AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

COMMUNITY ASSOCIATION OF HARMONY, INC.

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for
COMMUNITY ASSOCIATION OF HARMONY, INC.

THE STATE OF TEXAS §
§ KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF MONTGOMERY §

This "Amended and Restated Declaration of Covenants, Conditions and Restrictions for Community Association of Harmony, Inc.", made on the date hereinafter set forth by DISCOVERY SPRING TRAILS, LLC, a Texas limited liability company.

W I T N E S S E T H:

WHEREAS, LAND TEJAS SPRING TRAILS, LTD., a Texas limited partnership (the "Developer"), was the owner of that certain property known as Canyon Lakes at Spring Trails, Section Four (4), a subdivision in Montgomery County, Texas according to the map or plat thereof, recorded under County Clerk's File No. 2007-139710 and Cabinet Z, Sheets 1035-1036 of the Map Records of Montgomery County, Texas and all amendments to or replats of said maps or plats, if any ("Canyon Lakes at Spring Trails, Section Four (4)");

WHEREAS, the Developer desired to impose covenants, conditions and restrictions upon Canyon Lakes at Spring Trails, Section Four (4) and any other real property duly annexed in accordance with the terms of this Declaration ("Property");

WHEREAS, the Developer in its desire to keep the development of Canyon Lakes at Spring Trails, Section Four (4) and the Property for the mutual benefit and pleasure of the Owners in said subdivision, and for the protection of such property values, placed on and against said property certain protective restrictive covenants regarding the use thereof entitled "Declaration of Covenants, Conditions and Restrictions for Discovery at Spring Trails" recorded in the Official Public Records of Real Property of Montgomery County, Texas under County Clerk's File No. 2008-013642 (the "Declaration");

WHEREAS, the Declaration has previously been amended by the Developer through those instruments entitled "First Amendment to Declaration of Covenants, Conditions and Restrictions for Discovery at Spring Trails", "Second Amendment to Declaration of Covenants, Conditions and

Restrictions for Discovery at Spring Trails" and "Third Amendment to Declaration of Covenants, Conditions and Restrictions for Discovery at Spring Trails" respectively recorded in the Official Public Records of Real Property of Montgomery County, Texas under County Clerk's File Nos. 2008-050527, 2008-097954 and 2008-100949 (the Declaration as amended hereinafter still referred to as "Declaration");

WHEREAS, by that certain instrument entitled "Annexation and Supplemental Declaration of Covenants, Conditions and Restrictions for Canyon Lakes at Spring Trails, Section One (1), A Subdivision in Montgomery County, Texas" filed of record in the Official Public Records of Real Property of Montgomery County, Texas under County Clerk's File No. 2008-046984, Developer did restrict Canyon Lakes at Spring Trails, Section One (1), a subdivision in Montgomery County, Texas according to the map or plat thereof recorded under County Clerk's File No. 2007-143512 and Cabinet Z, Sheets 1048-1050 of the Map Records of Montgomery County, Texas ("Canyon Lakes at Spring Trails, Section One (1)") to the Declaration (the term "Property" hereinafter including Canyon Lakes at Spring Trails, Section One (1));

WHEREAS, by that certain instrument entitled "Annexation and Supplemental Declaration of Covenants, Conditions and Restrictions for Canyon Lakes at Spring Trails, Section Two (2), A Subdivision in Montgomery County, Texas" filed of record in the Official Public Records of Real Property of Montgomery County, Texas under County Clerk's File No. 2008-046985, Developer did restrict Canyon Lakes at Spring Trails, Section Two (2), a subdivision in Montgomery County, Texas according to the map or plat thereof recorded under County Clerk's File No. 2007-143545 and Cabinet Z, Sheets 1051-1052 of the Map Records of Montgomery County, Texas ("Canyon Lakes at Spring Trails, Section Two (2)") to the Declaration (the term "Property" hereinafter including Canyon Lakes at Spring Trails, Section Two (2));

WHEREAS, by that certain instrument entitled "Annexation and Supplemental Declaration of Covenants, Conditions and Restrictions for Canyon Lakes at Spring Trails, Section Five (5), A Subdivision in Montgomery County, Texas" filed of record in the Official Public Records of Real Property of Montgomery County, Texas under County Clerk's File No. 2013042242, Developer did restrict Canyon Lakes at Spring Trails, Section Five (5), a subdivision in Montgomery County, Texas according to the map or plat thereof recorded under County Clerk's File No. 2013-029674 and Cabinet Z, Sheets 2420-2421 of the Map Records of Montgomery County, Texas ("Canyon Lakes at Spring Trails, Section Five (5)") to the Declaration (the term "Property" hereinafter including Canyon Lakes at Spring Trails, Section Five (5));

WHEREAS, by that certain instrument entitled "Annexation and Supplemental Declaration of Covenants, Conditions and Restrictions for Discovery at Spring Trails, Section One (1) ... A Subdivision in Montgomery County, Texas" filed of record in the Official Public Records of Real Property of Montgomery County, Texas under County Clerk's File No. 2008-046986, Developer did restrict Discovery at Spring Trails, Section One (1), a subdivision in Montgomery County, Texas according to the map or plat thereof recorded under County Clerk's File No. 2007-143621 and Cabinet Z, Sheets 1053-1054 of the Map Records of Montgomery County, Texas ("Discovery at Spring Trails, Section One (1)") to the Declaration (the term "Property" hereinafter including Discovery at Spring Trails, Section One (1));

WHEREAS, by that certain instrument entitled "Annexation and Supplemental Declaration of Covenants, Conditions and Restrictions for Discovery at Spring Trails, Section Two (2) ... A Subdivision in Montgomery County, Texas" filed of record in the Official Public Records of Real Property of Montgomery County, Texas under County Clerk's File No. 2008-046987, Developer did restrict Discovery at Spring Trails, Section Two (2), a subdivision in Montgomery County, Texas according to the map or plat thereof recorded under County Clerk's File No. 2007-143733 and Cabinet Z, Sheets 1055-1056 of the Map Records of Montgomery County, Texas ("Discovery at Spring Trails, Section Two (2)") to the Declaration (the term "Property" hereinafter including Discovery at Spring Trails, Section Two (2));

WHEREAS, Article IX, Section 9.8 of the Declaration entitled "Amendment" provides the Declaration may be amended by the Developer without the joinder of any party as long as Developer owns a Lot and the amendment is not inconsistent with the residential character of the Property;

WHEREAS, Discovery Spring Trails, LLC, a Texas limited liability company is the successor and assign of Land Tejas Spring Trails, Ltd., a Texas limited partnership; and

WHEREAS, the Developer still owns a Lot in the Property and desires to amend and restate the Declaration.

NOW, THEREFORE, the Developer amends and restates the Declaration as follows:

ARTICLE I.
DEFINITIONS

SECTION 1.1 **"ASSESSMENTS"** shall mean and refer to: (1) the assessments, fees and changes referenced in Article V of this Declaration, including, but not limited to: Annual Assessments and Gated Section Assessments; Operating Fund Capitalization Fees; Reserve Fund Capitalization Fees; Special Assessments; Section Assessments; Community Enhancement Fees; and Transfer Fees; (2) Bulk Services Assessments referenced in Section 2.18 hereof; (3) any charge back for costs, fees, expenses, fines, attorney's fees incurred or authorized by the Declaration or by the Association in connection with enforcement of this Declaration, the Association By-Laws, or rules and regulations or by law; and (4) any other charges authorized by this Declaration or by law.

SECTION 1.2 **"ASSOCIATION"** shall mean and refer to Community Association Harmony, Inc., a Texas non-profit corporation, its successors and assigns.

SECTION 1.3 **"ASSOCIATION WALL(S)"** shall mean and refer to those walls constructed or caused to be constructed by Developer on all Lots forming the perimeter of the Property, and those walls designated as Association Walls by this Declaration or Supplemental Declarations. For the purposes of this Declaration Association Walls are/or will be located on the following Lots:

Canyon Lakes at Spring Trails, Section One (1):

(i) the most southeasterly side Lot lines of Lots Seven (7), Eight (8) and Twenty-One (21) in Block One (1).

Canyon Lakes at Spring Trails, Section Two (2):

(i) the most northwesterly side Lot lines of Lots One (1), Eleven (11) and Twelve (12) in Block One (1).

Canyon Lakes at Spring Trails, Section Four (4):

(i) the rear Lot lines of Lots One (1) through Eight (8), inclusive in Block One (1) and Lots Ten (10) through Twenty-Six (26), inclusive in Block Three (3).

(ii) the most northerly rear Lot line of Lot Nine (9) in Block Three (3).

(iii) the most southerly side Lot lines of Lots Twenty-Three (23), Twenty-Four (24) and Thirty (30) in Block Three (3).

(iv) the most westerly side Lot line of Lot One (1) in Block One (1).

(v) the most easterly side Lot lines of Lots Eight (8) and Nine (9) in Block One (1).

Canyon Lakes at Spring Trails, Section Five (5) does not have any Association Walls.

Discovery at Spring Trails, Section One (1) does not have any Association Walls.

Discovery at Spring Trails, Section Two (2):

(i) the rear Lot lines of Lots Seven (7) through Nineteen (19), inclusive in Block Two (2); and

(ii) the most northerly rear Lot line of Lot Six (6) in Block Two (2).

SECTION 1.4 **"BOARD OF DIRECTORS" OR "BOARD"** shall mean and refer to the Board of Directors of the Association.

SECTION 1.5 **"BUILDER(S)"** shall mean any person, firm or entity approved by Developer, which purchases a developed lot(s) for the purpose of constructing a new residential dwelling for sale to the public.

SECTION 1.6 **"COMMITTEE"** shall mean and refer to the Architectural Control Committee for the Property or any person or persons to whom the Architectural Control Committee delegates such responsibility provided for in Article II hereof.

SECTION 1.7 **"COMMON AREA"** shall mean property owned by or under the control or jurisdiction of the Association for the common use and benefit of the Owners and any others allowed such use by agreement with the Association, together with such other property as the Association may, at any time or from time to time, acquire by purchase or otherwise, subject, however, to the easements, limitations, restrictions, dedications and reservations applicable thereto by virtue hereof and/or by virtue of plats of the Property filed of record, and/or by virtue of prior grants or dedications. References herein to the "Common Area" shall mean and refer to Common Area as defined respectively in this Declaration and any Supplemental Declarations. "Common Area" shall also mean and refer to all existing and subsequently provided improvements upon or within the Common Area except those as may be expressly excluded herein. The term "Common Area" may include, but not necessarily be limited to, the following: structures for recreation, swimming pools, playgrounds, structures for storage protection of equipment, fountains, statuary, sidewalks, gates, streets, fences, landscaping, and other similar and appurtenant improvements. The Association may issue rules and regulations for use, maintenance, and operation of the Common Area. Provided, however, some or all of

the Common Area in a Section or Sections may be restricted for the common use and benefit of only the Owners in a certain Section or Sections by Supplemental Declaration(s) so that the Common Area in the Section or Sections is not for the common use and benefit of all Owners in the Property, but only the Owners in a certain Section or Sections ("Limited Common Area"). The expenses related to a Limited Common Area must be paid for by the Owners in the Section(s) to whom the common use and benefit of the Limited Common Area is restricted through a Section Assessment authorized in Section 5.12 of this Declaration.

SECTION 1.8 **"COMMUNITY ENHANCEMENT FEES"** shall mean the fees paid to the Association in accordance with Section 5.9.

SECTION 1.9 **"DECLARANT"** shall mean and refer to the Owner of a Section annexed into the Property in accordance with Section 9.20 of this Declaration.

SECTION 1.10 **"DECLARATION"** shall mean this "Amended and Restated Declaration of Covenants, Conditions and Restrictions for Community Association of Harmony, Inc."

SECTION 1.11 **"DEVELOPER"** shall mean and refer to DISCOVERY SPRING TRAILS, LLC, a Texas limited liability company, its successors and assigns so designated in writing by DISCOVERY SPRING TRAILS, LLC, a Texas limited liability company.

SECTION 1.12 **"DEVELOPER CONTROL PERIOD"** shall mean the later of the dates when (a) the last vacant Lot in the Property is sold to an Owner, other than the Developer or a Builder, or; (b) December 31, 2025. Developer may also end the Developer Control Period by written notice to the Board notifying the Board of its decision to end the Developer Control Period.

SECTION 1.13 **"GATED SECTION(S)"** shall mean any Section brought within the jurisdiction of the Association that is referred to in this Declaration or a Supplemental Declaration as a "Gated Section." The streets within the Gated Sections will be private streets. For the purposes of this Declaration, Canyon Lakes at Spring Trails, Section One (1), Canyon Lakes at Spring Trails, Section Two (2), Canyon Lakes at Spring Trails, Section Four (4), Canyon Lakes at Spring Trails, Section Five (5), Discovery at Spring Trails, Section One (1) and Discovery at Spring Trails, Section Two (2) are Gated Sections.

