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CHICAGO TITLE
GF# *Nichols*
WOODLANDS

MASTER DECLARATION
OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
MANSIONS - WOODLAND

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MASTER DECLARATION
FOR
MANSIONS - WOODLAND

THIS MASTER DECLARATIONS FOR MANSIONS – WOODLAND (“Declaration”) is made on the date hereinafter set forth by THE ESTATES-WOODLAND, L.P., a Texas limited partnership, (hereinafter sometimes called (“**Estates-Woodland**”), THE MANSIONS IN THE FOREST, L.P. a Texas limited partnership (hereinafter referred to as (“**Mansions in the Forest**”) and THE MANSION VILLAS, L.P. a Texas limited partnership (hereinafter referred to as “**Mansions Villas**”).

RECITALS:

A. Estates-Woodland is the owner of the certain property described on **Exhibit "A"** attached hereto on which Estates-Woodland has or is constructing a multi-family apartment project known as The Estates-Woodland (the “**Estates Woodland Project**”).

B. Mansions in the Forest is the owner of the certain property described on **Exhibit "B"** attached hereto on which Mansions in the Forest has or is constructing a seniors multi-family apartment project known as The Mansions in the Forest (the “**Mansions in the Forest Project**”).

C. Mansions Villas is the owner of the certain property described on **Exhibit "C"** attached hereto on which Mansions Villas has or is constructing a seniors single family residential community known as The Mansions Villas (the “**Mansions Villas Project**”), with individual lots therein to be sold to their parties for individual use.

D. The Estates-Woodlands Project, Mansions in the Forest Project and the Mansions Villas Project (collectively, the “**Projects**”) will share the use of a certain access road and certain detention ponds (the “**Access Road and Detention Ponds**”) which Access Road and Detention Ponds are located within the area more particularly described on **Exhibit "D"** attached hereto (the “**Access Road and Detention Pond Areas**”).

E. Title to the Access Road and Detention Pond Areas is currently vested in Estates-Woodland but will be conveyed to the hereinafter described Association.

F. The parties desire that this Declaration encumber all the Projects and the Access Road and Detention Pond Areas to establish the rights of the Projects to jointly use the Access Road and Detention Pond Areas and to share in the costs to operate and maintain such Access Road and Detention Ponds.

G. A separate Declaration of Covenants, Conditions and Restrictions is being imposed on the Mansions Villas Project (the “**Mansions Villas Declaration**”), pursuant to which a property owners association is to be created to perform various

duties and functions relative to the Mansion Villas Project therein ("**Mansions Villas Association**") as more particularly set forth therein.

CLAUSES:

NOW, THEREFORE, Estates-Woodland, Mansions in the Forest and Mansions Villas hereby declare that the Access Road and Detention Pond Areas and each Project 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 made subject hereto, and shall be binding on all persons having any right, title, or interest in all or any portion of such real property, their respective heirs, legal representatives, successors, successors-in-title, and assigns, and shall inure to the benefit of each and every owner of all or any portion thereof. An integral part of the development plan for the Projects is the creation of the Mansions - Woodland Homeowners Association, Inc., to own, operate and maintain the Access Road and Detention Ponds and to administer and enforce the provisions hereof.

ARTICLE I.

Definitions

Section 1.1 Definitions. Unless the context shall prohibit, certain words used in this Declaration shall have the definitional meaning set forth below:

(a) "Association" shall mean and refer to Mansions – Woodland Property Owners Association, Inc., a nonprofit Texas corporation, its successors and assigns.

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

(c) "By-Laws" shall refer to the By-Laws of Mansions – Woodland Property Owners Association, Inc.

(d) "Common Property" shall mean the Access Road and Detention Ponds, the Access Road and Detention Pond Areas and any other 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 Projects.

(e) "Declarant" shall mean and refer to Mansions in the Forest, and the successors-in-title and assigns of Mansions in the Forest, provided any such successor-in-title or assign shall acquire the Mansions in the Forest Project, 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 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.

