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THE WOODLANDS HILLS

AMENDED AND RESTATED DEVELOPMENT AREA DECLARATION [*RESIDENTIAL*]

Montgomery County, Texas

THIS DOCUMENT AMENDS AND RESTATES IN ITS ENTIRETY THAT CERTAIN DEVELOPMENT AREA DECLARATION FOR THE WOODLANDS HILLS [*RESIDENTIAL*], RECORDED IN DOCUMENT NO. 2017102673 IN THE OFFICIAL PUBLIC RECORDS OF MONTGOMERY COUNTY, TEXAS

DECLARANT: **HF HOLDING COMPANY, LLC,** a Delaware limited liability company

Cross reference to The Woodlands Hills Master Covenant [*Residential*], recorded as Document No. 2017102229 in the Official Public Records of Montgomery County, Texas.

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THE WOODLANDS HILLS

AMENDED AND RESTATED DEVELOPMENT AREA DECLARATION [*RESIDENTIAL*]

This Amended and Restated Development Area Declaration for The Woodlands Hills [*Residential*] (this "**Development Area Declaration**") is made by **HF HOLDING COMPANY, LLC,** a Delaware limited liability company (the "**Declarant**"), and is as follows:

RECITALS:

A. Pursuant to that certain The Woodlands Hills Master Covenant [*Residential*], recorded as Document No. 2017102229 in the Official Public Records of Montgomery County, Texas (the "**Covenant**"), Declarant previously recorded that certain Development Area Declaration for The Woodland Hills [*Residential*], recorded in Document No. 2017102673 in the Official Public Records of Montgomery County, Texas (the "**Original Development Area Declaration**").

B. Pursuant to *Section 5.2* of the Original Development Area Declaration, Declarant may amend the Original Development Area Declaration acting alone.

C. Pursuant to the provisions of the Covenant, this Development Area Declaration is filed with respect to that certain real property located in Montgomery County, Texas, as more particularly described on **Exhibit "A"** attached hereto (the "**Development Area**"), which was heretofore subjected to the Original Development Area Declaration by the Recording of one or more Notices of Applicability, and shall constitute a portion of the Development and be governed by and fully subject to the Covenant and this Development Area Declaration as an amendment and restatement of the Original Development Area Declaration in its entirety.

A Development Area is a portion of The Woodlands Hills which is subject to the terms and provisions of the Covenant. A Development Area Declaration includes specific restrictions which apply to the Development Area, in addition to the terms and provisions of the Covenant.

D. Declarant intends for this Development Area Declaration to serve as one of the "Development Area Declarations" permitted under the Covenant and desires that the Development Area described and identified in Recital C hereinabove will constitute one of the Development Areas which is permitted, contemplated and defined under the Covenant.

E. Pursuant to the Covenant, Declarant served notice that portions of the Property may be made subject to one or more Development Area Declarations upon the Recording of one

or more Notices of Applicability in accordance with *Section 9.5* of the Covenant, and once such Notices of Applicability have been Recorded, the portions of the Property described therein will constitute the Development Area and will be governed by and fully subject to this Development Area Declaration in addition to the Covenant.

F. Upon the further Recording of one or more Notices of Applicability, portions of the Property identified in such notice or notices will be subject to the terms and provisions of this Development Area Declaration. The Property made subject to the terms and provisions of this Development Area Declaration will be referred to herein as the "**Development Area.**"

G. Pursuant to *Section 5.2* of the Original Development Area Declaration, Declarant desires to and hereby so does amend and restate the Original Development Area Declaration in its entirety as set forth herein.

NOW, THEREFORE, it is hereby declared: (i) that all of the Development Area, which had heretofore been subjected to the Original Development Area Declaration, and those portions of the Property as and when made subject to this Development Area Declaration by the Recording of a Notice of Applicability will be held, sold, conveyed, and occupied subject to the following covenants, conditions and restrictions which will run with such portions of the Property and will be binding upon all parties having right, title, or interest in or to such portions of the Property or any part thereof, their heirs, successors, and assigns and will inure to the benefit of each Owner thereof; (ii) each contract or deed conveying those portions of the Property which are made subject to this Development Area Declaration will conclusively be held to have been executed, delivered, and accepted subject to the following covenants, conditions and restrictions, regardless of whether or not the same are set out in full or by reference in said contract or deed; and (iii) that this Development Area Declaration will supplement and be in addition to the covenants, conditions, and restrictions of the Covenant.

