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FIRST AMENDED AND RESTATED

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR THE ESTATES OF WEDGEWOOD FALLS**

THIS FIRST AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE ESTATES OF WEDGEWOOD FALLS SINGLE FAMILY RESIDENTIAL AREA (this "Declaration"), made as of the date hereinafter set forth by CHESMAR HOMES, LTD., a Texas limited partnership (hereinafter referred to as the "Declarant").

This amends and restates, in its entirety, the Declaration of Covenants, Conditions and Restrictions for The Estates of Wedgewood Falls Single Family Residential Areas E-Filed for Record 10/22/2013 3:26PM Doc # 2013115370, Pages 50, in the Official Public Records of Montgomery County, Texas.

WITNESSETH:

Initial Subdivision

WHEREAS, the Declarant is the owner of the following described land and premises in Montgomery County, Texas; to wit:

All that certain tract or parcel of land containing 30.57 acres of land which is described in Exhibit "A" attached hereto, which property has been platted by Signorelli Investment Company, Ltd. as The Estates of Wedgewood Falls (the "Initial Subdivision"); and

WHEREAS, the Declarant intends by this Declaration to impose mutually beneficial restrictions under a general plan of improvements for the benefit of all owners of the property within the Initial Subdivision and such other property as may hereafter be annexed into the jurisdiction of the Association (as hereinafter defined) the Declarant desires to provide a flexible and reasonable procedure for the overall development of such property and to establish a method for the administration, maintenance, preservation, use, and enjoyment of such property.

NOW, THEREFORE, the Declarant hereby declares that the Lots (as hereinafter defined) within the Subdivision are hereby subjected to the provisions of this Declaration and the property within the Initial Subdivision and all other property hereafter made subject to this Declaration shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments, and liens hereinafter set forth, which are for the purpose of protecting the desirability of, and which shall run with the title to, the real property subject to this Declaration, and shall be binding on all persons having any right, title, or interest in all or any portion of such property, their respective heirs, legal

representatives, successors, successors-in-title, and assigns and shall inure to the benefit of each and every owner of all or any portion thereof.

**FIRST AMENDED AND RESTATED
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE ESTATES OF WEDGEWOOD FALLS SINGLE FAMILY RESIDENTIAL AREAS**

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ARTICLE I DEFINITIONS

The following words, when used in this Declaration, shall have the following meanings:

SECTION 1. "Area of Common Responsibility" shall mean the Common Area, together with those areas, if any, which by contract or agreement become the responsibility of the Association. Road rights-of-ways within or adjacent to the Properties may be part of the Area of Common Responsibility.

SECTION 2. "Articles of Incorporation" means the Articles of Incorporation of the Estates Of Wedgewood Falls Homeowners Association, Inc. and any amendments thereto, as filed with the Secretary of State of the State of Texas.

SECTION 3. "Assessment" shall mean the Residential Assessments, Neighborhood Assessments, Special Assessments and Specific Assessments levied by the Association pursuant to Article III hereof, the Capitalization Payments payable to the Association pursuant to Section 2(d) of Article III hereof upon the sale of each Lot with a Single Family Residence, and any other amounts or sums due by any Owner to the Association pursuant to the provisions of this Declaration or a Supplemental Declaration.

SECTION 4. "Association" shall mean and refer to The Estates of Wedgewood Falls Homeowners Association, Inc., a non-profit, non-stock, membership corporation incorporated under the laws of the State of Texas, its successors and assigns.

SECTION 5. "Association Expenses" shall mean and include the actual and estimated expenses of operating the Association, both for general and Neighborhood purposes, including any reasonable reserves, all as may be found to be necessary and appropriate by the Board of Directors of the Association pursuant to this Declaration and the Association's By-Laws and Articles of Incorporation.

SECTION 6. "Board of Directors" or "Board" shall mean the governing body of the Association.

SECTION 7. "Builder" shall mean and refer to any Person undertaking the construction of a Single Family Residence on a Lot within the Properties for the purpose of selling same.

SECTION 8. "Builder Guidelines" shall mean and refer to written guidelines, as amended from time to time, for the construction of improvements on the Lots within the jurisdiction of the Association, which are adopted by the Architectural Review Committee pursuant to this Declaration. The Builder Guidelines may impose different requirements for different portions of the Properties.

SECTION 9. "By-Laws" shall mean the By-Laws of the Association, as amended from time to time.

SECTION 10. "Capitalization Payment" shall mean the amount payable to the Association pursuant to Section 2(d) of Article III hereof upon the sale of a Lot with Single Family Residence.

SECTION 11. "Class B Control Period" shall mean the period during which there is a Class B membership in the Association and during which the Declarant is entitled, as more specifically set forth in the Articles of Incorporation and By-Laws, to appoint and remove the members of the Board of Directors and disapprove any action, policy or program of the Association, the Board or any committee which, in the sole judgment of the Declarant, would tend to impair rights of the Declarant or Builders or interfere with the development, construction or marketing of any portion of the Properties, or diminish the level of services being provided by the Association.

SECTION 12. "Common Area" shall mean and refer to any and all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Owners and Occupants.

SECTION 13. "Declarant" shall mean and refer to Chesmar Homes, Ltd., a Texas limited partnership, or to such successor Declarant as may hereafter be designated in an instrument placed of record in the real property records of Montgomery County, Texas as the Declarant by the Declarant hereunder at such time. Upon such designation of a successor Declarant, all rights of the former Declarant hereunder shall cease. The Declarant is granted the right during the Class B Control Period pursuant to certain provisions of this Declaration, the Articles of Incorporation, and the By-Laws to appoint and remove the members of the Board and the right to disapprove any actions, policies and programs of the Board and/or its committees.

SECTION 14. "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions for the Estates of Wedgewood Falls Homeowners Association, Inc., as it may hereafter be amended in accordance with the provisions hereof.

SECTION 15. "Exclusive Common Area" shall mean and refer to the property and facilities which by plat or otherwise are restricted solely for use by the Owners and Occupants of a certain Neighborhood, which property and facilities may be maintained by the Association at the expense of such Neighborhood from Neighborhood Assessments.

SECTION 16. "Landscaping Guidelines" shall mean and refer to written landscape design, installation and maintenance criteria and guidelines for the Lots, as amended from time to time, which are adopted by The Estates of Wedgewood Falls

Architectural Review Committee. The Landscaping Guidelines may be included within and be a part of the Builder Guidelines adopted by such committee and different Landscaping Guidelines may be adopted for different portions of the Properties.

SECTION 17. "Lot" shall mean and refer to any portion of the Properties, whether developed or undeveloped, upon which a Single Family Residence has been constructed or it is intended by the Declarant that a Single Family Residence be constructed, excluding reserve tracts, but including lots created by the platting or replatting of a reserve tract. "Lots" shall mean and refer to each Lot and all of them. In the case of a parcel of land planned for single family residential development which has not been platted into Lots, the parcel shall be deemed to contain the number of Lots designated by the Declarant on the development plan for such parcel of land unless or until a different number of Lots is platted. The Owner of one or more adjacent Lots (or portions thereof) shall have the right to consolidate such Lots or portions of such Lots into one or more Single Family Residence building sites, with the privilege of placing or constructing improvements on such sites, in which case side setback lines shall be measured from the resulting side property lines of each such building site rather than from the lot lines shown on the recorded plat. If such Single Family Residence building site is replatted as a single Lot, it shall be considered as a single Lot for purposes of Assessments levied by the Association pursuant to this Declaration at the time the replat is recorded in the Plat Records of Montgomery County, Texas. If such Single Family Residence building site is not replatted as a single Lot, it shall be considered as a single Lot for purposes of Assessments levied by the Association pursuant to this Declaration at the time the Single Family Residence on such building site is initially occupied. Prior to either of such events, Assessments by the Association shall continue based on the number of Lots shown on the original plat.

SECTION 18. "Member" shall refer to every Person entitled to membership in the Association, as provided herein.

SECTION 19. "Mortgage" shall mean and refer to a deed of trust, mortgage or other similar security instrument granting, creating, or conveying a lien or security interest upon a Lot.

SECTION 20. "Mortgagee" shall mean a beneficiary or holder of a Mortgage.

SECTION 21. "Neighborhood" shall mean and refer to a portion of the land within the Properties which the Declarant, by recorded instrument, designates as a single Neighborhood prior to the expiration of the Class B Control Period or, thereafter which the Board designates as a Neighborhood.

SECTION 22. "Neighborhood Assessments" shall mean assessments levied by the Board of Directors for payment of the Neighborhood Expenses of a particular Neighborhood.

SECTION 23. "Neighborhood Expenses" shall mean and include the actual and estimated expenses incurred by the Association solely for the benefit of the Owners and Occupants of the Lots within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements.

SECTION 24. "Occupant" shall mean any person occupying all or any portion of a Single Family Residence within the Properties for any period of time, regardless of whether such person is a tenant or the Owner of such property.

SECTION 25. "Owner" shall mean and refer to the record owner, whether one or more Persons of the fee simple title to a Lot within the Properties, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation or those owning an interest in the mineral estate.

SECTION 26. "Person" shall mean any natural person, corporation, joint venture, partnership, association, trust or other legal entity.

SECTION 27. "Properties" shall mean and refer to (i) the real property contained within the Initial Subdivision described in the preambles to this Declaration, and (ii) such other real property as may be brought within the jurisdiction of the Association in accordance with the provisions of Article VIII of this Declaration, if any.

SECTION 28. "Residential Assessments" shall mean assessments levied by the Board of Directors pursuant to Section 2(a) of Article III hereof.

SECTION 29. "Residential ARC" refers to the Estates of Wedgewood Falls Architectural Review Committee created by Section 2 of Article VI hereof.

SECTION 30. "Single Family Residence" shall mean and refer to a detached residence constructed on a single Lot.

SECTION 31. "Street" shall refer to any street, boulevard, road, alley, lane, avenue, or thoroughfare within or adjacent to the Properties.

SECTION 32. "Supplemental Declaration" shall refer to a separate restrictive covenant instrument which is imposed on all or a portion of the property within the jurisdiction of the Association, including property hereafter annexed into the jurisdiction of the Association, and which may be enforced by the Association.

ARTICLE II

THE ESTATES OF WEDGEWOOD FALLS HOMEOWNERS ASSOCIATION, INC.

SECTION 1. ORGANIZATION. The Association has been organized and formed as a non-profit corporation under the laws of the State of Texas. The principal

purposes of the Association are the collection, expenditure, and management of the maintenance funds, administration of the business of the Association, and providing for the maintenance and preservation of the Area of Common Responsibility and the facilities of the Association and architectural control of the Lots.

SECTION 2. MEMBERSHIP. Every Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. No Owner, whether one (1) or more Persons, shall have more than one (1) membership per Lot owned. In the event the Owner of a Lot is more than one (1) Person, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership in the Association may be exercised by each Member, subject to the provisions of this Declaration and the By-Laws. The membership rights of a Lot owned by a corporation or partnership shall be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Board, subject to the provisions of this Declaration and the By-Laws.

SECTION 3. VOTING. The Association shall have two classes of membership, Class "A" and Class "B", as follows:

- (a) CLASS A. Class "A" Members shall be all Owners with the exception of the Class "B" Member. Class "A" Members shall be entitled to one (1) vote for each Lot of which they are the Owner. If more than one Person holds the interest in a Lot required for membership in the Association, any of such Persons may exercise the vote for such Lot; provided, however, the vote for such Lot shall be suspended in the event more than one Person seeks to exercise it. To the extent it may lawfully do so, the Board shall have the power and is authorized to suspend the voting rights of any Member who is delinquent in payment of any Assessment to the Association.
- (b) CLASS B. The Class "B" Member shall be the Declarant who shall have ten (10) votes for each Lot it owns in the Properties. The Class "B" Membership shall cease and be converted to Class "A" Membership upon the earlier of (i) the date on which the Declarant has sold and conveyed all of the Lots it owns in the Properties (including property hereafter annexed into the jurisdiction of the Association), or (ii) on such earlier date that the Declarant, in its discretion, so determines and records an instrument to such effect in the real property records of Montgomery County, Texas. If termination occurs pursuant to clause (i) and property is thereafter annexed into the jurisdiction of the Association by the Declarant, the Class "B" Membership shall be restored. If the termination of the Class "B" Membership occurs pursuant to clause (ii), the

Declarant shall be deemed to be a Class "A" Member with respect to the Lots it owns after the termination of the Class "B" Membership.

SECTION 4. NEIGHBORHOODS. Prior to the expiration of the Class B Control Period, the Declarant shall have the right to designate a portion of the Properties as a Neighborhood by a recorded instrument. After the Class B Control Period, the Board of Directors may designate Neighborhoods as well as divide the property comprising a Neighborhood into two (2) or more Neighborhoods, or combine Neighborhoods into a single Neighborhood.

SECTION 5. RULE MAKING AUTHORITY. This Declaration establishes, as part of the general plan of development for the Properties, a framework of covenants, easements and restrictions which govern the Properties. Within that framework, the Board must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends and technology which inevitably will affect the Properties, its Owners and Occupants. This Section establishes procedures for the adoption and modification of rules by the Board.

Subject to the terms hereof and the Board's duty to exercise business judgment and reasonableness on behalf of the Association, the Board may adopt, amend, repeal and enforce rules and regulations ("Rules"), fines and levies as may be deemed necessary or desirable with respect to the implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Area and the Exclusive Common Area, and the use of any other property, facilities or improvements owned or operated by the Association. At least thirty (30) days prior to the effective date of any Rule, the Board shall cause a copy of the new rule or explanation of any changes to a Rule, specifying the effective date, to be posted at a prominent place within the Properties. The Association shall provide a copy of the Rules then in effect to any requesting Owner or Mortgagee for such charge as may be established from time to time by the Board.

All Owners are given notice that use of their Lots is limited by the use restrictions set forth in this Declaration and the Rules adopted by the Board, as they may be amended, expanded and otherwise modified. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of their Lot can be affected by this provision and that the initial use restrictions and Rules may change from time to time.

No Rule shall be adopted by the Association in violation of the following provisions:

- (i) Similar Treatment. Similarly situated Owners shall be treated similarly; provided, Rules may differ between and among different portions of the

Properties, based on type of development, use, density or physical characteristics of the property;

- (ii) Allocation of Burdens and Benefits. No Rule shall alter the allocation of financial burdens among the various Lots as specified herein or rights to use the Common Area. Nothing in this provision shall prevent the Board from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who abuse the Common Area, are delinquent in payment of Assessments or violate the Rules established by the Board for the use thereof. This provision does not affect the Board's right to establish or increase user fees or to increase the amount of Assessments;
- (iii) Abridging Existing Rights. No Rule shall require Owners to dispose of personal property which was kept in or on a Lot prior to the adoption of such Rule and which was in compliance with all Rules in force previous to such time, unless otherwise required to be removed by law; provided, the above shall apply to any Owner only for so long as he or she remains the Owner of the affected personal property or Lot. The rights granted under this subsection shall not run with title to any Lot;
- (iv) Reasonable Basis. No Rule may prohibit any activity, condition, or conduct unless there exists a reasonable basis for the enactment of such Rule. For purposes of this subsection, reasonable basis may include, but not be limited to, restrictions as to time, place, and manner of activity or conduct, or concerns relating to fair use of Common Area, cost, aesthetics, or the goals of the comprehensive plan for the benefit of the Properties.

SECTION 6. CERTIFICATES OF COMPLIANCE. Any Owner may request that the Association issue a certificate of architectural compliance certifying that there are no known violations of this Declaration or the Builder Guidelines. The Association shall either grant or deny such request within thirty (30) days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall preclude the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate.

