. In the event, and only in the event, that: (i) the Subdivision is annexed into and becomes a part of the City and (ii) the Association is insolvent or has been dissolved, then in the event that both conditions are met, or (iii) after the Control Transfer Date, the Association fails to properly perform its maintenance responsibilities hereunder, the City may, upon notice in accordance with Section 8.11 hereof and the Bylaws and an opportunity to cure such failure, repair storm water detention facilities, screening, bulk heading (if applicable), Common Areas and street lights located in the Subdivision ("Public Facilities"), if the City reasonably determines that the Public Facilities reasonably interfere with the provision of legitimate governmental services or pose a significant threat of injury to persons or property located outside of the Subdivision. Any repairs made by the City shall not obligate the City to future maintenance responsibility of the Public Facilities unless it is otherwise obligated to do so by law, regulation or ordinance or unless otherwise agreed to by the City.

The cost of any repairs made by the City shall be assessed against the Owners of Tracts in the Subdivision on a fair and equitable basis after the Owners of Tracts in the Subdivision are served with notice and offered an opportunity to be heard in accordance with the provisions of Section 8.11 hereof and the Bylaws and on the same basis as would be required of the Association were it still in operation. The cost of the repairs able to be assessed against the Owners of Tracts by the City shall be only those costs actually incurred by the City. Such assessments may be secured by a lien in favor of the City established pursuant to the terms of Section 6.03 hereof against the Tract(s) on a fair and equitable basis. In order for such lien to be enforced, the Tract Owner must be billed by the City for his/her proportionate share of the costs incurred by the City hereunder, be given not less than sixty (60) days to pay and be not less than ninety (90) days delinquent in payment before the filing of the lien. A Notice of Lien must be given to each Tract Owner assessed according to the terms and provisions of Section 6.04 hereof, and which lien in order to be enforceable against each Tract assessed, must be filed for record in the Real Property Records of Montgomery County, Texas. Furthermore, any lien, including purchase money, improvement, equity and any renewal, extension, rearrangement or refinancing of same, created under the terms of this Section, shall be subordinate to all such liens as provided for in Section 6.05 of this Declaration.

The City does not by the terms of this Section 6.09 acquire any rights which would be greater than the rights of the Association under the terms of this Declaration, but may after annexation of the Subdivision by the City, and after the Control Transfer Date, act in the stead of the Association upon the dissolution or insolvency of said Association in accordance with the terms of this Section 6.09. Furthermore, after annexation of the Property subject to this Declaration by the City and the Control Transfer Date, in the event that the Association is reorganized, revived or otherwise begins operating anew, or another Property Owner's Association is created by the Tract Owners for the Subdivision under the provisions of this Declaration, then in that event, this Section 6.09 shall be inapplicable until such time as the reorganized, revived or new Association(s) becomes insolvent or is dissolved.

Pursuant to City Ordinance Section 17 ½ -44 (Provision for maintenance of private improvements), the City, as a condition of plat approval, has required the inclusion of this Section 6.09 in this Declaration. In the event that this Section 6.09 shall in any way constitute a violation of any law, rule or regulation, whether federal, state, or local, this Section 6.09 shall be void. Likewise, if any law, rule or regulation, whether federal, state

or local, shall otherwise empower the City to secure the cost of repairs of the Public Facilities with liens against the Owners' Tracts, then in that event, the provisions of such law, rule or regulation shall control and this Section 6.09 shall be void. In the event that Section 6.09 is or shall become void, it shall not affect the remaining provisions of this Declaration which shall remain in full force and effect as written.

ARTICLE VII DEVELOPER'S RIGHTS AND RESERVATIONS

Section 7.01. Period of Developer's Rights and Reservations. Developer shall have, retain and reserve certain rights as hereinafter set forth with respect to the Association and the Common Area from the date hereof, until the earlier to occur of (i) the Control Transfer Date or (ii) Developer's written notice to the Association of Developer's termination of the rights described herein. The rights and reservations hereinafter set forth shall be deemed accepted and reserved in each conveyance of a Tract by Developer to an Owner whether or not specifically stated therein and in each deed or other instrument by which any property within the Common Area is conveyed by Developer. The rights, reservations and easements hereafter set forth shall be prior and superior to any other provisions of this Declaration and may not, without Developer's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration. Developer's consent to any one such amendment shall not be construed as a consent to any other or subsequent amendment.

