

DECLARATION
OF
COVENANTS, CONDITIONS
RESERVATIONS AND RESTRICTIONS
OF
THE RANCH

WHEREAS, THE RANCH OF MONTGOMERY COUNTY, LLC, a Texas limited liability company (sometimes referred to herein as "INITIAL OWNER"), is the owner of all that certain tract of land in Montgomery County, Texas, commonly known as THE RANCH (the "RANCH"), and more particularly described on Exhibit "A" attached hereto; and

WHEREAS, INITIAL OWNER desires to create and provide for the development, improvement, and maintenance of THE RANCH, for the mutual benefit and pleasure of the present and future property owners, and to protect the RANCH property values, by imposing upon and against all of the designated acreage therein the covenants, reservations, restrictions and other provisions hereinafter set forth; and

NOW THEREFORE, INITIAL OWNER does hereby make, adopt and establish the following reservations, restrictions, declarations, easements, limitations, charges, agreements, covenants, conditions and stipulations, each of which shall be applicable to the property referenced above.

I.
DEFINITIONS

- I. The following terms when used herein shall have the following meaning:
 - a. INITIAL OWNER shall mean THE RANCH OF MONTGOMERY COUNTY, LLC, its heirs, successors and assigns.
 - b. The RANCH shall mean the acreage in Montgomery County, Texas described on Exhibit "A" attached hereto.
 - c. "Recording Date" shall mean the date upon which this document is filed for record with the County Clerk of Montgomery County, Texas.
 - d. "TRACT" or "TRACTS" shall mean those tracts or plots of land surveyed out of the Ranch and conveyed by INITIAL OWNER to other OWNERS. If an OWNER shall subdivide a Tract in connection with Article IIIA10 hereof, each subdivided portion shall be a TRACT.

- e. "OWNER" shall mean and refer to the record OWNER, whether one (1) or more Persons(s) or entities, of the fee simple title to any Tract in the Ranch, or any part or interest therein. OWNER shall not mean or refer to any mortgagee, under any applicable theory of mortgage, unless and until such mortgagee has acquired legal title pursuant to foreclosure or any proceedings in lieu of foreclosure.
- f. "COMMITTEE" shall mean and/or or refer to the Architectural Control Committee established under the provisions of this document, its successors and assigns.
- g. "IMPROVEMENTS" shall mean every structure and all appurtenances thereto of every type and kind, including, but not limited to buildings, outbuildings, fences, storage sheds, patios, tennis courts, swimming pools, garages, landscaping, poles, signs, exterior air conditioning, water softener fixtures or equipment, pumps, walls, tanks, reservoirs, pipes, meters, antennae, towers and/or other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, satellite, television antennas, and/or other utilities.
- h. "PERSON(S)" shall refer to any natural person, individual(s), and/or any other entity having the legal right to hold title to real property.
- i. "PLANS AND SPECIFICATIONS" shall mean any and all documents designed to guide or control the construction or erection of any IMPROVEMENT, including, but not limited to, those indicating location, size, shape, configuration, materials, site plans, excavation and grading plans, foundations plans, drainage plans, landscaping and fencing plans, elevation drawings, floor plans, specifications on all building products and construction techniques, samples of exterior colors, plans for utility services, and all other documentation or information relevant to such IMPROVEMENT.
- j. References to the singular shall mean the plural, and the plural shall include the singular.
- k. Terms utilizing bold, capital letters are used as defined terms. Terms utilizing regular upper and lower class casing are used generically with common understandings, usages, and definitions applied, unless otherwise indicated.

