

**DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
CHAMPIONS TRAIL**

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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR CHAMPIONS TRAIL**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (this "Declaration"), made as of the date hereinafter set forth by RH OF TEXAS LIMITED PARTNERSHIP, a Maryland limited partnership ("Declarant"), and DMR DEVELOPMENT, L.P., a Texas limited partnership ("DMR").

WITNESSETH:

WHEREAS, Declarant and DMR, collectively, are the owners of that certain real property described as follows:

Block 1, Lots 1 through 49; Block 2, Lots 1 through 12; and Block 3, Lots 1 through 12 of CHAMPIONS TRAIL, a subdivision in Harris County, Texas according to the Plat thereof recorded on October 28, 2005, under Harris County Clerk's File No. Y857282 and further recorded under Film Code No. 593025 of the Map Records of Harris County, Texas (the "*Initial Lots*"); and

WHEREAS, it is the desire of the Declarant and DMR to provide a common plan as to the use, permissible construction, and common amenities of such subdivisions and, to this end, to subject the Initial Lots, and any other property hereafter made subject to this Declaration in accordance with the provisions hereof, to the covenants, conditions and restrictions hereinafter set forth for the benefit of all present and future owners thereof;

NOW, THEREFORE, Declarant and DMR hereby declare that the Initial Lots, and any other property made subject to this Declaration, shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which shall run with the Initial Lots and shall be binding upon all parties having any right, title or interest in the Initial Lots or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof. DMR joins in the execution hereof solely to subject the Initial Lots to the easements, restrictions, covenants and conditions contained herein (in its capacity as owner of some, but not all, of the Initial Lots). The Declarant is the sole declarant hereunder; and in no event shall DMR be deemed to have any of the rights, duties and obligations of the Declarant.

**ARTICLE I
DEFINITIONS**

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

Section 1. "Association" shall mean and refer to CHAMPIONS TRAIL HOMEOWNERS ASSOCIATION, INC., a Texas non-profit corporation, its successors and assigns.

Section 2. "Builder" shall mean and refer to any person or entity undertaking the construction of a residence on a Lot, including the Declarant.

Section 3. "Common Area" shall mean and refer to all properties, real or personal, owned, leased or used by the Association for the common use and enjoyment of the Members (hereinafter defined) of the Association. It is contemplated that Restricted Reserve "C" and Restricted Reserve "F" (as such reserve tracts are reflected on the Plat) shall become part of the Common Area. The Common Area may include one (1) or more Lots which may be conveyed to the Association. Nothing herein shall require the construction of a residence on any such Lot or Lots.

Section 4. "Declarant" shall mean and refer to RH OF TEXAS LIMITED PARTNERSHIP, its successors or assigns, provided that an assign is designated in writing by the Declarant as an assign of all, or part, of its rights under this Declaration.

Section 5. "DMR" shall mean and refer to DMR DEVELOPMENT, L.P., a Texas limited partnership and owner of some, but not all, of the Initial Lots.

Section 6. "Lot" shall mean and refer to any of the numbered lots shown on the recorded plats of the subdivisions within the Properties intended for the construction of a residence, excluding all reserve tracts shown on a plat, but including Lots created by a re-plat of a reserve tract. As of the date hereof, the Initial Lots shall comprise all of the Lots.

Section 7. "Member" shall refer to every person or entity which holds a membership in the Association.

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, including the Declarant, of fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation or those owning an easement right, a mineral interest, or a royalty interest.

Section 9. "Plat" shall mean and refer to that certain plat of CHAMPIONS TRAIL, a subdivision in Harris County, Texas according to the Plat thereof recorded on October 28, 2005, under Harris County Clerk's File No. Y857282 and further recorded under Film Code No. 593025 of the Map Records of Harris County, Texas.

Section 10. "Properties" shall mean and refer to the real property within the jurisdiction of the Association being (i) the Initial Lots; (ii) the Common Area; and (iii) any additional property hereafter added to the jurisdiction of the Association as provided herein.

Section 11. "Street" shall refer to any publicly dedicated street, drive, boulevard, road, alley, lane, avenue, or thoroughfare.

ARTICLE II CHAMPIONS TRAIL ARCHITECTURAL REVIEW COMMITTEES

Section 1. Creation. There is hereby created a CHAMPIONS TRAIL New Construction Committee (herein referred to as the "New Construction Committee") which shall

have exclusive jurisdiction over all original construction on the Lots in the Properties. There is also hereby created a CHAMPIONS TRAIL Modifications Committee (herein referred to as the "Modifications Committee") (the New Construction Committee and the Modifications Committee being collectively referred to herein as the "Architectural Review Committees" or the "Committees") which has exclusive jurisdiction over all modifications, additions or alterations made on or to the residences and other improvements on the Lots within the Properties. No person serving on a Committee shall be entitled to compensation from the Association for services performed in such capacity, however, the Committees may employ, at the expense of the Association, one or more architects, engineers, attorneys, or other consultants to assist the Committees in carrying out their respective duties hereunder.

Section 2. Number and Appointment of Members. Each of the Committees shall consist of three (3) members. Declarant shall have the right to appoint all members of the New Construction Committee as well as the right to remove any member until the Declarant has sold and conveyed all of its Lots in the Properties and is no longer a Member of the Association. Prior to such date, in the event of the death, or removal or resignation of any person serving on such Committee, the Declarant shall designate a successor or successors, who shall have all of the authority and power of his or their predecessor(s). Until such successor member or members of the New Construction Committee shall have been so appointed, the remaining member or members shall have full authority to exercise the powers herein granted to such Committee. After the date on which the Declarant has sold and conveyed all of its Lots within the Properties, the Board of Directors of the Association may either perform the functions of the New Construction Committee itself or appoint and remove the members of such Committee. The initial members and all successor members of the Modifications Committee shall be appointed by the Board of Directors which also shall have the power to remove any member at any time.

