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CHICAGO TITLE
GF# Nichols
WOODLANDS

DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
THE MANSIONS VILLAS

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**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
THE MANSIONS VILLAS**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration") is made on the date hereinafter set forth by THE MANSION VILLAS, L.P., a Texas limited partnership (hereinafter sometimes called "Declarant"):

RECITALS:

A. Declarant is the owner of the Property described in Section 2.1, of this Declaration.

B. The real property so described is also subject to the Master Declaration for Mansions - Woodland dated August 15, 2005 and recorded in the Official Public records of Real Property of Montgomery County, Texas under Clerk's File No. _____ (the "Master Declaration") which Master Declaration also covers other real property in addition to the real property covered by this Declaration.

C. In addition to the Master Declaration, Declarant desires to subject the Property described in Section 2.1 hereof to the provisions of this Declaration to create a residential community of single-family detached housing and also to include single family attached housing as discussed herein.

CLAUSES:

NOW, THEREFORE, Declarant hereby declares, that the real property described in Section 2.1, of this Declaration, and any real property added hereto in the future, including the improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and 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 value and desirability of, and which shall run with the title to, the real property hereby or hereafter made subject hereto, and shall be binding on all persons having any right, title, or interest in all or any portion of the real property now or hereafter made subject hereto, 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. An integral part of the development plan for the Community is the creation of The Mansions Villas Homeowners Association, Inc., an association comprised of Owners of Lots or Units in the Community to own, operate and maintain the Common Property and to administer the Governing Documents.

ARTICLE I.

Definitions

Unless the context shall prohibit, certain words used in this Declaration shall have the definitional meaning set forth below:

(a) "Architectural Review Committee" or "ARC" shall mean and refer to the Architectural Review Committee of 3 Members appointed by the Board, which members may, but do not have to be, members of the Association. Members of ARC may be removed at any time, and vacancies filled, by the Board, however as long as Declarant owns at least one (1) Lot (including Lots added by annexation), Declarant's approval is needed to appoint and/or remove members of ARC.

(b) "Association" shall mean and refer to The Mansions Villas Homeowners Association, Inc., a nonprofit Texas corporation, its successors and assigns.

(c) "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association.

(d) "By-Laws" shall refer to the By-Laws of The Mansions Villas Homeowners Association, Inc.

(e) "Clubhouse" shall mean the planned approximately 2,500 square foot clubhouse and pool to be constructed on, and be part of, the Common Property, for the use of all of the Owners.

(f) "Common Property" shall mean 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, including but not limited to the Clubhouse, certain paths, lakes, fountains, entry monument and gatehouse and private streets and/or permanent access easements as shown on the plats of the Property.

(g) "Community" shall mean and refer to that certain real property and interests therein covered by this Declaration, located in The Mansions Villas Subdivision in Montgomery County, Texas and described in Exhibit "A", attached hereto together with any property annexed pursuant to Article XI, also referred to herein as "Mansions Villas". The initial plats of the Community describe the subdivision as (i) The Mansion Villas Section One, according to the Final Plat of The Mansion Villas Section One recorded in Cabinet Y, Sheet 83, of the Map Records of Montgomery County, Texas and (ii) The Mansion Villas Section Two, according to the Amended Plat of The Mansion Villas Section Two recorded in Cabinet Y, Sheet 56, of the Map Records of Montgomery County, Texas.

(h) "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing in the Community. Such standard may be more specifically determined by the Board of Directors of the Association.

(i) "Declarant" shall mean and refer to The Mansion Villas, L.P., and the successors-in-title and assigns of The Mansion Villas, L.P., provided any such successor-in-title or assign shall acquire for the purpose of development or sale all or any portion of the remaining undeveloped or unsold portions of the real property described in Exhibit "A" attached hereto, and provided further, in the recorded instrument of conveyance to any such successor-in-title or assign, such successor-in-

title or assign is expressly and specifically designated as the "Declarant" hereunder by the grantor of such conveyance, which grantor shall be the "Declarant" hereunder at the time of such conveyance; provided, further, upon such recorded designation of such successor Declarant, all rights of the former "Declarant" in and to such status as "Declarant" hereunder shall cease, it being understood that as to all of the property described in Exhibit "A" attached hereto, which is subjected to this Declaration, there shall be only one person or legal entity entitled to exercise the rights and powers of the "Declarant" hereunder at any one point in time.

(j) "Duplex Structure" means any building or structure situated on a Lot which is intended to include one or more attached Units.

(k) "Governing Documents" means this Declaration together with the Articles of Incorporation of the Association and the By-laws of the Association, as supplemented by any Rules promulgated by the Board from time to time, all as amended.

(l) "Lot" shall mean a plot of land which is a platted separate lot within the Community as shown on the plats for the Community, or amendments thereto, recorded in the Official Records of Real Property of Montgomery County, Texas, whether intended for ownership and use with a single-family detached residence thereon or with a Duplex Structure thereon with two or more Units. The ownership of each Lot shall include, and there shall pass with each Lot as an appurtenance thereto, whether or not separately described, all of the right, title, and interest of an Owner in the Common Property, which shall include, without limitation, membership in the Association. Each Lot shall refer to the land, as well as any improvements located thereon. Each Owner of a Lot shall be entitled to the exclusive ownership and possession of his or her Lot, subject to this Declaration. The Owner of a Unit within a Lot shall not be considered the Owner of the Lot for purposes hereof, but rather shall be considered the Owner of the Unit held by such Owner within the Lot.

(m) "Majority" means those eligible votes, Owners, or other group as the context may indicate, totaling more than fifty percent (50%) of the total eligible number.

(n) "Master Association" shall mean and refer to Mansions – Woodland Property Owners Association, Inc. which is the property owners' association created pursuant to the Master Declaration.

(o) "Master Declaration" shall mean the Master Declaration referenced in Recital B above.

(p) "Mortgage" means any mortgage, deed to secure debt, and any and all other similar instruments used for the purpose of conveying or encumbering real property as security for the payment or satisfaction of an obligation.

(q) "Mortgagee" shall mean the holder of a Mortgage.

(r) "Owner" shall mean and refer to the record owner, whether one or more Persons, of the fee simple title to any Lot or any Unit within a Lot located within the Community, including contract sellers, but excluding, however, any Person holding such interest merely as security for the performance or satisfaction of any obligation.

(s) "Person" means any natural person, as well as a corporation, limited liability company, joint venture, partnership (general or limited), association, trust, or other legal entity.

(t) "Residence" means any building or structure situated on a Lot which is intended for use and occupancy as a residence for a single family.

(u) "Rules" means such rules and regulations, use restrictions and design/architectural guidelines promulgated from time to time by the Declarant and/or the Board of Directors which are applicable to the Lots and Common Property and Clubhouse, as amended.

(v) "Qualifying Occupant" shall mean a person 55 years of age or older.

(w) "Unit" shall mean the portion of a Lot within the Community, if any, intended for ownership and use as an individual single-family residential unit attached to one or more adjoining Units in a single Duplex Structure located on such Lot (both the real property and the improvements located thereon), together with a designated portion of the land outside the Duplex Structure within the Lot which the Declarant designates to be a portion of the Unit at issue. The Declarant shall determine in its sole and absolute discretion which Lots shall contain Units and the precise dimensions and configuration of the Units therein, and Declarant shall have full and sole authority to instigate and complete such replats or make or take such other filings and actions, if any, as Declarant may, in its sole and absolute discretion, determine is necessary or desirable to evidence, confirm and effect the division of the affected Lots into Units and establish the dimensions and configuration of such Units and in no event shall any Owner have any right to object to any such division or have any involvement with respect thereto. The ownership of each Unit shall include, and there shall pass with each Unit as an appurtenance thereto, whether or not separately described, all of the right, title, and interest of an Owner in the Common Property, which shall include, without limitation, membership in the Association. Each Unit shall for all purposes constitute real property which may be owned in fee simple and which may be conveyed, transferred, or encumbered in the same manner as any other real property. Each Owner of a Unit shall be entitled to the exclusive ownership and possession of his or her Unit, subject to this Declaration. All appliances, air conditioning apparatus and utilities serving only one Unit shall be a part of the Unit so served. Each Owner shall have the right to lateral and subjacent support for his or her Unit, and such right shall pass with the Unit.

ARTICLE II.

Property Subject to This Declaration

Section 2.1. Property Hereby Subjected to This Declaration . The real property which is, by the recording of this Declaration, subject to the covenants and restrictions hereafter set forth and which, by virtue of the recording of this Declaration, shall be held, transferred, sold, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to this Declaration is the real property described in **Exhibit "A"** attached hereto and by reference made a part hereof, and any property subsequently annexed hereto (the "Property"). Each Owner, by acceptance of a deed to property within the Community, acknowledges that he or she is subject to this Declaration as well as to the Master Declaration and a member in and subject to assessment by the Association.

Section 2.2. Master Declaration. This Declaration is expressly made subject to the Master Declaration. Specifically, but not by way of limitation, the rights herein established, imposed and created shall in all respects be inferior and subordinate to the easements and rights-of-way granted and/or reserved to the Master Association, or its

designees, successors and assigns, under and by virtue of the Master Declaration, and no use or operation shall be conducted within the Community that would in any manner interfere with, obstruct, alter, affect or diminish the rights of the Master Association and/or its designees, successors and assigns, pursuant to the Master Declaration.

Each Owner acknowledges and agrees that the Master Association may not be incorporated at the time the Master Declaration is recorded. In any event, all covenants, conditions and restrictions set forth in the Master Declaration shall immediately be effective upon recordation of the Master Declaration and shall be binding upon the Community and all Owners and occupants therein.

ARTICLE III.

Association Membership and Voting Rights

Section 3.1. Membership. The Declarant and every person who is the record owner of a fee or undivided fee interest in any Lot or Unit that is subject to this Declaration shall be deemed to have a membership in the Association. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more Persons, shall have more than one (1) membership per Lot or Unit. In the event of multiple Owners of a Lot or Unit, votes and rights of use and enjoyment shall be as provided in this Declaration and in the By-Laws. Membership shall be appurtenant to and may not be separated from ownership of any Lot or Unit. The rights and privileges of membership, including the right to vote and to hold office, may be exercised by a member or the member's spouse, but in no event shall more than one (1) vote be cast nor office held for each Lot owned. The Board may decide that a member or spouse of any member may not be entitled to vote or exercise any other right or privilege of membership if such member is delinquent with respect to any assessments due hereunder.

Section 3.2. Voting. The Association shall have two (2) 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 Declarant. Class "A" members shall be entitled to one (1) vote for each Lot or Unit owned. When more than one Person holds an ownership interest in any Lot, the vote for such Lot or Unit shall be exercised as those Persons themselves determine. If a vote is cast by any of the Persons who have an ownership interest in any Lot or Unit, such vote shall be deemed to be the vote for such Lot or Unit. A Lot's or Unit's vote shall be suspended in the event more than one Person seeks to exercise it.

(b) **Class "B".** The Class "B" member shall be the Declarant. The Class "B" member shall be entitled to ten (10) votes for each Lot and Unit owned by it, and/or planned for development by Declarant. The Class "B" membership shall terminate and become converted to Class "A" membership upon the happening of the earlier of the following:

(i) when 95% of the Lots and Units planned for development have been sold to and occupied by Class "A" members;

(ii) October 1, 2022; or

(iii) when, in its discretion, the Declarant so determines.

From and after the happening of these events, whichever occurs earlier, the Class "B" member shall be deemed to be a Class "A" member entitled to one (1) vote for each Lot it owns.

(c) At such time that additional property is annexed into the Association, if such annexation occurs, the Class B Membership of the Declarant, shall, if it had previously ceased due to one of the conditions listed above in (i), (ii) or (iii) be reinstated and shall apply to all Lots and Units owned by Declarant in the newly annexed portion of the Community, as well as to all Lots and Units owned by Declarant in all other areas of the Community. Such reinstatement is subject to further cessation in accordance with the limitation set forth in the preceding paragraph (b)(i), (ii) and (iii) of this Article, whichever occurs first. However, upon reinstatement due to annexation of additional property into the Community, the period of time set forth in the preceding paragraph (ii) of this Article shall be extended to the extent necessary such that in all circumstances it extends for a period no shorter than ten (10) years from the date of each such recorded annexation (i.e. Supplemental Declaration).

(d) Notwithstanding any termination of the Class "B" membership, unless Declarant decides otherwise, the Declarant shall remain in control of, and make all decisions related to, the Clubhouse and the ARC and any exceptions to age requirements, until 100% of the Lots and Units have been sold to and occupied by Class "A" members, and the Association shall abide by such decisions.

Section 3.3. Management. The Association shall be incorporated as a non-profit corporation. The Association shall be managed by the Board of Directors pursuant to the procedures set forth in the Articles of Incorporation and By-Laws of the Association, subject to this Declaration. The Board shall initially consist of three (3) directors, which number is set in the By-Laws and may be increased as provided for in the By-Laws. Pursuant to the Articles of Incorporation, the Board shall have the authority to amend the By-Laws.

Section 3.4. Function of Association. The Association shall be (i) the entity responsible for management, maintenance, operation and control of the Common Property; (ii) the primary entity responsible for administering this Declaration and its provisions regulating use of the Property; and (iii) responsible for adopting, administering, and monitoring the Rules. The Association may delegate such responsibilities to committees or engage outside Persons to monitor and enforce this Declaration and the Rules under the supervision of the Board. The Association shall perform its functions in accordance with the Governing Documents, all ordinances of the City of Conroe and Texas law.

Section 3.5. Duties and Powers of the Board. Through the Board, the Association shall have the following powers and duties:

(a) To adopt rules and regulations to implement this Declaration and By-Laws; so long as such rules and regulations are consistent with the rights and duties established by this Declaration and the Master Declaration .