SECTION 1.14 **"LANDSCAPE AREA(S)"** shall mean and refer to all Common Areas located:

(a) within all esplanades located upon or within or adjacent to major thoroughfares located in the Property;

(b) within the restricted Reserves on the Plat;

(c) between the outside edge of the paving of the roadway of any major thoroughfare within the Property and the right-of-way line thereof; and

(d) project identity tracts located at any street intersection in the Property.

SECTION 1.15 **"LOT(S)"** shall mean and refer to any subdivided parcel of land designated as a Lot or Lots shown upon any recorded or Plat of any portion of the Property, Lots, with the exception of property designed thereon as "Public Streets," "Private Streets," "Reserves," "Commercial Reserves," "Unrestricted Reserves," "Common Area," or "Recreational Areas," if any. The maximum number of Lots that may be created and made subject to this Declaration is two thousand three hundred (2,300).

SECTION 1.16 **"NON-GATED SECTION(S)"** shall mean any Section brought within the jurisdiction of the Association that is referred to in this Declaration or Supplemental Declarations as a "Non-gated Section."

SECTION 1.17 **"OPERATING FUND"** shall mean the account(s) into which the Association deposits monies paid to the Association as Annual Assessments (in addition to any other Assessments directed by the Board), exclusive of such portions of the Assessments as the Board may allocate to a Reserve Fund as provided herein.

SECTION 1.18 **"OWNER(S)"** shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot or parcel of land which is a part of the Property, including executory contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 1.19 **"PLAT(S)"** shall mean and refer to the various plat(s) of the Property recorded in the Map Records of Montgomery County, Texas.

SECTION 1.20 **"PROPERTY"** shall mean and refer to: (a) Canyon Lakes at Spring Trails, Section One (1), Canyon Lakes at Spring Trails, Section Two (2), Canyon Lakes at Spring Trails, Section Four (4), Canyon Lakes at Spring Trails, Section Five (5), Discovery at Spring Trails, Section One (1) and Discovery at Spring Trails, Section Two (2), and (b) such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 1.21 **"RECREATIONAL AREA(S)"** shall mean all Common Areas used specifically for recreational purposes by Owners, their families and invitees.

SECTION 1.22 **"RESERVE(S)"** shall mean any real property reflected as a reserve on a Plat.

SECTION 1.23 **"RESERVE FUND"** shall mean the account(s) into which are deposited all Reserve Fund Capitalization Fees and any portions of any Assessment earmarked by the Board as contingency funds for the operation of the Association and/or the purchase of property beneficial to the Association, or construction, repair, replacement or other restoration work to, the Association Properties including but not limited to the Common Area, Association Walls and any other improvements maintained by the Association.

SECTION 1.24 **"SECTION(S)"** shall mean and refer to the individual Sections or subdivisions (according to the Plats thereof) that are defined as a part of the Property in this Declaration or any Supplemental Declaration that make the Section subject to the jurisdiction of the Association.

SECTION 1.25 **"SUPPLEMENTAL DECLARATION(S)"** shall mean and refer to the instruments filed of record and used to annex additional Sections into the jurisdiction of the Association, which Supplemental Declarations may contain additional different restrictions applicable to the Section referenced in the Supplemental Declaration.

ARTICLE II
ARCHITECTURAL CONTROL

SECTION 2.1 **ARCHITECTURAL CONTROL.** No buildings, landscaping, structures, improvements or fences of any character shall be erected or placed or the erection thereof begun, or changes made in the design, color, materials, size or additions, remodeling, renovation, replacement or redecoration of any portion of the exterior of any improvement on a Lot before or after original construction, until the construction plans, detailed specifications and survey or original plot plans showing the location of the structure or improvements have been submitted to and approved in writing by the Committee, or its duly authorized representative. Such written approval must be given for compliance with this Declaration and any building guidelines as to quantity, quality, type, and color of material, harmony of external design with existing and proposed structures and for location with respect to topography, setbacks, and finish grade elevation. The Committee may also preapprove Builder plans, which thereafter will only require the Builder to submit Lot plans containing preapproved plan numbers and elevation identification. All new construction shall be in accordance with the design guidelines for the Property, design guidelines for any Section in the Property, and this Declaration. In the event the Committee fails to indicate its approval or disapproval within thirty (30) days after the receipt of the required documents, the applicant must give the Committee written notice of the Committee's failure to respond. Unless the Committee responds within ten (10) days after receipt of such notice, the application will be deemed denied.

The Committee shall be comprised of three (3) members. Until the end of the Developer Control Period, the members of the Committee shall be appointed by the Developer and the Developer may from time to time, without liability of any character for so doing, remove and replace any such members of the Committee as it may in its sole discretion determine. THE DEVELOPER, THE COMMITTEE AND THE INDIVIDUAL MEMBERS THEREOF SHALL NOT BE LIABLE FOR ANY ACT OR OMISSION IN PERFORMING OR PURPORTING TO

PERFORM THE FUNCTIONS DELEGATED HEREUNDER. THE ASSOCIATION SHALL INDEMNIFY AND HOLD THE MEMBERS OF THE COMMITTEE HARMLESS FOR ANY CLAIMS AND SHALL INSURE THEM UNDER THE ASSOCIATION DIRECTORS' AND OFFICERS' LIABILITY INSURANCE POLICY.

Developer hereby retains its rights to assign all or part of the duties, powers and responsibilities of the Committee to the Association and its Board of Directors, and the term "Committee" herein shall include the Association, as such assignee. At the end of the Developer Control Period, all of the duties, powers and responsibilities of the Committee shall automatically be assigned to the Board of Directors without the need of any action on the part of the Developer. Anything contained in this section or elsewhere in this Declaration to the contrary notwithstanding, the Committee, and its duly authorized representatives, is hereby authorized and empowered, at its sole and absolute discretion, to make and permit reasonable modifications of and deviations from any of the requirements of this Declaration when, in the sole and final judgment and opinion of the Committee, or its duly authorized representative, such modifications and deviations in such improvements will be in harmony with existing structures and will not materially detract from the aesthetic appearance of the Property and its improvements as a whole.

In connection with its consideration of a request for an approval, modification, or a variance, the Committee may require the submission to it of such documents and items as it shall deem appropriate, including as examples, but without limitation, written request for and description of the construction modification or variance requested (plans, specifications, plot plans, surveys, and samples of materials). If the Committee shall approve such request, the Committee may evidence such approval, and grant its permission, only by written instrument, addressed to the Owner of the Lot(s), expressing the decision of the Committee describing (when applicable) the conditions on which the application has been approved (including as examples, but without limitation, the type of alternate materials to be permitted and alternate fence height approved or specifying the location, plans and specifications applicable to an approved out building), and signed by a majority of the then members of the Committee (or by the Committee's duly authorized representative). Any request for a variance from the express provisions of this Declaration shall be deemed to have been disapproved for the purposes hereof 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. In the event the Committee or any successor to the authority thereof shall not then be functioning and/or the term of the Committee shall have expired and the Association shall not have succeeded to the authority thereof as herein provided, no variances from the covenants of this Declaration shall be permitted because of the Developer's intention that no variances be available except at the discretion of the

Committee, or if it shall have succeeded to the authority of the Committee in the manner provided herein, the Association. The Committee shall have no authority to approve any variance except as expressly provided in this Declaration. The Committee or Association may charge a reasonable fee for review of all Architectural Control Applications ("Applications").

SECTION 2.2 DESIGN GUIDELINES. The Committee may from time to time promulgate design guidelines. The Committee may promulgate both design guidelines for new construction of residential dwellings as well as design guidelines for improvements after initial construction of the residential dwelling. These design guidelines may include specific required improvements, which improvements must always be present and operable at the discretion of the Committee; fees; fines, and; additional restrictions related to the construction and approval process. Once adopted and filed of record in the Official Public Records of Real Property of Montgomery County, Texas such design guidelines will be of equal dignity with this Declaration and be enforceable in the same manner as this Declaration. Design guidelines may be referred to by different names, including but not limited to builder guidelines, architectural guidelines or minimum construction guidelines.

SECTION 2.3 NO LIABILITY. NEITHER THE COMMITTEE NOR THE ASSOCIATION OR THE RESPECTIVE AGENTS, EMPLOYEES AND ARCHITECTS OF EACH SHALL BE LIABLE TO ANY OWNER OR ANY OTHER PARTY FOR ANY LOSS, CLAIM OR DEMAND ASSERTED ON ACCOUNT OF THE ADMINISTRATION OF THIS DECLARATION OR THE PERFORMANCE OF THE DUTIES HEREUNDER, OR ANY FAILURE OR DEFECT IN SUCH ADMINISTRATION AND PERFORMANCE. NO APPROVAL OF PLANS AND SPECIFICATIONS AND NO PUBLICATION OF DESIGN GUIDELINES SHALL EVER BE CONSTRUED AS REPRESENTING THAT SUCH PLANS, SPECIFICATIONS OR STANDARDS WILL, IF FOLLOWED, RESULT IN A PROPERLY DESIGNED IMPROVEMENT. SUCH APPROVALS AND STANDARDS SHALL IN NO EVENT BE CONSTRUED AS REPRESENTING OR GUARANTEEING THAT ANY RESIDENCE WILL BE BUILT IN A GOOD, WORKMANLIKE MANNER. THE APPROVAL OR LACK OF DISAPPROVAL BY THE COMMITTEE SHALL NOT BE DEEMED TO CONSTITUTE ANY WARRANTY OR REPRESENTATION BY SUCH COMMITTEE, INCLUDING WITHOUT LIMITATION ANY WARRANTY OR REPRESENTATION RELATING TO FITNESS, DESIGN OR ADEQUACY OF THE PROPOSED CONSTRUCTION OR COMPLIANCE WITH APPLICABLE STATUTES, CODES AND REGULATIONS. THE ACCEPTANCE OF A DEED TO A RESIDENTIAL LOT BY THE OWNER IN THE PROPERTY SHALL BE DEEMED A COVENANT AND AGREEMENT ON THE PART OF THE OWNER, AND THE OWNER'S HEIRS, SUCCESSORS AND ASSIGNS, THAT THE COMMITTEE AND THE ASSOCIATION, AS WELL AS THEIR AGENTS,

EMPLOYEES AND ARCHITECTS, SHALL HAVE NO LIABILITY UNDER THIS DECLARATION EXCEPT FOR WILLFUL MISDEEDS.

SECTION 2.4 SINGLE FAMILY RESIDENTIAL CONSTRUCTION. No building shall be erected, altered or permitted to remain on any Lot other than one detached single-family residential dwelling not to exceed two and one-half (2½) stories in height (which may not exceed forty feet (40') from ground elevation), a private garage for not more than three (3) cars and bona fide servants' quarters, which garage and any quarters shall not exceed the main residential dwelling in height and which may be occupied only by a member of the family occupying the main residential dwelling on the building site or by domestic servants employed on the premises.

SECTION 2.5 MINIMUM SQUARE FOOTAGE WITHIN IMPROVEMENTS. The total living area on the ground floor of the main residential dwelling (exclusive of porches, garages and servants' quarters) shall be not less than fourteen hundred (1,400) square feet for one-story dwellings. The total living area for a multistory dwelling (exclusive of porches, garages and servants' quarters) shall be not less than sixteen hundred (1,600) square feet. The Committee, at its sole discretion, is hereby permitted to approve deviations in any building area herein prescribed in instances when in the Committee's sole judgment such deviation would result in a more common beneficial use. Such approvals must be granted in writing and, when given, will become part of this Declaration to the extent of the particular Lot involved.

SECTION 2.6 LOCATION OF THE IMPROVEMENTS UPON THE LOT. No building, structure, or other improvements shall be located on any Lot nearer to the front Lot line or nearer to the street sideline than the minimum building setback line shown on the recorded Plat of the Section in question. No building, structure, fence or other improvement shall be located on any Lot nearer than ten feet (10') to any side street line. No building shall be located nearer than five feet (5') to any interior Lot line with the exception of detached garages that, where allowed by a variance granted by the Committee, may have a three foot (3') side-yard building line. For the purposes of this Declaration, steps and unroofed terraces shall not be considered as part of a building; provided, however, this shall not be construed to permit any portion of the construction on a Lot to encroach upon another Lot or any Common Area.

SECTION 2.7 COMPOSITE BUILDING SITE. Any Owner of one (1) or more adjoining Lots (or portions thereof) may consolidate such Lots or portions into one single-family residence building site, with the privilege of placing or constructing improvements on such site, in which case setback lines shall be measured from the resulting side property lines rather than from the Lot lines shown on the recorded plat. Any such proposed composite building site(s) must be approved by the Committee. No Lot shall be subdivided or its boundary lines changed except with the prior written approval of the Association. Developer, however, hereby expressly

reserves the right to replat any Lot(s) owned by Developer. Any such division, boundary line change, or replatting shall not be in violation of the applicable Property and zoning regulations.

