

proceedings at law or in equity against the person or persons violating or attempting to violate any such covenants and either to prevent him or them from doing so or to recover damages or other dues for such violations. The Declarant reserves the right to enforce these restrictions.

WHEREAS there are a total of 960 Lots located in Deerwood Lakes, Sections IV, V and VI according to the Restrictions and the Plat for the Restrictions, and

WHEREAS Concepts in Country Living, Inc. is the owner of 130 Lots located in Deerwood Lakes, Sections IV, V and VI, which are identified in Exhibit A, which is attached hereto and incorporated herein by reference, and

WHEREAS Pioneer Capital, Inc. is the owner of 311 Lots located in Deerwood Lakes, Section IV, V and VI, which are identified in Exhibit B, which is attached hereto and incorporated herein by reference, and

WHEREAS Paul Chambers is the owner of 30 Lots located in Deerwood Lakes, Section IV, V and VI, which are identified in Exhibit C, which is attached hereto and incorporated herein by reference, and

WHEREAS Deerwood Lakes Association is the owner of 50 Lots located in Deerwood Lakes, Sections IV, V and VI, which are identified in Exhibit D, which is attached hereto and incorporated herein by reference.

WHEREAS the undersigned, being a majority of the owners of Lots subject to the Restrictions in Deerwood Lakes, Section IV, V and VI are entitled to change or terminate the Restrictions by the execution and recording of this instrument (Declaration Changing

Restrictions), which shall become effective as of the day that they are filed with the Waller County Clerk for recording, being after the end of the 15 year primary term of the Restrictions; and

WHEREAS the undersigned pursuant to the clear and unambiguous terms of the Restrictions have agreed to change or terminate the Restrictions in the manner hereinafter provided;

WHEREAS the undersigned have agreed to change or terminate the Restrictions in the following particulars because the changed provisions are necessary to alleviate the inequities, burdens, limitations and problems the owners of Lots subject to the Restrictions have experienced due to the change of circumstances which occurred since the Restrictions were initially filed;

NOW, THEREFORE, PREMISES CONSIDERED, the undersigned, being a majority of the owners of the Lots subject to the Restrictions in Deerwood Lakes, Sections IV, V and VI (with the exception of Lots One [1] through Twenty-One [21], Block One [1], Section IV, which were not covered by the original Restrictions and are not covered by this instrument) agree to change or terminate the Restrictions (and the Plat to the extent that any of its provisions are inconsistent with this Declaration Modifying Restrictions) in the following particulars, which shall become effective as of the day that they are filed with the Waller County Clerk for recording, being after the end of the 15 year primary term of the Restrictions and shall supersede, replace and be in lieu of the provisions contained in the original Restrictions:

ARTICLE IDefinitions

Section 1. "Association" shall mean and refer to the Deerwood Lakes Association, its successors and assigns, provided for in Article V. hereof.

Section 2. "Property" shall mean and refer to DEERWOOD LAKES, SECTION IV, V and VI and any additional properties made subject to the terms hereof pursuant to the provisions set forth herein.

Section 3. "Lot" and/or "Lots" shall mean and refer to the Lots shown upon the Subdivision Plat (with the exception of Lots One [1] through Twenty-One [21], Block One [1], Section IV, which are not covered by this instrument and shall not be included in this definition) with respect to the Lot's location, dimension and minimum set back lines but without regard to use or restrictions. Two or more contiguous Lots up to one acre in combined surface square footage (including the excess footage of the final Lot needed to make a one acre tract) may be utilized as a "Tract" if the Lots are held in the name of a common Owner, used for any purpose authorized in Article III, Section 1-Land Use and Building Type, and do not have more than one single-family residential dwelling, if any, per Tract.

Section 4. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Property, but in the event of the execution of a contract for sale covering any Lot, the "Owner" shall be the purchaser named in the contract, but excluding those having such interest merely as security for the performance of an obligation and those having only an interest in the mineral estate.

Section 5. "Subdivision Plat" shall mean and refer to the map or plat of DEERWOOD LAKES, SECTION IV, V and VI, recorded in Volume 235, Pages 605, 682 and 684, respectively, of the Deed Records of Waller County, Texas.

Section 6. "Architectural Control Committee" shall mean and refer to the DEERWOOD LAKES, Architectural Control Committee, provided for in Article IV hereof.

Section 7. "Builder Owners" shall be any person who acquires a Lot or Lots for the purpose of engaging in the business of constructing single-family residential dwellings for the purpose of resale.