(b) To enforce this Declaration, the By-Laws, its Rules and other regulations, subject to the provisions of Section 12.1 below.

(c) 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 or such member is delinquent in the payment of an assessment for more than twenty (20) days, as set forth in the By-Laws.

(d) Employ a manager, an independent contractor, or such other employees as they deem necessary, including affiliated of Declarant, and to prescribe their duties.

(e) Delegate responsibility to, and contract with, a management company, including an affiliate of Declarant, for collection of the assessments and enforcement of this Declaration, the Bylaws and the rules and regulations of the Association.

(f) Delegate responsibility to, and contract with, a management company, including an affiliate of Declarant, for the operation, management and maintenance of the Common Property and Clubhouse and the Association from time to time, if the Board so elects.

(g) Delegate responsibility to, and contract with, a management company, including an affiliate of Declarant, for whatever maintenance and other obligations, if any, that the Association from time to time undertakes.

(h) To enter into such contracts and agreements concerning the Property as the Board deems reasonably necessary or appropriate to maintain and operate the Property in accordance with the Declaration, and to assume any contracts and agreements concerning the Property entered into by the Declarant, including without limitation, the right to enter into agreements with adjoining or nearby landowners or governmental entities on matters of maintenance, trash pick-up, repair, administration, use, of recreational facilities for a fee or cost sharing of facilities of other associations in exchange for use rights, security, traffic, streets or other matters of mutual interest.

(i) To take any and all actions, and to cause any and all actions to be taken, which are the responsibility of the Association and the Board pursuant to this Declaration and the By-Laws, including but not limited to duties relating to electing Directors, creating budgets, delegating power, establishing and collecting assessments, the enforcement of all of the obligations of the Owners, to receive complaints and make determinations about violations of this Declaration, the By-Laws, the Rules and regulations, the holding of annual and special meetings, the management and maintenance of Common Property, the performance of all maintenance obligations of the Association and hereunder and the payment of all costs and expenses to be paid by the Association hereunder.

(j) To take any and all actions, and to cause any and all actions to be taken, which are the responsibility of the Association, under the Master Declaration, including but not limited to, paying all assessments to the Master Association.

(k) In addition, the Board shall cooperate with the Master Association and its board of directors in performing any obligations of the Association or permitting the Master Association to exercise its rights under the Master Declaration.

(l) To suspend the vote or the exercise of any other right or privilege of membership if the Owner is delinquent in the payment of any assessment or in violation of any provision of this Declaration.

Section 3.6. Litigation. Except as provided below, the Association shall not commence any judicial or administrative proceeding without the approval of 67% of the total eligible Association vote. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration and/or the Rules (including, without limitation, the foreclosure of liens); (b) the imposition and collection of assessments as provided in Article IV; (c) proceedings involving challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings

instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above. This Section shall apply in addition to the provisions of Section 12.17, if applicable.

ARTICLE IV.

Assessments

Section 4.1. Purpose of Assessments . The assessments provided for herein shall be used for the general purpose of promoting the recreation, common benefit, and enjoyment of the Owners and occupants of Residences, including but not limited to the maintenance of real and personal property such as the Common Property (including but not limited to the Clubhouse, gatehouse, gates, lake and fountains) and private streets and access easements, all as may be more specifically authorized from time to time by the Board of Directors. The judgment of the Board of Directors as to expenditures of assessments shall be final and conclusive so long as its judgment is exercised in good faith. Pursuant to the Master Declaration, assessments also may include amounts to be paid to the Master Association.

Section 4.2. Creation of the Lien and Personal Obligation for Assessments . Each Owner of any Lot or Unit (other than the Declarant), by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (a) annual regular assessments or charges assessed against such Lot or Unit; (b) special assessments, such assessments to be established and collected as hereinafter provided; and (c) specific assessments against any particular Lot or Unit (including but not limited to benefited assessments) which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration. All such assessments, together with late charges, fines, interest, not to exceed the maximum legal rate, costs and reasonable attorney's fees actually incurred, shall be a charge on the land and shall be a continuing vendor's lien upon the Lot or Unit against which each assessment is made and the Owner of each Lot or Unit hereby covenants and agrees to grant and does hereby grant to the Trustee for the Association named from time to time, the continuing vendor's lien on each Lot or Unit to secure all such sums set forth herein. Declarant and/or the Association, acting through the Board, shall have the right to appoint one or more successor or substitute trustees to act instead of the trustee named from time to time without other formality than the recordation in the Official Public Records of Real Property of Montgomery County, Texas of a written designation of such trustee. Such substitute or successor trustee shall have all authority hereby conferred on the Trustee named from time to time. Each such assessment, together with late charges, fines, interest, costs, and reasonable attorney's fees actually incurred, shall be secured by the vendor's lien and also be the personal obligation of the person who was the Owner of such Lot or Unit at the time the assessment fell due. Each Owner shall be personally liable for each assessment coming due while he or she is the Owner of a Lot or Unit and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance; provided, however, the liability of a grantee for the unpaid assessments of its grantor shall not apply to any first Mortgage holder taking title through foreclosure proceedings or deed in lieu of foreclosure. Assessments shall be paid at a uniform rate for each Lot and Unit i.e. all Lots and Units are to be assessed equally), regardless of where such Lot or Unit is located, in such

manner and on such dates as may be fixed by the Board of Directors, which may include, without limitation, acceleration, upon ten (10) days' written notice, of the annual assessment for Lots or Units delinquent in payment. Unless otherwise provided by the Board, the Units and Lots will pay the same annual assessments on a monthly basis; therefore the annual assessment for Lots shall be paid in monthly installments and the annual assessments for Units will be paid in monthly; installments. Common Property, including but not limited to the Clubhouse, shall be exempt from assessments.

Section 4.3. Computation/Annual Assessments. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during each ensuing year (including but not limited to all costs, fees and expenses involved in the operation and maintenance of the Clubhouse, gatehouse, gates, and maintenance of the private roads) and any contributions (or assessments) due to the Master Association, which may provide for an increase over the years budget and which may include a capital contribution or reserve in accordance with a capital budget separately prepared. Such budget shall be subject to the approval of the Declarant until such time as 100% of the Lots and Units have been sold to and occupied by Class "A" members, and the Board shall revise the budget as needed to obtain such approval. It is anticipated that there will be a reserve account set up for street maintenance and there may also be separate reserve account for the Lots and Units. The budget may also take into account annexations the Board reasonably believes may occur in the coming year. The budget for the year in which the Clubhouse opens for operation will contain an increase in the monthly assessments beginning the month after the Clubhouse opens. The Board shall cause the budget and the annual assessments to be levied against each Lot and each Unit for the following year to be delivered to each member at least thirty (30) days prior to the end of the current fiscal year. After termination of the Class B Membership, the budget and the annual assessment shall become effective unless disapproved at a meeting by two-thirds of the total eligible votes of the Owners present in person or by proxy at such meeting which was called for the purpose of such vote. Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Board fails for any reason so to determine the budget and annual assessments for the succeeding year, then and until such time as a budget and annual assessments shall have been determined, as provided herein, the budget and assessments in effect for the then current year shall continue for the succeeding year. ALL OWNERS ACKNOWLEDGE THAT THE ANNUAL ASSESSMENTS WHICH ARE PAID MONTHLY SHALL INCREASE AT SUCH TIME AS THE CLUBHOUSE OPENS FOR OPERATION.

The Association, on behalf of all Lots and Units subject to assessment hereunder, and upon incorporation of the Master Association, shall pay assessments to the Master Association which amount shall be calculated annually pursuant to the Master Association Declaration. Such Master Association assessments shall constitute a common expense of the Association and shall be included in the operating budget of the Association, and shall have first priority for payment out of any income of the Association. This assessment obligation may be enforced by the Master Association against the Association and each Lot and Unit Owner.

Section 4.4. Special Assessments - Contribution at Purchase. In addition to the other assessments authorized herein, the Association may levy special assessments in any year for the purpose of defraying, in whole or part, the cost of any construction, reconstruction, unexpected repair or replacement of a capital improvement or such other addition upon the Common Property, and/or the operation of the Common Property. So long as the total amount of special assessments allocable to each Lot or Unit does not

exceed Five Hundred (\$500.00) Dollars in any one fiscal year, the Board may impose the special assessment without the prior approval or consent of the membership. Any special assessment which would cause the amount of special assessments allocable to any Lot or Unit to exceed this limitation shall be effective only if approved by a Majority of the Class "A" members present in person or by proxy at a meeting of the members called for this purpose. Special assessments 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.

Each Owner of a Lot or Unit other than Declarant (whether one or more Persons and regardless of whether such Owner holds the fee interest singly or jointly), at the time it purchases a Lot from the previous owner (i.e. at every sale beginning with the first Owner to purchase the Residence or Unit from Declarant), shall be obligated to make a \$500.00 contribution to the Association, which funds shall be used to defray operating costs and other expenses of the Association, including but not limited to street maintenance, as the Board shall determine in its sole discretion.

Section 4.5. Benefited Assessments. In addition to the special assessments authorized above, the Board may levy a Benefited Assessment against a particular Lot or Unit (a) to cover the costs, including overhead and administrative costs, of providing special services to such Lot or Unit upon the request of the Owner or provided for herein which costs may be levied in advance of the provision of the requested services; or (b) to cover costs incurred in bringing a Lot or Unit into compliance with this Declaration or the Master Association; or costs incurred as a consequence of the, conduct, including any act or omission of the Owner or occupants of the Lot or Unit, their agents, contractors, employees, licensees, invitees, or guests. Any fines assessed pursuant to this Declaration will also be deemed to be Benefited Assessments and secured by the vendor's lien contained herein.

Section 4.6. Lien for Assessments. All sums assessed against any Lot or Unit pursuant to this Declaration, together with late charges, fines, interest (not to exceed the maximum allowed by law), costs and reasonable attorney's fees actually incurred, as provided herein, shall be secured by a continuing contractual vendor's lien on such Lot in favor of the Association. Such continuing vendor's lien shall be superior to all other liens and encumbrances on such Lot or Unit, except for (a) liens of ad valorem taxes; or (b) liens for all sums unpaid on a first lien Mortgage or on any Mortgage to Declarant duly recorded in the Official Public Records of Real Property of Montgomery County, Texas, and all amounts advanced pursuant to such Mortgage and secured thereby in accordance with the terms of such instrument; or (c) liens for assessments created pursuant to the Master Declaration .

All other persons acquiring liens or encumbrances on any Lot or Unit after this Declaration shall have been recorded in such records 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 4.7. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments which are not paid when due shall be delinquent. Any monthly installment of any assessment or any special assessment which is delinquent for a period of more than five (5) days shall incur a late charge in the amount of \$25.00, which amount may be amended as the Board may from time to time determine. The Association shall cause a notice of delinquency to be given to any member who has not

paid within five (5) days following the due date. If the assessment is not paid within thirty (30) days, a continuing contractual vendor's lien, as herein provided, shall attach and, in addition, such lien shall include the late charge, interest, not to exceed the maximum legal rate, on the principal amount due, and all late charges from the date first due and payable, all costs of collection, reasonable attorney's fees actually incurred, and any other amounts provided or permitted by law. Although no further action is required to create or perfect the lien, the Association may, as further evidence and notice of the lien, execute and record a document setting forth as to any Lot the amount of the delinquent sums due the Association at the time the document is executed and the fact that a lien exists to secure the repayment thereof. However, the failure of the Association to execute and record any such document shall not, to any extent, affect the validity, enforceability, or priority of the lien.

In the event that the assessment remains unpaid after sixty (60) days, the Association may, as the Board shall determine, institute suit to collect such amount and/or take action to foreclose such lien, either by action for judicial foreclosure in the manner prescribed by law or by directing the Trustee to foreclose the lien by public sale conducted in accordance with the notice, posting and other requirements of the statutes of the State of Texas (the Texas Property Code Section 51 *et seq*) for the foreclosure of deed of trust liens upon real property. Each Owner, by acceptance of a deed or as a party to any other type of a conveyance, vests in the Association or its agents a power of sale and the right and power to bring all actions against him or her, personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The continuing contractual vendor's lien provided for in this Declaration shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid on the Lot or Unit at any foreclosure sale or to acquire, hold, lease, mortgage, or convey the same. No Owner may waive or otherwise except liability for the assessments provided for herein, including, by way of illustration, but not limitation, abandonment of the Lot or Unit.

All payments shall be applied in such manner as the Board shall determine, in its sole discretion. If the Board does not determine the manner of application, then such payment shall be applied first to costs and attorney's fees, then to late charges, then interest and then to delinquent assessments. In addition to all other remedies of the Association set forth herein, in the event any member is delinquent in the payment of any assessments due pursuant to this Declaration, or shall otherwise be in default hereunder, then such member shall not be entitled to exercise the rights and privileges of membership, including but not limited to the right to vote and hold office. Further, in the event a member is delinquent in the payment of any assessment due pursuant to this Declaration, the Association shall have the right to suspend the right of such member (and his or her guests or tenant(s) or other occupants of a Residence or Unit) from using the Common Property until such delinquency is cured. The election by the Association to exercise any of its remedies herein permitted shall not be construed to constitute an election to waive the right to exercise any other remedy available. The Association is hereby authorized by all Owners to use any and all of such remedies as often as may be required to collect payment of all sums secured by the lien hereunder. In addition, the Master Association shall have all other rights and remedies pursuant to the Master Declaration to enforce payment of delinquent sums secured by a lien under this Article.

Should the City of Conroe ever perform any street maintenance as it is authorized to do herein under certain circumstances, the City of Conroe is authorized to levy a Benefited Assessment and is further hereby authorized to collect such Benefited Assessment by means of any and all remedies set forth herein.