SECTION 2.8 UTILITY EASEMENTS. EASEMENTS FOR INSTALLATION AND MAINTENANCE OF UTILITIES ARE RESERVED AS SHOWN AND PROVIDED FOR ON THE RECORDED PLATS OF THE SECTIONS, AND NO STRUCTURE OF ANY KIND SHALL BE ERECTED UPON ANY OF SAID EASEMENTS. UTILITY EASEMENTS ARE FOR THE DISTRIBUTION OF ELECTRICAL, TELEPHONE, GAS, WATER CABLE TELEVISION AND FIBER OPTIC SERVICE. IN SOME INSTANCES, SANITARY SEWER LINES ARE ALSO PLACED WITHIN THE UTILITY EASEMENT. UTILITY EASEMENTS ARE TYPICALLY LOCATED ALONG THE REAR LOT LINE, ALTHOUGH SELECTED LOTS MAY CONTAIN A SIDE LOT UTILITY EASEMENT FOR THE PURPOSE OF COMPLETING CIRCUITS OR DISTRIBUTION SYSTEMS. BOTH THE APPLICABLE RECORDED SECTION PLAT AND THE INDIVIDUAL LOT SURVEY SHOULD BE CONSULTED TO DETERMINE THE SIZE AND LOCATION OF UTILITY EASEMENTS ON A SPECIFIED LOT. GENERALLY, INTERIOR LOTS CONTAIN A UTILITY EASEMENT ALONG THE REAR LINE. PERIMETER LOTS OR LOTS THAT BACK UP TO DRAINAGE FACILITIES, PIPELINE EASEMENTS, PROPERTY BOUNDARIES AND NON-RESIDENTIAL TRACTS TYPICALLY CONTAIN A UTILITY EASEMENT. ENCROACHMENT OF STRUCTURES UPON A UTILITY EASEMENT IS PROHIBITED. NEITHER DEVELOPER, 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, FLOWERS OR IMPROVEMENTS OF THE OWNER LOCATED ON THE LAND WITHIN OR AFFECTED BY SAID EASEMENTS.

SECTION 2.9 RESERVATION OF EASEMENTS. Developer expressly reserves for the benefit of all of the Property reciprocal easements for access, ingress and egress for all Owners to and from their respective Lots, for installation and repair of utility services; for encroachments of improvements constructed by Developer and Builders or authorized by the Committee over the Property; and for drainage of water over, across and upon adjacent Lots, Common Areas resulting from the normal use of adjoining Lots, Common Areas or Property, and for necessary maintenance and repair of any improvement. Such easements may be used by Developer, its successors, the Association, and all Owners, their guests, tenants and invitees residing on or temporarily visiting the Property, for pedestrian walkways, vehicular access and such other purposes reasonably necessary for the use and enjoyment of a Lot, Common Area or the Property.

SECTION 2.10 GARAGES. No garage on a Lot shall ever be changed, altered or otherwise converted for any purpose inconsistent with the housing of a minimum of two (2)

automobiles at all times. All Owners, their families, tenants and contract purchasers shall, to the greatest extent practicable, utilize such garages for the garaging of vehicles belonging to them. The garage portion of any model home may be used by Builders for sales purposes, storage purposes, and other related purposes; however, upon (or before) the sale of any such model home by a Builder to the first purchaser thereof, the garage portion of the model home shall be converted to a fully enclosed garage with operable garage doors.

SECTION 2.11 LANDSCAPE AREAS. The Association shall have the right to conduct landscaping activities upon and within the Landscape Areas. Lot Owners shall maintain the easement between their Lot and all streets. The Association shall have the right, but not the obligation, to install, operate, maintain, repair and/or replace public and private street lighting, hike and bike trails, jogging paths, walkways and other similar improvements, provided such lighting, trails, paths, walkways and other improvements must be constructed within the rights-of-way of thoroughfares or in the Common Area.

SECTION 2.12 SIDEWALKS. Before the main residential dwelling is completed and occupied, the Builder shall construct a concrete sidewalk four feet (4') in width generally parallel to the street curb following the street right-of-way which shall include wheelchair ramps as required by design guidelines, the design for which will meet Montgomery County, City of Houston and ADA requirements. Builders on corner Lots shall install such a sidewalk both parallel to the front Lot line and parallel to the side street Lot line. If the Builder fails to construct any sidewalk required by this section, the Owner of the Lot shall be responsible for the construction of the required sidewalks. Such sidewalks shall comply with all federal, state and county laws, ordinances, or regulations respecting construction and/or specifications, if any.

SECTION 2.13 LOT COVERAGE. Total Lot coverage of buildings, walks and other structures shall not exceed sixty percent (60%) of the total Lot area for standard single-family residential developments. Pools, spas and decks are not considered structures for the purpose of calculating the Lot coverage.

SECTION 2.14 LANDSCAPE PLAN. A plot plan showing all fence locations, all required trees and shrubs with size, location, and species noted shall be submitted to the Committee before installation by all Owners (other than Builders).

SECTION 2.15 UNDERGROUND ELECTRIC SERVICE. An underground electric distribution system (which may include overhead facilities as technically necessary) will be installed in that part of the Property ("Underground Residential Subdivision"), which underground service area shall embrace all Lots in the Property. 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 Electrical Code ["N.E.C."]) 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 shall 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 such Lot shall, at his own cost, furnish, install, own and maintain a meter loop (in accordance with 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, 110/220 volt, three wire, 60 cycle, alternating current.

The electric company has installed the underground electric distribution system in the Underground Residential Subdivision at no cost to Developer (except for certain conduits, where applicable) upon Developer's representation that the Underground Residential Subdivision is being developed for single-family dwellings of the usual and customary type, constructed upon the premises, designed to be permanently located upon the Lot where originally constructed and built for sale to bona fide purchasers (such category of dwelling expressly excludes, without limitations, mobile homes and duplexes). Therefore, should the plans of Lot Owners in the Underground Residential Subdivision be changed so that dwellings of a different type will be permitted in such Property, the electric company shall not be obligated to provide electric service to a Lot where a dwelling of a different type is located unless (a) Developer has paid to the electric company an amount representing the excess in cost, for the entire Underground Residential Subdivision, of the underground distribution system over the cost of equivalent overhead facilities to serve such Property, or (b) the Owner of such Lot, or the applicant for service, shall pay to the electric company for the additional service (it having been agreed that such amount reasonably represents the excess in cost of the underground distribution system to serve such Lot), plus the cost of rearranging and adding any electric facilities serving such Lot, which rearrangement and/or addition is determined by the company to be necessary.

SECTION 2.16 STRUCTURED IN-HOUSE WIRING. Each house built in the Property must include among its components structured in-house wiring and cabling to support multiple telephone lines, internet/modem connections, satellite and cable TV service and in-house local area networks. In each home, a central location or Main Distribution Facility ("MDF") must be identified to which ALL wiring must be run. The MDF is the location where all low voltage structured wiring is terminated and interconnected.

The MDF will be the central location for all wiring of all types including security, data, video, and telephone wiring. The wiring room must be a clean interior space, preferably temperature controlled and secure. The components must be installed only in a dry location as described in the Natural Electric Code ("N.E.C.").

The following are acceptable locations:

a. a dedicated wiring closet (ideal installation);
b. a utility room that is considered dry as described in the N.E.C.; or
c. a master bedroom closet.

The components SHALL NOT be installed in a garage, crawl space, exterior enclosure, or fire rated wall, as these are not approved installation locations. The volume and ventilation characteristics of the MDF must allow for 70W heat dissipation without exceeding the ambient temperature and humidity requirements. The specific requirements, specifications, and locations for structured wiring, number of drops and each MDF shall be subject to Committee approval in each case. The Committee may promulgate rules and/or specifications for the MDFs.

SECTION 2.17 HOME ALARM SYSTEMS. Each residential dwelling built in the Property must include among its components a home alarm system located next to or within the MDF. The home alarm system must be wired so as to protect all accessible doors and windows. It must also have the ability to be monitored by a licensed monitoring company. The specific requirements for the home alarm system shall be subject to Committee approval in each case. The Committee may promulgate rules and/or specifications for the home alarm system.

SECTION 2.18 BULK SERVICES. IN THE SOLE DISCRETION OF THE DEVELOPER AND THE BOARD, DURING THE DEVELOPER CONTROL PERIOD AND THEREAFTER, IN THE SOLE DISCRETION OF THE BOARD, THE ASSOCIATION SHALL HAVE THE EXCLUSIVE RIGHT AND OPTION TO PROVIDE AND BILL EACH LOT OWNER (EXCLUDING BUILDERS FOR SERVICES RENDERED UNDER SUBSECTIONS A THROUGH I INCLUSIVE BELOW) FOR THE FOLLOWING BULK SERVICES ("BULK SERVICES") (INCLUDING THE INITIAL INSTALLATION THEREOF IN THE PROPERTY) EITHER INDIVIDUALLY OR IN BUNDLED PACKAGES:

A. TELEPHONE SERVICES (LOCAL AND LONG DISTANCE)
B. CLOSED CIRCUIT TELEVISION
C. CABLE TELEVISION
D. SATELLITE TELEVISION
E. INTERNET CONNECTION
F. COMMUNITY INTERNET
G. FIRE AND/OR BURGLAR HOME ALARM MONITORING
H. ON DEMAND VIDEO
I. VOICE MAIL
J. ELECTRICAL POWER
K. NATURAL GAS

L. NON-POTABLE WATER FOR IRRIGATION
M. ENERGY MANAGEMENT
N. WATER MANAGEMENT

THE BULK SERVICES SHALL BE BILLED TO THE OWNER IN ANY COMBINATION OF THE FOLLOWING METHODS AT THE OPTION OF THE BOARD: (1) BY THE BULK SERVICES PROVIDER; (2) AS A PART OF THE ANNUAL ASSESSMENTS IN ACCORDANCE WITH ARTICLE V OF THIS DECLARATION; AND/OR (3) AS A SEPARATE ASSESSMENT, IN WHICH EVENT, THE SEPARATE ASSESSMENT SHALL BE SECURED BY THE LIEN RETAINED IN SECTION 5.2 HEREOF AND BILLED IN ACCORDANCE WITH SECTION 5.14 THEREOF. THESE ASSESSMENTS MAY BE BILLED PER LOT METERED, OR PER SERVICE, OR ANY COMBINATION THEREOF (WHICH RATE MAY FLUCTUATE BASED UPON THE BULK SERVICES BEING PROVIDED AND THE SIZE OF THE LOT), ALL AS DETERMINED IN THE SOLE DISCRETION OF THE DEVELOPER OR THE BOARD AS SET FORTH ABOVE. IN ITS SOLE DISCRETION, THE BOARD MAY CHANGE THE PROVIDER OF THE BULK SERVICES AT ANY TIME AND FROM TIME TO TIME.

SECTION 2.19 FENCE MAINTENANCE. All fences (except Association Walls) shall be maintained in good condition at all times by the Owner of the Lot. The Association shall maintain Association Walls. The Association is granted an easement over and across any Lot upon which an Association Wall is constructed for the purpose of maintenance or replacement, including in the case of Association Walls the removal of any improvements, plants, trees or shrubs on a Lot that may pose a threat to the structural integrity of the Association Wall.

SECTION 2.20 OTHER REQUIREMENTS. The Supplemental Declarations of the various Sections in the Property may contain different provisions or additional requirements (by way of illustration, different building sizes, more brick or masonry siding or different types of building materials) than those contained in this Declaration. In such cases, such Supplemental Declarations shall apply to further restrict usage or enlarge building requirements but shall not apply to limit the Declaration set out herein or lessen the building size or standards each of which shall be considered minimum requirements as applicable to the Section in question.

ARTICLE III
USE RESTRICTIONS

SECTION 3.1 SINGLE FAMILY RESIDENTIAL USE ONLY. Lots are restricted to single family residential use only. No activity which is not related to single-family residential purposes, whether for profit or not, shall be carried on any Lot which is not related to single-family residential purposes. No room(s) in the main residential dwelling and no space in any other structure shall be let or rented. This shall not preclude the main residential dwelling from

being leased or rented in its entirety as a single residence to one (1) family or person. No Lot shall be made subject to any type of timesharing, fraction-sharing or similar program whereby the right to exclusive use of the Lot rotates among members of the program on a fixed or floating time schedule over a period of years. This provision shall not apply to the Common Area, any unrestricted Reserves or Reserves, or property designated for commercial development as shown on any plat or map of the Property, or any amendment thereto.