ARTICLE 1
DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used in this Development Area Declaration have the meanings hereinafter specified:

"**Rainwater Harvesting System**" means one or more rain barrels, tanks, or rainwater harvesting systems used to collect and store rainwater runoff from roofs or downspouts for later reuse.

"**Solar Energy Device**" means a system or series of mechanisms designed primarily to provide heating or cooling or to produce electrical or mechanical power by collecting and transferring solar-generated energy. The term includes a mechanical or chemical device that has the ability to store solar-generated energy for use in heating or cooling or in the production of power.

Any other capitalized terms used but not defined in this Development Area Declaration will have the meanings given to such terms in the Covenant.

ARTICLE 2
USE RESTRICTIONS

All of the Development Area will be owned, held, encumbered, leased, used, occupied, and enjoyed subject to the following limitations and restrictions:

2.1 **Single Family Use Restrictions**. The Development Area will be used solely for single-family residential purposes.

No professional, business, or commercial activity to which the general public is invited will be conducted on any portion of the Development Area, except an Owner or Occupant may conduct business activities within a residence so long as: (i) such activity complies with Applicable Law; (ii) participation in the business activity is limited to the Owner(s) or Occupant(s) of a residence; (iii) the existence or operation of the business activity is not apparent or detectable by sight, i.e., no sign may be erected advertising the business within the Development Area, sound, or smell from outside the residence; (iv) the business activity does not involve door-to-door solicitation of residents within the Development Area; (v) the business does not, in the Board's judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles parked within the Development Area which is noticeably greater than that which is typical of residences in which no business activity is being conducted; (vi) the business activity is consistent with the residential character of the Development Area and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Development Area as may be determined in the sole discretion of the Board; and (vii) the business does not require the installation of any machinery other than that customary to normal household operations. In addition, for the purpose of obtaining any business or commercial license, neither the residence nor the Lot will be considered open to the public. The terms "business" and "trade", as used in this provision, will be construed to have their ordinary, generally accepted meanings and will 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: (x) such activity is engaged in full or part-time; (y) such activity is intended to or does generate a profit; or (z) a license is required. Leasing of a residence in compliance with *Section* 2 2 will not be considered a business or trade within the meaning of this subsection. This subsection will not apply to any activity conducted by the Declarant or a Homebuilder.

Notwithstanding any provision in this Development Area Declaration to the contrary, until the expiration or termination of the Development Period:

(i) Declarant and/or its licensees may construct and maintain upon portions of the Common Area or Special Common Area, and any Lot owned by the Declarant such facilities and may conduct such activities which, in Declarant's sole opinion, may be reasonably required, convenient, or incidental to the construction or sale of single family residences constructed upon the Lots, including, but not limited to, business offices, signs, model homes, and sales offices. Declarant and/or its licensees have an easement over and across the Common Area and Special Common Area for access and use of such facilities at no charge; and

(ii) Declarant and/or its licensees will have an access easement over and across the Common Area and Special Common Area for the purpose of making, constructing and installing improvements to the Common Area and Special Common Area.

2.2 **Rentals**. No portion of the Development Area may be used as an apartment house, flat, lodging house, hotel, bed and breakfast lodge, or any similar purpose, but the primary residence constructed on a Lot may be leased for residential purposes for a lease term of no less than six (6) months. All leases will be in writing. The Owner must provide to its lessee copies of the Documents. Notice of any lease, together with such additional information as may be required by the Board, must be remitted to the Association by the Owner on or before the expiration of ten (10) days after the effective date of the lease. All leases must be for the entire residence.

2.3 **Rubbish and Debris**. As determined by The Woodlands Hills Reviewer, no rubbish or debris of any kind may be placed or permitted to accumulate on or within the Development Area, and no odors will be permitted to arise therefrom so as to render all or any portion of the Development Area unsanitary, unsightly, offensive, or detrimental to any other property or Occupants. Refuse, garbage, and trash must be kept at all times in covered containers, and such containers must be kept within enclosed structures or appropriately screened from view. Each Owner will contract with an independent disposal service to collect all garbage or other wastes, if such service is not provided by a governmental entity or the Association.

2.4 **Trash Containers**. Trash containers and recycling bins must be stored in one of the following locations: (i) inside the garage of the residence; or (ii) behind or on the side of a residence in such a manner that the trash container and recycling bin is not visible from any street, alley, or adjacent residence, e.g. behind a privacy fence or other appropriate screening. The Woodlands Hills Reviewer will have the right to specify additional locations in which trash containers or recycling bins must be stored.