Section 3. Powers of the Committees. No building, structure or other improvements shall be constructed on any Lot, and no exterior alteration therein shall be made until the site plan and the final working plans and specifications have been submitted to and approved in writing by majority vote of the applicable Committee as to conformity with the restrictions herein contained and harmony of external design and location in relation to existing structures and topography.

The Committees shall have the right to specify architectural and aesthetic requirements for Lots, minimum setback lines, the location, height, and extent of fences, walls, or other screening devices, the orientation of structures with respect to Streets, walks, paths and structures on adjacent property and shall have the right to limit the number of acceptable exterior materials and finishes that may be utilized in construction or repair of improvements. The Committees shall have full power and authority to reject any site plan or final working plans and specifications that do not comply with the restrictions herein contained or that do not meet its minimum construction or architectural design requirements or that, in the sole and uncontrolled discretion and opinion of the applicable Committee, will not be compatible with the overall character and aesthetics of the Properties.

The Committees shall have the right, exercisable at their sole discretion, to grant variances to the restrictions of this Declaration in specific instances where the applicable Committee in good faith deems that such variance does not adversely affect the architectural and

environmental integrity of the Properties. A Committee may require the submission of such documents and items as it shall deem appropriate in connection with its consideration of a request for a variance. If the Committee shall approve such request for a variance, it shall evidence such approval, and grant its permission for such variance, only by written instrument addressed to the Owner of the property relative to which such variance has been requested, describing the applicable restriction(s) or guideline(s) and the particular variance requested, expressing the decision of the Committee to permit the variance, and describing (when applicable) the conditions on which the variance has been approved. Any request for a variance shall be deemed to have been disapproved in the event of either (a) written notice of disapproval from the Committee or (b) failure by the Committee to respond to the request for variance.

Section 4. Limitation of Liability. The Committees have no liability or obligation whatsoever in connection with any plans and/or specifications and no responsibility for the adequacy thereof or for the construction of any improvements contemplated by any such plans and/or specifications. The Committees have no duty to inspect any improvements; and, if a Committee should inspect any improvements, it shall have no liability or obligation to any party arising out of such inspection. The Committees expressly shall have no liability or responsibility for defects in or omissions from any plans and/or specifications or for defects in or omissions from the construction of any improvements. Notwithstanding any covenant, condition or term contained in this Declaration or provision of the Bylaws of the Association to the contrary, a Committee shall not have any liability to any Owner arising or resulting from any act or omission of the Committee taken or omitted pursuant to this Declaration or the Bylaws of the Association. Each Owner by accepting a conveyance of any Lot or of any portion of the Properties conclusively shall be deemed to have unconditionally and irrevocably waived all claims against the Committees arising or resulting from acts or omissions pursuant to this Declaration or the Bylaws of the Association.

ARTICLE III
CHAMPIONS TRAIL HOMEOWNERS ASSOCIATION, INC.

Section 1. Organization. The Declarant has caused the Association to be organized and formed as a non-profit corporation under the laws of the State of Texas. The principal purposes of the Association are the collection, expenditure, and management of the maintenance funds, enforcement of the restrictive covenants contained herein, and architectural control of the Properties.

Section 2. Board of Directors. The Association shall act through a Board of Directors (the "Board") consisting of a minimum of three (3) and a maximum of five (5) members. The Board shall manage the affairs of the Association as specified in this Declaration and the Bylaws of the Association.

Section 3. Membership. Every Owner of a Lot in the Properties shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

Section 4. Voting Rights. The Association shall initially have two (2) classes of membership as follows:

Class A. Class "A" Members shall be all persons or entities who own a Lot in the Properties with the exception of the Class "B" Members.

Class B. The Class "B" Members shall be the Declarant and those Builders designated in writing by the Declarant. The Class "B" membership shall cease and become converted to Class "A" membership on the Conversion Date.

Each Class "A" Member shall be entitled to one (1) vote for each Lot owned by it within the Properties and each Class "B" Member shall be entitled to three (3) votes for each Lot owned by it within the Properties. When two or more persons or entities hold undivided interests in any Lot, all such persons or entities shall be Members, and the vote for the Lot owned by such Members shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to each Lot in which such Members own undivided interests.

Section 5. Conversion Date. The Conversion Date shall occur on the earlier of:

- (i) The date the total number of votes of the Class "A" Members equals the number of votes of the Class "B" Member; or
- (ii) December 31, 2010 or such earlier date as may be established by Declarant in a written instrument recorded by Declarant in the Official Public Records of Real Property of Harris County, Texas.

Section 6. Termination of Membership. The membership of a person or entity in the Association shall terminate automatically whenever such person or entity ceases to be an Owner, except that such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the Association or this Declaration during the period of ownership, nor impair any rights or remedies which the Association or any other Owner has with regard to such former Owner.

ARTICLE IV COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments.

(a) The owner(s) of each Lot within the Initial Lots and within any property hereafter made subject to this Declaration hereby covenants, and each Owner of any Lot within the Properties, by acceptance of a deed therefor, whether or not it shall be expressed in the deed or other evidence of the conveyance, is deemed to covenant and agree to pay the Association (i) a one-time capitalization fee (as contemplated in Section 2), (ii) annual assessments or charges and (iii) special assessments for capital improvements, such fees, assessments or charges to be fixed, established and collected as hereinafter provided. These fees, assessments and charges, together with interest thereon as hereinafter provided, costs of collection, and reasonable attorney's fees, shall be a charge on the land and shall be secured by a continuing lien upon the property against which such assessments or charges are made, such continuing lien being more particularly described below. Each such fee, assessment or charge, together with such interest, late charges, costs of collection, and reasonable attorney's fees shall also be and remain the personal

obligation of the Owner of the particular Lot at the time the fee, assessment or charge fell due notwithstanding any subsequent transfer of title of such property. The personal obligation for delinquent fees, assessments and charges shall not pass to successors in title unless expressly assumed by them. However, successors in title shall nonetheless acquire title to the land subject to the lien securing the fees, assessments and charges.

