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OFFICE OF COUNTY CLERK

DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

RIVERSTONE SINGLE FAMILY RESIDENTIAL AREAS

CERTIFIED COPY

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RIVERSTONE SINGLE FAMILY RESIDENTIAL AREAS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RIVERSTONE SINGLE FAMILY RESIDENTIAL AREAS (this "Declaration"), made as of the date hereinafter set forth by FROST RANCH DEVELOPMENT, L.P., a Texas limited partnership (hereinafter referred to as the "Tract A Developer"), SUGAR LAND RANCH DEVELOPMENT, L.L.C., a Texas limited liability company (hereinafter referred to as the "Tract B Developer"), and HILLSBORO ESTATES, L.L.C., a Texas limited liability company (hereinafter referred to as the "Tract C Developer") (the Tract A Developer, the Tract B Developer and the Tract C Developer being hereinafter collectively referred to as the "Developers").

WITNESSETH

WHEREAS, the Tract A Developer, the Tract B Developer and the Tract C Developer are the owners of various tracts of land in the Riverstone project in Fort Bend County, Texas; and

WHEREAS, the Tract A Developer has platted and subdivided a portion of its property as The Terrace at Riverstone, The Pointe at Riverstone, and The Reserve at Riverstone, three (3) subdivisions of land in Fort Bend County, Texas according to the plats thereof filed under Side Nos 2036/B and 2037/A, 2037/B and 2038/A, and 2035/B and 2036/A, respectively, in the Map Records of Fort Bend County, Texas (the "Initial Subdivisions"); and

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

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

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

ARTICLE I DEFINITIONS

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

- <u>SECTION 1</u>. "<u>Area of Common Responsibility</u>" shall mean the Common Area, together with those areas, if any, which by contract or agreement become the responsibility of the Association. Road rights-of-ways within or adjacent to the Properties and Lakes may be part of the Area of Common Responsibility.
- <u>SECTION 2</u>. "<u>Articles of Incorporation</u>" means the Articles of Incorporation of the Riverstone Homeowners Association, Inc. and any amendments thereto, as filed with the Secretary of State of the State of Texas.
- SECTION 3 "Assessment" shall mean the Residential Assessments, Neighborhood Assessments, Lakefront Lot Assessments, Special Assessments and Specific Assessments levied by the Association pursuant to Article III hereof, the Reserve Fund Payments payable to the Association pursuant to Section 2(d) of Article III hereof, upon the initial sale of each Single Family Residence by a Builder and upon each resale of a Single Family Residence which is not an Exempt Transfer, the Foundation Payments payable pursuant to Section 6 of Article III hereof, and any other amounts or sums due by any Owner to the Association pursuant to the provisions of this Declaration or a Supplemental Declaration
- <u>SECTION 4</u>. "<u>Association</u>" shall mean and refer to Riverstone Homeowners Association, Inc., a non-profit, non-stock, membership corporation incorporated under the laws of the State of Texas, its successors and assigns
- <u>SECTION 5.</u> "<u>Association Expenses</u>" shall mean and include the actual and estimated expenses of operating the Association, both for general and Neighborhood purposes, including any reasonable reserves, all as may be found to be necessary and appropriate by the Board of Directors of the Association pursuant to this Declaration and the Association's By-Laws and Articles of Incorporation.
- <u>SECTION 6</u>. "<u>Board of Directors</u>" or "<u>Board</u>" shall mean the governing body of the Association.
- <u>SECTION 7</u>. "<u>Builder</u>" shall mean and refer to any Person undertaking the construction of a Single Family Residence on a Lot within the Properties for the purpose of selling same

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

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

SECTION 10. "Class B Control Period" shall mean the period during which there is a Class B membership in the Association and during which the Declarant is entitled to appoint and remove the members of the Board of Directors and disapprove any action, policy or program of the Association, the Board or any committee which, in the sole judgment of the Declarant, would tend to impair rights of the Developers or Builders or interfere with the development, construction or marketing of any portion of the Properties, or diminish the level of services being provided by the Association

SECTION 11 "Common Area" shall mean and refer to any and all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Owners and Occupants

SECTION 12. "Declarant" shall mean and refer collectively to the Tract A Developer, the Tract B Developer and the Tract C Developer or to such successor Declarant as may hereafter be designated in an instrument placed of record in the real property records of Fort Bend County, Texas as the Declarant by the Declarant hereunder at such time. Upon such designation of a successor Declarant, all rights of the former Declarant hereunder shall cease. The Declarant is granted the right during the Class B Control Period pursuant to certain provisions of this Declaration, the Articles of Incorporation, and the By-Laws to appoint and remove the members of the Board and the right to disapprove any actions, policies and programs of the Board and/or its committees

<u>SECTION 13</u>. "<u>Declaration</u>" shall mean this Declaration of Covenants, Conditions and Restrictions for Riverstone Single Family Residential Areas, as it may hereafter be amended in accordance with the provisions hereof

SECTION 14. "Exclusive Common Area" shall mean and refer to the property and facilities which by plat or otherwise are restricted solely for use by the Owners and Occupants of a certain Neighborhood, which property and facilities may be maintained by the Association at the expense of such Neighborhood from Neighborhood Assessments

<u>SECTION 15</u>. "Exempt Transfer" shall mean a transfer of title to a Lot with a Single Family Residence.

- by a co-Owner to any Person who was a co-Owner immediately prior to such transfer;
- (ii) to the Owner's estate, surviving spouse, or child upon the death of the Owner,
- (III) to any entity wholly owned by the grantor;
- (iv) to a Mortgagee or the designee of a Mortgagee in lieu of foreclosure or upon foreclosure of a Mortgage; or
- (v) to an interim Owner in connection with an employer relocation agreement.
- SECTION 16 "Foundation" shall mean the Riverstone Community Services Foundation, Inc., a non-profit corporation incorporated under the laws of the State of Texas, its successors and assigns
- SECTION 17. "Foundation Payments" shall mean the amount payable to the Association for the benefit of the Foundation pursuant to Section 6 of Article III hereof upon the resale of a Single Family Residence which is not an Exempt Transfer.
- SECTION 18 "Gross Selling Price" shall mean the total cost to the purchaser of a Lot with a Single Family Residence as indicated on the title company's closing statement or other similar document.
- SECTION 19. "Lake" shall mean and refer to any body of water within or adjacent to the Properties.
- SECTION 20. "Lakefront Lot" shall mean and refer to a Lot which is contiguous to a Lake
- <u>SECTION 21</u>. "<u>Lakefront Lot Assessment</u>" shall mean the assessments levied by the Board of Directors against the Lakefront Lots in the Properties pursuant to Section 2(e) of Article III hereof.
- SECTION 22. "Landscaping Guidelines" shall mean and refer to landscape design, installation and maintenance criteria for the Lots which are adopted by the Riverstone Residential Architectural Review Committee. The Landscaping Guidelines may be included within and be a part of the Builder Guidelines adopted by such committee and different Landscaping Guidelines may be adopted for different portions of the Properties.
- SECTION 23. "Lot" shall mean and refer to any portion of the Properties, whether developed or undeveloped, upon which a Single Family Residence has been constructed or it is intended by the applicable Developer that a Single Family Residence be constructed, excluding reserve tracts, but including lots created by the platting or replatting

of a reserve tract "Lots" shall mean and refer to each Lot and all of them. In the case of a parcel of land planned for single family residential development which has not been platted into Lots, the parcel shall be deemed to contain the number of Lots designated by the applicable Developer on the development plan for such parcel of land unless or until a different number of Lots is platted

SECTION 24. "Member" shall refer to every Person entitled to membership in the Association, as provided herein

<u>SECTION 25</u>. "<u>Mortgage</u>" shall mean and refer to a deed of trust, mortgage or other similar security instrument granting, creating, or conveying a lien or security interest upon a Lot.

SECTION 26 "Mortgagee" shall mean a beneficiary or holder of a Mortgage

SECTION 27. "Neighborhood" shall mean and refer to (i) a portion of the land within the Properties which has been platted as a single subdivision, (ii) a portion of a platted subdivision or two (2) or more platted subdivisions within the Properties which the applicable Developer, by recorded instrument, designates as a single Neighborhood or, (iii) a portion of a platted subdivision or multiple platted subdivisions which the Board designates or consolidates into a single Neighborhood as set forth in Section 4 of Article II hereof.