SECTION 3.2 PROHIBITION OF OFFENSIVE ACTIVITIES. No noxious or offensive activity of any sort shall be permitted nor shall anything be done on any Lot, which may be, or may become, an annoyance or a nuisance to the neighborhood. No loud noises or noxious odors shall be permitted on the Property, and the Association shall have the right to determine if any such noise, odor or activity constitutes a nuisance. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles or other items which may unreasonably interfere with television or radio reception of any Lot Owner in the Property, shall be located, used or policed on any portion of the Property or exposed to the view of other Lot Owners without the prior written approval of the Association. No television, sound or amplification system or other such equipment shall be operated at a level that can be heard outside of the building in which it is housed. This restriction is waived in regard to the normal sales activities required to sell homes in the Property and the lighting effects utilized to display the model homes.

SECTION 3.3 USE OF TEMPORARY STRUCTURES OR OUTBUILDINGS. 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, with the exception of lawn storage or children's playhouses that have received Committee approval; provided, however, that sales trailers and construction trailers are permitted during the initial construction phase and sales phase of the Property development.

SECTION 3.4 AUTOMOBILES, BOATS, TRAILERS, RECREATIONAL VEHICLES AND OTHER VEHICLES. No motor vehicle may be parked or stored on any part of any Lot, easement, street right-of-way or Common Area or in the street adjacent to any Lot, easement, right-of-way or Common Area unless:

(a) such vehicle does not exceed either six feet six inches (6'6") in height, and/or seven feet six inches (7'6") in width, and/or twenty-one feet (21') in length ("Permitted Vehicle"); and

(b) such Permitted Vehicle

  (i) is in operating condition;

(ii) has current license plates and inspection stickers;

(iii) is in daily use as motor vehicle on the streets and highways of the State of Texas.

No Permitted Vehicle may be parked on a Lot in excess of forty-eight (48) consecutive hours, unless such Permitted Vehicle is concealed from public view inside a garage or other approved enclosure (on the Owner's Lot). (The phrase "approved enclosure" as used in this Section 3.4 shall mean any fence, structure or other improvement approved by the Committee. No such approved enclosure shall be approved on any Lake Lot.) It is the intent of this restriction that vehicles not in daily use away from the Lot must be parked in the garage or an approved enclosure on the Lot. No Permitted Vehicle registered to a resident of the Lot or used by the resident of a Lot may be parked overnight in any street in the Property.

No non-motorized vehicle, trailer, boat, marine craft, hovercraft, aircraft, machinery or equipment of any kind or any type of vehicle of any type other than a Permitted Vehicle may be parked or stored on any part of any Lot, driveway, easement, street right-of-way, or Common Area or in the street adjacent to such Lot, easement, street right-of-way, or Common Area unless such object is concealed from public view inside a garage or other approved enclosure (on the Owner's Lot). No one shall park, stop or keep within or adjoining the Property any large commercial-type vehicle (dump truck, cement-mixer truck, oil or gas truck, delivery truck, tractor or tractor trailer, boat trailer and any other vehicle equipment, mobile or otherwise deemed to be a nuisance by the Board of Directors of the Association), or any recreational vehicle (camper unit, motor home, truck, trailer, boat, mobile home or other similar vehicle deemed to be a nuisance by the Board of Directors of the Association). Provided, however, recreational vehicles may be temporarily parked on a Lot for the purposes of loading and unloading; for the purposes of this section the allowed "temporary parking" cannot exceed four (4) hours in any seven (7) day period of time.

No one shall conduct repairs or restorations of any motor vehicle, boat, trailer, aircraft or other vehicle upon any street, driveway, Lot or portion of the Common Areas, except for repairs to the personal vehicles of the residents conducted exclusively in the enclosed garage (and provided such personal vehicle repairs do not cause excessive noise or disturb the neighbors at unreasonable hours of the night).

This restriction shall not apply to any vehicle, machinery, or maintenance equipment temporarily parked and in use for the construction, repair or maintenance of a house or houses in the immediate vicinity.

No vehicle shall be parked on streets or driveways so as to obstruct ingress or egress by other owners, their families, guests and invitees or the general public using the streets for ingress and egress in the Property. The Association may designate areas as fire zones, or no

parking zones, or guest parking only zones. The Association shall have the authority to tow any vehicle parked or situated in violation of this Declaration or the Association rules, the cost to be at the vehicle owner's expense.

No motor bikes, motorcycles, motorscooters, golf carts, "go-carts" or other similar vehicles shall be permitted to be operated in the Property if, in the sole judgment of the Association, such operation, by reason of noise or fumes emitted, or by reason of manner of use, shall constitute a nuisance or jeopardize the safety of any Owner, his tenants, and their families. The Association may adopt rules for the regulation of the admission and parking of vehicles within the Property, the Common Areas, and adjacent street right-of-ways, including the assessment of charges and fines to Owners who violate, or whose invitees violate, such rules after notice and hearing. If a complaint is received about a violation of any part of this section, the Association will be the final authority on the matter.

SECTION 3.5 ADVERTISEMENT AND GARAGE SALES. The Board shall have the right to make rules and regulations governing and limiting the advertisement of and holding of garage sales.

SECTION 3.6 AIR CONDITIONERS. No window or wall type air conditioner shall be installed, erected, placed, or maintained on or in any building on a Lot without prior written consent of the Committee.

SECTION 3.7 WINDOW AND DOOR COVERINGS. No aluminum foil or similar reflective material shall be used or placed over doors or on windows on a Lot. Any window coverings visible from the exterior of a residence must be customary window coverings (e.g. curtains, shades and shutters) in shades of white or beige, unless otherwise approved by the Committee.

SECTION 3.8 UNSIGHTLY OBJECTS. No unsightly objects which might reasonably be considered to give annoyance to neighbors of ordinary sensibility shall be placed or allowed to remain on any yard, street or driveway. The Board shall have the sole and exclusive discretion to determine what constitutes an unsightly object.

SECTION 3.9 POOLS AND PLAYGROUND EQUIPMENT. No above ground pools are permitted on any Lots. Only playstructures, playhouses and fort style structures approved by the Committee are allowed. The intent of this provision is to offer optimum private enjoyment of adjacent properties.

SECTION 3.10 MINERAL OPERATION. No oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted upon or in any Lot or Common Areas, nor shall any wells, tanks, tunnels, mineral excavation, or shafts be permitted upon or in any Lot or Common Area. No derrick or other structures designed for the

use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot or Common Area.

SECTION 3.11 ANIMAL HUSBANDRY. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other common household pets may be kept, in reasonable numbers, provided that they are not kept, bred or maintained for commercial purposes. No Owner shall allow any pets to become a nuisance by virtue of noise, odor, dangerous proclivities, excessive pet debris or unreasonable numbers of animals. If common household pets are kept, they must be confined to a fenced backyard (such fence shall encompass the entire backyard) or within the house. When away from Lot, pets must be on a leash at all times. It is the pet Owner's responsibility to keep the Lot clean and free of pet debris and to keep pets from making noise, which disturbs neighbors. Pet owners shall not permit their pets to defecate on other Owners' Lots, on the Common Area, Landscape Areas, or on the streets, curbs, or sidewalks, unless the pet defecation is immediately removed by the pet owner and disposed of sanitarily.

SECTION 3.12 VISUAL OBSTRUCTION AT THE INTERSECTION OF STREETS. No object or thing which obstructs site lines at elevations between two feet (2') and six feet (6') above the roadways within the triangular area formed by the intersecting street Lot lines and a line connecting them at points twenty-five feet (25') from the intersection of the street property lines or extension thereof shall be placed, planted or permitted to remain on any corner Lots.

SECTION 3.13 LOT AND IMPROVEMENT MAINTENANCE. The Owners or occupants of all Lots shall at all times keep all weeds and grass thereof cut in a sanitary, healthful, attractive and weed free manner, and they shall edge curbs that run along the property lines and shall in no event use any Lot for storage of materials and equipment except for normal residential requirements or incident to construction of improvements thereon as herein permitted. All fences, (excluding fences that are maintained by the Association) buildings and other improvements (including but not limited to the main residence and garage, if any) which have been erected on any Lot shall be maintained in good repair and condition by Owner, and Owner shall promptly repair or replace or repair or restain the same in the event of partial or total destruction or ordinary deterioration, wear and tear. Each Owner shall maintain in good condition and repair all improvements on the Lot including, but not limited to, all windows, doors, garage doors, roofs, siding, brickwork, stucco, masonry, concrete, driveways and walks, fences, trim, plumbing, gas and electrical. By way of example, not of limitation, wood rot, damaged brick, fading, peeling or aged paint or stain, mildew, broken doors or windows, rotting or failing fences shall be considered violations of this Declaration, which conditions the Owner of a Lot shall repair or replace upon Association demand. Owners upon whose Lots are constructed

Association Walls shall ensure that no improvements, plants, shrubs or trees on the Owner's Lots ever impair the integrity of the Association Walls; should any Owner fail to comply with any of these requirements, the Owner of the Lot in question shall be responsible for the Association's expense of removing the offending improvements, plants, shrubs or trees and repairing or replacing the Association Wall caused by the Owner's failure to comply.

All walks, driveways, carports and other areas shall be kept clean and free of debris, oil or other unsightly matter. The Association shall be the final authority of the need for maintenance or repair. No Lot shall be used or maintained as a dumping ground for trash, nor will the accumulation of garbage, trash or rubbish of any kind thereon be permitted. 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. No waste materials shall be dumped or drained into any Landscape Area or Common Area. Containers for the storage of trash, garbage and other waste materials must be stored out of public view except on trash collection days when they may be placed at the curb not earlier than 7:00 p.m. of the night prior to the day of scheduled collections and must be removed by 7:00 p.m. on the day of collection. Burning of trash, garbage, leaves, grass or anything else will not be permitted. Equipment for storage or disposal of such waste materials shall be kept in a clean and sanitary condition and shall be stored out of public view. 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 materials shall either be removed from the Lot or stored in a suitable approved enclosure on the Lot.

In the event of default on the part of the Owner or Owners of any Lot in observing the above requirements or any of them, such default continuing after Association has served ten (10) days' written notice thereof, being placed in the U.S. Mail without the requirement of certification, then the Association, by and through its duly authorized agent only, without liability to the Owner or occupant of a Lot in trespass or otherwise, enter upon said Lot and cut the grass, edge and weed the lawn, cause to be removed garbage, trash and rubbish or do any other thing necessary to secure compliance with this Declaration so as to place said Lot and the improvements thereon in a neat, attractive, healthful and sanitary condition. The Association may charge the Owner or occupant of such Lot for the cost of such work. The Owner or occupant of such Lot, as the case may be, agrees by the purchase or occupancy of a Lot to pay for such work immediately upon receipt of a statement thereof. In the event of failure by the Owner or occupant of such Lot to pay such statement within fifteen (15) days from the date mailed, the amount thereof may be added to the annual maintenance charge provided for herein

and the collection of such additional maintenance charge shall be governed by Article V of this Declaration.

SECTION 3.14 SIGNS, ADVERTISEMENTS, BILLBOARDS. No sign of any kind shall be displayed to public view on any residential Lot, except signs of not more than one (1) sign in each of the following categories, which is not more than six (6) square feet in area used to: (a) advertise the Lot for sale or lease; (b) indicate traffic control or security services; (c) identify the Builder or contractor while construction is in progress on such Lot; or (d) local school spirit signs approved by the Committee for designated periods of time. Owners may place ground mounted signs on their Lot, which advertise a political candidate or ballot item for an election ("Political Signs"), provided the following criteria are met:

(1) No Political Sign may be placed on an Owner's Lot prior to the ninetieth (90th) day before the date of the election to which the sign relates, or remain on an Owner's Lot subsequent to the tenth (10th) day after the election date.

(2) No more than one (1) Political Sign is allowed per political candidate or ballot item.

(3) No Political Sign may: contain roofing material, siding, paving, materials, flora, one or more balloons or lights, or any other similar building, landscaping, or nonstandard decorative component; be attached in any way to plant material, a traffic control device, a light, a trailer, a vehicle, or any other existing structure or object; include the painting of architectural surfaces; threaten the public health or safety; be larger than four feet by six feet; violate a law; contain language, graphics, or any display that would be offensive to the ordinary person; or be accompanied by music, other sounds, by streamers or is otherwise distracting to motorists.

The Association may remove a sign displayed in violation of this section of the Declaration.

Additionally, the right is reserved by Developer to construct and maintain signs, billboards, and advertising devices as is customary in connection with the sale of newly constructed residential dwelling. The Developer and the Association shall also have the right to erect identifying signs at each entrance to the Subdivision. In no event shall any sign, billboard, poster or advertising device of any character, other than as specifically prescribed in the first sentence of this Section 3.14 be erected, permitted or maintained on any Lot without the express prior written consent of the Committee.

