DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

LAGO MAR

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
for
LAGO MAR

THE STATE OF TEXAS §
§
COUNTY OF GALVESTON §

THIS DECLARATION is made on the date hereinafter set forth by MREC LT LAGO MAR OPERATING LLC, a Delaware limited liability company ("**Developer**").

W I T N E S S E T H:

WHEREAS, Developer is the owner of the real property described by metes and bounds in Exhibit "A" attached hereto and incorporated herein, which Developer intends to hereafter develop into residential subdivisions known as Lago Mar, Section Five (5) and Lago Mar, Section Six (6); and

WHEREAS, Developer desires to impose the following Covenants, Conditions and Restrictions on the real property described in Exhibit "A" attached hereto; and

WHEREAS, there will ultimately be other subdivisions [in addition to Lago Mar, Section Five (5) and Lago Mar, Section Six (6)] that will be encumbered by this Declaration and annexed into Property Owners Association of Lago Mar ("**Association**"), which will all collectively hereinafter be referred to as "**Lago Mar**" or the "**Property**".

NOW THEREFORE, Developer hereby declares that the real property described in Exhibit "A" attached hereto [to be developed as Lago Mar, Section Five (5) and Lago Mar, Section Six (6)] and all Sections of Lago Mar ultimately annexed into the Association will be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions (as supplemented and amended from time-to-time), which are for the purpose of protecting the value and desirability of, and which constitute covenants running with, the real property, are binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and inure to the benefit of each owner thereof and the Association.

ARTICLE I.
DEFINITIONS

SECTION 1.1. **"Assessments"** means: (1) the assessments, fees and charges referenced in Article V of this Declaration, including, but not limited to: Annual Assessments; Gated Section Assessments; Operating Fund Capitalization Fees; Reserve Fund Capitalization Fees; Special Assessments; Specific Section Assessments; Adopt-A-School Assessments; Administrative Fees; and Bulk Services Assessments; (2) any costs, fees, expenses, fines, and attorney's fees incurred by the Association in connection with enforcement of the Governing Documents and payable by the Owner to the Association per the provisions of this Declaration or applicable law; and (3) any other charges authorized by this Declaration or by law.

SECTION 1.2. **"Association"** means PROPERTY OWNERS ASSOCIATION OF LAGO MAR, a Texas non-profit corporation, its successors and assigns.

SECTION 1.3. **"Association Wall"** means each fence or wall constructed or caused to be constructed by Developer or a Declarant on a Lot, which fence or wall will be maintained by the Association. Association Walls are illustrated in detail in the Design Guidelines. Based upon the preliminary plats for Lago Mar, Section Five (5) and Section Six (6), an Association Wall will be located on the following Lots in Lago Mar, Section Five (5) and Lago Mar, Section Six (6):

Lago Mar, Section Five (5):

- All or a portion of the rear Lot lines of Lots One (1) through Thirty-Five (35), inclusive, in Block One (1);
- a portion of the most northeasterly rear Lot line of Lot Thirty-Six (36) in Block One (1);
- a portion of the most easterly side Lot line of Lot One (1) in Block One (1);
- a portion of the most westerly side Lot line of Lot Forty-Seven (47) in Block One (1); and
- ornamental steel fence at a north and south midpoint of the entrance at Weymouth Drive.

Lago Mar, Section Six (6):

- the rear Lot lines of Lots Eleven (11) through Twenty (20), inclusive, in Block One (1) and Lots One (1) through Four (4), inclusive, in Block Three (3);
- a portion of the most northeasterly rear Lot line of Lot Ten (10) in Block One (1);

- a portion of the most southerly side Lot lines of Lot One (1) in Block One (1) and Lot Twenty-One (21) in Block Two (2);
- a portion of the most northerly side Lot line of Lot Twenty-Two (22) in Block Two (2);
- the most westerly side Lot line of Lot Five (5) in Block Three (3); and
- ornamental steel fence along a portion of the western side of Reserve E and at a midpoint north and south of the entrance at Weymouth Drive.

Provided that, if the final recorded Plat for Lago Mar, Section Five (5), or Lago Mar, Section Six (6), affects the Lots on which an Association Wall will be constructed or the location of an Association Wall on a Lot, this Declaration may be amended accordingly.

SECTION 1.4. **"Board of Directors" or "Board"** means the Board of Directors of the Association.

SECTION 1.5. **"Builder"** means a person, firm or entity regularly engaged in the business of constructing residential dwellings which purchases Lot for the purpose of constructing a residential dwelling on the Lot for sale to the public.

SECTION 1.6. **"Committee"** means the Architectural Control Committee for the Subdivision or any person or persons to whom the Architectural Control Committee delegates such responsibility provided for in Article II hereof.

SECTION 1.7. **"Common Area"** means property owned by or under the control or jurisdiction of the Association for the common use and benefit of the Owners, together with such other property as the Association may, at any time or from time to time, acquire by purchase or otherwise, subject, however, to the easements, limitations, restrictions, dedications and reservations applicable thereto by virtue of the provisions of this Declaration, the recorded Plat, or any prior grants or dedications. References herein to the "Common Area" include Common Area as defined in this Declaration and any Supplemental Declaration. "Common Area" also means all existing and subsequently provided improvements upon or within the Common Area, except those as may be expressly excluded as Common Area by provisions in this Declaration or in a Supplemental Declaration. Common Area may include, but not necessarily be limited to, the following: structures for recreation, swimming pools, playgrounds, structures for storage protection of equipment, fountains, statues, sidewalks, gates, streets, fences, landscaping, Private Streets, Lakes, and other similar and appurtenant improvements. The Association may adopt rules and regulations relating to the use, maintenance, and operation of the Common Area. Provided, however, some or all of the Common Area in a Section may be restricted by the Developer or a Declarant for the common use and benefit of only the Owners in that Section by the applicable Supplemental Declaration

so that the Common Area in that Section is not for the common use and benefit of all Owners in the Subdivision, but only the Owners in that Section ("**Limited Common Area**"). The expenses related to a Limited Common Area must be paid for by the Owners in the Section to whom the common use and benefit of the Limited Common Area is restricted through a Specific Section Assessment authorized in Section 5.12 of this Declaration. At the sole discretion of the Developer and/or the Board, Common Area may also be owned by some entity other than the Association, e.g., a municipal utility district.

SECTION 1.8. **"Declarant"** means the Owner of a Section annexed into the Subdivision in accordance with Article X, Section 10.2 of this Declaration.

SECTION 1.9. **"Declaration"** means this Declaration of Covenants, Conditions and Restrictions for Lago Mar.

SECTION 1.10. **"Design Guidelines"** means guidelines adopted and amended from time to time by the Developer or, after the expiration of the Developer Control Period, the Committee, which govern improvements proposed to be constructed on Lots in the Subdivision. Design Guidelines may vary from Section to Section or Pod to Pod.

SECTION 1.11. **"Developer"** means MREC LT LAGO MAR OPERATING LLC, a Delaware limited liability company, its successors and assigns.

SECTION 1.12. **"Developer Control Period"** means the period commencing on the date this Declaration is recorded and ending on (1) December 31, 2040, or (2) when the last vacant Lot in the Subdivision is conveyed to an Owner other than the Developer, a Declarant or a Builder, whichever is the last to occur. Provided that, Developer may voluntarily terminate the Developer Control Period at any time by instrument executed by Developer and recorded in the Official Public Records of Real Property of Galveston County, Texas.

SECTION 1.13. **"Gated Section"** means any subdivision brought within the jurisdiction of the Association that is referred to in the Declaration or a Supplemental Declaration as a "Gated Section." The streets within a Gated Section will be Private Streets. For the purposes of this Declaration Lago Mar, Section Five (5), and Lago Mar, Section Six (6), are Gated Sections.

SECTION 1.14. **"Governing Documents"** means all of the dedicatory instruments of the Association as defined by Section 202.001(1) of the Texas Property Code, including but not limited to: Plats; this Declaration; Supplemental Declarations; the Association's Certificate of Formation and Bylaws; Design Guidelines; any rules and regulations, and; any amendments and supplements thereto. In the case of a conflict in the Governing Documents, the hierarchy of the Governing Documents is, from highest to lowest, the Plats, then this Declaration, then the Supplemental Declarations, then the Certificate of Formation, then the Bylaws, then the Design Guidelines, and then the rules and regulations.

SECTION 1.15. **"Green Belt"** means any property in the Subdivision owned by the Developer, a Declarant or the Association and designated as a Green Belt by the Developer, a Declarant or the Association.

SECTION 1.16. **"Green Belt Lot"** means a Lot that shares a common boundary with a Green Belt.

SECTION 1.17. **"Lake"** means a body of permanent water, being either a natural lake or artificial/man-made flood control lake.

SECTION 1.18. **"Lake Lot"** means a Lot which shares any common boundary with a Lake or with a Common Area around the Lake. Based upon the preliminary plats for Lago Mar, Sections Five (5) and Six (6), the following Lots are Lake Lots in:

Lago Mar, Section Five (5): None.

Lago Mar, Section Six (6):

- Lots One (1) through Four (4), inclusive, and Six (6) through Forty-Four (44), inclusive, in Block Two (2).

Provided that, if the final recorded Plat for Lago Mar, Section Five (5) or Lago Mar, Section Six (6), affects the designation of Lake Lots in either Section, this Declaration may be amended accordingly.

SECTION 1.19. **"Landscape Area"** means each portion of the Common Area located:

(a) within all esplanades located upon or within major thoroughfares in the Subdivision;

(b) within landscape Reserves;

(c) between the outside edge of the paving of the roadway of any major thoroughfare in the Subdivision and the right-of-way line thereof; and

(d) project identity tracts located at any street intersection in the Subdivision.

SECTION 1.20. **"Lot"** means any subdivided parcel of land designated as a Lot on the applicable Plat filed in the Map Records of Galveston County, Texas. The term "Lot" does not include a "Private Street", "Public Street", "Reserve", "Commercial Reserve", "Unrestricted Reserve", "Lake", "Common Area", or "Recreational Area".

SECTION 1.21. **"Non-Gated Section"** means a subdivision hereinafter annexed and subjected to the provisions of this Declaration that is referred to in this Declaration or a Supplemental Declaration as a "Non-Gated Section."

SECTION 1.22. **"Owner"** means the record owner, whether one (1) or more persons or entities, of a fee simple title to a Lot, including executory contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 1.23. **"Plat"** means each of the plats for real property that is a part of the Subdivision recorded in the Map Records of Galveston County, Texas.

SECTION 1.24. **"Pod"** means two (2) or more Sections grouped together as a Pod by the Developer. Any Sections grouped together as a Pod by the Developer must be evidenced by an instrument executed by the Developer and filed of record in the Official Public Records of Real Property of Galveston County, Texas. The instrument designating Sections as a Pod may be a Supplemental Declaration.

SECTION 1.25. **"Primary Entrance Access Road(s)"** means, as to Lago Mar, Section Five (5) and Lago Mar, Section Six (6), Lago Mar Boulevard and Weymouth Drive.

SECTION 1.26. **"Private Street"** means a street, drive or right of way owned by the Developer, a Declarant or the Association and used for ingress to and egress from the Subdivision or any part thereof. Private Streets will be owned and maintained by the Association.

SECTION 1.27. **"Property"** means the real property described in Exhibit "A" attached hereto and any other real property hereinafter annexed and subjected to the provisions of this Declaration and the jurisdiction of the Association, all of such real property being commonly referred to as "Lago Mar".

SECTION 1.28. **"Recreational Area"** means all Common Area designated by the Developer or the Association for recreational use by Owners and their family members and invitees.

SECTION 1.29. **"Reserve Lot"** means every Lot which shares a common boundary with a Reserve and which is subject to special restrictions set forth in this Declaration. Based upon the preliminary plats for Lago Mar, Section Five (5) and Lago Mar, Section Six (6), there are no Reserve Lots in Lago Mar, Section Five (5) and Lago Mar, Section Six (6).

SECTION 1.30. **"Reserve"** means any property in the Subdivision owned by Developer, a Declarant or the Association, which is designated for use as Common Area, recreation green space, Subdivision project identity signs, landscaping or as a restricted Reserve on the Plat.

SECTION 1.31. **"Section"** means Lago Mar, Section Five (5) and Lago Mar, Section Six (6) and any other subdivision designated as such in a Supplemental Declaration.

SECTION 1.32. **"Subdivision"** means the Property.

SECTION 1.33. **"Supplemental Declaration"** means an instrument filed of record which annexes an additional subdivision and subjects the subdivision to the provisions of this Declaration and the jurisdiction of the Association. A Supplemental Declaration may include additional and/or different restrictions applicable to the subdivision referenced in the Supplemental Declaration.

ARTICLE II.
ARCHITECTURAL CONTROL

SECTION 2.1. **ARCHITECTURAL CONTROL**. No building, landscaping, structure, improvement or fence of any character may be erected or placed, or the erection thereof begun, or changes made in the design, color, materials, or size, or any addition, remodeling, renovation, replacement or redecoration of any portion of the exterior of any improvement on a Lot before or after original construction, until the construction plans, detailed specifications and survey or original plot plans showing the location of the structure or improvement have been submitted to and approved in writing by the Committee, or its duly authorized representative. The Design Guidelines may specify particular information and documents required to be submitted for different types of proposed construction. All new construction must be in accordance with Design Guidelines and this Declaration. In the event the Committee fails to approve or disapprove an application for a proposed improvement within thirty (30) days of the date of receipt of the required documents, the application will be deemed to be approved by the Committee. Provided that, in no event will the approval of an application based upon the Committee's failure to approve or disapprove the application within thirty (30) days constitute approval to (a) violate a setback or encroach upon an easement set forth in this Declaration or the applicable Plat, or (b) violate an express provision of this Declaration or the Design Guidelines (such as, by way of example and not in limitation, an express height limitation).

The Committee will be comprised of three (3) members. The initial members of the Committee will be appointed by the Developer. If there exists at any time one (1) or more vacancies on the Committee, the remaining member or members of the Committee may appoint a person or persons to fill such vacancy or vacancies; provided that, the Developer may from time to time, without liability to any party, remove and replace any member of the Committee as it determines appropriate in its sole discretion. THE DEVELOPER, THE COMMITTEE AND THE INDIVIDUAL MEMBERS THEREOF IS NOT LIABLE FOR ANY ACT OR OMISSION IN PERFORMING THE FUNCTIONS RELATING TO ARCHITECTURAL CONTROL. THE ASSOCIATION MUST INDEMNIFY AND HOLD THE MEMBERS OF THE COMMITTEE HARMLESS FOR ANY CLAIMS BASED UPON ACTS OTHER THAN WILLFUL MISCONDUCT AND INSURE THEM UNDER THE ASSOCIATION'S DIRECTORS' AND OFFICERS' LIABILITY INSURANCE POLICY. DECISIONS MADE BY THE COMMITTEE SHALL BE MADE IN THE COMMITTEE'S SOLE AND ABSOLUTE DISCRETION.

Developer hereby retains the right to assign all or part of the duties, powers and responsibilities of the Committee to the Association and its Board of Directors, and, in such

event, the term "Committee" herein shall include the Association, as such assignee. Anything in this Declaration to the contrary notwithstanding, the Committee, and its duly authorized representatives, are hereby authorized and empowered to permit and approve reasonable variances from any of the requirements of this Declaration relating to the (a) type, kind, quantity or quality of the building materials to be used in the construction of any building or improvement on a Lot and (b) the size and location of a building or improvement when, in the sole and final judgment and opinion of the Committee, or its duly authorized representative, such a variance is compatible with the exterior design of the Subdivision and will not materially detract from the aesthetic appearance of the Subdivision.

In connection with its consideration of a request for a variance, the Committee may require the submission of documents and items as it shall deem appropriate, including, by way of example and not in limitation, a written description of the variance requested and accompanying plans, specifications, plot plans, surveys, and material samples. If the Committee approves a variance, the Committee may evidence such approval, and grant its permission, only by written instrument signed by a majority of the then members of the Committee (or by the Committee's duly authorized representative) addressed to the Owner of the Lot, expressing the decision of the Committee and describing, when applicable, the conditions under which the variance has been approved. Any request for a variance from the express provisions of this Declaration will be deemed to have been disapproved for the purposes hereof in the event of either (a) written notice of disapproval from the Committee, or (b) failure by the Committee to respond to the request for a variance. In the event the Committee or any successor to the authority thereof is not then be functioning and/or the term of the Committee has expired and the Association has not succeeded to the authority thereof as herein provided, no variance from the provisions of this Declaration will be permitted because of the Developer's intention that no variances be available except at the discretion of the Committee, or if it has succeeded to the authority of the Committee in the manner provided herein, the Association. The Committee has no authority to approve a variance except as expressly provided in this Declaration.

As provided in the Design Guidelines, the Committee or Association may require a deposit and charge a reasonable fee for the review of all applications.

SECTION 2.2. **DESIGN GUIDELINES**. The Developer or the Committee has promulgated and may amend from time to time Design Guidelines relating to improvements on Lots, including guidelines relating to site planning, Lot coverage, exterior building materials and colors, fencing, landscaping and other exterior features, which supplement the provisions in the Declaration on matters relating to architectural control. In the event of a conflict between a provision in the Design Guidelines and a provision in this Declaration, the provision in this Declaration will control; however, the Design Guidelines are intended to

supplement the Declaration on matters within the discretionary authority of the Committee and, therefore, the Design Guidelines and the Declaration will be construed in an effort to harmonize provisions in the documents and avoid conflicts.

SECTION 2.3. NO LIABILITY. NEITHER THE COMMITTEE NOR THE ASSOCIATION OR THEIR RESPECTIVE AGENTS, EMPLOYEES AND ARCHITECTS IS LIABLE TO ANY OWNER OR ANY OTHER PARTY FOR ANY LOSS, CLAIM OR DEMAND ASSERTED ON ACCOUNT OF THE ADMINISTRATION OF THIS DECLARATION, THE DESIGN GUIDELINES OR THE PERFORMANCE OF THE DUTIES HEREUNDER, OR ANY FAILURE OR DEFECT IN SUCH ADMINISTRATION AND PERFORMANCE. THIS DECLARATION MAY BE AMENDED ONLY AS PROVIDED HEREIN, AND NO PERSON IS AUTHORIZED TO GRANT EXCEPTIONS OR MAKE REPRESENTATIONS CONTRARY TO THE INTENT OF THIS DECLARATION. NO APPROVAL OF PLANS AND SPECIFICATIONS AND NO PUBLICATION OF DESIGN GUIDELINES WILL BE CONSTRUED AS A REPRESENTION THAT SUCH PLANS, SPECIFICATIONS OR STANDARDS WILL, IF FOLLOWED, RESULT IN A PROPERLY DESIGNED STRUCTURE OR IMPROVEMENT. SUCH APPROVALS AND DESIGN GUIDELINES WILL IN NO EVENT BE CONSTRUED AS A REPRESENTATION OR GUARANTEE THAT ANY IMPROVEMENT WILL BE CONSTRUCTED IN A GOOD, WORKMANLIKE MANNER OR IN COMPLIANCE WITH APPLICABLE BUILDING REGULATIONS OR CODES. THE APPROVAL OR LACK OF DISAPPROVAL BY THE COMMITTEE WILL NOT BE DEEMED TO CONSTITUTE A WARRANTY OR REPRESENTATION BY SUCH COMMITTEE, INCLUDING WITHOUT LIMITATION ANY WARRANTY OR REPRESENTATION RELATING TO FITNESS, DESIGN OR ADEQUACY OF THE PROPOSED CONSTRUCTION OR COMPLIANCE WITH APPLICABLE STATUTES, CODES AND REGULATIONS. THE ACCEPTANCE OF A DEED TO A LOT BY THE OWNER WILL BE DEEMED A COVENANT AND AGREEMENT ON THE PART OF THE OWNER, AND THE OWNER'S HEIRS, SUCCESSORS AND ASSIGNS, THAT THE COMMITTEE AND THE ASSOCIATION, AS WELL AS THEIR AGENTS, EMPLOYEES AND ARCHITECTS, HAVE NO LIABILITY UNDER THIS DECLARATION EXCEPT FOR WILLFUL MISCONDUCT.