II.
RESERVATIONS

- 1. There is hereby expressly reserved in INITIAL OWNER, the following rights, titles and easements (hereinafter collectively called

"Reservations"). Reservations used herein shall be referred to as a part of and construed as being adopted in each and every contract of sale, deed or instrument of conveyance executed or to be executed by or on behalf of INITIAL OWNER, conveying any property in the Ranch or any part thereof.

a. INITIAL OWNER reserves for itself, its heirs, successors and assigns, a perpetual nonexclusive easement to lay, construct, operate, maintain, inspect, repair, reconstruct, multiply, change the size of and/or remove such storm pipes, all appurtenances thereto relevant to the operation of drainage systems as it or they may from time to time desire, in, along, under, over, across and through all of the streets in the RANCH. Such pipes, lines, wires, conduits and appurtenances shall be buried to such reasonable depths as will not interfere with the use of the streets for ordinary roadway purposes. This easement shall not impair/or adversely affect another OWNER'S use or enjoyment of their land in the RANCH.

b. INITIAL OWNER reserves for itself, its heirs, successors and assigns, a perpetual utility easement in, along, under, over, across, and through a ten (10') foot strip around the entire perimeter of each Tract in the Ranch. The ten foot (10') strip shall be measured from the property line of each parcel inward. With respect to such easement, INITIAL OWNER, shall have the right to construct, operate, maintain, inspect, reconstruct, multiply, change the size and remove such utility lines and facilities (including without limitation of the generality thereof, drainage pipes, and all appurtenances thereto; electrical distribution and all appurtenances thereto), as it may from time to time desire, together with the right of ingress and egress thereto. The utility easements hereby reserved are easements ten (10') feet wide at and below normal ground level, extending upward to a plane one hundred and twenty feet (120') above the ground. INITIAL OWNER further reserves the exclusive right to grant franchises and easements to other utilities to lay, construct, operate, maintain, inspect, reconstruct, change the size of, multiply and remove such utility lines, as described above, in such utility easements. However, these utility easements will not be dedicated to the public in any manner.

c. INITIAL OWNER reserves for itself, its heirs, successors and assigns the right to make minor changes in, and additions to, any easements referred to herein for the purposes of more efficiently and economically installing the utilities described herein. Further, INITIAL OWNER reserves for itself, its heirs, successors and assigns the right to widen any easement referred to herein in such areas as are necessary to accommodate the specific aspects, landscape, and topography of any specific Tract.

d. The conveyance by INITIAL OWNER of any TRACT in the RANCH by contract, deed, or other instrument of conveyance shall not in any event be held or construed to include any of the rights, titles and/or easements heretofore reserved in any of the foregoing paragraphs, nor the title to water, gas, sanitary sewer, storm sewer, drainage, electric light, poles or conduits, pipes, mains and/or any other utility or appurtenances thereto constructed by its agents, in, along, under, through, over, across or upon such easements. The right to sell and lease or otherwise transfer all such rights, titles, easements, utilities, and appurtenances is expressly reserved in INITIAL OWNER.

The foregoing Reservations of rights and easements shall not obligate INITIAL OWNER to exercise any of such reserved rights and easements. Nor shall INITIAL OWNER be obligated to install any of the utilities described in this Declaration of Covenants, Conditions, Reservations and Restrictions of the RANCH.

The decision to install utilities and the method and manner of such installation shall be at the sole discretion of the COMMITTEE and INITIAL OWNER.

In the event one or more TRACTS should ever be combined, the COMMITTEE, through its sole discretion, may transfer, remove, abandon, or assign any of the foregoing Reservations and easements on the combined Tracts.

If any one or more of the foregoing Reservations are declared to be invalid, abandoned, or waived, including any sentence, clause and/or part thereof, then such event shall not affect the remaining Reservations, sentences, clauses and/or parts thereof, which shall remain in full force and effect.

INITIAL OWNER reserves the right to abandon, assign, dedicate, and/or convey any Reservation or easement contained herein and any rights and interests therein at any time and from time to time in its sole discretion.