(f) "Estates Woodland Project Owner" shall mean shall mean and refer to the record owner, whether one or more Persons, of the fee simple title to the Estates-Woodland Project, excluding, however, any Person holding such interest merely as security for the performance or satisfaction of any obligation.

(g) "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.

(h) "Lot" shall mean any tract or plot of land within the Mansions Villas Project, whether platted or unplatted, and "Lot Owner" shall and refer to the record owner, whether one or more Persons, of the fee simple title to a Lot or fee simple title to a Unit (as defined in the Mansion Villas Declaration) within a Lot, excluding, however, any Person holding such interest merely as security for the performance or satisfaction of any obligation.

(i) "Majority" means those eligible votes of Members or other specified group totaling more than fifty percent (50%) of the total eligible number of votes.

(j) "Mansions Villas Declaration" shall have the meaning set forth in Recital G.

(k) "Mansions Villas Association" shall have the meaning set forth in Recital G.

(l) "Mansions in the Forest Project Owner" shall mean shall mean and refer to the record owner, whether one or more Persons, of the fee simple title to the Mansions in the Forest Project, excluding, however, any Person holding such interest merely as security for the performance or satisfaction of any obligation.

(m) "Members" shall mean the members of the Association as set forth in Section 3.1 below

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

(o) "Project Owner(s)" shall mean and refer to the Estates-Woodland Project Owner and the Mansions in the Forest Project Owner, collectively or generically.

(p) "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.

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

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 Estates-Woodland Project, the Mansions in the Forest Project, the Mansions Villas Project and the Access Road and Detention Pond Areas described in Exhibits "A", "B", "C", and "D" respectively attached hereto and by reference made a part hereof, and any property subsequently annexed hereto (collectively, the "Property"). Each Project Owner and Lot Owner, by acceptance of a deed to property covered hereby, acknowledges that he or she is subject to this Declaration and subject to assessment by the Association.

ARTICLE III.

Association Membership and Voting Rights

Section 3.1. Membership. The Estates-Woodland Project Owner, the Mansions in the Forest Project Owner and the Mansions Villas Association shall be the sole members 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 Member's membership. Membership by the Estates-Woodland Project Owner and the Mansions in the Forest Project Owner shall be appurtenant to and may not be separated from ownership of the Estates-Woodland Project and the Mansions in the Forest Project. Membership by the Mansions Villas Association is not transferable except to a successor entity fulfilling the role of the Homeowner's Association under the Mansions Villas Declaration. The Board may decide that a 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".** The Class "A" member shall consist of the Mansions Villas Association and the Estates-Woodland Project Owner. The Class "A" members shall be entitled to one (1) vote each.

(b) **Class "B".** The Class "B" member shall be the Mansions in the Forest Project Owner. The Class "B" member shall be entitled to three (3) votes

Section 3.3. Management by Board of Directors.

(a) The Association shall be incorporated as a non-profit corporation.

(b) The affairs of the Association shall be managed by the Board in accordance with the terms of this Declaration, the Articles of Incorporation, Bylaws and other governing documents of the Association.

(c) The Board of Directors shall consist of five (5) directors as follows: (i) one (1) representative designated by each of Estates-Woodland Project Owner and the Mansions Villas Association and (ii) three (3) representatives designated by the Mansions in the Forest Project Owner.

(d) Each Director of the Association will have one (1) vote. All decisions by the Board of Directors shall be by a vote of a Majority of the then Directors, unless

otherwise expressly provided herein. Pursuant to the Articles of Incorporation, the Board shall have the authority to amend the By-Laws.

(e) Quorum, notice and voting requirements of and pertaining to the Association shall be as set forth in the Articles of Incorporation and Bylaws, as either or both may be amended from time to time, and shall be in accordance with applicable Texas law.

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 compliance with and enforcement of this Declaration and its provisions regulating use of the Property; and (iii) responsible for adopting, administering, monitoring compliance with, and enforcing 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) **Repair and Maintain the Access Road and Detention Ponds (and such other Common Property, if any, as the Board from time to time shall deem appropriate), to the extent of available funds from Assessments (collectively, the "Common Area Maintenance").**

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

(c) To enforce this Declaration, the By-Laws, its Rules and other regulations.