<u>SECTION 28</u>. "<u>Neighborhood Assessments</u>" shall mean assessments levied by the Board of Directors for payment of the Neighborhood Expenses of a particular Neighborhood.

<u>SECTION 29</u>. "Neighborhood Expenses" shall mean and include the actual and estimated expenses incurred by the Association solely for the benefit of the Owners and Occupants of the Lots within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements, all as may be specifically authorized hereby.

SECTION 30 "Occupant" shall mean any person occupying all or any portion of a residence within the Properties for any period of time, regardless of whether such person is a tenant or the Owner of such property

<u>SECTION 31</u>. "<u>Owner</u>" shall mean and refer to the record owner, whether one or more Persons of the fee simple title to a Lot within the Properties, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation or those owning an interest in the mineral estate.

<u>SECTION 32</u>. "<u>Person</u>" shall mean any natural person, corporation, joint venture, partnership, association, trust or other legal entity.

- <u>SECTION 33</u>. "<u>Properties</u>" shall mean and refer to (i) the real property contained within the Initial Subdivisions described in the preambles to this Declaration, and (ii) such other real property as may be brought within the jurisdiction of the Association in accordance with the provisions of Article VIII of this Declaration, if any.
- SECTION 34. "Reserve Fund Payment" shall mean the amount payable to the Association's reserve fund pursuant to Section 2(d) of Article III hereof upon the initial sale of a Single Family Residence by a Builder or upon the resale of a Single Family Residence which is not an Exempt Transfer.
- <u>SECTION 35</u>. "<u>Residential Assessments</u>" shall mean assessments levied by the Board of Directors pursuant to Section 2(a) of Article III hereof.
- <u>SECTION 36</u>. "<u>Residential ARC</u>" refers to the Riverstone Residential Architectural Review Committee created by Section 2 of Article VI hereof.
- SECTION 37 "Single Family Residence" shall mean and refer to a detached residence constructed on a single Lot
- SECTION 38 "Street" shall refer to any street, boulevard, road, alley, lane, avenue, or thoroughfare within or adjacent to the Properties
- SECTION 39. "Supplemental Declaration" shall refer to (i) a separate declaration of covenants, conditions and restrictions which is imposed on property within the jurisdiction of the Association and which may be enforced by the Association, or (ii) an instrument which imposes additional restrictions on a portion of the Properties which may be enforced by the Association.
- <u>SECTION 40</u>. "<u>Tract A Developer</u>" shall refer to Frost Ranch Development, L.P., a Texas limited partnership, or to such successor Tract A Developer who may hereafter be designated in an instrument placed of record in the real property records of Fort Bend County, Texas as the assignee of the rights of the Tract A Developer hereunder by the Tract A Developer at such time.
- <u>SECTION 41</u> "<u>Tract B Developer</u>" shall refer to Sugar Land Ranch Development, L.L.C., a Texas limited liability company, or to such successor Tract B Developer who may hereafter be designated in an instrument placed of record in the real property records of Fort Bend County, Texas as the assignee of the rights of the Tract B Developer hereunder by the Tract B Developer at such time
- <u>SECTION 42</u>. "<u>Tract C Developer</u>" shall refer to Hillsboro Estates, L L C, a Texas limited liability company, or to such successor Tract C Developer who may hereafter be designated in an instrument placed of record in the real property records of Fort Bend County, Texas as the assignee of the rights of the Tract C Developer hereunder by the Tract C Developer at such time.

SECTION 43. "Urban Design Standards" shall mean and refer to the detailed standards for the construction of residences contained in the Riverstone Residential Urban Design Standards dated February 29, 2000 adopted by the City of Missouri City, as amended from time to time. The Urban Design Standards shall be adopted by the Residential ARC as part of the Builder Guidelines

ARTICLE II RIVERSTONE HOMEOWNERS ASSOCIATION, INC.

SECTION 1 ORGANIZATION. The Association has been organized and formed as a non-profit corporation under the laws of the State of Texas. The principal purposes of the Association are the collection, expenditure, and management of the maintenance funds, administration of the business of the Association, and providing for the maintenance and preservation of the Area of Common Responsibility and the facilities of the Association and architectural control of the Lots.

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

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

- (a) <u>CLASS A</u> Class "A" Members shall be all Owners with the exception of the Class "B" Members. Class "A" Members shall be entitled to one (1) vote for each Lot of which they are the Owner. If more than one Person holds the interest in a Lot required for membership in the Association, any of such Persons may exercise the vote for such Lot; provided, however, the vote for such Lot shall be suspended in the event more than one Person seeks to exercise it
- (b) CLASS B. The Class "B" Members shall be the Developers who shall have five (5) votes for each Lot they own in the Properties. The Class "B" Membership shall cease and be converted to Class "A" Membership upon the earlier of (i) the date on which each of the Developers has sold and conveyed all of the Lots it owns in the Properties, or (ii) on such earlier date that the Declarant, in its discretion, so determines and records an instrument to such effect in the real property records of Fort Bend County, Texas From and

after the termination of the Class "B" Membership, the Developers shall be deemed to be Class "A" Members with respect to the Lots owned, if any.

SECTION 4. NEIGHBORHOODS. Subject to the further provisions hereof, each platted subdivision within the Properties shall be a separate Neighborhood. Each Developer shall have the right to designate and denominate a portion of a platted subdivision or two (2) or more platted subdivisions within the Properties as a single Neighborhood by a recorded instrument. In addition, upon a petition signed by the Owners of the majority of the Lots in a Neighborhood, any Neighborhood may apply to the Board of Directors to divide the property comprising the Neighborhood into two (2) or more Neighborhoods, or upon a petition signed by the Owners of the majority of the Lots in each of two (2) or more Neighborhoods, to combine such Neighborhoods into a single Neighborhood.

Any such application shall be in writing and shall include a plat of survey of the entire parcel which indicates the boundaries of the proposed Neighborhood(s) or otherwise identifies the Lots included within the proposed Neighborhood(s). A Neighborhood consolidation shall automatically be deemed granted upon the filing of the required documents with the Board. A request for designation of a portion of platted subdivision as a Neighborhood or a Neighborhood division request shall automatically be deemed granted unless the Board of Directors denies such application in writing within ninety (90) days of its receipt thereof. The Board may deny an application only upon determination that there is no reasonable basis for distinguishing the areas proposed to be divided into separate Neighborhoods. All applications and copies of any denials shall be filed with the books and records of the Association and shall be maintained as long as this Declaration is in effect.

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

Subject to the terms hereof and the Board's duty to exercise business judgment and reasonableness on behalf of the Association, the Board may adopt, amend, repeal and enforce rules and regulations ("Rules"), fines and levies as may be deemed necessary or desirable with respect to the implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Area and the Exclusive Common Area, and the use of any other property, facilities or improvements owned or operated by the Association At least thirty (30) days prior to the effective date of any Rule, the Board shall cause a copy of the new rule or explanation of any changes to a Rule, specifying the effective date, to be posted at a prominent place within the Properties. The Association shall provide, without cost, a copy of the Rules then in effect to any requesting Owner or Mortgagee

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

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

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

ARTICLE III COVENANT FOR MAINTENANCE ASSESSMENTS

SECTION 1. PURPOSE OF ASSESSMENT. The assessments provided for in this Declaration shall be used by the Association to maintain and keep in good repair the Area of Common Responsibility and for the general purposes of promoting the common benefit of the Owners and Occupants in the Properties. The judgment of the Board of Directors as to the expenditure of Assessments shall be final and conclusive so long as its judgment is exercised in good faith. Funds obtained by the Association from Assessments may be used to finance all or any of the following.