ARTICLE III

COVENANT FOR MAINTENANCE ASSESSMENTS

SECTION 1. PURPOSE OF ASSESSMENT. The assessments provided for in this Declaration shall be used by the Association to maintain and keep in good repair the Area of Common Responsibility and for the general purposes of promoting the

common benefit of the Owners and Occupants in the Properties. The judgment of the Board of Directors as to the expenditure of Assessments collected by the Association shall be final and conclusive so long as its judgment is exercised in good faith. Funds obtained by the Association from Assessments may be used to finance all or any of the following:

- (i) Operation, mowing, maintenance, repair, and improvement of the Area of Common Responsibility, including road rights-of-way, drainage and detention areas;
- (ii) Payment of taxes and premiums for insurance coverage in connection with the Common Area and for directors and officers liability insurance;
- (iii) Paying the cost of labor, equipment (including expense of leasing any equipment), material, and any associated management or supervisory services and fees;
- (iv) Paying the cost and fees of a manager or firm retained to carry out the duties of the Association or to manage the affairs and property of the Association;
- (v) Maintaining or replacing landscaping in the Area of Common Responsibility;
- (vi) Designing, purchasing and installing any improvements to the Area of Common Responsibility;
- (vii) Removing debris from the Area of Common Responsibility;
- (viii) Payment of legal fees and expenses incurred to collect assessments and enforce this Declaration;
- (ix) Employing entry personnel and watchmen and/or contracting for patrol services;
- (x) Contracting for insect and pest control such as mosquito fogging;
- (xi) Carrying out the duties of the Board of Directors of the Association;
- (xii) Creation and funding of such reserve funds as the Board of Directors of the Association deems necessary; and
- (xiii) Carrying out such purposes of the Association as generally benefit the Members of the Association, as determined by the Board of Directors.

SECTION 2. TYPES OF ASSESSMENTS. Each Owner by acceptance of a deed to any Lot in the Properties, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (i) Residential Assessments as provided in subsection (a) of this Section 2; (ii) Neighborhood Assessments as provided in subsection (b) of this Section 2; (iii) Specific Assessments as provided in subsection (c) of this Section 2; (iv) Capitalization Payments as provided in subsection (d) of this Section 2; and (v) Special Assessments to be established and collected as hereinafter provided in Section 5 of this Article III.

(a) Residential Assessments. Residential Assessments shall be levied annually to enable the Association to pay Association Expenses which are determined by the Board to benefit all Members. Such expenses benefitting all Members shall be all Association Expenses except (i) the expenses which are determined by the Board to benefit a particular Neighborhood or Neighborhoods, if any, and (ii) expenses for which the Board makes a Specific Assessment. The good faith determination by the Board of which Association Expenses constitute Neighborhood Expenses to be paid with Neighborhood Assessments shall be final. Residential Assessments on all Lots shall be fixed at uniform rates; PROVIDED, HOWEVER, there shall be no Residential Assessments against unplatted Lots and, subject to the provisions of Section 9 of this Article, Lots owned by the Declarant (other than unplatted Lots which shall not be assessed) or by a Builder shall be assessed at fifty percent (50%) of the amount assessed against the Lots owned by other Owners. The initial annual Residential Assessment shall be \$250 per Lot for the year 2014 and shall commence as to all Lots in a particular Initial Subdivision on the date that the first Lot in the applicable Initial Subdivision is conveyed by the Declarant or on such later date as the Board determines, and shall be due and payable thirty (30) days thereafter. The initial assessment against property hereafter annexed into the jurisdiction of the Association shall commence on the date the annexation instrument is recorded or on such other date as may be specified in such instrument. If an Assessment commences on a date other than January 1, such Assessment shall be adjusted according to the number of days remaining in the calendar year. After the initial Residential Assessment, annual Residential Assessments shall be levied for each calendar year in advance and shall be due and payable as specified by the Board.

(b) Neighborhood Assessments. Neighborhood Assessments shall be levied against the Lots in a particular Neighborhood or Neighborhoods to enable the Association to pay the Neighborhood Expenses which benefit only that Neighborhood or Neighborhoods. Upon written request by Owners of more than fifty percent (50%) of the Lots within a Neighborhood, the Board shall initiate a service benefitting only that particular Neighborhood which shall be paid for by a Neighborhood Assessment or the Board shall discontinue a service previously provided to a Neighborhood. Neighborhood Expenses may include, without limitation, costs incurred for maintenance and repair of the following items and provision of the following services within a particular Neighborhood or Neighborhoods: private streets, trash and garbage door

pick-up service as opposed to curb side service, and operation and maintenance of Exclusive Common Areas, landscaping, fencing, gates, fountains, lighting and signs and monuments within the particular Neighborhood or Neighborhoods. The Neighborhood Assessment applicable to a particular Neighborhood or Neighborhoods shall be divided by the number of Lots in such Neighborhood or Neighborhoods (exclusive of any Lots owned by the Declarant), and each Owner of a Lot contained within the applicable Neighborhood or Neighborhoods (other than the Declarant) shall be assessed an amount equal to the quotient so obtained.

(c) Specific Assessments. The Association shall have the power to levy Specific Assessments against a particular Lot as follows:

- (i) to cover the costs, including overhead and administrative costs, of providing services to Lots upon request of an Owner pursuant to any menu of special services which may be offered by the Association. Specific Assessments for special services may be levied in advance of the provision of the requested service; and
- (ii) to cover costs incurred in bringing a Lot into compliance with this Declaration, the Builder Guidelines or the Landscaping Guidelines, or costs incurred as a consequence of the conduct of the Owner or Occupants of a Lot, their agents, contractors, employees, licensees, invitees, or guests.

(d) Capitalization Payments. Upon acquisition of record title to a Lot with a Single Family Residence by the first Owner thereof from a Builder and upon each reconveyance of such Lot thereafter which is not an Exempt Transfer (as hereinafter defined), a payment shall be made by or on behalf of the purchaser to the Association in an amount equal to one hundred percent (100%) of the Residential Assessment for the year in which the sale or transfer occurs, or such lesser amount as may hereafter be specified by the Board from time to time. This amount shall be in addition to, not in lieu of, the Residential Assessments and shall not be considered an advance payment of Residential Assessments. This amount shall be paid to the Association at the closing of the purchase of the Lot with a Single Family Residence and may be used for such purposes as may be determined by the Board from time to time. For purposes hereof, the term "Exempt Transfer" means the transfer of title to a Lot with a Single Family Residence: (i) by a co-Owner to any Person who was a co-Owner immediately prior to such transfer; (ii) to the Owner's estate, surviving spouse, or child upon the death of the Owner; (iii) to any entity wholly owned by the grantor; (iv) to a Mortgagee or the designee of a Mortgagee in lieu of foreclosure or upon foreclosure of a Mortgage; or (v) to an Interim Owner in connection with an employer relocation agreement.

SECTION 3. CREATION OF LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS. All Assessments, together with interest commencing on the due date at the rate of eighteen percent (18%) per annum or such other rate of interest as may

be established from time to time by the Board of Directors not in excess of the maximum lawful rate, costs incurred by the Association in collecting delinquent Assessments (specifically including, but not limited to, any flat charges or percentage fees charged by any third party collection agencies used by the Association if the Association elects to use a collection agency), and reasonable attorney's fees and court costs actually incurred, shall be a charge on the land and shall be secured by a continuing lien upon the land against which each Assessment is made. Each such Assessment, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, shall also be the personal obligation of the Person who was the Owner of such land at the time the Assessment fell due. Each such Owner shall be personally liable for his or her portion of each Assessment coming due while he or she is the Owner of the land, and each Assessment thereafter coming due unless and until such Owner notifies the Association of the sale or conveyance of the land against which the Assessment is made as hereinafter provided in this Section 3.

In order to extinguish any Person's personal liability with regard to Assessments coming due following the sale or conveyance of the Lot owned by such Person, such Person shall be obligated to notify the Association of such Person's sale or conveyance of the Lot against which Assessments may be levied. In that regard, each Person who at any time owned any Lot in the Properties against which Assessments may be levied shall no longer be liable or responsible for payment of Assessments coming due after the date upon which such Person furnishes to the Association a copy of the executed instrument of conveyance by which fee title to the Lot previously owned by such Person was conveyed or transferred to another Person, and the mailing address of the Person to whom such Lot was conveyed or transferred. Upon receipt of such information, the Association shall cause the name and address of the new Owner to be substituted for that of the prior Owner on the records of the Association, and the prior Owner shall no longer be liable or responsible for Assessments subsequently coming due or for compliance with this Declaration. Each Person owning a Lot against which Assessments may be made shall have the obligation to notify the Association of any change in its address, and notice of any such change shall become effective five (5) days after written notice thereof has been provided to the Association. With regard to mailing notices of Assessments payable by any Person to the Association, the Association shall be deemed to have satisfied any obligation that it might have to provide written notices or bills if the same are mailed or delivered to the Owner at the address of such Owner as reflected on the records of the Association, and no such Owner or other Person liable for the payment of any Assessment shall escape such liability or be entitled to any deferral or abatement of interest or any late charges or collection costs with regard to delinquent Assessments on the basis of such Person's failure to receive notice thereof if the Association sent such notice by regular U.S. Mail to the most recent address of the Person according to the records of the Association.

Residential Assessments and Neighborhood Assessments shall be payable annually on a date specified by the Board of Directors; provided, however, the Board

may, at its option, require payment of such Assessments in monthly or quarterly installments. Special Assessments shall be paid in such manner and on such date or dates as may be fixed by the Board.

SECTION 4. COMPUTATION. It shall be the duty of the Board to adopt a budget covering the estimated costs of operating the Association during each calendar year, taking into consideration any subsidy payments to be received from the Declarant and any additional property to be annexed into the jurisdiction of the Association in the forthcoming year. Such budget may include a capital contribution or reserve in accordance with a capital budget separately prepared and separate line items for Neighborhood Expenses which will be paid with a Neighborhood Assessment. In the event that the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been adopted, the budget in effect for the then current year shall continue for the succeeding year. The Association Expenses shall be allocated as follows:

- (i) The amount of all estimated expenses to be incurred for the sole benefit of a particular Neighborhood or Neighborhoods, if any, shall be determined for such Neighborhood or Neighborhoods, and that portion of the total estimated Association Expenses attributable to a particular Neighborhood or Neighborhoods shall be allocated among the Owners of the Lots in the Neighborhood or Neighborhoods as provided in Section 2(b) of this Article III, and shall be levied as Neighborhood Assessments; and
- (ii) The remaining Association Expenses shall be levied as Residential Assessments against the Lots in the Properties as provided in Section 2(a) of this Article III. The annual per Lot Residential Assessment by the Association shall be such amount as is determined by the Board of Directors of the Association, at its sole discretion.

The Board shall use reasonable efforts to cause notice of the Assessments to be levied against each Owner for each year to be delivered to each Member at least thirty (30) days prior to the due date.

SECTION 5. SPECIAL ASSESSMENTS. In addition to the other Assessments authorized herein, the Board may levy one or more special assessments in any year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or repair or replacement of a capital improvement located upon the Common Area, including fixtures and personal property related thereto; provided, however, any such special assessment must have the written consent of the Declarant during the Class B Control Period and a per Lot special assessment in an amount greater than twenty percent (20%) of the Residential Assessment per Lot for such year must be approved by a two-thirds (2/3rds) vote of the eligible Members who are present in person or by proxy at a meeting of the Members called for such purposes.

The Board may also levy one or more special assessments in any fiscal year for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, or repair or replacement of a capital improvement located upon Exclusive Common Area, including fixtures and personal property related thereto; provided, however, that any such special assessment shall have the affirmative vote or written consent of the Owners of a majority of the Lots in the Neighborhood or Neighborhoods entitled to exclusive use of such Exclusive Common Area.

If a special assessment is approved as herein required and levied, it shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed. Special assessments shall be allocated among all Owners in the same manner as Residential Assessments unless the purpose of the special assessment is to provide funds to be used for Exclusive Common Area facilities, in which event the special assessment shall be allocated solely among the Owners (other than the Declarant) of the property in the Neighborhood or Neighborhoods entitled to use the applicable Exclusive Common Area in the same manner as a Neighborhood Assessment.

SECTION 6. LIEN FOR ASSESSMENTS. All sums assessed against any property subject to this Declaration pursuant to this Declaration, together with interest, collection and other costs, and reasonable attorney's fees actually incurred, as provided herein, shall be secured by a lien on the property owned by each Owner in favor of the Association. All Persons acquiring liens or encumbrances on any property subject to this Declaration after this Declaration shall have been recorded in the real property records of Montgomery County, Texas shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for Assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

SECTION 7. SUBORDINATION OF THE LIEN TO FIRST MORTGAGES. The lien securing the Assessments provided for herein shall be subordinate to (i) liens of ad valorem taxes and (ii) the lien of any first Mortgage which has been recorded in the real property records of Montgomery County, Texas. Sale or transfer of any Lot subject to this Declaration shall not affect the lien hereby created. However, the sale or transfer of any Lot pursuant to foreclosure of a first Mortgage or any conveyance in lieu thereof, shall extinguish the lien of such Assessments as to payments which become due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any Assessments thereafter becoming due or from the lien thereof.

SECTION 8. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION. Any Assessments which are not paid in full by the date specified by the Board shall be delinquent. Any delinquent Assessment shall commence to bear interest on the due date at the rate of eighteen percent (18%) per annum or such other interest rate as the Board may from time to time determine or the maximum lawful rate

of interest. If the Assessment is not paid when due, the lien herein retained and created against the affected Lot shall secure the Assessment due, interest thereon from the date due and payable, all costs of collection, court costs, reasonable attorney's fees actually incurred, and any other amount provided or permitted by law. In the event that the Assessment remains unpaid after ninety (90) days, the Association may, as the Board shall determine, institute suit for collection against the Owner personally obligated to pay the Assessment or foreclose the lien created and reserved hereby against the Lot of such Owner.

The Association's lien is created by recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of lien shall be or is required. By acquiring a Lot, an Owner grants to the Association a power of sale in connection with the Association's lien. By written resolution, the Board of Directors of the Association may appoint, from time to time, an officer, agent, trustee, or attorney of the Association to exercise the power of sale on behalf of the Association. The Association shall exercise its power of sale pursuant to Section 51.002 of the Texas Property Code, and any applicable revision(s), amendment(s), or recodifications thereof in effect at the time of the exercise of such power of sale. The Association has the right to foreclose its lien judicially or by nonjudicial foreclosure pursuant to the power of sale created hereby. Costs of foreclosure may be added to the amount owed by the Owner to the Association. An Owner may not petition a court to set aside a sale solely because the purchase price at the foreclosure sale was insufficient to fully satisfy the Owner's debt. The Association may bid for and purchase the Lot at the foreclosure sale utilizing funds of the Association. The Association may own, lease, encumber, exchange, sell, or convey a Lot. The purchaser at any such foreclosure sale shall be entitled to sue for recovery of possession of the Lot by an action of forcible detainer without the necessity of giving any notice to the former owner or owners of the Lot sold at foreclosure. The Owner shall have a right of redemption after or resulting from a foreclosure sale of the Association's lien as provided by law. Nothing herein shall prohibit the Association from taking a deed in lieu of foreclosure or from filing suit to recover a money judgment for sums that may be secured by the lien. At any time before a nonjudicial foreclosure sale, an Owner of a Lot may avoid foreclosure by paying all amounts due the Association. Foreclosure of a tax lien attaching against a Lot under Chapter 32, Tax Code, shall not discharge the Association's lien under this paragraph for amounts becoming due to the Association after the date of foreclosure of the tax lien.

No Owner may waive or otherwise exempt himself from liability for the Assessments provided for herein, by non-use of Common Area or abandonment of the Lot owned by such Owner. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the

responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay Assessments being a separate and independent covenant on the part of Declarant and each other Owner.

All payments shall be applied as determined by the Board of Directors in accordance with any applicable laws.

SECTION 9. ASSESSMENT OBLIGATION OF DECLARANT. Subject to the further provisions hereof, Declarant, on behalf of itself and its successors and assigns to whom its rights as Declarant are expressly assigned, covenants and agrees to pay Assessments as provided herein for the Lots (other than unplatted Lots) that it owns. However, as long as the Class "B" membership exists in the Association, the Declarant may annually elect either to pay Residential Assessments on the Lots (other than unplatted Lots) it owns as herein provided or to pay the Association the difference between the amount of Residential Assessments collected or to be collected on all other Lots subject to assessment and the amount of the expenditures indicated in the budget adopted by the Board that will be incurred to operate the Association during such calendar year (the "Subsidy") even if the Subsidy is less than the Residential Assessment that would otherwise have been payable by the Declarant. The payment by Declarant of a Subsidy in any year in lieu of Residential Assessments shall under no circumstances obligate the Declarant to pay a Subsidy in a future year or years. The Subsidy may be paid by the Declarant in increments throughout the year as funds are needed by the Association.