Section 7.02. Right to Construct Additional Improvements in Common Area. Developer shall have and hereby reserves the right until the Control Transfer Date without the consent of any other Owner, but shall not be obligated, to construct additional improvements within the Common Area at any time and from time to time in accordance with this Declaration for the improvement and enhancement thereof and for the benefit of the Association and Owners, so long as such construction does not directly result in the increase of such Maintenance Charge & Special Assessment. Developer shall, upon the Control Transfer Date, convey or transfer such improvements to the Association and the Association shall be obligated to accept title to, care for and maintain the same as elsewhere provided in this Declaration.

Section 7.03. Developer's Rights to Use Common Areas in Promotion and Marketing of the Property. Developer shall have and hereby reserves the right to reasonable use of the Common Area and of services offered by the Association in connection with the promotion and marketing of land within the boundaries of the Property. Without limiting the generality of the foregoing, Developer may erect and maintain on any part of the Common Area such signs, temporary buildings and other structures as Developer may reasonably deem necessary or proper in connection with the promotion, development and marketing of land within the Property; may use vehicles and equipment within the Common Area for promotional purposes; and may permit prospective purchasers of property within the boundaries of the Property, who are not Owners or Members of the Association, to use the Common Area at reasonable times and in reasonable numbers; and may refer to the services offered by the Association in connection with the development, promotion and marketing of the Property.

Section 7.04. Developer's Right to Grant and Create Easements. Developer shall have and hereby reserves the right, without the consent of any other Owner or the Association, to grant or create temporary or permanent easements, for access, utilities, pipeline easement, cable television systems, communication and security systems, drainage, water and other purposes incidental to development, sale, operation and maintenance of the Subdivision, located in, on, under over and across (i) the Tracts or other property owned by Developer, (ii) the Common Area, and (iii) existing utility easements. Developer also reserves the right, without the consent of any other Owner or the Association, to (i) grant or create temporary or permanent easements for access over and across the streets and roads within the Subdivision.

Section 7.05. Developer's Right to Convey Additional Common Area to the Association. Developer shall have and hereby reserves the right, but shall not be obligated to, convey additional real property and improvements thereon, if any, to the Association as Common Area at any time and from time to time in accordance with this Declaration, without the consent of any other Owner or the Association.

Section 7.06. Annexation of Annexable Area. Additional residential property and common areas outside of the Subdivision including, without limitation, the Annexable Area, may, at any time and from time to time, be annexed by the Developer and the same shall there upon become subject to the jurisdiction of and enjoy the benefits of the Association, without the consent of the Owners or any other party. Such additional residential property is hereby impressed with and made subject to the Maintenance Charge imposed herein and the Association shall be entitled to the use and benefit of all Common Areas that are or may become subject to the jurisdiction of the Association.

Section 7.07. Dam(s) and/or Lake(s) Construction and Maintenance. Developer shall have and hereby reserves the right, without the consent of any other Owner or the Association, to construct the Dam(s) and/or Lake(s), to enter into contracts in order to construct the Dam(s) and/or Lake(s) and/or maintain the Dam(s) and/or Lake(s) and to obtain permits from any regulatory authorities having jurisdiction. Upon Control Transfer Date, or thereafter, any such Dam(s) and/or Lake(s) maintenance contracts and permits shall be assigned to and accepted by the Association.

ARTICLE VIII DUTIES AND POWERS OF THE PROPERTY OWNERS ASSOCIATION

Section 8.01. General Duties and Powers of the Association. The Association has been formed to further the common interest of the Members. The Association, acting through the Board of Directors or through persons to whom the Board of Directors has delegated such powers (and subject to the provisions of the Bylaws), shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interest of the members, to maintain, improve and enhance the Common Areas and to improve and enhance the attractiveness, desirability and safety of the Subdivision. The Association shall have the authority to act as the agent to enter into any and all contracts on behalf of the Members in order to carry out the duties, powers and obligations of the association as set forth in this Declaration.