Section 4.8. Date of Commencement of Annual Assessments. The annual assessments procedure provided for herein shall commence on the first day of the month following the conveyance of the first Lot or Unit by the Declarant to a Class "A" member and shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual assessment for any Lot or Unit shall be adjusted according to the number of months then remaining in that fiscal year. The date any specific Lot or Unit becomes subject to assessment hereunder shall be the date on which the specific Lot or Unit is conveyed by Declarant to a Class "A" member and the Owner of a Lot or Unit shall, at such conveyance, pay the prorata balance of the annual assessment. Pursuant to the Master Association Declaration, assessment contributions to the Master Association shall commence as therein provided.

Section 4.9. Assessments by Declarant.

(a) At the option of Declarant, the Declarant shall not be required to pay the annual assessments for Lots or Units that it owns. However, in such event and only for as long as the Class B membership exists, Declarant will contribute such sums as are needed by the Association to meet its operating expenses, should there be insufficient sums from the assessments being collected. For purposes of this paragraph, operating expenses are hereby defined as normal and customary day-to-day expenses specifically excluding any capital reserve contributions and/or capital expenditures.

(b) Notwithstanding anything to the contrary herein, the Declarant may contribute assessments due from it in services or materials or a combination of services and materials, rather than in money, (herein collectively called "in kind contribution"). The amount by which monetary assessments shall be decreased as a result of any in kind contribution shall be the fair market value of the contribution. If the Declarant and the Association agree as to the value of any contribution, the value shall be as agreed. If the Association and the Declarant cannot agree as to the value of any contribution, the Declarant shall supply the Association with a detailed explanation of the service performed and material furnished, and the Association shall acquire bids for performing like services and furnishing like materials from three (3) independent contractors approved by the Declarant who are in the business of providing such services and materials. If the Association and the Declarant are still unable to agree on the value of the contribution, the value shall be deemed to be the average of the bids received from the independent contractors.

Section 4.10. Assessment Certificate and Transfer Fee. Upon written request by an Owner, the Association shall within a reasonable period of time, issue to an Owner a written certificate stating that all assessments (including interest and costs), have been paid with respect to any specified Lot or Unit, and if all assessments and charges have not been paid, setting forth the amount of such assessments and charges (including interest and late charges and costs, if any) due and payable as of the date of the certificate. The Association may make a reasonable charge for the issuance of such certificate; however, there shall be no charge to the Declarant for such certificate. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with regard to any matter therein stated as between the Association and any bona fide purchaser or lender on the Lot or Unit specified in such certificate. The Association shall

have the right to charge any Owner selling or otherwise transferring title to a Lot or Unit, a fee which is reasonable compensation, in the opinion of the Board, for the costs incurred by the Association in changing its records to reflect the transfer of ownership; however, there shall be no charge to the Declarant when the Declarant sells a Lot.

ARTICLE V.

Maintenance

Section 5.1. Association's Maintenance. The Association shall operate, maintain and keep in good repair, consistent with the Community-Wide Standard, the Common Property and any improvements located thereon, including but not limited to, the Clubhouse, gatehouse, gates, walking paths, lakes, bridges, fountains, private streets and permanent access easements. The Association shall also maintain the perimeter fencing placed in the easement reserved and described in Section 10.14 hereof. The operation, maintenance and repair of the Clubhouse shall include, but not be limited to, trash collection, utility charges, insurance, routine maintenance, repairs, refurbishments, management fees, payroll and payroll costs and ad valorem taxes or other taxes assessed or levied against or in connection with the Clubhouse. The Association shall maintain and keep in good repair all paved or concrete walkways, driveways, parking areas and patios, if any, located on the Common Property. Any paved or concrete walkways, driveways, parking areas and patios located within the boundaries of a Unit or Lot shall be the responsibility of the Owner of such Unit or Lot.

The Association shall have the right but not the obligation, to maintain property not owned by the Association where the Board has determined that such maintenance would benefit all Owners.

The Property contains one or more private streets or permanent access easements as shown on any of the plats of the Property that have not been dedicated to or accepted by the City of Conroe or Montgomery County or any other government agency as public rights-of-way. The City of Conroe, Montgomery County, and any other government agency do not have any obligation to maintain or improve any private street or permanent access easement within the Property. The maintenance and improvement of the private streets or permanent access easements are the sole responsibility of the Association.

There are hereby reserved to the Association easements over the Community as necessary to enable the Association to fulfill the Association's maintenance responsibilities described in this Declaration. Except as otherwise provided herein, all costs associated with maintenance, repair and replacement of the Common Property, Clubhouse and private streets and permanent access easements and perimeter fencing shall be a common expense to be allocated among the Lots as part of the annual assessments.

The Association shall have the authority to perform the following on the Residences, Lots, and/or Units, as applicable, if it elects in its sole discretion to do so (but neither Association nor Declarant shall have any duty or obligation to perform or pay for any of the following Units):

- maintenance, repair and replacement of original fences installed by Declarant on the Lots

- repainting of exterior of Residences (as needed in the Association's judgment which is anticipated to be approximately every eight 8 years) and repainting of front doors of Residences (as needed in the Association's judgment which is anticipated to be every three (3) years);
- to the extent accessible to the Association, the maintenance of front yards only, to include mowing, edging, trimming of trees and bushes, weeding of beds, fertilizing and mulching as needed (in the Association's judgment);
- to the extent accessible to the Association, clean gutters installed by Declarant;
- installation and maintenance of sprinkler system for the front yard only of each Lot; however the cost of the water in any case shall be the expense of each Owner (the water used in connection with the sprinkler system for each Lot will be metered by each Lot's individual water meter);
- installation of security system for each Residence;
- operation of street lights.

The Association may also provide the following with respect to the Units only (i) maintenance of the side and rear yards only of the Lots on which a Duplex Structure is located, to include mowing and edging only and, (ii) repaint exterior of the Duplex Structure every ten years.

The Association intends to initially perform the items listed above and intends to continue the performance of those items; however, the Board may, at some future time, decide to stop performing some or all of these items listed above. Should this occur, then the operating costs of the Association may decrease by the amount it cost the Association to provide such items and the Owners would then bear the responsibility to perform each such item for their respective Residences and Lots and Units. It is possible that the total cost for each Owner for such items may be higher than the possible decrease in such Owner's annual assessments from the Association. The Board of the Association may also, at some future date, decide to perform other maintenance items for the Residence, Lots and/or Units which could result in an increase in annual assessments. By means of illustration and not limitation, the Association shall have the authority, but not the obligation, to hire a security company to provide monitoring for the security systems installed by Declarant.

The Association will only perform the various items to which it has reasonable access. If reasonable access is blocked or denied, the Association will not perform such items, however the assessments of any Owner whose Residence or Unit does not allow reasonable access will not be reduced.

Should the Master Association determine that the Association is not performing its maintenance obligations hereunder, then the Master Association shall give written notice of such determination to the Association and provide the Association a reasonable time to perform such maintenance. Should the Association fail to remedy such maintenance failures during the cure period, then the Master Association shall be authorized to assume the maintenance responsibilities of the Association hereunder and under the Master Declaration and to assess all costs thereof to the Owners. Prior to the incorporation of the Master Association, The Mansions in the Forest, L.P., shall have such rights. If the Master Association (or The Mansions in the Forest, L.P.) determines

that the Association has not cured the failure of an Owner relating to maintenance, repair or replacement required hereunder, then the Master Association (or The Mansions in the Forest, L.P.) shall give the Association written notice of such determination and provide the Association a reasonable time to perform such maintenance repair or replacement. Should the Association not cure the failure during the cure period, then the Master Association and The Mansions in the Forest, L.P., prior to incorporation of the Master Association, shall have all the rights granted to the Association under this Article to perform maintenance, repair, or replacement on behalf of Owners and to assess for such services, and all other rights and remedies reserved to them under the Master Declaration.

Section 5.2. Owner's Maintenance. All maintenance of the Residence, Lot and/or Units not listed above (or which the Board of the Association later elects not to perform) shall be the responsibility of the Owner thereof.

Specifically the responsibility of the Owner of a Lot, Residence and/or Unit shall include, but not be limited to, the following:

- all exterior and interior maintenance of the Residence other than exterior painting of a Duplex Structure every ten years;
- replacement of burned out exterior lighting;
- repair and maintenance of all sidewalks and driveways on the Lot;
- purchase, installation, maintenance and replacement of additional landscaping and irrigation systems over the original landscaping package installed by Declarant.
- watering of lawns and beds and all landscaping as needed.
- maintenance and replacement of original landscape package installed by Declarant
- removal of dead natural vegetation and trees;
- all pipes, lines, ducts, conduits, or other apparatus which serve the Residence and Lot, (including all gas, electricity, water, sewer or air conditioning pipes, lines, ducts, conduits or other apparatus serving the Residence, Unit and Lot).
- maintenance of security system in Residence.

Except as provided in Section 1 above, all maintenance of the Units shall be the responsibility of the Owner thereof such maintenance obligation of Unit Owners shall specifically include, but not be limited to, backyard maintenance (other than mowing and edging done by the Association), fence repair and maintenance of any fencing, exterior light fixture and bulb replacement, foundations, patios, decks, entry doors, garage doors, glass and appurtenant hardware to doors and windows, and repair maintenance to the frame of the Unit, including the frame of the roof. In addition, the Owner of any Unit shall maintain all pipes, lines, ducts, conduits, or other apparatus which serve the Unit, whether located within or without a Unit's boundaries (including all gas, electricity, water, sewer or air conditioning pipes, lines, ducts, conduits or other apparatus serving the Unit).

Such maintenance by Owner shall be performed consistent with this Declaration, the Master Association's Declaration, the Community-Wide Standard and the Rules. In addition to the rights afforded the Master Association under the Master Declaration , in

the event that the Board of Directors of the Association determines that (a) any Owner has failed or refused to discharge properly his obligations with regard to the maintenance, repair, or replacement of items for which he or she is responsible hereunder; or (b) that the need for maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, his or her family, guests, lessees, or invitees, and is not covered or paid for by insurance, in whole or in part, then, the Association may perform the repair, replacement or maintenance and shall, except in the event of an emergency situation, give the Owner written notice of the Association's intent to provide such necessary maintenance, repair, or replacement, at Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repairs, or replacement deemed necessary. The Owner shall have ten (10) days within which to complete such maintenance, repair, or replacement, or, in the event that such maintenance, repair, or replacement is not capable of completion within a ten (10) day period, to commence such work which shall be completed within a reasonable time. If any Owner does not comply with the provisions of this Article, as well as any other provisions of this Declaration requiring the Owner to perform any maintenance, repair or replacement, the Association may provide any such maintenance, repair, or replacement and shall bill the Owner therefore 110% of such cost and expenses, plus a \$50.00 administrative fee, such bill to be due upon receipt and if not timely paid, such bill shall be deemed a Benefited Assessment to which such Owner is subject and shall become a lien against the Lot. If the Master Association determines that the Association has not cured the failure of an Owner relating to maintenance, repair or replacement required hereunder, then the Master Association shall give the Association written notice of such determination and provide the Association a reasonable time to perform such maintenance repair or replacement. Should the Association not cure the failure during the cure period, then The Master Association and the The Mansions in the Forest, L.P., prior to incorporation of the Master Association, shall have all the rights granted to the Association under this Article to perform maintenance, repair, or replacement on behalf of Owners and to assess for such services, and all other rights and remedies reserved to them under the Master Declaration.

Section 5.3. Party Fences Walls and Other Items.

(a) **General Rules of Law to Apply.** Each fence built which shall serve and separate any two (2) adjoining Residences and each wall built as part of the original construction of the Units which shall serve and a separate two (2) adjoining Units and each fence built which shall serve and separate any Duplex Structure from another Duplex Structure or Lot shall constitute a party fence or party wall and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and fences and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) **Sharing of Repair and Maintenance.** The cost of reasonable repair and maintenance of a party fence or party wall shall be shared by the Owners who are served by the fence or wall in equal proportions, unless the Association is responsible here-under for such repair and maintenance at the time needed.

(c) **Damage and Destruction.** If a party fence or wall is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and therefore not repaired out of the proceeds of insurance, any Owner served by the fence or wall may restore it, and the other Owner or Owners served by the fence or wall thereafter shall contribute to the cost of restoration thereof in equal

proportions without prejudice, however, subject to the right of any such Owners to call for a larger contribution from the others under any rule or law regarding liability for negligent or willful acts or omissions.

(d) Weatherproofing. Notwithstanding any other provision of this Section, to the extent that any casually damage is not covered and paid by the insurance provided for herein, an Owner who by his negligent or willful act causes any party wall of a Unit to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(e) Right to Contribution Runs with Land. The right of any Owner to contribution from any other owner under this Section shall be appurtenant to the land and shall pass to such owner's successor-in-title.

(f) Foundation and Roofs. Common foundations and roofs, which form a part of the Units, will be dealt with in the same fashion as party walls and fences, as set forth above.

(g) Arbitration. In the event of any dispute arising concerning a party fence, or under the provisions of this Section, each party shall appoint one (1) arbitrator. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefore by the Board of Directors, the Board shall appoint an arbitrator for the refusing party. The arbitrators thus appointed shall appoint one (1) additional arbitrator and the decision by a majority of all three (3) arbitrators shall be binding upon the parties and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof located in Montgomery County, Texas.

Section 5.4. Street Maintenance. As set forth in Section 5.1 above, the maintenance of the private streets or permanent access easements are the sole responsibility of the Association. If the City of Conroe determines that the Association is not performing such maintenance, it shall so notify the Association in writing and shall state in such writing that the Association must perform the required maintenance within a specific time frame, which time frame shall be reasonable. If the Association fails to comply with the requirements of such written notice, the City of Conroe is authorized, but not obligated, to effect such maintenance on behalf of the Association. To cover the cost of such maintenance to the City of Conroe, the City of Conroe is hereby authorized to levy a Benefited Assessment against all of the Lots and Units for each Lot's and Unit's prorata share of its costs. Such Benefited Assessment may be collected and shall be secured by a lien for the benefit of the City of Conroe in the same manner as all Assessments levied by the Association hereunder. There are hereby reserved to the City of Conroe easements over the Community as necessary to enable the City of Conroe to perform the maintenance authorized hereby.