The Declarant may also elect to make loans to the Association. In the event of a loan, the loan and interest thereon at the prime rate of interest announced from time to time by Bank of America, N.A. or another bank designated by the Board at the time the loan is made plus 1% per annum, shall be payable by the Association to the Declarant from future Annual Assessments collected by the Association. All loans, if any, shall be evidenced by promissory notes executed by the Association at the time the loan is made. Subsidy payments by the Declarant shall not be considered to be loans.

ARTICLE IV RIGHTS IN THE COMMON AREA

SECTION 1. OWNER'S RIGHTS OF ACCESS AND ENJOYMENT. Subject to the further provisions of this Section, every Member shall have a right of access to and enjoyment of the Common Area, and such right shall be appurtenant to and shall pass with the title to the Lot owned by such Member. Such rights shall be subject to the following:

- (a) The Board shall have the right to charge reasonable admission and other fees for the use of any facility situated upon the Common Area.

(b) The Board shall have the right, without the approval of the Members, to borrow money and to mortgage, pledge, deed in trust, or hypothecate any or all of the Common Area as security for money borrowed or debts incurred.

(c) The Board shall have the right to take such steps as are reasonably necessary to protect the Common Area against foreclosure of any such mortgage.

(d) The Board shall have the right to suspend the enjoyment rights of any Member for any period during which any assessment or other amount owed by such Member to the Association remains unpaid in excess of thirty (30) days.

(e) The Board shall have the right to establish reasonable rules and regulations governing the Members' use and enjoyment of the Common Area, and to suspend the enjoyment rights of any Member for any period not to exceed sixty (60) days for any infraction of such rules and regulations.

(f) The Board shall have the right, without the approval by the Members, to sell or convey all or any part of the Common Area and the right, to grant or dedicate easements in portions of the Common Area to public or private utility companies.

(g) The Board shall have the right to enter into agreements with one or more Persons pursuant to which individuals who are not Members of the Association are granted the right to use the Common Area and the facilities located thereupon upon payment of such fees as may be determined by the Board.

SECTION 2. DELEGATION OF USE. Each Member shall have the right to extend his right of enjoyment to the Common Area to the members of his family and to such guests or other persons as may be permitted by the Association. An Owner shall be deemed to have made a delegation of all rights to use the Common Area to the Occupants of any leased residence.

SECTION 3. EASEMENTS-GENERAL. Easements for the installation and maintenance of utilities are reserved as shown and provided for on the plats of the Properties and/or as dedicated by separate instruments. Neither Declarant nor any utility company or authorized political subdivision using the easements referred to herein shall be liable for any damages done by them or their assigns, agents, employees or servants, to fences, shrubbery, trees, flowers, improvements or other property of the Owner situated on the land covered by such easements as a result of construction, maintenance or repair work conducted by such parties or their assigns, agents, employees or servants. Declarant expressly reserves the right to grant easements over, under and across any Lot in the Properties for the installation and

maintenance of utility and drainage facilities; provided, however, any easement created by the Declarant pursuant to this provision shall not materially adversely affect the use and enjoyment of any Single Family Residence or the value of any Single Family Residence. Declarant further reserves unto itself, its agents, employees, servants, successors and assigns, the temporary right of ingress and egress, on, over, in, and across the Properties in order to complete development of the Properties and the construction of all Single Family Residences. The rights reserved by Declarant in this paragraph shall be used in such a manner as not to unreasonably interfere with the use and enjoyment of any Single Family Residence in the Properties and such rights shall terminate upon the expiration of the Class B Control Period.

SECTION 4. EASEMENTS FOR UTILITIES AND PUBLIC SERVICES.

(a) There is hereby granted to the Association, to Montgomery County, to the City of Conroe, and to any other public authority or agency, utility district, or public or private utility company, a perpetual easement upon, over, under, and across (i) the Common Area, and (ii) those portions of all Lots as are reasonably necessary, 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, drainage systems and retention ponds, electrical, gas, telephone, water and sewer lines, street lights, street signs and traffic signs; provided, however, that such easements shall not unreasonably affect the ability to develop, market or the value of any Lot. To the extent possible, utility lines and facilities serving the Properties and located therein shall be located underground. By virtue of any such easement and facilities, it shall be expressly permitted for the providing utility company or other supplier or servicer, with respect to the portions of the Properties 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 excavate or fill, or (iv) to take any other similar action reasonably necessary to provide economical and safe installation, maintenance, repair, replacement, and use of such utilities and systems.

(b) There is also hereby granted to Montgomery County, to the City of Conroe, and to such other governmental authority or agency as shall from time to time have jurisdiction over the Properties (or any portion thereof) with respect to law enforcement and fire protection, the perpetual, non-exclusive right and easement upon, over and across all of the Properties for purposes of performing such duties and activities related to law enforcement and fire protection in the Properties as shall be required or appropriate from time to time by such governmental authorities under applicable law.

SECTION 5. EASEMENTS FOR ASSOCIATION. There is hereby granted a general right and easement to the Association, its directors, officers, agents, and employees, including, but not limited to, any manager employed by the Association and any employees of such manager, to enter upon any Lot or any portion thereof in the

performance of their respective duties or the enforcement of the provisions of this Declaration without liability for trespass. The easement hereby created includes the right to enter upon the Lots for the maintenance and repair of each Lot in accordance with the provisions hereof, to maintain any common fencing, and for the carrying out by the Association of its functions, rights, duties and obligations hereunder; provided, that any such entry by the Association upon any Lot shall be made with as little inconvenience to the Owner as practical, and any damage caused thereby shall be repaired by the Association, and the expense thereof shall be assessed as provided in this Declaration. 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 or Occupant of the residence directly affected thereby.

There is also hereby granted to the Association, its successors and assigns, a ten (10) foot wide construction and maintenance easement adjacent and parallel to each of the rear and side lot lines of all Lots that abut a perimeter boundary of the Properties, Common Area or a Street where the Declarant has constructed or intends to construct a fence or wall, together with the right of ingress and egress for the purposes, without liability to the Owner for damages arising from the use of the easement, of constructing, repairing, and/or reconstructing the fence or wall. The easement area shall remain unobstructed of any structures or plantings that would prohibit access to the fence or wall for construction and maintenance purposes.

SECTION 6. SECURITY. THE ASSOCIATION MAY, BUT SHALL NOT BE OBLIGATED TO, MAINTAIN OR SUPPORT CERTAIN ACTIVITIES WITHIN THE PROPERTIES DESIGNED TO MAKE THE PROPERTIES SAFER THAN THEY OTHERWISE MIGHT BE. NEITHER THE ASSOCIATION, THE DECLARANT, ANY SUCCESSOR DECLARANT, THE RESIDENTIAL ARC, NOR THEIR AGENTS (INCLUDING ANY MANAGER OF THE ASSOCIATION) SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES, HOWEVER, AND NEITHER THE ASSOCIATION, THE DECLARANT, ANY SUCCESSOR DECLARANT, THE RESIDENTIAL ARC, NOR THEIR AGENTS (INCLUDING ANY MANAGER OF THE ASSOCIATION) SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND OCCUPANTS OF ANY LOT, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION AND ITS BOARD OF DIRECTORS, DECLARANT, ANY SUCCESSOR DECLARANT, THE RESIDENTIAL ARC AND THEIR AGENTS (INCLUDING ANY MANAGER OF THE ASSOCIATION) DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED BY THE BOARD, THE DECLARANT OR THE RESIDENTIAL ARC MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS

WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE, NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER AND OCCUPANT OF ANY LOT, AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, THE BOARD OF DIRECTORS, THE RESIDENTIAL ARC, THE DECLARANT, ANY SUCCESSOR DECLARANT AND THEIR AGENTS (INCLUDING ANY MANAGER OF THE ASSOCIATION) ARE NOT INSURERS AND THAT EACH OWNER AND OCCUPANT OF ANY LOT AND EACH TENANT, GUEST AND INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO LOTS AND TO THE CONTENTS OF LOTS AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, THE BOARD OF DIRECTORS, THE RESIDENTIAL REVIEW COMMITTEE, THE DECLARANT, OR ANY SUCCESSOR DECLARANT AND THEIR AGENTS HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTIES.

SECTION 7. RIGHTS OF DECLARANT DURING CONSTRUCTION AND SALE PERIOD. Notwithstanding any provisions contained in this Declaration, until the Declarant has developed and sold all of its land within the Properties, it shall be expressly permissible for the Declarant and any Builder approved by the Declarant to maintain upon such portion of the Properties as the Declarant may deem necessary, such facilities, and carry on such activities as in the sole opinion of the Declarant may be required, convenient, or incidental to the Declarant's and such Builder's development, construction, and sales activities related to their properties, including, but without limitation: the right of access, ingress and egress for vehicular and pedestrian traffic over, under, on or in the Properties; the right to carry on sales and promotional activities in the Properties; the right to place signs in the Common Area and in road rights-of-way within the Properties; and the right to construct and operate business offices, construction trailers, model residences, information and sales offices. The Declarant and any such Builder may use residences as model residences, sales offices and construction offices. Garages in residences used for sales offices and other purposes must be converted to operative parking garages prior to occupy by a resident.

ARTICLE V INSURANCE

SECTION 1. INSURANCE. The Association's Board of Directors, or its duly authorized agent, shall obtain blanket all-risk casualty insurance for all insurable

improvements on the Common Area, or if blanket all-risk coverage is not reasonably available, an insurance policy providing fire and extended coverage. In addition to casualty insurance on the Common Area, the Association may, upon request of a Neighborhood, obtain casualty insurance on the Exclusive Common Area within the Neighborhood. Such insurance policies shall be in such amount or amounts as the Board of Directors deems appropriate. The Board may also obtain a public liability policy covering the Common Area, insuring the Association and its Members for all damages or injury caused by the negligence of the Association, its agents, the Members or Occupants, in such amount as the Board deems appropriate. Premiums for all insurance on the Common Area shall be Association Expenses and shall be included in the Residential Assessments and the premiums for insurance on Exclusive Common Area shall be included in the Neighborhood Assessment of the Neighborhood(s) benefitted thereby.

In addition to the other insurance discussed in this Section, the Board may also obtain, as an Association Expense payable from Residential Assessments, (i) worker's compensation insurance, and the Board shall obtain such insurance if and to the extent required by law, (ii) directors' and officers' liability coverage, and (iii) a fidelity bond or fidelity insurance on directors, officers, employees, and other Persons handling or responsible for the Association's funds.

SECTION 2. DAMAGE AND DESTRUCTION. Immediately after damage or destruction by fire or other casualty of all or any part of the property covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and the repair or reconstruction of the damaged or destroyed property, to the extent insurance proceeds are available for such purpose. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition which existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes. In the event that insurance proceeds are unavailable to repair or reconstruct the Common Area or the Exclusive Common Area of any Neighborhood, the damaged or destroyed property shall be restored to its natural state. If insurance proceeds are insufficient to cover a repair or reconstruction, the Board may levy a Special Assessment to cover the shortfall, subject to the requirements of Section 5 of Article III above.

ARTICLE VI ARCHITECTURAL STANDARDS AND RESTRICTIONS

SECTION 1. PURPOSE. In order to preserve the natural setting and beauty of the Properties, to establish and preserve a harmonious and aesthetically pleasing design for the project and to protect and promote the value of the Properties, the Lots shall be subject to the restrictions set forth in this Article VI. Every grantee of any

interest in a Lot by acceptance of a deed or other conveyance of such interest, agrees to be bound by the provisions of this Article.

SECTION 2. THE ESTATES OF WEDGEWOOD FALLS ARCHITECTURAL REVIEW COMMITTEE. There is hereby established the Architectural Review Committee (sometimes hereinafter called the "Residential ARC"), which shall have exclusive jurisdiction over all original construction on the Lots and over modifications, additions, or alterations made on or to the residences and other improvements on the Lots. The Residential ARC may (i) adopt the Builder Guidelines and (ii) establish application and review procedures for plans and specifications. The Residential ARC shall make the Builder Guidelines available to Builders who seek to engage in development of or construction upon a Lot and who shall conduct their operations strictly in accordance therewith.

The Residential ARC shall consist of a minimum of three (3) and a maximum of five (5) members. Until the date on which it has sold all of its Lots within the Properties, the Declarant shall have the right to appoint all members of the Residential ARC as well as the right to remove any member. There shall be no surrender of this right prior to that time, except by a written instrument executed by Declarant and recorded in the real property records of Montgomery County, Texas. Following the expiration of such right, the Board of Directors shall appoint the members of the Residential ARC. The Residential ARC is authorized, but not obligated, to retain the services of consulting architects, landscape architects, urban designers, engineers, inspectors, and/or attorneys in order to advise and assist the Residential ARC in performing its functions set forth herein.

The Declarant, during the period there is a Class "B" Membership, and thereafter, the Board of Directors, shall have the right, but not the obligation, at any time to create a separate committee known as the "Modifications Committee" to perform the obligations of the Residential ARC hereinafter specified with respect to the review of plans for the alteration or modification of the improvements on a Lot after construction of the initial improvements. The Declarant or Board, as applicable, shall also have the right to abolish such committee at any time. In the event such committee is created it shall consist of three (3) members appointed by the Declarant or Board, as applicable, and the Declarant or Board, as applicable, shall have the power to remove a member at any time. In the event a Modifications Committee is created, such committee shall have all of the duties and powers granted to the Residential ARC in this Declaration with respect to the alteration or modification of improvements on a Lot in the Properties unless or until the Declarant or Board, as applicable, determines there should no longer be two (2) separate committees and abolishes the Modifications Committee, in which event all such duties and powers shall thereafter be restored to the Residential ARC.

SECTION 3. ARCHITECTURAL APPROVAL. To preserve the architectural and aesthetic appearance of the project, no construction of improvements, including landscaping, or modifications, additions, or alterations to existing improvements, shall

be commenced or maintained by any Owner with respect to any Lot in the Properties, including, without limitation, the construction or installation of sidewalks, driveways, parking areas, mail boxes, decks, patios, courtyards, swimming pools, tennis courts, greenhouses, playhouses, landscaping, awnings, walls, fences, exterior lights, garages, guest or servants' quarters, or accessory buildings, nor shall any exterior addition to or change or alteration be made to any improvements (including, without limitation, painting or staining of any exterior surface, including fences), unless and until two (2) copies of the plans and specifications and related data (including, if required by the Residential ARC, a survey showing the location of trees of four (4) inches or more in diameter at a point twelve (12) inches above the ground and other significant vegetation on such Lot) showing the nature, color, type, shape, height, materials, and location of the same shall have been submitted to and approved in writing by the Residential ARC including, without limitation, approval as to the compliance of such plans and specifications with this Declaration and the Builder Guidelines, and the harmony of external design, location, and appearance in relation to surrounding structures and topography. One copy of such plans, specifications, and related data so submitted shall be retained in the records of the Residential ARC, and the other copy shall be returned to the Owner marked "approved," "approved with conditions as noted," or "disapproved." The Residential ARC may establish a reasonable fee sufficient to cover the expense of reviewing plans and related data and to compensate any consulting architects, landscape architects, urban designers, inspectors, or attorneys retained in accordance with the terms hereof. Nothing contained herein shall be construed to limit the right of an Owner to remodel the interior of his improvements, or to paint the interior of the improvements on his property any color desired. The Residential ARC shall have the sole discretion to determine whether plans and specifications submitted for approval are acceptable to the Association and shall use reasonable efforts to give its approval or disapproval of plans and specifications within forty-five (45) days after submission of all items required. The failure of such committee to respond within such period shall be deemed to be a disapproval unless written approval is thereafter given.

Upon approval of plans and specifications, no further approval under this Article VI shall be required with respect thereto, unless construction has not substantially commenced within six (6) months of the approval of such plans and specifications (e.g. clearing and grading, pouring of footings, etc.) or unless such plans and specifications are materially altered or changed. The Residential ARC may disapprove plans and specifications for any reason which is consistent with the objects and purposes of this Declaration as determined by the Residential ARC from time to time, including purely aesthetic considerations, so long as such grounds are not arbitrary or capricious.

SECTION 4. LANDSCAPING APPROVAL. To preserve the aesthetic appearance of the project, no landscaping, grading or excavation shall be implemented and installed on a Lot in the Properties unless and until the plans therefor have been submitted to and approved in writing by the Residential ARC. In the installation of

landscaping and maintenance of his Lot, each Owner shall comply with the Landscaping Guidelines.

