

2001-053797

**PORTIONS OF THIS AGREEMENT ARE SUBJECT TO ARBITRATION**

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

**FOR**

**THE FRENCH QUARTER ON LAKE CONROE**

# DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

## THE FRENCH QUARTER ON LAKE CONROE

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# DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

## THE FRENCH QUARTER ON LAKE CONROE

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR THE FRENCH QUARTER ON LAKE CONROE is made this 15th day of June, 2001, by SOUTHERN LIFESTYLES X TX LIMITED PARTNERSHIP (the "Declarant");

### WITNESSETH

WHEREAS, Declarant is the owner of certain real property located in Montgomery County, Texas, and more particularly described in Exhibit "A," attached hereto and incorporated herein by this reference, which Declarant has designated "The French Quarter on Lake Conroe " (hereinafter "The French Quarter"); and

WHEREAS, The French Quarter is planned as a residential community under the planning ordinances adopted therefor by governmental authority with jurisdiction thereof and as further provided herein;

WHEREAS, Declarant deems it to be in the best interest of The French Quarter subdivision more particularly described in Exhibit "A," as it exists today and as it may evolve in the future, to establish Covenants, Conditions and Restrictions to promote efficiencies and to provide a flexible mechanism for the administration and maintenance of community facilities and services which are for the common use and benefit of The French Quarter property owners.

NOW, THEREFORE, Declarant hereby declares that all of the property described in Exhibit "A" and any additional property as may be added by subsequent amendment hereto, and in accordance with the terms and conditions hereof, is subjected to this Declaration of Covenants, Conditions and Restrictions for The French Quarter (referred to hereinafter as, the "Declaration"); and that the property described in Exhibit "A" will be held, transferred, sold, conveyed, leased, occupied, and used subject to the following easements, restrictions, covenants, charges, liens, and conditions which are for the purpose of protecting the values and desirability of, and which will touch and concern and run with title to, the real properties subjected to the Declaration and which will be binding on all parties having any right, title, or interest in the described properties or any portion thereof, and their respective heirs, successors, successors-in-title, and assigns, and will inure to the benefit of each owner thereof.

#### ARTICLE 1. DEFINITIONS

1.1 Definitions. When used in this Declaration, unless the context will prohibit or otherwise require, the following words, will have all the following meanings, and all definitions will be applicable to the singular and plural forms of such terms:

(a) "ARC" will mean and refer to the board or committee established pursuant to this Declaration to approve exterior and structural improvements, additions, and changes within the Development.

(b) "Articles of Incorporation" will mean and refer to the Articles of Incorporation of The French Quarter On Lake Conroe Homeowners Association, as amended from time to time, filed in the Office of the Secretary of State of the State of Texas in accordance with the Nonprofit Corporation Act.

(c) "Assessment" will mean and refer to an Owner's share of the Common Expenses and other charges from time to time assessed against an Owner by the Association in the manner herein provided.

(d) "Association" will mean and refer to The French Quarter On Lake Conroe Homeowners Association, a Texas not-for-profit corporation, its successors and assigns. In exercising any right or easement granted or reserved to it hereunder, such right or easement shall be deemed to extend to its duly authorized directors, officers, agents, employees and contractors.

(e) "Board of Directors" or "Board" will mean and refer to the Board of Directors of the Association, which is the governing body of the Association.

(f) "By-Laws of the Association" or "By-Laws" will mean and refer to those By-Laws of The French Quarter On Lake Conroe Homeowners Association which govern the administration and operation of the Association, and as the same may be amended from time to time.

(g) "Common Areas" will mean and refer to any and all real and personal property now or hereafter deeded or leased to, or which is the subject of a use agreement with, the Association, and wherein the property therein described is specifically denominated to be a part of the Common Areas. The Common Areas shall include the Association's swimming pool, tennis courts, clubhouse, community dock, and other recreation facilities, if any, road and street shoulders, walkways, leisure trails, bike paths, gazebos, gates, fountains, entry walls, the Development's signage, and such maintenance and drainage areas, easements, and lakes located within the Property which are not maintained by public authority, including, but not limited to, Lake Pontchartrain and Lake LaFreniere. The designation of any land and/or improvements as a Common Area will not mean or imply that the public at large acquires any easement of use or enjoyment therein. All Common Areas are to be devoted to and intended for the common use and enjoyment of the Declarant, Owners, and their respective guests, and invitees.

(h) "Common Expenses" will mean and refer to all liabilities or expenditures made or incurred or anticipated to be incurred by or on behalf of the Association, together with all funds necessary for the creation or maintenance of financial, equipment or capital improvement reserves, consistent with the provisions of this Declaration for maintenance, repair and management of the Common Areas and in the fulfillment of its Common Responsibility.

(i) "Common Responsibility" will mean and refer to the Association's duties and responsibilities for maintenance, repair and management of the Common Areas. The term will also include the Association's duties and responsibilities for maintenance, repair and management of areas not owned by the Association, but which will, pursuant to this Declaration, or any Supplemental Declaration or contract or agreement, be binding upon the Association. It is anticipated that the Association's Common Responsibilities for property not owned by it may include, but will not be limited to, landscaping, maintenance, repair and management of street shoulders, walkways, sidewalks, street lighting, and signage along the unpaved portions of publicly dedicated rights-of-way shown and noted on the Site Plan and designated thereon or in a Supplemental Declaration as the Common Responsibility of the Association. Furthermore, Common Responsibility will mean and refer to the maintenance, repair and management of lakes, and drainage ways specifically shown and designated on any plat of the Property, or any portion thereof, as the responsibility of the Association, and whether owned by the Association or not, and/or incorporated herein by a Supplemental Declaration.

(j) "Declarant" will mean and refer to Southern Lifestyles X TX Limited Partnership or any successor-in-title to the entire interest of such person with respect to the Property at the time of such transfer to said successor-in-title, or any party designated Of Record to succeed to the rights of Declarant hereunder as to the matters set forth in such writing. In exercising any right or easement granted or reserved to it hereunder, such right or easement shall be deemed to extend to its duly authorized directors, officers, agents, employees and contractors.

(k) "Declarant Control Period" means the time period commencing on the date this Declaration is filed Of Record and ending on the earlier of:

(i) December 31, 2010; or

(ii) Three (3) months after the conveyance by the Declarant, in the ordinary course of business to persons other than a successor Declarant, property representing fifty percent (50%) of the total number of Lots intended for development on all of the Property, including additions thereto pursuant to Section 2.2 as set forth in a Supplemental Declaration executed and filed Of Record by the Declarant on or before December 31, 2010, making specific reference to this Section; or

(iii) Three (3) months following the date the Declarant surrenders its authority to appoint directors of the Association by an express amendment to this Declaration executed and filed Of Record by the Declarant.

(l) "Declaration" will mean and refer to this Declaration of Covenants, Conditions, and Restrictions for The French Quarter, as amended, from time to time, by any Supplemental Declaration filed Of Record.

(m) "Development" will mean and refer to the Property and all improvements located or constructed thereon, and being a part of the overall plan, from time to time existing hereunder, for the real estate development known as "The French Quarter"

(n) "Dwelling" will mean and refer to any improved Lot used as a single-family detached residence.

(o) "Institutional Mortgage" will mean and refer to a Mortgage held by a bank, trust company, insurance company, or other recognized lending institution, or by an institutional or governmental insurer or purchaser of mortgage loans in the secondary market, such as Federal National Mortgage Association or Federal Home Loan Mortgage Corporation.

(p) "Lot" will mean and refer to any unimproved portion of the Property upon which a Dwelling will be constructed, as such Lot is shown on the Site Plan. A parcel of land will be deemed unimproved and thus considered to be a Lot, rather than a Dwelling, until the improvements constructed thereon are sufficiently complete to reasonably permit habitation thereof. Upon such completion, such parcel and the improvements thereon will collectively be considered to be a Dwelling for purposes of this Declaration.

(q) "Member" will mean and refer to an Owner with appurtenant membership in the Association as defined in Section 7.1, and such Owner's heirs, executor, legal representative, successor, and assign.

(r) "Mortgage" will mean and refer to a mortgage, security deed, deed of trust, installment land sales contract, or other similar security instrument granting, creating, or conveying a lien upon, a security interest in, or a security title to a Lot or Dwelling which mortgage was made in good faith for the purchase or improvement of any Lot.

(s) "Mortgagee" will mean and refer to the holder of a Mortgage, its successor and assign.

(t) "Nonprofit Corporation Act" means and refers to the Texas Nonprofit Corporation Act, Title 32, Texas Civil Statutes, as amended.

(u) "Occupant" will mean and refer to any person, including, without limitation, any Owner, occupying or otherwise using a Dwelling within the Development, and their respective families, servants, agents, guests, and invitees.

(v) "Of Record" will mean and refer to the place of filing a writing in the applicable public records, currently being the Montgomery County Court House, as will give legal notice to the world of the matters set forth in the writing so filed.

(w) "Owner" will mean and refer to one or more persons, including Declarant, who or which owns fee simple title to any Lot or Dwelling, its respective heirs, executors, legal representatives, successors, and assigns, excluding, however, those persons having such an interest under a Mortgage. In the event that there is filed Of Record any installment land sales contract covering any Lot or Dwelling, the Owner thereof will be deemed to be the purchaser under the installment sales contract and not the fee simple titleholder. An installment land sales contract will be an instrument whereby the purchaser is required to make payment for such property for a period extending beyond nine (9) months from the date of the contract, and where the purchaser does not receive title to such property until all such payments are made, although the purchaser is given use thereof.