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

- (XIII) Carrying out such purposes of the Association as generally benefit the Members of the Association, as determined by the Board of Directors.
- SECTION 2. TYPES OF ASSESSMENTS. Each Owner by acceptance of a deed to any Lot in the Properties, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (i) Residential Assessments as provided in subsection (a) of this Section 2; (ii) Neighborhood Assessments, if applicable, as provided in subsection (b) of this Section 2, (iii) Specific Assessments as provided in subsection (d) of this Section 2; (iv) Reserve Fund Payments as provided in subsection (d) of this Section 2; (v) Lakefront Lot Assessments as provided in subsection (e) of this Section 2, and (vi) Special Assessments to be established and collected as hereinafter provided in Section 5 of this Article III.
- Residential Assessments. Residential Assessments shall be levied annually (a) to enable the Association to pay Association Expenses which are determined by the Board to benefit all Members. Such expenses benefitting all Members shall be all Association Expenses except (i) the expenses which are determined by the Board to benefit a particular Neighborhood or Neighborhoods and (ii) expenses for which the Board makes a Specific Assessment. The good faith determination by the Board of which Association Expenses constitute Neighborhood Expenses shall be final. Residential Assessments on all Lots shall be fixed at uniform rates; provided, however, there shall be no Residential Assessments against unplatted Lots and, subject to the provisions of Section 10 of this Article, Lots owned by a Developer (other than unplatted Lots which shall not be assessed) and Lots owned by Builders shall be assessed at fifty percent (50%) of the amount assessed against the Lots owned by other Owners. The initial annual Residential Assessment shall commence as to all Lots in an Initial Subdivision on the date that the first Lot in the applicable Initial Subdivision is conveyed by the applicable Developer or on such later date as the Board determines, and shall be due and payable thirty (30) days thereafter If such Assessment commences on a date other than January 1, such Assessment shall be adjusted according to the number of months remaining in the calendar year. Thereafter, annual Residential Assessments shall be levied for each calendar year in advance and shall be due and payable on January 1 unless a different due date is specified by the Board.
- (b) Neighborhood Assessments. Neighborhood Assessments shall be levied against the Lots in a particular Neighborhood or Neighborhoods to enable the Association to pay the Neighborhood Expenses which benefit only that Neighborhood or Neighborhoods. Upon written request by Owners of more than fifty percent (50%) of the Lots within a Neighborhood, the Board shall initiate a service benefitting only that particular Neighborhood which shall be paid for by a Neighborhood Assessment or the Board shall discontinue a service previously provided to a Neighborhood. Neighborhood Expenses may include, without limitation, costs incurred for maintenance and repair of the following items and provision of the following services within a particular Neighborhood or Neighborhoods: private streets, trash and garbage door pick-up service as opposed to curb side service, mailboxes, and operation and maintenance of Exclusive Common Areas,

landscaping, fencing, gates, fountains, lighting and signs and monuments within the particular Neighborhood or Neighborhoods. The Neighborhood Assessment applicable to a particular Neighborhood or Neighborhoods shall be divided by the number of Lots in such Neighborhood or Neighborhoods, and each Owner of a Lot contained within the applicable Neighborhood or Neighborhoods shall be assessed an amount equal to the quotient so obtained. It is anticipated that a portion or portions of the Properties may be located within a municipality which provides a municipal service such as garbage collection which is provided by the Association to those portions of the Properties not within such municipality. In such event, the costs incurred by the Association in providing such service shall be paid with Neighborhood Assessments levied solely on the Neighborhood or Neighborhoods which receive such service from the Association

- (c) <u>Specific Assessments</u> The Association shall have the power to levy Specific Assessments against a particular Lot as follows
 - (i) to cover the costs, including overhead and administrative costs, of providing services to Lots upon request of an Owner pursuant to any menu of special services which may be offered by the Association. Specific Assessments for special services may be levied in advance of the provision of the requested service; and
 - (ii) to cover costs incurred in bringing a Lot into compliance with this Declaration or the Builder Guidelines, or costs incurred as a consequence of the conduct of the Owner or Occupants of a Lot, their agents, contractors, employees, licensees, invitees, or guests.
- (d) Reserve Fund Payments Upon acquisition of record title to a Lot with a Single Family Residence by the first Owner thereof from a Builder and upon each resale or transfer of a Lot with a Single Family Residence which is not an Exempt Transfer, a payment shall be made by or on behalf of the purchaser to the Association in an amount equal to one hundred percent (100%) of the Residential Assessment for the year in which the sale or transfer occurs, or such lesser amount as may hereafter be specified by the Board. This amount shall be in addition to, not in lieu of, the Residential Assessments and shall not be considered an advance payment of Residential Assessments. This amount shall be paid to the Association at the closing of the purchase of the Lot with a Single Family Residence and shall be deposited by the Association into an account to be maintained by the Association as a reserve fund for the repair, reconstruction or replacement of improvements on the Common Area.
- (e) <u>Lakefront Lot Assessments</u>. Lakefront Lot Assessments shall be levied against the Lakefront Lots in the Properties to provide funds to the Association for payment of the costs of maintaining concrete bulkheads along the various Lakes within or adjacent to the Properties. Lakefront Lot Assessments shall be fixed at uniform rates on all Lakefront Lots; provided, however, there shall be no Lakefront Lot Assessments on Lakefront Lots owned by a Developer and Lakefront Lots owned by Builder shall be

assessed at fifty percent (50%) of the amount assessed against the Lakefront Lots owned by other Owners. The initial Lakefront Lot Assessment shall commence as to all Lakefront Lots in an Initial Subdivision on the date the first Lot in the applicable Initial Subdivision is conveyed by the applicable Developer or on such later date as the Board determines, and shall be due and payable thirty (30) days thereafter. If such Assessment commences on a date other than January 1, such Assessment shall be adjusted according to the number of months remaining in the calendar year. Thereafter, annual Lakefront Lot Assessments shall be levied for each calendar year in advance and shall be due and payable on January 1 unless a different due date is specified by the Board. The per Lot Lakefront Lot Assessment in any year may not be an amount greater than twenty percent (20%) of the Residential Assessment per Lot for such year unless otherwise approved by a two-thirds (2/3rds) vote of the Class "A" Members who are present in person or by proxy at a meeting of the Members called for such purpose.

SECTION 3. CREATION OF LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS. All Assessments, together with interest commencing on the due date at the rate of eighteen percent (18%) per annum or such other rate of interest as may be established from time to time by the Board of Directors not in excess of the maximum lawful rate, costs incurred by the Association in collecting delinquent Assessments (specifically including, but not limited to, any flat charges or percentage fees charged by any third party collection agencies used by the Association if the Association elects to use a collection agency), and reasonable attorney's fees and court costs actually incurred, shall be a charge on the land and shall be secured by a continuing lien upon the land against which each Assessment is made. Each such Assessment, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, shall also be the personal obligation of the Person who was the Owner of such land at the time the Assessment fell due. Each such Owner shall be personally liable for his or her portion of each Assessment coming due while he or she is the Owner of the land, and each Assessment thereafter coming due unless and until such Owner notifies the Association of the sale or conveyance of the land against which the Assessment is made as hereinafter provided in this Section 3.

In order to extinguish any Person's personal liability with regard to Assessments coming due following the sale or conveyance of the Lot owned by such Person, such Person shall be obligated to notify the Association of such Person's sale or conveyance of the Lot against which Assessments may be levied. In that regard, each Person who at any time owned any Lot in the Properties against which Assessments may be levied shall no longer be liable or responsible for payment of Assessments coming due after the date upon which such Person furnishes to the Association a copy of the executed instrument of conveyance by which fee title to the Lot previously owned by such Person was conveyed or transferred to another Person, and the mailing address of the Person to whom such Lot was conveyed or transferred. Upon receipt of such information, the Association shall cause the name and address of the new Owner to be substituted for that of the prior Owner on the records of the Association, and the prior Owner shall no longer be liable or responsible for Assessments subsequently coming due Each Person owning a Lot against which

Assessments may be made shall have the obligation to notify the Association of any change in its address, and notice of any such change shall become effective five (5) days after written notice thereof has been provided to the Association. With regard to mailing notices of Assessments payable by any Person to the Association, the Association shall be deemed to have satisfied any obligation that it might have to provide written notices or bills if the same are mailed or delivered to the Owner at the address of such Owner as reflected on the records of the Association, and no such Owner or other Person liable for the payment of any Assessment shall escape such liability or be entitled to any deferral or abatement of interest or any late charges or collection costs with regard to delinquent Assessments on the basis of such Person's failure to receive notice thereof if the Association sent such notice by regular U.S. Mail to the most recent address of the Person according to the records of the Association.