(b) In order to secure the full and timely payment of all such fees, assessments, charges and other amounts payable by each Owner hereunder, each Owner of any Lot within the Properties, by acceptance of a deed therefor, whether or not it shall be expressed in the deed or other evidence of the conveyance, and in consideration and as part of the purchase price for such Owner obtaining the Lot acquired by such Owner, does hereby grant and convey to the Association a continuing lien against such Lot. Such lien shall be binding against the Owner of such Lot, as well as such Owner's heirs, legal representatives, successors and assigns.

Section 2. Capitalization Fee. The Association may charge a one-time capitalization fee against each Lot in the amount of \$150.00 in order to defray, in whole or in part, the cost (i) of any construction, reconstruction, repair or replacement of a capital improvement located upon the Common Area, including fixtures and personal property related thereto, and (ii) incurred by the Association in performing the functions set forth in Section 3 below and in otherwise carrying out its purposes. Such capitalization fee shall become due and payable upon the conveyance of a Lot to an Owner other than a Builder. Any increase in the amount of such capitalization fee must be approved by a two-thirds (2/3rds) vote of each class of the Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 3. Purpose of Annual Assessments. The annual assessments levied by the Association shall be used for carrying out the purposes of the Association as stated in its Articles of Incorporation, this Declaration and all other restrictive covenants instruments administered by the Association. The judgment of the Board of Directors of the Association in determining the functions to be performed by the Association, in determining the amount of annual assessments, and in the expenditure of funds shall be final and conclusive so long as its judgment is exercised in good faith. Such funds may be used to pay costs incurred with respect to all or any of the following:

- (i) Operation, maintenance, repair, and improvement of the Common Area as well as fences, entryways, road esplanades, cul de' sacs and road right-of-ways and easement areas within, adjacent to or in the vicinity of the Properties;
- (ii) Payment of taxes and premiums for insurance coverage in connection with the Common Area and for directors and officers liability insurance;
- (iii) Paying the cost of labor, equipment (including expense of leasing any equipment), material, and any associated management or supervisory services and fees required for management and supervision of the Common Area;

- (iv) Paying the cost and fees of a manager or firm retained to carry out the duties of the Association or to manage the affairs and property of the Association;
- (v) Maintaining or replacing any landscaping in the Common Area;
- (vi) Designing, purchasing and installing any improvements to the Common Area;
- (vii) Mowing, maintenance and removing debris from the Common Area;
- (viii) Maintenance of the private drainage improvements constructed or to be constructed by the Builders at the rear of certain Lots in the Properties;
- (ix) Contracting for street lights in the Properties;
- (x) Collecting and disposing of trash, garbage, ashes, rubbish and other similar materials;
- (xi) Payment of legal fees and expenses incurred to collect assessments and enforce this Declaration;
- (xii) Employing policemen or watchmen and/or a security service;
- (xiii) Contracting for insect and pest control such as mosquito fogging;
- (xiv) Carrying out the duties of the Board of Directors of the Association;
- (xv) Creation and funding of such reserve funds as the Board of Directors of the Association deems necessary; and
- (xvi) Carrying out such purposes of the Association as generally benefit the Members of the Association.

As stated hereinabove, the Association shall not be obligated to perform all of the foregoing functions or any particular function. The judgment of the Board of Directors of the Association in establishing annual assessments and in the expenditure of said funds shall be final and conclusive so long as said judgment is exercised in good faith.

Section 4. Maximum Level of Annual Assessments. The annual assessment by the Association for 2006, the initial year of assessment, shall be established in such amount as may be determined by the Board but shall not be in excess of _____ per Lot. The annual assessment in any year thereafter may be increased by the Board of Directors of the Association, at its sole discretion, by an amount equal to a fifteen percent (15%) increase over the annual assessment for the previous year without a vote of the Members of the Association. The annual assessment in any year may be increased above fifteen percent (15%) only with the approval by a two-thirds (2/3rds) vote of each class of the Members who are voting in person or by proxy, at a meeting duly called for this purpose. After consideration of current maintenance costs and future

needs of the Association, the Board of Directors may fix the annual assessment at any amount not in excess of the maximum.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any year, a special assessment against the Lots applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or repair or replacement of a capital improvement located upon the Common Area, including fixtures and personal property related thereto; provided, however, any special assessment must be approved by a two-thirds (2/3rds) vote of each class of the Members who are voting in person or by proxy at a meeting duly called for this purpose. Special assessments may be collected on a monthly basis at the Board's election.

Section 6. Notice and Quorum. Written notice of any meeting called for the purpose of taking any action authorized under Sections 2, 4 or 5 above shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast ten percent (10%) of the votes of the Association's membership shall constitute a quorum. If the required quorum is not present or represented, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meetings. No subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 7. Rates of Assessment. Both annual and special assessments on all Lots shall be fixed at uniform rates and all Lots in the Properties shall commence to bear their assessment simultaneously; provided, however, Lots owned by the Declarant and the Builders shall be assessed at one-half (1/2) of the amount of the assessment on Lots owned by other Owners. The assessment for an individual Lot, within a calendar year, shall change as the ownership of such Lot passes from the Declarant, and the assessment for such Lot shall be prorated according to the applicable rate during each type of ownership. There shall also be no assessments on any portion of the Properties which has not been platted into Lots.