(x) "Property" will mean and refer to those pieces, parcels and lots of land described on Exhibit "A," or any portion thereof, together with all improvements thereon.

(y) "Referendum" will mean and refer to the vote of Members by mailed ballots on certain actions submitted to the Members by the Board of Directors, as more particularly set forth herein and in the Bylaws.

(z) "Site Plan" will mean and refer to that certain subdivision plat entitled "The French Quarter On Lake Conroe Section One", and recorded in Cabinet Q, Sheets 36 and 37, Plat Records of Montgomery County, Texas. Further, "Site Plan" will mean and refer to any subdivision plat for any Additional Property placed Of Record in furtherance of the development scheme for The French Quarter, as it exists from time to time.

(aa) "Supplemental Declaration" will mean and refer to any amendment to this Declaration filed Of Record, which makes any changes hereto.

## ARTICLE 2. THE GENERAL PLAN FOR THE FRENCH QUARTER

2.1 Plan of Development of The Property The Property initially contains eighty six (86) Lots as shown on the Site Plan, upon each of which one Dwelling may be constructed, and such Common Areas and areas of Common Responsibility serving the Lots and Dwellings, and which are installed and existing. All Lots and Dwellings within the Development will be and are hereby restricted exclusively to single-family residential use and will be subject to the standards and restrictions set forth in Article 5 hereof, including, but not limited to, restrictions and standards applicable to accessory buildings, including guest houses set forth in Section 5.1.1.

2.2 Additions To Property Other property may become subject to this Declaration in the following manner:

2.2.1 Additions By Declarant. During the Declarant Control Period, the Declarant shall have the right, without further consent of the Association or any Owner to bring within the plan and operation of this Declaration, or to consent thereto, the whole or any portion of any property contiguous or nearly contiguous to the Property and whether or not owned by the Declarant. Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The additions authorized under this subsection shall be made by filing Of Record a Supplemental Declaration with respect to the land to be added hereto and which shall extend the operation and effect of the covenants and restrictions of this Declaration thereto, and which, upon filing Of Record of a Supplemental Declaration, shall constitute a part of the Property.

(i) The Supplemental Declaration may contain such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Declarant to reflect the different character, if any, of the land added hereto, and as are not materially inconsistent with, this Declaration, but such modifications shall have no effect on the Property described in Section 2.1 above.

(ii) The option reserved under this Section may be exercised by Declarant only by the execution of a Supplemental Declaration filed Of Record and the filing Of Record of a Site Plan showing the land being added or such portion or portions thereof as are being added to the Development by such amendment, as well as the Lots, Common Areas and areas of Common Responsibility therein, if any. Any such Supplemental Declaration shall expressly submit the added land to all or specific provisions of this Declaration, as may be provided therein, and such other covenants, restrictions, conditions and easements as Declarant, in its sole discretion, shall determine.

2.2.2 Additions of Other Properties. After Declarant period, upon approval by two-thirds (2/3) of the votes of the Members pursuant to a Referendum therefor or upon approval by two-thirds (2/3) of the votes of the Members present, in person or by proxy, at a duly held meeting at which a quorum is present, the owner of any property contiguous or nearly contiguous to the Property and who desires to add it to the plan of this Declaration and to subject it to the jurisdiction of the Association, may file Of Record a Supplemental Declaration with respect to the property to be added, which will extend the operation and effect of the covenants and restrictions of the Declaration to such property, thereafter constituting a part of the Property. Any such Member approval shall be reflected in a consent to such Supplemental Declaration executed by the President of the Association.

2.2.3 Additions By Merger. Upon merger or consolidation of the Association with another association, following approval by two-thirds (2/3) of the votes of the Members pursuant to a Referendum therefor or upon approval by two-thirds (2/3) of the votes of the Members present, in person or by proxy, at a duly held meeting at which a quorum is present, the Association's property rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights, and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated Association may administer the existing property, together with the covenants and restrictions established upon any other properties, as one plan. No merger or consolidation will effect any revocation, change, or addition to the covenants established by this Declaration within the Property, including, without limitation, the maximum limits on Assessments and dues of the Association, or any other matter substantially affecting the interests of Members of the Association. Lands which become subject to this Declaration under the provisions of this Section may in the future be referred to as a part of the Property.

2.3 Conveyances Of Common Areas All parcels of land shown as Common Areas on the Site Plan or which are identified herein as Common Areas and require a conveyance to vest in the Association ownership and use thereof, will be deeded or an easement will be granted with respect thereto by Declarant within two (2) years after the Declarant has completed improvements thereon. Upon any such conveyance or grant of easement, if such is required, or upon completion of any improvements thereon or thereto by the Declarant, the Association will immediately become

responsible for all maintenance, repair and replacements therefor, the operation thereof and such additional construction of improvements as may be authorized by the Board of Directors. For purposes of measuring the foregoing two (2) - year period, any improvements will be deemed completed the later of the date all required certificates or permits of occupancy or use are issued therefor, or the date such improvements may be used in the manner and for the purposes for which they are constructed. It is the purpose of this provision to provide that the Association will be responsible for all maintenance of Common Areas when improvements thereto have been completed, notwithstanding the fact that the Declarant is not obligated to deed or grant an easement for such properties until two (2) years after improvements have been completed thereon. Any such conveyance by the Declarant will be conveyed subject to:

- (i) All restrictive covenants filed Of Record at the time of conveyance;
- (ii) The right of access of the Declarant, its successors and assigns, over and across such property;
- (iii) The right of both the Declarant, during the Declarant Control Period, or the Association, after expiration of the Declarant Control Period, and the ARC to approve all structures, construction, repairs, changes in elevation and topography and the location of any object (including vegetation) within the Common Areas prior to the commencement of such activities or location of any object therein;
- (iv) All utilities and drainage easements; and
- (v) All reserved rights set forth in Section 2.1.

Notwithstanding anything in the foregoing to the contrary, the Declarant will not be required to so convey the Common Areas where such conveyance would be prohibited under agreements to which the Declarant is a party on the date of establishment of such Common Areas, but, in such case, Declarant will be allowed to postpone such conveyance, without a penalty, until such time as said prohibition terminates, is released or is nullified.

In consideration of the benefits accruing to the Association and to the Members under this Declaration and in consideration of the covenants and agreements of the Declarant hereunder, the Association hereby agrees to accept title to any property, or to any interest in property, now or hereafter conveyed to it pursuant to the terms and conditions of this Declaration. Upon the due recording of a deed, easement, lease or other instrument or memorandum of conveyance Of Record to the Association, title or such other interest in property conveyed will vest in and to the Association without the necessity of any further act, deed or approval of any person, including the grantor, lessor and/or Association.

2.4 Owner's Interest Subject to Plan of Development Every purchaser of a Lot and Dwelling will purchase such property, and every Mortgagee and lienholder holding an interest therein will take title, or hold such security interest with respect thereto, subject to the plan of development for The French Quarter and this Declaration.

### ARTICLE 3. ARCHITECTURAL GUIDELINES; APPROVALS

3.1 Purpose. In order to enhance the beauty of the Development, to establish and preserve harmonious and aesthetically pleasing designs incorporated into the Development, and to protect and promote values for the Development and the Lots and Dwellings located therein or thereon, no Lot site plan will be undertaken (including staking, clearing, excavation, grading and other site work, exterior alteration of existing improvements, and planting or removal of landscaping materials) nor any structures placed, erected, or installed upon any Lot or adjacent to any Lot where the purpose of the structure is to service the Lot, except in accordance with this Article 3 and upon approval as

herein provided unless specifically exempted from the application and approval requirements hereof by specific terms and conditions hereof pursuant to this Declaration or pursuant to a writing signed by Declarant in recordable form.

3.2 Architectural Review Committee The Declarant will establish an Architectural Review Committee ("ARC") to administer the architectural and aesthetic approval process for the Development. The ARC under this Declaration will consist of not more than five (5) nor less than three (3) members, who need not be Lot Owners. The terms of office for each member and other matters of governance to be applicable to the ARC will be established by the Declarant prior to the time any review and approval process hereunder would otherwise have to take place. A member appointed by the Declarant may be removed with or without cause by the Declarant at any time by written notice to the appointee, and any successor appointed to fill the vacancy will serve the remainder of the term of the former member. Notwithstanding the foregoing to the contrary, any member appointed to the ARC following assignment of the whole or any portion of ARC functions pursuant to Section 3.2.1 below is subject to the prior approval of Declarant until that date which is three (3) years following the termination of the Declarant Control Period. The ARC is responsible for administering the Design Guidelines, adopted and amended from time to time as hereinafter provided, and for the review and approval process conducted in accordance with this Article 3. The ARC is authorized to retain the services of consulting architects, landscape architects, urban designers, engineers, inspectors, and/or attorneys in order to advise and assist the ARC in performing its functions set forth herein. The ARC may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred by the committee in having any application reviewed by architects, engineers or other professionals.

3.2.1 Right to Assign ARC Functions. The Declarant reserves the right to assign to the Association, at its sole discretion at any time during the Declarant Control Period, the whole or any portion of its rights reserved in this Declaration which are exercisable by the ARC. The Association does hereby agree to accept any such assignment of rights without the necessity of any further action by it. Upon the expiration of three (3) years following the termination of the Declarant Control Period, any then remaining ARC rights of the Declarant are deemed assigned to the Association, which will succeed to all the rights of Declarant over the ARC then remaining unassigned without further action on the part of either the Declarant or the Association.