ARTICLE IIReservations, Exceptions and Dedications

Section 1. The Subdivision Plat dedicates for use as such, subject to the limitations set forth therein, the streets and easements shown thereon and such Subdivision Plat, further establishes certain restrictions applicable to the Property, including, without limitation, certain minimum set back lines. All dedications, limitations, restrictions and reservations shown on the Subdivision Plat are incorporated herein and made a part hereof as if fully set forth herein, and shall be construed as being adopted in each and every contract, deed or conveyance executed or to be executed by or on behalf of Declarant, conveying said property or any part thereof, whether specifically referred to therein or not.

Section 2. Declarant reserves the easements and rights-of-way as shown on the Subdivision Plat for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line or lines, gas, sewers, or any other utility Declarant sees fit to install in, across and/or under the Properties.

Section 3. Declarant reserves the right to make changes in and additions to the above easements for the purpose of most efficiently and economically installing the improvements.

Section 4. Declarant reserves the right, during installation, of the streets as shown on the Subdivision Plat, to enter onto any Lot or Lots for the purpose of disposing of street excavation, including the removal of any trees, if necessary, whether or not the Lot or Lots have been conveyed to and/or contracted for to any other Owner or Owners.

Section 5. Neither Declarant nor any utility company using the easements herein referred to, shall be liable for any damages done by them or their assigns, their agents, employees or servants, to fences, shrubbery, trees or flowers or any other property of the Owner situated on the land covered by said easements.

Section 6. It is expressly agreed and understood that the title conveyed by Declarant to any Lot or parcel of land within the Property by contract, deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, water, gas, sewer, storm sewer, electric light, electric power, telegraph or telephone purposes and shall convey no interest in any pipes, lines, poles or conduits, or in any utility facility or appurtenances, thereto constructed by or under Declarant or any easement owner, or their agents through, along, or upon the premises affected thereby, or any party thereof, to serve said land or any other portion of the Property, and where not affected, the

right to maintain, repair, sell or lease such appurtenances to any municipality, or other governmental agency or to any public service corporation or to any other party, and such right is hereby expressly reserved.

ARTICLE III

Use of Restrictions

Section 1. Land Use and Building Type. All individual Lots or Tracts may be used (a) for single-family residential dwellings, (b) for agriculture use consisting of cultivating the soil, producing crops for human food, animal feed or planting seed or for the production of fibers; raising or keeping livestock; planting cover crops or leaving land idle for purpose of participating in any governmental program or normal crop or livestock rotation procedure; using the land to produce or harvest logs and posts for use in constructing or repairing fences, pens, barns or other agricultural improvements on adjacent qualified open-space land having the same owner and devoted to a different agriculture use; and using the land for agriculture as an occupation or a business venture for profit, (c) for ranching use, including raising or keeping livestock, (d) as timberland, including land which the owner actively devotes principally to production of timber or forest products to the degree of intensity generally accepted in the area with the intent to produce income, or (e) as recreational, park and scenic land. Except to the extent hereinafter permitted, no house or dwelling shall be erected, altered, placed or permitted to remain on any Lot or Tract other than one (1) single-family dwelling not to exceed two (2) stories in height, with or without a detached or an attached garage, with detached garages not to exceed one (1) story in height and bona fide servants' quarters which structures shall not exceed the main dwelling in height or number of stories and which structure may be occupied only by a member of the family occupying the main residence on the building site or by domestic servants employed on the premises. Two story dwellings shall not exceed a height of thirty-five (35) feet. No carport may face on any street on which any Lot fronts as defined in Section 5, hereof. As used herein, the term "Residential Purposes" shall be construed to prohibit the use of said Lots or Tracts for duplex houses, garage apartments, or apartment houses; and no Lot shall be used for business or professional purposes of any kind, nor for any commercial or manufacturing purpose except as specifically permitted herein. No building of any kind or character shall ever be moved onto any Lot within said subdivision, it being the intention that only new construction shall be erected on said Lot as a single-family residential dwelling and only with the express written approval of the Architectural Control Committee. Notwithstanding any of the foregoing provisions, the Owner of a Tract may place, erect or utilize a barn, stable, outbuilding or wire fence on a Tract which is reasonably necessary for any land use permitted herein upon the

approval by the Architectural Control Committee after the plans, specifications and plot plans, showing the location of the structure, have been submitted, reviewed and approved by the Architectural Control Committee.