SECTION 3.15 NO BUSINESS OR COMMERCIAL USE. Subject to the provisions of this Declaration and the Association By-Laws, no part of the Property may be used for purposes other than single-family residential housing and the related common purposes for which the Property was designed. Each Lot and structure thereon shall be used for single-family residential purposes or such other uses permitted by this Declaration and for no other purposes. No Lot or structure thereon shall be used or occupied for any business, commercial

trade or professional purpose or as a church either apart from or in connection with, the use thereof as a residence, whether for profit or not. The foregoing restrictions as to residence shall not, however, be construed in such manner as to prohibit an Owner or occupant of the Lot from:

(a) maintaining a personal professional library;

(b) keeping personal business or professional records or accounts; or

(c) handling personal business or professional telephone calls or correspondence, which uses are expressly declared customarily incidental to the principal residential use and not in violation of said restrictions, provided such activity is not apparent by sight, sound or smell or such outside the Lot and does not involve visitation to the Lot by customers, suppliers or other business invitees.

SECTION 3.16 HOLIDAY DECORATIONS. Exterior Thanksgiving decorations may be installed November 10 of each year and must be removed by December 1 of each year. Exterior Holiday Season (e.g. Christmas and Hanukkah) decorations may be installed the day after Thanksgiving each year and must be removed by January 6 of the new year. Decorations for other holidays may be installed no earlier than thirty (30) days prior to the holiday and must be removed no later than ten (10) days after the holiday passes. No holiday decorations shall be so excessive on any Lot as to cause a nuisance to Owners of other Lots in the vicinity of the Lot in question. The Board shall have the sole and exclusive authority to decide if holiday decorations are causing a nuisance.

SECTION 3.17 VISUAL SCREENING ON LOTS. The drying of clothes in public view is prohibited. All yard equipment, woodpiles or storage piles shall be kept screened by a service yard or other similar facility so as to conceal them from view of neighboring Lots, Streets, Common Area or other property.

SECTION 3.18 ANTENNAS, SATELLITE DISHES AND MASTS. No exterior antennas, aerials, satellite dishes, or other apparatus for the reception of television, radio, satellite or other signals of any kind shall be placed, allowed, or maintained upon any Lot, which are visible from any street, Common Area or another Lot, unless it is impossible to receive an acceptable quality signal from any other location. In that event, the receiving device may be placed in the least visible location where reception of an acceptable quality signal is possible. The Committee may require painting or screening of the receiving device, which painting or screening does not substantially interfere with an acceptable quality signal. In no event are the following devices permitted: (i) satellite dishes, which are larger than one (1) meter in diameter; (ii) broadcast antenna masts, which exceed the height of the center ridge of the roofline; or (iii) MMDS antenna masts, which exceed the height of twelve feet (12') above the center ridge of the roofline. No exterior antennas, aerials, satellite dishes, or other apparatus shall be permitted, placed, allowed or maintained upon any Lot, which transmit television, radio, satellite or other signals of any kind. This

section is intended to be in compliance with the Telecommunications Act of 1996 (the "Act"), as the Act may be amended from time to time; this section shall be interpreted to be as restrictive as possible, while not violating the Act. The Committee may promulgate Architectural Guidelines, which further define, restrict or elaborate on the placement and screening of receiving devices and masts, provided such Architectural Guidelines are in compliance with the Telecommunications Act.

SECTION 3.19 DRAINAGE AND SEPTIC SYSTEMS. Catch basins drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No person other than Developer may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. Developer hereby reserves for itself and the Association a perpetual easement across the Property for the purpose of altering drainage and water flow; provided, however, that the exercise of such easement shall not materially diminish the value or interfere with the use of any adjacent property without the consent of the Owner thereof. Septic tanks and drain fields, other than those installed by or with the consent of the Developer are prohibited within the Property. No Owner or occupant shall dump grass clippings, leaves or other debris, petroleum products, fertilizers or other potentially hazardous or toxic substances, in any drainage ditch, storm sewer or storm drain, Reserve, Common Area or Landscape Areas within the Property.

SECTION 3.20 FIREWORKS AND FIREARMS. The discharge of fireworks or firearms within the Property is prohibited. The terms "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size. Notwithstanding anything to the contrary contained herein or in its By-Laws, the Association shall not be obligated to take action to enforce this Section.

SECTION 3.21 ON-SITE FUEL STORAGE. No on-site storage of gasoline, heating or other fuels shall be permitted on any part of the Property except that up to five (5) gallons of fuel in approved containers may be stored on each Lot for emergency purposes and operation of lawn mowers and similar tools or equipment; provided, however, that the Association shall be permitted to store fuel for operation of maintenance vehicles, generators and similar equipment.

SECTION 3.22 ROADS. All roads and esplanades in the Property designated as private roads and esplanades on a Plat and deeded to the Association shall be maintained and regulated by the Association. The Association shall have the right to establish rules and regulations concerning all such streets and roads including, but not limited to, speed limits, curb parking, fire lanes, and alleys, stop signs, traffic directional signals and signs, speed bumps, crosswalks, traffic directional flow, stripping, signage, curb requirements, and other matters regarding the roads, streets, curbs, esplanades and their usage by Lot owners, family members, guests, and invitees.

ARTICLE IV.

COMMUNITY ASSOCIATION OF HARMONY, INC.

SECTION 4.1 PURPOSE. The purpose of the Association shall be to provide for maintenance, preservation and architectural control of the residential Lots within the Property, Recreational Areas, and the Common Area, if any.

SECTION 4.2 MEMBERSHIP AND VOTING RIGHTS. Every Owner whose Lot is subject to Assessments (as defined in Article V) by the Association 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. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership.

SECTION 4.3 CLASSES OF VOTING MEMBERSHIP. The Association shall have two (2) classes of voting membership.

- Class A. Class A members shall be all Owners, with the exception of Developer, and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot. Holders of future interests not entitled to present possession shall not be considered as Owners for the purposes of voting hereunder.
- Class B. The Class B member(s) shall be Developer, or its successors or assigns so designated in writing by the Developer, and shall be entitled to seven (7) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership at the end of the Developer Control Period.

SECTION 4.4 NON-PROFIT CORPORATION. The Association, a nonprofit corporation, has been organized, and it shall be governed by the Certificate of Formation of said Association. All duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

SECTION 4.5 BY-LAWS. The Association may make whatever rules or by-laws it may choose to govern the organization; provided, however, that same are not in conflict with the terms and provisions hereof.

SECTION 4.6 OWNERSHIP INFORMATION. The property Owner is required at all times to provide the Association with written notice of proper mailing information should it differ from the property address relative to ownership. Further, when an alternate address

exists, Owner is required to render notice of tenant, if any, or agency, if any, involved in the management of said property. The Owner is required and obligated to maintain current information with the Association or its designated management company at all times.

SECTION 4.7 DEVELOPER CONTROL. SECTIONS 4.2 AND 4.3 HEREOF NOTWITHSTANDING, AND FOR THE BENEFIT AND PROTECTION OF THE LOT OWNERS AND ANY FIRST MORTGAGES OF RECORD, FOR THE SOLE PURPOSE OF ENSURING A COMPLETE AND ORDERLY BUILDOUT OF THE PROPERTY AND ALL ANNEXATIONS THERETO, AS WELL AS A TIMELY SELLOUT OF THE PROPERTY, THE DEVELOPER WILL RETAIN CONTROL OF AND OVER THE ASSOCIATION UNTIL THE END OF THE DEVELOPER CONTROL PERIOD. AT THE FIRST ANNUAL MEETING OF THE ASSOCIATION AFTER THE END OF THE DEVELOPER CONTROL PERIOD, THE MEMBERS WILL ELECT THE DIRECTORS OF THE ASSOCIATION AS PROVIDED IN THE BY-LAWS.

ARTICLE V.
ASSESSMENTS AND OTHER FEES

SECTION 5.1 THE MAINTENANCE FUND. All funds collected as hereinafter provided for the benefit of the Association shall constitute and be known as the "Maintenance Fund." The Assessments levied by the Association (as defined below) shall be used exclusively to promote the recreation, health and welfare of the residents in the Property and for the improvement and maintenance and acquisition of Common Areas and Reserves, storm water detention lakes, and easements. The responsibilities of the Association may include, by way of example but without limitation, at its sole discretion, any and all of the following: maintaining, repairing or replacing parkways, streets, curbs, perimeter fences, esplanades; maintaining, repairing or replacing of the walkways, steps, entry gates, or fountain areas, Landscape Areas, Lakes project identity signs, landscaping if any; maintaining rights-of-way, easements, esplanades and other public areas, if any; constructing, installing, and operating street lights; purchasing and/or operating expenses of recreation areas, pools, playgrounds, clubhouses, tennis courts, jogging tracks, and parks, if any, collecting garbage, insecticide services; 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 Property 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; employing CPAs and property management firms, attorneys, porters, lifeguards, or any type of service deemed necessary or advisable by the

Association; installing and providing the Bulk Services provided in Section 2.18 of this Declaration; caring for vacant Lots and doing any other thing necessary or desirable in the opinion of the association to keep the Property neat and in good order, or to which is considered of general benefit to the Owners or occupants of the Property. It is understood that the judgment of the Association in the expenditure of said fund shall be final and conclusive so long as such judgment is exercised in good faith.

The Association shall also annually prepare a reserve budget to take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Association shall set the required capital contribution in an amount sufficient to permit meeting the projected needs of the Association, as shown on the budget, with respect both to amount and timing by Annual Assessments over the period of the budget.

SECTION 5.2 CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. Each Lot in the Property is hereby subjected to the Assessments as set out in this Article V, and each Owner of any Lot by acceptance of a deed therefore whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the Assessments. The Assessments shall be a charge on the Lot and shall be a continuing lien upon the property against which such Assessments are made. All such Assessments as to a particular property, together with interest, late charges, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the Assessments fell due. The personal obligation for delinquent Assessments shall not pass to his successor in title unless expressly assumed by that successor.

SECTION 5.3 PAYMENT OF ANNUAL ASSESSMENTS, GATED SECTION ASSESSMENTS AND BULK SERVICES ASSESSMENTS. The Annual Assessments, Gated Section Assessments and Bulk Services Assessments shall be paid by the Owner or Owners of each Lot in the Association in annual installments (unless the Board determines otherwise as to Bulk Services Assessments in accordance with Section 5.14). The annual periods for which Annual Assessments, Gated Section Assessments and Bulk Services Assessments shall be levied shall be January 1 through December 31, with payment being due by January 1st of each year. The rate at which each Lot shall be assessed as to the Annual Assessments, Gated Section Assessments and Bulk Services Assessments shall be determined annually, shall be billed in advance and may be adjusted from year to year by the Board of Directors of the Association.

SECTION 5.4 MAXIMUM ANNUAL ASSESSMENT. Until January 1, 2008, the maximum Annual Assessment shall be NINE HUNDRED FIFTY DOLLARS ($950.00) per Lot, per annum. From and after January 1, 2008, the maximum Annual Assessment may be

increased each year not more than twenty percent (20%) above the maximum Annual Assessment for the previous year without a vote of the membership. The Board of Directors of the Association may, at its discretion, accumulate and assess the allowed increases in a later year. The maximum Annual Assessment may be increased above the twenty percent (20%) increase described above only by approval of at least two-thirds (2/3rds) of each class of the members in the Association present and voting in person or by proxy at a meeting duly called for this purpose at which a quorum is present. The Board of Directors of the Association may fix the Annual Assessment at an amount not in excess of the maximum.

SECTION 5.5 GATED SECTION ASSESSMENTS. Due to the anticipated cost of the operation, maintenance and repair of the limited access gates and private streets in Gated Sections, Owners of Lots in Gated Sections (excluding the Declarant) must pay an additional assessment to the Association ("Gated Section Assessment"), which assessment is due annually in accordance with Section 5.3 hereof. The Board of Directors of the Association, based upon the following formula, shall set the amount of the Gated Section Assessment annually. The rate of the Gated Section Assessment will be Two Hundred Dollars ($200.00) or twenty percent (20%) of the Annual Assessment (whichever number is higher). Builders will be billed and responsible for Gated Section Assessments per Lot as set forth in Section 5.13.

SECTION 5.6 OPERATING FUND CAPITALIZATION FEE. Each Owner upon acquisition of record title to a Lot, other than Developer, Declarant or a Builder, will be obligated to pay a fee to the Association in an amount equal to fifty percent (50%) of the Annual Assessment for that year for the purpose of capitalizing the Association's Operating Fund. The fifty percent (50%) is based solely on the Annual Assessment and does not apply to any other assessment, fee or charges established in this Declaration, including, but not limited to, the Gated Section Assessments, Community Enhancement Fees, Transfer Fees and the Bulk Services Assessment. This amount shall be known as the Operating Fund Capitalization Fee. The Operating Fund Capitalization Fee shall be in addition to, not in lieu of, the Annual Assessment and shall not be considered an advance payment of the Annual Assessment. The Operating Fund Capitalization Fee shall initially be used by the Association to defray its initial operating costs and other expenses and later to ensure the Association has adequate funds to meet its expenses and otherwise, including contributions to the Association's reserve fund all as the Board of Directors in its sole discretion shall determine.