Residential Assessments and Neighborhood Assessments shall be payable annually on a date specified by the Board of Directors; provided, however, the Board may, at its option, require payment of such Assessments in monthly or quarterly installments. Special Assessments shall be paid in such manner and on such date or dates as may be fixed by the Board.

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

- (i) The amount of all estimated expenses to be incurred for the sole benefit of a particular Neighborhood or Neighborhoods shall be determined for such Neighborhood or Neighborhoods, and that portion of the total estimated Association Expenses attributable to a particular Neighborhood or Neighborhoods shall be allocated among the Owners of the Lots in the Neighborhood or Neighborhoods as provided in Section 2(b) of this Article III, and shall be levied as Neighborhood Assessments; and
- (ii) The remaining Association Expenses (less the amounts to be collected by the Association from Lakefront Lot Assessments) shall be levied as Residential Assessments against the Lots in the Properties as provided in Section 2(a) of this Article III. The annual per Lot Residential Assessment by the Association for the initial year of assessment shall be such amount as shall be determined by the Board which is not in excess of Five Hundred

Dollars (\$500.00) The annual Residential Assessment in any year thereafter may be increased by the Board of Directors of the Association, at its sole discretion, by an amount equal to a fifteen percent (15%) increase over the Residential Assessment for the previous year. The annual Residential Assessment in any year may be increased above such amount only with the approval by a two-thirds (2/3rds) vote of the Class "A" Members who are present in person or by proxy at a meeting called for such purposes and, during the Class B Control Period, the Declarant.

The Board shall in good faith attempt to cause notice of the Assessments to be levied against each Owner for the following year to be delivered to each Member at least thirty (30) days prior to the end of the current year

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

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

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

SECTION 6 RIVERSTONE COMMUNITY SERVICES FOUNDATION, INC.

- (a) <u>Authority</u>. The Board shall have the authority to establish and collect on behalf of the Riverstone Community Services Foundation, Inc. (the "<u>Foundation</u>") a transfer fee ("<u>Foundation Payment</u>") from the transferring Owner upon each transfer of title to a Lot with a Single Family Residence within the Properties which is not (i) a transfer by a Builder or (ii) an Exempt Transfer The Foundation Payment shall be payable to the Association at the closing of the transfer of the Single Family Residence and shall be secured by the Association's lien for Assessments under Section 3 of this Article III against the applicable Lot. The transferring Owner shall notify the Association of a pending title transfer at least seven (7) days prior to the transfer Such notice shall include the name of the buyer, the date of title transfer, and other information as the Board may require.
- (b) Foundation Payment Limit. The Association's Board from time to time shall determine the amount of the Foundation Payment after consultation with the Foundation. The Foundation Payment may be based upon a sliding scale which varies in accordance with the Gross Selling Price of the property or another factor as determined by the Association's Board; provided, however the Foundation Payment shall not be greater than one-quarter percent (0 25%) of the Gross Selling Price of the applicable property.
- (c) <u>Purpose</u>. All Foundation Payments which the Association collects on behalf of the Foundation shall be paid or transferred to the Foundation and deposited into a separate account in the name of the Foundation and shall be used for such purposes as the Foundation, acting through its board of trustees, deems beneficial to the general good and welfare of the Riverstone community. By way of example and not limitation, Foundation Payments may be used to assist the Association or one or more tax-exempt entities in funding.
 - (i) preservation and maintenance of natural areas, wildlife preserves, archaeological sites, areas of historical or cultural significance or similar conservation areas, and sponsorship of educational programs and activities which contribute to the overall understanding, appreciation and preservation of the natural environment at Riverstone;
 - (ii) programs and activities which serve to promote a sense of community within Riverstone, such as recreational leagues, cultural programs, educational programs, festivals and holiday celebrations and activities, a community computer network, and recycling programs;
 - (iii) social services, community outreach programs and other charitable causes;and
 - (iv) enhancement and/or improvement of infrastructure within the Properties.

(d) <u>Exempt Transfers</u>. Notwithstanding the above, no Foundation Payment shall be levied upon transfer of title to a Lot with a Single Family Residence by a Builder or a transfer which is an Exempt Transfer.

SECTION 7. LIEN FOR ASSESSMENTS. All sums assessed against any property subject to this Declaration pursuant to this Declaration, together with interest, collection and other costs, and reasonable attorney's fees actually incurred, as provided herein, shall be secured by a lien on the property owned by each Owner in favor of the Association. All Persons acquiring liens or encumbrances on any property subject to this Declaration after this Declaration shall have been recorded in the real property records of Fort Bend County, Texas shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for Assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

SECTION 8. SUBORDINATION OF THE LIEN TO FIRST MORTGAGES. The lien securing the Assessments provided for herein shall be subordinate to (i) liens of ad valorem taxes and (ii) the lien of any first Mortgage which has been recorded in the real property records of Fort Bend County, Texas. Sale or transfer of any Lot subject to this Declaration shall not affect the lien hereby created. However, the sale or transfer of any Lot pursuant to foreclosure of a first Mortgage or any conveyance in lieu thereof, shall extinguish the lien of such Assessments as to payments which become due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any Assessments thereafter becoming due or from the lien thereof

SECTION 9. EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION. Any Assessments which are not paid in full by the date specified by the Board shall be delinquent. Any delinquent Assessment shall commence to bear interest on the due date at the rate of eighteen percent (18%) per annum or such other interest rate as the Board may from time to time determine or the maximum lawful rate of interest. If the Assessment is not paid when due, the lien herein retained and created against the affected Lot shall secure the Assessment due, interest thereon from the date due and payable, all costs of collection, court costs, reasonable attorney's fees actually incurred, and any other amount provided or permitted by law. In the event that the Assessment remains unpaid after ninety (90) days, the Association may, as the Board shall determine, institute suit for collection against the Owner personally obligated to pay the Assessment or foreclose the lien created and reserved hereby against the Lot of such Owner.

The Association's lien is created by recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of lien shall be or is required. By acquiring a Lot, an Owner grants to the Association a power of sale in connection with the Association's lien. By written resolution, the Board of Directors of the Association may appoint, from time to time, an officer, agent, trustee, or attorney of the Association to exercise the power of sale on behalf of the Association. The Association shall exercise its power of sale pursuant to Section 51.002 of the Texas Property Code, and

any applicable revision(s), amendment(s), or recodifications thereof in effect at the time of the exercise of such power of sale. The Association has the right to foreclose its lien judicially or by nonjudicial foreclosure pursuant to the power of sale created hereby. Costs of foreclosure may be added to the amount owed by the Owner to the Association. An Owner may not petition a court to set aside a sale solely because the purchase price at the foreclosure sale was insufficient to fully satisfy the Owner's debt. The Association may bid for and purchase the Lot at the foreclosure sale utilizing funds of the Association. The Association may own, lease, encumber, exchange, sell, or convey a Lot. The purchaser at any such foreclosure sale shall be entitled to sue for recovery of possession of the Lot by an action of forcible detainer without the necessity of giving any notice to the former owner or owners of the Lot sold at foreclosure Unless otherwise provided by law, the Owner shall have no right of redemption after or resulting from a foreclosure sale of the Association's lien. Nothing herein shall prohibit the Association from taking a deed in lieu of foreclosure or from filing suit to recover a money judgment for sums that may be secured by the lien. At any time before a nonjudicial foreclosure sale, an Owner of a Lot may avoid foreclosure by paying all amounts due the Association Foreclosure of a tax lien attaching against a Lot under Chapter 32, Tax Code, shall not discharge the Association's lien under this paragraph for amounts becoming due to the Association after the date of foreclosure of the tax lien

No Owner may waive or otherwise exempt himself from liability for the Assessments provided for herein, by non-use of Common Area or abandonment of the Lot owned by such Owner. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay Assessments being a separate and independent covenant on the part of Declarant and each other Owner.

All payments shall be applied first to costs and attorney's fees, then to interest, and then to delinquent Assessments.

