THE STATE OF TEXAS

COUNTY OF MONTGOMERY

WHEREAS, LAKE CONROE HILLS LIMITED, a limited partnership, dba U.S. Land Development Co. is the owner of all that certain real property comprising Lake Conroe Hills, Section II, herein sometimes referred to as Subdivision, according to the map or plat thereof recorded in Volume 11, Page 25 of the Map Records of Montgomery County, Texas, to which map or plat and its record thereof reference is here made for full and particular description of said real property; and

WHEREAS, LAKE CONROE HILLS LIMITED, in its desire to keep the development of said real property for the mutual benefit and pleasure of the owners in said subdivision, and for the protection of such property values therein, desires to place on and against said property certain protective restrictive covenants regarding the use thereof.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that LAKE CONROE HILLS LIMITED, a limited partnership, does hereby make and files the following declarations, reservations, protective covenants, limitations, conditions and restrictions regarding the use and/or improvements on the lots located in said Lake Conroe Hills, Section II, owned by the undersigned, including the dedicated roads, avenues, streets and waterways therein as follows:

1. BUILDING PERMITS AND ARTICTECTURAL CONTROL

No building shall be erected, placed or altered on any lot, property or area in this subdivision until the building plans, specifications and plot plans showing the location of such building have been approved in writing by LAKE CONROE HILLS LIMITED, or its designated representative, or such architectural control committee as may be established, as to conformity and harmony of external and structural design and quality with existing structures in the subdivision and as to the location of the building and inconformity with the declarations, reservations, protective covenants, limitations, conditions and restrictions, as hereinafter set out.

In the event said LAKE CONROE HILLS LIMITED, or its designated representative or such architectural control committee, fails to approve or disapprove such design and location within thirty days after said plans and specifications have been submitted to it, and if no suit to enjoin the erection of such building or the making of such alterations has been commenced prior to the completion thereof, such approval will not be required and this covenant will be deemed to be fully complied with. Notice of disapproval shall be delivered in person or by registered letter, addressed to Purchaser's last known address, and which said notice will set forth in detail the elements disapproved and the reason therefore. Such notice need not, however, contain any suggestions as to the methods of correcting the matters and things disapproved. The judgment of the supervising authority or committee shall in all things be final.

2. RESERVES

Except for the provisions above providing for architectural control and/or any restrictions that may be

placed upon them by deed, the areas reflected on the map or plat of Lake Conroe Hills, Section II, as Reserves A through G are reserved by Developer, provided however, such reserved areas shall not be utilized for commercial development.

3. RESIDENTIAL LOTS

Except for the reserved areas as described in 2. above, all lots in said Lake Conroe Hills, Section II, shall be known and designated as "residential lots", and shall be used for residential purposes only, and shall be subject to the following restrictions, reservations, protective covenants, limitations and conditions:

A. USE. No dwelling shall be erected, altered, placed or permitted to remain on any residential lot except for residential purposes together with such servants' quarters, garages and other structures which may be suitable or proper for the use and occupancy of said lots for residential purposes.

B. Lots Nos. 79 through 91 in Block 5 and Lots Nos. 8 through 30 in Block 12 may be resubdivided as townhouse lots or for multi-family dwellings such as duplexes, apartments or other form of multiple family dwelling; provided however, in any such resubdividing, each such resubdivided lot shall have a minimum front footage width of at least 25 feet.

C. Lots Nos. 13 through 32 in Block 18 are designated as townhouse lots.

D. All townhouses erected shall have an interior area of not less than 1200 square feet.

E. No dwelling shall be erected on any lot in Block 2 nor on lots Nos. 1 through 12 and Lots Nos. 33 through 35 in Block 18 unless the same shall have an exterior area of not less than 1600 square feet; provided however, that one and one-half story and two-story houses shall contain at least 1200 square feet on the ground floor and contain a total of at least 1600 square feet; and provided further that said square footage as set forth herein shall be exclusive of attached garages, open porches, servants' quarters or other appendages.