SECTION 2.4. SINGLE FAMILY RESIDENTIAL CONSTRUCTION. No building may be erected, altered or permitted to remain on a Lot other than one detached single-family residential dwelling not to exceed two and one-half (2½) stories and/or a maximum of forty feet (40') in height, a private garage for not more than three (3) vehicles and quarters for domestic workers, which quarters may not exceed the height of the residential dwelling. In no event may the residential dwelling on a Lot exceed forty feet (40') in height, measured from finished grade to the highest point of the ridgeline of the roof. Quarters for domestic workers may be occupied only by a member of the family occupying the residential dwelling on the Lot site or by domestic workers employed on the premises. No room(s) in the residential dwelling and no space in any other structure may

be leased. Only the Lot and the residential dwelling on the Lot may be leased in its entirety for single family residential purposes. This provision does not apply to the recreation areas, Common Area, any unrestricted Reserves or Reserves, or property designated for commercial development as shown on any plat or map of the Subdivision, or any amendment thereto.

SECTION 2.5. MINIMUM SQUARE FOOTAGE WITHIN IMPROVEMENTS. Minimum and maximum living areas in residential dwellings on Lots are set forth in the Design Guidelines. Minimum and maximum living areas vary depending upon the width of the Lot on which a residential dwelling is located and whether the residential dwelling is a one (1) story or two (2) story residential dwelling. Minimum and maximum living areas do not include porches, patios, decks and garages. The Committee, in its sole discretion, is permitted to approve variances from minimum and maximum living areas in instances when, in the Committee's sole and absolute judgment, a variance will result in a more common beneficial use. As provided in Section 2.1, a variance must be in writing.

SECTION 2.6. EXTERIOR MATERIALS. Requirements for exterior building materials on residential dwellings and detached garages, as well as masonry repetition, are set forth in the Design Guidelines. The exterior building materials to be used on a residential dwelling, detached garage or other building or structure on a Lot require the prior written approval of the Committee.

SECTION 2.7. NEW CONSTRUCTION ONLY. No building of any kind, with the exception of lawn storage or children's playhouses (which require Committee approval as provided in Article III, Section 3.3) may be moved onto a Lot, it being the Developer's intent that only new construction may be placed and erected on a Lot, except with the prior written consent of the Committee.

SECTION 2.8. ROOFS AND ROOFING MATERIALS. The requirements for roofing materials on residential dwellings and other buildings on Lots are set forth in the Design Guidelines. Unless otherwise approved in writing by the Committee, the roofs of each building must have a roof pitch of not less than six inches (6") per each lateral twelve inches (12") of roof.

Section 202.011 of the Texas Property Code provides that a property owners' association may not enforce a provision in a dedicatory instrument that prohibits or restricts an Owner from installing shingles that are designed to be wind and hail resistant, provide heating and cooling efficiencies greater than those provided by customary composition shingles, or provide solar generation capabilities ("**storm and energy efficient shingles**"). When installed, storm and energy efficient shingles must resemble the shingles used or otherwise authorized for use on Lots in the Subdivision; be more durable than and of equal or superior

quality to the shingles otherwise authorized for use on Lots in the Subdivision, and match the aesthetics of the Subdivision surrounding the Owner's Lot.

SECTION 2.9. LOCATION OF IMPROVEMENTS. No residential dwelling, building, structure, or other improvement may be located on a Lot nearer to the front Lot line, the rear Lot line or a side Lot line than the minimum building setbacks shown on the applicable Plat or, if not shown on the applicable Plat, the setbacks set forth in the Design Guidelines. For the purposes of this Declaration, steps and unroofed terraces are not considered as part of a building; provided, however, that this will not be construed to permit any portion of a residential dwelling, building, structure or other improvement on a Lot to encroach upon another Lot, a Lake, Landscape Area, or any Common Area.

SECTION 2.10. CONSOLIDATION AND SUBDIVISION OF LOTS. The Owner of one or more adjoining Lots may consolidate such Lots into one single-family residential dwelling building site, with the privilege of placing or constructing improvements on such site, in which case setback lines will be measured from the resulting side property lines rather than from the Lot lines shown on the recorded Plat. Any such proposed consolidation of Lots must be approved in writing by the Committee. If the consolidation of adjoining Lots is effected by a replat, the resulting building site will be considered a single Lot for purposes of voting rights and Assessments. If adjoining Lots are consolidated with the written approval of the Committee but without a replat, each Lot within the consolidated building site will continue to be a separate Lot for purposes of voting rights and Assessments. No Lot may be further subdivided or its boundary lines changed without the prior written approval of the Association. Developer and each Declarant hereby expressly reserve the right to replat any Lot(s) owned by Developer or a Declarant. Any subdivision, boundary line change, or replatting must comply with applicable state and local regulations. No Lot may be made subject to any type of timesharing, fraction-sharing or similar program whereby the right to exclusive use of the Lot rotates among members of the program on a fixed or floating time schedule over a period of years.

SECTION 2.11. UTILITY EASEMENTS. Easements for the installation and maintenance of utilities are reserved as shown and provided for on the Plat, and no structure of any kind may be erected upon any of said easements. Utility easements are for the distribution of electrical, telephone, gas, water, and cable television service. In some instances, sanitary sewer lines are also placed within the utility easement. Utility easements are typically located along the rear Lot line, although selected Lots may include a side Lot utility easement for the purpose of completing circuits or distribution systems. Both the applicable Plat and the individual Lot survey should be consulted to determine the size and location of utility easements on a specified Lot. Perimeter Lots or Lots that back up to drainage facilities, pipeline easements, property boundaries and non-residential tracts

typically contain a utility easement. Encroachment of structures upon a utility easement is prohibited. NEITHER DEVELOPER, A DECLARANT NOR ANY UTILITY COMPANY USING THE EASEMENTS OR THEIR ASSIGNS, THEIR AGENTS, EMPLOYEES OR SERVANTS ARE LIABLE FOR ANY DAMAGE DONE TO SHRUBBERY, TREES, FLOWERS OR IMPROVEMENTS OF THE OWNER LOCATED ON THE LAND WITHIN OR AFFECTED BY SAID EASEMENTS.

SECTION 2.12. RESERVATION OF EASEMENTS. Developer expressly reserves for the benefit of all of the Subdivision reciprocal easements for access, ingress and egress for all Owners to and from their respective Lots; for installation and repair of utility services; for encroachments of improvements constructed by Developer, a Declarant and participating Builders or authorized by the Committee over the Subdivision; and for drainage of water over, across and upon adjacent Lots, Common Area and the Subdivision resulting from the normal use of adjoining Lots, Common Area or Subdivision, and for necessary maintenance and repair of any improvement. Such easements may be used by Developer and Declarant, their respective successors and purchasers, the Association, and all Owners, their guests, tenants and invitees residing on or temporarily visiting the Subdivision, for pedestrian walkways, vehicular access and such other purposes reasonably necessary for the use and enjoyment of a Lot, Common Area or the Subdivision.

SECTION 2.13. GARAGES. No garage on a Lot may be changed, altered or otherwise converted for any use inconsistent with the housing of a minimum of two (2) vehicles at all times. Each Owner, the Owner's family members, tenants and contract purchasers must, to the greatest extent practicable, utilize the garage on the Owner's Lot for housing vehicles. Requirements relating to the type, size and location of a garage on a Lot are set forth in the Design Guidelines. In all instances, a garage to be constructed on a Lot requires the prior written approval of the Committee.

SECTION 2.14. LANDSCAPE AREAS. The Association has the right to conduct landscaping activities upon and within the Landscape Areas. Lot Owners must maintain the easement between their Lot and all street or road right-of-ways. The Association has the right, but not the obligation, to install, operate, maintain, repair and/or replace street lighting, hike and bike trails, jogging paths, walkways and other similar improvements, provided such lighting, trails, paths, walkways and other improvements must be constructed within the rights-of-way of thoroughfares.

SECTION 2.15. SIDEWALKS. Before the residential dwelling on a Lot is completed and occupied, the Builder must construct a concrete sidewalk four feet (4') in width generally parallel to the street curb along the street right-of-way. Builders on corner Lots must install such a sidewalk both parallel to the front Lot line and parallel to the side street Lot line. If the Builder fails to construct any sidewalk required by this section, the Owner of the Lot is responsible for the construction of the required sidewalks (but such

Owner retains any causes of action he may have against the Builder for his failure to do so). Such sidewalks must comply with all applicable federal, state and county laws, ordinances, or regulations respecting construction and/or specifications. Additional requirements for streets, sidewalks and walkways on Lots are set forth in the Design Guidelines. The Owner of a Lot is responsible for the maintenance, repair and replacement of each sidewalk on the Owner's Lot and each sidewalk parallel to the front Lot line of the Owner's Lot and, in the event of a corner Lot, parallel to the side street Lot line that is located in the unpaved portion of the right-of-way.

SECTION 2.16. **STREET TREES**. Unless otherwise prohibited by applicable city or county ordinances or laws, street trees must be planted and maintained on every Lot in accordance with the requirements of the Design Guidelines. Street trees must be planted by the Builder before the residential dwelling on a Lot is conveyed to an Owner and thereafter must be maintained by the Owner of the Lot.

SECTION 2.17. **PLAN AND ELEVATION REPETITION**. The repetition of plans and elevations for residential dwellings in the Subdivision must be staggered in accordance with the requirements of the Design Guidelines.

SECTION 2.18. **LOT COVERAGE**. Total Lot coverage of buildings, walks and other structures may not exceed sixty percent (60%) of the total Lot area. Pools, spas, decks and driveways are not considered structures for the purpose of calculating the Lot coverage.

SECTION 2.19. **LANDSCAPING**. Minimum landscape requirements, acceptable plant materials, and other landscape standards are set forth in the Design Guidelines. All landscaping on a Lot must be approved in writing by the Committee and must be in accordance with the Design Guidelines. The Owner of each Lot must maintain the landscaping on the Owner's Lot so that landscaping in accordance with the requirements of the Design Guidelines is at all times preserved.

SECTION 2.20. **LANDSCAPE PLAN**. A plot plan showing all proposed trees and shrubs, and the size, location, and plant materials must be submitted to the Committee prior to installation by an Owner (other than Builders, as defined in Article I, Section 1.5). The plot plan must include the proposed location of all trees and shrubs in relation to property lines, setbacks and easements.

Prior to planting a tree in the front yard of a Lot, the Builder or Owner is required to contact all utility providers to obtain information concerning the location of the underground utility lines to avoid injury and/or damage to an underground utility line. This requirement is applicable to a tree planted on a Lot as a part of the initial landscaping and any replacement or additional tree.

Approval of landscape plans by the Committee does not relieve the Builder or Owner of the obligation to contact all utility providers prior to planting a tree, nor does approval by the Committee constitute a warranty or representation as to the location of underground utility lines.

SECTION 2.21. ADDITIONAL RESTRICTIONS ON LAKE LOTS. The following restrictions must apply to Lake Lots. In the event there is conflict between a provision in this section and provision in any other section of this Declaration relating to Lake Lots, the provision in this section controls. **Notice is hereby given that the Design Guidelines may include additional or more stringent requirements relating to Lake Lots than the requirements or set forth in this section. If the Design Guidelines impose additional or more stringent requirements relating to Lake Lots than the provisions of this section, the provisions in the Design Guidelines control.**

(a) Electric Service. Only underground electric service will be available for said Lots and no above surface electric service wires will be installed outside of any structure. Underground electric service lines will extend through and under said Lot in order to serve any structure thereon, and the area above said underground lines and extending two and one-half feet (2½') to each side if said underground line will be subject to excavation, retailing and ingress and egress for the installation, inspection, repair, replacing and removing of said underground facilities by such utility company. Owners of said Lots must ascertain the location of said lines and keep the area over the route of said lines free of excavation and clear of structures, trees or other obstructions.

(b) Garages. The garage on a Lake Lot must be attached to the residential dwelling. This requirement for an attached garage supersedes any contrary requirement.

(c) Elevation. A residential dwelling constructed on a Lake Lot which has a common boundary with a Lake and two (2) streets must face the common boundary of the Lot and the street from which the building setback distance is larger, unless a variance from this provision is approved in writing by the Committee.

(d) Grass. Owners of Lots adjoining a Lake may not grow, nor permit to grow, architectural varieties of grasses or other vegetation which, in the opinion of the Committee, is adverse to the Lake grasses or vegetation. Owners may, with the prior written approval of the Committee, install barriers which will prevent the spread of otherwise prohibited grasses and vegetation and, after

the installation of such barriers, grow such grasses or vegetation adjacent to the Lake.

(e) Structures. Other than a residential dwelling with an attached garage, only open-air structures approved in writing by the Committee (e.g., gazebos, roofed terraces, arbors and playground equipment) and fences may be constructed on Lake Lots. No open-air structure on a Lake Lot may exceed nine feet (9') in height, if structure is connected to a residential dwelling, measured from grade to the highest point of the structure. If an open-air structure on a Lake Lot is not connected to a residential dwelling then structure may not exceed eight feet (8') in height, measured from grade to the highest point of the structure. Storage sheds, tool sheds, greenhouses and similar structures are prohibited. Absolutely no above ground improvement or structure of any type is permitted (excluding landscaping approved in writing by the Committee) within twenty feet (20') of the rear Lot line of a Lake Lot.

(f) Roof Lines. The roofline on any approved structure on a Lake Lot may not extend onto the Lake nor any setback.

(g) Limitations. No deck, terrace, trellis, step, pier, or other above ground structure is allowed to extend into or past a building setback line.

(h) Building Setbacks. No deck, terrace, trellis, steps, piers, or any other above ground structures are allowed to protrude into the rear twenty feet (20') of any Lake Lot.

(i) No Docks. The Owner of a Lake Lot may not construct or maintain a dock or similar recreational or boating structure in any portion of the yard facing a Lake.

(j) Prohibition. The use of a boat, canoe, paddleboat, raft, or any type of floating vessel on a Lake in the Subdivision is prohibited.

SECTION 2.22. UNDERGROUND ELECTRIC SERVICE. An underground electric distribution system will be installed in the Subdivision ("**Underground Residential Subdivision**"), which underground service area will embrace all Lots in the Subdivision. The Owner of each Lot in the Underground Residential Subdivision must, at his own cost, furnish, install, own and maintain (all in accordance with the requirements of local governing authorities and the National Electrical Code ["**N.E.C.**"]) the underground service cable and appurtenances from the point of the electric company's metering on customer's structure to the point of attachment at such company's installed transformers or energized secondary junction boxes. Such point of attachment will be made available by the electric company at a point designated by such company at the property line of each Lot. The

electric company furnishing service will make the necessary connections at said point of attachment and at the meter. In addition, the Owner of each such Lot must, at his own cost, furnish, install, own and maintain a meter loop (in accordance with the then current standards and specifications of the electric company furnishing service) for the location and installation of the meter of such electric company for the residential dwelling constructed on such Owner's Lot. For so long is underground service is maintained in the Underground Residential Subdivision, the electric service to each Lot therein will be underground, uniform in character and exclusively of the type known as single phase, 110/220 volt, three wire, 60 cycle, alternating current.

The electric company has installed the underground electric distribution system in the Underground Residential Subdivision at no cost to Developer and/or Declarant (except for certain conduits, where applicable) upon the representation that the Underground Residential Subdivision is being developed for single-family residential dwellings of the usual and customary type, constructed upon the premises, designed to be permanently located upon the Lot where originally constructed and built for sale to bona fide purchasers (such category of residential dwelling expressly excludes, without limitations, mobile homes and duplexes). Therefore, should the plans of Lot Owners in the Underground Residential Subdivision be changed so that residential dwellings of a different type will be permitted in such Subdivision, the electric company is not obligated to provide electric service to a Lot where a residential dwelling of a different type is located unless (a) Developer and/or Declarant has paid to the electric company an amount representing the excess in cost, for the entire Underground Residential Subdivision, of the underground distribution system over the cost of equivalent overhead facilities to serve such Subdivision, or (b) the Owner of such Lot, or the applicant for service, pays to the electric company for the additional service (it having been agreed that such amount reasonably represents the excess in cost of the underground distribution system to serve such Lot), plus (2) the cost of rearranging and adding any electric facilities serving such Lot, which rearrangement and/or addition is determined by the company to be necessary.

SECTION 2.23. **STRUCTURED IN-HOUSE WIRING**. Each residential dwelling constructed on a Lot in the Subdivision must include among its components structured in-house wiring and cabling to support multiple telephone lines, internet/modem connections, satellite and cable TV service and in-house local area networks. In each residential dwelling, a central location or Main Distribution Facility ("**MDF**") must be identified to which ALL wiring must be run. The MDF is the location where all wiring is terminated and interconnected, and where the electrical controllers will be mounted.

The MDF will be the central location for all wiring of all types including security, data, video, and telephone wiring. The wiring room must be a clean interior space, preferably

temperature controlled and secure. The components must be installed only in a dry location as described in the N.E.C.

The following are acceptable locations:

(a) a dedicated wiring closet (ideal installation);
(b) a storage closet (if appropriate space is available); or
(c) a utility room that is considered dry as described in the N.E.C.

The components MAY NOT be installed in a garage, crawl space, exterior enclosure, or fire rated wall, as these are not approved installation locations. The volume and ventilation characteristics of the MDF must allow for 70W heat dissipation without exceeding the ambient temperature and humidity requirements. The specific requirements, specifications, and locations for structured wiring, number of drops and each MDF are subject to Committee approval in each case. The Committee may promulgate rules and/or specifications for the MDFs.

SECTION 2.24. HOME ALARM SYSTEMS. Each residential dwelling constructed in the Subdivision must include among its components a home alarm system located next to or within the MDF. The home alarm system must be wired so as to protect all accessible doors and windows. It must also have the capability of being monitored by a licensed monitoring company which, unless otherwise approved in writing by the Committee, requires the installation of a land based data line. The specific requirements for the home alarm system are subject to Committee approval in each case. The Committee may promulgate rules and/or specifications for the home alarm system.