2.5 **Unsightly Articles; Vehicles**. No article deemed to be unsightly by the Board will be permitted to remain on any Lot so as to be visible from adjoining property or from

public or private thoroughfares. Without limiting the generality of the foregoing, trailers, graders, trucks other than pickups, boats, tractors, campers, wagons, buses, motorcycles, motor scooters, all-terrain vehicles and garden maintenance equipment will be kept at all times except when in actual use, in enclosed structures or screened from view and no repair or maintenance work may be done on any of the foregoing, or on any automobile (other than minor emergency repairs), except in enclosed garages or other structures. Service areas, storage areas, compost piles and facilities for hanging, drying or airing clothing or household fabrics must be appropriately screened from view, and no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials, scrap, refuse or trash must be kept, stored, or allowed to accumulate on any portion of the Development Area except within enclosed structures or appropriately screened from view. No racing vehicles or any other vehicles (including, without limitation, motorcycles or motor scooters) that are inoperable or do not have a current license tag may be visible on any Lot or may be parked on any roadway within the Development Area. Motorcycles must be operated in a quiet manner.

Parking of commercial vehicles or equipment, recreational vehicles, boats and other watercraft, trailers, stored vehicles or inoperable vehicles in places other than: (i) in enclosed garages; and (ii) behind a fence so as to not be visible from any other portion of the Development Area is prohibited; provided, construction, service and delivery vehicles may be exempt from this provision for such period of time as is reasonably necessary to provide service or to make a delivery to a residence.

2.6 **Outside Burning**. No exterior fires are permitted with the exception of barbecues, outside fireplaces, braziers and incinerator fires that are contained within facilities or receptacles and in areas designated and approved by The Woodlands Hills Reviewer. No Owner may permit any condition upon its portion of the Development Area which creates a fire hazard or violates Applicable Law

2.7 **Hazardous Activities**. No activities may be conducted on or within the Development Area and no Improvements may be constructed on or within any portion of the Development Area which, in the opinion of the Board, are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms or fireworks may be discharged upon any portion of the Development Area unless discharged in conjunction with an event approved in advance by The Woodlands Hills Reviewer and no open fires may be lighted or permitted except within safe and well-designed fireplaces or in contained barbecue units while attended and in use for cooking purposes. No portion of the Development Area may be used for the takeoff, storage, or landing of aircraft (including, without limitation, helicopters) except for medical emergencies.

2.8 **Animals - Household Pets**. No animals, including pigs, hogs, swine, poultry, fowl, wild animals, horses, cattle, sheep, goats, or any other type of animal not considered to be a domestic household pet within the ordinary meaning and interpretation of such words may be kept, maintained, or cared for on or within the Development Area (as used in this paragraph,

the term "domestic household pet" does not include non-traditional pets such pot-bellied pigs, **miniature horses, chickens, exotic snakes or lizards, ferrets, monkeys or other exotic animals). The Board may conclusively determine, in its sole discretion, whether a particular pet is a domestic household pet within the ordinary meaning and interpretation of such words.** No Owner or Occupant may keep on such Owner's or Occupant's Lot more than four (4) cats and dogs, in the aggregate, without prior written consent of the Board. No animal may be allowed to make an unreasonable amount of noise, or to become a nuisance, and no domestic pets will be allowed on the Development Area other than within the residence, or the fenced yard space associated therewith, unless confined to a leash. The Board may restrict pets to certain areas on the Development Area. No animal may be stabled, maintained, kept, cared for, or boarded for hire or remuneration on the Development Area, and no kennels or breeding operation will be allowed No animal may be allowed to run at large, and all animals must be kept within enclosed areas which must be clean, sanitary, and reasonably free of refuse, insects, and waste at all times. No pet may be left unattended in front yards, porches or other unenclosed outside areas of the Lot. All pet waste will be removed and appropriately disposed of by the owner of the pet. All pets must be registered, licensed and inoculated as required by Applicable Law. All pets not confined to a residence must wear collars with appropriate identification tags and all outdoor cats are required to have a bell on their collar. If, in the opinion of the Board, any pet becomes a source of unreasonable annoyance to others, or the owner of the pet fails or refuses to comply with these restrictions, the Owner or Occupant, upon written notice, may be required to remove the pet from the Development Area.

2.9 Maintenance. The Owners of each Lot will jointly and severally have the duty and responsibility, at their sole cost and expense, to keep their Lot and all Improvements thereon in good condition and repair and in a well-maintained, safe, clean and attractive condition at all times. The Board, in its sole discretion, will determine whether a violation of the maintenance obligations set forth in this Section has occurred. Such maintenance includes, but is not limited to the following, which must be performed in a timely manner, as determined by the Board, in its sole discretion:

(i) Prompt removal of all litter, trash, refuse, and wastes.