ARTICLE VI.

Use Restrictions and Rules

Section 6.1. General. The Declarant and/or the Board of Directors may, from time to time, in its sole discretion and without consent of the members, promulgate, modify, or delete use restrictions and rules and regulations applicable to the Lots and Units and the Common Property, including but not limited to, rules governing the Community, Clubhouse, paths, private streets, and permanent access agreements, and gatehouse

("Rules"). Such Rules, regulations and use restrictions shall be binding upon all Owners and occupants until and unless overruled, canceled, or modified in a regular or special meeting by both the vote of Class "A" members holding a Majority of the total votes in the Association and the vote of the Class "B" member, so long as such membership shall exist. Such Rules may apply to activities in the Community, including but not limited to, the use of the Common Property such as the Clubhouse and hiking paths, traffic and parking rules concerning the private streets and permanent access easements, the leasing of Residences by the Owners thereof and the age restricted nature of the Community. The Rules shall not apply to Declarant or to any property owned by it and shall not be applied in any manner which would prohibit or restrict the development of the Community and/or the development, construction and sale of Residences by Declarant. No rule shall be enacted in derogation of or contrary to the interests of the Master Association or the Master Declaration.

Section 6.2. Occupants Bound. All provisions of the Declaration, the Master Declaration and any Rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants of any Lot.

Section 6.3. Nuisance. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition of his or her Lot or Unit. No Lot or Unit shall be used, in whole or in part, for the storage of any property or thing that will cause such Lot or Unit to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any Lot that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on upon any Lot or Unit, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any per using any property adjacent to the Lot or Unit. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community.

Section 6.4. Occupancy. Each Residence or Unit shall be used as a residence only, except as otherwise herein expressly provided. Each Residence or Unit owned by an individual, corporation, limited liability company, partnership, trust or other fiduciary may only be occupied by the following persons and such persons' families and guests: (i) the individual Owner, (ii) an officer, director, stockholder or employee of such corporation or company, (iii) a partner or employee of such partnership, (iv) the fiduciary or beneficiary of such fiduciary, or (v) permitted occupants under an approved lease or sublease of a Residence or Unit (as described below), as the case may be.

Occupants of leased or subleased Residence or Unit will be deemed approved occupants if they are the following persons, and such persons' families and guests: (i) an individual lessee or sublessee, (ii) an officer, director, stockholder or employee of a corporate lessee or sublessee, or (iv) a fiduciary or beneficiary of a fiduciary lessee or sublessee.

Under no circumstances may more than one family reside in a Residence or Unit at one time. "Families" or words of similar import used herein shall be deemed to include spouses, parents, parents-in-law, brothers and sisters. In no event shall occupancy (except for temporary occupancy by visiting guests) exceed two (2) persons per

bedroom with a maximum of four (4) persons per Residence or Unit. The Board of Directors shall have the power to authorize occupancy of a Residence or Unit by persons in addition to those set forth above. It is not the intent of the Declarant to exclude from a Residence or Unit any individual who is authorized to so remain by any state or federal law. If it is found that this definition or any other provision contained in this Declaration is in violation of any law, then this Section or other provision will be interpreted to be as restrictive as possible to preserve as much of the original Section or provision as allowed by law. The provisions of this Section 6.4 shall not be applicable to Residences or Units used by the Declarant for model homes, sales offices, other offices or management services.

Section 6.5. Age Restriction. The provisions of this Section 6.5 are intended to comply with and be consistent with the provisions of the Fair Housing "Act" and the exemption in such Act which exempts housing for older persons from the prohibition against discrimination based on familial status set forth in 42 U.S.C. §3607(b)(2)(C) or any successor statute.

Mansions Villas are intended to provide housing for persons 55 years of age or older. The Community shall be operated as an age restricted community in compliance with all applicable state and federal laws. No person under 19 years of age shall reside in any Residence or Unit for more than 60 days in any calendar year.

As provided in the exemption in the Fair Housing Act, at least 80% of all of the Residences in Mansions Villas if occupied shall be permanently occupied by at least one person 55 years of age or older. Such person shall be referred to in this Section as the "qualifying occupant." Once a Residence or Unit is occupied by a qualifying occupant as such individual's legal residence the members of his or her household over the age of 19 who occupy the Residence or Unit with such person may continue to live there even if the qualifying occupant's residency terminates, so long as at least eighty percent (80%) of the Residences or Units are occupied by one qualifying occupant. Members of a qualifying occupant's household 19 years of age or older shall have the right to use all recreational facilities and other Common Property for as long as they reside in the Residence or Unit, irrespective of their age and of whether the qualifying occupant dies or otherwise ceases to reside in the Residence or Unit, subject to the Clubhouse Rules. At no time shall less than 80% of the Lots (and Residences located thereon) or Units subject to this Declaration be occupied by at least one qualifying occupant. Notwithstanding anything to the contrary in this Declaration or unless prohibited by law, the restriction that no person under the age of 19 may be a permanent occupant of any Residence or Unit shall be in perpetuity and shall not be subject to amendment.

The Board shall establish policies and procedures from time to time as necessary to maintain its status as an age restricted community under state and federal law.

Children shall be the direct responsibility of their parents or legal guardians, (or of the Owner or the occupant of the Residence or Unit if the parents or legal guardians are not the Owner or occupant) including full supervision of them while within the Community and including full compliance by them of these restrictions and all Rules of the Association. All children under nineteen (19) years of age must be accompanied by a responsible adult when entering and/or utilizing any recreational facilities located on the Common Property.

This Section 6.5 shall in no way be deemed to restrict the ownership of any Lot or Unit; provided, however, no Owner may occupy a Lot or Unit nor permit occupancy of a Lot or Unit except in compliance with the requirements of this Section 6.5. Lot and Unit

Owners shall be responsible for including the statement that the Lots and Units within Mansions Villas are intended for the housing of persons 55 years of age or older, as set forth above, in conspicuous type in any lease or other occupancy agreement or contract of sale relating to such Owner's Lot or Unit, which agreements or contracts shall be in writing and signed by the tenant or purchaser, and for clearly disclosing such intent to any prospective tenant, purchaser or other potential occupant of the Lot or Unit. Every lease of a Lot or Unit shall provide that failure to comply with the requirements and restrictions of this Section 6.5 shall constitute a default under the lease. Lot and Unit Owners shall be responsible for enforcing compliance with any tenant under any such lease.

In the event of any change in occupancy of any Lot or Unit, as a result of transfer, sale, gift, lease, sublease, assignment, death, birth, marriage, separation, divorce, or otherwise, the Owner of such Lot or Unit shall immediately notify the Board of Directors in writing and provide to the Board the names and ages of all current occupants of the Lot or Unit and such other information as the Board may reasonably require to verify the age of each occupant. In the event that an Owner fails to notify the Board and provide all required information within ten (10) days after a change in occupancy occurs, the Association shall be authorized to levy monetary fines against the Owner and the Lot or Unit for each day after the change in occupancy occurs until the Association receives the required notice and information, regardless of whether the occupants continue to meet the requirements of this Section 6.5, in addition to all other remedies available to the Association under this Declaration and Texas law. Any such monetary fines shall be deemed a Benefited Assessment and may be collected and enforced as such.

Any Owner may request in writing that the Board of Directors make an exception to the requirements of this Section 6.5 with respect to his or her Lot or Unit. The Board may, but shall not be obligated to, grant exemptions in its sole discretion, provided that the requirements for exemption from the Act would still be met. Any exemption granted by the Board shall automatically terminate upon transfer of ownership of the Lot or Unit, unless an earlier termination is provided for by the Board. Should a request for an exemption be denied, then the Owner making such request acknowledges that occupants not in compliance with this Section 6.5 must immediately vacate the Lot or Unit. The Declarant shall exercise this authority on behalf of the Board until such time as 100% of the Lots have been sold to and occupied by Class "A" members.

The Association shall be responsible for maintaining age records on all occupants of Lots and Units. The Board shall adopt policies, procedures and rules to monitor and maintain compliance with this Section 6.5, the Fair Housing Act and any successor statute, including policies regarding visitors, conducting a census of the occupants of Lots and Units, requiring copies of birth certificates or other proof of age for such occupant of the Lot or Unit to be provided to the Board on a periodic basis, updating the records by surveys or other means at least once every two (2) years, the granting of exemptions pursuant to this Section 6.5, and enforcement. The Association shall periodically distribute such policies, procedures and rules to the Owners and make copies available to Owners, their tenants and Mortgagees upon reasonable request.

The Association shall have the power and authority to enforce this Section 6.5 in any legal manner available, as the Board deems appropriate, including, without limitation, taking action to evict the occupants of any Lot or Unit which does not comply with the requirements and restrictions of this Section 6.5 and/or which results in the Community not complying with the exemption under the Fair Housing Act or any

successor statute. EACH OWNER HEREBY APPOINTS THE ASSOCIATION AS ITS ATTORNEY-IN-FACT FOR THE PURPOSE OF TAKING LEGAL ACTION TO DISPOSSESS, EVICT OR OTHERWISE REMOVE THE OCCUPANTS OF HIS OR HER LOT OR UNIT AS NECESSARY TO ENFORCE COMPLIANCE WITH THIS SECTION 6.5. This power-of-attorney shall be deemed to be coupled with an interest and shall be irrevocable for as long as such Owner owns a Lot, Unit, Duplex and/or Residence in the Community. Each Owner shall fully and truthfully respond to any and all requests by the Association for information regarding the occupancy of his or her Lot or Unit which in the judgment of the Board are reasonably necessary to monitor compliance with this Section 6.5.

Each Owner shall be responsible for ensuring compliance of its Lots or Units with the requirements and restrictions of this Section 6.5 and the rules of the Association adopted hereunder by itself and by its tenants and other occupants of its Lot or Unit. EACH OWNER, BY ACCEPTANCE OF TITLE TO A LOT OR UNIT, AGREES TO INDEMNIFY, DEFEND AND HOLD THE ASSOCIATION, DECLARANT, AND MASTER ASSOCIATION AND THE EMPLOYEES AND AGENTS OF EACH HARMLESS FROM ANY AND ALL CLAIMS, LOSSES, DAMAGES AND CAUSES OF ACTION WHICH MAY ARISE FROM FAILURE OF SUCH OWNER'S LOT TO SO COMPLY.

Section 6.6. Architectural Review. No existing Residence and/or other improvements on any Lot or Unit shall be modified, enlarged or otherwise altered (including but not limited to change of exterior color scheme) nor shall any additional improvements be commenced, erected, placed, moved onto or permitted to remain on any Lot, except such as is installed by Declarant or is approved in writing by the Architectural Review Committee (or the Board of Directors should no Architectural Committee have been formed) of the Association or its designee after review of the plans and specifications showing the nature, kind, shape, height, materials and location submitted in writing to the ARC (or Board). The Board or its designee may promulgate written guidelines for the exercise of this review.

The ARC (or Board) or its designee shall be the sole arbiter of such plans and may withhold approval for any reason, including purely aesthetic considerations, and it shall be entitled to stop any construction in violation of these restrictions. Any member of the ARC (or Board) or of its designee or the representatives of either shall have the right, during reasonable hours, to enter upon any Lot or Unit to inspect any Residence and/or other improvements on such Lot or Unit for the purpose of ascertaining whether or not these restrictive covenants have been or are being complied with. Such person or persons shall not be deemed guilty of trespass by reason of such entry. In the event that the Board or its designee fails to approve or to disapprove such plans and specifications within sixty (60) days after the plans and specifications have been submitted to it, approval will not be required and this Section will be deemed to have been fully complied with. For purposes of the Master Association's Declaration, the Board or its designee acting in the capacity of architectural reviewer shall constitute the Neighborhood Standards Committee as such concept is defined therein.

The standards and procedures established by this Article and/or the ARC are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Community, they do not create any duty to any person. Review and approval of any application pursuant to this Article may be made solely on the basis of aesthetic considerations. The reviewer shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring

the quality of the materials used or their fitness for the purpose designed, nor for ensuring that all dwellings are of comparable quality, value, or size, of similar design, or aesthetically pleasing or otherwise acceptable to neighboring property owners.

Declarant, the Association, the Board, the ARC, any other Association committee, or member of any of the foregoing shall not be held liable for soil conditions, drainage, or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not Declarant has approved or featured such contractor as a builder in Texas; or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Lot or Unit. In all matters, the Board, the ARC and the members of each shall be defended and indemnified by the Association as provided in Section 12.10.

The reviewer may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. No variance shall (a) be effective unless in writing, (b) be contrary to this Declaration; or (c) estop the reviewer 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.

Section 6.7. Antennas and Satellite Dishes.

(a) No antenna or satellite dish which exceeds one meter (39 inches) in diameter is permitted on any Lot or Unit.

(b) An antenna or satellite dish of one meter (39 inches) or less, and other antennas and related masts are permitted to be placed on a Lot or Unit provided any such item must comply with all of the below set forth minimum conditions. Further, the Association must receive written notification at its then current address from the Owner of the applicable Lot or Unit, on or before the installation of any antenna, satellite dish and related mast provided for in this Section. Such notification must include the type and color of antenna, satellite dish, and any related mast to be installed, and the method, manner, and site of installation. The site must be shown in a plot plan.