SECTION 2.25. BULK SERVICES. IN THE SOLE DISCRETION OF THE DEVELOPER DURING THE DEVELOPER CONTROL PERIOD AND, THEREAFTER, IN THE SOLE DISCRETION OF THE BOARD, THE ASSOCIATION HAS THE EXCLUSIVE RIGHT AND OPTION TO PROVIDE AND BILL EACH LOT OWNER (EXCLUDING BUILDERS FOR SERVICES RENDERED UNDER SUBSECTIONS A THROUGH I INCLUSIVE BELOW) FOR THE FOLLOWING BULK SERVICES ("**BULK SERVICES**") (INCLUDING THE INITIAL INSTALLATION THEREOF IN THE PROPERTY) EITHER INDIVIDUALLY OR IN BUNDLED PACKAGES:

A. TELEPHONE SERVICES (LOCAL AND LONG DISTANCE)
B. CLOSED CIRCUIT TELEVISION
C. CABLE TELEVISION
D. SATELLITE TELEVISION
E. INTERNET CONNECTION
F. COMMUNITY INTERNET
G. FIRE AND/OR BURGLAR HOME ALARM MONITORING
H. ON DEMAND VIDEO
I. VOICE MAIL
J. ELECTRICAL POWER
K. NATURAL GAS
L. NON-POTABLE WATER FOR IRRIGATION
M. ENERGY MANAGEMENT

N. WATER MANAGEMENT

THE BULK SERVICES WILL BE BILLED TO THE OWNER IN ANY COMBINATION OF THE FOLLOWING METHODS AT THE OPTION OF THE BOARD: (1) BY THE BULK SERVICES PROVIDER; (2) AS A PART OF THE ANNUAL ASSESSMENTS IN ACCORDANCE WITH ARTICLE V OF THIS DECLARATION; AND/OR (3) AS A BULK SERVICES ASSESSMENT IN ACCORDANCE WITH SECTION 5.16 OF THIS DECLARATION. THESE ASSESSMENTS MAY BE BILLED PER LOT METERED, OR PER SERVICE, OR ANY COMBINATION THEREOF (WHICH RATE MAY FLUCTUATE BASED UPON THE BULK SERVICES BEING PROVIDED AND THE SIZE OF THE LOT), ALL AS DETERMINED IN THE SOLE DISCRETION OF THE DEVELOPER OR THE BOARD. IN ADDITION, THE BOARD MAY CHANGE THE PROVIDER OF THE BULK SERVICES AT ANY TIME AND FROM TIME TO TIME.

SECTION 2.26. LOT DRAINAGE AND GRADING. Each Lot must be graded so that storm water will drain to the adjacent street(s) and not across adjacent Lots. Particular requirements for Lot drainage and grading are set forth in the Design Guidelines.

SECTION 2.27. DRIVEWAYS. Requirements for the construction of a driveway on a Lot and the permissible size and location of a driveway on a Lot are set forth in the Design Guidelines. The driveway on a Lot must be approved in writing by the Committee prior to construction and must be in accordance with the Design Guidelines.

SECTION 2.28. OUTDOOR LIGHTING. All outdoor lighting must comply with the requirements of the Design Guidelines and be approved in writing by the Committee. Exterior lighting may not be offensive or an annoyance to surrounding residents of ordinary sensibilities. In the event of a dispute as to whether exterior lighting on a Lot is offensive or an annoyance to surrounding residents, the Board of Directors has the authority to make the determination and its determination shall be conclusive and binding on all parties. In the event exterior lighting is determined to be offensive and annoying to surrounding residents, the Owner of the Lot on which the exterior lighting is located is required to modify or remove the lighting as directed by the Board.

SECTION 2.29. SCREENING. Mechanical and electrical devices, garbage containers and other similar objects visible from a street, Reserves, Common Area or Lakes or located on Section boundaries must be screened from view by either fences, walls, plantings, or a combination thereof. Screening with plants is to be accomplished with initial installation, not assumed growth at maturity. Additional screening requirements may be set forth in the Design Guidelines. In particular, landscaping approved by the Committee is required around the power/phone transformers and pedestals located in the front yard of a Lot; the landscaping must be located in front of the transformers and pedestals to screen them from view from the street in front of the Lot and on both sides of the transformers and

pedestals. The plant material must be evergreen and the plant material must be large enough to fully screen the transformers and pedestals from view at the time the landscaping is installed.

SECTION 2.30. **FENCES AND WALLS**. A fence or wall constructed on a Lot must comply with the provisions of the Design Guidelines as to type, location, height, color and materials. No fence or wall may be constructed on a Lot without the prior written approval of the Committee. **Notice is given that there may be more stringent requirements for a fence or wall constructed on a Lot adjacent to a Reserve, Lake or Green Belt or a fence or wall having a street.** No chain link fence of any type is permitted on a Lot.

SECTION 2.31. **FENCE MAINTENANCE**. With the exception of Association Walls, a fence or wall on a Lot must be maintained in good condition at all times by the Owner of the Lot. The Association is granted a perpetual easement over and across each Lot on which an Association Wall is located for the purpose of maintenance or replacement. Each Lot which an Association Wall abuts, and each Lot on which a fence constructed by the Association, Developer or Declarant is to be maintained by the Association is also subject to a perpetual easement for the purpose of maintaining and repairing the Association Wall or fence. Each easement is five feet (5') in width and extends along the entirety of the Lot line(s) on which the Association Wall is located or the Lot that abuts the Association Wall or fence that the Association is to maintain and repair. Regarding any fence or wall located on an Owner's Lot that the Association may have the obligation to maintain, the Association's maintenance obligation extends only to normal wear and tear of such fencing. Any damage caused to such fencing by an Owner or occupant that is beyond normal wear and tear shall be the Owner's obligation to repair and/or replace, subject to prior written approval of the Committee. The Board has the sole discretion to determine what constitutes normal wear and tear.

SECTION 2.32. **OTHER REQUIREMENTS**. A Supplemental Declaration may include additional requirements or restrictions, for the Lots subject to the Supplemental Declaration, such as, by way of example and not in limitation, greater square footage requirements for residential dwellings and different requirements for exterior building materials. A Supplemental Declaration may impose additional building requirements but may not limit the Declaration or diminish the building size or construction standards set forth in this Declaration.

SECTION 2.33. **CUL-DE-SAC LOTS**. A Lot at the end of a cul-de-sac will be configured so that the side property line of the Lot nearest to the end of the cul-de-sac will extend to the center of the cul-de-sac, thereby abutting the Lot on the other side of the cul-de-sac which will be configured in the same manner. On these Lots, the fence along the side property line nearest to the end of the cul-de-sac is required to extend along the entire

side property line of the Lot and connect to the fence on the side property line of the Lot on the other side of the cul-de-sac. In addition, the sidewalk on such a Lot is required to continue along the arc of the cul-de-sac until it connects to the sidewalk on the other side of the cul-de-sac (with the result being a sidewalk around the entirety of the cul-de-sac).

ARTICLE III.
USE RESTRICTIONS

SECTION 3.1. **SINGLE FAMILY RESTRICTION USE ONLY**. Each Owner may use his Lot and the residential dwelling and other improvements to his Lot for single family residential purposes only. As used herein, the term "**single family residential purposes**" specifically prohibits, without limitation, the use of a Lot for a duplex apartment, a garage apartment or any other apartment or for any multi-family use or for any business, professional or other commercial activity of any type, unless such business, professional or commercial activity is unobtrusive and merely incidental to the primary use of the Lot and the residential dwelling and other improvements on the Lot for residential purposes. As used herein, the term "**unobtrusive**" means, without limitation, that there is no business, professional or commercial related sign, logo or symbol displayed on the Lot; there is no business, professional or commercial related sign, logo or symbol displayed on any vehicle on the Lot; there are no clients, customers, employees or the like who go to the Lot for any business, professional or commercial related purpose on any regular basis; and the conduct of the business, professional, or commercial activity is not otherwise apparent by reason of noise, odor, vehicle and/or pedestrian traffic and the like.

An Owner of a Lot is entitled to lease the Lot only for single family residential purposes. No Owner is permitted to lease the Owner's Lot for hotel or transient purposes. For purposes of this Section 3.1, a lease term that is less than six (6) months is deemed to be a lease for hotel or transient purposes. An Owner is not permitted to lease a room in the residential dwelling or other improvement on the Owner's Lot or any portion less than the entirety of the Lot and the residential dwelling and other improvements on the Lot. Every lease must provide that the lessee is bound by and subject to all of the obligations under this Declaration and a failure to do so shall be a default under the lease. The Owner who leases his/her Lot is not relieved from any obligation to comply with the provisions of this Declaration by virtue of the lease.

Unless otherwise approved in writing by Developer during the Developer Control Period and, thereafter, by the Board of Directors, not more than one (1) full-time, live-in domestic worker, "nanny" or the like is entitled to reside on a Lot; for purposes of this Section 3.1, the one (1) permitted domestic worker, nanny or the like is considered an immediate member of the family occupying the Lot.

SECTION 3.2. **PROHIBITION OF OFFENSIVE ACTIVITIES**. No noxious or offensive activity of any kind is permitted on a Lot nor may anything be done on a Lot which may be or may become an annoyance or a nuisance to the Owners or occupants of surrounding Lots. A nuisance is any activity or condition on a Lot which is reasonably considered by the Board of Directors to be an annoyance to surrounding residents of ordinary sensibilities or which may reduce the desirability of the Lot on which the activity or condition exists or any surrounding Lot. No loud noises or noxious odors is permitted on a Lot. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles or other items which may unreasonably interfere with television or radio reception of any Lot Owner in the Subdivision, may be located, used or policed on any portion of a Lot or exposed to the view of other Lot Owners without the prior written approval of the Association. No television, sound or amplification system or other such equipment may be operated at a level that can be heard outside of the building in which it is housed. This restriction is not applicable to the normal sales activities required to sell residential dwellings in the Subdivision and the lighting effects utilized to display the model homes.

SECTION 3.3. **TEMPORARY STRUCTURES**. No structure of a temporary character, with the exception of a storage building or a children's play structure approved in writing by the Committee, may be constructed or placed on a Lot; provided, however, the Developer may place or allow a Builder to place a sales trailer and/or construction trailer on a Lot so long as construction and sales activities continue to be conducted in the Subdivision.

Provided the written consent of the Committee is secured prior to construction or placement on a Lot, one (1) lawn storage building and one (1) children's play structure is permitted on a Lot. Neither a lawn storage building nor a children's play structure may exceed a height of eight feet (8') measured from grade to the highest point of the structure or one hundred (100) square feet. A lawn storage building and a children's play structure must be located in the rear yard of the Lot behind the residential dwelling. Provided that, in no case may a lawn storage building or children's play structure be placed on a utility easement, or within five feet (5') of a side Lot line or ten feet (10') of the rear Lot line. Additionally, no lawn storage building or children's play structure is permitted on a Lot unless it is completely enclosed by approved fencing. No other outbuilding or temporary structure of any kind may be moved onto or erected on a Lot. Restrictions relating to structures on Lake Lots are set forth in Section 2.21.(a) of this Declaration.

SECTION 3.4. **PERMITTED VEHICLES**. No motor vehicle may be parked or stored on a Lot, easement, street right-of-way or Common Area or in the street adjacent to a Lot, easement, right-of-way or Common Area unless:

(a) the vehicle does not exceed six feet six inches (6'6") in height, seven feet six inches (7'6") in width, and twenty-one feet (21') in length ("**Permitted Vehicle**"); and

(b) the Permitted Vehicle:

  (i) is in operating condition;

  (ii) has current license plates and inspection stickers; and

  (iii) is in daily use outside the Subdivision.

No Permitted Vehicle may be parked on a Lot in excess of forty-eight (48) consecutive hours, unless such Permitted Vehicle is concealed from public view inside a garage or other approved enclosure. (The phrase "approved enclosure" as used in this Section 3.4 means a fence, structure or other improvement approved in writing by the Committee. No such approved enclosure is permitted on a Lake Lot.) It is the intent of this restriction that vehicles not in daily use outside the Subdivision must be parked in the garage or an approved enclosure on the Lot. No Permitted Vehicle registered to a resident of a Lot or used by the resident of a Lot may be parked overnight on a street in the Subdivision. No vehicle of any kind shall be parked on an unpaved portion of a Lot.

No non-motorized vehicle, trailer, boat, marine craft, hovercraft, aircraft, machinery or equipment of any kind or any type of vehicle other than a Permitted Vehicle may be parked or stored on a Lot, driveway, easement, street right-of-way, or Common Area or in the street adjacent to a Lot, easement, street right-of-way, or Common Area unless concealed from public view inside a garage or other approved enclosure. No person may park, store or keep within the Subdivision a commercial vehicle (dump truck, cement-mixer truck, oil or gas truck, delivery truck, tractor or tractor trailer, boat trailer and any other vehicle equipment, mobile or otherwise deemed to be a nuisance by the Board of Directors of the Association), or any recreational vehicle (camper unit, motor home, truck, trailer, boat, mobile home or other similar vehicle deemed to be a nuisance by the Board of Directors of the Association). Provided, however, a recreational vehicle may be temporarily parked on a Lot for the purposes of loading and unloading; as used in this section, "temporary parking" means not more than four (4) hours in any seven (7) day period.

No person may repair or restore any motor vehicle, boat, trailer, aircraft or other vehicle on any street, driveway, Lot or portion of the Common Area, except for repairs to the personal vehicles of the occupants of a Lot conducted exclusively in the enclosed garage (and provided such personal vehicle repairs do not cause excessive noise or disturb the neighbors at unreasonable hours of the night, as determined by the Board of Directors of

the Association). This restriction does not apply to any vehicle, machinery, or maintenance equipment temporarily parked on a Lot or on a street in the Subdivision and in use for the construction, repair or maintenance of the residential dwelling on the Lot or in the immediate vicinity.

No vehicle may be parked on a street or driveway in a manner that obstructs ingress to or egress from a Lot by other Owners, their families, guests and invitees or the general public using the streets for ingress to and egress from the Subdivision. The Association may designate areas as fire zones, or no parking zones, or guest parking only zones. The Association has the authority to tow any vehicle parked or situated on a Private Street in violation of this Declaration or the Association rules, the cost to be at the vehicle owner's expense.

No motor bikes, motorcycles, motor scooters, "go-carts" or other similar vehicles may be operated on a street in the Subdivision if, in the sole judgment of the Board of Directors of the Association, such operation, by reason of noise or fumes emitted, or by reason of manner of use, constitutes a nuisance or jeopardize the safety of any Owner, or the Owner's tenants, and their families. The Association may adopt rules for the regulation of the admission and parking of vehicles within the Subdivision, the Common Area, and adjacent street right-of-ways, including the assessment of charges and fines to Owners who violate, or whose invitees violate, such rules after notice and hearing.

SECTION 3.5. **GARAGE SALES**. The Association has the right to adopt rules and regulations governing and limiting garage sales and the promotion of garage sales. A garage sale may be conducted on a Lot only in strict accordance with the recorded rules and regulations.

SECTION 3.6. **AIR CONDITIONERS**. No window or wall type air conditioner may be installed, placed, or maintained on or in the residential dwelling, garage or any other structure on a Lot without the prior written approval of the Committee.

SECTION 3.7. **WINDOW AND DOOR COVERINGS**. No aluminum foil or similar reflective material may be used or placed over doors or on windows. No newspaper, sheets, flags or similar materials which are not customarily used as appropriate window coverings may be placed in the window of a residential dwelling, garage or other structure on a Lot.

SECTION 3.8. **UNSIGHTLY OBJECTS**. No unsightly objects which might reasonably be considered to be an annoyance to surrounding residents of ordinary sensibilities may be placed or allowed to remain on a Lot or in a street in the Subdivision. The Board has the authority to determine whether an object is unsightly and its determination will be conclusive and binding on all parties.

SECTION 3.9. POOLS AND WATER FEATURES. No above-ground pool is permitted on a Lot. No pool or other type of water amenity (other than above-ground pool, which is prohibited) may be constructed on a Lot without the prior written approval of the Committee. No appurtenance for a pool or water amenity (such as, by way of example and not in limitation, a waterfall or slide) may exceed six feet (6') in height measured from finished grade to the highest point of the appurtenance. A deck may not extend above the ground more than twenty-four inches (24"). A pool or other water amenity is permitted only if the yard area in which it is located is completely enclosed by a fence. The intent of this provision is to offer optimum private enjoyment of adjacent properties. The Committee has the authority to require a pool or other water amenity to be located farther from a property line than the applicable building setback to minimize noise and visibility from an adjacent Lot.

SECTION 3.10. MINERAL OPERATION. No oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind is permitted on a Lot or Common Area, nor are any wells, tanks, tunnels, mineral excavation, or shafts permitted on a Lot or Common Area. No derrick or other structures designed for the use in boring for oil or natural gas may be erected, maintained or permitted on a Lot or Common Area.

SECTION 3.11. ANIMAL HUSBANDRY. No animals, livestock, or poultry of any kind may be raised, bred or kept on a Lot, except that dogs, cats or other common household pets may be kept, in reasonable numbers, provided that they are not kept, bred or maintained for commercial purposes. Provided that, in no event shall a pig of any kind, including a Vietnamese pot-belly pig, be considered to be a common household pet. No Owner may allow a pet to become a nuisance by virtue of noise, odor, dangerous proclivities, or excessive pet debris. Common household pets must be confined to a fenced backyard (such fence shall encompass the entire backyard) or within the residential dwelling. When outside the residential dwelling or fenced rear yard a pet must be on a leash at all times. It is the pet owner's responsibility to keep the Lot clean and free of pet debris and to keep pets from making unreasonable noise. Pet Owners may not permit their pets to defecate on other Owners' Lots, on the Common Area, Lake, Landscape Areas, Recreational Areas or on the streets, curbs, or sidewalks.

SECTION 3.12. VISUAL OBSTRUCTION AT THE INTERSECTION OF STREETS. No object or thing which obstructs site lines at elevations between two feet (2') and six feet (6') above the roadways within the triangular area formed by the intersecting street Lot lines and a line connecting them at points twenty-five feet (25') from the intersection of the street property lines or extension thereof may be placed, planted or permitted to remain on any corner Lots.

SECTION 3.13. MAINTENANCE OF THE LOT AND IMPROVEMENTS. The Owner or occupant of each Lot must at all times keep all weeds and grass thereof cut in a sanitary, healthful, attractive and weed free manner, and edge curbs that run along the Lot lines and may in no event use the Lot for storage of materials and equipment except for normal residential requirements or incident to construction of approved improvements. All fences (excluding Association Walls) and buildings (including, but not limited to, the residential dwelling and garage) and other improvements which have been erected on a Lot must be maintained in good repair and condition by the Owner, and the Owner must promptly repair or replace any improvement in the event of partial or total destruction or ordinary deterioration, wear and tear. Each Owner must maintain in good condition and repair all improvements on the Lot including, but not limited to, all windows, doors, garage doors, roofs, siding, brickwork, stucco, masonry, concrete, driveways and walks, fences, trim, plumbing, gas and electrical. By way of example, not of limitation, wood rot, damaged brick, fading, peeling or aged paint or stain, mildew, broken doors or windows, rotting or failing fences will be considered violations of this Declaration, which conditions the Owner of a Lot is obligated to repair or replace upon demand by the Association.

All walks, driveways and other areas must be kept clean and free of debris, oil or other unsightly matter. The Association has the authority to determine whether a Lot is in need of maintenance or repair. No Lot may be used or maintained as a dumping ground for rubbish. Trash, garbage or other materials must be kept in sanitary containers constructed of metal, plastic or masonry materials with sanitary covers or lids. No materials of any kind may be dumped or drained into any Lake, Landscape Area or Common Area. Containers for the storage of trash, garbage and other waste materials must be stored out of public view except on trash collection days when they may be placed at the curb not earlier than 7:00 p.m. of the night prior to the day of scheduled collections and must be removed by 7:00 p.m. on the day of collection. Burning of trash, garbage, leaves, grass or anything else on a Lot is prohibited. Equipment for storage or disposal of such waste materials must be kept in a clean and sanitary condition and stored out of public view. New building materials used in the construction of improvements erected on a Lot may be placed upon such Lot at the time construction is commenced and may be maintained thereon for a reasonable time, so long as the construction is being diligently pursued, until the completion of the improvements, after which these materials must either be removed from the Lot or stored in a suitable approved enclosure on the Lot.