SECTION 5. APPROVAL NOT A GUARANTEE OR VARIANCE. The review and approval of plans pursuant to this Article is made on the basis of aesthetic considerations only and no approval of plans and specifications and no publication of the Builder Guidelines shall be construed as representing or implying that such plans, specifications, or guidelines will, if followed, result in properly designed improvements. Such approvals and Builder Guidelines shall in no event be construed as representing or guaranteeing that any improvements built in accordance therewith will be built in a good and workmanlike manner. Neither Declarant, the Developers, the Association, the Residential ARC, nor any of their respective officers, partners, directors or members, shall be responsible or liable in damages or otherwise to any Person who submits plans for approval by reason of mistake of judgment, negligence or nonfeasance arising out of the approval or disapproval of any plans or specifications, any loss or damage arising from the noncompliance of such plans and specifications with any governmental ordinances and regulations, nor any defects in construction undertaken pursuant to such plans and specifications. The purpose of such reviews primarily seeks to conform the aesthetic appearances of development within the Properties. In addition, the approval of plans pursuant to this Article shall not be deemed to be a variance from the specific restrictions of this Declaration or the Builder Guidelines. All variances must be issued in accordance with the provisions of Section 8 of this Article.

SECTION 6. RIGHT TO INSPECT. Any member of the Board of Directors or the Residential ARC and their representatives shall have the right, but not the obligation during reasonable hours to enter upon and inspect any Lot with respect to which construction is underway to determine whether or not the plans and specifications therefor have been approved and are being complied with. Such Person or Persons shall not be deemed guilty of trespass by reason of such entry. In the event the Residential ARC shall determine that such plans and specifications have not been approved or are not being complied with, the Residential ARC shall be entitled to enjoin further construction and to require the removal or correction of any work in place which does not comply with approved plans and specifications. In addition to any other remedies available to the Association, the Board may record in the appropriate land records a notice of violation naming the violating Owner.

SECTION 7. NO WAIVER OF FUTURE APPROVALS. The approval by the Residential ARC of any plans and specifications for any work done or proposed, or in connection with any other matter requiring the approval and consent of such committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

SECTION 8. VARIANCES. The Residential ARC may grant variances from compliance with the restrictions of this Declaration and from any of the Builder

Guidelines or Landscaping Guidelines when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations merit a variance and the granting of the variance will have no material adverse effect, in the judgment of the Residential ARC, on surrounding properties. No variance shall (a) be effective unless in writing, or (b) estop the Residential ARC from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing, shall not be considered a hardship warranting a variance.

ARTICLE VII SPECIFIC USE RESTRICTIONS

SECTION 1. SINGLE FAMILY RESIDENCES. Each and every Lot in the Properties is hereby restricted to one (1) Single Family Residence and approved outbuildings and improvements, and use for single-family residential purposes exclusively and no Single Family Residence shall be occupied by more than a single family which for purposes hereof shall mean and refer to any number of individuals living together as a single household unit, and the household employees of such household unit.

No garage sale, yard sale, moving sale, rummage sale or similar activity and no trade or business may be conducted in or from any Lot, except that an Owner or Occupant may conduct business activities within the Single Family Residence so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Lot; (b) the business activity does not involve persons coming onto the Properties who do not reside in the Properties or door-to-door solicitation of residents of the Properties; and (c) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties. The Board is authorized to promulgate rules and regulations to insure that home businesses comply with the above standards and to make factual determinations regarding the impact of a home business on the residential character of the Properties. If, in the judgment of the Board, a home business has a detrimental impact on the residential quality of the Properties or otherwise constitutes a nuisance, it is authorized to require that the Owner cease the home business or alter it to the Board's satisfaction. Notwithstanding anything contained in this Section, the Association may sponsor a community wide garage sale or rummage sale at such location or locations as the Board deems appropriate from time to time. The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or

(iii) a license is required. Notwithstanding the above, the leasing of a Single Family Residence shall not be considered a trade or business within the meaning of this Section. This Section shall not apply to any activity conducted by the Declarant or by a Builder with the approval of the Declarant, with respect to the development and sale of the Lots and Single Family Residences in the Properties.

SECTION 2. LIVING AREA REQUIREMENTS. The total living area of the Single Family Residence on a Lot shall be not less than thirteen hundred (1,300) square feet or such greater minimum number as may be specified in the Supplemental Declaration applicable to such Lot, if any.

SECTION 3. TYPE OF CONSTRUCTION. The Supplemental Declaration or the Builder Guidelines applicable to a particular Lot may require that a specified percentage of the exterior wall areas of the residence on such Lot, exclusive of door and window openings, be constructed of masonry or brick veneer or another material approved by the Residential ARC or specified in the Builder Guidelines. No detached garage or accessory building shall exceed one story in height without the written consent of the Residential ARC. Every garage and accessory building (except a greenhouse or storage shed) shall correspond in style and architecture with the dwelling to which it is appurtenant.

SECTION 4. GARAGES, DRIVEWAYS AND SIDEWALKS. Each Single Family Residence must have an attached or detached garage for a minimum of two (2) full size automobiles with an operable garage door maintained in a good condition at all times. Each Owner shall construct and maintain at his or her expense a concrete driveway from the garage of his or her residence to the abutting Street, including the portion of the driveway in the street easement, and the Owner shall repair at his expense any damage to the Street or Street curb occasioned by connecting the driveway thereto. Each Owner shall also construct and maintain at his expense a sidewalk along the front of his Lot as well as on the side of corner Lots, in accordance with the Builder Guidelines.

SECTION 5. ANTENNAE AND SATELLITE DISHES. No television, radio, or other electronic towers, aeriats, antennae, satellite dishes or device of any type for the reception or transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon, except that this prohibition shall not apply to those antennae specifically covered by the regulations promulgated under the Telecommunications Act of 1996, as amended from time to time. The Residential ARC is empowered to adopt rules governing the types of antennae that are permissible in the Properties and to establish reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae. To the extent that receipt of an acceptable signal would not be impaired, an antenna permissible pursuant to the rules of the Residential ARC may only be installed in a side or rear yard location, not visible from the Street or neighboring property, and integrated with the dwelling and surrounding

landscape. Antennae shall be installed in compliance with all state and local laws and regulations.

SECTION 6. ANIMALS AND PETS. No animals, livestock, or poultry of any kind may be raised, bred, kept, or permitted on any Lot, with the exception of a maximum of three (3) dogs, cats or other usual and common household pets in the aggregate (excluding in such maximum number, fish and birds); provided, however, exotic animals or animals which endanger health or otherwise constitute a nuisance or inconvenience to the Owners or Occupants within the Properties, in the sole discretion of the Board, may be prohibited by the Board. No animals shall be kept, bred or maintained for any commercial purpose on a Lot. Dogs which are household pets shall at all times whenever they are outside a Single Family Residence be on a leash or otherwise confined within a fenced area of the Owner's Lot. The owner of a pet that has caused damage to property shall be responsible for compensating the owner of the damaged property, but the Association shall have no obligation to enforce such obligation. Animal control authorities shall be permitted to enter the Properties to patrol and remove pets. Pets shall be registered, licensed and inoculated as required by law.

SECTION 7. WINDOW AIR CONDITIONERS. Unless otherwise approved by the Residential ARC, no window or wall type air conditioners shall be permitted to be used, erected, placed or maintained on or in any Single Family Residence.

SECTION 8. RENTING OR LEASING. Single Family Residences may be rented or leased only by written leases and subject to the restriction that all tenants shall be subject to the terms and conditions of this Declaration and the rules and regulations promulgated by the Association as though such tenant were an Owner. Each Owner of a Single Family Residence agrees to cause his or her tenants to comply with this Declaration and the rules and regulations promulgated pursuant hereto, and is responsible and liable for all violations and losses caused by such tenants, notwithstanding the fact that such tenants are fully liable for any such violation. All provisions of this Declaration and of any rules and regulations promulgated pursuant hereto, which govern the conduct of Owners of a Single Family Residence and which provide for sanctions against Owners shall also apply to all Occupants of a Single Family Residence even though such Occupants are not specifically mentioned. Each Owner who leases his or her residence shall provide the Association with a copy of the lease and the mailing address where such Owner can be contacted at all times.

SECTION 9. VEHICLES AND PARKING. The term "vehicles", as used herein, shall refer to all motorized vehicles including, without limitation, automobiles, trucks, motor homes, boats, trailers, motorcycles, minibikes, scooters, go-carts, campers, buses, and vans.

(a) Passenger Vehicles. Except as hereinafter provided, no Owner, lessee, tenant or occupant of a Lot, including all persons who reside with such Owner, lessee or occupant on the Lot, shall park, keep or store any vehicle on any Lot which is visible

from any Street in the Properties or any neighboring Lot other than a passenger vehicle or pick-up truck. For purposes hereof, the term "passenger vehicle" is limited to any vehicle which displays a current passenger vehicle license plate and the term "pick-up truck" is limited to a maximum one (1) ton capacity pick-up truck which has not been adapted or modified for commercial use. No passenger vehicle or pick-up truck owned or used by the residents of a Lot shall be permitted to be parked on any Street in the Properties.

(b) Other Vehicles. No mobile home trailers, recreational vehicles, trailers or boats shall be stored on the Properties if visible from any Street or any neighboring Lot; provided that, a mobile home trailer, recreational vehicle, trailer or boat may be parked in the garage on a Lot or other structure approved by the ARC so long as the mobile home trailer, recreational vehicle, trailer or boat is concealed from view from any Street and any neighboring Lot; if parked in the garage, there must be adequate space in the garage for all passenger vehicles used or kept by the Owner, lessee, tenant or occupant of the Lot.

(c) Vehicle Repairs. Vehicle repair work on a Lot that is visible from the Street or any neighboring Lot is permitted as long as the repair work is being performed on a vehicle owned by the occupant of the Lot and does not exceed seventy-two (72) hours in any calendar month; otherwise, the vehicle repair work must be conducted in the garage, out of view from any Street adjacent to the Lot and all neighboring Lots. For purposes of this Section, a vehicle is owned by the occupant of the Lot if the vehicle is (a) owned by any person who resides on the Lot and is regularly used by that person, (b) owned by any person who resides on the Lot and is regularly used by another person who resides on the Lot, or (c) provided to any person who resides on the Lot by that person's employer and is regularly used by the person. All other vehicle repair work is prohibited. No vehicle repair work shall create unreasonable noise or cause the Lot to become unsanitary, unsightly, offensive and/or detrimental to any other Lot or its occupants.

SECTION 10. DISPOSAL OF TRASH. No trash, rubbish, garbage, manure, debris, or offensive material of any kind shall be kept or allowed to remain on any Lot, nor shall any Lot be used or maintained as a dumping ground for such materials. All such matter shall be placed in sanitary refuse containers constructed of metal, plastic or masonry materials with tight fitting sanitary covers or lids and placed in an area adequately screened from public view by planting or fencing. All rubbish, trash, and garbage shall be regularly removed and not allowed to accumulate. Equipment used for the temporary storage and/or disposal of such material prior to removal shall be kept in a clean and sanitary condition and shall comply with all current laws and regulations and those which may be promulgated in the future by any federal, state, county, municipal or other governmental body with regard to environmental quality and waste disposal. In a manner consistent with good housekeeping, the Owner of each Lot shall remove such prohibited matter from his Lot at regular intervals at his expense.

SECTION 11. DRAINAGE. Catchbasins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner or Occupant of a Lot may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers or storm drains.

SECTION 12. CLOTHESLINES, GARBAGE CANS, WOODPILES, ETC. All clotheslines, garbage cans, woodpiles, swimming pool pumps, filters and related equipment and other similar items shall be concealed from view of neighboring streets and property with landscaping or fences.

SECTION 13. WEAPONS AND FIREWORKS. The use of fireworks, firearms and other weapons within the Properties is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and small firearms of all types. Nothing contained in this Declaration shall be construed to require the Board to take action to enforce this Section.

SECTION 14. TEMPORARY BUILDINGS. Temporary buildings or structures shall not be permitted on any Lot, provided, however, Declarant may permit temporary toilet facilities, sales and construction offices and storage buildings to be used by Builders in connection with the construction and sale of residences and by contractors performing land development activities within the Properties for Declarant. Builders may use garages as sales or construction offices for the time during which such Builders are marketing homes. At the time of the sale of a Single Family Residence by a Builder any garage appurtenant to such residence used for sales purposes must be reconverted to a functional garage in compliance with the plans approved by the Residential ARC.

SECTION 15. LANDSCAPING. The Owner of each Lot shall landscape the areas of his or her Lot which are visible from the Street or adjacent property in accordance with the Landscaping Guidelines and maintain the Lot as required by Section 26 of this Article VII. The Association may, at its option, plant and install shrubbery and other screening devices around boxes, transformers and other above-ground utility equipment located on the Lots, and mow and maintain the grass, shrubbery or other screening devices around such utility equipment. The Association shall have the right to enter upon the Lots for such purposes. In addition, in landscaping his or her Lot, the Owner of each Lot shall comply with the following specific requirements:

(a) No grading, excavation or fill work of any nature shall be implemented or installed by an Owner on a Lot unless and until plans therefor have been submitted to and approved by the Residential ARC in accordance with the provisions of Article VI of this Declaration.

(b) All front and side yards of each Lot shall, unless otherwise approved by the Residential ARC, be sodded with grass; provided that, under no

circumstances shall the predominant area of the front or side yard of a Lot be covered with stone, rock, or gravel.

(c) All landscaping for a Lot shall be completed no later than thirty (30) days following the issuance of a certificate of occupancy for the residence situated thereon. All landscaping in a Lot must be maintained at all times in a neat and attractive manner.

(d) No hedge or shrubbery planting which obstructs sight-lines of Streets and roadways shall be placed or permitted to remain on any Lot where such hedge or shrubbery interferes with traffic sight-lines for roadways within the Properties. The determination of whether any such obstruction exists shall be made by the Board of Directors, whose determination shall be final, conclusive and binding on all Owners.

(e) No rocks, rock walls or other substances shall be placed on any Lot as a front or side yard border or to prevent vehicles from parking on or pedestrians from walking on any portion of such Lot or to otherwise impede or limit access to the same. No bird baths, foundations, reflectors, flag poles, statues, lawn sculptures, artificial plants, rock gardens, rock walls, free-standing bird houses or other fixtures and accessories shall be placed or installed within the front or side yards of any Lot.

(f) No vegetable, herb or similar gardens or plants shall be planted or maintained in the front or side yards of any Lot.

SECTION 16. TRAFFIC SIGHT AREAS. All Lots located at Street intersections shall be landscaped so as to permit safe sight across the Street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where this would create a traffic or sight problem.

SECTION 17. MAILBOXES AND HOUSE NUMBERS. The Owner of each Lot shall install and maintain an individual mailbox which conforms to specifications adopted by the Residential ARC, unless provisions are made by the Declarant for the installation of cluster boxes in accordance with U.S. Postal Service requirements. No Owner of a Lot served by a cluster mailbox shall install a mailbox on his Lot. Each Lot shall have a house number identifying its street address made of materials and a color or colors specified by the Residential ARC in keeping with the overall character and aesthetics of the community. Different materials and/or colors for individual mailboxes or street numbers may be specified by the Residential ARC for different Neighborhoods.

SECTION 18. PRIVATE UTILITY LINES. All electrical, telephone, and other utility lines and facilities which are located on a Lot and are not owned by a governmental entity or a public utility company shall be installed underground unless otherwise approved in writing by the Residential ARC.

SECTION 19. ROOFTOP ELEMENTS. All stack vents and attic ventilators shall be located on the rear slopes of roofs and mounted perpendicular to the ground plate. All exposed roof stack vents, flashings, attic ventilators, etc. on each Single Family Residence must be painted to match the color of the roof of the Single Family Residence unless otherwise approved by the Residential ARC. No solar collectors shall be placed on a roof slope so that they are visible from a Street or the Common Area.

SECTION 20. DECORATIONS. No decorative appurtenances such as sculptures, birdbaths and birdhouses, flagpoles, fountains or other decorative embellishments shall be placed on the front lawn of a Lot or on the visible side or rear yard of a Lot unless such items have been approved in writing by the Residential ARC and are in compliance with the Builder Guidelines or the Rules adopted by the Board. Notwithstanding the foregoing, customary seasonal decorations for national holidays are permitted for a maximum of thirty (30) days or sixty (60) days, in the case of Christmas, subject to the right of the Board to specify a maximum size and other guidelines for decorations.