3.2.2 Liability of ARC Members. No member of the ARC, or any assignee of rights hereunder, will be liable to any Owner for any decision, action or omission made or performed by the ARC member in the course of his duties unless the member acted in bad faith or in reckless disregard of the rights of any person or of the terms of this Declaration.

(i) Indemnification. Until all the ARC functions are assigned, the Declarant will, to the full extent permitted by law, indemnify all persons designated from time to time by the Declarant to serve as members of the ARC exercising unassigned rights hereunder from and against any liability, including attorney fees, as may be incurred by the members contrary to the provisions of this Section. Following any such assignment by the Declarant, members of the ARC or successor board exercising rights so assigned are indemnified by the Association.

3.3 Design Guidelines. The Declarant will prepare the initial design and development guidelines, as well as the form of application and review procedures therefor (the "Design Guidelines"), which will apply to all development and construction activities within the Development. The Design Guidelines may contain general provisions applicable to all of the Development, as well as specific provisions which may vary according to Community, location therein, unique characteristics, and intended use.

3.3.1 Interior Improvements. Generally speaking, the Design Guidelines will not cover interior improvements, which will, generally, not be subject to review and approval by the ARC, unless the review and approval

may otherwise be required because the interior improvements are made within an area plainly within view of adjacent properties.

3.3.2 Drainage. The Design Guidelines may provide that, in connection with the ARC's approval and to prevent excessive drainage or surface water runoff, the ARC may have the right to establish a maximum percentage of property which may be covered by buildings, structures, or other improvements, which guidelines may be promulgated on the basis of topography, percolation rates of the soil, soil types and conditions, vegetation cover, and other environmental factors, or to impose guidelines for the installation of storm water management facilities deemed appropriate to limit or control runoff.

3.3.3 Siting, Setbacks, Height and Impervious Area Limitations. Unless otherwise specifically provided or allowed in writing by the Declarant or by applicable zoning or governmental authority, the siting of improvements, including driveways, setbacks from other properties, and maximum Dwelling height and impervious area limitations will be vested solely in the ARC and promulgated in the Design Guidelines. Any such limitations established by the ARC or the Declarant may be more, but not less, restrictive than zoning or other governmental authority and shall take precedence over the same.

3.3.4 Other Guidelines. The Development's Design Guidelines may provide, in the sole discretion of Declarant, and, following the Declarant Control Period, the ARC, applicable guidelines (a) prohibiting or restricting the erection and use of temporary structures; (b) setting permissible times of construction and requirements concerning construction debris; (c) covering the allowance of and, where allowed, the content, size, style and placement location for, signage; (d) requiring or encouraging visually screened service and boat storage yard areas; (e) establishing exterior lighting design and location criteria; (f) prohibiting or limiting installation and use of wells; (g) requiring installation of mailboxes of consistent design and composition, and (h) setting conditions for property subdivision or consolidation, and for subjecting Development property to further covenants, conditions, restrictions and easements; provided, however, Declarant's activities may be excepted or exempted from any and all such guidelines. The within listing of possible guidelines is not an exhaustive listing and is intended merely to provide an example of the diversity of guidelines as may be incorporated in the Design Guidelines, and will not act as a limitation upon guidelines and guidelines as may or may not be implemented.

3.3.5 Guidance; Final Authority of ARC. The Design Guidelines are intended to provide guidance, and will not be the exclusive basis for decisions of the ARC, and compliance with the Design Guidelines may not guarantee approval of any application. The ARC will have the sole discretion to determine whether plans and specifications submitted for approvals are acceptable to it. The refusal of approval of any plans and specifications or the approval of same as a variance from any the Design Guideline may be based by the ARC upon any ground which is consistent with the objects and purposes of this Declaration, as may be supplemented by the Design Guidelines, including purely aesthetic considerations, so long as such grounds are not arbitrary or capricious.

3.3.6 Inspections and Permit and Certificate Issuance. The Design Guidelines may also provide procedures for ARC inspection of work, for the issuance of a permit to commence work and for issuance of a certificate following completion thereof, in addition to any such permits and certificates as may be issued by governmental authority with jurisdiction thereof, which may constitute conditions precedent to use or occupancy.

3.3.7 Fees and Charges. In addition to application fees and charges, the Design Guidelines may provide a schedule of fees, charges, required damage or other deposits, fines for noncompliance, and other amounts due and payable by an Owner as part of the application, review and approval processes, which schedule the ARC may increase, modify and amend at any time. All fees and charges provided herein will constitute specific Assessments and a lien upon the Lot to which the fees and charges relate.

3.4 ARC Building Construction and Landscaping Approval. To preserve the architectural and aesthetic appearance of the Development, no landscaping, grading, excavation, or filling of any nature whatsoever, and no construction of improvements of any nature whatsoever, will be commenced or maintained by the Association or any Owner, other than Declarant, on any portion of the Development, including, without limitation, the construction or installation of sidewalks, driveways, parking lots, decks, patios, courtyards, amenities and recreational facilities, walls, fences, or exterior lights, nor will any building construction, exterior addition, change or alteration, be made (including, without limitation, painting or staining of any exterior surface), unless and until application is made to the ARC pursuant to the Design Guidelines and the plans and specifications therefor are approved by the ARC.

3.5 Approval Not a Guarantee. No approval of plans and specifications and no publication of Design Guidelines by the ARC will be construed as representing or implying that the plans, specifications, or guidelines will, if followed, result in properly designed improvements. Such approvals and guidelines will in no event be construed as representing or guaranteeing that any dwelling or other improvement built in accordance therewith will be built in a good and workmanlike manner. Neither Declarant, the Association, nor the ARC is responsible or liable for any defects in any plans or specifications submitted, revised, or approved pursuant to the terms of this Article 3, nor any defects in construction undertaken pursuant to the plans and specifications.

#### ARTICLE 4. PLAN OF DEVELOPMENT FOR DOCKS ALONG ADJACENT WATERWAYS; OTHER ENVIRONMENTAL MATTERS

4.1 Construction of Docks and Bulkheads. Owners of Lots fronting on Lake Conroe shall be permitted to erect docks where approved by governmental authority with jurisdiction thereof:

4.1.1 Plans and Specifications; Siting. Complete plans and specifications including, color or finish must be submitted to the ARC in writing for approval in accordance with Article 3, and must conform to the architectural standards therefor adopted by the ARC in conformity with construction, siting and other conditions established by any governmental authority with jurisdiction issuing any such construction, siting or other conditions.

4.1.2 Governmental Approval of Docks. Owners shall comply with all applicable governmental regulations, laws and ordinances for obtaining approval from agencies having approval authority, including, but not limited to, the San Jacinto River Authority. No representation is made by Declarant that any such agency approval will be granted, nor shall any such representation be inferred from the matters set forth herein.

4.1.3 Alteration of Docks. Any alterations of the plans and specifications or of the completed structure must also be submitted to the ARC in writing and the ARC's approval in writing must be similarly secured prior to construction, the ARC being granted the same rights to disapprove alterations as it retains for disapproving the original structures. Governmental approval of any such alteration shall be undertaken and completed as may be required by the original permit therefor and by applicable regulations.

4.1.4 Maintenance of Docks. All Owners who construct, or cause to be constructed, docks as herein provided, must maintain said structures in good repair and keep the same safe, clean and orderly in appearance at all times, and further agree, if required by the ARC, to paint or otherwise treat with preservatives all wood or metal located above the high water mark, exclusive of pilings, and to maintain such paint or preservatives in an attractive manner. The ARC shall be the judge as to whether the docks are clean, orderly in appearance, and properly painted or preserved in accordance with reasonable standards as may be adopted therefor by the ARC, and where the ARC notifies the particular Owner in writing that said dock fails to meet acceptable standards, said Owner shall thereupon remedy such conditions within thirty (30) days of notice from and to the satisfaction of the ARC, and that failing to so remedy such conditions, each affected Owner hereby covenants and agrees that the ARC may make the necessary repairs, but is

not obligated to do so, or take such actions as will bring said dock up to acceptable standards, all such repairs and actions to be at the sole expense of the Lot Owner in question and a lien upon his Lot as a specific Assessment.

## ARTICLE 5. OWNERS' COVENANTS AND USE RESTRICTIONS

5.1 Building Restrictions. Except as may be otherwise set forth in this Declaration, on the Site Plan, in any Supplemental Declaration, in any agreement with Declarant, or by specific deed restriction, the following building restrictions will apply with respect to the properties subject to this Declaration:

5.1.1 Number of Buildings on Lots. No structure will be constructed on a Lot other than one (1) Dwelling and one (1) accessory building, which may include a detached private garage, servant's quarters, guest house or pool house, provided the use of such dwelling or accessory building does not overcrowd the Lot and provided further, that such building is not used for any activity normally conducted as a business. Such accessory building may not be constructed prior to the construction of the main building. A guest suite or like facility may be included as part of the main dwelling or accessory building, but said suite may not be rented or leased except as part of the entire premises including the main dwelling.

5.1.2 Square Footage Requirements. All residential Dwellings constructed on the Lots shall have the minimum square feet of living space, being the enclosed and covered areas within the Dwelling, exclusive of garages, carports, porches, terraces, balconies, decks, patios, courtyard, greenhouses, atriums, storage areas, attics, and basements, set forth in Schedule 1 attached hereto or attached in any Supplemental Declaration.