(d) Such other purposes as the Board, in its sole and absolute discretion, from time to time deems reasonable and in furtherance of the purposes of this Declaration.

(e) In addition to the maintenance specifically provided for herein, such additional maintenance and improvements as the Board, in its sole and absolute discretion, may from time to time deem necessary or desirable in the furtherance of this Declaration.

(f) The establishment and collection of Assessments to the extent required to perform the obligations provided herein, and creating budgets as set forth herein.

(g) To enter into such contracts and agreements concerning the Common Property as the Board deems reasonably necessary or appropriate to maintain and operate the Common Property in accordance with the Declaration.

(h) To take any and all other 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.

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

Section 3.6. Manager. The Board may from time to time, and at the expense of the Association, employ any person or firm to manage and oversee the above

operations and responsibilities of the Association ("**Manager**"). Any such Manager shall be qualified in the management of community or property owners' associations.

ARTICLE IV.

Assessments

Section 4.1. Purpose of Assessments. The assessments provided for herein shall be used for the general purpose of carrying out the duties and powers of the Association, including but not limited to the maintenance of the Common Property, 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.

Section 4.2. Creation of the Lien and Personal Obligation for Assessments. The Estates-Woodland Project Owner, the Mansions in the Forest Project Owner and the Mansions Villas Association (and each Lot Owner within the Mansions Villas Project, through its payments to the Mansions Villas Association) covenant and agree, and by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree, to pay to the Association (or, in the case of Lot Owners, to the Mansions Villas Association which in turn covenants and agrees to pay to the Association), or such other entity which may be designated by the Association to receive such monies as provided herein, (a) annual regular assessments or charges assessed by the Association ("Annual Assessments") and (b) special assessments ("Special Assessments"), such Annual Assessments as Special Assessments to be established and collected as hereinafter provided. The Annual Assessments and Special Assessments (collectively the "Assessments"), together with late fees, interest, and costs of collection of the same, including, but not limited to, court costs and reasonable attorneys' fees shall be a charge on the land and shall be a continuing lien upon the property against which each such Assessment is made as hereinafter set forth. Each such Assessment, together with interest, costs and reasonable attorneys' fees shall also be the personal obligation of the following:

(a) In the case of the Estates-Woodland Project and the Mansions in the Forest Project, the Estates-Woodland Project Owner and the Mansions in the Forest Project Owner, respectively; and

(b) In the case of the Mansions Villas Project, the Mansions Villas Association and the person who is the Lot Owner of a Lot or Unit when the Assessment became due, provided that such Assessment shall be payable by the Lot Owner to the Mansions Villas Association and the Mansions Villas Association will in turn pay the Association, subject the provision below.

Section 4.3. Computation/Annual Assessments. It shall be the duty of the Board to prepare for the Board's approval a budget covering the estimated costs of operating the Association during each ensuing year and any contributions (or assessments) due to the Master Association, which may provide for an increase over the prior 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 a Majority of the Board Members. It is anticipated that there will be a reserve account set up for maintenance. The budget for the year in which the Access Roads and Detention Ponds become operational will contain an increase in the monthly assessments over prior periods. The Board shall cause the budget and the Annual Assessments to be levied for

the following year to be delivered to each Member at least thirty (30) days prior to the end of the current fiscal year. Notwithstanding the foregoing, however, in the event 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 Annual Assessments in effect for the then current year shall continue for the succeeding year.

Section 4.4. Special Assessments.

(a) The Board of the Association may, from time to time, in its sole and absolute discretion, declare Special Assessments to pay for or to reimburse the Association for any extra or unusual costs incurred (1) in connection with maintenance and repairs of any unanticipated damage, whether due to natural causes or to the negligent or intentional act of any person, to any portion of the Access Road and Detention Ponds, or (ii) for any improvements required in order to maintain and/or enhance the Access Road and Detention Ponds or the Access Road and Detention Pond Areas in a manner consistent with this Declaration.