Section 8. Date of Commencement & Determination of Annual Assessment. The annual assessment provided for herein shall commence as to all Lots in the Properties on the first day of the month following the conveyance of the first Lot in the Properties with a residence to an individual Owner, or on such later date as the Board determines. The assessment for such year shall be adjusted according to the number of months remaining in the calendar year and shall be due and payable thirty (30) days after notice of the assessment is sent to every Owner whose Lot is subject to assessment. On or before the 30th day of November in each year, the Board of Directors of the Association shall fix the amount of the annual assessment to be levied against each Lot in the next calendar year. Written notice of the figure at which the Board of Directors of the Association has set the annual assessment shall be sent to every Owner whose Lot is subject to the payment thereof. Each annual assessment shall be due and payable in advance on the first day of January of each calendar year; provided, however, assessments on Lots owned by the Declarant or another Builder may be accrued and paid upon conveyance to an individual Owner. The Association shall, upon demand, and for reasonable charge, furnish a certificate signed by an officer or authorized representative of the Association setting forth

whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a particular Lot is binding upon the Association as of the date of its issuance.

Section 9. Effect of Nonpayment of Assessments; Remedies. Any assessments or charges which are not paid when due shall be delinquent. If an assessment or charge is not paid within thirty (30) days after the due date, it shall bear interest at the rate of eighteen percent (18%) per annum or such other rate as the Board may establish from the due date until the date paid; provided, however, that no such interest rate shall exceed the maximum non-usurious interest rate allowed by applicable law. The Association may bring an action at law against the Owner personally obligated to pay the assessment, or to foreclose the lien herein retained against the property. Interest as above specified, costs and reasonable attorney's fees incurred in any such action shall be added to the amount of such assessment or charge.

The lien in favor of the Association is created by the recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of lien shall be or is required. By acquiring a Lot, and in consideration and as part of the purchase price for such Lot, an Owner grants to the Association a power of sale in connection with the Association's lien. By written resolution, the Board of Directors of the Association may appoint, from time to time, an officer, agent, trustee, or attorney of the Association to exercise the power of sale on behalf of the Association. The Association shall exercise its power of sale pursuant to Section 51.002 of the Texas Property Code, and any applicable revision(s), amendment(s), or recodifications thereof in effect at the time of the exercise of such power of sale. The Association has the right to foreclose its lien judicially or by nonjudicial foreclosure pursuant to the power of sale created hereby. Costs of foreclosure may be added to the amount owed by the Owner to the Association. An Owner may not petition a court to set aside a sale solely because the purchase price at the foreclosure sale was insufficient to fully satisfy the Owner's debt. The Association may bid for and purchase the Lot at the foreclosure sale utilizing funds of the Association. The Association may own, lease, encumber, exchange, sell, or convey a Lot. The purchaser at any such foreclosure sale shall be entitled to sue for recovery of possession of the Lot by an action of forcible detainer without the necessity of giving any notice to the former owner or owners of the Lot sold at foreclosure. Nothing herein shall prohibit the Association from taking a deed in lieu of foreclosure or from filing suit to recover a money judgment for sums that may be secured by the lien. At any time before a non-judicial foreclosure sale, an Owner of a Lot may avoid foreclosure by paying all amounts due the Association. Foreclosure of a tax lien attaching against a Lot under Chapter 32, Tax Code, shall not discharge the Association's lien under this paragraph for amounts becoming due to the Association after the date of foreclosure of the tax lien. No Owner may waive or otherwise escape liability for the assessments provided for in this Declaration by non-use of the Common Area or abandonment of his Lot.

Section 10. Subordination of the Lien to Mortgages. As herein above provided, the title to each Lot shall be subject to a lien securing the payment of all assessments and charges due the Association, but the lien shall be subordinate to the lien of any mortgage or mortgages imposed on a Lot to secure debt incurred for the purchase price thereof or for any improvements thereto (or any refinancing thereof). Sale or transfer of any Lot shall not affect the lien in favor of the Association; provided, however, the sale or transfer of any Lot pursuant to mortgage

foreclosure or any proceeding in lieu thereof shall extinguish the lien securing such assessment or charge as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot or the Owner thereof from liability for any charges or assessments thereafter becoming due or from the lien thereof. In addition to the automatic subordination provided for hereinabove, the Association, in the sole discretion of its Board of Directors, may subordinate the lien securing any assessment provided for herein to any other mortgage lien or encumbrance, subject to such limitations, if any, as the Board of Directors may determine.

Section 11. Exempt Property. All properties dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of Texas, including the Association, shall be exempt from the assessments and charges created herein. Notwithstanding the foregoing, no Lot which is used as a residence shall be exempt from said assessments and charges.

Section 12. Subsidy Payments. As long as the Class "B" membership exists in the Association, the Declarant and such Builders as from time to time may be designated in writing by Declarant (collectively, the "Subsidizers") may annually elect either (i) to pay annual assessments on the Lots they own as herein provided or (ii) to pay the Association, on terms agreeable to the Subsidizers, the difference between the amount of annual assessments collected on all other Lots subject to assessment and the amount of the actual expenditures incurred to operate the Association during the year (the "Subsidy"). The payment by the Subsidizers of a Subsidy in any year in lieu of annual assessments shall under no circumstances obligate the Subsidizers to pay a Subsidy in a future year or years. The Subsidy may be paid by the Subsidizers in increments throughout the year as funds are needed by the Association.

ARTICLE V RIGHTS IN THE COMMON AREA

Section 1. Owner's Right of Enjoyment. Subject to the provisions herein stated, every Member shall have a right of enjoyment in the Common Area, and such right shall be appurtenant to and shall pass with the title to every Lot, subject the following rights of the Association:

- (a) The Association shall have the right to charge reasonable admission and other fees for the use of any facility situated upon the Common Area.
- (b) The Association shall have the right, with the approval by a two-thirds (2/3rds) vote of each class of the Members who are voting in person or by proxy at a meeting duly called for this purpose, to borrow money and to mortgage, pledge, deed in trust, or hypothecate any or all of the Common Area as security for money borrowed or debts incurred.
- (c) The Association shall have the right to take such steps as are reasonably necessary to protect the Common Area against foreclosure of any such mortgage.
- (d) The Association shall have the right to suspend the voting rights and enjoyment rights of any Members for any period during which any assessment or other

amount owed by such Member to the Association remains unpaid in excess of thirty (30) days.