5.1.3 Completion of Improvements. The exterior of all Dwellings and other structures constructed upon any Lot must be completed within twelve (12) months after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the Owner or builder thereof due to strikes, fires, national emergencies or natural calamities. No Dwelling under initial construction shall be occupied until construction is completed and all necessary approvals of any governmental authorities have been obtained.

5.1.4 Other Requirement of Residences. In addition, all residential structures constructed on a Lot will be designed and constructed in compliance with the requirements of the Building Code of the governmental authority with jurisdiction thereof.

5.2 Required Natural Gas Service. Every Owner must heat his or her Dwelling with natural gas and must utilize gas water heaters, and shall be obligated to use the natural gas service of Reliant Energy, and its successors and assigns. This Section 5.2 shall terminate and be null and void in the event Entergy or its successor or assign fails to continue delivery of natural gas to the Development entirely or fails to provide such natural gas service at rates competitive with other suppliers of natural gas in the locale of the Development.

5.3 Trees. No Owner, other than Declarant, shall be entitled to cut, remove, or mutilate any trees, shrubs, bushes, or other vegetation having a trunk diameter of six (6) inches or more at a point of four and one-half (4½) feet above the ground level, or other significant vegetation as designated, from time to time, by the ARC, without obtaining the prior approval of the ARC, provided that dead or diseased trees which are inspected and certified as dead or diseased by the ARC or its representatives, as well as other dead or diseased shrubs, bushes, or other vegetation, shall be cut and removed promptly from any property by the Owner thereof. Nothing herein shall be construed so as to limit any applicable law or ordinance.

5.4 Use of Lots and Dwellings. Except as permitted by Section 5.15, each Lot and Dwelling will be used for residential purposes only, and no trade or business of any kind may be carried on therein. The use of a portion of a

Dwelling as an office by an Owner or Occupant will not be considered to be a violation of this covenant if such use does not create regular customer, client, or employee traffic; provided that in no event will any Lot or Dwelling be used as the office of or storage area for any building contractor, real estate developer or real estate broker, except as may be on a temporary basis, with the express written approval of the Declarant during the Declarant Control Period, and thereafter by the Board of Directors, and in accordance with reasonable rules and regulations promulgated therefor. Nothing contained herein shall be construed so as to prohibit the construction of houses to be sold on a Lot or the showing of Dwellings for the purpose of selling houses in the Development; and nothing herein shall be construed to prevent the Declarant or its permittees from erecting, placing or maintaining signs, structures and offices as it may deem necessary for its operation and sales in the Development. Lease or rental of a Dwelling for residential purposes will also not be considered to be a violation of this covenant so long as the lease (a) is for not less than the entire Dwelling and all the improvements thereon, and (b) is otherwise in compliance with rules and regulations as may be promulgated and published from time to time by the Declarant and the Board of Directors. All leases or rental agreements will be in writing, and upon request, the Owner will provide the Declarant and Board of Directors with copies of such lease or rental agreement. Any Occupant will in all respects be subject to the terms and conditions of this Declaration and the rules and regulations adopted hereunder.

5.4.1 Time Sharing and Vacation Multiple Ownership Plans. No part of the Property subject to this Declaration, including any improvements thereon or to be built thereon, will be used for or subject to any type of timeshare or similar multiple ownership plan as the same are defined, from time to time, under Texas law, or any subsequent laws of Texas dealing with that or similar type of ownership by an Owner, or which is used for, in conjunction with and/or as an advertised part of any timeshare exchange program which makes available as accommodations any part of the Property and which is not otherwise registered as a timeshare pursuant to Texas law or which utilizes a part of the Property as accommodations for the timeshare sale prospects of any person, without the prior written approval of the Declarant, which it may grant or deny in whole, or may grant to some and deny to others, in its sole discretion.

5.5 Antennas. No television antenna, radio receiver, or other similar device will be attached to or installed on any portion of the Development, except as required by the Telecommunications Act of 1996 and implementing rules therefor issued by the Federal Communications Commission and by the Association in conformity with rules or guidelines of the Federal Communications Commission. It is the intent of this Section to allow satellite dishes of eighteen (18") inches or less in diameter which are in conformity with the rules adopted by the Association. Provided, however, the Declarant and the Association will not be prohibited from installing equipment necessary for master antenna, security, cable television, mobile radio, or other similar systems within the Development.

5.6 Clotheslines. No clotheslines or drying yards shall be located upon the premises so as to be visible from any Common Area or from any adjoining property or Lot.

5.7 Exclusion of Above Ground Utilities. All electrical service and telephone lines shall be placed underground and no outside electrical lines shall be placed overhead. Except as allowed in Section 5.5, no exposed or exterior radio or television transmission or receiving antenna shall be erected, placed or maintained on any part of a Lot. Provided, however, that the normal service pedestals, etc., used in conjunction with such underground utilities shall be permitted within the Development. Overhead utilities shall be permitted during the construction period and until utility companies can place them underground.

5.8 Water Wells and Septic Tanks. No private water wells or septic tanks may be drilled, installed or maintained on any of the Development. Shallow wells may be authorized by the ARC, in its sole and absolute discretion, for closed-end, geo-thermal residential systems; provided, however, no solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Lot unless it is an

integral and harmonious part of the ARC-approved architectural design of a structure. Under no circumstances shall solar panels be installed that will be visible from any street in the Development.

5.9 Signs. Except as may be required by law or by legal proceedings, no signs or advertising posters of any kind, including, but not limited to, "For Rent," "For Sale," and other similar signs, shall be erected by an Owner, the Association, or any agent, broker, contractor or subcontractor thereof, nor shall any sign or poster be maintained or permitted on any window or on the exterior of any improvements or on any unimproved portion of property located within the Development, without the express written permission of the ARC. The approval of any signs and posters, including, without limitation, name and address signs, shall be upon such conditions as may be from time to time determined by the ARC and may be arbitrarily withheld. Notwithstanding the foregoing, the restrictions of this Section 5.9 shall not apply to the Declarant or to any person having the prior written approval of the Declarant. In addition, the Association, shall have the right to erect reasonable and appropriate signs on any portion of the Common Areas in accordance with architectural design standards adopted therefor by the ARC and approved by governmental authority with jurisdiction thereof.

5.10 Pets. No animals of any kind shall be kept by any Occupant upon any portion of the Development, provided that a reasonable number of generally recognized house pets, not to exceed three (3), may be kept subject to rules and regulations adopted by the Association, and further provided that such pet or pets are kept or maintained solely as domestic pets and not for any commercial purpose. No pet shall be allowed to make an unreasonable amount of noise or to become a nuisance. Pets shall be under leash at all times when walked or exercised in any portion of the Common Areas, and the owner of such pet shall clean up after such pet. Upon the written request of any Occupant, the Board of Directors may conclusively determine, in its sole and absolute discretion, whether, for purposes of this Section 5.10, a particular pet is a generally recognized house pet or such pet is a nuisance, and the Board shall have the right to require the owner of a particular pet to remove such pet from the Development if such pet is found to be a nuisance or to be in violation of these restrictions. The Board of Directors shall have the further right, subject to Section 13.2, to fine any Occupant for the violation of these pet restrictions by such Occupant, and the Occupant shall be liable to the Association for the cost of repair of any damage to the Common Areas caused by the Occupant's pet. Any such fine or cost of repair shall be added to and become a part of that portion of any Assessment next coming due to which such Dwelling and its Owner are subject.

5.11 Artificial Vegetation, Exterior Sculpture and Similar Items. No artificial vegetation shall be permitted on the exterior of any portion of the Subdivision. Exterior sculpture, fountains, flags, and similar items are subject to Declarant's or the ARC's prior approval; provided, however, that nothing contained herein shall prohibit the appropriate display of the American flag.

5.12 Nuisances. No rubbish or debris of any kind will be dumped, placed, or permitted to accumulate upon any portion of the Development, nor will any nuisance or odors be permitted to exist or operate upon or arise from the Development, so as to render any portion thereof unsanitary, unsightly, offensive, or detrimental to persons using or occupying any other portions of the Development. Noxious or offensive activities will not be carried on in any part of the Development, and the Association and each Owner and Occupant will refrain from any act or use which could cause disorderly, unsightly, or unkempt conditions, or which could cause embarrassment, discomfort, annoyance, or nuisance to the Occupants of other portions of the Development or which could result in a cancellation of any insurance for any portion of the Development, or which would be in violation of any law or governmental code or regulation. Without limiting the generality of the foregoing provisions, no exterior speakers, horns, whistles, bells, or other sound devices, except security and fire alarm devices used exclusively for such purposes, will be located, used, or placed within the Development, except as may be permitted pursuant to terms, conditions, rules and regulations adopted therefor by the Board of Directors. Any Owner or Occupant who dumps or places any trash or debris upon any portion of the Development will be liable to the Association for the actual costs of removal thereof plus an administrative fee of \$100.00, or such other sum set therefor by the Board as a recoupment of administrative costs in administering the

cleanup and notices to the Owner and Occupant, and such sum will be added to and become a part of that portion of any Assessment next becoming due to which such Owner and his property is subject.