SECTION 5.7 RESERVE FUND CAPITALIZATION FEE. Upon the transfer of ownership of any Lot by a Builder, the Lot shall be subject to an Assessment of a Reserve Fund Capitalization Fee in the amount provided herein, which fee shall be an Assessment for all purposes under this Declaration. Such fee shall be in an amount equal to one-quarter of the amount of the Annual Assessment for such Lot shall be due and payable upon the date of such

transfer, and shall be deposited in the Reserve Fund of the Association. Such fee is in addition to the Annual Assessment assessed against each Lot. Notwithstanding the foregoing, no such fee shall be chargeable upon any transfer of any Lot from either/or Developer, Declarant to a Builder.

SECTION 5.8 TRANSFER FEES. The Association charges a fee for transfer of ownership of a Lot ("Transfer Fees"), excluding conveyances from the Declarant to Builders. The Transfer Fees shall be set by the Board of Directors of the Association, but shall not exceed one-fourth (1/4th) of the Annual Assessment.

SECTION 5.9 COMMUNITY ENHANCEMENT FEES.

(a) Authority. The Association shall collect a Community Enhancement Fee from the transferring Owner upon each transfer of title to a Lot within the Property which is not an Exempt Transfer, as defined in (d) below.

(b) Community Enhancement Payment Limit. The Association's Board, from time to time, shall determine the amount of the Community Enhancement Fee. The Community Enhancement Fee may be based upon a sliding scale which varies in accordance with the Gross Selling Price of the Lot and improvements thereupon or another factor as determined by the Association's Board of Directors; provided, however the Community Enhancement Fee shall not be greater than one-half of one percent (0.50%) of the Gross Selling Price of the Lot and all improvements thereon in the case of a sale by a Builder (hereinafter defined) or greater than one percent (1%) of the Gross Selling Price of the property in the case of a sale by an Owner other than a Builder. As used herein, the term "Gross Selling Price" means the total cost to the purchaser of a Lot and all improvements thereupon as indicated on the title company's closing statement or other similar document, and the word "Builder" means any person undertaking the construction of a residential dwelling and other improvements on a Lot within the Property for the purpose of selling same. The Association may enter into agreements with Builders which provide that the Community Enhancement Fee with respect to a particular Lot which will be come payable upon the sale of the Lot by the Builder may instead of at closing from the Builder to an Owner be calculated and paid at the time the Lot is acquired by the Builder based on the estimated sales price of the residential dwelling to be constructed by the Builder and without a subsequent adjustment if the actual Gross Selling Price is a higher or lower amount.

(c) Purpose. All Community Enhancement Fees which the Association collects shall be held in a separate account and shall be used for such purposes as the Association, acting through its Board of Directors (and in the Board's sole discretion), deems beneficial to the general good and welfare of the Property, including but not limited to the enhancement and/or improvement of infrastructure facilities within the Property and donations to schools districted to the Property.

(d) Exempt Transfers. Notwithstanding the above, no Community Enhancement Fee shall be levied upon transfer of title to a Lot which is an Exempt Transfer. For purposes hereof, the term "Exempt Transfer" shall mean a transfer of title to a Lot:

(i) by Declarant to a Builder or other Owner;

(ii) by a co-Owner to any person who was a co-Owner immediately prior to such transfer;

(iii) to the Owner's estate, surviving spouse, or child upon the death of the Owner;

(iv) to any entity wholly owned by the grantor;

(v) to a mortgagee or the designee of a mortgagee in lieu of foreclosure or upon foreclosure of a mortgage; or

(vii) to an interim Owner in connection with an employer relocation agreement.

SECTION 5.10 SPECIAL ASSESSMENTS. Special Assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, streets, curbs, storm sewers, sidewalk, Recreational Areas, including mixtures and personal property related thereto, or for any other purpose approved by the membership; provided, however, that any such Special Assessments shall have the approval of at least two-thirds (2/3rds) of the votes of those members of each class of the Association who are voting in person or by proxy at a meeting duly called for this purpose at which a quorum is present.

SECTION 5.11 NOTICE AND QUORUM. Written notice of any membership meeting called for the purpose of increasing the maximum Annual Assessment or raising any Annual Assessment or approving a Special Assessment shall be mailed (by U.S. first class mail) to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At any such meeting, the presence of members or of proxies entitled to cast at least thirty three and one-third percent (33 1/3%) of all the votes of each class of membership shall constitute a quorum.

SECTION 5.12 SPECIFIC SECTION ASSESSMENT. The Association shall have the authority to levy and collect a Specific Section Assessment as set forth in this Section. A Specific Section Assessment is a separate assessment levied equally against all Lots in a Section. The purpose of the Specific Section Assessment is to provide special services or improvements for the exclusive benefit of the Owners of Lots in a particular Section. Prior to the end of the Developer's Control Period, Specific Section Assessments can be levied by the Board of Directors. After the Developer Control Period ends, the special services or improvements to be provided to the Owners of Section Lots shall be decided by the Owners of the Lots of the Section approving the Specific Section Assessment; provided however, after the Developer

Control Period ends, no Specific Section Assessment may be levied by the Association unless (a) a written request for services or improvements not regularly provided by the Association is submitted to the Board of Directors, (b) the Board of Directors agrees, on behalf of the Association, to provide the requested special services or improvements, subject to the approval of a Section Assessment to cover the cost of the services, (c) a meeting is called among the Owners of Lots in the Section, (d) all Owners of Lots in the Section, are notified in writing not less than thirty (30) days or more than sixty (60) days before the meeting that a meeting will be held to discuss and vote upon the proposal to obtain the special services or improvements and to approve a Section Assessment for that purpose, and (e) the Specific Section Assessment is approved by the Owners of a majority of the Lots in the Section.

The first Specific Section Assessment shall be due thirty (30) days after approval by (i) the Board of Directors prior to the end of the Developer's Control Period, or (ii) the Owners in the Section after the Developer's Control Period. Thereafter, the Specific Section Assessment shall be due on January 1st of each year (unless the Specific Section Assessment approved by the Owners is a one time special service or improvement that does not require ongoing maintenance by the Association in which case there will be only one (1) Specific Section Assessment). Once the initial Specific Section Assessment has been levied, the Board of Directors shall have the authority to set the rate of the Specific Section Assessment each year thereafter (unless the Specific Section Assessment approved by the Owners is a one time special service or improvement that does not require ongoing maintenance by the Association in which case there will be only one (1) Specific Section Assessment) based upon the anticipated cost to provide the special services or maintenance of the improvements, plus any amounts for approved services or improvements provided to the Owners of the Section not covered by the prior year's Specific Section Assessment.

Notwithstanding any provision herein to the contrary, the Board of Directors shall have the authority to discontinue any special services or improvements, which were previously requested and approved as the Board deems, in its reasonable, good faith judgment, to be necessary or appropriate. If an Owner of any Lot in the Section that has approved a Specific Section Assessment, proposes to discontinue any special services previously requested and approved, a petition signed by Owners representing not less than a majority of the Lots in the Section, must be submitted to the Board of Directors. A meeting of the Owners of Lots in the Section shall be called in the manner set forth above. The special services or improvements shall be discontinued if Owners representing not less than a majority of the Lots in the Section approve the proposal. When special services or improvements are discontinued, either as the result of a decision of the Board of Directors or a vote of the Owners of Lots in the Section, the portion of the total Specific Section Assessment relating to those special services or

improvements shall likewise be discontinued. Once discontinued, special services or other improvements may not be renewed unless approved in the manner set forth in this section. For the purpose of any vote under this section, the approval of a majority of the Lots in a Section may be calculated by obtaining the vote of one (1) of the Owners of a Lot in the Section.

SECTION 5.13 COMMENCEMENT OF ASSESSMENT. All developed Lots in the Property shall commence to bear their applicable maintenance fund assessment simultaneously on the date of substantial completion. For the purposes of this section, the "date of substantial completion" shall be later of (i) the date the Plat is recorded, or (ii) the date the engineer for the Section has issued a letter certifying all Lots in the Section have been substantially completed. Lots owned by the Developer in the Property are not exempt from Assessment. All developed Lots shall be subject to the Assessments determined by the Board of Directors of the Association in accordance with the provision hereof. Lots which are owned by the Developer or a Declarant in the Section shall be assessed at one-quarter (¼) of the Annual Assessment for twelve (12) months after the date of substantial completion and thereafter one-half (½) of the Annual Assessment until transferred to a Builder. Lots which are owned by Builders in the Section shall be assessed at one-half (½) of the Annual Assessment and Gated Section Assessment for twelve (12) months after closing and thereafter the full rate of the Annual Assessment and Gated Section Assessment shall be assessed. The same computations shall apply to any Special Assessments. The rate of Annual Assessment and Gated Section Assessment for an individual Lot, within a calendar year, can change as the character of ownership and the status of occupancy by resident changes, and the applicable Annual Assessment and Gated Section Assessment for such Lot shall be prorated according to the rate required during each type of ownership.

SECTION 5.14 BULK SERVICES ASSESSMENTS. In the event that the Association contracts for Bulk Services and such costs are billed to each Owner by the Association as either a monthly, quarterly or annual assessment (in the Board's sole discretion), such additional assessments shall be separately itemized and shall be collected in the same manner and subject to the same penalties and enforcement as Annual Assessments, except as set forth below. Subject to any other applicable laws or regulations, Bulk Services Assessments billed hereunder shall be due on the first day of the month, quarter or year when billed and in the case of monthly or quarterly billings, will be late if not paid within ten (10) days of the due date. The Declarant will not be responsible for Bulk Services Assessments. Builders will only be responsible for Bulk Services Assessments on those Lots to which Bulk Services are provided. The provisions of this Article V shall apply to nonpayment of these fees.

SECTION 5.15 EFFECT OF NONPAYMENT OF ASSESSMENTS. Any Assessment not paid within thirty (30) days after the due date shall bear interest at the rate of ten percent (10%) per annum or the maximum rate of interest allowed by law. The Association

may in addition charge a late charge for Assessments not paid within fifteen (15) days after the due date. The Association may bring an action at law against the Owner personally obligated to pay same, or foreclose the lien against the Lot. Interest, costs, late charges and attorneys fees incurred in any such collection action shall be added to the amount of such Assessment or charge. An Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Association and its agents, the right and power to bring all actions against such owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for enforcement of such liens, including, specifically, non-judicial foreclosure pursuant to Article 5l.002 of the Texas Property Code (or any amendment or successor statute) and each such owner expressly grants to the Association a power of sale in connection with said lien. The Board shall have the right and power to appoint an agent or Trustee to act for and in behalf of the Association to enforce the lien. The lien provided for in this Article shall be in favor of the Association for the benefit of all Lot Owners. The Board shall, whenever it proceeds with non-judicial foreclosure pursuant to the provisions of said Section 51.002 of the Texas Property Code and said power of sale, designate in writing an agent or Trustee to post or cause to be posted all required notices of such foreclosure sale and to conduct such foreclosure sale. The agent or Trustee may be changed at any time and from time to time by the Board by means of a written instrument executed by the President or any Vice President of the Association and filed of record in the Official Public Records of Real Property of Montgomery County, Texas. In the event that the Association has determined to non-judicially foreclose the lien provided herein pursuant to the provisions of said Section 51.002 of the Texas Property Code and to exercise the power of sale hereby granted, the Association shall mail to the defaulting Owner a copy of the Notice of Sale not less thin twenty-one (21) days prior to the date on which said sale is scheduled by posting such notice through the U.S. Postal Service, postage prepaid, registered or certified, return receipt requested, properly addressed to such Owner at the last known address of such Owner according to the records of the Association. If required by law, the Association or Trustee shall also cause a copy of the Notice of Sale to be recorded in the Official Public Records of Real Property of Montgomery County, Texas. Out of the proceeds of such sale, there shall first be paid all expenses in proceeds of such incurred by the Association in connection with such defaults, including reasonable attorney's fees and reasonable agent or Trustee's fee; second, from such proceeds there shall be paid to the Association an amount equal to the amount in default; and, third, the remaining balance, if any, shall be paid to such Owner. Following any such foreclosure, each occupant of any such Lot foreclosed on, and each occupant of any improvements thereon shall be deemed to be a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgment for possession in an action of forcible detainer and the issuance of a writ of restitution thereunder. The

Association shall also have the right to maintain a deficiency suit in the event the sale proceeds are less than the amount of Assessments, interest, late fees, attorney's fees, costs incurred by or owed to the Association.