- (e) The Association shall have the right to establish reasonable rules and regulations governing the Members' use and enjoyment of the Common Area, and to suspend the enjoyment rights of any Member for any period not to exceed sixty (60) days for any infraction of such rules and regulations.
- (f) The Association shall have the right, with the approval by a two-thirds (2/3rds) vote of each class of the Members who are voting in person or by proxy at a meeting duly called for this purpose, to sell or convey all or any part of the Common Area and the right, without the approval of the Members, to grant or dedicate easements in portions of the Common Area to public or private utility companies.
- (g) The Association shall have the right to enter into agreements pursuant to which individuals who are not Members of the Association are granted the right to use the Common Area and the facilities located thereupon.

Section 2. Delegation of Use. Each Member shall have the right to extend his right of enjoyment to the Common Area to the members of his family and to such other persons as may be permitted by the Association. The Owner of a leased residence shall be deemed to have delegated his rights of use to his tenant.

ARTICLE VI USE RESTRICTIONS

Section 1. Residential Use. Each and every Lot subject to this Declaration is hereby restricted to residential dwellings for single family residential use only; provided, however any Lot or Lots owned by the Association may be used for park or open space purposes, and improvements consistent with such use may be erected thereupon. No business, professional, commercial or manufacturing use shall be made of any of the Properties; provided, however, the foregoing shall not be construed to prohibit (a) the use of a residence for a home occupation incidental to the principal residential use or (b) the use of model homes on the Lots by the Declarant and such Builders as from time to time may be designated in writing by Declarant. No structure other than one single family residence and its approved outbuildings shall be constructed, placed on, or permitted to remain on any Lot in the Properties. The use of any Lot for duplex houses, garage apartments for rental purposes, apartment houses, or mobile homes is specifically prohibited.

Section 2. Animals and Livestock. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on the Properties. Consistent with its use as a residence, dogs, cats, or other household pets not to exceed two (2) in number may be kept on a Lot, provided that they are not kept, bred, or maintained for any business purposes. Household pets must be confined to a fenced backyard or within the residence.

Section 3. Nuisances. No noxious or offensive trade or activity shall be carried on within the Properties nor shall anything be done thereon which may be or become an annoyance or nuisance to residents of the Properties.

Section 4. Storage of Vehicles. Unless otherwise approved by the Board of Directors, no boat, watercraft, boat trailer, boat rigging, motor home, trailer, commercial vehicle or inoperable motor vehicle shall be parked or kept on the Properties unless such vehicle is stored within a garage or otherwise screened from public view. No Owner of any Lot or any visitor or guest of any Owner shall be permitted to perform repair work on automobiles or other vehicles in driveways or Streets.

Section 5. Permitted Hours for Construction Activity. Except in an emergency or when other unusual circumstances exist, as determined by the Board of Directors of the Association, after the initial construction of residences by the Declarant and the Builders, outside construction work or noisy interior construction work shall be permitted only between the hours of 7:00 A.M. and 7:00 P.M.

Section 6. Disposal of Trash. No trash, rubbish, garbage, manure, debris, or offensive material of any kind shall be kept or allowed to remain on the Properties, nor shall any of the Properties be used or maintained as a dumping ground for such materials. All such matter shall be placed in sanitary refuse containers constructed of metal or plastic with tight fitting sanitary covers or lids and placed in the garage or an area adequately screened by planting or fencing until 5:00 p.m. on the day before a scheduled trash pick-up when such contains may be placed on the curb in front of the home. Equipment used for the temporary storage and/or disposal of such material prior to removal shall be kept in a clean and sanitary condition and shall comply with all current laws and regulations and those which may be promulgated in the future by any federal, state, county, municipal or other governmental body with regard to environmental quality and waste disposal. In a manner consistent with good housekeeping, the Owner of each Lot shall remove such prohibited matter from his Lot at regular intervals at his expense.

Section 7. Disposal of Hazardous Substances. No gasoline, motor oil, paint, paint thinner, pesticide, or other product considered to be a contaminant or a hazardous substance under applicable federal or state laws and regulations shall be disposed of on any of the Properties nor shall any such material be deposited into a storm sewer, sanitary sewer manhole, drainage channel or detention pond within the Properties, but rather all such materials shall be handled and disposed of in compliance with all applicable laws and regulations and the recommendations of the manufacturer of the applicable product or a governmental entity with jurisdiction.

Section 8. Building Materials. Unless otherwise approved by the applicable Committee, no Lot shall be used for the storage of any materials whatsoever, except that material used in the construction of improvements erected upon any Lot may be placed upon such Lot at the time construction is commenced. During initial construction of residences by Builders in the Properties, building materials may be placed or stored outside the property lines. Building materials may remain on Lots for a reasonable time, so long as the construction progresses without undue delay after which time these materials shall either be removed from the Lot or

stored in a suitable enclosure on the Lot. Under no circumstances shall building materials be placed or stored on the Streets or Common Areas.

Section 9. Mineral Production. No oil drilling, oil development operations, refining, quarrying or mining operations of any kind shall be permitted upon the Properties, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon the Properties. No derrick or other structure designed for use in boring for oil or natural gas shall be permitted upon the Properties.

ARTICLE VII ARCHITECTURAL RESTRICTIONS

Section 1. Type of Residence. Only one detached single family residence not more than two (2) stories in height with an attached or detached garage for a minimum of two (2) cars shall be built or permitted on each Lot. All structures shall be of new construction and no structure shall be moved from another location onto any Lot. All residences must be kept in good repair and must be painted when necessary to preserve their attractiveness.

Section 2. Living Area Requirements. The total living area of each single family dwelling, exclusive of open porches, garages, and carports or parking spaces shall be not less than twelve hundred (1,200) square feet.