F. Except for the lots listed above, no dwelling shall be erected on any lot in the subdivision unless the same shall have an exterior area of not less than 1200 square feet; provided however, that one and one-half story and two story houses shall contain at least 1000 square feet on the ground floor and contain a total of at least 1200 square feet; and provided further that said square footage as set forth herein shall be exclusive of attached garages, open porches, servants' quarters or other appendages.

G. Except for townhouse and multi-family dwellings which may be erected on the lots set forth in B. and C. above, no building or structure shall be erected on any lot nearer than four (4) feet including roof overhang from any interior lot line. The foregoing notwithstanding, the building lines and easements as set forth on the recorded map or plat of Section II of this subdivision shall control where applicable.

H. Except as permitted hereinabove no dwelling shall be erected, altered, placed or permitted to remain on any lots other than as a singly family residence, designated and constructed for use by a single family together with such servants' quarters, garages and other structures as may be suitable and proper for the use and occupancy of said residence as a single family dwelling.

I. In no event shall any lot in this subdivision be utilized for business purposes such as the selling of merchandise, wares and services.

J. CONSTRUCTION. All materials used in the exterior construction of any residence or other structure must be approved by Lake Conroe Hills Limited or its assigns or nominees before any structure may be erected and only new construction materials may be used except for used brick. No concrete blocks shall be used in said construction and all buildings shall be built on a slab or solid concrete beam foundation or standing on concrete blocks. In no event shall any old house or building be moved on any lot or lots in said subdivision. The exterior construction of any kind and character, be it the primary residence, garage, porches, or appendages thereto, shall be completed within six (6) months after the start of foundation.

4. GARBAGE AND TRASH DISPOSAL

Garbage and trash shall be disposed of at least once a week. No lot shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste. All garbage or trash accumulated from day to day shall be kept in covered sanitary containers. All incinerators or other equipment for storage or disposal of such material shall be kept in a clean and sanitary condition and not visible from any road or right-of-way.

5. NUISANCES

No noxious or offensive trade or activity shall be carried on or maintained on any lot in said subdivision, nor shall anything be done thereon which may be or become a nuisance in the neighborhood. A nuisance shall include but not be limited to: a truck larger than three-quarter ton parked on lots or roads or permanently kept on property; any motor vehicle not properly licensed by the State of Texas; junk or wrecking yards; automobiles, trucks or other vehicles used for parts.

6. EASEMENTS

Certain easements are reserved over and across lots in the subdivision as indicated on the recorded subdivision plat and as further set forth herein, for the purpose of furnishing and/or the movement of electric power, water, sewage, drainage, telephone services and petroleum substances in and through the subdivision and all contracts, deeds and conveyances of any of said lots or portions thereof are hereby made subject to such easements.

Such easements also include the right to remove all trees within the easements. All such easements further include the right to trim overhanging trees and shrubs located on the property belonging to or being a part of this subdivision.

7. TEMPORARY STRUCTURES AND RESIDENCES

No trailer, mobile home, tent, shack or barn shall be moved upon or built upon any lot in this subdivision, nor shall any garage or other out building be used as a temporary or permanent residence in this subdivision.

8. ANIMALS

No horses, cows, poultry or livestock of any kind, other than house pets, may be kept on said property. No lot in this subdivision shall be used for the commercial breeding and feeding of any animals or birds.

9. FENCES AND PLANTS

No fence or wall shall be located between the street and the building line. All fences built of lumber shall be painted with at least two coats of paint or stain and maintained so as to appear neat and presentable at all times.

10. SIGNS

No signs of any kind shall be displayed to the public view on any tract or lot except a sign advertising the property for sale by developer or its agent, or signs used by a builder to advertise the property during the construction and sales period, or a sign to advertise the resale or leasing of improved property on which a residential dwelling has been constructed and completed.