SECTION 21. PLAYGROUND EQUIPMENT. All playground equipment on a Lot must be approved by the Residential ARC and must be placed at the rear of the Lot a minimum of ten (10) feet from the side and rear lot lines and behind a fence or otherwise screened from public view. No such equipment shall exceed twelve (12) feet in height, including an awning. Any shade covering on playground equipment which is visible from adjacent property or any public area must be a color or colors approved by the Residential ARC.

SECTION 22. OUTBUILDINGS. No treehouse, children's playhouse, storage building, outbuilding or structure shall be permitted on any Lot in the Properties without prior written approval of the Residential ARC or the Modifications Committee, as the case may require. Outbuildings or other structures, temporary or permanent, other than the main residence or garage shall be limited to eight (8) feet in height and each outbuilding may not exceed one hundred and forty-four (144) square feet of floor area. The roof lines of any such outbuildings or structures shall have slope, color and materials similar to those of the main dwelling on the Lot. The floor of a treehouse or other playstructure must be not more than three (3) feet from the ground. Temporary structures may be used as building offices and other related purposes by Declarant or a Builder. The Residential ARC or the Modifications Committee shall be entitled to review and approve or disapprove, without limitation, all outbuildings, playstructures (including basketball backboards and hoops), and storage structures. Any such outbuilding will be required to be constructed with material and design that is determined by the Residential ARC or Modifications Committee to be architecturally and aesthetically compatible with the design of the Single Family Residence thereon and other structures in the Properties. All playground and recreational equipment pertaining to a Lot must be placed at the rear of such Lot. No basketball hoop and/or backboard shall be installed closer to the front or side Lot lines facing on any adjacent Street than the applicable

building set-back line along such Street. No outbuilding or play structure will be permitted to (a) be placed on an easement; or (b) be located nearer to a Lot boundary than the applicable building set-back established by plat or Supplemental Declaration.

SECTION 23. SIGNS. No sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Single Family Residence, fence or other improvement upon such Lot so as to be visible from public view except the following:

(a) **For Sale Signs.** An Owner may erect one (1) sign on his Lot, not exceeding 2' x 3' in area, fastened only to a stake in the ground and extending not more than three (3) feet above the surface of such Lot advertising the property for sale.

(b) **Declarants Signs.** Declarant may erect and maintain a sign or signs deemed reasonable and necessary for the construction, development, operation, promotion, leasing and sale of the Lots.

(c) **Builders Signs.** Any Builder may utilize one professional sign (of not more than five (5) square feet in size) per Lot for advertising and sales promotion of the residence on such Lot.

(d) **Political Signs.** Political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal, provided that such signs shall not be erected more than thirty (30) days in advance of the election to which they pertain and shall be removed within ten (10) days after such election.

(e) **School Spirit Signs.** Signs containing information about one or more children residing in the Single Family Residence and the school they attend shall be permitted so long as the sign is not more than 36" x 36". There shall be no more than one sign for each child under the age of eighteen (18), residing in the Single Family Residence. Banners are not permitted.

(f) **Security Signs/Stickers.** Signs or stickers provided to an Owner by a commercial security or alarm company providing service to the Single Family Residences shall be permitted so long as the sign is not more than 12" x 12" or the sticker is no more than 4" x 4". There shall be no more than one sign per Lot and stickers on no more than fifty percent (50%) of the windows and one on the front door or front entry area.

No sign permitted by this Section shall be lighted. In addition to any other remedies provided for in this Declaration, the Board of Directors or its duly authorized agent shall have the power to enter upon a Lot to remove any sign which violates this Section provided the violating Owner has been given forty-eight (48) hours written

notice by the Board of Directors of its intent to exercise self-help. All costs of self-help, including reasonable attorney's fees actually incurred, shall be assessed against the violating Owner and shall be collected as provided for herein for the collection of Assessments.

SECTION 24. WALLS AND FENCES.

(a) Fences. In no event shall any fence or wall be constructed of chain link or wire. In those instances in which privacy fences are installed, in no case may the privacy fence extend beyond the front of the residence or building line, whichever is less. No wall, or hedge shall be erected, grown or maintained on any part of the Lot which is in excess of six (6) feet in height. Fences are generally prohibited from extending above the ground by more than six (6) feet; however, the Residential ARC is authorized to approve fences which extend up to a maximum of eight (8) feet above the ground when deemed necessary or appropriate. The type of materials utilized for (including the color thereof) and the location of all fences, walls, hedges, and other structures must be approved by the Residential ARC.

(b) Maintenance of Fences. Ownership of any wall or fence erected on a Lot shall pass with title to such Lot and it shall be the Lot Owner's responsibility to maintain such wall or fence. The maintenance and repair of a fence located on a property line shall be the joint responsibility of the Owners of the adjacent Lots. In the event the Owner or occupant of any Lot fails to maintain a wall or fence that is visible from a Street or Common area and such failure continues after thirty (30) days' written notice thereof from the Association, Declarant, its successors or assigns, or the Association, may, at their option, without liability to the Owner or Occupant in trespass or otherwise, enter upon said Lot and cause the fence or wall to be repaired or maintained or to do any other thing necessary to secure compliance with this Declaration and to place said wall or fence in a satisfactory condition, and may charge the Owner or Occupant of such Lot for the cost of such work. The Owner or Occupant, as the case may be, agrees by the purchase or occupancy of such Lot, to pay such charge immediately upon receipt of the corresponding statement. Payment of such charges, plus fifty percent (50%) of such costs for overhead and supervision, shall be secured by the lien created in Article III of this Declaration. Interest thereon at the rate of eighteen percent (18%) per annum shall begin to accrue on such sum on the thirtieth (30th) day after a written invoice is delivered to Owner.

(c) Fences Erected by Declarant. Declarant shall have the right, but not the obligation, to construct fences or walls within or around the Properties which are deemed by the Declarant to enhance the appearance of the Properties. An Owner shall be responsible for any damage to a fence or wall constructed by or at the direction of the Declarant which is caused by such Owner or his family members, or the negligent, but not the intentional, acts of his guests, agents or invitees.

SECTION 25. PRIVATE WATER WELLS. No Owner of a Lot shall construct a private water well on his or her Lot unless such well is approved in writing by the Board of Directors.

SECTION 26. SWIMMING POOLS. Unless otherwise specifically approved by the Residential ARC, above ground swimming pools are not permitted on any Lot. Plans for below ground swimming pools must be approved by the Residential ARC pursuant to Section 3 of Article VI hereof.

SECTION 27. WINDOW COVERINGS. Within thirty (30) days after initial occupancy of a Single Family Residence, the Owner must install window coverings on the side or sides of such residence which face a Street which are white or another neutral color. Temporary or disposable window coverings not consistent with the aesthetics of the Properties, such as reflective materials, sheets, newspaper, shower curtains, fabric not sewn into finished curtains or draperies, paper, plastic, cardboard, or other materials not expressly made for or commonly used by the general public for permanent window coverings in a development of the same caliber as the Properties are prohibited.

SECTION 28. OWNER'S MAINTENANCE. Each Owner and Occupant of a Lot shall at all times be obligated to maintain his or her property and all improvements thereupon as well as the area between the boundary lines of his Lot and the curb or edge of the pavement of the adjacent Streets, so as to keep same in a clean, sightly and safe condition and to conform with the Landscaping Guidelines and any specific standards which the Board of Directors may adopt by resolution for the Properties. Unless expressly assumed by the Association, an Owner's maintenance obligation shall include, but not be limited to: the maintenance of all visible exterior surfaces of all buildings and other improvements, including fences; the prompt removal of all paper, debris, and refuse; the removal and replacement of dead and diseased trees and plantings; the repair, replacement, cleaning and relamping of all signs and lighting fixtures; the mowing, watering, fertilizing, weeding, replanting and replacing of all approved landscaping; and, during construction, the cleaning of dirt, construction debris and other construction-related refuse from Streets and storm drains and inlets. The responsibilities of the Owner of each Lot hereunder also include the obligation to maintain, repair and replace when necessary the public sidewalk along the front of the Lot and along the side on corner Lots, which is constructed either within the right-of-way of the adjacent Street or within an easement across the Lot, and the Street curb. In the event an Owner fails to maintain his Lot and such adjacent property as specified above, the Association shall have the right, but not the obligation, to enter upon the applicable Lot to perform the necessary work as more specifically set forth in Section 8 of Article X hereof.

SECTION 29. DAMAGE AND DESTRUCTION OF IMPROVEMENTS. Each Owner shall maintain, at their expense, casualty insurance on their Single Family Residence in an amount not less than the replacement cost. In the event a Single

Family Residence shall be partially or entirely destroyed by fire or other casualty, such Single Family Residence shall either be repaired and restored within a reasonable period of time or demolished and the Lot landscaped so that no damaged portion of the former structure remains visible. Subject only to the rights of the holder of a first Mortgage lien on a damaged or destroyed residence, the insurance proceeds from any insurance policy covering a damaged or destroyed Single Family Residence shall be first applied to such repair, restoration or replacement of such residence, or to the demolition of such residence and landscaping of such Lot. Each Owner shall be responsible for the repair, restoration, replacement or demolition of the Single Family Residence owned by such Owner pursuant to the terms of this Declaration. Any such repair, restoration or replacement shall (subject to advances and changes in construction techniques and materials generally used in such construction and then current generally accepted design criteria) be in accordance with the plans and specifications for the original construction of the Single Family Residence unless otherwise approved by the Residential ARC. If the proceeds of the insurance available to the Owner of a damaged Single Family Residence are insufficient to pay for the cost of repair, restoration or replacement following a casualty (or demolition and landscaping if the Residence is to be demolished), the Owner of such Single Family Residence shall be responsible for the payment of any such deficiency necessary to complete the repair, restoration, replacement or demolition.

ARTICLE VIII

ANNEXATION OF ADDITIONAL PROPERTY AND DEANNEXATION

SECTION 1. UNILATERAL ANNEXATION BY DECLARANT. The Declarant, as the owner thereof or, if not the owner, with the consent of the owner thereof, shall have the unilateral right, privilege, and option, but not the obligation, at any time and from time to time to annex additional real property within the project or in the vicinity of such project to the jurisdiction of the Association by filing for record a declaration of annexation instrument or Supplemental Declaration in respect to the property being annexed which subjects the Lots within the annexed property to assessment by the Association on a uniform basis with all other Lots within the Association's jurisdiction. Any such annexation shall be effective as to the property described therein upon the filing for record of such declaration of annexation or Supplemental Declaration unless otherwise provided therein.

The right reserved by the Declarant to annex additional land shall not be implied or construed so as to impose an obligation upon the Declarant to subject any property it now owns or may own in the future to this Declaration or to the jurisdiction of the Association. If additional land is not annexed, the Declarant have no obligation to impose any covenants and restrictions similar to those contained herein upon such land nor shall any thing contained herein be construed to limit or restrict the use to which such land may be put by the Declarant or by any subsequent owner thereof, whether such uses are consistent with the covenants and restrictions imposed hereby or not.

SECTION 2. OTHER ANNEXATIONS. With the consent of the Owner thereof, the Association may annex other real property to the jurisdiction of the Association. Such annexation shall require the affirmative vote of a majority of the Class "A" Members present in person or by proxy at a meeting called for such purpose, and of the Declarant during the Class B Control Period. Annexation shall be accomplished by filing of record in the real property records of Montgomery County, Texas, an annexation agreement describing the property being annexed. Such annexation agreement shall be signed by the President and the Secretary of the Association, and by the owner of the property being annexed, and any such annexation shall be effective upon filing unless otherwise provided therein.

SECTION 3. RIGHTS OF OWNERS OF ANNEXED AREA. The Owners of land in annexed property shall be entitled to use the Common Area in the same manner and to the same extent of the Owners of all other property subject to the jurisdiction of the Association. Annexed property shall be impressed with and subject to Assessments imposed hereby on a uniform basis, consistent with provisions of this Declaration.

SECTION 4. DEANNEXATIONS. Without the approval of any other Owners or Members, the Declarant shall have the right to deannex and remove any portion of the Properties which is not yet developed with building improvements at the time of deannexation from the provisions of this Declaration and the jurisdiction of the Association. Such deannexation shall be accomplished by the execution and filing for record an instrument setting forth the land being deannexed.

ARTICLE IX MORTGAGEE PROVISIONS

The following provisions are for the benefit of the holders of Mortgages. To the extent applicable, necessary or proper, the provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained herein or therein.

SECTION 1. NOTICES OF ACTION. A Mortgagee who provides written request to the Association (such request to state the name and address of such holder, insurer or guarantor and the description of the affected property), will be entitled to timely written notice of:

- (a) any proposed termination of the Association;
- (b) any condemnation loss or any casualty loss which affects the property on which there is a mortgage or deed of trust held, insured, or guaranteed by such Mortgagee; or

(c) any delinquency in the payment of Assessments or charges owed by an Owner of the property subject to the Mortgage of such Mortgagee, where such delinquency has continued for a period of sixty (60) days.

SECTION 2. NO PRIORITY. No provision of this Declaration gives or shall be construed as giving any Owner or other party priority over any rights of the Mortgagees in the case of distribution of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

SECTION 3. NOTICE TO ASSOCIATION. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's property.

ARTICLE X GENERAL PROVISIONS

SECTION 1. TERM. Unless sooner terminated or amended in accordance with the further provisions hereof, the provisions of this Declaration shall run with and bind the land and shall be and remain in effect for a period of forty (40) years after the date that this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by the Owners of not less than a majority of the Lots subject to the provisions hereof agreeing to terminate this Declaration has been recorded within the year immediately preceding the beginning of a ten (10) year renewal period, in which case this Declaration shall terminate at the end of its original term or the applicable extension period. Every purchaser or grantee of any interest in any real property subject to this Declaration, by acceptance of a deed or other conveyance therefor, thereby agrees that the provisions of this Declaration may be extended and renewed as provided in this Section.

SECTION 2. SEVERABILITY. Invalidity of any one of these covenants by judgment or other court order shall in no wise affect any other provisions, which shall remain in full force and effect except as to any terms and provisions which are invalidated.

SECTION 3. GENDER AND GRAMMAR. The singular wherever used herein shall be construed to mean or include the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations (or other entities) or individuals, male or female, shall in all cases be assumed as though in each case fully expressed.

SECTION 4. TITLES. The titles of this Declaration of Articles and Sections contained herein are included for convenience only and shall not be used to construe, interpret, or limit the meaning of any term or provision contained in this Declaration.

SECTION 5. AMENDMENT. This Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the property subject to this Declaration; (c) if such amendment is necessary to enable any governmental agency or reputable private Insurance company to insure mortgage loans on the property subject to this Declaration; or (d) for any other purpose, provided that the amendment has no material adverse effect upon any right of any Owner or that the Owner or Owners so affected have consented thereto.

In addition to the amendments described above, this Declaration may be amended at any time by an instrument signed by the Owners of a majority of the Lots subject to this Declaration and, as long as the Class "B" Membership exists, the Declarant; provided, however, no amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant. Any amendment to this Declaration must be recorded in the real property records of Montgomery County, Texas.

SECTION 6. MERGER AND CONSOLIDATION. Upon a merger or consolidation of the Association with another non-profit corporation organized for the same or similar purposes, the Association's properties, rights, and obligations may be transferred to the surviving or consolidated association, or alternatively, the properties, rights and obligations of another association may be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association shall administer the covenants, conditions and restrictions established by this Declaration, together with the covenants, conditions and restrictions applicable to the properties of the other association as one scheme. No merger or consolidation shall be permitted except with the approval by two-thirds (2/3rds) vote of the Class "A" Members present in person or by proxy at a meeting called for such purpose and, until the termination of the Class "B" Membership, the Declarant.