5.13 Motor Vehicles, Trailers, Boats, Etc. No motor vehicles shall be parked or stored on any part of any Lot, easement, right-of-way, or any other area unless such vehicle is concealed from public view inside a garage, except that passenger automobiles, passenger vans or pickup trucks that are in operating condition, having a current license plate and inspection sticker, are in daily use as a motor vehicle on the streets and highways of the State of Texas, and which do not exceed six (6) feet, six (6) inches in height, and seven (7) feet, seven (7) inches in width and twenty one (21) feet in length, may be parked in the driveway on such Lot. No non-motorized vehicle, trailer, boat, marine craft, hover craft, aircraft, machinery, or equipment of any kind may be parked or stored on any Lot unless such object is concealed from public view inside the garage. No vehicles, boats, motor homes, recreational vehicles, trailers, or other motorized or non-motorized vehicles, or any parts thereof, may be parked or stored in the streets, easements or right-of-ways of the Subdivision.

5.14 Owner's Landscape Maintenance Between Lot Line and Adjacent Paving. Each Owner will be responsible for maintaining on a regular basis the landscaping, if any, and ground cover along the right-of-way roadside or sidewalk, as applicable, bordering the Owner's Lot, whether or not such area is a part of the Owner's Lot. Each Owner will perform such maintenance within the unpaved area of right-of-way immediately adjacent to a Lot's lot line, and will be of such quality of maintenance as is required to maintain a Development consistency in appearance and cleanliness. An Owner's responsibility under this Section 5.14 to provide regular maintenance will be fulfilled regardless of whether or not an Owner has constructed improvements upon his Lot or whether or not the Owner permanently resides outside of the Development.

5.15 Development, Sales and Construction Activities of Declarant. Notwithstanding any provisions or restrictions contained in this Declaration to the contrary, the Declarant and its agents, employees, successors, and assigns and designees are permitted to maintain and carry on such facilities and activities as may be reasonably required, convenient, or incidental to the development, completion, improvement, and sale of the whole or any portion of the Property, including, without limitation, the installation and operation of development, sales and construction trailers and offices, signs and models, provided that the location of any such trailers or any assignees of Declarant's rights under this Section 5.15 are subject to Declarant's prior written approval. The right of Declarant to maintain and carry on such facilities and activities will include specifically the right of Declarant and Declarant's designees to use Dwellings as models and as offices for the sale or lease of Lots and Dwellings and for related activities.

5.16 Use of Trademark. Each Owner and Occupant, by acceptance of a deed to any lands, tenements or hereditament within the Development hereby acknowledges that "The French Quarter on Lake Conroe" is a service mark and trade mark. Each Owner and Occupant agrees to refrain from misappropriating or infringing this service mark or trademark.

5.17 Owner Recording Additional Restrictions on Property. No Owner may impose additional restrictive covenants on any lands within the Property beyond those contained in this Declaration without approval of the Declarant during the Declarant Control Period, and thereafter without consent of the Board of Directors. The Declarant may impose additional restrictive covenants on property then owned by the Declarant without the consent of any other Owner or the Association.

5.18 Assignment of Declarant's Rights to the Association The Declarant reserves the right to assign to the Association, at its sole discretion, its rights reserved in this Declaration, including all rights set forth in this Article 5. The Association hereby agrees to accept any and all assignments of rights hereunder, and no further action will be required by it.

5.19 Owner's Re-subdivision No Common Area or Lot will be subdivided, or its boundary lines changed, nor will application for the same be made to any political subdivision with jurisdiction thereof, except with the prior written approval of the Declarant, during the Declarant Control Period, and thereafter except with the prior written approval of the Board of Directors. However, the Declarant reserves the right to so subdivide, and to take such other steps as are reasonably necessary to make the re-platted property suitable and fit as a building site, including, but not limited to, the relocation of easements, walkways, rights-of-way, private roads, bridges, parks, and Common Areas.

5.19.1 Consolidation of Lots The provisions of this Section 5.19 will not prohibit the combining of two (2) or more contiguous Lots into one (1) larger Lot. Following the combining of two (2) or more Lots into one (1) larger Lot, only the exterior boundary lines of the resulting larger Lot will be considered in the interpretation of this Declaration. Consolidation of Lots, as described herein, must be approved by the Declarant during the Declarant Control Period, and thereafter by the Board of Directors, said approval to be granted in its respective sole discretion upon the terms and conditions established by it from time to time, including specific provisions for the payment of Assessments.

5.20 Other Rights and Reservations. **THE OMISSION OF ANY RIGHT OR RESERVATION IN THIS ARTICLE WILL NOT LIMIT ANY OTHER RIGHT OR RESERVATION BY THE DECLARANT WHICH IS EXPRESSLY STATED IN OR IMPLIED FROM ANY OTHER PROVISIONS IN THIS DECLARATION.**

## ARTICLE 6. PROPERTY RIGHTS

6.1 General Rights of Owners. Each Lot and Dwelling will for all purposes constitute real property which will be owned in fee simple and which, subject to the provisions of this Declaration, may be conveyed, transferred, and encumbered the same as any other real property. Each Owner will be entitled to the exclusive ownership and possession of his said property, subject to the provisions of this Declaration, including without limitation, the provisions of this Article 6. If any chutes, flues, ducts, conduits, wires, pipes, plumbing, or any other apparatus or facilities for the furnishing of utilities or other services or for the provision of support to any Lot or Dwelling lie partially within and partially outside of the designated boundaries of the Lot, any portions thereof which serve only such property will be deemed to be a part thereof, and any portions thereof which serve more than one such Lot or Dwelling or any portion the Common Areas will be deemed to be a part of the Common Areas. The ownership of each property subject to this Declaration will include, and there will pass with each property as an appurtenance thereto, whether or not separately described, all of the right and interest in and to the Common Areas and areas of Common Responsibility as established hereunder, and the limitations applicable, which will include, but not be limited to, membership in the Association. Each Owner will automatically become a Member of the Association and will remain a Member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association will automatically pass to his successor-in-title to his or its property.

6.2 Owner's Easement of Enjoyment. Subject to the provisions of this Declaration and the rules, regulations, fees, and charges from time to time established by the Board of Directors in accordance with the By-Laws and the terms hereof, every Owner and Occupant will have a nonexclusive right, privilege, and easement of use and enjoyment in and to the Common Areas, to the extent so entitled hereunder, such easement to be appurtenant to and to pass and run with title, subject to the rights, restrictions, reservations, covenants, easements and obligations reserved, granted or alienable in accordance with this Declaration, including, but not limited to:

6.2.1 Right Of Association To Borrow Money. The right of the Association to borrow money (a) for the purpose of improving the Development, or any portion thereof, (b) for acquiring additional Common Areas, (c) for constructing, repairing, maintaining or improving any facilities located or to be located within the Development, or (d) for providing the services authorized herein, and, subject to the provisions of Section 11.2, to give as security for the

payment of any such loan a mortgage or other security instrument conveying all or any portion of the Common Areas; provided, however, that the lien and encumbrance of any such security instrument given by the Association will be subject and subordinate to any and all rights, interest, options, licenses, easements, and privileges herein reserved or established for the benefit of Declarant, any Owner, or the holder of any Mortgage, irrespective of when such Mortgage is executed or given.

6.2.2 Declarant's Reserved Rights and Easements. The rights and easements specifically reserved to Declarant in this Declaration.

6.2.3 Association's Rights to Grant and Accept Easements. Subject to matters Of Record and/or shown and noted on the Site Plan, the right of the Association to grant and accept easements as provided in Section 6.7 and to dedicate or transfer fee simple title to all or any portion of the Common Areas to any public agency or authority, public service district, public or private utility, or other person, provided that any such dedication or transfer of the fee simple title must be approved by a majority of those present in person or by proxy at a duly held meeting of the Association and by Declarant, during the Declarant Control Period and thereafter for so long as Declarant owns any of the Property primarily for the purpose of development or sale.

6.2.4 Association's Rights and Easements. The rights and easements specifically reserved in this Declaration for the benefit of the Association, its directors, officers, agents, and employees.

6.2.5 Declarant's Easements for Additional Property The Declarant's right to add Additional Property to this Declaration pursuant to Section 2.2.1 and the rights and easements reserved in Section 6.5.1 hereof for the benefit of the Additional Property so added to this Declaration.

6.2.6 Landscape Maintenance; Public Rights-of-Way The Declarant may, in its sole discretion, reserve an easement over any roadway within the Development for the purpose of doing additional maintenance to said public streets and roads and to maintain landscaping along the unpaved rights-of-way thereof, and thereafter denominate on a Site Plan or Supplemental Declaration that said easement will constitute a Common Area of the Development to be maintained by the Association. The front gate and landscaping will be maintained by the Association.

6.3 Access, Ingress and Egress; Roadways All Owners, by accepting title to property conveyed subject to this Declaration, waive all rights of uncontrolled and unlimited access, ingress, and egress to and from such property and acknowledge and agree that such access, ingress, and egress will be limited to roads, sidewalks, walkways, and trails located within the Development from time to time, provided that pedestrian and vehicular access to and from all such property will be provided at all times. There is reserved unto Declarant, the Association, and their respective successors and assigns the right and privilege, but not the obligation, to maintain guarded or electronically-monitored gates controlling vehicular access to and from the Development, provided that access to the Property may be granted to any person who gives reasonable evidence satisfactory to entry guards, if there are any, that entry is with the specific permission of the Owner, or his duly authorized agent. Neither the Declarant nor the Association will be responsible, in the exercise of its reasonable judgment, for the granting or denial of access to the Property in accordance with the foregoing.