Section 8.02. Duty to Accept the Property and Facilities Transferred by Developer. The Association shall accept title to any property, including any improvements thereon and personal property transferred to the Association by Developer, and equipment related thereto, together with the responsibility to perform any and all administrative functions and recreation functions associated therewith (collectively herein referred to as "Functions"), provided that such property and Functions are not inconsistent with the terms of this Declaration. Property interests transferred to the Association by Developer may include fee simple title, easements, leasehold interests and licenses to use such property. Any property or interest in property transferred to the Association by Developer shall be within the boundaries of the Property. Any property or interest in property transferred to the Association by Developer shall, except to the extent otherwise specifically approved by resolution of the Board of Directors, be transferred to the Association free and clear of all liens and mortgages (other than the lien for property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration, the terms of any declaration of covenants, conditions and restrictions annexing such property to the Common Area, and all easements, covenants, conditions, restrictions and equitable servitude or other encumbrances which do not materially affect the Owners authorized to use such property. Except as otherwise specifically approved by resolution of the Board of Directors, no property or interest in property transferred to the Association by the Developer shall impose

upon the Association any obligation to make monetary payments to Developer or any affiliate of Developer including, but not limited to, for any purchase price, rent, charge or fee. The property or interest in property transferred to the Association by Developer shall not impose any unreasonable or special burdens of ownership of property, including the management maintenance, replacement and operation thereof.

Section 8.03. Duty to Manage and Care for the Common Area. The Association shall manage, operate, care for, maintain and repair all Common Areas and keep the same in an attractive and desirable condition for the use and enjoyment of the Members. The duty to operate, manage and maintain the Common Areas may include, but not be limited to the following: establishment, management, maintenance, repair and upkeep of the Subdivision entrances and other Common Areas.

Section 8.04. Other Insurance Bonds. The Association shall obtain such insurance as may be required by law, including workmen's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity or other bonds as the Association shall deem necessary or desirable.

Section 8.05. Duty to Prepare Budgets. The Association shall prepare budgets for the Association, which budgets shall include a reserve fund for the maintenance of all Common Areas.

Section 8.06. Duty to Levy and Collect the Maintenance Charge. The Association shall levy, collect and enforce the Maintenance Charge and other charges and assessments as elsewhere provided in this Declaration.

Section 8.07. Duty to Provide Annual Review. The Association shall provide for an annual unaudited independent review of the accounts of the Association. Copies of the review shall be made available to any Member who requests a copy of the same upon payment by such Member of the reasonable cost of copying the same.

Section 8.08. Duties with Respect to Architectural Approvals. The Association shall perform functions to assist the Committee as elsewhere provided in Article IV of this Declaration.

Section 8.09. Power to Acquire Property and Construct Improvements. The Association may acquire property or an interest in property (including leases) for the common benefit of Owners including improvements and personal property. The Association may construct improvements on the Property and may demolish existing improvements.

Section 8.10. Power to Adopt Rules and Regulations. The Association may adopt, amend, repeal and enforce rules and regulations ("Rules and Regulations"), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association.

Section 8.11. Power to Enforce the Declaration and Rules and Regulations. The Developer, until the Control Transfer Date, and thereafter the Association and any Owner, with respect only to the remedies described in (ii) or (iii) below, shall have the power to enforce the provisions of this Declaration and the Rules and Regulations and shall take such action as the Board of Directors deems necessary or desirable to cause such compliance by each Member and each Related User. Without limiting the generality of the foregoing such Developer and or the Association shall have the power to enforce the provisions of this Declaration and of Rules and Regulations of the Association by any one or more of the following means: (i) By entry upon any property within the Subdivision after notice and hearing (unless a bona fide emergency exists in which event this right of entry may be exercised without notice (written or oral) to the Owner in such manner as to avoid any unreasonable or unnecessary interference with the lawful possession, use or enjoyment of the