III. RESTRICTIONS

These restrictions are created for the purpose of creating and carrying out a uniform plan for The RANCH. The restrictions herein, including without limitation, all of the restrictions, covenants, declarations, easements, limitations, reservations, agreements, and conditions herein set forth (hereafter collectively called the "Restrictions"), are hereby established and adopted to apply uniformly to the use, occupancy and conveyance of all the TRACTS in the RANCH. Every contract, deed, or conveyance which may be hereafter executed with regard to any of the TRACTS in The RANCH shall be conclusively deemed to have been executed, delivered, and accepted subject to the Restrictions, even if the Restrictions are not set out in full and are not incorporated by reference in such contract of sale, deed, lease or other transfer of and interest in any such TRACT.

A. BUILDING AND CONSTRUCTION RESTRICTIONS

1. Except as herein otherwise provided, each TRACT in the RANCH shall be used only for non-commercial residential and recreational purposes. Only single family residential dwellings and appurtenances ordinary to residential living shall be permitted. Guest houses are permitted for families and their guests, which guest houses will be built at the same time as or after the construction of the single family residential dwellings, and will be of the same material, style, and quality of the single family residential dwelling. All construction of improvements must be approved in writing by the COMMITTEE prior to construction, provided, however, an OWNER may maintain a home office with no advertising signs or regular visits by customers or clients.

2. The primary residence constructed on any TRACT shall have living area heated and cooled of not less than three thousand (3,000) square feet.

3. All single family dwellings shall be of recognized standard construction quality, and all exteriors (exclusive of doors, windows and similar openings) shall be constructed of material specifically approved in writing by the COMMITTEE. Dwellings and garages shall be of masonry or hardie plank construction or its equivalent on its exterior wall areas, unless another type of material is approved in writing by the COMMITTEE, (stucco, stone and brick are considered masonry). Carports shall be approved by the COMMITTEE and shall be made with good quality building materials. No external roofing material other than slate, tile, metal, built up roof, composition (where the type, weight, quality and color has been specifically approved by the COMMITTEE) shall be used on any building in any part of The RANCH without the written approval of the COMMITTEE. All roofing material must be applied in accordance with the manufacturer's specifications. Roof vents, vent stacks, galvanized roof valleys and other roof items must be painted to insure the preventions of peeling. No window or wall type air conditioners shall be permitted to be used, erected, placed or maintained on or in any building in any part of the The RANCH. All roof ventilation (other than ridge ventilators) shall be located to the rear of the roof ridge line and/or gable of any structure and shall not extend above the highest point of such structure, so as not to be visible from any road or street. The COMMITTEE shall have the right to approve the exceptions to the foregoing in cases where energy conservation and heating/cooling efficiency require ventilators that, because of the particular roof design, cannot be hidden from view. The COMMITTEE reserves the right (but has no obligation) to approve other forms of construction such as construction of log homes or relocation of historical homes. All IMPROVEMENTS shall be constructed on site and must be completed within eighteen (18) months after construction has begun. Pre-built or rebuilt IMPROVEMENTS, including but not limited to industrial homes, house trailers, mobile homes, manufactured or modular homes, kit homes, or old, used, previously owned or remodeled homes are prohibited. During the construction of

a principal dwelling, an OWNER may live in a recreational vehicle on the TRACT, but only during construction.

4. All driveways extending from the RANCH access road shall be paved, crushed concrete, granite, granite gravel (no caliche driveways are permitted). Driveways must be completed within eighteen (18) months from the start of any new construction on a TRACT.

5. Only one single family dwelling, appurtenances thereto such as garages and barns and not more than one approved guest house may be constructed on each of the TRACTS. No tent, shack or other temporary building, improvement or structure shall be placed upon the any TRACT without the prior written approval of the COMMITTEE; provided however that the COMMITTEE may maintain or authorize temporary structures necessary for storage of tools and equipment, and for office space for architects, builders, and foremen on a TRACT during any period of actual construction. No residence shall be occupied until construction of the interior and exterior of the residence is substantially completed and certification of completion is approved by the COMMITTEE.