If the Owner of a Lot or Unit proposes to install an antenna, satellite dish and any related mast provided for in this Section in any manner whatsoever which does not strictly comply with the below set forth minimum conditions, such Owner must submit an application to the Architectural Review Committee and obtain the written approval of the Architectural Review Committee prior to commencing such installation. In connection with the Architectural Review Committee's decision, the Architectural Review Committee shall consider such factors as it deems appropriate, in its reasonable discretion. The application to the Architectural Review Committee must be made on a form approved by the Architectural Review Committee and contain such information as may be required by the Architectural Review Committee, including a statement which specifically describes the manner in which it is proposed that such antenna, satellite dish and related mast will vary from such minimum conditions. The Architectural Review Committee shall endeavor to make its decision regarding the proposed antenna, satellite dish and any related mast on an expedited basis within seven (7) days after receipt by the Architectural Review Committee of the completed application and all information required therein. The granting of a variance from such minimum conditions shall in no way affect the Owner's

obligation to comply with all governmental laws and regulations and other regulations affecting the Lot or Unit

(c) Minimum Conditions. In addition to the foregoing requirements, no antenna, satellite dish, or any related mast shall be erected, constructed, placed, or permitted to remain on any Lot or Unit unless such installation strictly complies with the following minimum conditions (however, each minimum condition shall not apply if it unreasonably delays installation of the applicable antennae, satellite dish, and any related mast, or unreasonably increases the cost of such items or their installation, or precludes reception of an acceptable quality signal):

(i) The antenna, satellite dish and any mast must be located to the rear one-half (1/2) of the Lot or Unit and must serve only improvements on the particular Lot or Unit in which it is located.

(ii) To the extent feasible, the antenna, satellite dish and any mast, including its base and anchoring structure, shall not extend above the roofline of the Residence or Unit and shall not be visible from the frontage street or any adjoining street.

(iii) To the extent feasible, no antenna, satellite dish or mast shall be constructed or placed or permitted to remain on any utility easement or other easement or right-of-way located on any Lot or Unit.

(iv) The antenna, satellite dish and any mast must be securely mounted to a base, so as to be able to withstand the effects of high winds or other extraordinary weather conditions; however no guy wires or similar mounting apparatus will be allowed.

(v) No advertising slogans, logos, banners, signs or any other printing or illustration whatsoever shall be permitted upon or be attached to an antenna, satellite dish or mast.

(vi) No satellite dish or antenna shall ever be used for the transmission of any signal whatsoever and said antenna or satellite dish shall be for the purpose of receiving only normal signals through airwaves for television viewing purposes only.

(vii) No antenna or satellite dish shall be permitted to cause any distortion or interference whatsoever with respect to any other electronic device in the Property.

(viii) The antenna or satellite dish shall be one solid color only, either white or black or shades of either brown, gray, tan or natural metal.

(ix) Each Lot or Unit shall be permitted to have no more than one antenna or satellite dish and any related mast, as applicable, for each category of the following categories of video programming providers, to-wit: direct broadcast satellites, multi-channel multi-point distribution (wireless cable) providers, and television broadcast stations.

(x) Any antenna, satellite dish, or related mast installed hereunder shall be installed in a manner that complies with all applicable laws and regulations and manufacturer's instructions.

(xi) If any provision of the guidelines in this Section 6.7 is ruled invalid, the remainder of such guidelines shall remain in full force and effect.

Section 6.8. Parking and Prohibited Vehicles. No motor vehicles or non-motorized vehicle, boat, trailer, marine craft, recreational vehicle, camper rig off of truck, hovercraft, aircraft, machinery, or equipment of any kind may be parked or stored on any part of any Lot or Unit, easement, or right-of-way, unless such vehicle or object is completely concealed from public view inside a garage or enclosure approved by the Architectural Review Committee. Passenger automobiles, passenger vans, motorcycles, or pick-up trucks that: (a) are in operating condition; (b) have current license plates and inspection stickers; (c) are in daily use as motor vehicles on the streets and highways of the State of Texas; (d) which do not exceed seven feet seven inches (7'7") in height, or eight feet (8') in width, or twenty-four feet (24') in length, and (e) do not have more than six (6) tires, may be parked in the driveway on a Lot or Unit, however, no vehicle shall be parked so as to obstruct or block a sidewalk, if any, and no vehicle shall be parked upon any portion of the grassed areas or yard. Further, no vehicle may be parked in the street overnight. No vehicle may be repaired on a Lot or Unit unless the vehicle being repaired is concealed from view inside a garage or other approved enclosure. This restriction shall not apply to any vehicle, machinery, or equipment temporarily parked and in use for the construction, repair, or maintenance of a house or houses in the immediate vicinity; provided, however, Owners or occupants of Lots or Units may seek a temporary variance from these restrictions for their guests and/or for a special circumstance (such as parking an RV in the street for one night prior to departure on a vacation); however, any such request for a variance must receive the prior approval of the Board of Directors of the Association. The Board of Directors of the Association may adopt additional Rules regulating parking on the streets in the Community.

Section 6.9. Signs. Other than standard size for sale or rent signs, or signs for a security company, no signs, billboards, posters or advertising devices of any kind shall be permitted on any Lot or Unit without the prior written consent of the ARC. The size, shape and color of any signs other than for sale signs must be as set forth in the Rules of the ARC or as otherwise approved by the ARC. This section shall not apply to the Declarant.

Section 6.10. No Storage Buildings. No exterior storage building shall be allowed on any Lot or Unit without the prior written consent of the ARC.

Section 6.11. Rules. The Declarant and/or the Board of Directors is hereby specifically authorized to promulgate Rules governing the Community, including but not limited to Rules incorporating use restrictions, design guidelines, parking and traffic issues, age restrictions for the Community, usage of the Common Property and any other activity within or related to the Community. Design guidelines promulgated pursuant to the Rules may include, but are not limited to guidelines concerning planters, park benches, porch swings, lawn furniture and/or yard art.

Section 6.12. Wildlife Management. The Association shall have the right and power, but not the obligation, to take any actions in accordance with appropriate law and adopt any Rules as may be necessary for the control, relocation, management, and/or extermination of wildlife, including but not limited to deer, skunks, opossums, snakes, reptiles, rodents, and pests within the Common Property. Owners shall not feed wildlife in the Community except in accordance with Board regulation.

ARTICLE VII.

Insurance and Casualty Losses

Section 7.1. Insurance. The Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements on the Common Property. This insurance obtained shall NOT cover improvements on the Lots or any Units. This insurance for the Common Property shall cover loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. Each Unit Owner should obtain insurance to cover all insurable improvements within the Unit and the contents of its Unit. Each Lot Owner should obtain insurance for all insurable improvements on the Lot and for the contents of such Lot.

The Board shall obtain a general liability policy applicable to the Common Property covering the Association and its members for all damage or injury caused by the negligence of the Association or any of its members or agents, and, if reasonably available, directors' and officers' liability insurance. Owners shall obtain liability insurance applicable to their respective Lots or Units.

Premiums for all insurance which is the obligation of the Association to provide for the benefit of the Association shall be common expenses of the Association. The policies may contain a reasonable deductible and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

In addition to the other insurance required by this Section, the Board shall obtain, if and to the extent necessary, a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the directors' best business judgment. Bonds shall contain a waiver of all defenses based upon the exclusion of persons sewing without compensation and may not be canceled or substantially modified without at least ten (10) days prior written notice to the Association.

Each Owner of a Lot covenants and agrees to obtain its own casualty and liability insurance with respect to the Residence and Lot owned by such Owner, the casualty portion to be in an amount sufficient to cover the full replacement cost of any repair or reconstruction. The Association may provide insurance for the improvements on individual Lots or Units with the approval of the Owner of the Lot or Unit, the premium for which shall be a Benefited Assessment against such Lot or Unit.

Section 7.2. Damage and Destruction.

(a) **In General** . Immediately after the damage or destruction by fire or other casualty to all of any improvement 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 obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty.

(b) **Repair and Reconstruction** . Any damage or destruction to any Lot or Lots or Unit or Units shall be repaired or reconstructed by the Lot Owner or Unit Owner. Any damage or destruction to any Common Property shall be repaired or reconstructed unless at least seventy-five percent (75%) of the Class "A" members and the Class "B" member, so long as such membership exists, agree otherwise.

If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Association's members, levy a special assessment against all Owners, for such deficiency if the damage was to the Common Property and to the Owners of the affected Units only if the damage is to buildings containing Units. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited to the benefit of the Association.

In the event that it should be determined by the Association in the manner described above that the damage or destruction to the Common Property shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the property shall be restored to its natural state and maintained as an undeveloped portion of the Common Property by the Association in a neat and attractive condition.

Each Owner covenants and agrees that in the event of damage to or destruction of structures comprising of his Residence, to promptly repair or reconstruct the Residence in a manner consistent with the original construction.

ARTICLE VIII.

Condemnation

Section 8.1. Common Property. If the taking involves a portion of the Common Property on which improvements have been constructed, then, unless within sixty (60) days after such taking, the Class "B" member (if such membership shall then exist) and at least seventy-five percent (75%) of the Class "A" members of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Property to the extent lands are available therefore. The provisions of Section 7.2, above, applicable to Common Property improvements damage, shall govern replacement or restoration and the actions to be taken in the event that the improvements not repaired or restored.

Section 2. Units If the taking includes one or more Units, or any part or parts thereof, whether or not there is included in the taking any part of the Common Property, then the award shall be disbursed and all related matters shall be handled pursuant to and in accordance with the consent of no less than fifty percent (50%) of all Owners of Units affected expressed in a duly recorded amendment to this Declaration; provided that the consent of the Owner or Owners of the Unit or Units so taken must first be obtained. If such consent cannot be obtained, the funds shall be disbursed as the court may determine.

ARTICLE IX.

Mortgage Provisions

The following provisions are for the benefit of holders of first Mortgages on Lots in the Community. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

Section 9.1. Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage, who provides written request to the Association (such request to state the

name and address of such holder, insurer, or guarantor and the Lot or Unit number), (therefore becoming an "eligible holder"), will be entitled to timely written notice of:

(a) any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Lot or Unit on which there is a first Mortgage held, insured, or guaranteed by such eligible holder;

(b) any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

Section 9.2. Special Provisions. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Property and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

Section 9.3. No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Lot or Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Property.

Section 9.4. Notice to Association. Each Lot and Unit Owner other than Declarant shall be obligated to furnish to the Association the name and address of the holder of any mortgage encumbering such Owner's Lot or Unit. Each Lot or Unit Owner shall be obligated to furnish the Association any changes to such information within a reasonable time after such changes become effective.

ARTICLE X.

Easements and Common Property

Section 10.1. Easements for Use and Enjoyment.

(a) Common Property. Every Owner of a Lot or Unit shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Property which shall be appurtenant to and shall pass with the title to his Lot or Unit, subject to the following provisions:

(i) the right of the Association to charge reasonable admission and other fees for the use of any portion of the Common Property and to limit the number of guests of Lot or Unit Owners and tenants who may use the Common Property;

(ii) the right of the Association to suspend the voting rights of a Lot or Unit Owner and to suspend the right of an Owner and his guests or other occupants of the Owner's Lot or Resident or Unit to use the recreational facilities in the Community, if any, for any period during which any assessment against his Lot or Unit which is hereby provided for remains unpaid; and, for a reasonable period of time for an infraction of the Declaration, By Laws, Rules or other rules and regulations;

(iii) the right of the Association to borrow money for the purpose of improving the Common Property, or any portion thereof, or for construction, repairing or improving any facilities located or to be located thereon, and give as security for the payment of any such loan an assignment of future assessments

and/or a mortgage conveying all or any portion of the Common Property; provided, however, the lien and encumbrance of any such mortgage given by the Association shall be subject and subordinate to any rights, interests, options, easements and privileges herein reserved or established for the benefit of Declarant, or any Lot or Lot Owner or any Unit or Unit Owner, or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Lot Owner or Unit Owner encumbering any Lot or Unit or other property located within the Community (any provision in this Declaration or in any such Mortgage given by the Association to the contrary notwithstanding the exercise of any rights therein by the holder thereof in the event of a default there under shall not cancel or terminate any rights, easements or privileges herein reserved or established for the benefit of Declarant or any Lot or Lot Owner or any Unit or Unit Owner, or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Lot Owner or Unit Owner encumbering any Lot or Unit or other property located within the Community);

(iv) the right of the Association to dedicate or transfer all or any portion of the Common Property subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved by at least two-thirds of the votes which the Class "A" members of the Association present, or represented by proxy, are entitled to cast at a meeting duly called for such purpose and by the Class "B" member of the Association, so long as such membership shall exist;

(v) the right of Declarant and/or the Association to modify the Common Property as set forth in this Declaration;

(vi) the right of Declarant and/or the Association regarding the Community and Common Property, as reserved in this Declaration, including the right to utilize the same and to grant use rights, etc. to others;

(vii) the right of the Declarant to annex additional real property and the Lots and Unit located or to be located thereon into the Association and made subject to the terms of this Declaration; and

(viii) Rules and other regulations adopted governing use and enjoyment of the Common Property and Clubhouse which are not in derogation of or contrary to the interests of the Master Association under the Master Declaration.

(b) Delegation. Any Lot or Unit Owner may delegate his or her right of use and enjoyment in and to the Common Property and facilities located thereon to the members of his family, his tenants and guests and shall be deemed to have made a delegation of all such rights to the occupants of any leased Lot or Unit.

(c) Restricted Access. All entrance(s) and exit(s) to and from the private streets or permanent access easements in the Property to public street(s) may, at all times be restricted by use of one (1) or more electronic gate(s) or other means (the "Gate"). Owners will be given an access device or code to operate the Gate(s) upon such terms reasonably acceptable to the Association. An Owner may receive no more than one (1) device per occupant vehicle owned and will promptly return the device(s) to the Association upon the occupant no longer occupying any Lot(s) or Unit(s).