improvements situated thereon by the Owner or any other person), without liability by the Developer or the Association to the Owner thereof, for the purpose of enforcement of this Declaration or the Rules and Regulations; (ii) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the Rules and Regulations; (iii) by exclusion, after notice and hearing, of any Member or Related User from use of any recreational facilities within the Common Areas during and for up to sixty (60) days following any breach of this Declaration or such Rules and Regulations by such Member or any Related User, unless the breach is a continuing breach in which case exclusion shall continue for so long as such breach continues; (iv) by suspension, after notice and hearing, of the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or a Related User of a provision of this Declaration or such Rules and Regulations, unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues; (v) by levying and collecting, after notice and hearing, a fine or assessment against any Member for breach of this Declaration or such Rules and Regulations by such Member or a Related User which assessment reimbursed the Association for the costs incurred by the Association in connection with such breach; (vi) by levying and collecting, after notice and hearing, reasonable and uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, from any Member or Related User for breach of this Declaration or such Rules and Regulations by such Member or a Related User; and (vii) by taking action itself to cure or abate such violation and to charge the expenses thereof, if any, to such violating Members, plus attorneys' fees, as allowed by the Act, incurred by the Association with respect to exercising such remedy.

Before the Board may invoke the remedies provided above, it shall give registered notice of such alleged violation to Owner, and shall afford the Owner a hearing using the procedures set forth in the Bylaws. If, after the hearing, a violation is found to exist, the Board's right to proceed with the listed remedies shall become absolute. Each day a violation continues shall be deemed a separate violation. Failure of the Association, the Developer, or of any Owner to take any action upon any breach or default with respect to any of the foregoing violations shall not be deemed a waiver of their right to take enforcement action thereafter or upon a subsequent breach or default.

Section 8.12. Power to Grant Easements. In addition to any blanket easements described in this Declaration, the Association shall have the power to grant access, utility, drainage, and other such easements in, on, over or under the Common Area.

ARTICLE IX GENERAL PROVISIONS

Section 9.01. Term. The provisions hereof shall run with all property in the Subdivision and shall be binding upon all Owners and all persons claiming under them for a period of forty (40) years from the date this Declaration is recorded, after which time said Declaration shall be automatically extended for successive periods of ten (10) years each, unless an instrument, signed by not less than two-thirds (2/3rds) of the Owners (including the Developer) of the Tracts has been recorded agreeing to amend or change, in whole or in part, this Declaration.

Section 9.02. Amendments. This Declaration may be amended or changed, in whole or in part, at any time by the written agreement or signed ballot of two-thirds (2/3rds) of the Owners (including the Developer) entitled to vote. If the Declaration amendment is signed by less than (2/3rds) of all of the Owners entitled to cast votes such amendment may be adopted if it is subsequently approved by two-thirds (2/3rds) of such Owners within three hundred sixty-five (365) days after the date the first Owner executed such amendment. The date an Owner's signature is acknowledged shall constitute prima facie evidence of the date of execution of said amendment by such Owner. Each Tract shall be entitled to one (1) vote, with the exception of

consolidated Tracts under Section 3.02, and therefore, if any Member is the Owner of two (2) or more Tracts, he shall be entitled to the same number of votes as he owns Tracts. Those Members (Owners, including the Developer) entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Members of the Association may also vote to amend this Declaration, in person, or by proxy, at a meeting of the Members (Owners, including the Developer) duly called for such purpose, written notice of which shall be given to all Owners in accordance with the Bylaws and shall set forth the purpose of such meeting. Any such amendment shall become effective when an instrument is filed for record in the Real Property Records of Montgomery County, Texas, accompanied by a certificate, signed by a majority of the Board of Directors, stating that the required number of Members (Owners, including the Developer) executed the instrument amending this Declaration or cast a written vote, in person or by proxy, in favor of said amendment at the meeting called for such purpose. Copies of the written ballots pertaining to such amendment shall be retained by the Association for a period of not less than three (3) years after the date of filing of the amendment or termination.

Section 9.03. Amendments by the Developer. The Developer shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to unilaterally amend this Declaration by an instrument in writing duly signed, acknowledged, and filed for record, if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Tracts; (c) to enable any institutional or governmental lender, purchaser, insurer or guarantor of Mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Tracts; (d) to satisfy the requirements of any local, state or federal governmental agency; and (e) to correct any typographical or grammatical error, oversight, ambiguity or inconsistency appearing herein, provided that any such amendment shall be consistent with and in furtherance of the general plan and scheme of development as evidenced by this Declaration and shall not impair or adversely affect the vested property or other rights of any Owner or his mortgagee. However, any such amendment shall not adversely affect the title to any Tract unless the Owner shall consent in writing. Additionally, Developer shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record for the purpose of permitting the Owners to enjoy the benefits from technological advances, such as security, communications or energy-related devices or equipment which did not exist or were not in common use in residential subdivisions at the time this Declaration was adopted. Likewise, the Developer shall have and reserves the right at any time and from time to time prior to the control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record for the purpose of prohibiting the use of any device or apparatus developed and/or available for residential use following the date of this Declaration if the use of such device or apparatus will adversely affect the Association or will adversely affect the property values within the Subdivision.