6. Except for fencing, no IMPROVEMENTS of any kind shall be located on any TRACT nearer than two hundred (200') feet from any other property line and any barns or guest houses shall be located no nearer to any property line than the primary residence.

7. No IMPROVEMENT of any kind will be erected or placed on any TRACT in the RANCH, nor shall any structure be altered in the exterior design after being erected or placed on or attached to any TRACT in the RANCH, until the construction plans showing the size and location, of such IMPROVEMENT or alteration has been submitted to and approved in writing by the COMMITTEE, or its designated representatives.

8. No stumps, trees, underbrush, refuse of any kind, and/or scrap material from IMPROVEMENTS being erected on any TRACT shall be placed on any other TRACT, or on streets or easements.

9. Every residential dwelling or guesthouse constructed on any TRACT shall be provided with sanitary indoor plumbing and no permanent outdoor privies shall be permitted. Residential dwellings shall be built with an approved septic tank, in accordance with all Federal, State and local laws, regulations, etc., or any other sewage disposal system that is so approved.

10. Subject to the COMMITTEE'S prior written approval, a TRACT may be subdivided at the OWNER'S cost, provided that no TRACT within the RANCH may be subdivided in a manner which would result in any TRACT containing less than ten (10) acres.

11. All outbuildings such as tool sheds, storage houses, recreational vehicle ports, barns, etc., shall have the exterior walls constructed of standard building materials and all such improvements must be approved by the COMMITTEE before construction shall commence. Subject to approval by the Committee, a barn may have metal sides, provided that the barn is constructed in accordance with the general scheme of construction in The Ranch.

12. No public rodeo or other public sport arenas shall be permitted on any TRACT in The RANCH. Private roping or equine arenas will be permitted.

13. All construction projects shall be completed within eighteen (18) months of commencement, unless approved in writing by the COMMITTEE. After commencement of construction, the work shall proceed diligently until completed.

14. Subject to COMMITTEE approval, facilities to protect livestock from inclement weather (commonly called loafing sheds) may be placed on a TRACT.

B. GENERAL RESTRICTIONS

1. Without expanding the permitted use of the TRACTS, no activity, whether for profit or not, shall be conducted on any TRACT which is not related to single family residential purposes. No noxious, offensive, unlawful, or immoral use shall be made on any TRACT; nor shall any rubbish or debris of any kind be placed or permitted to accumulate on or adjacent to an TRACT, and no odors shall be permitted to arise therefrom, so as to render any such TRACT or any portion thereof unsanitary, unsightly, offensive, or detrimental to any PERSON or TRACT. Each owner of a TRACT in the RANCH shall keep said property clean and neat in appearance and free of litter at all times. No outside incinerators are permitted. No activity shall be permitted on any TRACT, which may be or become an annoyance or a nuisance.

2. No more than one (1) animal unit (au) per four acres shall be permitted on any TRACT, except however, this restriction shall not apply to animals which are used in a 4H or FFA Youth Project and except further, should the owner plant improved grasses, then no more than one (1) animal unit per two acres of improved grasses shall be permitted. Animal unit as used herein shall have the same definition as used in normal soil conservation practices in Montgomery County, Texas. No livestock feed lots shall be permitted on any TRACT. No commercial poultry farms, poultry house or commercial poultry operation, including but not limited to chickens, turkeys, emus, rheas, or ostriches shall be permitted on any TRACT. No swine except for swine used in 4H or FFA Youth Projects shall be permitted on any TRACT, and such swine project shall be restricted to no more than two (2) years and to penning no closer

than two hundred (200') feet from each property line of the TRACT, and must be placed behind the primary residential dwelling from the Front side of the TRACT.

3. No sign of any kind shall be displayed to the public view on any tract except one professional sign of not more than a square foot, one sign of not more than five square feet advertising the property for sale, or rent, or signs used by a builder to advertise the property during the construction and sales period. INITIAL OWNER may erect a sign of a larger size to advertise the development as long as there remain any unsold TRACTS in the RANCH.