11. ACCESS

No driveways or roadways may be constructed on any lot in this subdivision that will furnish access to any adjoining lots or property without the express written consent of Lake Conroe Hills Limited or its agent, U.S. Land Development Co.

12. DRIVEWAYS

All driveways must be paved before any new dwelling may be occupied in this subdivision.

13. CULVERTS

The size and construction of all drain tiles or culverts in any drainage ditch (including road ditches) within Lake Conroe Hills, Section II, must be approved by the architectural control committee,

and in no event shall any such drain tile or culvert have an inside diameter of less than 18 inches.

14. UTILITIES

Each and every residence shall be required to connect to the water and sewer lines as soon as they are made available.

Electric energy shall be the sole source of heat, light and power (excluding wood burning fireplaces) used within Lake Conroe Hills Subdivision.

15. RESUBDIVISION

No lot may be resubdivided without the written approval of Lake Conroe Hills Limited.

16. FIREARMS

The use or discharge of firearms is expressly prohibited within the subdivision.

17. MATERIALS STORED ON LOTS

No building material or debris of any kind shall be placed or stored upon any lot except during construction.

18. MAINTENANCE FUND

(a) Except for Reserves A through G, each lot shall be subject to an annual maintenance fee of \$36.00 per year, payable in monthly installments of \$3.00 or in advance on July 1st of each year. Said fee to be collected and dispersed by Lake Conroe Hills Limited or its authorized agent, U.S. Land Development Co. or its successors, or assigns or nominees.

(b) Each townhouse lot, either platted or replatted, in Lake Conroe Hills, Section II, shall be subject to an annual maintenance fee of \$36.00 payable in advance on July 1 of each year or in monthly installments of \$3.00. In the event of multi-family units as hereinabove provided, each family unit shall be subject to an annual maintenance fee of \$36.00 in advance on July 1 of each year or in monthly installments of \$3.00.

(c) All past due maintenance charges shall bear interest from their due date at the rate of ten per cent (10%) per annum until paid. Such charges shall be a covenant running with the land, and to secure payment thereof, a Vendor's Lien is hereby retained by Lake Conroe Hills Limited, upon the property herein conveyed, subject and inferior, however, to a purchase money lien or construction money lien, or both.

Such annual charges may be adjusted at any time on any lot by Lake Conroe Hills Limited as may be required by

any "Housing Authority" or "Regulating Agency" or "Governmental Agency" to meet any requirements or rules of such Agencies.

Funds arising from such charge shall be applied, so far as sufficient, toward the common good of the community, civic betterment, municipal, educational and public recreational purposes (but not by way or limitation) as follows:

(1) To render constructive civic welfare for the promotion of the social welfare of the community and of the citizens of Lake Conroe Hills, Section II, to inculcate civic consciousness by means of active participation in constructive projects which will improve the community, state and nation.

(2) To promote and/or provide municipal services and educational and public recreational services and facilities for residents of Lake Conroe Hills, Section II.

(3) To acquire, maintain and construct buildings and property for public services and educational and recreational facilities.

(4) To do any other thing necessary or desirable or of general benefit to the community, including (but not by way of limitation) the following:

A charge of 50¢ per month upon each monthly bill to each of the lot occupants to cover the cost of electric energy to operate the street lighting system to be installed in and upon the property above described as outlined in Gulf States Utilities Rate Schedule RLU. Rate Schedule RLU is subject to change without notice.

19. UTILITY STANDBY CHARGES

Until such time as water and sewer taps are made for each separate residential lot, and water and sewer service is commenced, there shall be levied against every individual residential lot, severally, a stand-by charge not to exceed \$7.50 per month. Such charge shall be fixed from time to time by the Board of Directors of the utility district to be created on the property, which charge shall be due and payable in monthly installments in advance; and the payment of such standby charge or charges shall be and is secured by a lien as hereby created. Lake Conroe Hills Limited does hereby reserve unto itself, its successors and assigns and establish and impose a lien, thereby securing the assessment as herein set forth for the prescribed utility standby charge.