Section 9.04. Approval by the City of Conroe, Texas. Notwithstanding Sections 9.02 and 9.03 above, in the event that the Subdivision is annexed into and becomes a part of the City, neither the Developer, the Board nor the Members of the Association may amend this Declaration for the purposes of modifying Sections 6.06 or 6.09 hereof or for the purposes of reducing any of the rights reserved in favor of the City, without first obtaining the prior approval of the City, which approval shall not be unreasonably withheld.

Section 9.05. Severability. Each of the provisions of this Declaration shall be deemed independent and severable and the invalidity or unenforceability or partial invalidity or partial unenforceability of any provision or portion hereof shall not affect the validity or enforceability of any other provision.

Section 9.06. Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purpose of this Declaration.

Section 9.07. Successors and Assigns. The provisions hereof shall be binding upon and inure to the benefit of the Owners, the Developer and the Association, and their respective heirs, legal representatives, executors, administrators, successors and assigns.

Section 9.08. Effect of Violations on Mortgages. No violation of the provisions herein contained, or any portion thereof, shall affect the lien of any mortgage or deed of trust presently or hereafter placed of record or otherwise affect the rights of the mortgagee under any such mortgage, the holder of any such lien or beneficiary of any such deed of trust; and any such mortgage, lien or deed of trust may, nevertheless, be enforced in accordance with its terms, subject, nevertheless, to the provisions herein contained.

Section 9.09. Terminology. All personal pronouns used in this Declaration and all exhibits attached hereto, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural and vice versa. Title of Articles and Sections are for convenience only and neither limit nor amplify the provisions of this Declaration itself. The terms "herein", "hereof" and similar terms, as used in this instrument, refer to the entire agreement and are not limited to referring only to the specific Section or Article in which such terms appear. All references in this Declaration to Exhibits shall refer to the Exhibits attached hereto.

IN WITNESS WHEREOF, the undersigned, being the Developer herein, has hereunto set its hand of this 1 day of May, 2003.

BLUEGREEN SOUTHWEST ONE, L.P.
Formerly known as PROPERTIES OF THE SOUTHWEST, L.P.
By BLUEGREEN SOUTHWEST LAND, INC. General Partner

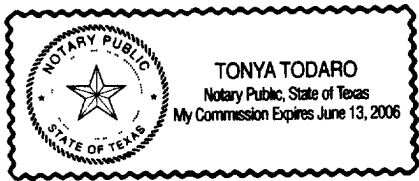

JACK DEAN, VICE-PRESIDENT

THE STATE OF TEXAS §

COUNTY OF Hays §

This instrument was acknowledged before me on this the 1 day of May, 2003, by Jack H. Dean, Vice President of BLUEGREEN SOUTHWEST LAND, INC., a Delaware Corporation, General Partner of BLUEGREEN SOUTHWEST ONE, L.P., a Delaware Limited Partnership, in behalf of said corporation.


Notary Public, State of Texas



307-10-0735

The Declaration of Covenants, Conditions and Restrictions for the RidgeLake Shores Subdivision, Section Three, Montgomery County, Texas, ACKNOWLEDGED AND RATIFIED, this 1 day of May, 2003, .