(b) The Board of the Association may declare a Special Assessment only with the approval of 2/3rds in number of the then Board of Directors of the Association.

Section 4.5. Apportionment of Assessments. Total Annual Assessments and/or Special Assessments shall be apportioned and assessed against each Member in the following percentages: (i) one-sixth (1/6) to the Estates-Woodland Project Owner, (ii) one-sixth (1/6) to the Mansions in the Forest Project Owner and (iii) one-third (1/3) to the Mansions Villas Association.

Section 4.6. Date of Commencement of Assessments Due Dates. The Annual Assessment provided for herein shall commence at anytime on or after July 1 2005, as designated by the Board. After the Board establishes the amount of the Annual Assessments for the current year, it shall provide written notice of such amount to each Member at least thirty (30) days in advance of the due date of such Annual Assessments. The due dates shall be established from time to time by the Board. The Association shall, upon demand and for a reasonable charge, furnish any Member a written confirmation, signed by an officer of the Association stating whether the Assessments to that Member have been paid. A properly executed confirmation of the Association as to the status of Assessments on any property is bind upon the Association as of the date of its issuance.

Section 4.7. Non-Waiver. The obligations contained in this Declaration shall be deemed to be of a continuing and continual nature. Failure by the Association to enforce the terms of this Declaration shall in no event be deemed a waiver of the right to do so at any time thereafter.

Section 4.8. Enforcement. If the parties hereto, or any of them, or their heirs, successors, lessees, or assigns shall violate or attempt to violate any of the covenants herein contained, it shall be lawful for the Association to prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate any such covenants, and either to prevent him or them from so doing or to recover damages for such violations.

Section 4.9. Special Deed of Trust.

(a) To secure the payment of Assessments and to ensure compliance with the applicable covenants, conditions, restrictions and easements set forth herein, each

Project Owner or Lot Owner, as the case may be, upon acceptance of his or her deed to property governed by this Declaration, to the fullest extent permitted by applicable law, conveys the property owned by it to the Trustee hereinafter named, in trust for so long as these covenants, conditions, restrictions and easements shall remain in effect, such conveyance operating as a Special Deed of Trust.

(b) If a Member of the Association fails to tender payment of Assessments when due, or if a Member of the Association fails to perform any of the obligations under or maintain any condition required by this Declaration, the Association may perform those obligations, advance whatever funds may be required, and then be reimbursed by such Member on demand for any sums so advanced, including attorney's fees, plus interest on those sums from the dates due to the dates of payment as herein provided. The sums to be reimbursed shall be secured by this Special Deed of Trust.

(c) David Hiles, is hereby appointed Trustee under the Special Deed of Trust for the purpose of, but only at the direction of the Board in its discretion, foreclosing the liens created herein in accordance with the terms hereof and applicable law. The Association, as beneficiary, may appoint in writing a substitute or successor trustee, succeeding to all rights and responsibilities of the Trustee appointed herein.

Section 4.10. Effect of Nonpayment of Association Assessments by Estates-Woodland Project Owner or Mansions in the Forest Project Owner.

(a) Any Assessment not paid by the Estates-Woodland Project Owner or the Mansions in the Forest Project Owner within ninety (90) days after the due date, shall bear interest from the due date at a rate of eighteen percent (18%) per annum, but in no event to exceed the maximum rate permitted under applicable law. Such Assessment shall include all costs and reasonable attorneys fees incurred by the Association to enforce and collect such Assessment.

(b) If any such Project Owner ("Delinquent Owner") fails on demand to reimburse the Association for the sums advanced or for the Assessments owed, and such failure continues after the Association gives the Project Owner notice of the failure and the time within which it must be cured, as may be required by law or by written agreement, then the Association, as the Beneficiary of this Special Deed of Trust may:

(i) Direct the Trustee appointed herein, or his successor, to foreclose the liens created herein against the real property owned by the Delinquent Owner within the Property ("Lien Property"), in which case the Association shall give notice of the foreclosure sale as provided by Section 51.002 et seq. of the Texas Property Code then in effect or any successor statute thereto; and

(ii) Purchase the Lien Property at any foreclosure sale by offering the highest bid and then have the bid credited to the reimbursement or satisfaction of the outstanding indebtedness owed to the Association.