In the event of default on the part of the Owner of a Lot in observing the above requirements or any of them, such default continuing after Association has served ten (10) days' written notice thereof, being placed in the U.S. Mail without the requirement of certification, then the Association, by and through its duly authorized agent only, without

liability to the Owner or occupant of the Lot in trespass or otherwise, may enter upon the Lot and cut the grass, edge and weed the lawn, cause garbage, trash and rubbish to be removed or do any other thing necessary to secure compliance with this Declaration so as to place said Lot and the improvements thereon in a neat, attractive, and sanitary condition. The Association may charge the Owner or occupant of the Lot for the cost of such work. The Owner or occupant, as the case may be, agrees by the purchase or occupancy of a Lot to pay for the cost of such work immediately upon receipt of a statement thereof. In the event of failure by the Owner or occupant to pay such statement within fifteen (15) days from the date mailed, the amount thereof may be added to the Owner's assessment account as a charge back for costs and collected in accordance with Article V of this Declaration.

SECTION 3.14. SIGNS. No sign of any kind may be displayed in public view on a Lot, except not more than one (1) sign in each of the following categories, each of which may not be more than six (6) square feet in area used to: (a) advertise the Lot for sale or lease; (b) indicate traffic control or security services; (c) identify the Builder or contractor while construction is in progress on such Lot; or (d) local school spirit signs approved in writing by the Committee for designated periods of time. An Owner may place ground mounted signs on the Owner's Lot, which advertise a political candidate or ballot item for an election ("**Political Signs**"), provided the following criteria are met:

(i) No Political Sign may be placed on a Lot prior to the ninetieth (90th) day before the date of the election to which the sign relates, or remain on a Lot subsequent to the tenth (10th) day after the election date.

(ii) No more than one (1) Political Sign is allowed per political candidate or ballot item.

(iii) No Political Sign may: contain roofing material, siding, paving, materials, flora, one or more balloons or lights, or any other similar building, landscaping, or nonstandard decorative component; be attached in any way to plant material, a traffic control device, a light, a trailer, a vehicle, or any other existing structure or object; include the painting of architectural surfaces; threaten the public health or safety; be larger than four feet by six feet; violate a law; contain language, graphics, or any display that would be offensive to the ordinary person; or be accompanied by music, other sounds, by streamers or is otherwise distracting to motorists.

The Association may remove and discard a sign displayed on a Lot in violation of this section of the Declaration without liability to the Owner or occupant of the Lot.

Notwithstanding the foregoing, Developer reserves for itself and each Declarant the

right to construct and maintain signs, billboards, and advertising devices as is customary in connection with the sale of newly constructed residential dwelling. The Developer, a Declarant and the Association also has the right to erect identifying signs at each entrance to the Subdivision. In no event may any sign, billboard, poster or advertising device of any character, other than as specifically prescribed in the first sentence of this Section 3.14 be erected, permitted or maintained on a Lot without the express prior written consent of the Committee.

SECTION 3.15. NO BUSINESS OR COMMERCIAL USE. No Lot or any improvement on a Lot may be used for any purpose other than single-family residential purposes. Except as provided in Section 3.1 of this Declaration, no Lot or improvement on a Lot may be used for any business, commercial trade or professional purpose or as a church either apart from or in connection with, the use thereof as a residential dwelling, whether for profit or not. The foregoing restrictions as to residential dwelling will not, however, be construed in such manner as to prohibit an Owner from:

(a) maintaining a personal professional library;

(b) keeping personal business or professional records or accounts; or

(c) handling personal business or professional telephone calls or correspondence, which uses are expressly declared customarily incidental to the principal residential use and not in violation of said restrictions, provided such activity is not apparent by sight, sound or smell or such outside the Lot and does not involve pedestrian or vehicle traffic to the Lot by customers, suppliers or other business invitees.

SECTION 3.16. HOLIDAY DECORATIONS. Exterior Thanksgiving decorations may be displayed on a Lot no earlier than November 10 of each year and no later than December 1 of that year. Exterior holiday season (e.g. Christmas and Hanukkah) decorations may be displayed no earlier than the day after Thanksgiving each year and no later than January 6 of the succeeding year. Decorations for other holidays may be displayed no earlier than thirty (30) days prior to the holiday and no later than ten (10) days after the date of the holiday. No holiday decorations may be so excessive on a Lot as to cause a nuisance to surrounding residents. The Board has the sole and exclusive authority to determine whether holiday decorations on a Lot cause a nuisance to surrounding residents and its determination will be conclusive and binding on all parties.

SECTION 3.17. VISUAL SCREENING ON LOTS. The drying of clothes in public view is prohibited. All yard equipment, woodpiles or storage piles must be kept screened by a service yard or other similar facility so as to conceal them from view of neighboring Lots, streets, Lakes, Green Belts, or other property.

SECTION 3.18. **ANTENNAS, SATELLITE DISHES AND MASTS**. No exterior antennas, aerials, satellite dishes, or other apparatus for the reception of television, radio, satellite or other signals of any kind may be placed, allowed, or maintained on a Lot, which are visible from any street, Common Area or another Lot, unless it is impossible to receive an acceptable quality signal from any other location. In that event, the receiving device may be placed in the least visible location where reception of an acceptable quality signal may be received. The Board of Directors of the Association may require painting or screening of the receiving device, if such painting or screening does not substantially interfere with an acceptable quality signal. In no event are the following devices permitted: (i) satellite dishes, which are larger than one (1) meter in diameter; (ii) broadcast antenna masts, which exceed the height of the center ridge of the roofline; or (iii) MMDS antenna masts, which exceed the height of twelve feet (12') above the center ridge of the roofline. No exterior antennas, aerials, satellite dishes, or other apparatus may be placed or maintained on a Lot which transmit television, radio, satellite or other signals of any kind. This section is intended to be in compliance with the Telecommunications Act of 1996 (the "**Act**"), as the Act may be amended from time to time, and FCC Regulations promulgated pursuant to the Act; this section is to be interpreted to be as restrictive as possible, while not violating the Act or applicable FCC Regulations. The Board of Directors of the Association may promulgate architectural guidelines which further define, restrict or elaborate on the placement and screening of receiving devices and masts, provided such architectural guidelines are in compliance with the Act and applicable FCC Regulations.

SECTION 3.19. **STREETS**. All streets and esplanades in the Subdivision which are designated as Private Streets and esplanades on a Plat and deeded to the Association will be maintained and regulated by the Association. The Association has the right to establish rules and regulations concerning Private Streets including, but not limited to, speed limits, curb parking, fire lanes, and alleys, stop signs, traffic directional signals and signs, speed bumps, crosswalks, traffic directional flow, stripping, signage, curb requirements, and other matters regarding the roads, streets, curbs, esplanades and their use.

SECTION 3.20. **DRAINAGE AND SEPTIC SYSTEMS**. Catch basin drainage areas are for the purpose of natural flow of water only. No obstructions or debris may be placed in these areas. No person other than the Developer or a Declarant may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. Developer or a Declarant hereby reserves for itself and the Association a perpetual easement across the Subdivision for the purpose of altering drainage and water flow; provided, however, that the exercise of such easement may not materially diminish the value or interfere with the use of any adjacent property without the

consent of the Owner thereof. Septic tanks and drain fields, other than those installed by or with the consent of the Developer are prohibited within the Subdivision. No Owner or occupant of a Lot may dump grass clippings, leaves or other debris, petroleum products, fertilizers or other potentially hazardous or toxic substances, in any drainage ditch, storm sewer or storm drain, a Lake, or Landscape Areas within the Subdivision.

SECTION 3.21. **FIREWORKS AND FIREARMS**. The discharge of fireworks or firearms within the Subdivision is prohibited. The terms "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size. Notwithstanding anything to the contrary in this Declaration, the Association does not have an obligation to attempt to prevent the discharge of fireworks or firearms in the Subdivision.

SECTION 3.22. **ON-SITE FUEL STORAGE**. No on-site storage of gasoline, heating or other fuels is permitted on a Lot except that up to five (5) gallons of fuel in approved containers may be stored on each Lot for emergency purposes and the operation of outdoor grills, lawn mowers and similar tools or equipment; provided, however, that the Association is permitted to store fuel in a secure building or structure on Common Area for the operation of maintenance vehicles, generators and similar equipment.

ARTICLE IV.
PROPERTY OWNERS ASSOCIATION OF LAGO MAR

SECTION 4.1. **PURPOSE**. The purpose of the Association is to provide for maintenance, preservation and architectural control of the Lots within the Subdivision, as well as Private Streets, Recreational Areas, and the Common Area.

SECTION 4.2. **MEMBERSHIP AND VOTING RIGHTS**. The Association has mandatory membership. Every Owner of a Lot subject to this Declaration is a member of the Association. Membership is appurtenant to and may not be separated from ownership of a Lot. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner may have more than one membership.

SECTION 4.3. **CLASSES OF VOTING MEMBERSHIP**. The Association shall have two (2) classes of voting membership.

- Class A. Class A members are all Owners other than the Developer, and who are entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in a Lot, all such persons are members. The vote for such Lot may be exercised as they determine, but in no event may more than one (1) vote be cast with respect to a Lot. The holder of a future interest in a Lot who is not entitled to possession of the Lot is not considered to be an Owner.

- Class B. The Class B member(s) is Developer, or its successor(s) or assign(s) so designated in writing by the Developer. Developer is entitled to seven (7) votes for each Lot owned. The Class B membership will cease and be converted to Class A membership at the end of the Developer Control Period. If, prior to the end of the Developer Control Period, Developer ceases to own a Lot within the Property, but additional land is thereafter annexed by Developer and subjected to the provisions of this Declaration and the jurisdiction of the Association, Developer will have, as the Class B Member, seven (7) votes for each Lot owned within the additional land. Class B membership in the Association will not cease to exist at such time as Developer no longer owns a Lot within the Property; rather, Class B membership in the Association will only cease to exist at the end of the Developer Control Period.

SECTION 4.4. **NON-PROFIT CORPORATION**. The Association, a nonprofit corporation, has been organized, and it will be governed by its Certificate of Formation and Bylaws. The Association has all duties, obligations, benefits, liens and rights set forth in this Declaration. The Association may exercise any right or privilege granted to it by the provisions of this Declaration or its Certificate of Formation or Bylaws, or reasonably implied from or necessary to effectuate any such right or privilege.

SECTION 4.5. **BYLAWS; CONFLICTS**. The Association may adopt and amend its Bylaws as it deems appropriate so long as the Bylaws do not conflict with the provisions of this Declaration. In the event of a conflict between a provision in this Declaration and a provision in either the Certificate of Formation or the Bylaws, the provision in this Declaration controls. In the event of a conflict between a provision in the Certificate of Formation and a provision in the Bylaws, the provision in the Certificate of Formation controls.

SECTION 4.6. **OWNERSHIP INFORMATION**. The Owner is required at all times to provide the Association with written notice of a proper mailing address if different than the property address of the Owner's Lot. Further, if the Owner has an alternative address, the Owner is required to notify the Association of the Owner's tenant, if any, or agency, if any, involved in the management of the Owner's Lot. The Owner is required and obligated to maintain current information with the Association or its designated management company at all times. The submission to the Association of a check with a different mailing address than the address of the Owner's Lot does not constitute notice of a change of mailing address. If an Owner fails to notify the Association of their current address, the Association may use the address of the Lot as the current address.

SECTION 4.7. **INSPECTION OF RECORDS**. The members of the Association have the right to inspect the books and records of the Association in accordance with the Association's Open Records Policy.

SECTION 4.8. **DEVELOPER CONTROL**. SECTIONS 4.2 AND 4.3 OF THIS ARTICLE IV NOTWITHSTANDING, AND FOR THE BENEFIT AND PROTECTION OF THE OWNERS AND ANY FIRST MORTGAGES OF RECORD, FOR THE SOLE PURPOSE OF INSURING A COMPLETE AND ORDERLY BUILDOUT OF THE SUBDIVISION AND ALL ANNEXATIONS THERETO, AS WELL AS A TIMELY SELLOUT OF THE SUBDIVISION, THE DEVELOPER WILL RETAIN CONTROL OF THE ASSOCIATION UNTIL THE TERMINATION OF THE DEVELOPER CONTROL PERIOD IN SECTION 1.12 OF THIS DECLARATION.

ARTICLE V.
ASSESSMENTS AND OTHER FEES

SECTION 5.1. **THE MAINTENANCE FUND**. All funds maintained by the Association per the provisions of this Article V will be known as the "**Maintenance Fund**." The Assessments levied by the Association must be used exclusively for the administration, management and operation of the Subdivision and for the improvement and maintenance and acquisition of Common Area and any Private Streets, Reserves, storm water detention Lakes, and easements. The responsibilities of the Association may include, by way of example and not in limitation, at its sole discretion, any and all of the following: maintaining, repairing or replacing parkways, streets, Private Streets, curbs, perimeter fences, esplanades; maintaining, repairing or replacing of the walkways, steps, entry gates, or fountain areas, Landscape Areas, project identity signs, landscaping if any; maintaining rights-of-way, easements, esplanades and other public areas, if any; constructing, installing, and operating street lights; purchasing and/or operating expenses of recreation areas, pools, playgrounds, clubhouses, tennis courts, jogging tracks and parks, if any, collecting garbage, insecticide services; payment of all legal and other expenses incurred in connection with the enforcement of this Declaration and any Supplemental Declaration; payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charges and Assessments; employing policemen and watchmen; employing CPAs and property management firms, attorneys, porters, lifeguards, or any type of service deemed necessary or advisable by the Association; caring for vacant Lots and doing any other thing necessary or desirable in the opinion of the Association to keep the properties in the Subdivision neat and in good order, or to which is considered of general benefit to the Owners or occupants of Lots in the Subdivision. It is understood that the judgment of the Association in the expenditure of the Maintenance Fund is final and conclusive so long as such judgment is exercised in good faith.

The Association will annually prepare a reserve budget to take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Association will set the required capital contribution in an amount sufficient to permit meeting the projected needs of the Association, as shown on the budget, with respect both to amount and timing by annual Assessments over the period of the budget. Provided that, the Association is not obligated to set the capital contribution at an amount required to at all times cause the reserve account to be one hundred percent (100%) funded per the projected needs of the Association or, if a reserve study is performed by a third party, per the recommendations set forth in the reserve study.

SECTION 5.2. LAKES. Every Lake within the Subdivision owned by the Association or which the Association is obligated to maintain will be maintained and insured using Association funds.

SECTION 5.3. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. Each Lot in the Subdivision is hereby subjected to the Assessments as set out in this Article, and each Owner of a Lot, by acceptance of a deed to the Lot, whether or not it is so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) Annual Assessments; (2) Gated Section Assessments; (3) Operating Fund Capitalization Fees; (4) Reserve Fund Capitalization Fees; (5) Special Assessments; (6) Specific Section Assessments; (7) Adopt-A-School Assessments; (8) Administrative Fees; (9) Bulk Services Assessments; and (10) any charge back for costs, fees, expenses, fines, attorney's or other charges incurred or authorized by this Declaration or by the Association in connection with enforcement of the Governing Documents ("**Assessments**"). The Assessments are a charge on the Lot and a continuing lien upon the Lot against which such Assessments are made. All such Assessments as to a particular Lot, together with interest, late charges, costs and reasonable attorney's fees, are also the personal obligation of the person who was the Owner of the Lot at the time the Assessment became due. The personal obligation for delinquent Assessments will not pass to his successor in title unless expressly assumed by that successor.

SECTION 5.4. PAYMENT OF ANNUAL ASSESSMENTS, GATED SECTION ASSESSMENTS AND BULK SERVICES ASSESSMENTS. The Annual Assessments, Gated Section Assessments and Bulk Services Assessments must be paid by the Owner or Owners of each Lot in the Association in annual installments (unless the Board determines otherwise as to Bulk Services Assessments in accordance with Section 5.16). The annual periods for which Annual Assessments, Gated Section Assessments and Bulk Services Assessments are levied will be January 1 through December 31, with payment being due by January 1st of each year. The rate at which each Lot is assessed as to the Annual Assessments, Gated

Section Assessments and Bulk Services Assessments will be determined annually, billed in advance and adjusted from year to year by the Board of Directors of the Association.

SECTION 5.5. **ANNUAL ASSESSMENT**. Until January 1, 2017, the Annual Assessment will be in an amount not in excess of ONE THOUSAND DOLLARS ($1,000.00) per Lot, per annum. From and after January 1, 2017, the Annual Assessment may be increased each year not more than twenty percent (20%) above the amount of the Annual Assessment for the previous year without a vote of the membership. Each year, the Board will estimate the expenses of the Association for the next calendar year and set the rate of the Annual Assessment to be levied against each Lot as deemed necessary, subject to the limitations set forth in this Section 5.5. The Annual Assessment may not be adjusted more than once in a calendar year. The Board of Directors of the Association may, at its discretion, accumulate and assess the increase in a later year. The Annual Assessment may be increased above twenty percent (20%) from one year to the next only upon the approval of at least two-thirds (2/3) of each class of the members in the Association present and voting in person or by proxy at a meeting duly called for this purpose at which a quorum is present.

SECTION 5.6. **GATED SECTION ASSESSMENTS**. Due to the anticipated cost of the operation, maintenance and repair of the limited access gates and Private Streets in Gated Sections, Owners of Lots in Gated Sections (excluding the Developer or a Declarant) must pay an additional assessment to the Association ("**Gated Section Assessment**"), which assessment is due annually in accordance with Section 5.19 hereof. The Board of Directors of the Association, based upon the following formula, will set the amount of the Gated Section Assessment annually. The rate of the Gated Section Assessment will be Two Hundred Dollars ($200.00) or twenty percent (20%) of the Annual Assessment, whichever number is higher. A Builder is obligated to pay Gated Section Assessments on each Lot owned as set forth in Section 5.13. Notwithstanding the foregoing provisions, Owners of Lots in a Gated Section will pay one-half (1/2) the amount of the Annual Gated Section Assessment until such time that the Gated Section is completed, as evidenced by the installation of access gates for that Gated Section.

SECTION 5.7. **OPERATING FUND CAPITALIZATION FEE**. Each Owner, other than Developer, a Declarant or a Builder, upon acquisition of record title to a Lot, is obligated to pay a fee to the Association in an amount equal to fifty percent (50%) of the Annual Assessment for that year for the purpose of capitalizing the Association's Operating Fund. This fee is based solely on the Annual Assessment and does not apply to any other assessment, fee or charges established in this Declaration, including, but not limited to, the Gated Section Assessments, Adopt-A-School Assessment, Administrative Fees and the Bulk Services Assessment. This amount is called the "**Operating Fund Capitalization Fee**".

The Operating Fund Capitalization Fee is in addition to, not in lieu of, the Annual Assessment and will not be considered an advance payment of the Annual Assessment. The Operating Fund Capitalization Fee will initially be used by the Association to defray its initial operating costs and other expenses and later to ensure the Association has adequate funds to meet its expenses and otherwise, including contributions to the Association's reserve fund all as the Board of Directors, in its sole discretion, may determine.

SECTION 5.8. **RESERVE FUND CAPITALIZATION FEE**. Upon the transfer of ownership of a Lot by a Builder, the Lot is subject to a Reserve Fund Capitalization Fee in the amount provided herein. Such fee will be in an amount equal to one-quarter (1/4) of the amount of the Annual Assessment for such Lot, will be due and payable upon the date of such transfer, and will be deposited in the Reserve Fund of the Association. Such fee is in addition to the Annual Assessment assessed against each Lot. Notwithstanding the foregoing, no Reserve Fund Capitalization Fee is payable upon the transfer of a Lot from either Developer or a Declarant to a Builder.

SECTION 5.9. **ADMINISTRATIVE FEES**. The Association may charge a fee for transfer of ownership of a Lot ("**Administrative Fee**"). The amount of the fee may be set by the Board of Directors of the Association, but the amount may not exceed one-third (1/3) of the Annual Assessment.