Section 10.2. Easements for Utilities. There is hereby reserved to the Association and the Master Association blanket easements upon, across, above and under all property within the Community for access, ingress, egress, installation, repairing, replacing, and maintaining all utilities serving the Community or any portion thereof, including, but not limited to, gas, water, sanitary sewer, telephone and electricity, as well as storm drainage and any other service such as, but not limited to, a master television antenna system, cable television system, or monitoring system, or internet communication system which the Association might decide to have installed to serve the Community. It shall be expressly permissible for the Association or Master Association and its designees, as the case may be, to install, repair, replace, and maintain or to authorize the installation, repairing, replacing, and maintaining of such wires, conduits, cables and other equipment related to the providing of any such utility or service. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the Board shall have the right to grant such easement.

Section 10.3. Easement for Entry. The Association and Master Association and the City of Conroe shall have an easement to enter into any Lot for emergency, safety, and for other purposes reasonably necessary for the proper maintenance and operation of the Community, which right may be exercised by either Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel as well as maintenance 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. It is intended that this right of entry shall include (and this right of entry shall include) the right but not the obligation of the Association and Master Association and/or the City of Conroe to enter a Lot or Unit 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 granted the condition upon request by the Board. The easement for entry granted in this section is also for the benefit of each Owner of a Residence or Unit, for ingress and egress, over and across the real property on which all other Residences are located (although this easement for Owners does not extend to the inside of the improvements of a Residence or Unit) for emergency purposes and/or during emergency situations, to allow Owners to remove themselves from danger. The Master Association and The Mansions in the Forest, L.P., and the officers, agents, employees and independent contractors of each shall have a non-exclusive easement to enter upon the Community for the purpose of performing or satisfying the duties and obligations of the The Mansions in the Forest, L.P. or the Master Association, as set forth in Master Association Declaration, Bylaws and rules and regulations.

Section 10.4. Construction of Common Property Improvements. Declarant has constructed, or will construct certain facilities and improvements as part of the Common Property, together with equipment and personally contained therein, and such other improvements and personally as Declarant determines, in its sole discretion. Declarant shall be the sole judge of the composition of such facilities and improvements. Prior to the termination of the Class B membership, Declarant shall have the absolute right to, from time to time, in its sole discretion, construct additional improvements and facilities on the Common Property and to remove, add to, modify and change the boundaries, facilities and improvements now or then part of the Common Property. Declarant is not obligated to, nor has it represented that it would, modify or add to the facilities or improvements on the Common Property as they are contemplated as of the date hereof Declarant is the sole judge of all matters concerning the Common Area until the Class B membership terminates, including the plans, specifications, design, location, completion

schedule, materials, size and contents of the facilities and improvements or changes to any of them.

Section 10.5. Use. The Common Property shall be used and enjoyed by the Owners on a non-exclusive basis in common with other persons, entities and corporations, who may, but are not required to be, members of the Association, entitled to use those portions of the Common Property. Prior to the expiration of the Class B membership, the Declarant, and thereafter the Association, has the right, at any time and all times, and from time to time, to further additionally provide and make the Common Property available to other individuals, persons, firms or corporations, as it deems appropriate. The granting of such rights shall not invalidate this Declaration, reduce or abate any Owner's obligations pursuant to this Declaration, or give any Owner the right to avoid any of the covenants, agreements or obligations to be performed hereunder.

Section 10.6. Other Property . The Declarant and/or Association may enter into easement agreements or other use or possessory agreements whereby the Owners and/or Association and/or others may obtain the use, possession of, or other rights regarding certain property not within the Community, on an exclusive or non-exclusive basis, for certain specified purposes. The Association may agree to maintain and pay the taxes, insurance, administration, upkeep, repair, replacement or maintenance of such property, the expenses of which shall be operating casts to be paid by the Association. Any such agreement by the Association prior to the expiration of the Class B membership, shall require the consent of Declarant.

Section 10.7. Indemnification .The Association and Owners each covenant and agree, jointly and severally, to indemnify, defend and hold harmless Declarant, the Master Association, The Mansions in the Forest, L.P., their respective officers, directors, parent and/or subsidiary entities, partner(s) and any related persons or corporations, and their employees, professionals and agents from and against any and all claims, suits, actions, causes of action or damages arising from any personal injury, loss of life, or damage to property, sustained on or about the Common Property or other property serving the Association and improvements thereon, or resulting from or arising out of activities or operations of Declarant or of the Association, or of the Owners, and from and against all costs, expenses, court costs, counsel fees (including, but not limited to, expenses, court costs, counsel fees (including, but not limited to, all trial and appellate levels and whether or not suit be instituted), expenses and liabilities incurred or arising from any such claim, the investigation thereof, or the defense of any action or proceedings brought thereon, and from and against any orders, judgments or decrees which may be entered relating thereto. The costs and expense of fulfilling this covenant of indemnification shall be considered operating costs of the Association to the extent such matters are not covered by insurance maintained by the Association, IT IS EXPRESSLY ACKNOWLEDGED THAT THE INDEMNIFICATION IN THIS SECTION PROTECTS DECLARANT, MASTER ASSOCIATION, THE MANSIONS IN THE FOREST, L.P. (AND ANY PARENT OR SUBSIDIARY OR RELATED ENTITY OF ANY DECLARANT) FROM THE CONSEQUENCES OF ITS ACTS OR OMISSIONS, INCLUDING WITHOUT LIMITATION, DECLARANT'S, MASTER ASSOCIATION'S AND/OR THE ESTATE-WOODLAND, L.P.'S NEGLIGENT ACTS OR OMISSIONS, TO THE FULLEST EXTENT ALLOWED BY LAW.

Section 10.8. The Clubhouse. The Declarant proposes to construct the Clubhouse as may be designated on the plat of the Community, or otherwise, which is, and subject to the provisions hereof, will initially be the property of the Declarant.

Declarant shall convey the Clubhouse to the Association when it deems appropriate, in its sole discretion. By virtue of, and subject to the provisions of this Declaration, each Owner of each Lot or Unit shall have the right to utilize the Clubhouse on a non-exclusive basis in common with such other persons, entities and corporations as are entitled to utilize the Clubhouse. If a Lot and Residence or Unit is owned by a corporation, trust or other legal entity, or is owned by more than one family, then the Owner shall designate the persons entitled to utilize the Clubhouse. Such designation shall not exceed the number of occupants for which the Residence or Unit was designed (i.e. four persons per Residence or Unit). The Declarant has the right, at any and all times, and from time to time, to further additionally provide and make the Clubhouse available to other individuals, persons, firms or corporations, as it deems appropriate. The granting of such rights shall not invalidate this Declaration, reduce or abate any obligations pursuant to this Declaration, or give any Owners the right to avoid any of the covenants, agreements or obligations to be performed hereunder.

Section 10.9. Operations of Clubhouse. The Declarant may, at its sole option, at any time, delegate the right and duty to operate, manage and maintain the Clubhouse to the Association as herein provided. Until such time as the operation, management and maintenance of the Club is delegated in writing as aforesaid, the Clubhouse shall be under the complete supervision and control of the Declarant, even if Declarant has already conveyed the Clubhouse to the Association. The Association agrees to accept the conveyance of the Clubhouse whenever the Declarant elects to convey the same. The Declarant has the right to own, operate, manage, maintain, insure, etc. the Clubhouse as it determines in its sole discretion. The Declarant may hire a management firm to perform its functions at a reasonable charge therefore, which charge shall be an operating cost to be paid by the Association. The management firm may, or may not, be an affiliate of Declarant. When the Declarant delegates the right and duty to operate, manage, maintain, insure, etc. the Clubhouse to the Association, the Association shall then have the sole responsibility and duty to operate, manage and maintain the Clubhouse as part of the Common Property, for the benefit of the Owners. The Declarant agrees to delegate the right and duty to operate, manage and maintain the Clubhouse to the Association no later than the sale and occupancy of the last Lot owned by Declarant to a Class "A" member. All costs and expenses related to the operation of the Clubhouse shall be common expenses of the Association regardless of who owns the Clubhouse. The costs and expenses shall include insurance premiums and ad valorem taxes.

Section 10.10. Rules. The Declarant (and later the Board of Directors) shall have the right to adopt Rules and regulations governing the use of the Clubhouse. Each Owner and each person claiming use rights by, through or under each Owner shall comply with the provisions of all such Rules and regulations promulgated concerning the use of the Clubhouse.

Section 10.11. Telecommunication Services. The Declarant or Association may, but is not obligated to provide, either directly or by contacting with other parties, various telecommunication services to the Property. The Declarant or the Board of Directors of the Association shall have the sole discretion to determine whether or not such telecommunication services are provided, the types of services to be provided, the provider of such services, the manner in which such services will be provided, the amount to be charged, and the method of paying for such services. The Declarant and/or the Association shall utilize the easements reserved in Sections 10.2 and 10.3 to provide such services. Should the Declarant elect to provide such service, the

Association shall accept such services from the Declarant and not provide, or contract with others to provide, or cause a duplication of, such services. Should the Declarant be the entity to provide such services, the Association agrees not to cancel any contracts entered into by Declarant except for good cause.

(a) Types of Communication Services . The types of telecommunication services that may be provided by or through the Declarant or Association shall include, but not be limited to, any or all of the following: (i) local and long-distance telephone service; (ii) voice mail service, (iii) cable television service; (iv) internet connectivity including intranet services; (v) private television channels for education and community purposes; (vi) video monitoring of streets, Common Property, and other public areas; (vii) central home systems for fire and burglary monitoring; (viii) electronic utility meter reading systems; (ix) electronic mail systems, and (x) such other similar telecommunications services as the Board of Directors determines to be necessary or beneficial for the safety, welfare or enjoyment of the members.

(b) Common Property Facilities. The telecommunications equipment, wiring and other facilities that are necessary to provide the telecommunication services may be owned by the Declarant or Association or the Declarant or Association may contract with other parties to provide such facilities on behalf of the Declarant or Association. The cost and expense of constructing, installing, operating, maintaining, repairing and replacing such facilities shall be paid by the Declarant or Association, and may included as part of the annual assessments and special assessments to the members.

(c) Residence Facilities. If the Declarant or Association determines to provide telecommunication services, it may require that each Residence or Unit constructed in the Property include wiring and other necessary equipment or other necessary facilities to provide access to the Residence or Unit for the telecommunication services described above. The necessary equipment will provide a connecting terminal for the wiring that extends to each outlet or point of access in the Residence or Unit for the telecommunications services. The Declarant or Association shall have the right to designate the type of necessary equipment to be installed and the manner in which such necessary equipment shall be operated, maintained and repaired, and may from time to time, designate appropriate replacements or improvements to the necessary equipment. The Declarant or Association may contract with other parties to provide the foregoing services relating to the necessary equipment. The Declarant or Association may require each Owner to pay all costs and expenses required to purchase, install, maintain, repair, replace or improve the necessary equipment for the Owner's Residence or Unit, which shall be paid each Owner in the same manner as a special assessment. The necessary equipment shall remain as a permanent fixture to the Residence or Unit and may not be removed from the Residence or Unit when it is sold to another party. The Declarant or Association and the parties with whom it-contracts to provide services relating to the necessary equipment shall have an easement and right of entry over and across each Lot and into each Residence and/or Unit for the purpose of installing, maintaining, repairing, replacing and making improvements to the necessary equipment.

(d) Optional Services. The installation of a necessary equipment in a Residence or Unit does not obligate the Owner to accept or pay for any of the telecommunication services that may be provided by, or available through, the Declarant or Association (except to the extent the Board of Directors determines to provide a service to all members paid with annual assessments). Unless provided to all Owners and included in the assessments, each Owner shall have the right to (i) accept and pay for any such services provided by or through the Declarant or Association, (ii) contract

with another party to provide such services, or (iii) decline such services, in whole or in part.

Section 10.12. Security and Other Services. The Association, Declarant may also but shall not be obligated to provide security and other services and facilities for the Property and shall be authorized to enter into contracts with other entities to provide such services and facilities. In addition to assessments, the Board shall be authorized to charge additional use and consumption fees for selected services and facilities. By way of example, some services and facilities which may be provided include, in addition to the telecommunication services listed in the preceding section, landscape, maintenance, concierge, and pest control services. The Board shall be permitted to modify or cancel existing services or facilities provided, if any, or to provide additional services and facilities. Nothing contained herein is a representation as to what services and facilities will or will not be provided.

Section 10.13. Ingress and Egress. Subject to entry gates, a perpetual easement for purposes of free and unimpeded ingress and egress (1) to and from Mansions Boulevard and each and all Lot(s) and Unit(s) in the Community, and (2) to and from each Lot and Unit, and every other Lot and Unit, in the Community, is hereby reserved for the benefit and use of the Declarant, the Association, the Master Association, the Owners, and the guests, tenants, invitees, employees, agents and/or contractors of each, over and across the private streets and permanent access easements described and established by the plats recorded of the Community which are or will be filed in the Official Records of Montgomery County, Texas, and any subsequent plats of any portions of the Community. This easement for ingress and egress shall also be for the benefit of and may be used by any and all police, fire, ambulance and other similar law enforcement and emergency personnel.

Section 10.14. Easement Regarding Association Fences. Declarant hereby reserves for itself and for the Association a non-exclusive right-of-way and easement for the purpose of constructing, maintaining, operating, repairing, removing and re-constructing a perimeter fence under, across and through a 5' strip along Lots that are adjacent to the outer perimeter streets of the Property, as well a 5' strip along Lots along the perimeter of the Property where the perimeter of the Property does not abut a street, on which 5' strips the Association may construct perimeter fencing. Prior to the construction of the fence, the Declarant and/or the Association shall have the right to go over and across the portions of the Lots that are adjacent to such 5' easement strips for the purpose of performing surveys and other such necessary pre-construction work. After the construction of the fence, Declarant and/or the Association, from time to time, and at any time, shall have a right of ingress and egress over, along, across and adjacent to said 5' easement strips for purposes of maintaining, operating, repairing, removing, re-constructing, and/or inspecting the fence. The Owners of the Lots or Unit shall have all other rights in and to such 5' easement strip located on each Owner's respective Lot; provided however, such Owner shall not damage, remove or alter the fence or any part thereof without first obtaining written approval from the Declarant and/or the Association with respect to any such action, such approval to be at the Declarant's and/or the Association sole discretion.