SECTION 10. ASSESSMENT OBLIGATION OF DECLARANT. Subject to the further provisions hereof, Declarant, on behalf of itself and its successors and assigns to whom its rights as Declarant are expressly assigned, covenants and agrees to pay Assessments as provided herein for the Lots (other than unplatted Lots) that it owns. However, as long as the Class "B" membership exists in the Association, the Declarant may annually elect either to pay Residential Assessments on the Lots it owns as herein provided or to pay the Association the difference between the amount of Residential Assessments collected on all other Lots subject to assessment and the amount of the actual expenditures incurred to operate the Association during such calendar year (the "subsidy"). The payment by Declarant of a subsidy in any year in lieu of Residential Assessments shall under no circumstances obligate the Declarant to pay a subsidy in a

future year or years even if the subsidy is less than the Residential Assessments that would otherwise have been payable by the Declarant. The subsidy may be paid by the Declarant in increments throughout the year as funds are needed by the Association. During any period that the Declarant is comprised of more than one (1) Person, the Declarant's option to pay a subsidy in lieu of Residential Assessments shall be contingent upon such Persons reaching an agreement among themselves as to the portion of the subsidy to be paid by each of them. In the event an agreement is reached and any such Person fails to pay its agreed share of the subsidy, it shall be obligated to pay Residential Assessments on the Lots it owns as if no subsidy election had been made.

The Declarant may also elect to make loans to the Association. In the event of a loan, the loan and interest thereon at the prime rate of interest announced from time to time by Bank of America, N.A. or another bank designated by the Board at the time the loan is made plus 1% per annum, shall be payable by the Association to the Declarant from future Annual Assessments collected by the Association All loans, if any, shall be evidenced by promissory notes executed by the Association.

ARTICLE IV RIGHTS IN THE COMMON AREA

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

- (a) The Association shall have the right to charge reasonable admission and other fees for the use of any facility situated upon the Common Area.
- (b) The Association shall have the right, without the approval of the Members, to borrow money and to mortgage, pledge, deed in trust, or hypothecate any or all of the Common Area as security for money borrowed or debts incurred.
- (c) The Association shall have the right to take such steps as are reasonably necessary to protect the Common Area against foreclosure of any such mortgage.
- (d) The Association shall have the right to suspend the enjoyment rights of any Member for any period during which any assessment or other amount owed by such Member to the Association remains unpaid in excess of thirty (30) days.
- (e) The Association shall have the right to establish reasonable rules and regulations governing the Members' use and enjoyment of the Common Area, and to suspend the enjoyment rights of any Member for any period not to exceed sixty (60) days for any infraction of such rules and regulations.

- (f) The Association shall have the right, without the approval by the Members, to sell or convey all or any part of the Common Area and the right, to grant or dedicate easements in portions of the Common Area to public or private utility companies
- (g) The Association shall have the right to enter into agreements with one or more Persons pursuant to which individuals who are not Members of the Association are granted the right to use the Common Area and the facilities located thereupon upon payment of such fees as may be determined by the Board
- (h) The use of Lakes by Members of the Association and their permitted guests shall be subject to such rules and regulations as the Association's Board of Directors may adopt from time to time Such rules may, among other things, limit the use of Lakes to human powered and low speed electric craft only, prohibit fishing or permit only catch and release fishing, and prohibit swimming.

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

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

SECTION 4. EASEMENTS FOR UTILITIES AND PUBLIC SERVICES.

(a) There is hereby granted to the Association, to Fort Bend County, to the City of Sugar Land, to the City of Missouri City, and to any other public authority or agency, utility district, or public or private utility company, a perpetual easement upon, over, under, and across (i) the Common Area, and (ii) those portions of all Lots as are reasonably necessary, for the purpose of installing, replacing, repairing, maintaining, and using master television antenna and/or cable systems, security and similar systems, and all utilities, including, but not limited to, storm sewers, drainage systems and retention ponds, electrical, gas, telephone, water and sewer lines, street lights, street signs and traffic signs; provided, however, that such easements shall not unreasonably affect the ability to develop, market or the value of any Lot. To the extent possible, utility lines and facilities serving the Properties and located therein shall be located underground. By virtue of any such easement and facilities, it shall be expressly permitted for the providing utility

company or other supplier or servicer, with respect to the portions of the Properties encumbered, (i) to erect and maintain pipes, lines, manholes, pumps, and other necessary equipment and facilities, (ii) to cut and remove any trees, bushes, or shrubbery, (iii) to excavate or fill, or (iv) to take any other similar action reasonably necessary to provide economical and safe installation, maintenance, repair, replacement, and use of such utilities and systems.

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

SECTION 5 EASEMENTS FOR ASSOCIATION There is hereby granted a general right and easement to the Association, its directors, officers, agents, and employees, including, but not limited to, any manager employed by the Association and any employees of such manager, to enter upon any Lot or any portion thereof in the performance of their respective duties or the enforcement of the provisions of this Declaration without liability for trespass. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to the Owner or Occupant of the residence directly affected thereby.

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

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

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

SECTION 8 RIVERSTONE ATHLETIC CLUB.

(a) <u>General</u>. A golf course and club house and other recreational facilities including, without limitation, tennis courts and swimming pools (hereinafter referred to as "<u>Club Facilities</u>"), may be constructed by any entity affiliated with the Declarant or by an unrelated entity on a tract or tracts of land (the "<u>Club Land</u>") within or in the vicinity of the Properties (but which may not be a part of the Properties) and may be operated as a private or semi-private club for the use of individuals who pay membership fees to the owner thereof The club facilities are not a part of the Common Area. The Members of the Association shall have no ownership interest, proprietary interest, beneficial interest, or

other vested interest in the club facilities and shall have no right to enter or to use the club facilities by virtue of being a Member of the Association and the Owner of a Lot

- (b) Operation of Club Facilities. No representations or warranties have been or are made by Declarant or any other Person regarding the ownership or operation of the Club Facilities. Further, the ownership or management and administration of the club facilities may change at any time and from time to time by virtue of, but without limitation, (i) the sale or assumption of operations of the club facilities by/to a third party or entity, or (ii) the conversion of the club facilities membership structure to an equity club or similar arrangement whereby the members of the Club Facilities or an entity owned or controlled thereby become the owner(s) and/or operator(s) of the Club Facilities.
- (c) Rights of Access The owner of the club facilities and its members and their invitees, employees, agents, contractors, and designers shall at all times have a right and non-exclusive easement of access and use over all Streets located within the Properties reasonably necessary to travel to and from the Club Facilities and, further, over those portions of the Properties (whether Common Area or otherwise) reasonably necessary to the operation, maintenance, repair, and replacement of the Club Facilities and such easements are hereby reserved.
- (d) <u>Easements</u> A nonexclusive, perpetual easement is hereby granted by the Declarant to the owner of the Club Land, its servants, independent contractors, agents, members, guests and invitees over the Properties for the following purposes:
 - (i) Flight of golf balls over, across, and upon the Properties;
 - (II) Retrieval of golf balls, including the right to enter on any Lot for that purpose, provided the right to retrieve golf balls shall only extend to non-enclosed portions of the Lots;
 - (iii) Doing of every act necessary and incident to the playing of golf and other recreational activities on the Club Land, including, but not limited to, the operation of lighting facilities for operation of tennis, swimming, driving range, and golf practice facilities during hours of darkness, and the creation of usual and common noise levels associated with such recreational activities:
 - (iv) Creation of noise related to the normal maintenance and operation of the golf course and other facilities on the Club Land, including, but not limited to, the operation of mowing and spraying equipment; and

(v) An easement of no specified width for the overspray of herbicides, fungicides, pesticides, fertilizers, and water over portions of the Properties located adjacent to the Club Land.

The easements hereby granted are appurtenant to the Club Land and shall run with the land.