4. Except for vehicles stored, out of view from other TRACTS and street, in a barn or garage, no unlicensed, unregistered or uninspected vehicles shall remain parked on a TRACT or the streets adjacent to a TRACT for longer than thirty (30) days. No inoperative vehicles shall be stored on a TRACT or the streets adjacent to the TRACT, or shall be visible to anyone outside the Tract.

5. No commercial lease hunting shall be permitted on any TRACT.

6. All lots are subject to easements and restrictions of the record.

7. No race tracks for motorcycles, 4-wheelers, ATV's, automobiles, trucks or similar vehicles are permitted on any TRACT.

8. All motorcycles, 4-wheelers, ATV's, automobiles, trucks and similar vehicles which are operated on a Tract or on any street in the RANCH shall have standard mufflers.

9. No wind generators shall be erected or maintained on a TRACT if said wind generator is visible from any other Tract or street.

IV. ARCHITECTURAL CONTROL

1. There is hereby created the Architectural Control Committee which shall consist of no less than three (3) members. The initial Architectural Control Committee is composed of:

LARRY DON JACOBS
BEVERLEY JACOBS
BOB GALATAS

No building or other improvements of any character shall be erected or placed, or the erection or placing thereof commenced, or changes made in the design or exterior appearance thereof, (including, without limitation, painting, staining or siding), or any addition or exterior alteration made thereto after original construction, or demolition or destruction by voluntary action made thereto after original construction, on a TRACT in the RANCH until the obtaining of the necessary approval (as hereinafter provided) from the COMMITTEE of the construction plans and specifications for the construction or alteration of such improvements or demolition or destruction of existing improvements by voluntary action. Approval shall be granted or withheld based on matters of compliance with the provisions of this instrument, quality of materials, drainage, harmony of external design and color with existing and proposed structures in the RANCH and location with respect to topography and finished grade elevation. The granting of approval shall in no way serve as a guaranty or warranty as to the quality of the plans or specifications nor the habitability, feasibility or quality of the resulting improvements. The sole authority for determining whether construction plans and specifications for proposed improvements are in compliance with the provisions of this Declaration as to quality and color of materials, drainage, harmony of external design and color with existing and proposed structures and location with respect to topography, finished grade elevations and other relevant factors, rests with the COMMITTEE. Disapproval of PLANS AND SPECIFICATIONS, including location of the proposed improvements, may be based by the COMMITTEE on any criteria that shall seem sufficient in the sole discretion of the COMMITTEE. Each application made to the COMMITTEE shall be accompanied by two sets of professionally drawn PLANS AND SPECIFICATIONS for all proposed construction (initial or alterations) to be done on such Tract, including the drainage plan for the TRACT, plot plans showing the location and elevation of the improvements on the Tract and dimensions of all proposed walkways, driveways, and all other matters relevant to architectural approval. The address of the COMMITTEE shall be the address of the principal office of the INITIAL OWNER. If approved, one of the two sets of plans submitted shall be returned to the Owner with said approval noted thereon. The COMMITTEE may set reasonable application and inspection fees. The Owner must obtain from the COMMITTEE a receipt for said plans indicating the date said plans are received by the COMMITTEE.

2. A majority of the COMMITTEE may designate representatives to act for it. In the event of the death or resignation of any member of the

COMMITTEE, the remaining members shall have full authority to designate a successor. Neither the members of the COMMITTEE nor its appointed representatives shall be entitled to any compensation for services rendered pursuant to this covenant. At the later of all TRACTS being sold by INITIAL OWNER or five (5) years from the date of this instrument, or at such earlier time as the majority of the COMMITTEE shall determine, the power to designate members of the Architectural Control Committee will automatically pass to the OWNERS, who shall have the right to vote based on one vote for each TRACT, including subdivided tracts of at least ten (10) acres. The COMMITTEE'S approval or disapproval as required by the Restrictions shall be in writing, and shall be final.