However, this Section shall not apply to, and the Association shall not be responsible to, install or maintain any fencing located along Lot lines which separate individual Lots from one another or buildings containing Units from one another.

Section 10.15. Easements for Encroachment and Overhang. There shall be reciprocal appurtenant easements for encroachment and overhang (as well as an easement for repair and maintenance of any such encroachment and overhang) as between each Lot and between each Unit and such portion or portions of the Common Property adjacent thereto or as between adjacent Lots or adjacent Units or adjacent sets of Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than five (5) feet, as measured from any point on the common boundary between each Lot or Unit and the adjacent portion of the Common Property or as between adjacent Lots or adjacent Units or adjacent sets of Units, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an Owner, tenant, or the Association. These easements for encroachment and overhang also include and allow drainage from any overhang onto adjacent Lots or adjacent Units or adjacent sets of Units.

ARTICLE XI.

Annexation of Additional Property

Section 11.1. Annexation Without Approval of Membership. As the Owner thereof, or if not the Owner, with the consent of the Owner thereof, Declarant, its successors or assigns, shall have the unilateral right, privilege, and option, from time to time at any time until twenty (20) years from the date this initial Declaration is recorded in the Office of the County Clerk of Montgomery County, Texas, to annex and subject to the provisions of the Declaration and the jurisdiction of the Association all or any portion of any real property located within a five (5) mile radius of the Property described on Exhibit "A" (the "Declarant Annexation Property"), whether in fee simple or leasehold, by filing in the Montgomery County Real Property Records a Supplemental Declaration annexing such property. Such Supplemental Declaration shall not require the vote of members of the Association or approval by the Association or any person. Any such annexation shall be effective upon the filing of such Supplemental Declaration in the Montgomery County Real Property Records unless otherwise provided therein. However, no Supplemental Declaration shall be recorded until the real property being annexed by such Supplemental Declaration has been made subject to the Master Association Declaration.

Declarant shall have the unilateral right to transfer to any other person its right, privilege, and option to annex herein all or any part of the Declarant Annexation Property, provided that such transferee or assignee shall be the developer of at least a portion of the additional land and shall be expressly designated by Declarant in writing to the successor to all or any part of Declarant's rights hereunder.

Any such annexation or addition shall be accomplished by the execution and filing for record by Declarant (or the other Owner of the property being added or annexed, to the extent such Owner has received a written assignment from Declarant of the right to annex), of an instrument to be called "Supplemental Declaration." Each Supplemental Declaration of annexation must set out and provide for the following:

(i) the name of the Owner of the property being added or annexed who shall be called the "Declarant" for purposes of that Supplemental Declaration;

(ii) the legal sufficient perimeter (or recorded subdivision description of the property being added or annexed to the Community, separately describing portions of the annexed property that are dedicated and/or conveyed to the public or any governmental or quasi-governmental authority for street right-of-way or utility facility purposes, those portions that are to comprise Lots or Units and related improvements and those portions that comprise Common Property, (those being the only three permitted uses for annexed Property);

(iii) a mutual grant and reservation of rights and assessments of the Owners in and to the existing and annexed Common Property;

(iv) that the property is being added or annexed into the Community in accordance with and subject to the provisions of the initial Declaration, as theretofore amended, and the Master Association's Declaration, and that the property being annexed into the Community shall be developed, held, used, sold and conveyed in accordance with and subject to the provisions of this Declaration and the Master Association Declaration as theretofore and thereafter amended;

(v) that all of the provisions of this Declaration and the Master Association Declaration, as theretofore amended, shall apply to the property being added or annexed with the same force and effect as if said property were originally included in this Declaration and the Master Association Declaration as part of the property, and

(vi) that a vendor's lien is therein reserved in favor of the Association and Master Association in the same manner as herein provided, to secure collection of the Assessments provided for, authorized or contemplated herein or in the Supplemental Declaration of annexation.

Each such "Supplemental Declaration" may contain other provisions not inconsistent with the provisions of the Declaration or Master Association Declaration, as amended.

After additions or annexations are made, all assessments collected by the Association from the Owners in the annexed areas shall be commingled with the Assessments collected from all other Owners so that there shall be a common maintenance fund for the Community. Nothing in this Declaration shall be construed to represent or imply that Declarant, its successors or assigns, are under any obligation to add or annex additional land to the Community to this residential development.

Declarant also reserves the unilateral right to amend this Declaration, so long as it has the right to annex additional property in this Section 11.1 for the purpose of removing unimproved portions of the Property from the coverage of this Declaration. Such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Declarant. If the portion of the Community to be withdrawn is owned by the Association, then the Association shall consent to such withdrawal by majority vote of the Board. For purposes of this Section 11.1, the term "unimproved" shall mean no above ground, vertical improvements located on such property.

Section 11.2. Annexation with Approval of Membership. In addition to the above and subject to the written consent of the owner thereof, upon the written consent by affirmative vote of two-thirds (2/3rds) of the total eligible votes of the members of the Association entitled to be cast, the Association may annex or permit the annexation of real property and to the provisions of the Declaration and the Master Association Declaration and the jurisdiction of the Association, Master Association and, by filing, or

having the party owning such property file, a Supplemental Declaration in respect to the property being annexed in the Montgomery County Real Property Records. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, and any such annexation shall be effective upon recording in the Montgomery County Real Property Records unless otherwise provided therein. The timing of and manner in which notice of any such meeting of the property shall be annexed, and the quorum required for the transaction of business at any such meeting, shall be as specified in the By-Laws of the Association for regular or special meetings, as the case may be.

Section 11.3. Age Restricted Community. Notwithstanding anything to the contrary in this Article XI, no annexation shall ever be permitted or accomplished which would result in the Community failing to qualify for or maintain or meet the requirements of the exemption under the Fair Housing Act (or any successor statute) which allows the Community to operate as an age restricted community.

ARTICLE XII.

General Provisions

Section 12.1. Enforcement. Each Owner and every occupant of a Lot or Unit shall comply strictly with the By-Laws, the Rules, other rules and regulations, the use restrictions, as they may be lawfully amended or modified from time to time, and with the covenants, conditions, and restrictions set forth in or pursuant to this Declaration, the Master Association Declaration and/or the deed to his or her Lot or Unit, if any (collectively, the "Covenants and Restrictions"). The Board of Directors and/or the Declarant (as long as Declarant is a Class "B" member) may impose fines or other sanctions, which shall be deemed to be and shall be collected as provided herein for the collection of assessments. Further, the Board of Directors and/or the Declarant (as long as Declarant is a Class "B" member) may cause the Covenants and Conditions to be complied with and bill the Owner the cost incurred by the Association to do so, along with an administrative fee as the Board may determine. Failure to comply with the Covenants and Restrictions shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board of Directors on behalf of the Association and/or Declarant (as long as Declarant is a Class "B" member) or, in a proper case, by an aggrieved Owner. Failure by the Association or Declarant or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. If any Owner, or their heirs, successors, lessees, or assigns shall violate or attempt to violate any of the Covenants and Restrictions herein contained, it shall be lawful for any Owner, or Declarant or the Association, to prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate any such covenants, conditions and restrictions, and either to prevent him or them from so doing or to recover damages for such violations. Declarant, for itself, its successors or assigns, reserves a non-exclusive right to enforce this Declaration and the protective Covenants and Restrictions set forth herein, though it may have previously sold and conveyed all Lots and Units in the Property. The reservation by Declarant of this right of enforcement shall not create a duty or obligation of any kind to enforce same. Failure by the Declarant or the Association or by any Owner to enforce any of the Covenants and Restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter, nor will there exist any liability against Declarant, the Association, or any Owner for failing to enforce any Covenants and Restrictions herein

contained. Neither the Declarant nor the Association shall be subjected to any claim, demand or cause of action from any Owner by virtue of not enforcing any Covenants and Restrictions herein contained. Without limitation, in the event any Owner alleges a violation of the Covenants and Restrictions by another Owner, neither Association or Declarant shall have any duty to give an opinion as to whether a violation has occurred or instigate any legal or other action with respect thereto, it being acknowledged that the Owners' right to enforce the provisions of this Declaration pursuant to this Section are adequate.

Section 12.2. Self-Help. In addition to any other remedies provided for herein, the Association or its duly authorized agent (and/or Declarant as long as Declarant is a Class "B" member) shall have the power, but not the obligation, to enter upon a Lot or any portion of the Common Property to abate or remove, using such force as may be reasonably necessary, any erection, thing or condition which violates this Declaration, the By-Laws, the Rules, other rules and regulations, or the use restrictions. Unless an emergency situation exists, the Board (and/or Declarant as long as Declarant is a Class "B" member) shall give the violating Lot or Unit Owner ten (10) days written notice of its intent to exercise self-help. All costs of self-help, including reasonable attorneys fees actually incurred shall be assessed against the violating Lot or Unit Owner and shall be deemed to be and shall be collected as provided for herein for the collection of assessments. In addition to all of the enforcement and self-help rights and remedies granted to the Association under this Article, the Master Association shall have all other rights and remedies pursuant to the Master Association Declaration to enforce the covenants, conditions and restrictions in this Declaration, only if the Association shall have failed to enforce such covenants, conditions and restrictions after written notice thereof from the Master Association and the Association shall not have cured such failure within a reasonable time.

Section 12.3. Term. The covenants, conditions and restrictions of this Declaration shall run with and bind each Lot or Unit and shall inure to the benefit of and shall be enforceable by the Declarant and the Association or the Owner of any portion of the Property, their respective legal representatives, heirs, successors, and assigns, for a term of forty (40) years from the date this Declaration is recorded, after which time they shall be automatically extended to successive periods often (10) years, unless an instrument signed by 80% (for termination) or 67% (for modification) of the then Owners has been recorded within the year preceding the beginning of each successive period often (10) years, agreeing to modify said covenants, conditions and restrictions, in whole or in part, or to terminate same, in which case this Declaration shall be modified or terminated as specified therein.

Section 12.4. 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 necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Veteran's Administration, Federal Housing Administration or the Department of Housing & Urban Development, to enable such lender or purchaser to make or purchase mortgage loans on the Lots or Units subject to this Declaration; or (d) if such amendment is necessary to enable any governmental

agency or reputable private insurance company to insure mortgage loans on the Lots subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Lot unless any such Lot or Unit Owner shall consent thereto in writing. Further, so long as the Class "B" membership exists, Declarant may unilaterally amend this Declaration for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Lot or Unit Owner hereunder, nor shall it adversely affect title to any Lot or Unit without the consent of the affected Lot or Unit Owner. Further, any amendment which materially affects the rights or interest of the Master Association will require the approval of the Board of Directors of the Master Association.

In addition to the above, this Declaration may be amended at any time upon the affirmative vote or written consent, or any combination thereof, of at least sixty-seven percent (67%) of the Class "A" members and the Class "B" member, if the Class "B" membership exists. If no Class "B" membership exists then sixty-seven percent (67%) of the Class "A" members shall suffice. Amendments to this Declaration shall become effective upon recordation in the Official Public Records of Real Property of Montgomery County, Texas records, unless a different effective date is specified therein. However, notwithstanding this section, there shall be no amendment of the restriction from Section 6.5, regarding no permanent occupants under the age of 19 and no there shall be no amendment or alteration of any of the provisions herein which affect the rights of the City of Conroe without the consent of the City of Conroe.

Section 12.5. Partition. The Common Property shall remain undivided, and no Lot Owner nor any other Person shall bring any action for partition or division of the whole or any part thereof without the written consent of all Owners of all portions of the property located within the Community and without the written consent of all holders of all Mortgages encumbering any portion of the property, including, but not necessarily limited to, the Lots or Units located within the Community.

Section 12.6. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

Section 12.7. Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Declaration are declared to be severable.

Section 12.8. Captions. The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

Section 12.9. Conveyance of Common Property. The Association shall accept such conveyances of Common Property as are made from time to time to the Association by Declarant. The Declarant shall determine, in its sole discretion, the appropriate time to convey all or any part of the Common Property to the Association. Any part of the Common Property can be conveyed to the Association at any time, with the Declarant retaining any other part of the Common Area for conveyance to the Association at a later time. For example, the Declarant may convey the Clubhouse at a

different time than other portions of the Common Property. At such time as the Declarant conveys all or any portion of the Common Property to the Association, such conveyance shall be subject to any and all easements, restrictions, reservations, conditions, limitations and declarations of record, real estate taxes for the year of conveyance, zoning, land use regulations and survey matters. Without limitation, at the time of the conveyance of any real property or grant of easement by the Declarant to the Association to be used as Common Property, the Declarant shall designate in the deed of conveyance or easement that such real property is to be Common Property, and further may designate in the deed of conveyance or easement the specific or general purpose or purposes for which such real property or any portion thereof may be used, and in such event, such real property or portion thereof shall not, without a two thirds (2/3) vote of the members, be used for any different purpose or purposes without the prior written consent of the Declarant. The Association shall be deemed to have assumed and agreed to pay all continuing obligations and service and similar contracts relating to the ownership, operation, maintenance and administration of the conveyed portions of Common Property and other obligations relating to the Common Property imposed herein. The Association shall, and does hereby, indemnify and hold Declarant harmless on account thereof. The Association shall be obliged to accept such conveyance(s) without setoff, condition or qualification of any nature. The Association shall immediately acknowledge any such conveyance if requested by Declarant. The Common Property, personal property and equipment and appurtenances thereto, shall be dedicated or conveyed in "AS IS", "WHERE IS" CONDITION WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IN FACT OR BY LAW, AS TO THE CONDITION, FITNESS OR MERCHANTABILITY OF THE COMMON PROPERTY, PERSONALTY AND EQUIPMENT BEING CONVEYED. The Association shall pay all costs associated with the conveyance(s). The Declarant agrees to convey all of the Common Property to the Association no later than the later of: (i) January, 2012 or (ii) the sale of the seventy five percent (75%) of the total number of Lots and Units planned for development (including Lots and Units in any additional sections annexed in) by Declarant to homebuyers.