SECTION 7. DISSOLUTION. The Association may be dissolved with the approval by two-thirds (2/3rds) vote of the Class "A" Members present in person or by proxy at a meeting called for such purpose and, until the termination of the Class "B" Membership, the Declarant. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

SECTION 8. ENFORCEMENT. Each Owner and Occupant shall comply strictly with the covenants, conditions, and restrictions set forth in this Declaration, as may be amended from time to time, and with the rules and regulations adopted by the Board. The Board may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration or the rules and regulations shall be grounds for an action to recover sums due for damages, injunctive relief, or any other remedy available at law or in equity, maintainable by the Board, on behalf of the Association, or by any Owner of a portion of the Properties. Failure of the Board or any other Person to enforce any of the provisions herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Association shall also have the right to enforce, by any proceeding at law or in equity, any other restrictions, conditions, covenants and liens imposed upon any portion of the Properties which by the terms of the instrument creating same grant the Association the power to enforce same, and failure of the Association to enforce such provisions shall in no event be deemed a waiver of the right to do so thereafter. In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon a Lot to abate or remove, using such force as may be reasonably necessary, any erection, thing or condition which violates this Declaration, the Builder Guidelines, or the Landscaping Guidelines. Except in the case of emergency situations, and as otherwise specified herein, the Association shall give the violating Owner ten (10) days' written notice of its intent to exercise self-help. All costs of self-help, including reasonable attorney's fees actually incurred, shall be assessed against the violating Owner and shall be collected as provided for herein for the collection of Assessments. Private property disputes between Owners are matters to be resolved between such Owners and the Board has no obligation to intervene in or resolve any such disputes.

SECTION 9. RIGHT OF ENTRY. The Association shall have the right, but not the obligation, to enter into any Lot for emergency, security, and safety reasons, and to inspect for the purpose of ensuring compliance with this Declaration, the By-Laws, and the Association's rules, which right may be exercised by the Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter a Lot to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after request by the Board.

SECTION 10. NOTICE OF SALE OR TRANSFER OF TITLE. In the event that an Owner sells or otherwise transfers title to his or her Lot, as specified in Section 3 of Article III such Owner shall provide the Association with a copy of the executed instrument of conveyance and give the Association written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other

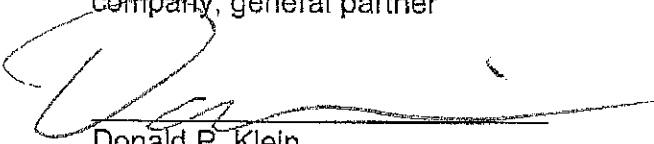
information as the Board of Directors may reasonably require. Until such written notice is received by the Association, the transferor shall continue to be jointly and severally responsible for all obligations of the Owner of the Lot hereunder, including payment of Assessments, notwithstanding the transfer of title to the Lot. The Board may require payment of a transfer fee to defray the costs incurred in changing its records to reflect the new Owner of a Lot.

SECTION 11. CUMULATIVE EFFECT; CONFLICT. The covenants, restrictions and provisions of this Declaration shall be cumulative with all Supplemental Declarations; provided, however, in the event of conflict between the provisions of this Declaration and a Supplemental Declaration, this Declaration shall prevail, it being intended that all Supplemental Declarations be subject and subordinate to this Declaration.

IN WITNESS WHEREOF, this Declaration of Covenants, Conditions and Restrictions for The Estates Of Wedgewood Falls Homeowners Association, Inc. is executed as of the 21st day of March, 2014.

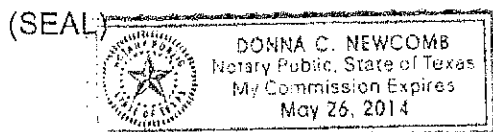
CHESMAR HOMES, LTD.,
a Texas limited partnership,

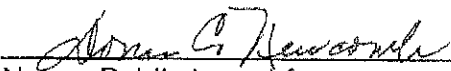
By: CHESMAR, LLC., a Texas limited liability
company, general partner


Donald P. Klein
Manager

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on MARCH 21, January, 2014 by Donald P. Klein, as Manager of CHESMAR, LLC, a Texas limited liability company, the general partner of CHESTMAR HOMES, LTD., a Texas limited partnership, on behalf of said limited partnership.




Notary Public in and for
the State of Texas

After Recording Return to:

Chesmar Homes, Ltd.
450 Gears Road, Suite 400
Houston, TX 77067
Attn: Ron Brooks

CHARTER TITLE COMPANY
11 GREENWAY PLAZA
SUMMIT TOWER, SUITE 120
HOUSTON, TEXAS 77046

Exhibit "A" Attachment

METES AND BOUNDS DESCRIPTION OF A 30.57 ACRE TRACT P. H. HERNDON SURVEY, ABSTRACT NO. 256 CONROE, MONTGOMERY COUNTY, TEXAS

Metes and bounds description of all that certain 30.57 acre tract or parcel of land, lying and being situated in the P. H. Herndon Survey, Abstract No. 256, Conroe, Montgomery County, Texas and being a remainder of that same called 54.513 acre tract as described by Deed of Trust recorded under Clerk's File No. 2000-052339 in the Official Records of Montgomery County, Texas, and said 30.57 acre tract being all that same tract conveyed from B.M.M. Inc., to Jay Porter Trustee, as described by Deed of Trust recorded under Clerk's File No. 2001-088787 of said Official Records, said 30.57 acre tract being more particularly described as follows:

BEGINNING at a 1/2" iron rod found for the west corner of said called 54.513 acre tract and being in the common line of the Robert Marsh Survey, Abstract No. 355 and said Herndon Survey and common with the south line of the 10.000 acre tract described in Clerk's File No. 9367548 of said Official Records;

THENCE N 72° 23' 36" E – 1,372.55 feet with the northwest line of said called 54.513 acre tract and the said common survey line to a 1" iron pipe, previously described as a 1-1/4" iron pipe, found for angle point;

THENCE N 72° 20' 04" E – 682.91 feet with said northwest line to a 5/8" iron rod found for corner, and the west corner of Section I, The Forest of Wedgewood subdivision as depicted by plat recorded in Cabinet H, Sheet 144B of the Map Records of Montgomery County, Texas;

THENCE S 17° 39' 56" E – 140.00 feet to a 5/8" iron rod found for corner, and lying in the right-of-way line of Woods Estate Drive;

THENCE S 72° 20' 04" W – 7.62 feet with said right-of-way line to a 5/8" iron rod found for corner, and being the terminus of the existing right-of-way;

THENCE S 17° 38' 44" E – 199.45 feet with said right-of-way terminus and its projection as the line of said subdivision to a 5/8" iron rod found for corner;

THENCE N 72° 29' 01" E – 310.45 feet with said subdivision line to a 1/2" iron rod found for corner;

THENCE S 24° 13' 19" E – 215.39 feet with said subdivision line to a point for angle point in the southeast side of the concrete rim of a sanitary sewer manhole;

THENCE S 12° 05' 47" E – 64.52 feet with said subdivision line to a 1/2" iron rod found for angle point;

THENCE S 01° 15' 52" E – 51.36 feet with said subdivision line to a 1/2" iron rod found for angle point;

THENCE S 07° 39' 47" W – 149.99 feet with said subdivision line to a 1/2" iron rod found for corner in the southwest right-of-way line of Falcon Way, as depicted by said Forests of Wedgewood plat;

THENCE S 79° 22' 02" E – 43.16 feet with said right-of-way line to a disturbed 1/2" iron rod found for corner;

THENCE S 10° 48' 36" W – 140.21 feet to a 5/8" iron rod found for the southeast corner of this tract and being the southwest corner of the said subdivision, and lying in the north line of Section Four of Wedgewood Subdivision as depicted by plat recorded in File No. 9129435, Cabinet G, Sheet 004B, of said Map Records

THENCE N 79° 02' 41" W – 169.59 feet along the northerly boundary of a damaged 1/2" iron rod found for the southeast corner of this tract;

THENCE N 84° 19' 31" W – 446.04 feet along the said line of Section Four to a 1/2" iron rod found for angle point;

THENCE S 68° 33' 28" W – 122.78 feet along the said line of Section Four to a 1/2" iron rod found for angle point;

THENCE S 33° 46' 42" W – 139.99 feet along the said line of Section Four to a 1/2" iron rod found for the beginning of a curve to the left;

THENCE in a northwesterly direction 85.01 feet along the arc of said curve (Curve data: central angle = 38° 34' 42", radius = 126.25 feet, tangent = 44.19 feet, the chord bears N 75° 30' 45" W – 83.41 feet) to a 1/2" iron rod found for the end of said curve;

THENCE S 85° 11' 55" W – 309.27 feet along the line of Wedgewood Golf Course, Tract 6 as described by deed recorded under County Clerks File No. 9101439, to a 1/4" iron rod found for angle point;

THENCE S 87° 49' 56" W – 576.63 feet along said line to a 1/2" iron rod found for angle point;

THENCE N 64° 23' 58" W – 756.48 feet to the PLACE OF BEGINNING and containing 30.57 acres of land.

EXHIBIT "B"
ESTATES OF WEDGEWOOD FALLS ARCHITECTURAL REQUIREMENTS

RESIDENTIAL: Typical Lot 60' x 120', Single Family Dwelling

I. INTRODUCTION

Buyer shall develop the Lots and construct homes on the Lots according to the Contract of Sale ("Sale Contract") between Buyer and Seller, this set of Architectural Requirements, the Declaration of Covenants, Conditions, and Restrictions for The Estates of Wedgewood Falls as set forth by Chesmar Homes, Ltd. (the "Declarant") applicable to the Lots, The Estates of Wedgewood Falls Residential Development Standards ("Standards") adopted pursuant to the plans approved by the Architectural Review Committee ("ARC") under the Declaration.

Buyer acknowledges that, although the operations of the ARC are a function of Seller under the Declaration, Seller is not acting in the capacity of, or as a function of, the ARC by requiring Buyer's development duties and obligations under the Sale Contract. Seller does not represent or warrant that the development of the Lots in compliance with this set of Architectural Requirements will result in the development of the Lots being in compliance with the "Building Codes", as defined below, the Declaration, the Standards, or any plans that have been or will be approved by the ARC. Buyer acknowledges that it must, independent of Buyer's duties and obligations under the Sale Contract, obtain the ARC's approval of the development plans for the Lots and otherwise follow the requirements set forth in the Building Codes, the Declaration, and the Standards.

II. DESIGNER REQUIREMENT

Buyer assumes all responsibilities for design of homes to conform with the Texas or American Institute of Building Design.

III. BUILDING CODES

All homes must be designed to the most current edition of the International Residential Code 2006 (and any updated version of such code promulgated from time to time), and any other building code adopted by the City of Conroe, Texas from time to time (together, "Building Codes").

IV. CRITERIA

A. Typical Lot 60'x 120'

1. The Lots shall be for a single family home program.
2. Front building setbacks should vary to achieve a harmonious blend of the homes from the street and open space. Minimum front setbacks are set forth on the recorded plat, and may be exceeded where possible.
3. The minimum side yard building setback shall be 5'. Buyer must verify

Entergy and Centerpoint side Lot easements before design and construction.

4. The minimum rear yard building setback shall be the greater of 10' or the minimum setback set forth on the recorded plat. Buyer must verify rear Lot public utility easements before design and construction. Variances may be issued by the Architectural Control Committee for lots with restricted depth that require a lesser rear building line to fit a residence provided there is no conflict with public utility easements.
5. The sum total of all hard surfaces (building pad, driveway, walks and patios) shall cover no more than 60% of the total Lot. An additional 5% coverage will be allowed for other improvements not related to the initial residence construction (i.e. swimming pool, spa, storage building, greenhouse, etc.).

B. Easements

1. Any improvements, which would restrict surface drainage in the front and rear 10 ft of any lot, are prohibited within this area.
2. Spas and pools shall not encroach into the area within 5 ft of any side Lot line. Buyer must verify Entergy and Centerpoint side Lot easements before design and construction and must not encroach into the easement.
3. Structures must be kept out of all easements as indicated on the recorded plat, the Declaration, or required by Entergy or Centerpoint. Buyer must verify all public utility easements.

C. Residence

1. The square footage in the allowable living area of the home on a Lot shall be not less than 1,800 square feet.
2. There shall be a minimum Lot Separation of 2 full lots between like floor plans with different elevations and 3 full lots between like floor plans with the same elevation whether on the same or opposite side of the street.
3. Square footage will be measured to the outside of exterior walls (i.e., outside of brick, siding stone, or stucco), stairs and two-story spaces are counted only once, A/C returns, pipe chases, fireplaces and non-structural voids are excluded, and unfinished area that can be easily converted for future use will be included.
4. The Dwelling units may be a mix of one and two story.

D. Roof

1. As a minimum requirement, homes in The Estates of Wedgewood Falls shall have an architectural grade composition roof shingle. Dark brown or gray tones, similar to "Weatheredwood" or "Barkblend" or "Weatherblend" by ELK Roofing Products are recommended.

2. The location and design of all skylights and solar collectors are subject to approval. Collectors must be of a flat profile and conform to the slope of the roof. The preferred location of all stack vents and attic ventilators is on the rear slopes of roofs.
3. All exposed metal roof accessories (such as stack vents, roof flashings, attic ventilators, metal chimney caps, skylight curbs, solar collector frames, etc.) shall match the color of the roofing material or shall be of a compatible color.

E. Chimneys: NA

F. Exterior Lighting Fixtures:

All exterior lighting fixtures, whether attached to the Dwelling or remote, are subject to ARC approval as to location, style, size, color, level along with direction of illumination.

G. Exterior Materials/Colors

1. All exterior material and color selections must be approved by the ARC. The architectural style of the Dwelling, in most cases, shall dictate the proper range of materials and colors. Materials and colors that are appropriate for one architectural style may be inappropriate to another.
2. Colors (and materials) shall be in harmony with the natural, forested environments. Muted earth-tones in the brown, gray, and green ranges are compatible with the hues of the landscape and are therefore most appropriate.

H. Garages

1. Each Dwelling unit must have a garage for at least two cars. Garage exteriors must receive the same degree of design attention as the Dwelling and must be architecturally integrated with the Dwelling.
2. Careful consideration must be given to the location and orientation of garages to enhance the overall street scene. Garages which front to the street should not extend past the front plane of the Dwelling more than 6 feet, unless the architectural plan would otherwise dominate the design, subject to ARC approval.
3. For three-car or more garages (attached or detached), the door of the third and fourth, etc. bay must be in a different plane than the first two bays, by a minimum of three feet. Additionally, recessing the garage doors to create a shadow line is recommended.

I. Brick

1. All brick used must be domestic hard-fired modular brick, which is even in color and texture, and must meet the minimum requirements of ASTM-216. The employment of used brick, or a new brick, which has been manufactured to look old, is permitted subject to ARC review.

2. All mortar joints shall be tooled. Slump joints are unacceptable. Mortar color shall be selected to complement the brick color.

V. FOUNDATIONS

- A. At no point along the perimeter of the house/garage slab shall the top of the finished floor elevation be less than 14 ½" above natural grade. All finished slabs shall also be a minimum of one (1') foot above the FEMA 100 year base flood elevation and all structural improvements must comply with minimum Montgomery County building requirements. No more than 18" vertical dimension of any concrete foundation is to be exposed to view from the street.
- B. The Buyer shall provide to Seller, prior to resale to a third party home purchaser, a final survey, certified by a Registered Public Surveyor, of all improvements constructed on the property, together with the Finished Floor Elevation (Finished Slab-Height) of the residential slab and garage.

VI. DRIVEWAY CRITERIA

A. Driveway Width

The width of a driveway may be equal to the width of the garage doors for a distance of 16 feet as measured from the predominant front plane of the garage. After 16 feet, the driveway must taper down to a maximum of 16 feet in width for 2 car garages and a maximum of 20 feet in width for 3 car or more garages.

B. Driveways

1. Circular driveways must have a Lot width no less than 85 feet wide at the front Lot line and must allow for a 16 foot minimum turning radius to be achieved. Reference the plat to determine if street access is limited.
2. Hook-In or L-Shape driveways need a minimum of 23 feet from the back of the garage door to the edge of the driveway pad to appropriately access a garage or street. No encroachment to side Lot covenant easement is allowed without variance approval by ARC.

C. Hard-Surface Area

Hard-surface area is area covered by paving, foundation, flagstone, masonry pavers or other impermeable hard surfaces, expressed as a percentage of the total Lot area. All improvements must comply with the maximum hard-surface area limitations for that Lot, established in these Requirements.

D. Extreme Event Storm Flows:

1. Buyer shall construct driveways in a manner that will not allow the extreme storm water flows to exit the street right of way. Driveways should not slope directly away from the street but shall slope upward to the right of way line and then be graded to conform to natural ground, in areas near storm inlets. The driveway break point at the right of way shall

be a minimum of 1 foot above top of curb.

2. Driveway construction shall not be permitted along the adjoining Lot line common to Reserves Restricted to Drainage and Municipal Utility Easement purposes, unless otherwise allowed by the ARC.