This lien so established, may be foreclosed upon after notice of delinquency to the owner of any lot, as and in the same manner as is provided for the foreclosure of a mortgage upon real property under the laws of the State of Texas, just as though Lake Conroe Hills Limited had retained a vendor's lien and possessed a deed of trust and note against said lots. Any such action of foreclosure will entitle the lien-holder to reasonable attorney's fees and other allowed costs and penalties.

Such standby charge, the liens securing the payment thereof, and the right and responsibility for the enforcement thereof are assigned or will be assigned without recourse to the utility district upon its creation, in consideration of its furnishing or proposing to furnish such water and sewer service to such residential lot or lots. Such charge, and all liens securing the payment, thereof, shall be released and discharged automatically (without further action) on any lot upon the conveyance of any lot to the initial person or persons who will reside on the property and the completion of a dwelling or residence on the property. Such completion may be evidenced by the creation and recordation of the first lien mortgage or deed of trust on the improved property or by the execution of a release by the holder of said lien or by the Board of Directors of the said utility district, of the lien created hereunder to secure the standby charge.

20. DURATION OF RESTRICTIONS

These restrictions shall remain in full force and effect for the primary period of thirty (30) years from the date hereof, indicated below; and thereafter shall be automatically renewed for additional successive periods of ten (10) years each unless the owners of at least 51% of the lots in the subdivision shall, by instrument in writing duly placed of record, elect to terminate or amend these restrictions and the force and effect thereof.

21. MISCELLANEOUS PROVISIONS

All covenants and restrictions are for the benefit of the entire subdivision and shall be binding upon every purchaser, his (her) successors, heirs and assigns.

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

All of the restrictions, easements and reservations herein provided and adopted as part of said subdivision shall apply to each and every lot and when such lot or lots are conveyed the same shall be conveyed subject to such restrictions and reservations as contained herein, and also such limitations as are shown on the map or plat of Lake Conroe Hills, Section II, Montgomery County, Texas, and when lots with such reservations, easements, restrictions, etc., are so referred to by reference thereto in any such deed or conveyance to any lot or lots in said subdivision the same shall be the same force and effect as if said restrictions, covenants, conditions, easements and reservations were written in full in such conveyance, and each contract and deed shall be conclusively held to have been so executed, delivered and accepted upon the express conditions, reservations, easements and restrictions as herein stated and set forth.

Enforcement of these restrictions and covenants shall be by proceedings at law or in equity against any person or persons violating or attempting to violate the same, either to restrain or prevent such violation or proposed violation by an injunction, either prohibitory or mandatory, or to obtain any other relief authorized by law. Such enforcement may be by the owner of any of said lots or by lake Conroe Hills Limited, its duly authorized agent, U.S. Land Development Company, or its successors or assigns.

IN WITNESS WHEREOF, LAKE CONROE HILLS LIMITED, acting through its General Partner, Lake Conroe Hills Land Development, Inc., has caused these presents to be executed, all thereunto duly authorized, on this 11th day of July, 1973.

LAKE CONROE HILLS LAND DEVELOPMENT, INC. By Hubert Vestal

ATTEST: LeRoy Howard Secretary

THE STATE OF TEXAS

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared HUBERT VESTAL, President of LAKE CONROE HILLS LAND DEVELOPMENT INC., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN under my hand and seal of office, this 11th day of July, 1973.

Barbara Ann Bieson Notary Public in and for Harris County, Texas

THE STATE OF TEXAS COUNTY OF MONTGOMERY

I, Roy Harris, Clerk of the County Court in and for Montgomery County, Texas, do hereby certify that this instrument was FILED FOR RECORD and RECORDED in the volume and page of the named record and at the time and date as stamped hereon by me.

Roy Harris County Clerk of Montgomery Co., Texas