Section 12.10. Indemnification. The Association shall indemnify every officer and director against any and all expenses, including attorney's fees, imposed upon or reasonably incurred by any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, maybe entitled. The Association shall maintain adequate general liability and officers and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 12.11. NON-LIABILITY NEITHER THE ASSOCIATION, MASTER ASSOCIATION, THE MANSIONS IN THE FOREST, L.P., NOR DECLARANT (NOR ANY PARTNER NOR PARENT NOR SUBSIDIARY NOR RELATED ENTITY NOR EMPLOYEE NOR AGENT OF ANY OF THEM) SHALL IN ANY WAY OR MANNER BE

HELD LIABLE OR RESPONSIBLE FOR ANY VIOLATION OF THIS DECLARATION BY ANY OTHER PERSON OR ENTITY. NEITHER DECLARANT, MASTER ASSOCIATION, THE MANSIONS IN THE FOREST, L.P., NOR THE ASSOCIATION (NOR ANY PARTNER NOR PARENT NOR SUBSIDIARY NOR RELATED ENTITY NOR ANY EMPLOYEE NOR AGENT OF ANY OF THEM) MAKE ANY REPRESENTATIONS WHATSOEVER AS TO THE SECURITY OF THE COMMON PROPERTY OR LOTS OR RESIDENCES OR UNITS, OR THE EFFECTIVENESS OF ANY GATE, ACCESS SYSTEM OR MEDICAL ALERT SYSTEM. THE ASSOCIATION AND EACH OWNER DOES HEREBY HOLD DECLARANT, THE ASSOCIATION, THE MASTER ASSOCIATION, THE MANSIONS IN THE FOREST, L.P., (AND ANY PARTNER, PARENT, SUBSIDIARY, RELATED ENTITY OR EMPLOYEE OR AGENT OF ANY OF THEM) HARMLESS FROM ANY LOSS OR CLAIM ARISING FROM THE OCCURRENCE OF ANY CRIME OR OTHER ACT. NEITHER THE ASSOCIATION, MASTER ASSOCIATION, THE MANSIONS IN THE FOREST, L.P., NOR THE DECLARANT (NOR ANY PARTNER NOR PARENT NOR SUBSIDIARY NOR RELATED ENTITY NOR EMPLOYEE NOR AGENT OF ANY OF THEM) SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE COMMON PROPERTIES, LOTS OR RESIDENCES OR THE EFFECTIVENESS OF ANY SUCH SYSTEM. ALL OWNERS SPECIFICALLY ACKNOWLEDGE THAT THE COMMUNITY MAY HAVE A PERIMETER BOUNDARY SYSTEM, SUCH AS FENCES, WALLS, HEDGES, GATED ENTRIES OR THE LIKE. NEITHER THE ASSOCIATION, MASTER ASSOCIATION, THE MANSIONS IN THE FOREST, L.P., NOR THE DECLARANT, (NOR ANY PARTNER, NOR PARENT NOR SUBSIDIARY NOR RELATED ENTITY NOR EMPLOYEE NOR AGENT OF ANY OF THEM) SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF MEASURES UNDERTAKEN. ALL OWNERS AND OCCUPANTS OF ANY LOTS AND/OR RESIDENCES AND/OR UNITS, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION, MASTER ASSOCIATION, THE MANSIONS IN THE FOREST, L.P., THEIR RESPECTIVE BOARDS AND OFFICERS, DECLARANT, ANY SUCCESSOR DECLARANT, OR THEIR NOMINEES, OR AGENTS OR ASSIGNS, DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, GATE ACCESS SYSTEM, BURGLAR ALARM SYSTEM, MEDICAL ALERT SYSTEM, OR OTHER SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS, GATE ACCESS SYSTEM, MEDICAL ALERT SYSTEM OR OTHER SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE, NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM DESIGNED OR INTENDED.

Section 12.12. Construction and Sale Period. Notwithstanding any provisions contained in this Declaration to the contrary, Declarant hereby expressly reserves unto itself and its successors and assigns a non-exclusive, perpetual right, privilege, and easement with respect to the Community for the benefit of Declarant, its successors, and assigns over, under, in, and/or on the Community, without obligation and without charge to Declarant, for the purposes of construction, installation relocation, development, sale, maintenance, repair, replacement, use and enjoyment, and/or otherwise dealing with the Community and/or the Common Property any other property now owned or which may in the future be owned by Declarant, (such other property is hereinafter referred to as

"Additional Property"). The reserved easement shall constitute a burden on the title to the Community and specifically includes, but is not limited to:

(a) the right of access, ingress, and egress for vehicular and pedestrian traffic over, under, on, or in the Community; the right to tie into any portion of the Community with driveways, parking areas, and walkways; the right to tie into and/or otherwise connect and use (without a tap-on or any other fee for so doing), replace, relocate, maintain, and repair any device which provides utility or similar services, including, without limitation, electrical, telephone, natural gas, water, sewer, and drainage lines and facilities constructed or installed in, on, under, and/or over the Community, the right to develop and construct the Clubhouse and related improvements and make any additions, alterations, improvements or changes thereto; and

(b) the right to construct, install, replace, relocate, maintain, repair, use, and enjoy signs, model residences, temporary and/or permanent sales trailers and construction trailers, temporary and/or permanent sales offices and construction offices in the Community.

(c) No rights, privileges, and easements granted or reserved herein shall be merged into the title of any property, including, without limitation, the Community, but shall be held independent of such title, and no such right, privilege, or easement shall be surrendered, conveyed, or released unless and until and except by delivery of a quit-claim deed from Declarant releasing such right, privilege, or easement by express reference thereto.

Section 12.13. Intentionally Deleted.

Section 12.14. Books and Records.

(a) Inspection by Members and Mortgagees. The Master Association's Declaration, this Declaration, the By-Laws, the Rules, copies of other rules and use restrictions, membership register, books of account, and minutes of meetings of the members of the Board and of committees shall be made available for inspection and copying by any member of the Association or by his duly appointed representative and by holders, insurers, or guarantors of any first Mortgage at any reasonable time and for a proper purpose reasonably related to his or her interest as a member or holder, insurer, or guarantor of a first Mortgage at the office of the Association or at such other reasonable place as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

(i) notice to be given to the custodian of the records;

(ii) hours and days of the week when such an inspection may be made; and

(iii) payment of the cost of reproducing copies of documents and for attendance of a representative of the Association during the inspection.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association.

The right of inspection by a Director includes the right to make extra copies of documents at the reasonable expense of the Association.

Section 12.15. Audit. An audit of the accounts of the Association shall be made annually in the manner as the Board of Directors may decide; provided, however, after having received the Board's audit at the annual meeting, the Class "A" members, by a 2/3's vote, may require that the accounts of the Association be audited as a common expense by a certified public accountant. Upon written request of any institutional holder of a first Mortgage and upon payment of all necessary costs, such holder shall be entitled to receive a copy of the annual audited financial statement within one hundred eighty (180) days after the end of each fiscal year.

Section 12.16. Notice of Sale or Lease. In the event an Owner sells or leases his or her Lot or Unit, the Owner shall give to the Association, in writing, the name of the purchaser or lessee of the Lot or Unit and such other information as the Board may reasonably require. Such notice shall be given in writing to the Association within seven (7) days of the effective date of such sale or lease.

Section 12.17. Arbitration. In the event of any dispute arising between, among, against or on behalf of Owners relating to this Declaration, or any matter addressed herein, each party shall appoint one (1) arbitrator. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefore by the Board of Directors, the Board shall appoint an arbitrator for the refusing party. The arbitrators thus appointed shall appoint one (1) additional arbitrator and the decision by a majority of all three (3) (or more) arbitrators shall be binding upon the parties and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof and located in Montgomery County, Texas. However, this Section shall not be construed to require Declarant or the Association to arbitrate any enforcement action initiated by Declarant or the Association hereunder.

Section 12.18. Attorneys Fees. If any controversy, claim, or dispute arises relating to this instrument, or enforcement, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorneys fees and costs.

Section 12.19. Use of the Words "Mansions Villas". No person other than Declarant shall use the words "Mansions Villas" or any derivative thereof or any words similar thereto in connection with any Lot or any business operated in connection with any Lot or Unit or any business operated in connection with any Lot or the Community without the prior written consent of Declarant. This restriction is for the benefit of and any only be forced by Declarant and/or the Association.

Section 12.20. Waiver of Environmental Conditions . The term "Declarant" as used in this Section 12.20 shall have the meaning set forth in Article I (i) hereof and shall further include, without limitation, the Declarant, its general partner(s), partners, directors, managers, officers, employees, agents, contractors, sub-contractors, design consultants, architects, advisors, brokers, sales personnel and marketing agents. The term "Association" as used in this Section 12.20 shall have the meaning set forth in Article I(b) hereof and shall further include, without limitation, the Association, its Board of Directors, managers, employees, and agents. The Declarant and the Association shall not in any way be considered an insurer or guarantor of environmental conditions or indoor air quality within any Residence or Unit or the Community. Neither shall the Declarant nor the Association shall be held liable for any loss or damage by reason of or failure to provide adequate indoor air quality or any adverse environmental conditions. The Declarant and the Association do not represent or warrant that any construction

materials, air filters, mechanical, heating, ventilating or air conditioning systems and chemicals necessary for the cleaning or pest control of the Residence will prevent the existence or spread of biological organisms, cooking odors, animal dander, dust mites, fungi, pollen, tobacco smoke, dust or the transmission of interior or exterior noise levels. The Declarant and the Association are not an insurer and each Owner and occupant of any Residence or Unit and each tenant, guest and invitee of any Owner assumes all risks for indoor air quality and environmental conditions and acknowledges that the Declarant and the Association have made no representations or warranties nor has the Declarant and the Association, any Owner, occupant, tenant, guest or invitee relied upon any representations or warranties, expressed or implied, including any warranty or merchantability or fitness for any particular purpose, relative to the air quality the Community, within any Residence or Unit or any portion thereof.

IN WITNESS WHEREOF, the undersigned being the duly appointed officers of Declarant herein, have executed this instrument this 25 day of August, 2005.

DECLARANT:

THE MANSION VILLAS, L.P.,
a Texas limited partnership

By: Western Rim GenPar 04-1, L.P.,
a Texas limited partnership

By: Western Rim Investment Advisors 04-1,
LLC, a Texas limited liability company

By: _____
Marcus D. Hiles,
Chief Executive Officer

RECORDS MEMORANDUM
At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All blackouts, additions and changes were present at the time the instrument was filed and recorded.

THE STATE of ~~TEXAS~~ ^{CALIFORNIA}

§

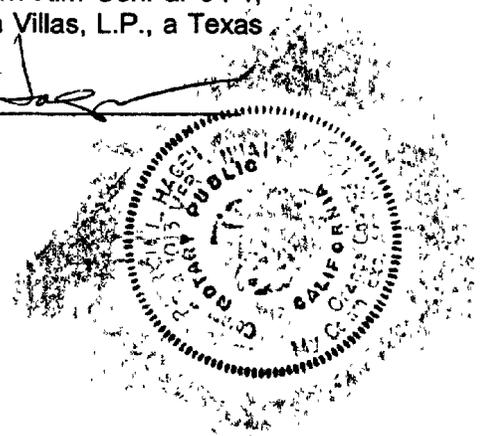
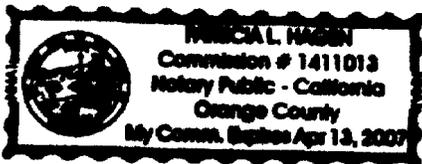
§

COUNTY OF ORANGE

§

This instrument was acknowledged before me on the 25 day of Aug, 2005, by Marcus D. Hiles, Chief Executive Officer of Western Rim Investment Advisors 04-1, LLC, a Texas limited liability company, general partner of Western Rim GenPar 04-1, L.P., a Texas limited partnership, general partners of The Mansion Villas, L.P., a Texas limited partnership, on behalf of said corporation.

Notary Public



Property Subject to this Declaration

13.542 acres of land being all of the property within THE MANSION VILLAS SECTION ONE, a subdivision of 13.542 acres located in Thomas Toby (Edward Hall) Survey, Abstract No. 576 and Thomas Toby (Edward Hall) Survey, Abstract No. 577, Montgomery County, Texas, according to the Final Plat of The Mansion Villas Section One recorded in Cabinet Y, Sheet 83, of the Map Records of Montgomery County, Texas.

14.521 acres of land being all of the property within THE MANSIONS VILLAS SECTION TWO, a subdivision of 14.521 acres located in the Thomas Toby (Edward Hall) Survey, Abstract No. 576, Thomas Toby (Edward Hall) Survey, Abstract No. 577, and J.L. Garwood Survey, Abstract No. 663, Montgomery County, Texas, according to the Amended Plat of The Mansions Villas Section Two recorded in Cabinet Y, Sheet 56 of the Map Records of Montgomery County, Texas.

FILED FOR RECORD

2005 OCT -5 PM 2: 08

Mark Turnbull
COUNTY CLERK
MONTGOMERY COUNTY TEXAS

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

OCT - 5 2005



Mark Turnbull
County Clerk
Montgomery County, Texas

Return To:
Chicago Title
1450 Lake Robbins Dr. #120
The Woodlands, TX 77380