Section 2. Architectural Control. No building shall be erected, placed or altered on any Lot until the construction plans and specifications and a plot plan showing the location of the structures thereon have been approved by the Architectural Control Committee as to harmony with existing structures with respect to exterior design and color with existing structures, as to location with respect to topography and finished grade elevation and as to compliance with minimum construction standards more fully provided for in Article IV hereof.

Section 3. Dwelling Size. The total living area of the main residential structure on any Lot, exclusive of open porches, garages, and servants' quarters, shall not be less than 1,500 square feet. The total living area of the main residential structure of a one and one-half (1-1/2), or a two (2) story dwelling shall not be less than 2,000 square feet.

Section 4. Type of Construction, Materials and Landscape.

(a) No external roofing material other than wood shingles, built-up tar and gravel, ceramic, tile, asbestos shingles or other materials used in the construction of roofs for residential dwellings (including metals, alloys and combinations thereof) shall be constructed or used on any building in any part of the Properties without written approval of the Architectural Control Committee.

(b) Before any landscaping shall be done in the front of any newly constructed dwelling, the landscape layout and plans shall have been first approved by the Architectural Control Committee. Such landscaping is to be done in the parkway area and on the front of the Lot at the time the dwelling is being completed and before occupancy.

Section 5. Building Location. No building shall be located on any Lot nearer than twenty (20) feet to the front line or nearer to the side street lines shown on the recorded plat. No building shall be located nearer than five (5) feet to any interior lot line, except that a garage or other permitted accessory building located sixty-five (65) feet or more from the front lot line, may be located within three (3) feet of any interior lot line. No main residence building nor any part thereof shall be located on any interior Lot nearer than fifteen (15) feet to the rear lot line. For the purpose of this covenant, eaves, steps and open porches shall not be considered as a part of the building; provided, however, that this shall not be construed to permit any portion of a building on any Lot to encroach upon another Lot. For the

purpose of these restrictions, the front of each Lot shall coincide with and be the property line having the smallest or shortest dimension abutting a street. Unless otherwise approved in writing by the Architectural Control Committee, each main residence building will face the front of the Lot, and each detached garage will face and be located at least fifty-five (55) feet from the front of the Lot on which it is situated and will be provided with the driveway access from the front of the Lot only.

Section 6. Minimum Lot Area. No Lot shall be resubdivided without the express written approval of the Deerwood Lakes Association Board of Directors, which approval shall not be unreasonably withheld.

Section 7. Annoyance or Nuisances. No noxious or offensive activity shall be carried on upon any Lot nor shall anything be done thereon which may become an annoyance to the neighborhood. The display or shooting of firearms, fireworks, or firecrackers is expressly forbidden.

Section 8. Temporary Structures. No structure of a temporary character, whether trailer, basement, tent, shack, garage, barn or other outbuilding shall be maintained or used on any Lot at any time as a residence, or for any other purpose, either temporarily or permanently except as provided in Article III, Section 1--Land Use and Building Type. However, the Declarant reserves the exclusive right to erect, place and maintain such facilities in or upon any portions of the Properties as in its sole discretion may be necessary or convenient while selling Lots, selling or constructing residences and constructing other improvements upon the Properties. Such facilities may include, but not necessarily be limited to sales and construction offices, storage areas, model units, signs and portable toilet facilities. The Declarant and Builder Owners may use a residence as a temporary sales office. No garage, servants' quarters or other permitted accessory structure shall be erected, placed or maintained on any Lot until construction of main residential dwelling has commenced. Any structure on which construction has commenced must be completed within a reasonable length of time. No boat trailers, boats, travel trailers, inoperative automobiles, campers, vehicles of any kind, or portable buildings are to be permanently or semi-permanently stored in the public street right-of-way or on driveways. Permanent and semi-permanent storage of such items and vehicles must be screened from public view, either within the garage or behind a fence which encloses the rear of the Lot or behind shrubbery, hedges or trellis.

Section 9. Signs and Billboards. No signs, billboards, posters, or advertising devices of any character shall be erected, permitted or maintained on any Lot or plat without the express prior written consent of the Declarant; except for a Builder-Owner who may place on each Lot owned by such Builder-Owner, during the

construction and sales period of improvements, not more than one sign of not more than five square feet of sign space. Declarant or its agents shall have the right to remove any sign not complying with the above restriction, and, in so doing, shall not be liable for, and are expressly relieved from any liability for, trespass or other torts in connection therewith, or arising from such removal. The right is reserved by Declarant to construct and maintain such signs, billboards or advertising devices as is customary in connection with the general sale of property.