Section 3. Location of Residence on Lot. The location of each residence on a Lot will be approved by the New Construction Committee with its approval of the site plan and the final working plans and specifications. No building shall be located on any Lot nearer to a Street than the minimum building setback lines shown on the plat containing such Lot and no building shall be located on any utility easement. Unless otherwise approved by the New Construction Committee, no building shall be located nearer than twenty (20) feet from the front lot line or nearer than five (5) feet to an interior lot line, except a detached garage or other permitted accessory building located sixty (60) feet or more from the front lot line may be located not less than three (3) feet of an interior lot line and a residence or detached garage on a Lot which is adjacent to a platted reserve tract may be located not less than three (3) feet from the common line between such Lot and reserve tract. Unless otherwise approved by the New Construction Committee, no residence, garage or other permitted accessory building shall be located nearer than ten (10) feet from the rear lot line. For the purposes of this section, eaves, steps and open porches or driveways shall not be considered as a part of a building.

Subject to the approval by the New Construction Committee, an Owner of one or more adjoining Lots or portions thereof may consolidate or resubdivide such Lots or portions into one or more building sites with the privilege of placing or constructing improvements on such resulting building sites, in which case the side setback lines shall be measured from the resulting side property lines rather than from the Lot lines indicated on the plat. Any such resulting building site must have a width at the front building setback line of not less than the minimum width of the Lots in the same block.

Section 4. Type of Construction. A minimum of forty percent (40%) of the exterior facade of all residences, exclusive of doors, windows and other openings shall be brick, stone,

stucco or other masonry which for purposes hereof shall include Hardiplank. The color of the brick, stucco or other masonry used must be approved in writing by the New Construction Committee. No garage or accessory building shall exceed in height the dwelling to which it is appurtenant without the written consent of the New Construction Committee. Every garage and accessory building (except a greenhouse) shall correspond in style and architecture with the dwelling to which it is appurtenant.

Section 5. Temporary Buildings. Temporary buildings or structures shall not be permitted on the Properties except for storage sheds no taller than six (6) in height placed in the rear yard of a Lot. However, the Declarant may permit temporary toilet facilities, sales and construction offices and storage areas to be used by Builders in connection with the construction and sale of residences. With the Declarant's approval, Builders may use garages as sales offices for the time during which such Builders are marketing homes. At the time of the sale of a residence by a Builder, any garage appurtenant to such residence used for sales purposes must be reconverted to a garage or a garage must be added to such residence.

Section 6. Driveways. On each Lot the Builder shall construct and the Owner shall maintain at his expense the driveway from the garage to the abutting Street and shall repair at his expense any damage to the Street occasioned by connecting the driveway thereto.

Section 7. Roof Pitch; Roof material/Roof Stacks. The roof pitch of each residence shall have a minimum of five (5) feet of vertical rise for each twelve (12) feet of horizontal length. The roofs of all buildings shall be constructed or covered with fiberglass or dimensional shingles of a color approved by the New Construction Committee. Any other type of roofing material shall be permitted only at the discretion of the New Construction Committee. All roof stacks must be painted to match the roof color.

Section 8. Fences. No fence or wall shall be erected on any Lot nearer to the Street than the minimum building setback lines from the Street shown on the plat containing such Lot. The erection of chain link fences on any Lot is prohibited. Each Owner shall, at his expense, maintain the fence installed by the Builder to enclose the backyard of his Lot (or other enclosure approved by the applicable Committee).

Section 9. Grass and Shrubbery. Builders shall sod the area between the front of the residence and the curb line of the abutting Street prior to the sale of the residence. Thereafter the Owner of each Lot shall keep his Lot mowed to prevent unsightly appearance. Dead or damaged trees which might create a hazard to property or persons, shall be promptly removed or repaired, and if not removed by the Owner upon request, then the Association may remove or cause to be removed such trees at the Owner's expense and shall not be liable for damage caused by such removal. Vacant Lots shall not be used as dumping grounds for rubbish, trash, rubble, or soil, except that the Declarant may designate fill areas into which materials specified by Declarant may be placed.

Section 10. Signs. Except for one (1) sign of not more than five (5) square feet advertising a residence on a Lot for sale or rent, no signs, billboards, posters, or advertising devices of any kind shall be permitted on the Properties without the prior written consent of the Board. The right is reserved by the Declarant to construct and maintain, or to allow Builders

within the Properties to construct and maintain, signs, billboards and advertising devices as is customary in connection with the sale of newly constructed residential dwellings. In addition, the Declarant and the Association shall have the right to erect identifying signs at each entrance to the subdivisions within the Properties.

Section 11. Traffic Sight Areas. No fence, wall, hedge, or shrub planting which obstructs sight lines at elevations between two and six feet above the Street shall be permitted to remain on any corner Lot within fifteen (15) feet of the point formed by the intersection of the building set back lines of such Lot.

Section 12. Exterior Antennae. No television, radio, or other electronic towers, aeriels, antennae, satellite dishes or device of any type for the reception or transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon, except that this prohibition shall not apply to those antennae specifically covered by the regulations promulgated under the Telecommunications Act of 1996, as amended from time to time. The Board is empowered to adopt rules governing the types of antennae that are permissible in the Properties and to establish reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae. To the extent that receipt of an acceptable signal would not be impaired, an antenna permissible pursuant to the rules of the Board may only be installed in a side or rear yard location, not visible from a Street, and integrated with the dwelling and surrounding landscape. Antennae shall be installed in compliance with all state and local laws and regulations.

Section 13. Playground and Sports Equipment. All playground equipment such as play houses and swing sets shall be situated, concealed and shielded so as not to be visible from any Street. Basketball goals attached to the residence or mounted on a pole in the ground shall not be located on a Lot so as to be visible from the street in front of the residence or from the side street on corner Lots. Basketball goals mounted on moveable platforms may be temporarily located in the front of a residence while in use as long as they are moved to the garage or rear of the residence when not in use.