BY: RESIDENTIAL FUNDING CORPORATION



By: Brian Clauson, DIRECTOR

EXHIBIT 'A'
FIELD NOTE DESCRIPTION

307-10-0736

For
289.93 acres of Land
in the
THOMAS CURRY SURVEY, Abstract 136
and the
JAMES PEVEHOUSE SURVEY, Abstract 29
MONTGOMERY COUNTY, TEXAS

A certain parcel of land containing 289.93 acres, more or less, being out of and part of a certain 1184.2395 acres situated in the James Pevehouse Survey A-29; and the Thomas Curry Survey A-136, and being out of and part of a called 5,809.6404 acres described by deed recorded under Montgomery County Clerk's File No. 9569717; and all situated in Montgomery County, Texas, said 289.93 acres also being a parcel to be known as RIDGELAKE SHORES, Section 3 to be recorded in the Map Records of said Montgomery County and being more particularly described by metes and bounds as follows:

COMMENCING from a found $\frac{3}{4}$ inch diameter iron rod at the northeast corner of RIDGELAKE SHORES Section 1, a subdivision according to the map or plat thereof recorded in Cabinet Q, Sheet 55-57 of the Map Records of said County, and also being the upper south corner of Restricted Reserve 'D' of RIDGELAKE SHORES Section 2, a subdivision according to the map or plat thereof recorded in Cabinet R, Sheet 122-125 of said Map Records;

THENCE S09°11'57"W a distance of 129.95 feet to a found $\frac{3}{4}$ inch diameter iron rod at the northwest corner of proposed Lot 115 Block 1 of said RIDGELAKE SHORES, Section 3, also lying along the southerly line of a 150 foot wide Gulf States Utilities Company easement as described by deed recorded in Volume 295 Page 412 of the Montgomery County Deed Records and being the **POINT OF BEGINNING** of the herein described 289.93 acres;

THENCE S80°47'53"E along said southerly line of said easement, a distance of 2774.41 feet to a set $\frac{3}{4}$ inch diameter iron rod;

THENCE S02°05'09"E a distance of 574.12 feet to a set $\frac{3}{4}$ inch diameter iron rod;

THENCE S87°06'51"W a distance of 822.26 feet to a set $\frac{5}{8}$ inch diameter iron rod;

THENCE S88°01'45"W a distance of 2917.30 feet to a found $1\frac{1}{2}$ inch diameter iron pipe at a fence corner;

THENCE S02°22'47"E a distance of 3495.01 feet to a set $\frac{3}{4}$ inch diameter iron rod;

THENCE S88°08'09"W a distance of 1885.05 feet to a set $\frac{3}{4}$ inch diameter iron rod;

THENCE N40°20'07"W a distance of 1360.93 feet to a set $\frac{3}{4}$ inch diameter iron rod along the easterly sideline of the Fish Creek Thoroughfare (150' wide);

THENCE N36°34'46"W, along said sideline, a distance of 200.07 feet to a set $\frac{3}{4}$ inch diameter iron rod;

THENCE N81°18'40"E a distance of 348.62 feet to a set $\frac{3}{4}$ inch diameter iron rod;

THENCE N69°48'41"E a distance of 245.30 feet to a set $\frac{3}{4}$ inch diameter iron rod;

THENCE N16°51'32"W a distance of 408.50 feet to a set $\frac{3}{4}$ inch diameter iron rod;

THENCE N36°34'46"W a distance of 60.00 feet to a set $\frac{3}{4}$ inch diameter iron rod;