**NEITHER THE DECLARANT NOR THE ASSOCIATION SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF ANY GATE OR CONTROLLED ACCESS TO THE PROPERTY OR SAFETY MEASURES UNDERTAKEN WITH RESPECT THERETO BY EITHER OR BOTH OF THEM, NOR SHALL EITHER OR BOTH BE LIABLE FOR ANY LOSS OR DAMAGE RESULTING FROM ANY FAILURE TO PROVIDE CONTROLLED ACCESS OR SAFETY MEASURES, OR FROM LEAVING ANY**

**GATE OPEN, AS PERMITTED UNDER SECTION 6.3.1 BELOW, OR FROM A FAILURE OR INEFFECTIVENESS OF ANY SUCH CONTROLLED ACCESS OR SAFETY MEASURES UNDERTAKEN BY EITHER OR BOTH OF THEM. NO REPRESENTATION, WARRANTY OR COVENANT IS GIVEN TO ANY OWNER OR OCCUPANT BY EITHER OR BOTH OF THE DECLARANT AND THE ASSOCIATION THAT ANY CONTROLLED ACCESS OR SAFETY MEASURES INSTALLED OR UNDERTAKEN CANNOT BE BYPASSED OR COMPROMISED, OR THAT THEY WOULD, IN FACT, AVERT DAMAGE OR LOSS RESULTING FROM THAT WHICH THEY ARE DESIGNED TO PREVENT, AND EACH OWNER BY ACCEPTANCE OF A DEED TO A LOT OR DWELLING AND EACH OCCUPANT THEREOF SHALL INDEMNIFY AND HOLD THE DECLARANT AND ASSOCIATION HARMLESS FROM ANY DAMAGE AND COSTS AND EXPENSES, INCLUDING ATTORNEY FEES, INCURRED BY EITHER OR BOTH OF THEM AS A RESULT OF ANY SUCH ASSERTION OR DETERMINATION.**

6.3.1 Declarant's Right to Maintain Open Gate Notwithstanding anything herein contained to the contrary, the Declarant hereby reserves unto itself, its successors and assigns, the right and option to control any gate to the Development and to leave the gate in an open position for the unobstructed and uncontrolled passage of construction vehicles for Persons engaged in both infrastructure and building construction activities. The within right, if exercised, will be limited to the hours of 6 a.m. to 6 p.m. and will terminate upon expiration of the Declarant Control Period.

#### 6.4 Easements Over Private Roadways

6.4.1 Public and Service Vehicles Police, fire, water, health and other authorized municipal officials, employees and their vehicles; paramedic, rescue and other emergency personnel and their vehicles and equipment; school bus and U.S. Postal Service delivery drivers and their vehicles; private delivery or courier service personnel and their vehicles; and persons providing garbage collection services within the Development and their vehicles and equipment will each have a perpetual, non-exclusive easement for access, ingress and egress over the private roadways constituting a portion of the Common Areas, solely for the performance of their official duties.

6.5 Easements for Declarant During the period that Declarant owns any of the Property for sale, Declarant will have an alienable and transferable right and easement on, over, through, under, and across the Common Areas for the purpose of constructing improvements in and to the Lots and for installing, maintaining, repairing and replacing other improvements to the Property contemplated by this Declaration or as Declarant desires, in its sole discretion, including, without limitation, any improvements or changes permitted and described by Article 2, and for the purpose of doing all things reasonably necessary and proper in connection therewith, provided in no event will Declarant have the obligation to do any of the foregoing.

6.5.1 Declarant's Easements for Any Additional Property. There is hereby reserved for Declarant, and its successors, assigns, and successors-in-title to the Additional Property, for the benefit of and as an appurtenance to the Additional Property, when added to this Declaration pursuant to Section 2.2.1, and as a burden upon the then existing Development, perpetual, non-exclusive rights and easements for (a) pedestrian, vehicular, access, ingress, egress, parking over, across, within, and on all private roads, sidewalks, trails, parking facilities, and the Development's interior lakes, from time to time located within the Common Areas or within easements serving the Common Areas, (b) the installation, maintenance, repair, replacement, and use within the Common Areas, and those portions of properties encumbered pursuant to Section 6.7 for security systems and utility facilities and distribution lines, including, without limitation, drainage systems, storm sewers, and electrical, gas, telephone, water sewer, and master television antenna and/or cable system lines, and (c) drainage and discharge of surface water onto and across the then existing

Development, provided that such drainage and discharge shall not materially damage or affect the then existing Development or any improvements located thereon.

6.6 Changes in Boundaries; Additions to Common Areas. Without the consent of any person, Declarant will have the right, but not the obligation, during the Declarant Control Period, to make improvements and changes to all Common Areas and to all such properties owned by Declarant, including, without limitation, (a) installation and maintenance of any improvements, (b) changes in the location of the boundaries of any such properties owned by Declarant, and (c) installation and maintenance of any water, sewer, and other utility systems and facilities. In connection therewith, Declarant expressly reserves the right to change and realign the boundaries of the Common Areas and any Lots between such adjacent properties owned by Declarant, provided that any such change or realignment of boundaries will not materially decrease the acreage of the Common Areas and will be evidenced by a revision of or an addition to the Site Plan which will be filed Of Record.

6.7 Easements for Utilities. There is hereby reserved for the benefit of Declarant, the Association, and their respective successors and assigns, the alienable, transferable, and perpetual right and easement, as well as the power to grant and accept easements to and from any public authority or agency, public service district, public or private utility, or other person, upon, over, under, and across (a) all of the Common Areas in accordance with this Declaration; (b) those strips of land running adjacent to and parallel with the front, side and rear property lines of Lots and shown on the Site Plan, not to conflict with any drainage easements or wetland setbacks established by local or state governmental authority with jurisdiction or the United States Corps of Engineers thereon, and as may be otherwise shown on the Site Plan; and (c) easement areas shown on any Site Plan or recited in any Supplemental Declaration for the purpose of installing, replacing, repairing, maintaining, and using master television antenna and/or cable systems, security and similar systems, and all utilities, including, but not limited to, storm sewers and drainage systems and electrical, gas, telephone, water, and sewer lines. Such easements may be granted or accepted by Declarant, its successors or assigns, or by the Board of Directors, provided, however, that during the Declarant Control Period and thereafter for as long as the Declarant owns any of the Property primarily for the purpose of development and sale, the Board of Directors must obtain the written approval of Declarant prior to granting and accepting any such easements. To the extent practical, in Declarant's sole discretion, all utility lines and facilities serving the Development and located therein will be located underground. By virtue of any such easement and facilities, it will be expressly permissible for the providing utility company or other supplier or servicer, with respect to the portions of the Development so encumbered, (i) to erect and maintain pipes, lines, manholes, pumps, and other necessary equipment and facilities, (ii) to cut and remove any trees, bushes, or shrubbery, (iii) to grade, excavate, or fill, or (iv) to take any other similar action reasonable necessary to provide economical and safe installation, maintenance, repair, replacement, and use of such utilities and systems.

6.8 Easement for Walks, Paths, and Signs. There is hereby reserved for the benefit of Declarant and the Association the alienable, transferable, and perpetual right and easement upon, over and across (a) all portions of the Common Areas in which improvements are not constructed or erected, and (b) all areas shown and noted on any Site Plan or described in any Supplemental Declaration for the installation maintenance, and use of sidewalks, leisure trails, bike paths, traffic directional signs, and related improvements.

6.9 Easements for the Association. There is hereby reserved a general right and easement for the benefit of the Association, and to any manager employed by the Association and any employees of such manager, to enter upon any Lot, Dwelling, or any portion thereof in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to the Owner directly affected thereby.

6.10 General Maintenance Easement. There is hereby reserved for the benefit of Declarant and the Association an alienable, transferable, and perpetual right and easement to enter upon any unimproved Lot or other

unimproved part of the Property subject to this Declaration for the purpose of providing insect and reptile control, mowing, removing, clearing, cutting, or pruning underbrush, weeds, stumps, or other unsightly growth and removing trash, so as to maintain reasonable standards of health, fire safety, and appearance within the Development, provided that such easements will not impose any duty or obligation upon Declarant or the Association to perform any such actions, or to provide garbage or trash removal services. Furthermore, it is hereby reserved for the benefit of the Declarant and the Association an alienable, transferable, and perpetual right and easement, but not the obligation, to enter upon any unimproved portions of a Lot or Dwelling which is located adjacent to Lake Conroe for the purpose of (a) keeping the same clear and free from unsightly growth and trash, (b) maintaining such body of water, such maintenance to include, without limitation, the maintenance of reasonable water quality standards, and (c) installing, constructing, repairing, replacing, and maintaining any bulkhead falling into disrepair, provided that the foregoing reservation of easements will not be deemed to limit the responsibility therefor by Owners under Section 8.1 hereof. The costs thereof incurred as a result of the action or inaction of any Owner will be paid by such Owner, and until paid will be a continuing lien upon the Owner's Lot or Dwelling.

6.11 Environmental Easement. There is hereby reserved for the benefit of Declarant and the Association an alienable, transferable, and perpetual right and easement on, over, and across all unimproved portions of properties subject to this Declaration for the purpose of taking any action necessary to effect compliance with environmental rules, regulations, and procedures from time to time promulgated or instituted by the Board of Directors, or by any governmental entity, such easement to include, without limitation, the right to implement erosion control procedures and practices, the right to drain standing water, and the right to dispense pesticides.

6.12 No Partition. There will be no judicial partition of the Development or any part thereof, nor will any person acquiring any interest in the Development or any part thereof seek any such judicial partition unless the Development has been removed from the provisions of this Declaration.