Section 14. Decorations and Lighting. No decorative appurtenances such as sculptures, birdbaths and birdhouses, fountains, or other decorative embellishments shall be placed on the residence or on the front yard or on any other portion of a Lot which is visible from any Street, unless such specific items have been approved in writing by the Modifications Committee. Customary seasonal decorations for holidays are permitted without approval by the Modifications Committee. Outside lighting fixtures shall be placed so as to illuminate only the yard of the applicable Lot and so as not to affect or reflect into surrounding residences or yards. No mercury vapor, sodium or halogen light shall be installed on any Lot which is visible from any Street unless otherwise approved by the Modifications Committee.

Section 15. Air Conditioners. No window or wall type air conditioners shall be permitted in any improvements within the Properties, but the Declarant and Builders may install and use such air conditioners in sales offices and construction offices within the Properties, provided such air conditioners are removed when such facilities cease to be used.

Section 16. Private Utility Lines. All electrical, telephone, and other utility lines and facilities which are located on a Lot and are not owned by a governmental entity or a public utility company shall be installed underground unless otherwise approved in writing by the New Construction Committee.

Section 17. Enforcement of Lot Maintenance. Each Owner of a Lot shall at all times be obligated to maintain his property and all improvements thereupon (and the area between the boundary lines of adjacent property and adjacent Streets if such area is not otherwise maintained), so as to keep same in a clean, sightly and safe condition and to conform with any specific standards which the Board of Directors may adopt by resolution for the Properties. An Owner's maintenance obligation shall include, but not be limited to: the maintenance of all visible exterior surfaces of all buildings and other improvements including fences; the prompt removal of all paper, debris, and refuse; the removal and replacement of dead and diseased trees and plantings; the removal of all snow and ice from paved areas; the repair, replacement, cleaning and relamping of all signs and lighting fixtures; the mowing, watering, fertilizing, weeding, replanting and replacing of all approved landscaping; the maintenance of any private drainage improvements unless the Association has elected to perform such maintenance; and, during construction, the cleaning of dirt, construction debris and other construction-related refuse from Streets and storm drains and inlets.

In the event of the violation of any covenant herein by any Owner or occupant of any Lot and the continuance of such violation after five (5) days written notice thereof, or in the event the Owner or occupant has not proceeded with due diligence to complete appropriate repairs and maintenance after such notice, the Association shall have the right (but not the obligation), through its agents or employees, to enter upon such Lot and to secure compliance with these restrictions and restore such Lot to a neat, attractive, healthful and sanitary condition. The Association may render a statement of charge to the Owner or occupant of such Lot for the cost of such work. The Owner or occupant agrees by the purchase or occupation of the Lot to pay such statement immediately upon receipt. In the event of the failure to pay for such work, the amount of such statement may be added to the annual maintenance charge provided for herein and shall be secured by a lien on the Lot in the same manner as such annual charge. The Association, or its agents and employees shall not be liable, and are hereby expressly relieved from any liability, for trespass or other tort in connection with the performance of the maintenance and other work authorized herein.

Section 18. Damage and Destruction of Improvements. Any buildings or improvements within the Properties which are damaged or partially destroyed by fire, storm or any other means shall be repaired within a reasonable period of time not to exceed sixty (60) days from the occurrence of such damage and the Lot restored to a clean, orderly and attractive condition. Any buildings or improvements which are damaged or destroyed to the extent that repairs are not practicable, shall be demolished and removed within a reasonable period of time not to exceed ninety days from the occurrence of such damage and the Lot restored to a clean and attractive condition.

ARTICLE VIII EASEMENTS

Section 1. General. Easements for the installation and maintenance of utilities are reserved as shown and provided for on the plats or as dedicated by separate instruments. No utility company or authorized political subdivision using the easements referred to herein shall be liable for any damages done by them or their assigns, agents, employees or servants, to fences, shrubbery, trees, flowers, improvements or other property of the Owner situated on the land covered by such easements as a result of construction, maintenance or repair work conducted by such parties or their assigns, agents, employees or servants.

Section 2. Easements for Association. There is hereby granted a general right and easement to the Association, its directors, officers, agents, and employees, including, but not limited to, any manager employed by the Association and any employees of such manager, to enter upon any Lot or any portion thereof in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to and with permission of the Owner or occupant of the residence directly affected thereby.

Section 3. Maintenance Easement. There is granted to the Association, its successors and assigns, a five-foot wide construction and maintenance easement adjacent and parallel to each of the rear and side lot lines of all Lots that abut a landscape reserve, perimeter boundary of the Properties or Street where the Declarant has constructed or intends to construct a fence or wall, together with the right of ingress and egress for the purposes, without liability to the Owner for damages arising from the use of the easement, of constructing, repairing, and/or reconstructing the fence or wall. The easement area shall remain unobstructed of any structures or plantings that would prohibit access to the fence or wall for construction and maintenance purposes.

Section 4. Underground Electrical Distribution System. An underground electric distribution system will be installed within each subdivision within the Properties which will be designated an Underground Residential Subdivision and which underground service area shall serve all Lots in the subdivision. The Owner of each Lot in the Underground Residential Subdivision shall, at his own cost, furnish, install, own, and maintain (all in accordance with the requirements of local governing authorities and the National Electric Code) the underground service cable and appurtenances from the point of the electric company's metering on customer's structure to the point of attachment at such company's installed transformers or energized secondary junction boxes, such point of attachment to be made available by the electric company at a point designated by such company at the property line of each Lot. The electric company furnishing service shall make the necessary connections at said point of attachment and at the meter. In addition, the Owner of each Lot shall, at his own cost, furnish, install, own and maintain a meter loop (in accordance with the then current standards and specifications of the electric company furnishing service) for the location and installation of the meter of such electric company for the residence constructed on such Owner's Lot. For so long as underground service is maintained in the Underground Residential Subdivision, the electric service to each Lot therein shall be underground, uniform in character and exclusively of the type known as single phase, 120/240 volt, three wire, 60 cycle, alternating current.