(c) If directed by the Association to foreclose this Lien Property, the Trustee shall:

(i) Either personally or by agent give notice of the foreclosure sale as required by Section 51.002 et seq. of the Texas Property Code then in effect or any successor statute thereto;

(ii) Sell and convey the Lien Property to the highest bidder for cash with a general warrant binding the Delinquent Owner, subject to prior liens and to

other exceptions to conveyance and warranty, and without representation or warranty, express or implied, by Trustee; and

- (iii) From the proceeds of the sale, pay, in this order:
 - (A) Expenses of foreclosure, including a reasonable commission to Trustee;
 - (B) To the Association, the full amount of the Assessments and any other sums advanced, attorney's fees, court and other costs, and other charges due and unpaid;
 - (C) Any amounts required by law to be paid before payment to the Delinquent Owner; and
 - (D) To the Delinquent Owner, any remaining balance.

(d) From and after any such foreclosure, the occupants of such Lien Property shall be required to pay a reasonable rent for the use of such Lien Property and such occupancy shall constitute a tenancy at will. The purchaser at such foreclosure shall be entitled to the appointment of a receiver to collect such rents and, further shall be entitled to sue for recovery of possession of such Lien Property by forcible detainer without further notice.

(e) It is intended that this Section comply with the provisions of Texas Property Code Section 51.002, relating to non judicial sales by power of sale and in the event of the amendment of said Section 51.002 hereafter, which amendment is applicable hereto, the Association, acting without joinder of any Project Owner or mortgagee of any Project Owner, and by amendment to this Declaration filed in the Office of the County Clerk of Montgomery County Texas may amend the provisions hereof so as to comply with said amendments to Section 51.002 of the Texas Property Code or other applicable law.

(f) Without limitations to the above each Project Owner, by virtue of their ownership of any property comprising the Property, and acceptance of a deed for such property, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Project Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including judicial or non judicial foreclosure by an action brought in the name of the Association in a like manner as a mortgage or deed of trust lien on real property, and such Project Owner hereby expressly grants to the Association a power of sale in connection with said lien. The lien provided for in this Section shall be in favor of the Association.

(g) No person may waive or otherwise escape liability for the Assessments provided for herein by alleged nonuse of the Access Road and Detention Ponds. In the event the Association is forced to bring a legal proceeding to protect or enforce its rights hereunder or to collect any sums due hereunder, it shall be entitled to recover its reasonable attorneys fees from the violating Owner.

Section 4.11. Effect of Nonpayment of Assessments by Mansions Villas Association or Lot Owner.

(a) Any Assessment not paid by the Mansions Villas Association within ninety (90) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum, but in no event to exceed the maximum rate permitted under applicable law. Such Assessment shall include all costs and reasonable attorney's fees

incurred by the Association to enforce and collect such Assessment. In the event of failure to pay such Assessments, the Association may do any of the following:

- (i) Bring an action at law against the Mansions Villas Association obligated to pay the same; or
- (ii) To the extent the failure to pay any Assessment by the Mansions Villas Association is a direct result of the refusal by any Lot Owner to pay the assessments assessed by the Mansions Villas Association for purposes of paying the Assessments of the Association, then the Association may (i) bring suit the Lot Owner in the name and place of the Mansions Villas Association, at the sole cost of the Mansions Villas Association, or (ii) foreclose, on behalf of and in the name and place of the Mansions Villas Association, at the sole cost and expense of the Mansions Villas Association, on any lien created by the Mansions Villas Declaration covering the Lot at Issue or the lien created under Section 4.9 above in the same manner as set forth in Sections 4.10 (b) above; or
- (iii) Exercise any other remedy at law or in equity.