Section 10. Oil and Mining Operations. No oil drilling or development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot nor shall tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

Section 11. Storage and Disposal of Garbage and Refuse. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste materials shall not be kept except in sanitary containers constructed of metal, plastic or masonry materials with sanitary covers or lids. Equipment for the storage or disposal of such waste materials shall be kept in clean and sanitary condition. No Lot shall be used for the open storage of any materials whatsoever, which storage is visible from the street, except that new building materials used in the construction of improvements erected upon any Lot may be placed upon such Lot at the time construction is commenced and may be maintained thereon for a reasonable time, so long as the construction progresses without undue delay, until the completion of the improvements, after which these material shall either be removed from the Lot or stored in a suitable enclosure on the Lot. No trash, debris, discarded property or stored materials shall be placed on any Lot or Tract within the view of the streets, walkways, golf course fairways or greens, dams of the lakes or any other public area.

Section 12. Utility Easements. The utility easement areas dedicated and shown on the recorded map of DEERWOOD LAKES, SECTIONS IV, V and VI may be cleared and kept clear by any utility of all trees, bushes, and other growth, including overhanging branches from trees or protrusions from structures located upon adjacent property, without payment to Owners by such utility for such clearance, cutting or trimming. The provisions of this paragraph shall constitute a covenant running with the land as to each Lot, and Owner in this subdivision.

Section 13. Walls, Fences and Hedges. Unless an exception is granted in advance in writing by the Architectural Control Committee:

No walls, fences or hedges shall be erected or maintained

nearer to the front lot line than the walls of the dwelling existing on such Lot. Notwithstanding the foregoing provision, the Owner of any Lot or Tract may construct a white board fence (including those consisting, for example, of three horizontal boards evenly spaced on posts or such other design as approved by Deerwood Lakes Association Board of Directors) located on the front of the Lot or Tract upon the approval of the Architectural Control Committee after the plans, specifications and plot plans (showing the location, type of materials, dimension of materials, and the spacing of the three horizontal boards on the posts) have been submitted, reviewed and approved by the Architectural Control Committee. White board fences may also be constructed in appropriate areas of the Properties including by streets, the front of the Properties and the parks.

All side or rear fences and walls must be at least six (6) feet in height.

Fences must be ornamental iron, wood or masonry construction. No chain link fences are permitted, except to enclose swimming pools and only then if they are not visible from the street.

No boat dock, pier or similar facility shall be built to extend more than six (6) feet into any lake from the Owner's high water line. Construction must be on foundation imbedded in the soil and not of the flotation type.

Any wall, fence or hedge erected as a protective screening on a Lot by Declarant shall pass ownership with title to the property and it shall be the Owner's responsibility to maintain said protective screening thereafter. In the event of default on the part of the Owner or occupant of any Lot in maintaining said protective screening and such failure continuing after ten (10) days written notice thereof, Declarant or its assigns may, at their option, without liability to the Owner or occupant in trespass or otherwise, enter upon said Lot and cause said protective screening to be repaired or maintained or to do any other thing necessary to secure compliance with these restrictions, so as the Owner or occupant of such Lot for the cost of such work. The Owner or occupant, as the case may be, agrees by the purchase or occupancy of the property to pay such statement immediately upon receipt thereof.

Section 14. Lot Maintenance. The Owners or occupants of all Lots or Tracts used as a single-family residential dwelling shall at all times keep all weeds and grass on all portions of each Lot or Tract which has been cleared in a sanitary, healthful and attractive manner. However, the Owner or occupant of a Lot or Tract may leave in its natural state each Lot, Tract or any portion thereof which has not been previously cleared. No Owner or occupant shall use any Lot for storage of materials and equipment except for normal residential requirements or incident to