SECTION 5.10. **ADOPT-A-SCHOOL ASSESSMENT**. In addition to the Annual Assessments and Special Assessments required to be paid by an Owner, each purchaser of a Lot, upon acceptance of a deed therefor, whether or not it is so expressed in the deed, is deemed to covenant and agree to pay the Association upon the transfer of title to the Lot: (a) upon the first transfer of a Lot from a Builder to a purchaser, the sum of ONE HUNDRED DOLLAR ($100.00) payable by the Builder/seller and an additional sum of ONE HUNDRED DOLLAR ($100.00) payable by the purchaser; and (b) on each subsequent transfer, the purchaser is required to pay a sum equal to one-fourth (1/4) of the Annual Assessment then in effect for each Lot purchased (referred to herein as the "**Adopt-A-School Assessment**"). The Adopt-A-School Assessment received by the Association under this Section must be held in a separate account and used by the Association for projects, activities, or events considered by the Board of Directors to benefit or enhance the Subdivision or the Owners and occupants of Lots in the Subdivision, including, by way of example and not in limitation, programs and activities of schools attended by children who reside in the Subdivision. An Adopt-A-School Assessment is in addition to the Administrative Fee imposed by Article V, Section 5.9, above.

SECTION 5.11. **SPECIAL ASSESSMENTS**. In addition to the Assessments authorized above, the Association may levy, in any Assessment year, a Special Assessment applicable to the current year only for the purpose of defraying, in whole or in part, the cost

of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, streets, curbs, storm sewers, sidewalk, Recreational Areas, including mixtures and personal property related thereto, or for any other purpose approved by the membership; provided, however, a Special Assessment must be approved by at least two-thirds (2/3) of the votes of those members of each class who are voting in person or by proxy at a meeting duly called for this purpose at which a quorum is present.

SECTION 5.12. SPECIFIC SECTION ASSESSMENT. The Association has the authority to levy and collect a Specific Section Assessment as set forth in this Section 5.12. A Specific Section Assessment is a separate assessment levied equally against all Lots in a Section. The Association may also group Sections together for a Specific Section Assessment that will be applicable to a Pod, in which case any and all voting will be calculated per Pod. The purpose of the Specific Section Assessment is to provide special services or improvements for the exclusive benefit of the Owners of Lots in a particular Section (or Pod). Prior to the end of the Developer's Control Period set forth in Section 4.8, Specific Section Assessments may be levied by the Board of Directors with the approval of the Developer and the Declarant. After the Developer Control Period ends, the special services or improvements to be provided to the Owners of Lots in the Section (or Pod) will be decided by the Owners of the Lots of the Section (or Pod) approving the Specific Section Assessment; provided however, after the Developer Control Period ends, no Specific Section Assessment may be levied by the Association unless (a) a written request for services or improvements not regularly provided by the Association is submitted to the Board of Directors, (b) the Board of Directors agrees, on behalf of the Association, to provide the requested special services or improvements, subject to the approval of a Specific Section Assessment to cover the cost of the services, (c) a meeting is called among the Owners of Lots in the Section (or Pod), (d) all Owners of Lots in the Section (or Pod), are notified in writing not less than thirty (30) days or more than sixty (60) days before the meeting that a meeting will be held to discuss and vote upon the proposal to obtain the special services or improvements and to approve a Specific Section Assessment for that purpose, and (e) the Specific Section Assessment is approved by the Owners of a majority of the Lots in the Section (or Pod).

The first Specific Section Assessment will be due thirty (30) days after approval by (i) the Board of Directors, the Developer and the Declarant prior to the end of the Developer's Control Period, or (ii) the Owners in the Section or Pod after the Developer Control Period. Thereafter, the Specific Section Assessment will be due on January 1st of each year (unless the Specific Section Assessment approved by the Owners is a onetime special service or improvement that does not require ongoing maintenance by the Association in which case there will be only one Specific Section Assessment). Once the

initial Specific Section Assessment has been levied, the Board of Directors has the authority to set the rate of the Specific Section Assessment each year thereafter [unless the Specific Section Assessment approved by the Owners is a one (1) time special service or improvement that does not require ongoing maintenance by the Association in which case there will be only one Specific Section Assessment] based upon the anticipated cost to provide the special services or maintenance of the improvements, plus any amounts for approved services or improvements provided to the Owners of the Section (or Pod) not covered by the prior year's Specific Section Assessment.

Notwithstanding any provision herein to the contrary, the Board of Directors has the authority to discontinue any special services or improvements, which were previously requested and approved as the Board deems, in its reasonable, good faith judgment, to be necessary or appropriate. If an Owner of any Lot in the Section (or Pod) that has approved a Specific Section Assessment, proposes to discontinue any special services previously requested and approved, a petition signed by Owners representing not less than a majority of the Lots in the Section (or Pod), must be submitted to the Board of Directors. A meeting of the Owners of Lots in the Section (or Pod) must be called in the manner set forth above. The special services or improvements must be discontinued if Owners representing not less than a majority of the Lots in the Section (or Pod) approve the proposal. When special services or improvements are discontinued, either as the result of a decision of the Board of Directors or a vote of the Owners of Lots in the Section (or Pod), the portion of the total Specific Section Assessment relating to those special services or improvements will likewise be discontinued. Once discontinued, special services or other improvements may not be renewed unless approved in the manner set forth in this section. For the purpose of any vote under this section, the approval of a majority of the Lots in a Section (or Pod) may be calculated by obtaining the vote of one (1) of the Owners of a Lot in the Section (or Pod).

SECTION 5.13. **COMMENCEMENT OF ASSESSMENT**. Assessments will commence on a Lot as of the date of substantial completion of the Development of the Lot. For the purposes of this section, the "**date of substantial completion**" is the later of (i) the date the Plat in which the Lot is located is recorded, or (ii) the date the engineer for the Section in which the Lot is located has issued a letter certifying all that Lots in the Section have been substantially completed. Lots owned by the Developer or a Declarant in the Subdivision are not exempt from Assessment save and except the Developer is exempt from the payment of the operating fund capitalization fee as set forth in Section 5.7 above. All Lots are subject to the Assessments determined by the Board of Directors of the Association in accordance with the provisions hereof. Lots which are owned by the Developer or a Declarant will be assessed at one-quarter (¼) of the Annual Assessment for twenty-four (24) months after the date of substantial completion and thereafter one-half (½) of the Annual Assessment until transferred

to a Builder. Lots which are owned by Builders will be assessed at one-half (½) of the Annual Assessment for twelve (12) months after closing and thereafter the full rate of the Annual Assessment shall be assessed. The same computations will apply to Gated Section Assessments and any Special Assessments. The rate of Assessment for an individual Lot, within a calendar year, may change as the character of ownership and the status of occupancy by resident changes, and the applicable Assessment for such Lot will be prorated according to the rate required during each type of ownership.

SECTION 5.14. **SPORTS CENTER/BEACH CLUB**. Developer may approve the construction of a Sports Center/Beach Club in the Subdivision or in close proximity to the Subdivision [within one and one-half (1 ½) miles]. If approved, the Sports Center/Beach Club may be constructed and operated by Developer, an entity affiliated with Developer, or an independent third party. The Sports Center/Beach Club, if constructed, may provide memberships to members of the Association and/or persons who are not members of the Association. In the event a Sports Center/Beach Club is constructed and memberships are to be made available to members of the Association, the Association, acting through its Board of Directors, will negotiate with the operator of the Sports Center/Beach Club in an effort to obtain a preferred or discounted membership rate for all members of the Association (on a per household basis). If the Association enters into an agreement with the operator of the Sports Center/Beach Club on behalf of its members, all members of the Association will be entitled to use and enjoy the Sports Center/Beach Club for as long as the agreement remains in effect. In that event, the Annual Assessment will be increased each year during the term of the agreement by an amount equal to the membership rate negotiated by the Association; provided that, in no event may an increase in the Annual Assessment related to the Sports Center/Beach Club exceed TWO HUNDRED DOLLARS ($200.00) per year. No member will be entitled to avoid payment of the increase in the Annual Assessment related to the Sports Center/Beach Club by reason of the non-use of the Sports Center/Beach Club. If the operator of the Sports Center/Beach Club provides optional services and activities that are not included in the basic membership fee, members who desire to obtain those additional services or engage in those additional activities must pay any additional fees associated with the services and activities directly to the operator of the Sports Center/Beach Club.

Each Owner of a Lot acknowledges by accepting a deed to the Owner's Lot that, if a Sports Center/Beach Club in the Subdivision or in close proximity to the Subdivision (as defined above) is constructed and the Association enters into an agreement with the operator of the Sports Center/Beach Club on behalf of all of its members, the Sports Center/Beach Club will provide an amenity to all Lot Owners (whether or not used) which may enhance the desirability of Lots within the Subdivision, thereby benefiting all Lot Owners.

NOTWITHSTANDING THE FOREGOING, DEVELOPER HAS NO OBLIGATION TO CONSTRUCT A SPORTS CENTER/BEACH CLUB OR TO APPROVE THE CONSTRUCTION OF A SPORTS CENTER/BEACH CLUB BY ANY OTHER PERSON OR ENTITY. DEVELOPER DOES NOT REPRESENT OR WARRANT THAT AN SPORTS CENTER/BEACH CLUB WILL BE CONSTRUCTED OR APPROVED FOR CONSTRUCTION IN THE SUBDIVISION OR IN CLOSE PROXIMITY TO THE SUBDIVISION. FURTHER, DEVELOPER DOES NOT REPRESENT OR WARRANT THAT, IF A SPORTS CENTER/BEACH CLUB IS CONSTRUCTED, THE ASSOCIATION WILL BE ABLE TO OBTAIN A PRFERRED OR DISCOUNTED MEMBERSHIP RATE ON BEHALF OF ITS MEMBERS.

SECTION 5.15. **ADVENTURE POINTE**. Developer may approve the construction of Adventure Pointe in the Subdivision or in close proximity to the Subdivision [within one and one-half (1 ½) miles]. If approved, Adventure Pointe may be constructed and operated by Developer, an entity affiliated with Developer, or an independent third party. Adventure Pointe, if constructed, may provide memberships to members of the Association and/or persons who are not members of the Association. In the event Adventure Pointe is constructed and memberships are to be made available to members of the Association, the Association, acting through its Board of Directors, will negotiate with the operator of Adventure Pointe in an effort to obtain a preferred or discounted membership rate for all members of the Association (on a per household basis). If the Association enters into an agreement with the operator of Adventure Pointe on behalf of its members, all members of the Association will be entitled to use and enjoy Adventure Pointe for as long as the agreement remains in effect. In that event, the Annual Assessment will be increased each year during the term of the agreement by an amount equal to the membership rate negotiated by the Association; provided that, in no event may an increase in the Annual Assessment related to Adventure Pointe exceed ONE HUNDRED DOLLARS ($100.00) per year. No member will be entitled to avoid payment of the increase in the Annual Assessment related to Adventure Pointe by reason of the non-use of Adventure Pointe. If the operator of Adventure Pointe provides optional services and activities that are not included in the basic membership fee, members who desire to obtain those additional services or engage in those additional activities must pay any additional fees associated with the services and activities directly to the operator of Adventure Pointe.

Each Owner of a Lot acknowledges by accepting a deed to the Owner's Lot that, if Adventure Pointe in the Subdivision or in close proximity to the Subdivision (as defined above) is constructed and the Association enters into an agreement with the operator of the Adventure Pointe on behalf of all of its members, Adventure Pointe will provide an amenity to all Lot Owners (whether or not used) which may enhance the desirability of Lots within the Subdivision, thereby benefiting all Lot Owners.

NOTWITHSTANDING THE FOREGOING, DEVELOPER HAS NO OBLIGATION TO CONSTRUCT ADVENTURE POINTE OR TO APPROVE THE CONSTRUCTION OF ADVENTURE POINTE BY ANY OTHER PERSON OR ENTITY. DEVELOPER DOES NOT REPRESENT OR WARRANT THAT ADVENTURE POINTE WILL BE CONSTRUCTED OR APPROVED FOR CONSTRUCTION IN THE SUBDIVISION OR IN CLOSE PROXIMITY TO THE SUBDIVISION. FURTHER, DEVELOPER DOES NOT REPRESENT OR WARRANT THAT, IF ADVENTURE POINTE IS CONSTRUCTED, THE ASSOCIATION WILL BE ABLE TO OBTAIN A PRFERRED OR DISCOUNTED MEMBERSHIP RATE ON BEHALF OF ITS MEMBERS.

SECTION 5.16. **BULK SERVICES ASSESSMENTS**. In the event that the Association contracts for bulk communication or power services, such costs will be billed directly to each Owner as a monthly, quarterly or annual assessment, as the Board may elect (the "**Bulk Services Assessments**"). The Bulk Services Assessments will be separately itemized and will be due and collected in the same manner and subject to the same penalties and enforcement as Annual Assessments. Provided, however, at the sole discretion of the Board, Bulk Services Assessments may be billed monthly or quarterly hereunder in which case the Bulk Services Assessments will (a) be due on the first day of the month or quarter when billed, (b) be late if not paid by the tenth (10th) day of the month or quarter billed, (c) be subject to a late charge as set by the Board, if not paid by the late date, and (d) incur interest at the rate of ten percent (10%) per annum or the maximum rate of interest allowed by law. The provisions of this Article V apply to nonpayment of the Bulk Services Assessments. The Bulk Services Assessments may be billed as flat rate per Lot metered, or per service, or any combination thereof, as determined in the sole discretion of Developer or the Board. Developer and Declarant are not responsible for Bulk Service Assessments. Builders will only be responsible for Bulk Services Assessments on those Lots owned by Builders that are provided Bulk Services.

SECTION 5.17. **EFFECT OF NONPAYMENT OF ASSESSMENTS**. Any Assessment not paid within thirty (30) days after the due date will bear interest from the due date at the rate of ten percent (10%) per annum or the maximum rate of interest allowed by law, whichever is less. The Association may impose a late charge for Assessments not paid within fifteen (15) days after the due date. Late charges are in addition to, not in lieu of, interest. The Association may bring an action at law against the Owner personally obligated to pay same, or foreclose the lien against the Lot. Interest, costs, late charges and attorneys fees incurred in any such collection action will be added to the amount of such Assessment or charge. An Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Association and its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for enforcement of such liens, including

either judicial foreclosure or non-judicial foreclosure pursuant to Article 51.002 of the Texas Property Code (or any amendment or successor statute) and each such Owner expressly grants to the Association a power of sale in connection with said lien. Provided, however, prior to the Association exercising its power of sale, the Association must first have obtained a court order in an application for expedited foreclosure in accordance with Section 209.0092 of the Texas Property Code. The Board has the right and power to appoint an agent or Trustee to act for and in behalf of the Association to enforce the lien. The lien provided for in this Article is in favor of the Association. The Board may, whenever it proceeds with non-judicial foreclosure pursuant to the provisions of said Section 51.002 of the Texas Property Code and said power of sale, designate in writing an agent or Trustee to post or cause to be posted all required notices of such foreclosure sale and to conduct such foreclosure sale. The agent or Trustee may be changed at any time and from time to time by the Board by means of a written instrument executed by the President or any Vice President of the Association and filed of record in the Official Public Records of Real Property of Galveston County, Texas. In the event that the Association has determined to non-judicially foreclose the lien provided herein pursuant to the provisions of said Section 51.002 of the Texas Property Code and to exercise the power of sale hereby granted, the Association must mail to the defaulting Owner a copy of the Notice of Sale not less than twenty-one (21) days prior to the date on which said sale is scheduled by posting such notice through the U.S. Postal Service, postage prepaid, registered or certified, return receipt requested, properly addressed to such Owner at the last known address of such Owner according to the records of the Association. If required by law, the Association or Trustee must also cause a copy of the Notice of Sale to be recorded in the Official Public Records of Real Property of Galveston County, Texas. Out of the proceeds of such sale, there will first be paid all expenses in proceeds of such incurred by the Association in connection with such defaults, including reasonable attorney's fees and reasonable agent or Trustee's fee; second, from such proceeds there will be paid to the Association an amount equal to the amount in default; and, third, the remaining balance, if any, will be paid to such Owner. Following any such foreclosure, each occupant of any such Lot foreclosed on, and each occupant of any improvements thereon will be deemed to be a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgment for possession in an action of forcible detainer and the issuance of a writ of restitution thereunder. The Association also has the right to maintain a deficiency suit in the event the sale proceeds are less than the amount of Assessments, interest, late fees, attorney's fees, costs incurred by or owed to the Association.

In addition to foreclosing the lien hereby retained, in the event of nonpayment by any Owner of such Owner's portion of any Assessment, the Association may, upon thirty (30) days

prior written notice thereof to such nonpaying Owner, in addition to all other rights and remedies available at law or otherwise: (i) restrict the right of such nonpaying Owner to use the Common Areas, if any, in such manner as the Association deems fit or appropriate or (ii) terminate any services being provided the Owner, e.g., Bulk Services Assessments. No Owner will be entitled to receive a credit or discount in the amount of an Assessment due to or by virtue of the Association's exercise of any of its remedies. Additionally, the Board may charge the Owner a reconnect fee (as set by the Board) to reconnect any services or use rights so terminated or restricted.

It is the intent of the provisions of this section to comply with the provisions of said Section 51.002 of the Texas Property Code relating to non-judicial sales by power of sale and, in the event of the amendment of said Section 51.002 of the Texas Property Code hereafter, the President or Vice President of the Association, acting without joinder of any other Owner or mortgagee or other person may amend the provisions hereof so as to comply with said amendments to Section 51.002 of the Texas Property Code.

No Owner may waive or otherwise avoid liability for the Assessments provided herein by nonuse of the facilities or services provided by the Association or by abandonment of his Lot.

SECTION 5.18. **SUBORDINATION OF THE LIEN TO MORTGAGES**. The lien created in this Article against each Lot for the benefit of the Association is secondary, subordinate and inferior to all liens, present and future given, granted and created by or at the request of the Owner of any such Lot to secure the payment of monies advanced to purchase the Lot or to construct improvements on the Lot to the extent of any such Assessments accrued and unpaid prior to foreclosure of any such purchase money lien or construction lien. The sale or transfer of any Lot pursuant to purchase money or construction loan mortgage foreclosure or any proceeding in lien thereof, will extinguish the lien of such Assessment but only as to payment which became due prior to such sale or transfer and not thereafter. Mortgagees are not required to collect Assessments. The failure of a mortgagee to pay Assessments does not constitute a default under an insured mortgage.

SECTION 5.19. **DUE DATES**. The Association will fix the amount of the Annual Assessment, Gated Section Assessment and Bulk Services Assessment and any other Assessments due on an annual basis against each Lot at least thirty (30) days in advance of the applicable assessment year. Written notice of such Assessments must be mailed (by U.S. first class mail) to every Owner. The due date for Annual Assessments will be January 1st of each year. The due date for other Assessments will be established by the Board. Provided that, the failure of the Association to fix the amount of the Annual Assessment, Gated Section Assessment or Bulk Services Assessment or to provide written notice of the

amount of any such Assessment will not affect the Association's authority to levy such Assessments or an Owner's obligation to pay such Assessments. Rather, the amount of the Annual Assessment, Gated Section Assessment and Bulk Services Assessment in effect for the preceding year must be paid on the applicable due date will remain in effect until the Association fixes the new amount(s). The Association may, upon demand by an Owner or an Owner's duly authorized representative, and for a reasonable charge, furnish a certificate signed by a duly authorized representative of the Association setting forth whether the Assessments on a specified Lot have been paid and the amount of any delinquencies.