The Association is not obligated to first serve notice of any kind on any party with respect to the taking of any such action or foreclosure described above. The rights and remedies of the Association hereunder are non-exclusive and shall not diminish the rights and remedies of the Mansions Villas Association to enforce any of the rights and remedies provided in the Mansions Villas Declaration.

(b) Notwithstanding the above, the Mansions Villas Association will be entitled to assess the individual Lot Owners in the manner provided in the Mansions Villas Declaration so long as (i) the Mansions Villas Association has a means to assess and enforce the assessment for one hundred percent (100%) of the Association assessment attributable to the Mansions Villas Association, and (ii) there is a mechanism for the Association to enforce the Assessment against an individual Lot Owner if the Mansions Villas Association fails to do so.

(c) Without limitation to the above, Mansions Villas Association hereby expressly vests in the Association or its agents, the right and power to bring all actions against such Mansions Villas Association personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including judicial or non-judicial foreclosure by an action brought in the name of the Mansions Villas Association by the Association in a like manner as a mortgage or deed of trust lien on real property, and the Mansions Villas Association and each Lot Owner hereby expressly grants to the Association a power of sale in connection with said lien. The lien provided for in the Mansions Villas Declaration shall be in favor of the Mansions Villas Association, but also for the benefit of the Association.

(d) Neither Mansions Villas Association, nor any individual Lot Owner may waive or otherwise escape liability for the Assessments provided for herein by alleged nonuse of the Access Road and Detention Ponds or the Access Road and Detention Pond Areas or alleged nonuse or abandonment of the property in the event the Association is forced to bring a legal proceeding to protect or enforce its rights hereunder or to collect any sums due hereunder, it shall be entitled to recover its reasonable attorneys' fees from the Mansions Villas Association or violating Lot Owner.

Section 4.12. Subordination of the Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage on any part of the Property. The sale or transfer of any Project or Lot shall not affect the

Assessment lien; however, the sale or transfer of any Lot, pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such Assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any Assessments thereafter becoming due or from the lien thereof.

ARTICLE V.

Maintenance

Section 5.1. Association's Maintenance. The Association shall operate, maintain and keep in good repair, the Access Road and Detention Ponds and any other Common Property and any improvements located thereon. 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 Project Owners and Lot Owners.

Section 5.2. Reservation of Easements. There are hereby reserved to the Association easements over the Property 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 shall be a common expense to be allocated among the Members.

Section 5.3. City Maintenance. If the City of Conroe determines that the Association is not performing its maintenance of the Access Road and Detention Ponds, 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 an Assessment against the Project Owners and all Lot Owners for their respective prorata share of its costs. Such 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 Property as necessary to enable the City of Conroe to perform the maintenance authorized hereby.

ARTICLE VI.

Rules and Regulation

Section 6.1. General. The Board of Directors may, from time to time, in its sole discretion and without consent of the members, promulgate, modify, or delete restrictions and rules and regulations applicable to the use of the Common Property, including but not limited to, rules governing the Access Road and Detention Ponds ("**Rules**"). Such Rules shall be binding upon all Project Owners and tenants and occupants and all Lot Owners until and unless overruled, canceled, or modified in a regular or special meeting by the Board or Directors. Such Rules may include traffic and parking rules. The Rules shall not be applied in any manner which would prohibit or

restrict the development of the Property and/or the development, construction and sale of residences on the Lots.

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

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. 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. 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.

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 Common Property shall be repaired or reconstructed unless at least seventy-five percent (75%) of the Members, 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, for such deficiency if the damage was to the Common Property. 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.

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, at least seventy-five percent (75%) of the 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.

ARTICLE IX.

Mortgagee Provisions

The following provisions are for the benefit of holders of first Mortgages on Projects or Lots. 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 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 Property 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.

ARTICLE X.

Easements and Common Property

Section 10.1. Easements for Use and Enjoyment.