construction of improvements thereon as herein permitted or permit the accumulation of garbage, trash, or rubbish of any kind thereon and shall not burn anything (except by use of an incinerator and then only during such hours as permitted by law). The drying of clothes in full public view is prohibited and the Owners or occupants of any Lots at the intersection of streets or adjacent to parks, playgrounds, or other facilities where the rear yard or portion of the Lot is visible to full public view shall construct and maintain a drying yard or other suitable enclosure to screen the following from public view: the drying of clothes, yard equipment, wood piles or storage piles which are incident to the normal residential requirements of a typical family. In the event of default on the part of the Owner or occupant of any Lot in observing the above requirements or any of them, such default continuing after ten (10) days written notice thereof, Declarant or its assigns may, at their option, without liability to the Owner or occupant in trespass or otherwise enter upon said Lot and cause to be cut such weeds and grass and remove or cause to be removed such garbage, trash and rubbish or do any other thing necessary to secure compliance with these restrictions so as to place said Lot in a neat, attractive, healthful and sanitary condition and may charge the Owner or occupant of such Lot for the cost of such work. The Owner or occupant, as the case may be, agrees by the purchase or occupancy of the property to pay such statement immediately upon receipt thereof, which shall be secured by a vendor's lien for the benefit of the Association which may be foreclosed in the manner set out in Article VI--Maintenance Charge, Section 3, which is incorporated herein.

Notwithstanding any of the foregoing provisions, all Lots or Tracts being used for a purpose other than as single-family residential dwelling as permitted in Article III, Section 1-Land Use and Building Type may be maintained in any manner reasonably consistent with the permitted land use.

Section 15. Motor Vehicles. No unlicensed motor vehicles shall be allowed within the subdivision. No motor bikes, motorcycles, motor scooters or other vehicles of that type shall be permitted in the subdivision, if they are a nuisance by reason of noise or manner of use in sole judgment of the Deerwood Lakes Association Board of Directors.

Section 16. Septic Tanks. No cesspool may be installed on any Lot in this subdivision and whenever a residence is established on any site, it shall provide only an inside toilet and it shall be connected with a septic tank and drain field until such time as a central sanitary sewer system becomes available to the lot, at which time tie in with the central system must be effected. No septic tank may be installed unless approved by the Waller County Health Unit and all governmental agencies or authorities having jurisdiction. No septic tank may drain into road ditches, either directly or indirectly, nor may a septic tank be constructed within

100 feet of any lake or creek as measured from high water line.

Section 17. Pets. Except as permitted herein, no hogs, poultry or livestock of any kind (other than house pets of reasonable kind and number) may be kept on any Lot or Tract. Should such pets become a nuisance in the opinion of the Deerwood Lakes Association Board of Directors, they must be removed from the premises and the subdivision. No pets shall be permitted to run at large off the Lot or Tract. Notwithstanding any of the foregoing provisions, the Owner of a Tract may keep (a) one horse per acre, (b) a reasonable number of other animals for any family member(s) who is engaged in a FFA or 4-H program (except pigs, hogs, chickens and other fowl) and/or (c) a reasonable number of other animals (except pigs, hogs, chickens and other fowl) for any use of a Tract as permitted in Article III-Section 1-Land Use and Building Type.

Section 18. Drainage. Natural drainage of streets, Lots or roadway ditches will not be impaired by any person or persons. Driveway culverts will be of sufficient size to afford proper drainage of ditches without backing water up into ditch or diverting flow. In no event shall culvert be less than eighteen inches (18"). Declarant may remove any culvert that obstructs the flow of water through the street ditches. When applicable, the breaking of curbs for drive installations will be accomplished in a good and workmanship-like manner and such break will be recemented without hindrance to drainage and such work is subject to the inspection and approval of the Architectural Control Committee.

Section 19. Water District Standby Charge. Until such time as water service is made available to each separate residential lot, and water service is commenced, there shall be levied against each residential lot, individually and severally, a standby charge not to exceed \$5.00 per month. Such charge may be adjusted from time to time by the Board of Directors of the water district to be created for the subdivision, which charge shall be due and payable in monthly installments in advance; and the payment of the standby charge or charges shall be and is secured by a lien reserved herein. General Mortgage Corporation does hereby reserve unto itself, its successors and assigns, establish and impose a lien securing the assessment as herein set forth for the prescribed water district standby charge.

The lien hereby established, may be foreclosed upon, after notice of delinquency to the owner of any lot, as and in the same manner as is provided for the foreclosure of a mortgage upon real property under the laws of the State of Texas, as if General Mortgage had retained a vendor's lien and possessed a deed of trust and note against said Lots. Any such action of foreclosure will entitle the lienholder to reasonable attorneys' fees and other allowed costs and penalties.

It is specifically provided hereby that all property held by General Mortgage Corporation, its successors and assigns for sale or resale within this subdivision is hereby totally exempt from any and all of the requirements of this water district standby charge reservation and no lien shall become effective on any property herein until said property is sold to a bona fide purchaser by contract or deed.