SECTION 5.20. NO WARRANTY. Developer, for itself, and the Association, and all Declarants hereby disclaims and disavows any warranty or representation that may be attributed to the annual budget adopted during the Developer Control Period. The annual budget is not a warranty or representation by Developer or by the Association or any Declarant that the types of budgeted expenses or their relative sizes are accurate or complete. Nor is it a warranty or representation that the Subdivision or the Association will achieve the budget's assumptions. Nor is it a warranty or representation by Developer, the Association or any Declarant that the Association will annually incur or fund every category of expense that is shown on the budget, or that the relative size of an expense category will be achieved. Neither the Association nor any Owner has a right or expectation of being reimbursed by Developer, a Declarant or by the Association for a budgeted line item that is not realized, or that is not realized at the projected level.

SECTION 5.21. DEVELOPER'S RIGHT TO INSPECT AND CORRECT ACCOUNTS. For a period of five (5) years after the end of the Developer Control Period, Developer reserves for itself and for Developer's accountants and attorneys, the right, but not the duty, to inspect, correct, and adjust the Association's financial books, records, and accounts relating to the Developer Control Period. The Association may not refuse to accept an adjusting or correcting payment made by or for the benefit of Developer or any Declarant. By way of illustration but not in limitation, Developer may find it necessary to re-characterize an expense or payment to conform to Developer or a Declarant's obligations under the Governing Documents or applicable law. This section may not be construed to create a duty for Developer or a right for the Association. In support of this reservation, each Owner, by accepting an interest in or title to a Lot, hereby grants to Developer a right of access to the Association's books, records, and accounts that is independent of Developer's rights during the Developer Control Period, for the limited purpose of this section and only to the extent necessary to enable Developer to exercise its rights under this section.

ARTICLE VI.
NO PARTITION

SECTION 6.1. **NO PARTITION**. There may be no judicial partition of the Common Area or any part thereof. This section is not to be construed to prohibit the Association from acquiring and disposing of tangible personal property nor from acquiring title to real property, which may or may not be subject to this Declaration.

ARTICLE VII.
PROPERTY ACCESS

The limited access gates, Private Streets, and gates houses, if any, are private and constitute a portion of the Common Area, which are subject to the jurisdiction of and administration by the Association. The Board is specifically authorized to recommend, adopt, implement, and enforce rules and regulations governing use of the limited access gates, Private Streets and gate houses in the Gated Sections. The rules and regulations may address items, by way of example and not in limitation, such as:

(a) identification and entry programs for Owners, their tenants and their family members, guests and invitees and vehicles owned or driven by any of them;

(b) speed limits, designated parking areas, restricted parking areas, and no-parking areas;

(c) signs and graphics to provide announcements to unauthorized personnel concerning potential criminal trespass matters;

(d) a "fines" system through which the Association may levy and collect fines for violations of the applicable Rules and Regulations; and

(e) disclaimers of liability for any and all matters or occurrences on or related to same.

The Association may not permanently open any free access roads or paths from public roads into the Gated Sections, unless mandated by state, county, or municipal laws. As of the date of this Declaration and until the Association advises Owners otherwise, a land based data line is required to operate the limited access gate to a Gated Section from a residential dwelling.

Developer may, but has no obligation to, construct one or more gate houses within the Property. If one or more gate houses are constructed, Developer has the authority during the Developer Control Period to determine whether the gate house(s) will be manned at all times or for specified periods and the qualifications of the persons engaged to man the gate house(s). After the Developer Control Period expires, the Board of Directors of the Association will have such authority.

Gate access cards, EZ Tags, remotes, or other automatic gate devices must be paid for by each Owner, at a rate determined by the Board of Directors of the Association. The Developer or Board of Directors of the Association has the right to relocate a gate or gate house at any time. The Association may require all Owners and their family members, tenants, and other permanent residents to maintain identification stickers on each of their vehicles. Each Owner must provide to the Association the Owner's residential and emergency telephone numbers for use at a gate house and/or limited access gates.

It is the objective of the Developer, Declarant(s) and the Association that the limited access gates, gate house and Private Streets concept will discourage undesired and unauthorized vehicular and pedestrian traffic within the Gated Sections and foster a higher degree of peace and tranquility. Although the Developer, Declarant and the Association reasonably believe that the existence and visibility of limited access services personnel and limited access points may discourage the commission of criminal acts (e.g., burglary, theft, etc.) within the Gated Sections, neither the Developer, Declarant(s) nor the Association warrant or guarantee that: (a) the limited access services personnel arrangements are sufficient and adequate to deter, diminish or eliminate unlawful or criminal activity within Gated Sections; or (b) unlawful or criminal acts will not be attempted or actually occur within the Gated Sections. These limited access services arrangements are not designed or intended to replace the conventional police and fire protection and paramedical services available from governmental agencies.

Each Owner, by acceptance of a deed to Owner's Lot, agrees, for himself/herself and for his/her family members, guests, tenants and invitees, that:

(a) neither Developer, Declarant(s) nor the Association have any responsibility or liability of any kind or character whatsoever regarding or pertaining to protection against the unlawful or criminal acts of third parties;

(b) each Owner must, from time to time and at various times, consult with reputable insurance industry representatives to select, purchase, obtain, and maintain appropriate insurance providing the amount, type and kind of insurance deemed satisfactory to the Owner covering Owner's real and personal property;

(c) each Owner releases the Developer, Declarant(s) and the Association and their respective agents, employees, officers, directors, and partners from any liability, claims, causes of action or damages of any kind or character whatsoever arising out of or related (directly or indirectly) to any and all aspects of the limited access services, limited access gates, gate houses and Private Streets within the Gated Sections, including, without limitation:

(i) the interviewing, hiring, training, licensing (if any), bonding (if any), and employment of limited access services personnel;

(ii) the instructions, directions and guidelines issued to or by the limited access services personnel; and

(iii) the duties, performance, actions, inactions, or omissions of or by the limited access services personnel;

(d) each Owner will cooperate with the Developer, Declarant(s) and the Association in connection with the establishment and maintenance of reasonable controls on the pedestrian and vehicular traffic into and within the Gated Sections and abide by any and all Rules and Regulations of the Association, as adopted and promulgated from time to time, related to the entry upon and use of any Private Streets and other Common Area within the Gated Sections.

(e) Access systems are subject to mechanical malfunctions, weather conditions, tampering, human error, or personnel absenteeism, and can be defeated or avoided by the criminal element. Even elaborate access systems can fail. Further, repairs to such devices cannot always be immediate. Owners hereby acknowledge that the Association, its directors, officers, managers, agents, or employees, the Developer, and a Declarant (if any) have made no representations or warranties nor has any Owner, occupant, tenant, guest or invitee relied upon any representations or warranties, expressed or implied, relative to the current and future function of the access systems.

ARTICLE VIII.
INDEMNIFICATION AND RELEASE

SECTION 8.1. **CONSIDERATION**. Each Owner and occupant of a Lot agrees to the releases from liability set forth in this Article as consideration for, and as a condition to, the Owner or occupant entitlement to use and enjoy the Common Areas (whether or not the Common Area is actually used and enjoyed by such Owner or occupant). Each Owner and occupant of a Lot acknowledge and agree that the releases from liability set forth in this Article are a material inducement to the Developer, Declarant(s) and Builders to sell, convey, lease, or allow the use of Lots and residential dwellings in the Subdivision.

SECTION 8.2. **INDEMNITY FOR ASSOCIATION OPERATIONS**. The Association indemnifies, defends, and holds harmless Developer, Declarants and, to the fullest extent allowed by applicable law, the members of the Board, against any loss, claim, demand, damage, cost, and expense relating to or arising out of the management and operation of the Association, including without limitation, the collection of Assessments, the enforcement of the

Governing Documents, and the operation and maintenance of the Common Areas. Indemnified expenses include, without limitation, reasonable attorneys fees, whether or not a lawsuit is filed, and costs of suit at all court levels, including expenses incurred by Developer or a Declarant in establishing the right to be indemnified, defended, and held harmless pursuant to this Declaration.

SECTION 8.3. **RELEASE FOR INJURY OR LOSS**. Each Owner, by accepting a deed to a Lot, whether or not it is so expressed in the deed and each occupant of any portion of the Subdivision, covenants and agrees that the Association, the Committee, Developer, Declarants, and their respective directors, officers, committees, members, agents, and employees (individually and collectively, the "**Indemnitees**") are not liable to any person claiming any loss or damage including, without limitation, indirect, special, or consequential loss or damage arising from personal injury or death, destruction of property, trespass, loss of enjoyment, or any other wrong or entitlement to remedy based upon, due to, arising from, or otherwise relating to the design, construction, maintenance, or use of any Common Area, expressly including every item of equipment used in connection therewith, including, without limitation, any claim arising in whole or in part from the negligence of an Indemnitee.

SECTION 8.4. **INTENT TO RELEASE FROM NEGLIGENCE**. **EACH OWNER, BY ACCEPTING A DEED TO A LOT, WHETHER OR NOT IT IS SO EXPRESSED IN THE DEED, AND EACH OCCUPANT OF ANY PORTION OF THE SUBDIVISION BY THE ACT OF OCCUPANCY, ACKNOWLEDGES THAT THE RELEASES AND INDEMNITIES SET FORTH IN THIS ARTICLE ARE INTENDED TO RELEASE AND INDEMNIFY THE INDEMNITEES FROM LIABILITY FOR THEIR OWN NEGLIGENCE OR CARELESSNESS.**

ARTICLE IX.
DISPUTE RESOLUTION

SECTION 9.1. **INTRODUCTION AND DEFINITIONS**. The Association, Owners, occupants, Developer, Declarants, Builders, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, the "**Parties**" and individually "**Party**") agree to encourage the amicable resolution of disputes involving the Subdivision and to avoid the acrimony and financial cost of litigation, if at all possible. Accordingly, each Party hereby covenants and agrees that this Article applies to all claims as hereafter defined. As used in this Article only, the following words, when capitalized, have the following specified meanings:

(a) "**Claim**" means any claim, grievance, or dispute between Parties involving the Subdivision, except Exempt Claims as defined below, and including without limitation:

(i) Claims arising out of or relating to the interpretation, application, or enforcement of the Governing Documents.

(ii) Claims relating to the rights or duties of Developer, a Declarant as Developer or a Declarant under the Governing Documents.

(iii) Claims relating to the design, construction, or maintenance of the Subdivision.

(b) "**Claimant**" means any Party having a Claim against any other Party.

(c) "**Exempt Claims**" means the following claims or actions, which are exempt from this Article:

(i) The Association's claim for Assessments, and any action by the Association to collect Assessments.

(ii) An action by a Party to obtain a temporary restraining order or equivalent emergency equitable relief, and such other ancillary relief as the court deems necessary to maintain the status quo and to preserve the Party's ability to enforce the provisions of this Declaration.

(iii) Enforcement of the easements, architectural control, maintenance, and use restrictions of this Declaration.

(iv) A suit to which an applicable statute of limitations would expire within the notice period of this Article, unless a Party against whom the Claim is made agrees to toll the statute of limitations as to the Claim for the period reasonably necessary to comply with this Article.

(d) "**Respondent**" means the Party against whom the Claimant has a Claim.

SECTION 9.2. MANDATORY PROCEDURES. Claimant may not file suit in any court or initiate any proceeding before any administrative tribunal seeking redress or resolution of its Claim until Claimant has complied with the procedures of this Article.

SECTION 9.3. NOTICE. Claimant must notify Respondent in writing of the Claim (the "**Notice**"), stating plainly and concisely: (1) the nature of the Claim, including date, time, location, persons involved, and Respondent's role in the Claim; (2) the basis of the Claim (i.e., the provision of the Governing Documents or other authority out of which the Claim arises); (3) what Claimant wants Respondent to do or not do to resolve the Claim; and (4) that the Notice is given pursuant to this section.

SECTION 9.4. NEGOTIATION. Claimant and Respondent will make every reasonable effort to meet in person to resolve the Claim by good faith negotiation. Within sixty (60) days after Respondent's receipt of the Notice, Respondent and Claimant will meet at a mutually-acceptable place and time to discuss the Claim. At such meeting or at some other

mutually-agreeable time, Respondent and Respondent's representatives will have full access to the property that is subject to the Claim for the purposes of inspecting the property. If Respondent elects to take corrective action, Claimant will provide Respondent and Respondent's representatives and agents with full access to the property to take and complete corrective action.

SECTION 9.5. **MEDIATION**. If the parties negotiate but do not resolve the Claim through negotiation within 120 days from the date of the Notice (or within such other period as may be agreed on by the parties), Claimant will have thirty (30) additional days after the expiration of the 120 days within which to submit the Claim to mediation under the auspices of a mediation center or individual mediator on which the parties mutually agree. The mediator must have at least five (5) years of experience serving as a mediator and must have technical knowledge or expertise appropriate to the subject matter of the Claim. If Claimant does not submit the Claim to mediation within the 30-day period, Claimant is deemed to have waived the Claim, and Respondent is released and discharged from any and all liability to Claimant on account of the Claim.

SECTION 9.6. **TERMINATION OF MEDIATION**. If the Parties do not settle the Claim within thirty (30) days after submission to mediation, or within a time deemed reasonable by the mediator, whichever period is longer, the mediator will issue a notice of termination of the mediation proceedings indicating that the Parties are at an impasse and the date that mediation was terminated. Thereafter, Claimant may file suit or initiate proceedings on the Claim, as appropriate.

SECTION 9.7. **ALLOCATION OF COSTS**. Except as otherwise provided in this Article, each Party bears all of its own costs incurred prior to and during the proceedings described in the Notice, Negotiation, and Mediation sections above, including its attorneys fees. Respondent and Claimant will equally divide all expenses and fees charged by the mediator.

SECTION 9.8. **ENFORCEMENT OF RESOLUTION**. Any settlement of the Claim through negotiation or mediation will be documented in writing and signed by the Parties. If a Party thereafter fails to abide by the terms of the agreement, the other Party may file suit or initiate administrative proceedings to enforce the agreement without the need to again comply with the procedures set forth in this Article. In that event, the Party taking action to enforce the agreement is entitled to recover from the non-complying Party all costs incurred in enforcing the agreement, including, without limitation, attorneys fees and court costs.

SECTION 9.9. **GENERAL PROVISIONS**. A release or discharge of Respondent from liability to Claimant on account of the Claim does not release Respondent from liability to persons who are not party to Claimant's Claim. A Party having an Exempt Claim may submit it to the procedures of this Article.

SECTION 9.10. LITIGATION APPROVAL AND SETTLEMENT. To encourage the use of alternative dispute resolution and discourage the use of costly and uncertain litigation, the initiation of any judicial or administrative proceeding by the Association is subject to the following conditions in addition to and notwithstanding the above alternate dispute resolution procedures. Each Owner, by accepting a deed to a Lot, whether or not it is so expressed in the deed, covenants and agrees to be bound by this section.

(a) Owner Approval. The Association may not initiate any judicial or administrative proceeding without the prior approval of Owners of at least a majority of the Lots, except that no such approval is required (1) to enforce provisions of this Declaration, including collection of Assessments; (2) to challenge condemnation proceedings; (3) to enforce a contract against a contractor, vendor, or supplier of goods or services to the Association; (4) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against the Association; or (5) to obtain a temporary restraining order or equivalent emergency equitable relief when circumstances do not provide sufficient time to obtain the prior consents of Owners in order to preserve the status quo.

(b) Higher Approval of Certain Suits. Except to obtain a temporary restraining order when circumstances warrant, the Association may not initiate any judicial or administrative proceeding against a current or former officer or director of the Association, the Committee, Developer, a Declarant, or a Builder without the approval of Owners representing at least seventy-five percent (75%) of the Lots because of the potential for counterclaims and the costs and liabilities appurtenant thereto.

(c) Funding Litigation. Except in the case of a temporary restraining order or equivalent emergency equitable relief when circumstances do not provide sufficient time to approve and levy a Special Assessment, the members must approve and Association levy a Special Assessment (in accordance with Section 5.11 of this Declaration) to fund the estimated costs of litigation prior to initiating a judicial or administrative proceeding. The Association may not use its annual operating income, reserve funds, or savings to fund litigation, unless the Association's annual budget or a savings account was established and funded from its inception as a litigation reserve fund.

(d) Settlement. The Board, on behalf of the Association and without the consent of Owners, is hereby authorized to negotiate settlement of litigation, and may execute any document related thereto, such as settlement agreements and waiver or release of claims.

SECTION 9.11. **CONSTRUCTION-RELATED DISPUTES**. In addition to the above procedures, a claim relating to an alleged construction defect may be governed by Texas statutes relating to residential construction, such as Chapter 27 of the Texas Property Code, the Residential Construction Liability Act.

ARTICLE X.
GENERAL PROVISIONS

SECTION 10.1. **AMENDMENT**. This Declaration will run with and bind the Property for a term of forty (40) years from the date this Declaration is recorded, after which time the Declaration will be automatically extended for successive periods of ten (10) years each. This Declaration may be amended at any time by a vote of not less than sixty-seven percent (67%) of the total votes in the Association allocated to the Owners; provided that, no amendment of this Declaration during the first twenty (20) year period from the date the Declaration is recorded will be effective unless the amendment is approved by Developer and such approval is evidenced by the execution of the amendment document by Developer prior to recording. For a period of twenty (20) years after the date this Declaration is recorded, Developer has the authority to amend this Declaration or any Supplemental Declaration, without the joinder or consent of any other party, so long as the amendment is not materially inconsistent with the residential character of the Property. No person shall be charged with notice of or inquiry with respect to any amendment unless and until it has been filed for record in the Official Public Records of Real Property of Galveston County, Texas.

SECTION 10.2. **ANNEXATION**. Additional residential property, commercial property and Common Area may be annexed into the Subdivision and subjected to the provisions of this Declaration and the jurisdiction of the Association with consent of the Association or the Developer; approval by the members is not required. During the Developer Control Period, land may also be deannexed by the Developer, without the consent of members.

SECTION 10.3. **ENFORCEMENT**. Developer, a Declarant, the Association or any Owner, has the right to enforce, by any proceeding at law or in equity, all covenants, conditions and restrictions set forth in this Declaration. Provided that, only the Association has the authority to enforce the provisions in this Declaration relating to the payment of Assessments. Failure by the Developer, a Declarant, the Association or by any Owner to enforce any covenant or restriction herein contained will not be deemed a waiver of the right to do so thereafter.

SECTION 10.4. **FINES**. Sanctions for violations of the provisions of the Governing Documents may, in addition to all other remedies provided for in this Declaration or

by law, include monetary fines. The procedure for imposing monetary fines will be in accordance with notice and other requirements imposed by law. Any monetary fine levied against an Owner and the Owner's Lot, will be added to the Owner's assessment account and secured by the lien created in Article V, Section 5.3 of this Declaration.

SECTION 10.5. DISSOLUTION. If the Association is dissolved, the assets must be dedicated to a public body or conveyed to a nonprofit organization with similar purposes.