(a) Common Property. Every Lot Owner, Project Owner and all occupants of a Project (the "users") 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 Project or right of occupancy, subject to the following provisions:

(i) the right of the Association to suspend the right of a user for any period during which any Assessment with respect to such user remains unpaid; and, for a reasonable period of time for an infraction of the Declaration, By Laws, Rules or other rules and regulations;

(ii) 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 the Project Owners, or any Lot or Lot Owner, or the holder of any Mortgage, irrespective of when executed, given by any such party or encumbering any Lot or other property located within the property;

(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;

(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 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 Declarant and/or the Association to adopt rules and other regulations governing use and enjoyment of the Common Property in accordance with the provisions hereof;

(viii) the right of the Declarant and/or the Association to place a gate or other structure at a point selected by Declarant or Association along Mansions Boulevard so as to permit access past such point to the south only to the Lot Owners and other parties designated by Declarant or Association to have access to the Mansions Villas Project.

(b) Delegation. Any Lot Owner or Project 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 property.

(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"). Users will be given an access device or code to operate the Gate(s) upon such terms reasonably acceptable to the Association. A user 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).

Section 10.2. Easements for Utilities. There is hereby reserved to the Association blanket easements upon, across, above and under all property within the Property for

access, ingress, egress, installation, repairing, replacing, and maintaining all improvements within the Common Property. It shall be expressly permissible for the Association, 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 Common Property.

Section 10.3. 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. 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 construction of the Common Property, including the plans, specifications, design, location, completion schedule, materials, size and contents of the facilities and improvements or changes to any of them.

Section 10.4. Use. The Common Property shall be used and enjoyed by the Users 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. 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 obligations pursuant to this Declaration, or give any Person the right to avoid any of the covenants, agreements or obligations to be performed hereunder.

Section 10.5. 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 may utilize the easements reserved in Sections 10.2 and 10.3 of this Article X 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.

Section 10.6. 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 10.7. Rules. The Board of Directors shall have the right to adopt Rules and regulations governing the use of the Common Areas. Each Project Owner and Lot Owner and each person claiming use rights by, through or under each Project Owner and Lot Owner shall comply with the provisions of all such Rules and regulations promulgated concerning the use of the Common Areas.

ARTICLE XI.

General Provisions

Section 11.1. Enforcement. Each Project Owner, Lot Owner and Mansion Villas Association 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.

Section 11.2. Term. The covenants, conditions and restrictions of this Declaration shall run with and bind each Project and the Property and shall inure to the benefit of and shall be enforceable by the Declarant and the Association, 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 Members 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 11.3. 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 Property 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 Property 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 Property subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Project Owner's or Lot Owner's property unless any such Project Owner or Lot 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 Project Owner or Lot Owner hereunder, nor shall it adversely affect title to any Lot without the consent of the affected Project Owner or Lot 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. 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.

Section 11.4. Partition. The Common Property shall remain undivided, and no 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 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.

Section 11.5. 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 11.6. 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 11.7. 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 of Section to which they refer.

Section 11.8. 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. 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 planned for development (including Lots in any additional sections annexed in) by Declarant to homebuyers.

Section 11.9. 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 11.10. NON-LIABILITY. NEITHER THE ASSOCIATION, 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, 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 THE EFFECTIVENESS OF ANY GATE, ACCESS SYSTEM OR MEDICAL ALERT SYSTEM. EACH OWNER DOES HEREBY HOLD DECLARANT, THE ASSOCIATION, (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, 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, OR THE EFFECTIVENESS OF ANY SUCH SYSTEM. NEITHER, 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, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT DECLARANT 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 11.11. Books and Records.

(a) Inspection by Members and Mortgagees. 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 11.12. 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 11.13. Notice of Sale or Lease. In the event a Project Owner or Lot Owner sells or leases his or her Property, such party shall give to the Association, in writing, the name of the purchaser or lessee of the Lot 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 11.14. Arbitration. In the event of any dispute arising between, among, against or on behalf of parties 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 11.15. 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.