3. The COMMITTEE, its successors and assigns, shall have the power to grant variances of the terms of this Declaration to any TRACT, so long as any variance is harmonious with the overall scheme and plan of the RANCH or necessary to comply with any and all local state, and federal laws.

4. Neither INITIAL OWNER, the members of the COMMITTEE, its representatives, and/or their successors or assigns shall be liable in damages to anyone submitting plans to them for approval, or to any OWNER of any TRACT affected by these Restrictions, by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve any plans submitted. Every OWNER who submits plans to the COMMITTEE for approval agrees and every OWNER who takes title to any TRACT agrees that they will not bring any action or suit against INITIAL OWNER, the members of the COMMITTEE, or its representatives, to recover any damages,

V.

MISCELLANEOUS PROVISIONS

1. The foregoing Restrictions are adopted as part of and shall apply to each and every TRACT in The RANCH, including subdivided TRACTS. Such Restrictions are equally for the benefit of all current and subsequent of OWNERS of TRACTS in The RANCH and accordingly, shall be covenants running with the land. Any OWNER shall have the power to prosecute in the appropriate court a suit at law or in equity to prevent any violation or attempted violation of the Restrictions or Declarations herein, in accordance with this document and Texas law. Failure by INITIAL OWNER or OWNER of TRACTS to enforce any restriction, covenant, condition, duty or right herein contained shall in no event be deemed a waiver of their respective right to do so at a later time.

2. Nothing contained in this document or any violation of any of the Restrictions shall have the effect of impairing or affecting the rights of any mortgagee or trustee under any mortgage or deed of trust outstanding against any TRACTS within the RANCH.

3. Any and all rights, powers and reservations of INITIAL OWNER herein may be assigned to any person, corporation, or association which will assume the duties pertaining to the particular rights, powers and reservations assigned, and upon any such person, corporation or association's evidencing its consent in writing to accept such assignment and assume such duties, he, she or it shall, to the extent of such assignment, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by INITIAL OWNER herein, and INITIAL OWNER shall thereafter be released from any future obligations herein. The term INITIAL OWNER as used in this document includes all such assignees and their heirs, successors, and assigns.

4. Every person who now or hereafter owns or acquires any right, title, or interest in or to any property in The RANCH is and shall be conclusively deemed to have consented and agreed to every covenant, condition, reservation and restriction contained herein, whether or not any reference to this declaration is contained in this instrument by which such person acquires an interest in the property.

5. INITIAL OWNER reserves the right to make minor deviations from the terms of this document to the extent permissible by law and consistent with the general plan for development as herein set out, all without further action or consent by or from any party. The invalidity, violation, abandonment, waiver of or failure to enforce any one or more of any part of the provisions of this document shall in no way affect or impair the remaining provisions or parts thereof which shall remain in full force and effect.

6. No breach or continuing breach of the restrictions, covenants, conditions, duties, or obligations imposed, allowed or granted by this Declaration shall be grounds for cancellation, termination or rescission of this Declaration or of any provisions thereof.

7. The words such as "herein", "hereafter", "hereof", "hereunder", and "hereinabove" refer to this Declaration as a whole and not merely to a section or paragraph or article in which such words appear, unless the context otherwise requires. The masculine gender shall include the feminine and neuter and vice versa, unless the context otherwise requires.

Dated this the _____ day of _____, 20____.

THE RANCH OF MONTGOMERY COUNTY, LLC,
a Texas limited liability company
By: JATEX DEVELOPMENT, INC.,
a Texas corporation, Its Manager

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF _____ §

This document was acknowledged before me on the ____ day of _____, 20____, by _____, of JATEX DEVELOPMENT, INC., a Texas corporation, Manager of THE RANCH OF MONTGOMERY COUNTY, LLC, a Texas limited liability company.

Notary Public, State of Texas

AFTER RECORDING RETURN TO:

LARRY JACOBS
P.O. BOX 1370
MONTGOMERY, TX 77356