Such standby charge, the lien securing the payment thereof, and the right and responsibility for the enforcement thereof will be assigned, without recourse, to the water district upon its creation, in consideration of its furnishing or proposing to furnish such water service to each residential lot.

Such charge, and all liens securing the payment thereof, shall be subordinate to purchase money mortgages, or first liens created for the purposes of financing the construction of a residence or dwelling on the property. The lien may be released only by the execution of a release by General Mortgage Corporation, its successors and assigns, specifically including the Board of Directors of the water district as may hereinafter be created.

ARTICLE IV.

Architectural Control Committee

Section 1. Approval of Building Plans. No building shall be erected, placed, or altered on any Lot until the construction plans and specifications and a plot plan showing the location of the structure, have been approved in writing as to harmony of exterior design and color with existing structures, as to location with respect to topography and finished ground elevation, and as to compliance with minimum construction standards by DEERWOOD LAKES, Architectural Control Committee. A copy of the construction plans and specifications and a plot plan, together with such information as may be deemed pertinent, shall be submitted to the Architectural Control Committee, or its designated representative prior to commencement of construction. The Architectural Control Committee may require the submission of such plans, specifications, and plot plans, together with such other documents as it deems appropriate, in such form and detail as it may elect at its entire discretion. In the event the Architectural Control Committee fails to approve or disapprove such plans and specifications within thirty (30) days after the same are submitted to it, approval will not be required and the requirements of this Section will be deemed to have been fully complied with.

Section 2. Committee Membership. The Architectural Control Committee shall be initially composed of Paul Chambers, John D. Griffiths, and Fred Boas, Jr., who by majority vote may designate a representative to act for them.

Section 3. Replacement. In the event of death or resignation of any member or members of said committee, the remaining member or members shall appoint a successor member or members, and until such successor member or members shall have been so appointed, the remaining member or members shall have full authority to approve or disapprove plans, specifications, and plot plans submitted or to designate a representative with like authority.

Section 4. Minimum Construction Standards. The Architectural Control 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 and such Architectural Control Committee shall not be bound thereby.

Section 5. Term. The duties and powers of the Architectural Control Committee and of the designated representative shall cease on and after fifteen (15) years from the date of this instrument. Thereafter, the approval described in this covenant and all power vested in said Committee by this covenant shall automatically pass to the Deerwood Lakes Association.

ARTICLE V

Deerwood Lakes Association

Section 1. Membership. Every person or entity who is an Owner of any portion of the Property that is subject to maintenance charge assessment by the Association, shall be a member of the Deerwood Lakes Association. Provided, however, that ownership of a Lot by more than four (4) unrelated individuals will not entitle more than four people to enjoy the use and benefit of the common areas of Deerwood North, or membership in Deerwood Lakes Association, by reason of such ownership. The foregoing does not include persons or entities who hold an interest merely as security for the performance of an obligation or those having only an interest in the mineral estate. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of the land which is subject to assessment by the Association. Ownership of such land shall be the sole qualification for membership. Owners or purchasers of tracts or Lots in DEERWOOD LAKES EAST will also be members of this Association.

Section 2. Voting Rights. The association shall have two classes of membership:

Class A. Class A members shall be all those Owners as defined in Section 1, with the exception of the Declarant. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Section 1. When more than one person holds such interest in any Lot, all such persons shall be members, but shall be limited to a total of one vote. The vote for

such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member shall be General Mortgage Corporation, the Declarant, as defined in the Declaration. The Class B member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership by Section I; provided, however, that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership, or
- (b) on January 1, 1987.

The Class A and B members shall have no rights as such to vote as a class, except as required by the Texas Nonprofit Corporation Act, and both classes shall vote together upon all matters as one group.

Section 3. Nonprofit Corporation. Deerwood Lakes Association, a nonprofit corporation, will be organized; and all duties, obligations, benefits, liens, and rights hereunder in favor of the Association shall vest in said corporation.

Section 4. Bylaws. The Association may make whatever rules or bylaws it may choose to govern the organization, provided that same are not in conflict with the terms and provisions hereof.

Section 5. Inspection of Records. The members of the Association shall have the right to inspect the books and records of the Association at reasonable times during the normal business hours.