In addition to foreclosing the lien hereby retained, in the event of nonpayment by any Owner of such Owner's portion of any Assessment, the Association may, upon thirty (30) days prior written notice thereof to such nonpaying Owner, in addition to all other rights and remedies available at law or otherwise: (i) restrict the right of such nonpaying Owner to use the Common Areas, if any, in such manner as the Association deems fit or appropriate; (ii) terminate any services being provided the Owner, e.g., Bulk Communication Services and/or (iii) suspend the voting rights of such nonpaying Owner so long as such default exists. No Owner will be entitled to receive a credit or discount in the amount of an Assessment due to or by virtue of the Association's exercise of any of its remedies under (i), (ii) or (iii) above or otherwise. Additionally, the Board may charge the Owner a reconnect fee (as set by the Board) to reconnect any services or use rights so terminated or restricted.

It is the intent of the provisions of this Section to comply with the provisions of said Section 51.002 of the Texas Property Code relating to non-judicial sales by power of sale and, in the event of the amendment of said Section 51.002 of the Texas Property Code hereafter, the President or Vice President of the Association, acting without joinder of any other Owner or mortgagee or other person may, by amendment to this Declaration filed in the Real Property Records of Montgomery County, Texas, amend the provisions hereof so as to comply with said amendments to Section 51.002 of the Texas Property Code.

No Owner may waive or otherwise escape liability for the Assessments provided herein by nonuse of the facilities or services provided by the Association or by abandonment of his Lot.

SECTION 5.16 SUBORDINATION OF THE LIEN TO MORTGAGES. To secure the payment of the Assessments established hereby and to be levied on each Lot, there is hereby reserved in each deed (whether specifically stated therein or not) a vendor's lien and a contract lien for benefit of the Association, said liens to be enforceable as set forth in Article V hereof by the Board on behalf of the Association; provided, however, that each such lien shall be secondary, subordinate and inferior to all liens, present and future given, granted and created by or at the request of the Owner of any such Lot to secure the payment of monies advanced on account of the purchase price and/or the construction of improvements on any such Lot to the extent of any such Assessments accrued and unpaid prior to foreclosure of any such purchase money lien or construction lien. The sale or transfer of any Lot pursuant to purchase money or construction loan mortgage foreclosure or any proceeding in lien thereof, shall extinguish the lien of such Assessment but only as to payment which became due prior to such sale or transfer and not

thereafter. Mortgagees are not required to collect Assessments. Failure to pay Assessments does not constitute a default under an insured mortgage.

SECTION 5.17 DUE DATES. The Association shall fix the amount of the Annual Assessment, Gated Section Assessment and Bulk Services Assessment (if billed annually as a separate assessment), as applicable, against each Lot at least thirty (30) days in advance of each Annual Assessment period. Written notice of the Annual Assessment, Gated Section Assessment and Bulk Services Assessment shall be mailed (by U.S. first class mail) to every Owner subject thereto. Unless otherwise established herein, the payment dates shall be established by the Board. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by all officers of the Association setting forth whether the Assessments on a specified Lot have been paid and the amount of any delinquencies. The Association shall not be required to obtain a request for such certificate signed by the Owner but may deliver such certificate to any party who in the Association's judgment has a legitimate reason for requesting same.

ARTICLE VI.
INSURANCE AND CASUALTY LOSSES

SECTION 6.1 INSURANCE. The Association, or its duly authorized agent, shall have the authority to and shall obtain blanket "all-risk" property insurance, if reasonably available, for all insurable improvements on the Common Areas. If blanket "all-risk" coverage is not reasonably available, then at a minimum an insurance policy providing fire and extended coverage shall be obtained. The face amount of such insurance shall be sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any insured hazard.

The Association shall have no insurance responsibility for any part of any Lot or the improvements thereon.

The Board shall also obtain a general liability policy covering the Common Areas, insuring the Association and its members for all damage or injury caused by the negligence of the Association or any person for whose acts the Association is held responsible ("Liability Policy"). The Liability Policy shall provide coverage in an amount not less than two million dollar ($2,000,000.00) single person limit with respect to bodily injury and property damage, not less than three million dollar ($3,000,000.00) limit per occurrence, if reasonably available, and not less than five hundred thousand dollar ($500,000.00) minimum property damage coverage.

Premiums for all insurance on the Common Area shall be a Common Area expense, subject to the right of the Association to seek reimbursement for all or a portion of such expenses pursuant to this Declaration.

Insurance policies may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance satisfies the coverage required hereunder. The deductible shall be paid by the party who would be liable for the loss or repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears to the total. All insurance coverage obtained by the Association shall be governed by the following provisions:

(a) all policies shall be written with a company authorized to do business in Texas and holding a Best's rating of A or better and is assigned a financial size category of XI or larger as established by A.M. Best Company, Inc., if reasonable available, or, if not available, the most nearly equivalent rating which is available;

(b) all policies on the Common Area shall be for the benefit of the Association and its members and shall be written in the name of the Association or for the benefit of the Association;

(c) exclusive authority to adjust losses under policies obtained on the Common Area shall be vested in the Association;

(d) in no event shall the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees;

(e) all property insurance policies shall have an agreed amount endorsement, if reasonably available; and

(f) the Association shall use reasonable efforts to secure insurance policies that will provide the following:

  (i) a waiver of subrogation by the insurer as to any claims against the Association and its directors, officers, employees and manager, the Owner and occupants of Lots and their respective tenants, servants, agents, and guests;

  (ii) a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;

  (iii) a statement that no policy may be canceled, invalidated, suspended, or subject to non-renewal on account of any one or more individual Owners;

  (iv) a statement that no policy may be canceled, invalidated, suspended, or subject to non-renewal on account of any curable defect or violation without prior written demand in writing delivered to the Association to cure the defect or violation and the allowance of reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner, or Mortgagee;

(v) a statement that any "other insurance" clause in any policy exclude individual Owner's policies from consideration; and

(vi) a statement that the Association will be given at least thirty (30) days' prior written notice of any cancellation, substantial modification, or non-renewal.

In addition to the insurance described above, the Association shall obtain, as a Common Area expense, worker's compensation insurance, if and to the extent required by law, directors' and officers' liability coverage, a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds, and flood insurance, if reasonably available. The amount of fidelity coverage shall be determined in the directors' best business judgment, but, if reasonably available, may not be less than one-sixth ($1/6^{th}$) of the annual Assessments on all Lots, plus reserves on hand. Bonds shall contain a waiver or all defenses based upon the exclusion of persons serving without compensation and shall require at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

SECTION 6.2 INDIVIDUAL INSURANCE. By taking title to a Lot subject to this Declaration, each Owner covenants and agrees with all other Owners and with the Association that such Owner shall carry homeowners insurance on the Lots and structures constructed thereon including (a) liability coverage and (b) property damage liability insurance, plus extended coverage for full replacement value. Each Owner further covenants and agrees that in the event of loss or damage to the structures comprising his Lot, the Owner shall either: (a) proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction or such other plans and specifications as are approved by the Committee; or (b) clear the Lot of all damaged structures, debris and ruins and thereafter maintain the Lot in a neat and attractive, landscaped condition consistent with the requirements of the Committee and the Board of Directors.

SECTION 6.3 DAMAGE AND DESTRUCTION.

(a) Immediately after damage or destruction by fire or other casualty to all or any part of the Property covered by insurance written in the name of the Association, the Board of Directors of the Association or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost or repair or reconstruction of the damaged or destroyed Property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Property to substantially the same condition in which it existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

(b) Any damage or destruction to the Common Area shall be repaired or reconstructed unless the voting members representing at least seventy-five percent (75%) of the total Class "A" vote of the Association, shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such funds or information shall be made available; provided, however, such extension shall not exceed sixty (60) additional days. Except as expressly provided herein, no mortgagee shall have the right to participate in the determination of whether the damage or destruction to Common Area or common property of the Association shall be repaired or reconstructed.

(c) In the event that it should be determined in the manner described above that the damage or destruction to the Common Area shall not be repaired or constricted and no alternative improvements are authorized then and in that event the affected portion of the Property shall be cleared of all debris and ruins and maintained by the Association in a neat, attractive, landscaped condition.

SECTION 6.4 DISBURSEMENT OF PROCEEDS. If the damage or destruction for which the proceeds of insurance policies held by the Association are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purposes, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided.

Any proceeds remaining after defraying such costs of repair or reconstruction, or if no repair or reconstruction is made, any proceeds shall be retained by and for the benefit of the Association.

SECTION 6.5 REPAIR AND RECONSTRUCTION. If the damage or destruction to the Common Area for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors of the Association shall, without the necessity of a vote of the members, levy a Special Assessment against the Owners of Lots sufficient to raise the additional funds necessary to restore the common amenity. Additional Special Assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

ARTICLE VII.
NO PARTITION

SECTION 7.1 NO PARTITION. Except as is permitted in the Declaration or amendments thereto, there shall be no judicial partition of the Common Area or any part thereof, nor shall any person acquiring any interest in the Property or any part thereof seek any judicial

partition unless the Property has been removed from the provisions of this Declaration. This Article shall not be construed to prohibit the Association from acquiring and disposing of tangible personal property nor from acquiring title to real property, which may or may not be subject to this Declaration.

ARTICLE VIII
PROPERTY ACCESS

The limited access gates, private streets, and Access Control System are private and constitute a portion of the Common Area, which are subject to the jurisdiction of and administration by the Association. The Board is specifically authorized to recommend, adopt, implement, and enforce Rules and Regulations governing use of the limited access gates, Access Control System, and private streets in the Gated Sections, covering items such as (but not necessarily limited to):

(a) identification and entry programs for Owners, their tenants and their family, guests and invitees ("Related Parties") and vehicles owned or driven by any of them;

(b) speed limits, designated parking areas, restricted parking areas, and no-parking areas;

(c) signs and graphics to provide announcements to unauthorized personnel concerning potential criminal trespass matters;

(d) a "fines" system through which the Association can levy and collect fines for violations of the applicable Rules and Regulations; and

(e) disclaimers of liability for any and all matters or occurrences on or related to same.

The Association cannot permanently open any free access roads or paths from public roads into the Gated Sections, unless mandated by state, county, or municipal laws. As of the date of this Declaration and until the Association advises Owners otherwise, a land based data line is required to operate the limited access gate to a Gated Section from a residential dwelling.

The Association shall also maintain an access control station and limited access gate system at the Property main access located at the Guard House to be located on Breen Vista Drive, north of Rayford Road in Canyon Lakes at Spring Trails, Section One (1), ("Access Control Station"). After at least eighty percent (80%) of the Lots in the Property are sold and occupied by a resident, the Access Control Station shall be manned twenty-four (24) hours per day, seven (7) days per week by an individual with the following qualifications:

1. off duty police officers of a local municipality; or
2. contract County Deputy Sheriff or Constable; or
3. guard service licensed by the State of Texas to perform such services; or
4. peace Officer licensed by the State of Texas to perform such services.

Notwithstanding any provision or representation to the contrary, during construction and such other times as the Board may determine in its sole discretion, limited access gates may be left open to allow such access as the Board (in its sole discretion) may deem appropriate or necessary under the circumstances.

Gate access cards, EZ Tags, remotes, or other automatic gate devices shall be paid for by each Owner, at a rate determined by the Board of Directors of the Association. The Developer or Board of Directors of the Association shall have the right to relocate any gates or Access Control Station at any time. The Association may require all Owners and their family members, tenants, and other permanent residents to maintain identification stickers on each of their vehicles. Each Owner shall provide the Association with their residential and emergency telephone numbers for use at the Access Control Station and/or limited access gates.

The Developer, Declarant and the Association hope that the limited access gates, Access Control System and private streets concept will discourage undesired and unauthorized vehicular and pedestrian traffic within the Gated Sections and foster a higher degree of peace and tranquility. Although the Developer, Declarant and the Association reasonably believe that the existence and visibility of limited access services personnel and limited access points may discourage the commission of criminal acts (e.g., burglary, theft, etc.) within the Gated Sections, nevertheless neither the Developer, Declarant nor the Association warrant or guarantee that: (a) the limited access services personnel arrangements are sufficient and adequate to diminish or eliminate the commission of crimes against persons or property; and (b) such acts will not be attempted or actually occur within the Gated Sections. These limited access services arrangements are <u>not</u> designed or intended to replace the conventional police and fire protection and paramedical services available from governmental agencies.