SECTION 10.6. SAFETY AND SECURITY IN PROPERTY. NEITHER THE DEVELOPER, DECLARANTS NOR THE ASSOCIATION, THEIR DIRECTORS, OFFICERS, DEVELOPER, MANAGERS, EMPLOYEES, AND ATTORNEYS, ("**ASSOCIATION AND RELATED PARTIES**") WILL IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SAFETY OR SECURITY WITHIN THE SUBDIVISION. THE ASSOCIATION AND RELATED PARTIES ARE NOT LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR THE INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN, IF ANY, INCLUDING LIMITED ACCESS GATES, IF ANY, THE ENTRANCE AND/OR THE PERIMETER FENCE. OWNERS, LESSEES AND OCCUPANTS OF ALL LOTS, ON BEHALF OF THEMSELVES, AND THEIR GUESTS AND INVITEES, BY ACCEPTANCE OF A DEED TO A LOT ACKNOWLEDGE THAT THE ASSOCIATION AND RELATED PARTIES DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES, OR OTHER SECURITY SYSTEMS (IF ANY ARE PRESENT) WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP OR OTHERWISE, NOR THAT FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. OWNERS, LESSEES, AND OCCUPANTS OF LOTS ON BEHALF OF THEMSELVES, AND THEIR GUESTS AND INVITEES, ACKNOWLEDGE AND UNDERSTAND THAT THE ASSOCIATION AND RELATED PARTIES ARE NOT INSURERS AND THAT EACH OWNER, LESSEE AND OCCUPANT OF ANY LOT AND ON BEHALF OF THEMSELVES AND THEIR GUESTS AND INVITEES ASSUME ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO RESIDENTIAL DWELLING OR LOT AND TO THE CONTENTS OF THEIR RESIDENTIAL DWELLING OR LOT AND FURTHER ACKNOWLEDGE THAT THE ASSOCIATION AND RELATED PARTIES HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER OR LESSEE ON BEHALF OF THEMSELVES AND THEIR GUESTS OR INVITEES RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES,

SURVEILLANCE EQUIPMENT, MONITORING DEVISES OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE SUBDIVISION.

SECTION 10.7. COMMON AREA REDESIGNATION. REGARDLESS OF DESIGNATION BY ANY PLAT OR OTHERWISE AND NOTWITHSTANDING ANY PROVISION IN THIS DECLARATION TO THE CONTRARY, DURING THE DEVELOPER CONTROL PERIOD, DEVELOPER OR DECLARANT MAY AT ANY TIME AND FROM TIME TO TIME (i) DESIGNATE, CONSTRUCT, OR EXPAND COMMON AREA, AND (ii) MODIFY, DISCONTINUE, REDESIGNATE OR IN ANY OTHER MANNER CHANGE THE COMMON AREA. WITHOUT LIMITATION OF THE FOREGOING, DEVELOPER AND EACH DECLARANT SPECIFICALLY RESERVE THE RIGHT AT ANY TIME DURING THE DEVELOPER CONTROL PERIOD TO SELL OR OTHERWISE DISPOSE OF ANY "RESERVES" AND ANY OTHER SIMILAR AREAS, REGARDLESS OF DESIGNATION OF ANY SUCH AREA BY ANY PLAT OR OTHERWISE AS "RESTRICTED", "UNRESTRICTED", OR OTHER DESIGNATION. NEITHER THE FOREGOING NOR ANY OTHER PROVISIONS HEREOF SHALL BE CONSTRUED AS IN ANY MANNER CONSTITUTING ANY REPRESENTATION, WARRANTY OR IMPLICATION WHATSOEVER THAT DEVELOPER, A DECLARANT OR ANY BUILDER WILL UNDERTAKE ANY SUCH DESIGNATION, CONSTRUCTION, MAINTENANCE, EXPANSION, IMPROVEMENT OR REPAIR, OR THAT IF AT ANY TIME OR FROM TIME TO TIME UNDERTAKEN, ANY SUCH ACTIVITIES WILL CONTINUE, AND ANY SUCH REPRESENTATION, WARRANTY OR IMPLICATION IS HEREBY SPECIFICALLY DISCLAIMED.

SECTION 10.8. RIGHTS TO MAKE CHANGES. Until the end of the Developer Control Period, Developer reserves the following exclusive rights which Developer may exercise unilaterally from time-to-time when circumstances warrant.

(a) Changes in Development Plan. Developer may modify the initial development plan to respond to perceived or actual changes and opportunities in the marketplace. Subject to approval by (1) a public or quasi-public entity, if applicable, and (2) the Owner of the land or Lots to which the change would directly apply (if other than Developer), Developer may (a) change the sizes, dimensions, and configurations of Lots and streets; (b) change the minimum or maximum residential dwelling size; (c) change the building setback requirements; and (d) eliminate or modify any other feature of the Subdivision.

(b) Change of Architectural Styles. Developer and/or the Committee reserves the right to periodically change the types of architectural styles, building materials, and elevations that are eligible for architectural approval.

(c) Change of Community Features. The initial plans for use and development of the Subdivision may change in response to a number of circumstances, influences, and opportunities that may not be apparent or applicable at the inception of the

development. An Owner who acquires a Lot while the Subdivision is being developed is hereby given notice that a Common Area improvement or community feature that is not installed at the time an Owner contracts is subject to change. Representations given to a prospective purchaser about a proposed community feature are based on a development plan that makes assumptions that are subject to change.

SECTION 10.9. OCCUPANTS BOUND. All provisions of the Governing Documents of the Association applicable to the Subdivision and Owners, are also applicable to all occupants of a Lot. Every Owner is responsible for causing all occupants of the Owner's Lot to comply with the provisions of this Declaration, and every Owner is responsible for all violations, losses, or damages caused by an occupant of the Owner's Lot, notwithstanding the fact that such occupant is jointly and severally liable and may be sanctioned for any violation. In addition to all other remedies available to the Association in the event of a violation by an occupant, the Association may require the occupant to vacate the Lot and/or that any lease, agreement or permission given allowing the occupant to occupy a particular Lot be terminated.

SECTION 10.10. TRADEMARK. Developer is the prior and exclusive owner and proprietor of, and reserves all rights with respect to the Trademark for Lago Mar ("**Trademark**"). Unless and until a written license agreement has been sought and obtained from Developer (and in this connection Developer may withhold consent in its sole and absolute discretion), no person or entity may at any time and/or for any reason whatsoever, use, depict, draw, demonstrate, reproduce, infringe, copy or resemble, directly or indirectly, the Trademark. Notwithstanding anything contained herein to the contrary, Developer hereby specifically grants to the Association ("**Authorized User**"), the right to use the Trademark on a limited basis in the administration, consistent with the Governing Documents of the Subdivision, and enforcement of restrictive covenants encumbering the real property located within the Subdivision. The right to use the Trademark may continue for so long as an Authorized User (i) operates as a Texas non-profit corporation in conformance with its dedicatory instruments and pursuant to its purpose; and (ii) does not engage in the development and/or sale of real property in the Subdivision.

SECTION 10.11. NUMBER OF LOTS THAT MAY BE CREATED. The number of Lots that may be created in the Subdivision and made subject to this Declaration is 6,500. Provided that, this section does not constitute warranty or representation by Developer as to the total number of Lots that will ultimately be created and subjected to the provisions of this Declaration.

SECTION 10.12. COMPLIANCE WITH LAWS. Each Owner must at all times comply with all applicable federal, state, county, and municipal laws, ordinances, rules, and regulations with respect to the use, occupancy, and condition of the residential dwelling and

any improvements on the Owner's Lot. If any provision set forth in this Declaration or any Supplemental Declaration or amendment is determined to violate any law, then the provision will be interpreted to be as restrictive as possible to preserve as much of the original provision as allowed by law.

SECTION 10.13. CONSTRUCTIVE NOTICE AND ACCEPTANCE. Every person who owns or occupies a Lot or acquires any right, title, estate or interest in or to a Lot does and is conclusively deemed to have consented and agreed to every limitation, restriction, easement, reservation, condition and covenant set forth in this Declaration, whether or not any reference to this Declaration is set forth in the instrument by which such person acquired an interest in the Lot.

SECTION 10.14. NO PRIORITY. No provision of the Governing Documents gives or will be construed as granting to any Owner or other party priority over any rights of the first mortgagee of a Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

SECTION 10.15. GOVERNING LAW. The provisions in this Declaration will be governed by and enforced in accordance with the laws of the State of Texas and venue is mandatory in Galveston County, Texas. Any and all obligations performable hereunder are to be performed in Galveston County, Texas.

SECTION 10.16. INTERPRETATION. If this Declaration or any word, clause, sentence, paragraph or other part thereof is susceptible of more than one interpretation, then the interpretation which is most nearly in accordance with the general purposes and objectives of this Declaration will govern. This Declaration will be liberally construed to give full effect to its purposes and intent.

SECTION 10.17. OMISSIONS. If any punctuation, word, clause, sentence or provision necessary to give meaning, validity or effect to any other word, clause, sentence or provision appearing in this Declaration is omitted herefrom, then it is hereby declared that such omission was unintentional and that the omitted punctuation, word, clause, sentence or provisions is provided by inference.

SECTION 10.18. GENDER AND NUMBER. The singular wherever used herein is construed to mean or include the plural when applicable, and the necessary grammatical changes required to make the provisions hereof applicable either to corporations (or other entities) or individuals, male or female, will in all cases be assumed as though in each case fully expressed.

SECTION 10.19. HEADINGS. The titles and captions for this Declaration and the sections set forth herein are for convenience only and are not to be used to construe, interpret, or limit the meaning of any term or provision set forth in this Declaration.

SECTION 10.20. **SEVERABILITY**. Invalidation of any covenant or restriction set forth in this Declaration by judgment or court order will not affect any other provisions in this Declaration, all of which will remain in full force and effect.

IN WITNESS WHEREOF, Developer has executed this Declaration on this the 11th day of July, 2016, to be effective upon recording in the Official Public Records of Real Property of Galveston County, Texas.

MREC LT LAGO MAR OPERATING LLC,
a Delaware limited liability company

By: Land Tejas Lago Mar, LLC,
a Texas limited liability company,
as Managing Member

By: Grover Lago Mar, LLC,
a Texas limited liability company,
Co-Manager

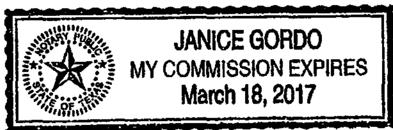
By: ______________________
Jerald A. Turboff, Manager

By: Brende Lago Mar, LLC,
a Texas limited liability company,
Co-Manager

By: ______________________
Al P. Brende, Manager

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

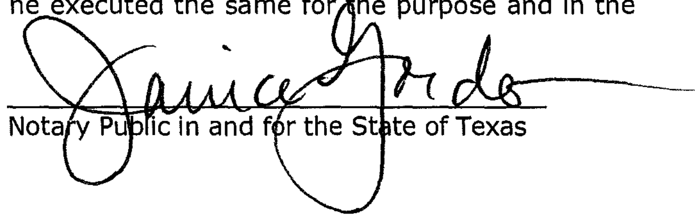
BEFORE ME, the undersigned notary public, on this 11th day of July, 2016 personally appeared Jerald A. Turboff, Manager of Grover Lago Mar, LLC, a Texas limited liability, Co-Manager of Land Tejas Lago Mar, LLC, a Texas limited liability company, as Managing Member of MREC LT Lago Mar Operating LLC, a Delaware limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and in the capacity therein expressed.



____
Notary Public in and for the State of Texas

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned notary public, on this 11th day of July, 2016 personally appeared Al P. Brende, Manager of Brende Lago Mar, LLC, a Texas limited liability company, Co-Manager of Land Tejas Lago Mar, LLC, a Texas limited liability company, as Managing Member of MREC LT Lago Mar Operating LLC, a Delaware limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and in the capacity therein expressed.



Notary Public in and for the State of Texas

Lago Mar Sec. 5
18.68 Acres

Alexander Farmer League
Abstract No. 11

STATE OF TEXAS §

COUNTY OF GALVESTON §

A **METES & BOUNDS** description of a certain 18.68 acre tract of land situated in the Alexander Farmer League, Abstract No. 11 in Galveston County, Texas, being out of a called 375.95 acre tract of land conveyed to MREC LT LAGO MAR OPERATING, LLC by Special Warranty Deed recorded in Clerk's File No. 2013067170 of the Galveston County Official Public Records of Real Property; said 18.68 acre tract being more particularly described as follows with all bearings being based on the Texas Coordinate System, South Central Zone, NAD 83;

COMMENCING at a found 5/8-inch iron rod (with cap stamped "Kalkomey Surveying") at the westernmost northwest corner of a called 32.4 acre tract of land conveyed to LGI Homes – Texas, LLC by Special Warranty Deed recorded in Clerk's File No. 2014048537 of the Galveston County Official Public Records of Real Property, from which a found 5/8-inch iron rod (with cap stamped "Kalkomey Surveying") bears South 01°35'17" East, 78.80 feet and North 47°19'36" East, 488.19 feet;

THENCE, North 42°40'24" West, 821.91 feet to the **POINT OF BEGINNING** of the herein described tract;

THENCE, along the boundary of proposed Lago Mar Pod 11 Sec 6, the following eleven (11) courses and distances:

1. South 47°19'36" West, 468.31 feet to a point for corner;

2. South 49°49'22" West, 106.73 feet to a point for corner;

3. South 59°25'03" West, 185.19 feet to a point for corner;

4. South 49°40'48" West, 37.46 feet to a point at the beginning of a non-tangent curve to the left;

5. Along the arc of said non-tangent curve to the left having a radius of 170.00 feet, a central angle of 04°40'13", an arc length of 13.86 feet, and a long chord bearing South 42°39'19" East, 13.85 feet to a point for corner;

6. South 45°00'35" West, 60.00 feet to a point at the beginning of a non-tangent curve to the left;

7. Along the arc of said non-tangent curve to the left having a radius of 25.00 feet, a central angle of 99°47'18", an arc length of 43.54 feet, and a long chord bearing South 85°06'56" West, 38.24 feet to a point at the beginning of a reverse curve to the right;

8. Along the arc of said reverse curve to the right having a radius of 75.00 feet, a central angle of 23°55'13", an arc length of 31.31 feet, and a long chord bearing South 47°10'53" West, 31.08 feet to a point at the beginning of a compound curve to the right;

9. Along the arc of said compound curve to the right having a radius of 175.00 feet, a central angle of 36°35'34", an arc length of 111.77 feet, and a long chord bearing South 77°26'16" West, 109.88 feet to a point at the beginning of a reverse curve to the left;

10. Along the arc of said reverse curve to the left having a radius of 25.00 feet, a central angle of 22°23'34", an arc length of 9.77 feet, and a long chord bearing South 84°32'16" West, 9.71 feet to a point for corner;

11. South 73°20'29" West, 7.62 feet to a point for corner in the easterly right-of-way of proposed Lago Mar Boulevard;

THENCE, along the easterly right-of-way of proposed Lago Mar Boulevard, the following five (5) courses and distances:

1. North 16°39'31" West, 100.00 feet to a point at the beginning of a non-tangent curve to the right;

2. Along the arc of said non-tangent curve to the right having a radius of 25.00 feet, a central angle of 87°17'47", an arc length of 38.09 feet, and a long chord bearing North 63°00'37" West, 34.51 feet to a point at the beginning of a reverse curve to the left;

3. Along the arc of said reverse curve to the left having a radius of 1565.00 feet, a central angle of 09°31'25", an arc length of 260.13 feet, and a long chord bearing North 24°07'27" West, 259.84 feet to a point for corner;

4. North 28°53'09" West, 103.85 feet to a point at the beginning of a curve to the right;

5. Along the arc of said curve to the right having a radius of 1435.00 feet, a central angle of 14°29'26", an arc length of 362.92 feet, and a long chord bearing North 21°38'26" West, 361.96 feet to a point for corner;

THENCE, North 75°36'17" East, 49.93 feet to a point for corner;

THENCE, North 47°19'36" East, 711.19 feet to a point for corner;

THENCE, South 42°40'24" East, 394.52 feet to a point for corner;

THENCE, North 47°19'36" East, 74.79 feet to a point for corner;

THENCE, South 42°40'24" East, 75.00 feet to a point for corner;

THENCE, South 47°19'36" West, 74.79 feet to a point for corner;

THENCE, South 42°40'24" East, 430.48 feet to the **POINT OF BEGINNING, CONTAINING** 18.68 acres of land in Galveston County, Texas.

This metes and bounds description is to be used to initiate title research and shall not be used for transfer of title to the property herein described.

Lago Mar Sec. 6
43.44 Acres

Alexander Farmer League
Abstract No. 11

STATE OF TEXAS §

COUNTY OF GALVESTON §

A **METES & BOUNDS** description of a certain 43.44 acre tract of land situated in the Alexander Farmer League, Abstract No. 11 in Galveston County, Texas, being out of a called 375.95 acre tract of land conveyed to MREC LT LAGO MAR OPERATING, LLC by Special Warranty Deed recorded in Clerk's File No. 2013067170 of the Galveston County Official Public Records of Real Property; said 43.44 acre tract being more particularly described as follows with all bearings being based on the Texas Coordinate System, South Central Zone, NAD 83;

BEGINNING at a found 5/8-inch iron rod (with cap stamped "Kalkomey Surveying") at the westernmost northwest corner of a called 32.4 acre tract of land conveyed to LGI Homes – Texas, LLC by Special Warranty Deed recorded in Clerk's File No. 2014048537 of the Galveston County Official Public Records of Real Property, from which a found 5/8-inch iron rod (with cap stamped "Kalkomey Surveying") bears North 47°19'36" East, 488.19 feet;

THENCE, along the westerly lines of said called 32.4 acre tract, the following four (4) courses and distances:

1. South 01°35'17" East, 78.80 feet to a found 5/8-inch iron rod (with cap stamped "Kalkomey Surveying") for corner;

2. South 07°49'15" East, 389.83 feet to a found 5/8-inch iron rod (with cap stamped "Kalkomey Surveying") for corner;

3. South 10°47'15" West, 267.24 feet to a found 5/8-inch iron rod (with cap stamped "Kalkomey Surveying") for corner;

4. South 06°05'22" East, 18.70 feet to a found 5/8-inch iron rod (with cap stamped "Kalkomey Surveying") at the easternmost northeast corner of proposed Lago Mar Pod 11 Sec 7;

THENCE, along the boundary of proposed Lago Mar Pod 11 Sec 7, the following twenty-five (25) courses and distances:

1. North 73°55'30" West, 132.99 feet to a point for corner;

2. North 10°47'15" East, 5.55 feet to a point for corner;

3. North 79°12'45" West, 60.00 feet to a point for corner;

4. North 10°47'15" East, 30.41 feet to a point for corner;

5. North 72°30'19" West, 81.68 feet to a point for corner;

6. South 20°54'49" West, 113.83 feet to a point for corner;

7. South 31°42'02" East, 20.00 feet to a point at the beginning of a non-tangent curve to the left;

8. Along the arc of said non-tangent curve to the left having a radius of 50.00 feet, a central angle of 78°58'49", an arc length of 68.92 feet, and a long chord bearing South 18°48'33" West, 63.59 feet to a point for corner;

9. South 69°19'09" West, 20.00 feet to a point for corner;

10. South 09°47'02" West, 127.45 feet to a point for corner;

11. South 78°55'06" East, 56.90 feet to a point for corner;

12. South 38°11'27" East, 47.29 feet to a point for corner;

13. South 27°35'11" East, 60.00 feet to a point for corner;

14. South 26°13'55" East, 56.25 feet to a point for corner;

15. South 13°11'41" East, 51.47 feet to a point for corner;

16. South 02°07'47" West, 51.47 feet to a point for corner;

17. South 13°05'17" West, 57.94 feet to a point for corner;

18. South 13°29'04" West, 180.00 feet to a point for corner;

19. South 20°24'21" West, 48.65 feet to a point for corner;

20. South 47°49'28" West, 44.64 feet to a point for corner;

21. South 75°35'51" West, 44.64 feet to a point for corner;

22. North 78°41'53" West, 51.28 feet to a point for corner;

23. North 74°49'14" West, 180.00 feet to a point for corner;

24. North 74°25'02" West, 58.04 feet to a point for corner;

25. South 18°41'16" West, 187.00 feet to a point at the beginning of a non-tangent curve to the right;

THENCE, partially along the boundary of proposed Lago Mar Pod 11 Sec 7 and along the arc of said non-tangent curve to the right having a radius of 405.00 feet, a central angle of 29°38'11", an arc length of 209.49 feet, and a long chord bearing North 56°29'38" West, 207.16 feet to a point for corner;