ARTICLE VI

Maintenance Charge

Section 1. Each Lot in Deerwood Lakes, Section IV, V and VI is hereby subjected to an annual maintenance charge and assessment, for the purpose of creating a fund to be designated and known as the "Maintenance Fund," which maintenance charge and assessment will be paid by the Owner or Owners of each Lot within Deerwood Lakes, Section IV, V and VI to the Deerwood Lakes Association. The maintenance charge is payable annually and in advance beginning January 1, 1999. The Declarant or its successors shall not be required to pay maintenance charges. The initial maintenance charge and assessment is \$36.00 yearly. The rate at which each Lot will be assessed may be determined annually, and may

be adjusted from year to year by the Association as the needs of the subdivision may, in the judgment of the Association, require; provided that such assessment will be uniform for the first Lot which owned by an Owner. All additional Lots owned by an Owner which are contiguous to the first Lot shall be subjected to an annual maintenance charge in an amount which does not exceed fifty percent (50%) of the amount of the maintenance charge which is assessed against the first Lot. The rate of the maintenance charge for contiguous Lots shall be determined annually by the Association and applied uniformly to all Owners. The Association shall use the proceeds of said maintenance fund for the use and benefit of all residents of Deerwood Lakes, Section IV, V and VI, as well as all other sections of DEERWOOD LAKES, DEERWOOD EAST and DEERWOOD NORTH; provided, however, that each section of DEERWOOD LAKES, DEERWOOD EAST, and DEERWOOD NORTH, to be entitled to the benefit of this maintenance fund, must be impressed with and subjected to the annual maintenance charge and assessment on a uniform (subject to the rates applicable to Declarant as described herein), per Lot basis, equivalent to the maintenance charge and assessment imposed hereby, and further made subject to the jurisdiction of the Association. The uses and benefits to be provided by said Association shall include, by way of clarification and not limitation and at its sole option, any and all of the following: maintaining and operating swimming pools, tennis courts, parks, parkways, boat ramps, both temporary and permanent, rights-of-way, streets, sidewalks, easements, esplanades and other public areas, payment of all legal and other expenses incurred in connection with the enforcement of all recorded charges and assessments, covenants, restrictions, and conditions affecting the properties to which the maintenance fund applies, payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charge and assessment, employing policemen and watchmen, and doing any other thing or things necessary or desirable in the opinion of the Association to keep the Properties in the subdivision neat and in good order, or which is considered of general benefit to the Owners or occupants of the Properties, it being understood that the judgment of the Association in the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith.

Section 2. An initial monthly charge of fifty cents (\$.50) will be made upon each monthly bill to the Owner of each Lot to cover the cost of electric energy to operate the street lighting system to be installed in and upon DEERWOOD LAKES SECTIONS IV, V and VI as outlined in Gulf States Utility Rate Schedule RLU. Rate Schedule RLU is subject to change without notice and such monthly charge will be adjusted in accordance therewith.

Section 3. To secure the payment of the maintenance fund established hereby and to be levied on individual residential Lots, there shall be reserved in each Deed (whether specifically stated

therein or not) by which the Declarant shall convey such Lots, the Vendor's Lien for benefit of the Association, said lien to be enforceable through appropriate proceedings at law by such beneficiary; provided, however, that such lien shall be secondary, subordinate, and inferior to all liens, present and future, given, granted and created by or at the instance and request of the Owner of any such Lot to secure the payment of monies advanced or to be advanced on account of the purchase price and/or the construction of improvements on any such Lot to the extent of any such maintenance fund charge accrued and unpaid prior to foreclosure of any such purchase money lien or construction lien; and further provided that as a condition precedent to any proceeding to enforce such lien upon any Lot upon which there is an outstanding valid and subsisting first mortgage lien, for the aforesaid purpose or purposes, the Association shall give the holder of such first mortgage lien sixty (60) days written notice of such proposed action which notice shall be sent to the nearest office of such first mortgage holder by prepaid U.S. certified mail, and shall contain a statement of the delinquent maintenance charges upon which the proposed action is based. Upon the request of any such first mortgage lienholder, the Association shall acknowledge in writing its obligation to give the foregoing notice with respect to the particular Lot covered by such first mortgage lien to the holder thereof.

Section 4. The above maintenance charge and assessment will remain effective for the full term (and extended term if applicable) of the within covenants.

Section 5. It is specifically stated and agreed that any Lot sold to persons or entities by the Declarant by contract for sale of land, or deed with lien and note, or other instrument and the purchaser defaults in the contract or note payments in any manner said Lot is repossessed, foreclosed or such contract cancelled by Declarant, its successors or assigns, the Association will release its right to collect the past due maintenance charges, assessments and penalties on such Lots from the Declarant. Nothing herein contained shall relieve the purchaser in default from whom the Lot was repossessed from his obligation to pay such delinquent charges, assessments and penalties to the Association.