- E. Water, sewer, and drainage facilities have been designed on the basis of a traditional single family home project and assume that straight-in driveways into garages will be designed and located in a manner of homes centered on the Lot. Non-conforming driveways to this design standard, *i.e.*, swing-in or hook-in driveways, are approvable provided there is no conflict between driveway and curb-inlets, hydrants or other utility will occur. Buyer assumes all risk and obligation for said driveway design conflicts with said utilities.

VII. FENCE AND PRIVACY WALL CRITERIA

- A. All fencing must be constructed to meet minimum requirements of the Building Codes for pool and spa barrier fencing and unless otherwise noted below, shall be 6' solid cedar picket. Alternating panel, good neighbor fence shall not be visible from public streets or park reserves.
- B. Courtyard privacy walls and fences are limited to a maximum height of 6'. Such walls and fences must not be located forward of the front platted building line and, if applicable, set back a minimum of 10 ft from the front corners of an adjacent residence. For corner lots, the fence shall be constructed along the platted side building line.
- C. Front courtyard privacy walls, if brick, should match the brick of the Dwelling. Such walls, when crossing the 10' side yard, must be constructed in such a way as to allow for Lot drainage.
- D. Typical interior rear Lot and interior side Lot fencing is to be one design, 6' solid cedar picket, alternating panel, as approved by the ARC, except as otherwise noted.
- E. Side Lot and corner fencing, visible from all public streets in is to be one design, 6' solid cedar picket, 2" capped, as approved by the ARC. Note: All side lot corner fencing must be screened from view with landscaping and with drip irrigation.
- F. Front Lot fencing between homes is to be one design 6' solid cedar picket, 2" capped, as approved by ARC.
- G. Lot fencing common to Restricted Reserves, is to be one design, 6' solid cedar picket, with 2" cap, as approved by ARC.
- H. Rear Lot fencing visible from all public streets and all perimeter, boundary fencing common to Restricted Reserves, shall be one design, 6' solid cedar picket, with 2" cap, construction side facing inward, as approved by ARC.
- I. Rear Lot fencing on those Lots that are common to the golf course is to be 6 ft

wrought iron as approved by the ARC. The wrought iron fence shall be returned along the side lot fence 12 ft.

VIII. LANDSCAPE CRITERIA

- A. Substantial stands of natural vegetation exist on most Lots. This vegetation (under-story, mid-growth, and canopy) should be maintained or, if removed, restored by Buyer and is to be integrated into the final landscape treatment to the extent practical. At least 35% of the front yard (and side yard of corner Lots) must be restored in a natural wooded setting, including mulched/barked beds.
- B. Clearing of the Lots shall, to the extent possible, maximize the maintenance and protection of existing trees on the Lot.
- C. The natural vegetation must be restored with appropriate landscaping so as to present a completed appearance which should include sodding, seeding, pine bark or planting to cover bare or erosion prone areas.
- D. In keeping with the Estates of Wedgewood Falls concept of preservation of the natural forest environment, plant material should be utilized for all landscape efforts from the following suggested list:
 - 1. Trees. – Birch, Crepe Myrtle, Dogwood, Eastern Redbud, Magnolia, Maple (Red, Silver, Japanese), Oak (Live, Nutall, Sawtooth, Water, etc.), Pine, Sweet Gum, Sycamore, Willow.
 - 2. Shrubs – Azalea, Bottlebrush, Gardenia (Dwarf), Indian Hawthorn (Dwarf Clara), Loropetulum Plum Delight, Nandina, Pittosporum (Dwarf), Plumbago, Rose (Knockout), Spirea (Bridal Leaf, Pink), Texas Sage, Viburnum, Yaupon, Yaupon Holly.
 - 3. Ground Cover & Vines - Honeysuckle, Jasmine (Asiatic, Carolina, Confederate), Miscanthus Grasses, Muhly Grass, Society Garlic.
 - 4. Flowering Plants – Big Blue Liriope, Chinese Fringe, Day Lily, Lantana, Lily of the Nile (Apogonanthus), Primrose Jasmine, Rose (Knockout, Antique), Verbena.
- E. A landscape plan must be submitted to the ARC for review and approval as a part of the final submission. Buyer is required to complete the front, rear and side Lot final landscape treatment prior to the ARC final inspection and home occupancy. The installation of a landscape irrigation system for all newly landscaped areas is required.
- F. The Restricted Reserves are to remain intact and no construction, clearing, or other access through such areas is permitted, with the exception of authorized/permitted amenity enhancements approved by the ARC.
- G. Erosion silt fencing is required on all construction sites prior to beginning form work for slab, and shall be maintained throughout the period of home construction.
- H. All corner Lots must be fully landscaped and irrigated, to exceed minimum

reforestation criteria alongside, front and rear property lines visible from public streets. Side Lot fencing facing the public street shall be screened from public view, shall be fully landscaped and drip-irrigation installed, full length of fencing facing the public street.

IX. ADDITIONAL CRITERIA

- A. Decks, patios, pools and spas, are to be kept out of the 10' rear yard and 5' side yard easements and the public utility easements. Decks are not permitted forward of the front building line.
- B. A/C units and spa/pool equipment must be kept out of all 5' side yard easements where designated by Entergy or Centerpoint as an access easement to service electrical transformers located near rear Lot easements.
- C. No alteration or other improvement (such as bollards, etc.) is permitted within the street right-of-way.
- D. All Lots must have positive drainage away from the house and Lots must drain to the drainage system provided to said Lot.
- E. All trenches are to be filled and compacted to remain level with adjacent land.
- F. Drainage from adjacent Lots must be accommodated on side easements of the receiving Lots and provide swales to drain Lots along back and side Lot easements whenever required for positive drainage. These swales shall be located in the easements between Lots. Fences, driveways, walks, etc. shall not be constructed in such a manner that would obstruct natural sheet flow storm runoff.
- G. Drainage easements and swales (extreme storm event corridors) between Lots to be restored to original condition and to be grass sodded together with final landscaping of adjoining Lots.
- H. All slabs shall have a minimum of 8" and a maximum of 18" of the slab (as viewed from the street) exposed upon completion of the Lot grading. Dropping of the brick ledge to achieve this standard may be necessary. Lot grading shall drain water away from the slab under all circumstances.

X. PLAN APPROVAL

Please note that, under the Standards, the design for each residence must be approved by the ARC, and no construction may begin until the ARC has approved the design plans for the residence. Buyer should review the Standards and consult with the ARC regarding the plan approval process.

XI. INSPECTIONS

Under the Standards, the construction of each residence must be inspected by "A Qualified Inspector". A Qualified Inspector is a third-party licensed architect, registered structural engineer, or building inspector certified by the International Conference of Building Officials or the Southern Building Code Congress International. "Third-party" means a person other than the project owner, a person who performed all or a portion of

the work, an owner, employee, officer, or director of any entity which performed all or a portion of the work, or a member of their immediate families. ARC requires inspections of the Property at the following times during construction, or as required by the Building Code.

- (a) Foundation Pre-concrete Inspection
- (b) Frame and Mechanical Inspection
- (c) Final Inspection

XII. EROSION CONTROL

In addition to any other requirements under the Declaration, the Standards, and any applicable laws and regulations, Buyer shall cause the Property to be developed in accordance with the following erosion control requirements:

- A. Site-clearing contractors must remove all debris and BROOM CLEAN the streets adjoining the Property immediately after clearing. The site-clearing contractor will immediately reinstall all silt fencing properly, *i.e.*, trench behind curb, install and back fill. The site-clearing contractor shall also repair and replace vegetation fencing except for the driveway area.
- B. Buyer shall cause contractors hauling form fill to remove all dirt in streets adjoining the Property immediately after the dirt has been dumped on the Property. Buyer shall cause each hauling company to BROOM CLEAN the street and retrench for silt fence and properly reinstall silt and vegetation fencing.
- C. Buyer shall cause concrete contractors/finishers to remove all dirt and concrete from the street and BROOM CLEAN the street immediately after concrete placement. Buyer shall cause the concrete contractor/finisher to immediately retrench and properly install all damaged silt and vegetation fencing.
- D. Buyer shall cause concrete contractors/finishers and concrete suppliers to supply their own washing equipment and discharge waste concrete at a site designated by Buyer.

Initials

____/____/_____
Date

BYLAWS
OF
THE ESTATES OF WEDGEWOOD FALLS
HOMEOWNERS ASSOCIATION, INC.
ADOPTED MARCH _____, 2014

ARTICLE I

GENERAL PROVISIONS:
REFERENCES AND DEFINITIONS

THESE BYLAWS ADOPTED BY THE DECLARANT OF THE ESTATES OF WEDGEWOOD FALLS HOMEOWNERS ASSOCIATION, INC. SUPERSEDE AND REPLACE IN THEIR ENTIRETY ALL OTHER BYLAWS, OR VERSIONS THEREOF, ADOPTED BY THE BOARD OF DIRECTORS OF THE ASSOCIATION PRIOR TO THE DATE HEREOF.

Section 1.1. References. Reference is made for all purposes to the First Amended and Restated Declaration of Covenants, Conditions and Restrictions for The Estates of Wedgewood Falls and recorded in the office of the County Clerk of Montgomery County, Texas under Clerk's File No. _____ (said Declaration and any amendments or Supplemental Declarations thereto being herein collectively called the "Declaration").

Section 1.2. Association. This corporation is the corporation which is referred to as the "Association" in the Declaration. This corporation (hereinafter, the "Association") shall have all the rights, powers, privileges, and authority vested in it under the Declaration and shall carry out all the functions and responsibilities therein assigned and those which may hereafter be assigned to the Association under the Declaration or otherwise.

Section 1.3. Definitions. Except as otherwise defined below in these Bylaws, all terms which are defined in the Declaration shall, when used herein, have the same meaning as that set forth in the Declaration.

"Act" or "Code" shall mean and refer to the Texas Business Organization Code, and all amendments or additions thereto, which is the successor to the Texas Non-Profit Corporation Act, Articles 1396-1.01 through 1396-11.01, Vernon's Tex. Annotated Civil Statutes.

"ACC" shall mean and refer to the Architectural Control Committee established pursuant to the provisions of Article VI of the Declaration.

"Association" shall mean and refer to the Estates of Wedgewood Falls Homeowners Association, Inc., a Texas non-profit corporation.

"Articles" shall mean and refer to the Articles of Incorporation of the Association filed with the Secretary of State of the State of Texas.

"Board of Directors" shall mean and refer to the Board of Directors of the Association duly appointed by Declarant or elected by the Members of the Association.

"Common Area" shall mean and refer to the Drainage Access and Utility Easement as shown on the Plat, and all other real property owned by the Association for the common use and benefit of the Members of the Association, as the same may change from time to time.

"Declarant" shall mean and refer to CHESMAR HOMES, LTD., a Texas limited partnership, and the successors and assigns of Chesmar Homes, Ltd., other than an Owner, who shall receive by assignment from the said Chesmar Homes, Ltd., all, or a portion, of its rights hereunder as Declarant, pursuant to a written instrument duly executed by Declarant and recorded in the Official Public Records of Montgomery County, Texas.

"Declaration" shall mean and refer to that certain First Amended and Restated Declaration of Covenants, Condition and Restrictions applicable to the Properties and recorded at Clerk's File No. _____ of the Official Public Records of Real Property of Montgomery County, Texas, and as the same may be amended or supplemented from time to time as therein provided.

"Lot" shall mean and refer to any plot or tract of land shown upon any recorded subdivision map of the Properties which is shown as a Lot thereon and which is or is to be improved with a residential dwelling unit, as well as any plot or tract of land planned to be shown on a recorded subdivision map of any of the Properties which is to be improved with a residential dwelling unit.

"Member" shall mean and refer to each Owner as provided herein in Article IX and Article X.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot situated upon the Properties but, notwithstanding any applicable theory of the mortgage or other security device, shall not mean or refer to any mortgagee or trustee under a deed of trust unless and until such mortgagee or trustee has acquired title pursuant to a foreclosure or any proceeding in lieu of foreclosure.

"Properties" shall mean and refer to the land and premises in the City of Conroe, Montgomery County, Texas, containing approximately 30.57 acres of land and known as the ESTATES OF WEDGEWOOD FALLS, a residential subdivision of 113 single family residential lots, public streets and related amenities.

ARTICLE II

FUNCTIONS OF THE ASSOCIATION

Section 2.1. Purposes. The purposes for which the Association is formed are to promote maintenance, administration and preservation of the Lots and other portions of the Properties; to exercise the duties and prerogatives provided for the Association in the Declaration; to have and to exercise any and all powers, rights, and privileges which a corporation organized under the Texas Business Organization Code may now or hereafter have or exercise; and, to the extent permitted by law, to do any and all other things necessary to implement or accomplish the purposes set forth in the Declaration and these Bylaws. To carry out said purposes properly, the Association shall, to the extent permitted or required by the Declaration, at the discretion of its Board of Directors, perform the following functions, and the exercise of such functions shall be deemed to be within the scope of activities contemplated by the Articles of Incorporation and the Declaration:

(a) Accept conveyances of, own, sell, and encumber Common Area, subject to the terms of the Declaration and these Bylaws.

(b) Exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in the Declaration and Articles of Incorporation and pay all expenses incidental thereto.

(c) Enforce the decisions and ruling of the Association.

(d) Enforce all restrictions, covenants, easements, and liens provided in the Declaration, and pay all of the expenses in connection therewith.

(e) Reimburse the Declarant under the Declaration for all costs and expenses incurred or paid by it in connection with the enforcement of any of the conditions, covenants, restrictions, charges, Assessments, or terms set forth in the Declaration.

(f) Lease, provide, control, maintain, and operate the Common Area.

(g) Create, construct, and maintain private streets, alleys, road, rights-of-way, and easements, if any.

(h) Do all things necessary for the upkeep, repair, and maintenance of all Common Area and the placement of improvements, fixtures, and equipment thereon, including the replacement of obsolete or damaged improvements, fixtures, and equipment.

(i) Provide for the landscaping of the Common Area necessary to provide a uniform scheme of landscaping for the Properties as a whole.

(j) Do all things necessary for the upkeep, repair, and maintenance of the Common Area, including obtaining the agreement of any appropriate governmental entity to assume the maintenance obligation for the street within the Common Area.

(k) Pay legal and other expenses incurred in connection with the enforcement of all recorded charges, covenants, restrictions, and conditions affecting property to which the Assessments apply.

(l) Do all things necessary to enforce the provisions of the Declaration, including but not limited to provide for the enforcement of exterior maintenance of all Residential Dwellings, to the extent provided for by the Declaration, and send invoices or take other necessary action to collect the cost of such exterior maintenance from the Owner of the Lot, if needed.

(m) Fix, levy, collect, and enforce payment by any lawful means, of all charges and assessments (including, but not limited to, the Annual Maintenance Charges) pursuant to the terms of the Declaration, including, but not limited to, the right to foreclose the lien against any Lot(s); pay all expenses in connection therewith and all administrative and other expenses incident to conducting the business of the Association, including all licenses, taxes, assessments, or other governmental charges levied or imposed against the Properties of the Association.

(n) Participate in, and enforce the results of the Architectural Control Committee, to the extent provided in the Declaration.

(o) Do all other things necessary or desirable in the opinion of the Association to keep the Properties in neat and good order, or which it considers of general benefit to the Owners of the Lots, it being understood that the judgment of the Association with respect to the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith.

(p) Set and establish the amount of the assessments or charges (including but not limited to the Annual Maintenance Charges) which may be imposed by the Association pursuant to the Declaration, and hold and administer the funds generated by such assessments and other charges (including but not limited to the Annual Maintenance Charges) in the manner and for the purposes contemplated by and in accordance with the terms and provisions of the Declaration and these Bylaws.

(q) Acquire by gift, purchase, or otherwise own, hold, improve upon, build, enjoy, operate, maintain, convey, sell, lease, transfer, mortgage, dedicate for public use, or otherwise dispose of, real or personal property in connection with the business of the Association, subject to the terms of the Declaration and these Bylaws.