- (e) Release of Declarant and Association. The Declarant, the Association, and their respective successors and assigns, shall not under any circumstances, be liable for any damage or injury resulting from errant golf balls. All Persons now or hereafter having an ownership or other interest in all or any portion of the Properties shall assume all risks associated with errant golf balls and all current and future Owners of all or any portion of the Properties, by acceptance of a conveyance of a portion of, or interest in, a Lot agree and covenant not to make any claim or institute any action against Declarant, the Association, and their respective successors or assigns:
 - (i) arising or resulting from any errant golf balls or damages that may be caused thereby,
 - (ii) for negligent design of the Club Facilities or the configuration or location of any Lot within the Properties, or
 - (iii) claiming or asserting that the golf course or any portion thereof constitutes a nuisance, hazard, or danger to any Owner or the public in general.
- (f) Restrictions Applicable to Golf Course Lots. Each Lot which is adjacent to the Club Land (a "Golf Course Lot") shall be conveyed subject to the following restrictions which shall run with the land and be binding on each Golf Course Lot in perpetuity:
 - (i) No residence on a Golf Course Lot shall be located closer than thirty (30) feet from the common boundary of such Lot and the Club Land,
 - (ii) There shall be no buildings, structures, or other temporary or permanent improvements of whatsoever kind or nature placed or constructed on any Golf Course Lot, with the exception of the main residence, underground utilities, inground pools and related facilities, children's playground equipment, gazebos and fencing which meets the criteria hereinafter set forth. Storage buildings may not be located in the rear yard of a Golf Course Lot;
 - (iii) The thirty (30) foot building setback area on each Golf Course Lot from the common property line with the Club Land (the "Rear Lot Setback Area") shall be improved to the following standards prior to any occupancy of the residence on such Golf Course Lot.

- (a) The Rear Lot Setback Area will be sodded in its entirety; and
- (b) The rear yard of the Golf Course Lot will be landscaped in accordance with the Landscaping Guidelines.
- (IV) The exterior of all structures on a Golf Course Lot, exclusive of door and window openings, shall consist entirely of brick, stone, or another masonry material approved by the Residential ARC; and
- (v) Each Golf Course Lot shall have a uniform fence built in accordance with the specifications and at the locations set forth in the Builder Guidelines

ARTICLE V INSURANCE

SECTION 1 INSURANCE. The Association's Board of Directors, or its duly authorized agent, shall obtain blanket all-risk casualty insurance for all insurable improvements on the Common Area, or if blanket all-risk coverage is not reasonably available, an insurance policy providing fire and extended coverage. In addition to casualty insurance on the Common Area, the Association may, upon request of a Neighborhood, obtain casualty insurance on the Exclusive Common Area within the Neighborhood. Such insurance policies shall be in such amount or amounts as the Board of Directors deems appropriate.

The Board may also obtain a public liability policy covering the Common Area, insuring the Association and its Members for all damages or injury caused by the negligence of the Association, its agents, the Members or Occupants, in such amount as the Board deems appropriate.

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

SECTION 2 DAMAGE AND DESTRUCTION Immediately after damage or destruction by fire or other casualty of all or any part of the property covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and the repair or reconstruction of the damaged or destroyed property, to the extent insurance

proceeds are available for such purpose. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition which existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes. In the event that insurance proceeds are unavailable to repair or reconstruct the Common Area or the Exclusive Common Area of any Neighborhood, the damaged or destroyed property shall be restored to its natural state. If insurance proceeds are insufficient to cover a repair or reconstruction, the Board may levy a Special Assessment to cover the shortfall, subject to the requirements of Section 5 of Article III above.

ARTICLE VI ARCHITECTURAL STANDARDS AND RESTRICTIONS

SECTION 1 PURPOSE. In order to preserve the natural setting and beauty of the Properties, to establish and preserve a harmonious and aesthetically pleasing design for the Riverstone project and to protect and promote the value of the Properties, the Lots shall be subject to the restrictions set forth in this Article VI. Every grantee of any interest in a Lot by acceptance of a deed or other conveyance of such interest, agrees to be bound by the provisions of this Article

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

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

The Board of Directors shall have the right, but not the obligation, at any time to create a separate committee known as the "Modifications Committee" to perform the obligations of the Residential ARC hereinafter specified with respect to the review of plans

for the alteration or modification of the improvements on a Lot after construction of the initial improvements. The Board shall also have the right to abolish such committee at any time. In the event such committee is created it shall consist of three (3) members appointed by the Board and the Board shall have the power to remove a member at any time. In the event a Modifications Committee is created, such committee shall have all of the duties and powers granted to the Residential ARC in this Declaration with respect to the alteration or modification of improvements on a Lot in the Properties unless or until the Board determines there should no longer be two (2) separate committees and abolishes the Modifications Committee, in which event all such duties and powers shall thereafter be restored to the Residential ARC.

SECTION 3. ARCHITECTURAL APPROVAL To preserve the architectural and aesthetic appearance of the Riverstone project, no construction of improvements, including landscaping, or modifications, additions, or alterations to existing improvements, shall be commenced or maintained by any Owner with respect to any Lot in the Properties, including, without limitation, the construction or installation of sidewalks, driveways, parking areas, mail boxes, decks, patios, courtyards, swimming pools, tennis courts, greenhouses, playhouses, landscaping, awnings, walls, fences, exterior lights, garages, guest or servants' quarters, or accessory buildings, nor shall any exterior addition to or change or alteration be made to any improvements (including, without limitation, painting or staining of any exterior surface, including fences), unless and until two (2) copies of the plans and specifications and related data (including, if required by the Residential ARC, a survey showing the location of trees of four (4) inches or more in diameter at a height of twelve (12) inches above the ground and other significant vegetation on such Lot) showing the nature, color, type, shape, height, materials, and location of the same shall have been submitted to and approved in writing by the Residential ARC including, without limitation, approval as to the compliance of such plans and specifications with this Declaration and the Builder Guidelines, and the harmony of external design, location, and appearance in relation to surrounding structures and topography One copy of such plans, specifications, and related data so submitted shall be retained in the records of the Residential ARC, and the other copy shall be returned to the Owner marked "approved," "approved with conditions as noted," or "disapproved." The Residential ARC may establish a reasonable fee sufficient to cover the expense of reviewing plans and related data and to compensate any consulting architects, landscape architects, urban designers, inspectors, or attorneys retained in accordance with the terms hereof. Nothing contained herein shall be construed to limit the right of an Owner to remodel the interior of his improvements, or to paint the interior of the improvements on his property any color desired. The Residential ARC shall have the sole discretion to determine whether plans and specifications submitted for approval are acceptable to the Association and shall use reasonable efforts to give its approval or disapproval of plans and specifications within forty-five (45) days after submission of all items required. The failure of such committee to respond within such period shall be deemed to be a disapproval unless written approval is thereafter given.

Upon approval of plans and specifications, no further approval under this Article VI shall be required with respect thereto, unless construction has not substantially

commenced within six (6) months of the approval of such plans and specifications (e.g. clearing and grading, pouring of footings, etc.) or unless such plans and specifications are materially altered or changed. The Residential ARC may disapprove plans and specifications for any reason which is consistent with the objects and purposes of this Declaration as determined by the Residential ARC from time to time, including purely aesthetic considerations, so long as such grounds are not arbitrary or capricious

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

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

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

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

SECTION 8. VARIANCES. The Residential ARC may grant variances from compliance with the restrictions of this Declaration and from any of the Builder Guidelines when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing, or (b) estop the Residential ARC from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing, shall not be considered a hardship warranting a variance.

<u>SECTION 9. URBAN DESIGN STANDARDS</u>. In addition to the Builder Guidelines, the Owner of each Lot in the portion of the Properties within the city limits or the extraterritorial jurisdiction of the City of Missouri City in constructing improvements must comply with the Urban Design Standards (as hereinabove defined).

ARTICLE VII SPECIFIC USE RESTRICTIONS

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

No garage sale, yard sale, moving sale, rummage sale or similar activity and no trade or business may be conducted in or from any Lot, except that an Owner or Occupant may conduct business activities within the Single Family Residence so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Lot; (b) the business activity does not involve persons coming onto the Properties who do not reside in the Properties or door-to-door solicitation of residents of the Properties; and (c) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board. The Board is authorized to promulgate rules and regulations to insure that home businesses comply with the above standards and to make factual determinations regarding the impact of a home business on the residential character of the Properties. If, in the judgment of the Board, a home business has a

detrimental impact on the residential quality of the Properties or otherwise constitutes a nuisance, it is authorized to require that the Owner cease the home business or alter it to Notwithstanding anything contained in this Section, the the Board's satisfaction. Association may sponsor a community wide garage sale or rummage sale at such location or locations as the Board deems appropriate from time to time. The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefor. Notwithstanding the above, the leasing of a Single Family Residence shall not be considered a trade or business within the meaning of this Section. This Section shall not apply to any activity conducted by a Developer or by a Builder with the approval of a Developer, with respect to the development and sale of the Lots and Single Family Residences in the Properties

SECTION 2. LIVING AREA REQUIREMENTS. The total living area of the Single Family Residence on a Lot shall be not less than the minimum specified in the Supplemental Declaration applicable to such Lot, if any.