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

THE ESTATES-WOODLAND, 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

THE MANSIONS IN THE FOREST, 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

THE MANSION VILLAS, L.P.,

a Texas limited partnership

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

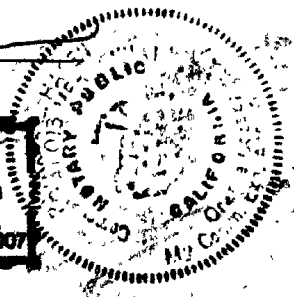
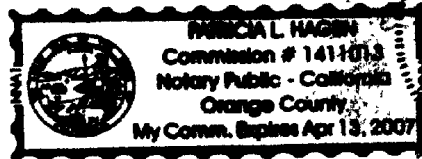
By: Western Rim Investment Advisors 04-1,
LLC, a Texas limited liability company

By: _____
Marcus D. Hiles,
Chief Executive Officer

THE STATE OF 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.

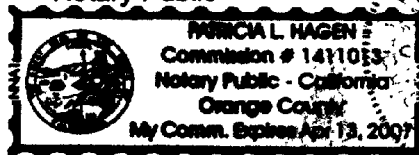
[Signature]
Notary Public



THE STATE OF 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 Mansions in the Forest, L.P., a Texas limited partnership, on behalf of said corporation.

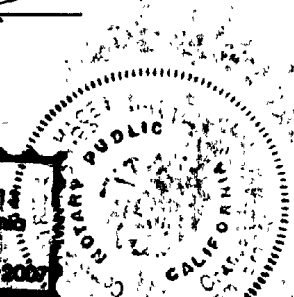
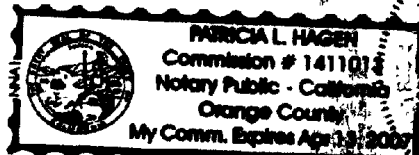
[Signature]
Notary Public



THE STATE OF 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 Estates-Woodland, L.P., a Texas limited partnership, on behalf of said corporation.

[Signature]
Notary Public



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.

EXHIBIT "A"

Estates-Woodland Project

17.844 acres of land being Reserve "B", MANSIONS BY THE FOREST, a subdivision of 39.749 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 Mansions by the Forest recorded in Cabinet X, Sheet 15 of the Map Records of Montgomery County, Texas.

EXHIBIT "B"

Mansions in the Forest Project

10.042 acres of land being Reserve "A", MANSIONS BY THE FOREST, a subdivision of 39.749 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 Mansions by the Forest recorded in Cabinet X, Sheet 15 of the Map Records of Montgomery County, Texas.

EXHIBIT "C"

Mansions Villas Project

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.

EXHIBIT "D"

Access Road and Detention Pond Areas

2.172 acres of land being Reserve "C", MANSIONS BY THE FOREST, a subdivision of 39.749 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 Mansions by the Forest recorded in Cabinet X, Sheet 15 of the Map Records of Montgomery County, Texas.

1.670 acres of land being Reserve "D", MANSIONS BY THE FOREST, a subdivision of 39.749 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 Mansions by the Forest recorded in Cabinet X, Sheet 15 of the Map Records of Montgomery County, Texas.

1.759 acres of land being Reserve "E", MANSIONS BY THE FOREST, a subdivision of 39.749 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 Mansions by the Forest recorded in Cabinet X, Sheet 15 of the Map Records of Montgomery County, Texas.

1.518 acres of land being Reserve "F", MANSIONS BY THE FOREST, a subdivision of 39.749 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 Mansions by the Forest recorded in Cabinet X, Sheet 15 of the Map Records of Montgomery County, Texas.

1.040 acres of land being Reserve "G", MANSIONS BY THE FOREST, a subdivision of 39.749 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 Mansions by the Forest recorded in Cabinet X, Sheet 15 of the Map Records of Montgomery County, Texas.

That portion of The Mansions Boulevard within MANSIONS BY THE FOREST, a subdivision of 39.749 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 Mansions by the Forest recorded in Cabinet X, Sheet 15 of the Map Records of Montgomery County, Texas, extending from the publicly dedicated portion thereof southerly.

FILED FOR RECORD

2005 OCT -5 PM 2:07

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

County Clerk
Montgomery County, Texas