6.13 Easements Deemed Granted and Reserved. All conveyances of a Lot hereunder, whether by the Declarant or otherwise, will be deemed to have granted and reserved, as the context will require, all easements set forth in this Declaration, including, but not limited to, those set forth in this Article 6.

## ARTICLE 7. MEMBERSHIP

7.1 Membership. Every Owner, including the Declarant, of a Lot and Dwelling will be a Member of the Association. Ownership of a Lot will be the sole qualification for such membership. In the event that fee simple title to a Lot or Dwelling is transferred or otherwise conveyed, the membership in the Association which is appurtenant thereto will automatically pass to such transferee, notwithstanding any failure of the transferor to endorse to his transferee any certificates or other evidences of such membership. The foregoing is not intended to include Mortgagees or any other persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest will not terminate or otherwise affect an Owner's membership in the Association.

7.2 Voting Rights. The Association will have two (2) types of voting memberships which are as follows:

TYPE A: Type A Members will be Owners (including the Declarant) of Lots and Dwellings. A Type A Member will be entitled to one (1) vote for each Lot and Dwelling owned.

TYPE B: The Type B Member will be the Declarant or its designated assign. The Type B Member will be entitled to three (3) votes for each vote held by Type A Members, plus one (1) vote during the Declarant Control Period. Thereafter, the Type B Member will exercise votes only as to its Type A Memberships.

Payment of Special Assessments or Emergency Special Assessments will not entitle Type A Members to additional votes. Only those Members in good standing and eligible to vote pursuant to the Bylaws shall be entitled to cast any vote required or permitted hereunder, and only the votes of Members in good standing and eligible to vote shall be considered in any calculation of votes or any required percentage thereof.

7.2.1 Voting By Multiple Owners When any Lot or Dwelling of a Type A Member of the Association is owned Of Record in the name of two or more persons, other than husband and wife (either of whose vote will bind both, by an entity, or in any other manner of joint or common ownership, the vote for such Lot or Dwelling will be exercised as such co-Owners determine among themselves and advise the Secretary of the Association in writing prior to any meeting; or the vote will be exercised by such co-Owner, or his duly appointed proxy, as will be designated in a writing by all co-Owners filed Of Record, a copy of which will be delivered to the Secretary of the Association and will remain effective for all meetings until revoked by the co-Owners in a similar writing or until such designation terminates pursuant to the terms of such writing.

7.3 Association Governance by Board. The Association will be governed by a Board of Directors consisting of three (3) or five (5) members. Initially, during the Declarant Control Period, the Board will consist of three (3) members appointed by the Declarant, and following expiration of the Declarant Control Period, the Board will consist of five (5) members elected as provided in the Bylaws of the Association.

7.4 Meetings and Membership Voting Except as otherwise provided in this Declaration, rules and procedures of the Association, including, but not limited to, conducting elections, meetings (both regular and special), and for casting of votes by members, and the number thereof required for quorums and approval or ratification, shall be as set forth in the Bylaws.

## ARTICLE 8. MAINTENANCE

8.1 Responsibilities of Owners. Unless specifically identified herein as the responsibility of the Association, all maintenance and repair of Lots and Dwellings and the bulkhead along Lake Conroe that is adjacent to any such property, together with all other improvements thereon or therein and all lawns, landscaping, and grounds on and within such property will be the responsibility of the Owner thereof. Each Owner will be responsible for maintaining his or its property in a neat, clean, and sanitary condition, and such responsibility will include the maintenance and care of all exterior surfaces of all Dwellings, buildings, and other structures and all lawns, trees, shrubs, hedges, grass, and other landscaping. Except as provided in Section 8.2.2 hereof, each Owner will also be obligated to pay for the costs incurred by the Association for repairing, replacing, maintaining, or cleaning any item which is the responsibility of such Owner, but which responsibility such Owner fails or refuses to discharge. Such costs and expenses, including reasonable costs and expenses of collection and such fines as may be established by the Association, from time to time, to reimburse the Association for the administrative costs incurred thereby, or otherwise, will be a specific Assessment under Section 12.8. No Owner will (i) decorate, change, or otherwise alter the appearance of any portion of the exterior of a Dwelling, building or other structure, or the landscaping, grounds, or other improvements within his or its property unless such decoration, change, or alteration is first approved, in writing, by the ARC, or (ii) do any work which, in the reasonable opinion of the Board of Directors, would jeopardize the soundness and safety of the Development, reduce the value thereof, or impair any easement or hereditament thereto, without in every such case obtaining the written approval of the Board of Directors and the Owners, and the Mortgagees of property directly affected thereby or benefiting from such easement or hereditament.

## 8.2 Association's Responsibility.

8.2.1 General. Except as may be herein otherwise specifically provided, the Association will maintain and keep in good repair all portions of the Common Areas and any areas of Common Responsibility for which the Association is responsible under this Declaration, including responsibility prior to transfer to the Association in accordance with Section 2.3, or under any Supplemental Declaration, which responsibility will include the maintenance, repair, and replacement of (a) all drainage not under the expressly specified jurisdictional care and maintenance of any governmental authority, and walking, ingress and egress easements shown and noted on the Site Plan, (b) all road shoulders, walks, trails, interior lakes not under the jurisdiction of the San Jacinto River Authority, parking lots, landscaped areas, and other improvements situated within the Common Areas, and areas of Common Responsibility or easements, (c) security systems and utility lines, pipes, plumbing, wires, conduits, and related systems which are a part of its said properties and which are not maintained by a public authority, public service district, public or private utility, or other person, and (d) all lawns, trees, shrubs, hedges, grass, and other landscaping situated within or upon its said properties or any area of Common Responsibility. The Association will not be liable for injury or damage to any person or property (i) caused by the elements or by any Owner or any other person, (ii) resulting from any rain or other surface water which may leak or flow from any portion of its properties, or (iii) caused by any pipe, plumbing, drain, conduit, appliance, equipment, security system, or utility line or facility, the responsibility for the maintenance of which is that of the Association, becoming out of repair. Nor will the Association be liable to any Owner for loss or damage, by theft or otherwise, of any property of such Owner which may be stored in or upon any portion of its properties or any other portion of the Property. No diminution or abatement of Assessments will be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay such Assessments being a separate and independent covenant on the part of each Owner.

8.2.2 Work In Behalf of Owners. In the event that Declarant or the Board of Directors determines that: (a) any Owner or Occupant has failed or refused to discharge properly his or its obligations with regard to the maintenance, cleaning, repair, or replacement of items for which he or it is responsible hereunder, or (b) that the need for maintenance, cleaning, repair, or replacement which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner or Occupant, and is not covered or paid for by insurance in whole or in part, then, in either event, Declarant or the Association, except in the event of an emergency situation, may give such Owner written notice of Declarant's or the Association's intent to provide such necessary maintenance, cleaning, repair, or replacement, at the sole cost and expense of such Owner, and setting forth with reasonable particularity the maintenance, cleaning, repairs, or replacement deemed necessary. Except in the event of emergency situations, such Owner will have fifteen (15) days within which to complete the same in a good and workmanlike manner, or in the event that such maintenance, cleaning, repair, or replacement is not capable of completion within said fifteen (15)-day period, to commence said maintenance, cleaning, repair, or replacement and diligently proceed to complete the same in a good and workmanlike manner. In the event of emergency situations or the failure of any Owner to comply with the provisions hereof after such notice, Declarant or the Association may provide (but will not have the obligation to so provide) any such maintenance, cleaning, repair, or replacement at the sole cost and expense of such Owner and said cost will be added to and become a part of the Assessment to which such Owner and his property is subject and will become a lien against such property. In the event that Declarant undertakes such maintenance, cleaning, repair, or replacement, the Association will promptly reimburse Declarant for Declarant's costs and expenses.

## ARTICLE 9. INSURANCE AND CASUALTY LOSSES

### 9.1 Insurance

9.1.1 Association's Property Insurance The Board of Directors will obtain and continue in effect adequate property insurance, in such form as the Board deems appropriate, for the benefit of the Association. Such coverage will insure all insurable improvements in and to the Common Areas, and any non-owned property under its Common Responsibility for which the Board determines insurance is warranted, against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism, and malicious mischief, such coverage to be in an amount sufficient to cover the full replacement cost (without depreciation but subject to such deductible levels as are deemed reasonable by the Board) of any repair or reconstruction in the event of damage or destruction from any such hazard.

9.1.2 Association's Liability Insurance. The Board will obtain and continue in effect a public liability policy covering all the Common Areas and areas of Common Responsibility, and all damage or injury caused by the negligence of the Association, its Members, its directors and officers, or any of its agents. Such public liability policy will provide such coverages as are determined to be necessary by the Board of Directors.

9.1.3 Fidelity Bonds. The Association will obtain, maintain and pay the premiums, as a Common Expense, upon a blanket fidelity bond for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds belonging to or administered by the Association, including any professional management company assisting with the administration of the Association. The total amount of the fidelity bond coverage required will be based upon the best business judgment of the Board of Directors. Fidelity bonds will meet the following requirements: the Association will be named as an obligee; the bonds will contain waivers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions; and the bond will provide that it may not be canceled or substantially modified (including cancellation for nonpayment of a premium) without at least ten (10) days prior written notice to the Association and each Mortgagee listed as a scheduled holder of a first Mortgage in the fidelity bond.

9.1.4 Association's Other Insurance. The Board will have the authority and may obtain (a) workers' compensation insurance to the extent necessary to comply with any applicable laws and (b) other types and amounts of insurance as may be determined by the Board to be necessary or desirable, including, but not limited to, fidelity and directors' and officers' liability coverage.