THENCE N53°25'14"E a distance of 163.70 feet to a set ¾ inch diameter iron rod;
 THENCE N36°34'46"W a distance of 298.11 feet to a set ¾ inch diameter iron rod;
 THENCE N53°25'14"E a distance of 145.54 feet to a set ¾ inch diameter iron rod;
 THENCE N08°06'58"E a distance of 113.34 feet to a set ¾ inch diameter iron rod;
 THENCE N08°58'34"W a distance of 248.95 feet to a set ¾ inch diameter iron rod;
 THENCE N26°00'33"W a distance of 91.71 feet to a set ¾ inch diameter iron rod;
 THENCE N41°39'27"W a distance of 99.43 feet to a set ¾ inch diameter iron rod;
 THENCE N54°29'50"W a distance of 116.08 feet to a set ¾ inch diameter iron rod;
 THENCE N62°31'10"W a distance of 86.73 feet to a set ¾ inch diameter iron rod;
 THENCE N14°06'57"E a distance of 320.55 feet to a set ¾ inch diameter iron rod along the southerly sideline of proposed Lakeside Hills Drive in said Ridgelake Shores, Section 3;
 THENCE along said sideline, and along a curve to the left having a radius of 600.0 feet through a central angle of 10°15'04" an arc distance of 107.35 feet by a chord bearing N81°00'35"W a chord distance of 107.21 feet to a set ¾ inch diameter iron rod;
 THENCE N03°51'54"E a distance of 500.55 feet to a set ¾ inch diameter iron rod;
 THENCE N74°33'19"E a distance of 280.43 feet to a set ¾ inch diameter iron rod;
 THENCE N27°03'15"E a distance of 298.36 feet to a set ¾ inch diameter iron rod;
 THENCE N14°53'28"E a distance of 288.21 feet to a set ¾ inch diameter iron rod along the southerly sideline of Ridgelake Drive in said Section 1 (60' wide);
 THENCE N66°10'31"E along said sideline, a distance of 249.68 feet to a set ¾ inch diameter iron rod;
 THENCE S38°30'45"E a distance of 139.29 feet to a set ¾ inch diameter iron rod;
 THENCE S04°17'18"E a distance of 80.55 feet to a set ¾ inch diameter iron rod;
 THENCE S14°09'17"W a distance of 38.09 feet to a set ¾ inch diameter iron rod;
 THENCE S38°17'55"E a distance of 115.38 feet to a set ¾ inch diameter iron rod;
 THENCE N72°00'56"E a distance of 309.98 feet to a set ¾ inch diameter iron rod;
 THENCE N45°11'58"E a distance of 70.93 feet to a set ¾ inch diameter iron rod;
 THENCE S44°48'03"E a distance of 80.00 feet to a set ¾ inch diameter iron rod;
 THENCE S45°11'55"W a distance of 90.00 feet to a set ¾ inch diameter iron rod;
 THENCE S72°00'56"W a distance of 327.54 feet to a set ¾ inch diameter iron rod;

THENCE S44°51'46"E a distance of 48.01 feet to a set ¾ inch diameter iron rod;
THENCE N83°19'36"E a distance of 710.61 feet to a set ¾ inch diameter iron rod;
THENCE S88°41'50"E a distance of 126.96 feet to a set ¾ inch diameter iron rod;
THENCE S85°08'08"E a distance of 572.53 feet to a set ¾ inch diameter iron rod;
THENCE N11°15'38"W a distance of 122.00 feet to a set ¾ inch diameter iron rod;
THENCE N75°18'22"E a distance of 505.23 feet to a set ¾ inch diameter iron rod;
THENCE S15°14'14"E a distance of 141.02 feet to a set ¾ inch diameter iron rod;
THENCE N75°11'02"E a distance of 587.03 feet to a set ¾ inch diameter iron rod;
THENCE N77°54'26"E a distance of 30.40 feet to a set ¾ inch diameter iron rod;
THENCE N11°07'15"E a distance of 108.07 feet to a set ¾ inch diameter iron rod;
THENCE N07°08'01"W a distance of 199.84 feet to a set ¾ inch diameter iron rod;
THENCE N13°15'49"E a distance of 86.57 feet to a set ¾ inch diameter iron rod;
THENCE N51°22'28"E a distance of 94.44 feet to a set ¾ inch diameter iron rod;
THENCE N09°11'57"E a distance of 25.05 feet to the **POINT OF BEGINNING** and containing 289.93 acres, more or less.

MEANING AND INTENDING TO DESCRIBE HEREBY the same premises as shown on the **FINAL PLAT OF RIDGELAKE SHORES SECTION THREE** to be recorded in the Map Records of Montgomery County, Texas

Prepared by:
John P. Horne
Texas Registered Professional Land Surveyor No. 5099

Ridgelake Shores Section 3
282.9264 acres
RidgelakeSec3extbndrydesc.doc
20 March 2003(rev4)

FILED FOR RECORD

2003 MAY -6 PM 1:42

Mark Turnbull
COUNTY CLERK
MONTGOMERY COUNTY TEXAS

STATE OF TEXAS
COUNTY OF MONTGOMERY
I hereby certify this instrument was filed in
File Number Sequence on the date and at the time
stamped herein by me and was duly RECORDED in
the Official Public Records of Real Property at
Montgomery County, Texas.

MAY - 6 2003



Mark Turnbull
County Clerk
Montgomery County, Texas

*Held for
Just Surety*

RECORDER'S MEMORANDUM

At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All black-outs, additions and changes were present at the time the instrument was filed and recorded.