Each Owner and Owner's Related Parties expressly understands, covenants and agrees with the Developer, Declarant and the Association that:

(a) neither Developer, Declarant nor the Association have any responsibility or liability of any kind or character whatsoever regarding or pertaining to the real and personal property of each Owner and Owner's Related Parties;

(b) each Owner and Owner's Related Parties shall, from time to time and at various times, consult with reputable insurance industry representatives of each Owner's and Owner's Related Parties selection to select, purchase, obtain, and maintain appropriate insurance providing the amount, type and kind of insurance deemed satisfactory to each Owner and Owner's Related Parties covering his or her real and personal property;

(c) each Owner and Owner's Related Parties release the Developer, Declarant and the Association and their respective agents, employees, officers, directors, and partners from any liability, claims, causes of action or damages of any kind or character whatsoever arising out of or

related (directly or indirectly) to any and all aspects of the limited access services, limited access gates, Access Control Station and private streets within the Gated Sections, including, without limitation:

(1) the interviewing, hiring, training, licensing (if any), bonding (if any), and employment of limited access services personnel;

(2) the instructions, directions and guidelines issued to or by the limited access services personnel; and

(3) the duties, performance, actions, inactions, or omissions of or by the limited access services personnel;

(d) each Owner and Owner's Related Parties will cooperate with the Developer, Declarant and the Association in connection with the establishment and maintenance of reasonable controls on the pedestrian and vehicular traffic into and within the Gated Sections and abide by any and all Rules and Regulations of the Association, as adopted and promulgated from time to time, related to the entry upon and use of any private streets and other Common Area within the Gated Sections.

ARTICLE IX.
GENERAL PROVISIONS

SECTION 9.1 **ENFORCEMENT**. The Association or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

SECTION 9.2 **FINES**. Sanctions for violations of the provisions of this Declaration, any Supplemental Declaration(s), the Bylaws of the Association and any rules and regulations promulgated and published by the Association (including but not limited to minimum construction standards or architectural guidelines) may, in addition to all other remedies provided for in this Declaration or by law, include monetary fines. The procedure for imposing monetary fines shall be in accordance with notice and other requirements imposed by law. Any monetary fine levied against an Owner and the Owner's Lot, shall be added to the Owner's assessment account and secured by the lien created in Article V, Section 5.2 of this Declaration.

SECTION 9.3 **SEVERABILITY**. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provision or provisions, which shall remain in full force and effect.

SECTION 9.4 **GRAMMAR**. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, males or females, shall in all cases be assumed as though in each case fully expressed.

SECTION 9.5 **OWNER'S EASEMENT OF ENJOYMENT**. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any Recreational Area situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of the Recreational Areas by an Owner for any period during which any Assessment against his Lot remains unpaid, and for a period not to exceed sixty (60) days for each infraction of its published rules and regulations;

(c) the right of the Association or the Developer to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members;

(d) the right of the Association to collect and disburse those funds as set forth in Article V of this Declaration; and

(e) the right of the Association to allow others who are not Owners (or residents of the Property) to use the Common Area, under such terms approved by the Board.

SECTION 9.6 **CONSTRUCTIVE NOTICE AND ACCEPTANCE**. Every person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or other portion of the Property does and shall be conclusively deemed to have consented and agreed to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to this Declaration is contained in the instrument by which such person acquired an interest in the Properties, or any portion thereof.

SECTION 9.7 **DELEGATION OF USE**. Any Owner may delegate in accordance with the By-Laws of the Association his right of enjoyment to the Common Area and facilities to the members of his family, his tenants or contract purchasers who reside on the Lot.

SECTION 9.8 **AMENDMENT**. This Declaration shall run with and bind the land for a term of forty (40) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may

be amended at any time by the Owners holding not less than sixty-seven percent (67%) of the votes in the Association. This Declaration may also be amended by the Developer without the joinder of any other party during the Developer Control Period, so long as any such amendment is not inconsistent with the residential character of the Property. Supplemental Declarations may be amended by the Developer so long as the Developer owns a Lot in the Property or the Declarant of the Section, so long as Declarant owns a Lot in the Section; provided any such amendment is not inconsistent with the residential character of the Section. No person shall be charged with notice of or inquiry with respect to any amendment until and unless it has been filed for record in the Official Public Records of Real Property of Montgomery County, Texas. Prior to the end of the Developer Control Period, any amendments to the Declaration must be approved in writing by the Developer, which written approval must be filed of record with the amendment to the Declaration or any Supplemental Declaration.

SECTION 9.9 DISSOLUTION. If the Association is dissolved, the assets shall be dedicated to a public body or conveyed to a nonprofit organization with similar purposes.

SECTION 9.10 COMMON AREA MORTGAGES OR CONVEYANCE. The Common Area cannot be mortgaged or conveyed without the consent of seventy-five percent (75%) of the Lot Owners (excluding the Developer).

If the ingress or egress to any residence is through the Common Area, any conveyance or encumbrance of such area shall be subject to the Lot Owner's easement.

SECTION 9.11 BOOKS AND RECORDS. The books, records and papers of the Association shall, during reasonable business hours, be subject to inspection by any member for "any proper purpose." The Certificate of Formation, By-Laws of the Association, and this Declaration shall be available for inspection by any member at the principal office of the Association where copies may be purchased at a reasonable cost.

SECTION 9.12 INTERPRETATION. If this Declaration or any word, clause, sentence, paragraph or other part thereof shall be susceptible of more than one or conflicting interpretations, then the interpretation which is most nearly in accordance with the general purposes and objectives of this Declaration shall govern.

SECTION 9.13 OMISSIONS. If any punctuation, word, clause, sentence or provision necessary to give meaning, validity or effect to any other word, clause, sentence or provision appearing in this Declaration shall be omitted here from, then it is hereby declared that such omission was unintentional and that the omitted punctuation, word, clause, sentence or provisions shall be supplied by inference.

SECTION 9.14 ADDITIONAL REQUIREMENTS. So long as required by the Federal Home Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least sixty-seven percent (67%) of the first mortgagees or members

representing at least sixty-seven percent (67%) of the total Association vote entitled to be cast thereon consent, the Association shall not:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Association owns directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

(b) change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Lot (a decision, including contracts, by the Board or provisions of any declaration subsequently recorded on any portion of the Property regarding Assessments annexed or other similar areas shall not be subject to this provision when such decision or subsequent declaration is otherwise authorized by this Declaration.);

(c) by act or omission change, waive, or abandon any scheme or regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Lots and of the Common Area (the issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision);

(d) fail to maintain insurance, as required by this Declaration; or

(e) use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property, or to add to Reserves. First mortgagees may, jointly or singly, after thirty (30) days written notice to the Association, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

SECTION 9.15 NO PRIORITY. No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

SECTION 9.16 NOTICE TO ASSOCIATION. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

SECTION 9.17 AMENDMENT BY BOARD. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete

any of their respective requirements, which necessitate the provisions of this Article or make any such requirements less stringent, the Association, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

SECTION 9.18 APPLICABILITY OF ARTICLE IX. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under this Declaration, By-Laws, or Texas Law for any of the acts set out in this Article.

SECTION 9.19 FAILURE OF MORTGAGEE TO RESPOND. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

SECTION 9.20 ANNEXATION. ADDITIONAL RESIDENTIAL PROPERTY OR COMMERCIAL PROPERTY AND COMMON AREA MAY BE ANNEXED TO THE PROPERTY BY THE DEVELOPER OR INCORPORATED INTO THE ASSOCIATION WITHOUT THE CONSENT OF THE BOARD OR APPROVAL BY THE MEMBERSHIP. ANY SUCH RESIDENTIAL PROPERTY, COMMON PROPERTY ON COMMON AREA SO ANNEXED BY THE DEVELOPER MAY ALSO BE DE-ANNEXED FROM THE PROPERTY AND/OR REMOVED FROM THE ASSOCIATION BY THE DEVELOPER WITHOUT THE CONSENT OF THE BOARD OR APPROVAL OF THE MEMBERSHIP, SO LONG AS ALL OWNERS OF THE PROPERTY TO BE DE-ANNEXED AGREE TO THE DE-ANNEXATION.

SECTION 9.21 SAFETY AND SECURITY. NEITHER THE DEVELOPER, NOR THE ASSOCIATION, THEIR DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, AND ATTORNEYS, ("ASSOCIATION AND RELATED PARTIES") SHALL IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SAFETY OR SECURITY WITHIN THE PROPERTY. THE ASSOCIATION AND RELATED PARTIES SHALL NOT BE LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR THE INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN, IF ANY, INCLUDING LIMITED ACCESS GATES, IF ANY, THE ENTRANCE AND/OR THE PERIMETER FENCE. OWNERS, LESSEES AND OCCUPANTS OF ALL LOTS, ON BEHALF OF THEMSELVES, AND THEIR GUESTS AND INVITEES, BY ACCEPTANCE OF A DEED TO A LOT ACKNOWLEDGE THAT THE ASSOCIATION AND RELATED PARTIES DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION, HOME ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES, OR OTHER SECURITY SYSTEMS (IF ANY ARE PRESENT) WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP OR OTHERWISE, NOR THAT FIRE PROTECTION, HOME ALARM

SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. OWNERS, LESSEES, AND OCCUPANTS OF LOTS ON BEHALF OF THEMSELVES, AND THEIR GUESTS AND INVITEES, ACKNOWLEDGE AND UNDERSTAND THAT THE ASSOCIATION AND RELATED PARTIES ARE NOT INSURERS AND THAT EACH OWNER, LESSEE AND OCCUPANT OF ANY LOT AND ON BEHALF OF THEMSELVES AND THEIR GUESTS AND INVITEES ASSUME ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO RESIDENCE OR LOT AND TO THE CONTENTS OF THEIR RESIDENCE OR LOT AND FURTHER ACKNOWLEDGE THAT THE ASSOCIATION AND RELATED PARTIES HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER OR LESSEE ON BEHALF OF THEMSELVES AND THEIR GUESTS OR INVITEES RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE PROTECTION, HOME ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVISES OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTY.

SECTION 9.22 COMMON AREA REDESIGNATION. REGARDLESS OF DESIGNATION BY ANY PLAT OR OTHERWISE AND NOTWITHSTANDING ANY PROVISION IN THIS DECLARATION TO THE CONTRARY, DURING THE DEVELOPER CONTROL PERIOD DEVELOPER MAY AT ANY TIME AND FROM TIME TO TIME (i) DESIGNATE, CONSTRUCT, OR EXPAND COMMON AREA, AND (ii) MODIFY, DISCONTINUE, REDESIGNATE OR IN ANY OTHER MANNER CHANGE THE COMMON AREA. WITHOUT LIMITATION OF THE FOREGOING, DEVELOPER SPECIFICALLY RESERVES THE RIGHT AT ANY TIME DURING THE DEVELOPER CONTROL PERIOD TO SELL OR OTHERWISE DISPOSE OF ANY "RESERVES" AND ANY OTHER SIMILAR AREAS, REGARDLESS OF DESIGNATION OF ANY SUCH AREA BY ANY PLAT OR OTHERWISE AS "RESTRICTED", "UNRESTRICTED", OR OTHER DESIGNATION. NEITHER THE FOREGOING NOR ANY OTHER PROVISIONS HEREOF SHALL BE CONSTRUED AS IN ANY MANNER CONSTITUTING ANY REPRESENTATION, WARRANTY OR IMPLICATION WHATSOEVER THAT DEVELOPER OR ANY BUILDER WILL UNDERTAKE ANY SUCH DESIGNATION, CONSTRUCTION, MAINTENANCE, EXPANSION, IMPROVEMENT OR REPAIR, OR THAT IF AT ANY TIME OR FROM TIME TO TIME UNDERTAKEN, ANY SUCH ACTIVITIES WILL CONTINUE, AND ANY SUCH REPRESENTATION, WARRANTY OR IMPLICATION IS HEREBY SPECIFICALLY DISCLAIMED.

IN WITNESS WHEREOF, the undersigned for the purpose of acknowledging its consent and approval to this "Amended and Restated Declaration of Covenants, Conditions and Restrictions for Community Association of Harmony, Inc." has executed this instrument as of the date set forth below to relate back and be effective the date the Declaration was originally filed of record in the Official Public Records of Real Property of Montgomery County, Texas.

Executed on the 8 day of August, 2013.

DISCOVERY SPRING TRAILS, LLC,
a Texas limited liability company

By: MREC LT Harmony Discovery Springs LLC,
a Delaware limited liability company

By: Land Tejas Harmony, LLC,
a Texas limited liability company,
as Managing Member

By: _____
Courtney P. Grover, Co-Manager

By: _____
Al P. Brende, Co-Manager

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 8 day of August, 2013, by Courtney P. Grover and Al P. Brende, Co-Managers of Land Tejas Harmony, LLC, a Texas limited liability company, as Managing Member of MREC LT Harmony Discovery Springs LLC, a Delaware limited liability company, as Sole Member of Discovery Spring Trails, LLC, a Texas limited liability company, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purpose and in the capacity therein expressed.

_____
Notary Public in and for the State of Texas

MELANIE MANGEL
MY COMMISSION EXPIRES
October 10, 2017

Return to:
Butler & Hailey, P.C.
3901 Gaylord, Suite 100
Houston, Texas 77024

Doc# 2013087248

FILED FOR RECORD
08/09/2013 4:07PM

COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

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

08/09/2013

County Clerk
Montgomery County, Texas