Easements for the underground service may be crossed by driveways and walkways provided that the Builder or Owner makes prior arrangements with the utility company

furnishing electric service and provides and installs the necessary electric conduit of approved type and size under such driveways or walkways prior to construction thereof. Such easement for the underground service shall be kept clear of all other improvements, including buildings, patios, or other pavings, and neither Builder nor any utility company using the easements shall be liable for any damage done by either of them or their assigns, their agents, employees, or servants, to shrubbery, trees, or improvements (other than crossing driveways or walkways provided the conduit has been installed as outlined above) of the Owner and located on the land covered by said easements.

ARTICLE IX ENFORCEMENT

The Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, the covenants, conditions, restrictions, and liens contained herein. Failure of the Association or any Owner to enforce any of the provisions herein contained shall in no event be deemed a waiver of the right to do so thereafter.

ARTICLE X GENERAL PROVISIONS

Section 1. Term. These covenants shall run with the land and shall be binding upon all parties and all persons claiming under until December 31, 2040, after which time said covenants shall be automatically extended for successive periods of ten (10) years each, unless an instrument signed by the Owners of a majority of the Lots covered by this Declaration has been recorded, agreeing to change or terminate the covenants herein, in whole or in part.

Section 2. Amendment.

A. By Declarant. This Declaration may be amended unilaterally at any time and from time to time by the Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the property subject to this Declaration; or (c) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the property subject to this Declaration.

B. By Owners. This Declaration may be amended at any time by an instrument executed by (i) the Owners of a majority of the Lots covered by this Declaration and (ii) as long as Declarant owns any portion of the Properties, the Declarant. Any such amendment shall become effective when an instrument is filed for record in the Official Public Records of Real Property of Harris County, Texas, with the signatures of the requisite number of the Owners of the Lots and, as long as Declarant owns any portion of the Properties, the Declarant.

Section 3. Severability. Invalidation of any one of these covenants by judgment or other court order shall in no wise affect any other provisions, which shall remain in full force and effect except as to any terms and provisions which are invalidated.

Section 4. Gender and Grammar. The singular wherever used herein shall be construed to mean or include the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations (or other entities) or individuals, male or female, shall in all cases be assumed as though in each case fully expressed.

Section 5. Titles. The titles of this Declaration of Articles and Sections contained herein are included for convenience only and shall not be used to construe, interpret, or limit the meaning of any term or provision contained in this Declaration.

Section 6. Re-platting. The Declarant shall have the right to subdivide any reserve tracts contained within the Properties into single family residential lots, by recorded plat or in any lawful manner. Lots created by the subdivision of a reserve tract shall be subject to these restrictions as if such lots were originally platted as Lots.

Section 7. Annexation.

A. By Declarant. The Declarant shall have the unilateral right, privilege and option at any time to annex additional property it owns to the jurisdiction of the Association by filing for record a declaration of annexation in respect to the property being annexed which subjects such property to all of the provisions of this Declaration. Any such annexation by the Declarant shall not require approval by the Association or the Members and shall be effective upon the filing for record of such declaration. The rights reserved by Declarant herein to annex additional land shall not be implied or construed so as to impose any obligation upon the Declarant to annex additional land it owns.

B. By Other Owners. Upon request by an owner of land other than the Declarant, the Association may annex real property to its jurisdiction. Any such annexation shall require (i) the affirmative vote of Members representing a majority of the Association's votes present at a meeting duly called for such purpose; and (ii) as long as the Declarant owns any portion of the Properties, the written consent of the Declarant. Annexation of land not owned by the Declarant shall be accomplished by filing of record in the public records of Harris County, Texas, an annexation agreement describing the property being annexed. Such annexation agreement shall be signed by the President and the Secretary of the Association; by the owner of the property being annexed; and, as long as the Declarant owns any portion of the Properties, by the Declarant.

C. Effect of Annexation. The Owners of Lots in property annexed into the jurisdiction of the Association shall be entitled to the use and benefit of all Common Area of the Association, provided that the annexed property shall be impressed with and subject to an annual maintenance assessment imposed by the Association on a uniform, per Lot basis with the annual assessment on all other property within the jurisdiction of the Association.

Section 8. Merger; Dissolution. The Association may be merged with another non-profit corporation or dissolved only with (i) the assent given in writing by not less than two-

thirds (2/3's) of the Class "A" Members; and (ii) the written assent of the Declarant, as long as it owns any Lots within the Properties. In the event of a merger of the Association with another non-profit corporation organized for the same purposes, the Association's properties, rights, and obligations may be transferred to the surviving association, or alternatively, the properties, rights and obligations of the other association may be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving association shall administer the covenants, conditions and restrictions established by this Declaration, together with the covenants, conditions and restrictions applicable to the properties of the other association as one scheme. In the event of the dissolution of the Association, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

IN WITNESS WHEREOF, this Declaration is executed effective as of the ____ day of _____, 2005.

DECLARANT: RH OF TEXAS LIMITED PARTNERSHIP,
a Maryland limited partnership

By: Ryland Homes of Texas, Inc.,
general partner

By: _____
Name: _____
Title: _____

DMR: DMR DEVELOPMENT, L.P.,
a Texas limited partnership

By: HAR KO, LLC 1,
a Texas limited liability company,
its sole general partner

By: _____
Tom Hargrove, Jr., Manager

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on _____, 2005 by _____, _____ of Ryland Homes of Texas, Inc., a Texas corporation which is the general partner of RH of Texas Limited Partnership, a Maryland limited partnership, on behalf of said limited partnership.

(SEAL)

Notary Public in and for
The State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on _____, 2005 by Tom Hargrove, Jr., Manager of HAR KO, LLC 1, a Texas limited liability company and sole general partner of DMR Development, L.P., a Texas limited partnership, on behalf of said limited partnership.

(SEAL)

Notary Public in and for
The State of Texas