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

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

SECTION 5. ANTENNAE AND SATELLITE DISHES No television, radio, or other electronic towers, aerials, antennae, satellite dishes or device of any type for the reception or transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon, except that this prohibition shall not apply to those antennae specifically covered by the regulations promulgated under the Telecommunications Act of 1996, as amended

from time to time. The Residential ARC is empowered to adopt rules governing the types of antennae that are permissible in the Properties and to establish reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae. To the extent that receipt of an acceptable signal would not be impaired, an antenna permissible pursuant to the rules of the Residential ARC may only be installed in a side or rear yard location, not visible from the Street or neighboring property, and integrated with the dwelling and surrounding landscape. Antennae shall be installed in compliance with all state and local laws and regulations.

SECTION 6. ANIMALS AND PETS No animals, livestock, or poultry of any kind may be raised, bred, kept, or permitted on any Lot, with the exception of a maximum of three (3) dogs, cats or other usual and common household pets (excluding in such maximum number, fish and birds); provided, however, those pets which are permitted to roam free, or which in the sole discretion of the Board, endanger health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners or Occupants within the Properties may be removed by the Board. No pets shall be kept, bred or maintained for any commercial purpose. Dogs which are household pets shall at all times whenever they are outside a Single Family Residence be on a leash or otherwise confined in a manner acceptable to the Board. Without prejudice to the Board's right to remove any such household pet, the owner of a pet that has caused damage to property shall be responsible for compensating the owner of the damaged property, but the Association shall have no obligation to enforce such obligation. Animal control authorities shall be permitted to enter the Properties to patrol and remove pets. Pets shall be registered, licensed and inoculated as required by law.

SECTION 7 WINDOW AIR CONDITIONERS. No window or wall type air conditioners shall be permitted to be used, erected, placed or maintained on or in any Single Family Residence, except that the Residential ARC may, at its discretion, permit window or wall type air conditioners to be installed if such unit, when installed, is not visible from a Street or any other Lot

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

SECTION 9. VEHICLES AND PARKING. The term "vehicles", as used herein, shall refer to all vehicles including, without limitation, automobiles, trucks, motor homes, recreational vehicles, boats, trailers, motorcycles, minibikes, scooters, go-carts, campers, buses, and vans, including such vehicles with the motor removed. No vehicle may be parked or left upon any Lot in the Properties, except in a garage or other area designated by the Board, and in driveways for such temporary periods as may be specified by the Board from time to time. The storage of vehicles on Streets or within road rights-of-way is specifically prohibited. Any vehicle parked or left not in accordance with this section shall be considered a nuisance. No vehicles shall be permitted on pathways or unpaved Common Area except for public safety vehicles and vehicles authorized by the Board.

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

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

SECTION 12 CLOTHESLINES, GARBAGE CANS, WOODPILES, ETC All clotheslines, garbage cans, woodpiles, swimming pool pumps, filters and related equipment and other similar items shall be located or screened so as to be concealed from view of neighboring streets and property

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

SECTION 14 TEMPORARY BUILDINGS. Temporary buildings or structures shall not be permitted on any Lot, provided, however, Declarant may permit temporary toilet facilities, sales and construction offices and storage buildings to be used by Builders in connection with the construction and sale of residences and by contractors performing land development activities within the Properties for Declarant. Builders may use garages as

sales or construction offices for the time during which such Builders are marketing homes At the time of the sale of a Single Family Residence by a Builder any garage appurtenant to such residence used for sales purposes must be reconverted to a functional garage in compliance with the plans approved by the Residential ARC.

SECTION 15. GRASS AND SHRUBBERY. The Owner of each Lot shall landscape the areas of his Lot which are visible from the Street or adjacent property in accordance with the Landscaping Guidelines. Grass and weeds shall be kept mowed to prevent unsightly appearance, and all curbs, roadways, drives and walkways shall be kept edged. Dead or damaged trees and shrubbery shall be promptly removed or replaced, and if not removed by the Owner upon request, then the Association may remove or cause to be removed such trees or shrubbery at the Owner's expense and shall not be liable for damage caused by such removal. The Association may, at its option, plant and install shrubbery and other screening devices around boxes, transformers and other aboveground utility equipment located on the Lots, and mow and maintain the grass, shrubbery or other screening devices around such utility equipment. The Association shall have the right to enter upon the Lots for such purposes

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

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

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

<u>SECTION 19. ROOFTOP ELEMENTS</u>. All stack vents and attic ventilators shall be located on the rear slopes of roofs and mounted perpendicular to the ground plate. All exposed roof stack vents, flashings, attic ventilators, etc. on each Single Family Residence must be painted to match the color of the roof of the Single Family Residence unless

otherwise approved by the Residential ARC No solar collectors shall be placed on a roof slope so that they are visible from a Street or the Common Area.

SECTION 20. DECORATIONS. No decorative appurtenances such as sculptures, birdbaths and birdhouses, flagpoles, fountains or other decorative embellishments shall be placed on the front lawn of a Lot or on the visible side or rear yard of a Lot unless such items have been approved in writing by the Residential ARC and are in compliance with the Builder Guidelines and the Urban Design Standards, if applicable. Notwithstanding the foregoing, customary seasonal decorations for national holidays are permitted for a maximum of twelve (12) days or thirty (30) days, in the case of Christmas, subject to the right of the Residential ARC to specify a maximum size and other guidelines for decorations.

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

SECTION 22. SIGNS. No sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Single Family Residence, fence or other improvement upon such Lot so as to be visible from public view except the following:

- (a) For Sale Signs. An Owner may erect one (1) sign on his Lot, not exceeding 2' x 3' in area, fastened only to a stake in the ground and extending not more than three (3) feet above the surface of such Lot advertising the property for sale.
- (b) **Declarant's Signs** Declarant may erect and maintain a sign or signs deemed reasonable and necessary for the construction, development, operation, promotion, leasing and sale of the Lots.
- (c) **Builders' Signs**. Any Builder may utilize one professional sign (of not more than five (5) square feet in size) per Lot for advertising and sales promotion of the residence on such Lot.
- (d) **Political Signs**. Political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal, provided that such signs shall not be erected more than thirty (30) days in advance of the election to which they pertain and shall be removed within ten (10) days after such election
- (e) School Spirit Signs. Signs containing information about one or more children residing in the Single Family Residence and the school they attend shall be

permitted so long as the sign is not more than 36" x 36". There shall be no more than one sign for each child under the age of eighteen (18), residing in the Single Family Residence Banners are not permitted.

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

In addition to any other remedies provided for herein, the Board of Directors or its duly authorized agent shall have the power to enter upon a Lot to remove any sign which violates this Section provided the violating Owner has been given forty-eight (48) hours written notice by the Board of Directors of its intent to exercise self-help. All costs of self-help, including reasonable attorney's fees actually incurred, shall be assessed against the violating Owner and shall be collected as provided for herein for the collection of Assessments

SECTION 23 FENCES. No fence or wall shall be erected on any Lot nearer to the Street than the minimum setback from the Street shown on the plat of the subdivision containing such Lot unless otherwise approved by the Residential ARC. The plans for all fences must be approved by the Residential ARC which shall have the power to specify acceptable materials and/or fence design for specific areas such as along major thoroughfares. The Owner of each Lot shall be responsible for the proper maintenance of all fences on his Lot unless the Association assumes such obligation. Each of the Owners of adjacent Lots with a fence located on the common line between the Lots shall be responsible for the maintenance of such fence.