ARTICLE VII

General Provisions

Section 1. Term. These covenants shall run with the land and shall be binding upon all parties and all persons claiming under them for a period of fifteen (15) years from the date these covenants are recorded after which time said covenants shall be automatically extended for successive periods of ten (10) years each, unless at the end of the 15 years, or any anytime thereafter an instrument signed by a majority of the then owners of the Lots

has been recorded agreeing to change or terminate said covenants herein, it shall be lawful for the Association or any other Lot owner to prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate any such covenants and either to prevent him or them from doing so or to recover damages or other dues for such violations. The Declarant reserves the right to enforce these restrictions.

Section 2. Severability. Invalidation of any one of these covenants by judgment or other court order shall in no way affect any of the other provisions which shall remain in full force and effect.

IN TESTIMONY WHEREOF, the undersigned have caused this instrument (Declaration Changing Restrictions) to be executed, filed and recorded by Paul Chambers, individually, and the proper officers of the undersigned, who are duly authorized by resolution of its Board of Directors to execute this Declaration Changing Restrictions on this the 25 day of may, 1999.

PIONEER CAPITAL, INC.

BY: Paul Chambers
PAUL CHAMBERS, President

CONCEPTS IN COUNTRY LIVING, INC.

BY: Paul Chambers
PAUL CHAMBERS, President

Paul Chambers
PAUL CHAMBERS, Individually

DEERWOOD LAKES ASSOCIATION

BY: Donald Pitt
PRESIDENT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 25 day of May, 1999 by PAUL CHAMBERS, President of Pioneer Capital, Inc., a Texas corporation, on behalf of said corporation.

THOMAS LEE BARTLETT
NOTARY PUBLIC, STATE OF TEXAS
MY COMMISSION EXPIRES
JUNE 2, 2000
STATE OF TEXAS §
COUNTY OF HARRIS §

Thomas Lee Bartlett
Notary Public, State of Texas

This instrument was acknowledged before me on the 25 day of May, 1999 by PAUL CHAMBERS, President of Concepts in Country Living, Inc., a Texas corporation, on behalf of said corporation.

THOMAS LEE BARTLETT
NOTARY PUBLIC, STATE OF TEXAS
MY COMMISSION EXPIRES
JUNE 2, 2000
STATE OF TEXAS §
COUNTY OF HARRIS §

Thomas Lee Bartlett
Notary Public, State of Texas

This instrument was acknowledged before me on the 25 day of May, 1999 by PAUL CHAMBERS, individually.

THOMAS LEE BARTLETT
NOTARY PUBLIC, STATE OF TEXAS
MY COMMISSION EXPIRES
JUNE 2, 2000
STATE OF TEXAS §
COUNTY OF HARRIS §

Thomas Lee Bartlett
Notary Public, State of Texas

This instrument was acknowledged before me on the 26th day of May, 1999 by HOWARD J. HICKS, President of Deerwood Lakes Association, on behalf of said association.

MARY HELEN HORN
Notary Public, State of Texas
My Commission Expires
DECEMBER 12, 2000

Mary Helen Horn
Notary Public, State of Texas

chambers\declara.6-a

DEERWOOD LAKES, SECTIONS IV, V, AND VI
OWNED BY CIC

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OWNED BY CIC

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EXHIBIT C

LOTS IN SECTIONS 4, 5, 6 OF DEERWOOD LAKES (with the exception of
Lots 1 through 21, Block 1, Section 4) OWNED BY DWLA

- L 4-1-22
- L 4-1-47
- L 4-2-6
- L 4-4-10
- L 4-5-4
- L 4-5-5
- L 4-5-17
- L 4-5-23
- L 4-6-9
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- L 6-1-30

LOTS IN SECTIONS 4, 5, 6 OF DEERWOOD LAKES (with the exception of
Lots 1 through 21, Block 1, Section 4) OWNED BY DWLA

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- L 6-9-39
- L 6-9-44

Page 2
EXHIBIT "D"

Filed for Record May 28

A.D., 1999 at 4:25 o'clock P. M.

RECORDED June 4

A.D., 1999 at 2:10 o'clock P. M.

CHERYL PETERS, County Clerk, Waller County, Texas

By Stephanie Hopkins Deputy