(r) Borrow money in the name of the Association for the purpose of carrying out the corporate affairs, with the consent (either by written instrument or by voting at a meeting duly called for such purpose) of a majority of the Board of Directors. However, in no event may the Association lend, contract for a loan, or issue evidences of indebtedness to any member of the Board of Directors, officers, or Disqualified Persons (as that term is defined in Section 4946[a] of the Internal Revenue Code of 1986 [the "Code"] or any amendment or successor thereto). Moreover, the Board of Directors of the Association who vote for or assent to the making of a loan to a member of the Board or officer of the Association or to such Disqualified Person and

any officer or officers participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the full repayment thereof.

(s) Participate in mergers and consolidations with other non-profit Associations organized for the same purposes.

(t) Exercise jurisdiction and control over any property made subject to the jurisdiction of the Association in accordance with the terms of the Declaration.

The Association is permitted to enter into contracts and/or transactions involving interested directors, officers and/or members as long as the Association has complied with Section 22.230 of the Texas Business Organization Code with respect to disclosures to the Board of Directors regarding relationships and material facts, authorization by affirmative vote of disinterested directors, the terms of such contract and/or transaction being reasonable and fair to the Association when authorized and approved, and on terms consistent with those of an arms length transaction with an unaffiliated third party for a comparable contract or transaction.

Section 2.2. Area. The activities of the Association shall be limited to (i) the Properties, and (ii) such other areas as may hereafter voluntarily or through the operation of conditions, covenants, restrictions, Supplemental Declaration, easements, reservations or charges pertaining to the same be placed under or submitted to the jurisdiction of the Association.

ARTICLE III

MEMBERSHIP

Section 3.1. Membership. Every Owner of a Lot in the Properties, other than Declarant, shall be a Class A Member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. When ownership of any Lot is held by more than one person or by a legal entity which is not a natural person, all such Owners shall be Class A Members of the Association (except Declarant), however, the voting rights of such Class A Members shall be limited to one (1) vote for each Lot owned and shall be exercised as they among themselves shall determine. Declarant shall be the Class B Member.

Section 3.2. Suspension of Membership. A Member must be current in the payment of the Assessments and any duly adopted special assessment to validate the Membership and entitle the Member to all rights and privileges of same. During any period in which a Member shall be in default in the payment of any annual or special assessment (including but not limited to the Annual Maintenance Charge) levied by the Association, the voting rights and right to use of the recreational facilities of such Member may be suspended by the Board of Directors until such assessment has been paid. Such other rights of a Member may also be suspended pursuant to the Declaration, for a period not to exceed thirty (30) days, for a single violation, or for a longer period in the case of any continuing violation, of the Declaration, these Bylaws, or the Rules and Regulations of the Association.

ARTICLE IV

VOTING RIGHTS AND MEMBERSHIP CATEGORIES

Section 4.1. Voting Rights and Membership Categories. The Association shall have two classes of voting Membership, Class A Membership which shall include all Owners of Lots with the exception of Declarant and Class B Membership which shall be the Declarant, all as more fully set forth in the Declaration. Class A Members shall be entitled to one (1) vote for each Lot owned and the Class B Member shall be entitled to ten (10) votes for each Lot owned, under such conditions and for such periods of time as more specifically set forth in the Declaration. Provided, however, that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (i) the date on which the Declarant has sold and conveyed all of the Lots it owns in the Properties (including property hereafter annexed into the jurisdiction of the Association), or
- (ii) on such earlier date that the Declarant, in its discretion, so determines and records an instrument to such effect in the real property records of Montgomery County, Texas.

If termination occurs pursuant to clause (i) and property is thereafter annexed into the jurisdiction of the Association by the Declarant, the Class "B" Membership shall be restored. If the termination of the Class "B" Membership occurs pursuant to clause (ii), the Declarant shall be deemed to be a Class "A" Member with respect to the Lots it owns after the termination of the Class "B" Membership.

ARTICLE V

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 5.1. Number. The affairs of the Association shall be managed by a Board of at least 3 but no more than 5 directors, who need not be Members of the Association. The current Board of Directors shall consist of 3 persons.

Section 5.2. Election Term. The initial directors shall be appointed by the Declarant and the Declarant shall retain the right to appoint and remove members of the Board of Directors of the Association until ninety (90) days after the termination of Class B voting status of Declarant, or the Declarant has surrendered in writing its authority to appoint and remove directors. Thereafter, a meeting of the Association shall be called for the express purpose of electing a new Board of Directors, consisting of five (5) directors. At such meeting, the Members shall elect three (3) directors for a term of two (2) years; and two (2) directors for a term of one (1) year; and at each annual meeting thereafter the Members shall elect a director for a term of three (3) years to fill each expiring term.

Section 5.3. Removal. During the period of Declarant control, i.e. the period set forth in 5.2 above, a director may only be removed by Declarant. Thereafter, any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation, or removal of a director, his successors shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 5.4. Compensation. Reimbursement. No director shall receive any compensation from the Association for acting as such. Provided any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 6.1. Regular Meetings. Meetings of the Board of Directors shall be held at such intervals, place, and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, that meeting shall be held at the same time on the next day which is not a legal holiday. Any such meeting, whether regular or special, may be held by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in the meeting in such manner shall constitute presence in person at such meeting.

Section 6.2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 6.3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 6.4. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 6.5. Meeting Organization. At each meeting of the Board, the president, or if he or she is absent therefrom, the vice president, or if he or she is absent therefrom, a director chosen by a majority of the directors present, shall act as Chair and preside over such meeting. The secretary, or if he or she is absent, the person whom the Chair of such meeting shall appoint, shall act as secretary of such meeting and keep the minutes thereof.

ARTICLE VII

NOMINATION AND ELECTION OF DIRECTORS; RESIGNATIONS OR VACANCIES

Section 7.1. Nomination. After the Declarant no longer retains the right to appoint directors, nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors at least ninety (90) days prior to each annual meeting of the members, to serve from their appointment until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 7.2. Election. Election to the Board of Directors shall be by secret written ballot cast at the annual meeting. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 7.3. Resignations. Any director may resign at any time by giving written notice of his or her resignation to the Association. Any such resignations shall take effect at the time specified therein, or, if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the president or the secretary; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7.4. Vacancies on the Board.

(a) Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of the majority of the remaining directors though less than a quorum or by a sole remaining director, and any director so chosen shall hold office until the next election of directors when his or her successor is elected and qualified. Any newly created directorship shall be deemed a vacancy. When one (1) or more directors resigns from the Board, effective at a future time, a majority of the directors then in office, including those who have so resigned, may fill such vacancy, vote on the vacancy to take effect when such resignation becomes effective. If by reason of death, resignation, or otherwise, the Association has no directors in office, any officer or Member may call a special meeting of Members for the purpose of electing the Board of Directors.

(b) Should an elected director fail to assume office by reason of death, disability, declination prior to the beginning date of the term to which elected, then the unsuccessful candidate in such election receiving the next highest number of votes shall be deemed elected in his or her stead.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 8.1. Powers. The Board of Directors shall have the power:

(a) To take the appropriate action in furtherance of those powers of the Association enumerated in Article II of these Bylaws;

(b) To adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties and fines for the infraction thereof;

(c) To exercise for the Association all power, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws and the Articles of Incorporation;

(d) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors without just cause having been furnished to and accepted by the Board;

(e) To establish, disburse, and maintain such petty cash fund as necessary for efficiently carrying on the business of the Association; and

(f) To engage the services of a manager, an independent contractor, or such employees as it deems necessary, and to prescribe the conditions, compensation, and duties of their work. Such power shall include authority to enter into management agreements with other parties to manage, operate, or perform all or any part of the affairs and business of the Association.

Section 8.2. Duties. It shall be the duty of the Board of Directors:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

(b) To supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;

(c) To establish annually a budget and membership fees or assessments (including but not limited to the Annual Maintenance Charges);

(d) To procure and maintain adequate liability and hazard insurance on property owned by the Association;

(e) To cause all officers, employees, or agents, having fiscal responsibility to be bonded, as it may deem appropriate;

(f) To cause the Common Area to be maintained; and

(g) Perform such other duties as may be established by the Membership from time to time or set forth in these Bylaws, the Articles of Incorporation, or the Declaration.

ARTICLE IX

COMMITTEES

Section 9.1. The Board of Directors may appoint committees as deemed appropriate in carrying out its purposes, which may include for example, but not by way of limitation, the following:

(a) A Nominating Committee as provided for in Section 7.1 of these Bylaws;

Section 9.2. It shall be a function of each committee to receive complaints from members on any matter involving Association duties and activities within its field of responsibility. It shall make a recommendation and refer all information to the Board of Directors for action and/or disposition.

ARTICLE X

MEETINGS OF MEMBERS

Section 10.1. Annual Meetings. The first annual meeting of the Members shall be held at a time to be designated by the Board of Directors, and each subsequent regular annual meeting of the Members shall be held as close as reasonably possible to the same month of each year thereafter, the place and time to be provided by the Board of Directors by giving written notice to the Members in accordance with the Texas Business Organization Code. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. Until such time as Declarant has relinquished its Class B control of the Association, the annual meeting of the Membership shall be of a purely informal and informational nature and not for purposes of electing directors. Upon transfer of control of the Board of Directors to Owners other than Declarant, which is 90 days after the termination of the Class B Membership status of the Declarant, the annual Membership meeting shall, among other things, be used for the purpose of electing directors and conducting other official business of the Association.

Section 10.2. Special Meetings. Special meetings of the Members may be called at any time by the president or by a majority of the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the entire membership.

Section 10.3. Notice of Meetings. Except as otherwise provided in the Articles of Incorporation, or these Bylaws, written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 10 days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member designating an alternate address to the Association for the purpose of notice. Such notice shall specify the place, day, and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. Meetings may be held at a location inside or outside of the Properties.

Section 10.4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, ten percent (10%) of the total votes, shall constitute a quorum. If the required quorum is not present or represented at the meeting, subsequent meetings may be called by those Members in attendance by announcement at the meeting of the date, time and place of the subsequent meeting (written notice mailed to the Members of such subsequent meeting[s] shall not be required), and the required quorum at the subsequent meeting(s) shall be one-half (1/2) of the required quorum at the preceding meeting; provided, however, that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 10.5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon cessation of membership or restriction of the Member's voting rights.

Section 10.6. Canvas in Lieu of Meeting. In the event that a quorum of Members is not achieved at any scheduled meeting, the Board of Directors may authorize a door-to-door canvas of all Members whose votes shall be duly recorded, and any action so taken shall have the same force and effect as if taken at a meeting at which a quorum of Members was present. Any such canvas must be completed within 30 days of the Board's decree.

Section 10.7. Majority Vote; Withdrawal of Quorum. When a quorum is present at any meeting of the Members, the vote of the holders of a majority of the votes, present in person or represented by proxy, shall be sufficient to take action and decide any question validly brought before such meeting unless the question is one upon which by express provision of the statutes, the Articles of Incorporation, or these Bylaws, a different vote is required, in which case such express provision shall govern and control the deciding of such question. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 10.8. Voting.

(a) Voice Vote. A voice or standing vote or show of hands of Members shall prevail on all matters of business, except the following items which require a ballot vote:

(i) The election of all directors.

- (ii) When a majority of the Board of Directors requests a ballot vote.
 - (iii) When a ballot is requested by a majority vote of the eligible Members of the Association attending the meeting.
- (b) Ballot Vote. When a ballot vote is required the following will apply:
- (i) Voting shall proceed under the supervision of the Board of Directors.
 - (ii) At least two (2) of the Board of Directors and/or agents for the Association shall be in attendance at all times during voting and they shall determine eligibility of all voters, issue all official ballots, and witness the casting of the ballots.
 - (iii) Ballots shall be opened and tabulated in the presence of at least three (3) Members of the Board of Directors and/or agents for the Association. Upon completion of the tabulation of ballots, the results shall be certified by the Board of Directors and kept at the offices of the Association.
 - (iv) Any Member may be present as an observer at the tabulation of votes.
- (c) Mail Vote.
- (i) A majority of the Board of Directors may authorize use and implementation of a mail-in ballot on any election or issue it deems appropriate, including the election of directors.
 - (ii) When mail-in ballots are authorized by the Board, said ballots shall be prepared and mailed to the Members no later than twenty (20) days prior to the date of the election, the date set for the tabulation of the ballots shall be stated on the ballot. Ballots received on or after the date set for tabulation of the ballots shall not be counted.
 - (iii) The determination of eligibility and tabulation of votes shall proceed under the supervision of the Board of Directors and/or its agent, manager, etc.
 - (iv) Following tabulation, all ballots will be sealed and stored for a period of thirty (30) days in the custody of the Board of Directors or in the office where the records of the Association are maintained.
- (d) Tie Votes. Except for the votes in connection with the election of directors, a tie vote shall be decided by lot. In the event of a tie vote in the election of directors, the director candidates receiving the same number of votes (unless such tie vote does not affect the outcome of the election) shall be submitted to a second ballot vote. If a tie vote occurs at the second

ballot vote (unless such tie vote does not affect the outcome of the election), the election of such director candidates receiving the same number of votes will be decided by lot.

ARTICLE XI

OFFICERS AND THEIR DUTIES

Section 11.1. Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be Members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create. The treasurer need not be a Member of the Association.

Section 11.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 11.3. Term. The officers of this Association shall be elected annually by the Board and shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 11.4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 11.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving notice to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein; the acceptance of such resignation shall not be necessary to make it effective. The Board may declare an office vacant in the event three (3) meetings in a row are missed.

Section 11.6. Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election of officers. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 11.7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 11.8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out, shall sign all easements, contracts, leases, mortgages, deeds, and other written instruments; and shall co-sign all checks and promissory notes.

Vice-President

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members.

ARTICLE XII

ASSESSMENTS

Section 12.1. Assessments in Accordance with the Declaration. The Declaration sets forth the obligation of each Member to pay to the Association assessments and other charges (including but not limited to the Annual Maintenance Charges). The payment of such assessments and other charges (including but not limited to the Annual Maintenance Charges) is secured by a lien upon each Member's Lot against which the assessment or other charge (including but not limited to the Annual Maintenance Charge) is made, and the Association's rights pertaining to such lien may be enforced in the manner provided for in the Declaration. No Owner may exempt himself from payment of assessments or other charges (including but not limited to the Annual Maintenance Charges) by waiver of the use or enjoyment of all or any portion of the Common Area or abandonment of his Lot or Tract.

ARTICLE XIII

BOOKS AND RECORDS

The books, records, and papers of the Association shall, during normal business hours, be subject to inspection by any Member upon reasonable notice to the Association, but in no event sooner than one (1) business days' notice to the Association. The Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Members at the principal office of the Association, during normal business hours, where copies may be purchased at reasonable cost.

ARTICLE XIV

FISCAL YEAR

The Fiscal Year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XV

AMENDMENTS

Section 15.1. Prior to the conveyance of the first Lot, Declarant may unilaterally amend these By-Laws. Thereafter, these Bylaws may be amended, by a vote of a majority of the Board of Directors or by the affirmative vote or written consent, or any combination thereof, of a majority of the total Class A votes in the Association and the consent of the Class B Member, as long as such Class B Membership exists. Further, as long as Declarant owns any Property described on Exhibit "A" to the Declaration or subsequently annexed thereto, the Declarant may unilaterally amend these By-Laws for any purpose; provided that the amendment has no material adverse effect upon the right of any Owner unless such Owner shall have given its consent.

Section 15.2. In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. In case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XVI

GENDER AND GRAMMAR

The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provision hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

ARTICLE XVII

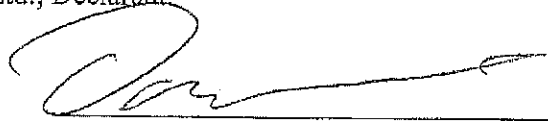
INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Association shall indemnify its officers and directors to the maximum extent allowable pursuant to Texas Business Organization Code, as the same now exists or may be hereafter amended.

ARTICLE XVIII

CERTIFICATE OF ADOPTION OF BYLAWS

The undersigned, Declarant of the Estates of Wedgewood Falls Homeowners Association, Inc., hereby certifies that these Bylaws are the true and correct Bylaws of the Association adopted by Chesmar Homes, Ltd., Declarant


Declarant

E-FILED FOR RECORD
03/26/2014 9:31AM

Mark Turnbull

COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF MONTGOMERY

I hereby certify this instrument was e-FILED in
file number sequence on the date and at the time
stamped herein by me and was duly e-RECORDED in
the Official Public Records of Montgomery County, Texas.

03/26/2014



Mark Turnbull

County Clerk
Montgomery County, Texas