<u>SECTION 24 LAKEFRONT LOTS</u>. The following specific restrictions shall apply to all Lakefront Lots:

- (a) The installation of boat docks, piers and other man-made alterations to a Lake are prohibited. Decks and patios may be placed on Lot adjacent to a Lake provided that the plans and specifications therefor are submitted to and approved by the Residential ARC;
- (b) The Owner of each Lakefront Lot shall be responsible for all temporary erosion control measures required during construction on his or her Lot to ensure that there is no erosion into the Lake and such Owner shall be responsible for any repair or maintenance required due to erosion caused by construction on the Lot;
- (c) No Owner or Occupant of a Lakefront Lot shall withdraw water from or discharge water into a Lake;

- (d) No Owner or Occupant of a Lakefront Lot shall dump or place refuse, trash or any other material into a Lake;
- (e) No Owner or Occupant of a Lakefront Lot shall release or introduce any wildlife, waterfowl, reptiles or fish into a Lake or put water plants into a Lake,
- (f) Each Lakefront Lot shall have a uniform fence built in accordance with the specifications and at the locations set forth in the Builder Guidelines,
- (g) The exterior of all structures on a Lakefront Lot, exclusive of door and window openings, shall consist entirely of brick, stone or another masonry material approved by the Residential ARC,
- (h) The rear yard of each Lakefront Lot shall be landscaped in accordance with the Landscaping Guidelines; and
- (i) Storage buildings may not be placed in the rear yard of a Lakefront Lot.

SECTION 25. OWNER'S MAINTENANCE Each Owner and Occupant of a Lot shall at all times be obligated to maintain his property and all improvements thereupon as well as the area between the boundary lines of his Lot and the curb or edge of the pavement of the adjacent Streets, so as to keep same in a clean, sightly and safe condition and to conform with the Landscaping Guidelines and any specific standards which the Board of Directors may adopt by resolution for the Properties. Unless expressly assumed by the Association, an Owner's maintenance obligation shall include, but not be limited to. the maintenance of all visible exterior surfaces of all buildings and other improvements. including fences; the prompt removal of all paper, debris, and refuse, the removal and replacement of dead and diseased trees and plantings; the repair, replacement, cleaning and relamping of all signs and lighting fixtures, the mowing, watering, fertilizing, weeding, replanting and replacing of all approved landscaping; and, during construction, the cleaning of dirt, construction debris and other construction-related refuse from Streets and storm drains and inlets. The responsibilities of the Owner of each Lot hereunder also include the obligation to maintain, repair and replace when necessary the public sidewalk along the front of the Lot and along the side on corner Lots, which is constructed either within the right-of-way of the adjacent Street or within an easement across the Lot, and the Street curb. In the event an Owner fails to maintain his Lot and such adjacent property as specified above, the Association shall have the right, but not the obligation, to enter upon the applicable Lot to perform the necessary work as more specifically set forth in Section 8 of Article X hereof.

SECTION 26. DAMAGE AND DESTRUCTION OF IMPROVEMENTS. Each Owner shall maintain, at their expense, casualty insurance on their Single Family Residence in an amount not less than the replacement cost. In the event a Single

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

ARTICLE VIII ANNEXATION OF ADDITIONAL PROPERTY AND DEANNEXATION

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

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

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

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

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

ARTICLE IX MORTGAGEE PROVISIONS

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

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

- (a) any proposed termination of the Association,
- (b) any condemnation loss or any casualty loss which affects the property on which there is a mortgage or deed of trust held, insured, or guaranteed by such Mortgagee; or
- (c) any delinquency in the payment of Assessments or charges owed by an Owner of the property subject to the Mortgage of such

Mortgagee, where such delinquency has continued for a period of sixty (60) days.

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

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

ARTICLE X GENERAL PROVISIONS

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

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

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

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

SECTION 5. AMENDMENT This Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or

regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the property subject to this Declaration; (c) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the property subject to this Declaration, or (d) for any other purpose, provided that the amendment has no material adverse effect upon any right of any Owner or that the Owner or Owners so affected have consented thereto

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

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

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

SECTION 8. ENFORCEMENT Each Owner and Occupant shall comply strictly with the covenants, conditions, and restrictions set forth in this Declaration, as may be amended from time to time, and with the rules and regulations adopted by the Board. The Board may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration or the rules and

regulations shall be grounds for an action to recover sums due for damages, injunctive relief, or any other remedy available at law or in equity, maintainable by the Board, on behalf of the Association, or by any Owner of a portion of the Properties. Failure of the Board or any other Person to enforce any of the provisions herein contained shall in no event be deemed a waiver of the right to do so thereafter The Association shall also have the right to enforce, by any proceeding at law or in equity, any other restrictions, conditions, covenants and liens imposed upon any portion of the Properties which by the terms of the instrument creating same grant the Association the power to enforce same, and failure of the Association to enforce such provisions shall in no event be deemed a waiver of the right to do so thereafter. In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon a Lot to abate or remove. using such force as may be reasonably necessary, any erection, thing or condition which violates this Declaration or the Design Guidelines Except in the case of emergency situations, and as otherwise specified herein, the Association shall give the violating Owner ten (10) days' written notice of its intent to exercise self-help. All costs of self-help, including reasonable attorney's fees actually incurred, shall be assessed against the violating Owner and shall be collected as provided for herein for the collection of Assessments

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

SECTION 10. NOTICE OF SALE OR TRANSFER OF TITLE. In the event that an Owner sells or otherwise transfers title to his or her Lot, as specified in Section 3 of Article III such Owner shall provide the Association with a copy of the executed instrument of conveyance and give the Association written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board of Directors may reasonably require. Until such written notice is received by the Association, the transferor shall continue to be jointly and severally responsible for all obligations of the Owner of the Lot hereunder, including payment of Assessments, notwithstanding the transfer of title to the Lot. The Board may require payment of a transfer fee to defray the costs incurred in changing its records to reflect the new Owner of a Lot.

SECTION 11 CUMULATIVE EFFECT: CONFLICT. The covenants, restrictions and provisions of this Declaration shall be cumulative with all Supplemental Declarations, provided, however, in the event of conflict between the provisions of this Declaration and

a Supplemental Declaration, this Declaration shall prevail, it being intended that all Supplemental Declarations be subject and subordinate to this Declaration.

IN WITNESS WHEREOF, this Declaration of Covenants, Conditions and Restrictions is executed as of the 3/81 day of ________, 2001.

FROST RANCH DEVELOPMENT, LP.

By: Hwy 6/309, L L C., general partner

Ву.

arry D. Johnson, Manager

SUGAR LAND RANCH DEVELOPMENT, L.L.C., a Texas limited liability company

By

Larry D. Johnson, Manager

HILLSBORO ESTATES, L L C, a Texas limited liability company

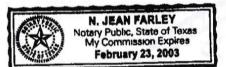
By

Larry D. Johnson, Manager

THE STATE OF TEXAS Samon **COUNTY OF HARRIS**

This instrument was acknowledged before me on May 31, 2001 by Larry D. Johnson, Manager of Hwy 6/309, L.L.C, a Texas limited liability company which is the general partner of Frost Ranch Development, L.P., a Texas limited partnership, on behalf of said limited partnership.

(SEAL)



Notary Public in and for the State of Texas

JEAN FARLEY Name printed or typed

My commission expires: 02 23 03

THE STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on May 31, 2001 by Larry D. Johnson, Manager of Sugar Land Ranch Development, L.L.C, a Texas limited liability company, on behalf of said limited liability company.

(SEAL)

N. JEAN FARLEY lotary Public, State of Texas My Commission Expires February 23, 2003

Notary Public in and for the State of Texas

JEAN Name printed or typed

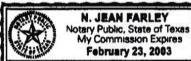
My commission expires: 02 23 03

THE STATE OF TEXAS §

COUNTY OF HARRIS 8

This instrument was acknowledged before me on May 31, 2001 by Larry D Johnson, Manager of Hillsboro Estates, L L C., a Texas limited liability company, on behalf of said limited liability company.

(SEAL)



Notary Public in and for the State of Texas

N Jean Fance My commission expires 022303

After Recording, Return To: Coats, Rose, Yale, Ryman & Lee A Professional Corporation
Attorneys at Law
800 First City Tower 1001 Fannin Houston, Texas 77002-6707

FILED AND RECORDED OFFICIAL PUBLIC RECORDS

France Hilas 05-31-2001 03:33 PM 2001047889 TD \$105.00 DIANNE WILSON , COUNTY CLERK FORT BEND COUNTY, TEXAS