THENCE, South 37°16'39" West, 141.97 feet to a point for corner;

THENCE, North 47°51'58" West, 225.11 feet to a point for corner;

THENCE, North 17°06'48" East, 47.04 feet to a point at the beginning of a non-tangent curve to the right;

THENCE, along the arc of said non-tangent curve to the right having a radius of 300.00 feet, a central angle of 13°01'59", an arc length of 68.24 feet, and a long chord bearing North 66°22'12" West, 68.09 feet to a point for corner;

THENCE, North 59°51'13" West, 365.04 feet to a point at the beginning of a curve to the left;

THENCE, along the arc of said curve to the left having a radius of 450.00 feet, a central angle of 02°44'10", an arc length of 21.49 feet, and a long chord bearing North 61°13'18" West, 21.49 feet to a point for corner;

THENCE, North 62°35'23" West, 53.03 feet to a point for corner;

THENCE, North 27°24'37" East, 100.00 feet to a point for corner in a southerly line of proposed Lago Mar Pod 11 Sec 7;

THENCE, along the boundary of proposed Lago Mar Pod 11 Sec 7, the following twenty-two (22) courses and distances:

1. South 62°35'23" East, 53.03 feet to a point at the beginning of a curve to the right;

2. Along the arc of said curve to the right having a radius of 550.00 feet, a central angle of 02°44'10", an arc length of 26.26 feet, and a long chord bearing South 61°13'18" East, 26.26 feet to a point for corner;

3. South 59°51'13" East, 365.04 feet to a point at the beginning of a curve to the left;

4. Along the arc of said curve to the left having a radius of 200.00 feet, a central angle of 39°48'53", an arc length of 138.98 feet, and a long chord bearing South 79°45'40" East, 136.20 feet to a point at the beginning of a compound curve to the left;

5. Along the arc of said compound curve to the left having a radius of 25.00 feet, a central angle of 89°58'54", an arc length of 39.26 feet, and a long chord bearing North 35°20'27" East, 35.35 feet to a point at the beginning of a reverse curve to the right;

6. Along the arc of said reverse curve to the right having a radius of 405.00 feet, a central angle of 11°43'14", an arc length of 82.85 feet, and a long chord bearing North 03°47'23" West, 82.70 feet to a point at the beginning of a reverse curve to the left;

7. Along the arc of said reverse curve to the left having a radius of 25.00 feet, a central angle of 79°08'41", an arc length of 34.53 feet, and a long chord bearing North 37°30'06" West, 31.85 feet to a point at the beginning of a compound curve to the left;

8. Along the arc of said compound curve to the left having a radius of 230.00 feet, a central angle of 02°38'59", an arc length of 10.64 feet, and a long chord bearing South 75°44'57" East, 10.64 feet to a point for corner;

9. North 15°34'32" East, 60.00 feet to a point at the beginning of a non-tangent curve to the left;

10. Along the arc of said non-tangent curve to the left having a radius of 25.00 feet, a central angle of 88°45'35", an arc length of 38.73 feet, and a long chord bearing North 61°11'45" East, 34.97 feet to a point at the beginning of a reverse curve to the right;

11. Along the arc of said reverse curve to the right having a radius of 405.00 feet, a central angle of 13°04'44", an arc length of 92.45 feet, and a long chord bearing North 23°21'20" East, 92.25 feet to a point for corner;

12. North 29°53'42" East, 90.08 feet to a point at the beginning of a curve to the left;

13. Along the arc of said curve to the left having a radius of 25.00 feet, a central angle of 90°00'00", an arc length of 39.27 feet, and a long chord bearing North 15°06'18" West, 35.36 feet to a point for corner;

14. North 29°53'42" East, 60.00 feet to a point at the beginning of a non-tangent curve to the left;

15. Along the arc of said non-tangent curve to the left having a radius of 25.00 feet, a central angle of 90°00'00", an arc length of 39.27 feet, and a long chord bearing North 74°53'43" East, 35.36 feet to a point for corner;

16. North 29°53'42" East, 92.90 feet to a point for corner;

17. North 59°51'13" West, 274.58 feet to a point for corner;

18. North 50°38'28" West, 90.67 feet to a point for corner;

19. North 41°13'57" West, 42.74 feet to a point for corner;

20. North 33°04'34" West, 71.79 feet to a point for corner;

21. North 21°24'54" West, 137.98 feet to a point for corner;

22. South 72°19'21" West, 185.98 feet to a point in the easterly right-of-way of proposed Lago Mar Boulevard at the beginning of a non-tangent curve to the left;

THENCE, along the easterly right-of-way of proposed Lago Mar Boulevard and along the arc of said non-tangent curve to the left having a radius of 1565.00 feet, a central angle of 14°39'17", an arc length of 400.28 feet, and a long chord bearing North 06°37'39" West, 399.19 feet to a point at the beginning of a reverse curve to the right;

THENCE, continuing along proposed Lao Mar Boulevard and along the arc of said reverse curve to the right having a radius of 25.00 feet, a central angle of 87°17'47", an arc length of 38.09 feet, and a long chord bearing North 29°41'36" East, 34.51 feet to the southernmost southwest corner of proposed Lago Mar Pod 11 Sec 5;

THENCE, along the boundary of proposed Lago Mar Pod 11 Sec 5, the following eleven (11) courses and distances:

1. North 73°20'29" East, 7.62 feet to a point at the beginning of a curve to the right;

2. Along the arc of said curve to the right having a radius of 25.00 feet, a central angle of 22°23'34", an arc length of 9.77 feet, and a long chord bearing North 84°32'16" East, 9.71 feet to a point at the beginning of a reverse curve to the left;

3. Along the arc of said reverse curve to the left having a radius of 175.00 feet, a central angle of 36°35'34", an arc length of 111.77 feet, and a long chord bearing North 77°26'16" East, 109.88 feet to a point at the beginning of a compound curve to the left;

4. Along the arc of said compound curve to the left having a radius of 75.00 feet, a central angle of 23°55'13", an arc length of 31.31 feet, and a long chord bearing North 47°10'53" East, 31.08 feet to a point at the beginning of a reverse curve to the right;

5. Along the arc of said reverse curve to the right having a radius of 25.00 feet, a central angle of 99°47'18", an arc length of 43.54 feet, and a long chord bearing North 85°06'56" East, 38.24 feet to a point for corner;

6. North 45°00'35" East, 60.00 feet to a point at the beginning of a non-tangent curve to the right;

7. Along the arc of said non-tangent curve to the right having a radius of 170.00 feet, a central angle of 04°40'13", an arc length of 13.86 feet, and a long chord bearing North 42°39'19" West, 13.85 feet to a point for corner;

8. North 49°40'48" East, 37.46 feet to a point for corner;

9. North 59°25'03" East, 185.19 feet to a point for corner;

10. North 49°49'22" East, 106.73 feet to a point for corner;

11. North 47°19'36" East, 468.31 feet to a found 5/8-inch iron rod (with cap stamped "Kalkomey Surveying") for corner in a west line of the aforementioned 32.4 acre tract;

THENCE, South 42°40'24" East, along a west line of said called 32.4 acre tract, 821.91 feet to the **POINT OF BEGINNING, CONTAINING** 43.44 acres of land in Galveston County, Texas.

This metes and bounds description is to be used to initiate title research and shall not be used for transfer of title to the property herein described.

Lago Mar Sec. 7
21.07 Acres

Alexander Farmer League
Abstract No. 11

STATE OF TEXAS §

COUNTY OF GALVESTON §

A **METES & BOUNDS** description of a certain 21.07 acre tract of land situated in the Alexander Farmer League, Abstract No. 11 in Galveston County, Texas, being out of a called 375.95 acre tract of land conveyed to MREC LT LAGO MAR OPERATING, LLC by Special Warranty Deed recorded in Clerk's File No. 2013067170 of the Galveston County Official Public Records of Real Property; said 21.07 acre tract being more particularly described as follows with all bearings being based on the Texas Coordinate System, South Central Zone, NAD 83;

TRACT I – 9.18 ACRES

COMMENCING at a found 5/8-inch iron rod (with cap stamped "Kalkomey Surveying") at the westernmost northwest corner of a called 32.4 acre tract of land conveyed to LGI Homes – Texas, LLC by Special Warranty Deed recorded in Clerk's File No. 2014048537 of the Galveston County Official Public Records of Real Property, from which a found 5/8-inch iron rod (with cap stamped "Kalkomey Surveying") bears South 01°35'17" East, 78.80 feet and North 47°19'36" East, 488.19 feet;

THENCE, North 42°40'24" West, along the northeasterly line of proposed Lago Mar Pod 11 Sec 6, 821.91 feet to a point;

THENCE, along the boundary lines of proposed Lago Mar Pod 11 Sec 6, begin common with the boundary lines of proposed Lago Mar Pod 11 Sec 5, the following thirteen (13) courses and distances:

1. South 47°19'36" West, 468.31 feet to a point;

2. South 49°49'22" West, 106.73 feet to a point;

3. South 59°25'03" West, 185.19 feet to a point;

4. South 49°40'48" West, 37.46 feet to a point at the beginning of a non-tangent curve to the left;

5. Along the arc of said non-tangent curve to the left having a radius of 170.00 feet, a central angle of 04°40'13", an arc length of 13.86 feet, and a long chord bearing South 42°39'19" East, 13.85 feet to a point;

6. South 45°00'35" West, 60.00 feet to a point at the beginning of a non-tangent curve to the left;

7. Along the arc of said non-tangent curve to the left having a radius of 25.00 feet, a central angle of 99°47'18", an arc length of 43.54 feet, and a long chord bearing South 85°06'56" West, 38.24 feet to a point at the beginning of a reverse curve to the right;

8. Along the arc of said reverse curve to the right having a radius of 75.00 feet, a central angle of 23°55'13", an arc length of 31.31 feet, and a long chord bearing South 47°10'53" West, 31.08 feet to a point at the beginning of a compound curve to the right;

9. Along the arc of said compound curve to the right having a radius of 175.00 feet, a central angle of 36°35'34", an arc length of 111.77 feet, and a long chord bearing South 77°26'16" West, 109.88 feet to a point at the beginning of a reverse curve to the left;

10. Along the arc of said reverse curve to the left having a radius of 25.00 feet, a central angle of 22°23'34", an arc length of 9.77 feet, and a long chord bearing South 84°32'16" West, 9.71 feet to a point;

11. South 73°20'29" West, 7.62 feet to a point in the easterly right-of-way of proposed Lago Mar Boulevard at the beginning of a curve to the left;

12. Along the easterly right-of-way of proposed Lago Mar Boulevard and along the arc of said curve to the left having a radius of 25.00 feet, a central angle of 87°17'47", an arc length of 38.09 feet, and a long chord bearing South 29°41'36" West, 34.51 feet to a point at the beginning of a reverse curve to the right;

13. Continuing along the easterly right-of-way of proposed Lago Mar Boulevard and along the arc of said reverse curve to the right having a radius of 1565.00 feet, a central angle of 14°39'17", an arc length of 400.28 feet, and a long chord bearing South 06°37'39" East, 399.19 feet to the **POINT OF BEGINNING** of the herein described 9.18 acre tract;

THENCE, North 72°19'21" East, 185.98 feet to a point for corner;

THENCE, South 21°24'54" East, 137.98 feet to a point for corner;

THENCE, South 33°04'34" East, 71.79 feet to a point for corner;

THENCE, South 41°13'57" East, 42.74 feet to a point for corner;

THENCE, South 50°38'28" East, 90.67 feet to a point for corner;

THENCE, South 59°51'13" East, 274.58 feet to a point for corner;

THENCE, South 29°53'42" West, 92.90 feet to a point for corner;

THENCE, along the arc of said curve to the right having a radius of 25.00 feet, a central angle of 90°00'00", an arc length of 39.27 feet, and a long chord bearing South 74°53'43" West, 35.36 feet to a point for corner;

THENCE, South 29°53'42" West, 60.00 feet to a point for corner;

THENCE, along the arc of said non-tangent curve to the right having a radius of 25.00 feet, a central angle of 90°00'00", an arc length of 39.27 feet, and a long chord bearing South 15°06'18" East, 35.36 feet to a point for corner;

THENCE, South 29°53'42" West, 90.08 feet to a point for corner;

THENCE, along the arc of said curve to the left having a radius of 405.00 feet, a central angle of 13°04'44", an arc length of 92.45 feet, and a long chord bearing South 23°21'20" West, 92.25 feet to a point for corner;

THENCE, along the arc of said reverse curve to the right having a radius of 25.00 feet, a central angle of 88°45'35", an arc length of 38.73 feet, and a long chord bearing South 61°11'45" West, 34.97 feet to a point for corner;

THENCE, South 15°34'32" West, 60.00 feet to a point for corner;

THENCE, along the arc of said non-tangent curve to the left having a radius of 230.00 feet, a central angle of 02°38'59", an arc length of 10.64 feet, and a long chord bearing South 75°44'57" East, 10.64 feet to a point for corner;

THENCE, along the arc of said reverse curve to the right having a radius of 25.00 feet, a central angle of 79°08'41", an arc length of 34.53 feet, and a long chord bearing South 37°30'06" East, 31.85 feet to a point for corner;

THENCE, along the arc of said reverse curve to the left having a radius of 405.00 feet, a central angle of 11°43'14", an arc length of 82.85 feet, and a long chord bearing South 03°47'23" East, 82.70 feet to a point for corner;

THENCE, along the arc of said reverse curve to the right having a radius of 25.00 feet, a central angle of 89°58'54", an arc length of 39.26 feet, and a long chord bearing South 35°20'27" West, 35.35 feet to a point for corner;

THENCE, along the arc of said compound curve to the right having a radius of 200.00 feet, a central angle of 39°48'53", an arc length of 138.98 feet, and a long chord bearing North 79°45'40" West, 136.20 feet to a point for corner;

THENCE, North 59°51'13" West, 365.04 feet to a point for corner;

THENCE, along the arc of said curve to the left having a radius of 550.00 feet, a central angle of 02°44'10", an arc length of 26.26 feet, and a long chord bearing North 61°13'18" West, 26.26 feet to a point for corner;

THENCE, North 62°35'23" West, 53.03 feet to a point for corner in the easterly right-of-way of proposed Lago Mar Boulevard;

THENCE, along the easterly right-of-way of proposed Lago Mar Boulevard and along the arc of said curve to the right having a radius of 25.00 feet, a central angle of 87°17'47", an arc length of 38.09 feet, and a long chord bearing North 18°56'29" West, 34.51 feet to a point for corner;

THENCE, continuing along the easterly right-of-way of proposed Lago Mar Boulevard and along the arc of said reverse curve to the left having a radius of 1565.00 feet, a central angle of 24°00'25", an arc length of 655.74 feet, and a long chord bearing North 12°42'12" East, 650.95 feet to the **POINT OF BEGINNING, CONTAINING** 9.18 acres of land in Galveston County, Texas.

TRACT II – 11.89 ACRES

COMMENCING at a found 5/8-inch iron rod (with cap stamped "Kalkomey Surveying") at the westernmost northwest corner of a called 32.4 acre tract of land conveyed to to LGI Homes – Texas, LLC by Special Warranty Deed recorded in Clerk's File No. 2014048537 of the Galveston County Official Public Records of Real Property, from which a found 5/8-inch iron rod (with cap stamped "Kalkomey Surveying") bears North 47°19'36" East, 488.19 feet;

THENCE, along the west lines of said called 32.4 acre tract, being common with the easterly lines of proposed Lago Mar Pod 11 Sec 6, the following eight (8) courses and distances:

1. South 01°35'17" East, 78.80 feet to a found 5/8-inch iron rod (with cap stamped "Kalkomey Surveying");

2. South 07°49'15" East, 389.83 feet to a found 5/8-inch iron rod (with cap stamped "Kalkomey Surveying");

3. South 10°47'15" West, 267.24 feet to a found 5/8-inch iron rod (with cap stamped "Kalkomey Surveying");

4. South 06°05'23" East, 18.70 feet to the **POINT OF BEGINNING** of the herein described 11.89 acre tract;

5. South 06°05'22" East, 105.17 feet to a point for corner;

6. South 27°35'11" East, 290.73 feet to a point for corner;

7. South 13°29'04" West, 295.43 feet to a point for corner;

THENCE, South 03°51'49" East, continuing partially along a west line of said called 32.4 acre tract, 187.43 feet to a point for corner;

THENCE, South 35°13'15" West, 368.57 feet to a point for corner;

THENCE, South 72°59'29" West, 58.83 feet to a point for corner;

THENCE, North 74°49'14" West, 622.46 feet to a point for corner;

THENCE, North 37°16'39" East, 138.42 feet to a point in a southerly line of proposed Lago Mar Pod 11 Sec 6 at the beginning of a non-tangent curve to the left;

THENCE, along the boundary of proposed Lago Mar Pod 11 Sec 6, the following twenty-six (26) courses and distances:

1. Along the arc of said non-tangent curve to the left having a radius of 405.00 feet, a central angle of 00°59'55", an arc length of 7.06 feet, and a long chord bearing South 70°48'46" East, 7.06 feet to a point for corner;

2. North 18°41'16" East, 187.00 feet to a point for corner;

3. South 74°25'02" East, 58.04 feet to a point for corner;

4. South 74°49'14" East, 180.00 feet to a point for corner;

5. South 78°41'53" East, 51.28 feet to a point for corner;

6. North 75°35'51" East, 44.64 feet to a point for corner;

7. North 47°49'28" East, 44.64 feet to a point for corner;

8. North 20°24'21" East, 48.65 feet to a point for corner;

9. North 13°29'04" East, 180.00 feet to a point for corner;

10. North 13°05'17" East, 57.94 feet to a point for corner;

11. North 02°07'47" East, 51.47 feet to a point for corner;

12. North 13°11'41" West, 51.47 feet to a point for corner;

13. North 26°13'55" West, 56.25 feet to a point for corner;

14. North 27°35'11" West, 60.00 feet to a point for corner;

15. North 38°11'27" West, 47.29 feet to a point for corner;

16. North 78°55'06" West, 56.90 feet to a point for corner;

17. North 09°47'02" East, 127.45 feet to a point for corner;

18. North 69°19'09" East, 20.00 feet to a point at the beginning of a non-tangent curve to the right;

19. Along the arc of said non-tangent curve to the right having a radius of 50.00 feet, a central angle of 78°58'49", an arc length of 68.92 feet, and a long chord bearing North 18°48'33" East, 63.59 feet to a point for corner;

20. North 31°42'02" West, 20.00 feet to a point for corner;

21. North 20°54'49" East, 113.83 feet to a point for corner;

22. South 72°30'19" East, 81.68 feet to a point for corner;

23. South 10°47'15" West, 30.41 feet to a point for corner;

24. South 79°12'45" East, 60.00 feet to a point for corner;

25. South 10°47'15" West, 5.55 feet to a point for corner;

26. South 73°55'30" East, 132.99 feet to the **POINT OF BEGINNING, CONTAINING** 21.07 acres of land in Galveston County, Texas.

This metes and bounds description is to be used to initiate title research and shall not be used for transfer of title to the property herein described.

FILED AND RECORDED

Instrument Number: *2016041656*

Recording Fee: 322.00

Number Of Pages: 76

Filing and Recording Date: 07/11/2016 2:42PM

I hereby certify that this instrument was FILED on the date and time stamped hereon and RECORDED in the OFFICIAL PUBLIC RECORDS of Galveston County, Texas.

Dwight D. Sullivan, County Clerk
Galveston County, Texas

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