9.1.5 Association's Policies. All such insurance coverage obtained by the Board of Directors will be written in the name of the Association as trustee for each of the Owners and costs of all such coverage will be a Common Expense. Exclusive authority to adjust losses under policies obtained by the Association and hereafter in force with respect to the Development will be vested in the Board of Directors; provided, however, that no mortgagee or other security holder of the Common Areas having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto. Insofar as permitted by law, the Association will be required to make every effort to secure insurance policies with the provisions hereinafter set forth:

(i) All policies will be written with a company holding a rating of A+ in a financial category of 10, or a better rating and financial category, as established by Best's Insurance Reports, if such a company is available or, if not available, its equivalent rating or the best possible rating.

(ii) All property insurance policies will be for the benefit of the Owners and their Mortgagees as their interests may appear.

(iii) All policies will contain a waiver of the insurer's right to cancel without first giving thirty (30) days' prior written notice of such cancellation to the Association and to any Mortgagee to which a mortgagee endorsement has been issued.

(iv) In no event will the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners or their Mortgagees, and all policies will contain a provision that the "other insurance" clauses in such policies exclude from consideration policies obtained by individual Owners or their Mortgagees.

(v) All policies will contain a waiver of subrogation by the insurer as to any claims against the Association, the Association's directors and officers, the Owners, Occupants, and the Association's manager.

(vi) All policies will contain a provision that no policy may be cancelled, invalidated, or suspended on account of the conduct of one or more of the individual Owners or Occupants on account of the acts of any director, officer, employee, or agent of the Association or of its manager, without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured.

(vii) All liability insurance will contain cross-liability endorsements to cover liability of the Association to an individual Owner.

9.1.6 Owner's Insurance. It will be the individual responsibility of each Owner at his own expense and election to provide public liability, property damage, title, and other insurance with respect to his or its own Lot and Dwelling. The Board of Directors may require all Owners to carry public liability and property damage insurance with respect to their respective properties and to furnish copies or certificates thereof to the Association.

9.2 Damage or Destruction to Common Areas. Immediately after damage or destruction by fire or other casualty to all or any part of the Common Areas covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent will proceed with the filing and adjustment of all claims arising under such insurance, and, in any such event, the Board will obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Article 9, means repairing or restoring the damaged property substantially to the same condition in which it existed prior to the fire or other casualty. Unless within sixty (60) days following any damage or destruction to all or a part of the Common Areas, Declarant, for so long as Declarant owns any of the Property primarily for development or sale, and the Board acting on the vote of seventy-five percent (75%) or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members (which percentage will also constitute the quorum required for any such meeting), will otherwise agree, the Association will restore or replace such damaged improvements. If any insurance proceeds for such damage or destruction are not sufficient to defray the cost thereof, including any amount attributable to Association's insurance deductible, and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a Special Assessment against all Owners, without the necessity of a vote, pursuant to Section 12.5(a) hereof, such Special Assessment to be in an amount sufficient to provide funds to pay such excess cost or repair or reconstruction. Such a Special Assessment will be levied against the Owners equally in the same manner as Annual Assessments are levied, and additional Special Assessments may be made at any time during or following the completion of any repair or reconstruction. Any and all sums paid to the Association under and by virtue of such Assessments will be held by and for the benefit of the Association together with the insurance proceeds, if any, for such damage or destruction. Such insurance proceeds and Assessments will be disbursed by the Association in payment for such repair or reconstruction pursuant to and in accordance with such method of distribution as is established by the Board of Directors. Any proceeds remaining after defraying such costs will be retained by and for the benefit of the Association. If it is determined that the damage or destruction for which the insurance proceeds are

paid will not be repaired or reconstructed, such proceeds will be retained by and for the benefit of the Association, and the ruins of the Common Areas damaged or destroyed by fire or other casualty will be cleared and the Common Areas left in a clean, orderly, safe, and sightly condition.

## ARTICLE 10.. CONDEMNATION

10.1 Condemnation of Common Areas Whenever all or any part of the Common Areas of the Development will be taken by any authority having the power of condemnation or eminent domain, or is conveyed in lieu thereof by the Board acting on the affirmative vote of seventy-five percent (75%) or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members, which percentage will also constitute the quorum required for any such meeting, and following written approval by the Declarant for so long as Declarant owns any of the Property primarily for development or sale, the award or proceeds made or collected for such taking or sale in lieu thereof will be payable to the Association and will be disbursed or held as follows:

10.1.1 Common Areas With Improvements. If the taking or sale in lieu thereof involves a portion of the Common Areas on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant, for so long as Declarant owns any of the Property primarily for development or sale, and the Board, acting on the vote of seventy-five percent (75%) or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members (which percentage will also constitute the quorum required for any such meeting), will otherwise agree, the Association will restore or replace such improvements so taken, to the extent practicable, on the remaining lands included in the Common Areas which are available therefore, in accordance with the plans approved by the Board of Directors, the ARC, and by Declarant during the Declarant Control Period. If the awards or proceeds are not sufficient to defray the cost of such repair and replacement and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a Special Assessment against all Owners, without the necessity of a vote pursuant to Section 12.5, such Special Assessment to be in an amount sufficient to provide funds to pay such excess cost or repair or reconstruction. Such a Special Assessment will be levied against the Owners equally in the same manner as Annual Assessments are levied, and additional Special Assessments may be made at any time during or following the completion of any repair or reconstruction. If such improvements are not to be repaired or restored, the award or proceeds will be retained by and for the benefit of the Association.

10.1.2 Common Areas Without Improvements. If the taking or sale in lieu thereof does not involve any improvements to the Common Areas, or if there are net funds remaining after any such restoration or replacement of such improvements is completed, then such award, proceeds, or net funds will be retained by and for the benefit of the Association.

10.1.3 Including Owner's Property. If the taking or sale in lieu thereof includes all or any part of an Owner's property and also includes any part of the Common Areas, then a court of competent jurisdiction will apportion such award or proceeds, which will be disbursed to the Association and the Owners so affected so as to give just compensation to the Owners for their interest in such property; provided, however, such apportionment may instead be resolved by the agreement of (i) the Board of Directors, (ii) the Owners of all properties wholly or partially taken or sold, together with the Mortgagees for each such property, and (iii) Declarant, for so long as Declarant owns any of the Property primarily for development or sale.

## ARTICLE 11. FUNCTIONS OF THE ASSOCIATION

11.1 Board of Directors and Officers. The Association, subject to the rights of Declarant and the rights and duties of the Owners set forth in this Declaration, will be responsible for the exclusive management and control of the Common Areas and areas of Common Responsibility and all improvements thereon (including furnishings and equipment related thereto) and will keep the same in a good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions thereof. Except to the extent otherwise required by the provisions of the Nonprofit Corporation Act, this Declaration, the Bylaws, or the Articles of Incorporation, the powers herein or otherwise granted to the Association shall be exercised by the Board of Directors, acting through the officers of the Association and their duly authorized delegees, without any further consent or action on the part of the Owners. As provided in Section 16.1 hereof and notwithstanding any other provision to the contrary contained in any instruments evidencing or establishing the Development, Declarant will have the right to appoint or remove any member or members of the Board of Directors or any officer or officers of the Association during the Declarant Control Period. Each Owner, by acceptance of a deed to or other conveyance of a Lot or Dwelling vests in Declarant such authority to appoint and remove directors and officers of the Association as provided by this Section 11.1 and by Section 16.1 hereof.

11.2 Duties and Powers. The duties and powers of the Association will be those set forth in the provision of the Nonprofit Corporation Act, this Declaration, the Bylaws, and the Articles of Incorporation, together with those reasonably implied to effect the purposes of the Association; provided, however, that if there are conflicts or inconsistencies between the Nonprofit Corporation Act, this Declaration, the Bylaws, or the Articles of Incorporation, the provisions of the Nonprofit Corporation Act, this Declaration, the Articles of Incorporation, and the Bylaws, in that order, will prevail, and each Owner of a property within the Development, by acceptance of a deed or other conveyance therefor, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, together with every other right or privilege reasonable to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege. Such powers of the Association will include, but will not be limited to, the power to purchase one or more properties subject to this Declaration and to hold, lease, mortgage, sell, and convey the same. Such duties may include, but will not be limited to, arranging with governmental agencies, public service districts, public or private utilities, or others, as a Common Expense or by billing directly to the Owners, to furnish trash collections, water, sewer, and/or security service for the properties subject to this Declaration. Notwithstanding the foregoing provision of this Section 11.2 or any other provision of this Declaration to the contrary, during the Declarant Control Period the Association will not, without the written approval of Declarant, borrow money or pledge, mortgage, or hypothecate all or any portion of the Common Areas.

11.2.1 Ownership of Properties. The Association will be authorized to own, purchase, lease, use under any use agreement, and maintain (subject to the requirements of any Federal, State or local governing body of Texas) Common Areas, areas of Common Responsibility with respect to the maintenance thereof, equipment, furnishings, and improvements devoted to the uses and purposes expressed and implied in this Declaration, including, but not limited to, the following uses:

- (i) For walks, paths or trails throughout the Property;
- (ii) For recreation facilities, including a swimming pool, basketball courts, tennis courts, Association clubhouse, community dock, if the same are constructed by Declarant; and
- (iii) For providing any of the services which the Association is authorized to offer under Section 11.2.2 below.