(ii) Lawn mowing and edging.

(iii) Tree and shrub pruning.

(iv) Watering.

(v) Keeping exterior lighting and mechanical facilities in working order.

(vi) Keeping lawn and garden areas alive, free of weeds, and attractive.

(vii) Keeping planting beds free of turf grass.

(viii) Keeping sidewalks and driveways in good repair.

(ix) Complying with Applicable Law.

(x) Repainting of Improvements.

(xi) Repair of exterior damage, and wear and tear to Improvements.

2.10 Antennae. Except as expressly provided below, no exterior radio or television antennae or aerial or satellite dish or disc, nor any Solar Energy Device, may be erected, maintained or placed on a Lot without the prior written approval of The Woodlands Hills Reviewer; provided, however, that:

(i) an antenna designed to receive direct broadcast services, including direct-to-home satellite services, that is one meter or less in diameter; or

(ii) an antenna designed to receive video programming services via multipoint distribution services, including multichannel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or

(iii) an antenna that is designed to receive television broadcast signals;

(collectively, (a) through (c) are referred to herein as the "**Permitted Antennas**") may be permitted subject to reasonable requirements as to location and screening as may be set forth in rules adopted by The Woodlands Hills Reviewer, consistent with Applicable Law, in order to minimize obtrusiveness as viewed from streets and adjacent property. Declarant and/or the Association will have the right, but not the obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or any portion of the Development.

(iv) Location of Permitted Antennas. A Permitted Antenna may be installed solely on the Owner's Lot and may not encroach upon any street, Common Area, Special Common Area, or any other portion of the Development Area. A Permitted Antenna may be installed in a location on the Lot from which an acceptable quality signal can be obtained and where least visible from the street and the Development Area, other than the Lot. In order of preference, the locations of a Permitted Antenna which will be considered least visible by The Woodlands Hills Reviewer are as follows:

(A) attached to the back of the principal single-family residence constructed on the Lot, with no part of the Permitted Antenna any higher than the lowest point of the roofline and screened from view of adjacent Lots and the street; then

(B) attached to the side of the principal single-family residence constructed on the Lot, with no part of the Permitted Antenna any higher than the lowest point of the roofline and screened from view of adjacent Lots and the street.

The Woodlands Hills Reviewer may, from time to time, modify, amend, or supplement the rules regarding installation and placement of Permitted Antennas.

Satellite dishes one meter or less in diameter, *e.g.*, DirecTV or Dish satellite dishes, are permitted; HOWEVER, you are required to comply with the rules regarding installation and placement. These rules and regulations may be modified by The Woodlands Hills Reviewer from time to time. Please contact The Woodlands Hills Reviewer for the current rules regarding installation and placement.

2.11 Signs. Unless otherwise permitted by Applicable Law, no sign of any kind may be displayed to the public view on any Lot without the prior written approval of The Woodlands Hills Reviewer, except for:

2.11.1 Declarant Signs. Signs erected by the Declarant or erected with the advance written consent of the Declarant;

2.11.2 Security Signs. One small security service sign per Lot, provided that the sign has a maximum face area of two (2) square feet and is located no more than five (5) feet from the front elevation of the principal residence constructed upon the Lot;

2.11.3 Permits. Permits as may be required by Applicable Law;

2.11.4 Religious Item on Door. A religious item on the entry door or door frame of a residence (which may not extend beyond the outer edge of the door frame), provided that the size of the item(s), individually or in combination with other religious items on the entry door or door frame of the residence, does not exceed twenty-five (25) square inches;

2.11.5 Sale or Rental Signs. One (1) temporary "For Sale" or "For Lease" sign per Lot, provided that the sign will be limited to: (i) a maximum face area of five (5) square feet on each visible side and, if free standing, is mounted on a single or frame post; (ii) an overall height of the sign from finished grade at the spot where the sign is located may not exceed four feet (4'); and (iii) the sign must be removed within two (2) business days following the sale or lease of the Lot;

2.11.6 Candidate or Measure Signs. Candidate or measure signs may be erected provided the sign: (i) is erected no earlier than the 90th day before the date of the election to which the sign relates; (ii) is removed no later than the 10th day after the date of the election to which the sign relates; and (iii) is ground-mounted. Only one sign may be erected for each candidate or measure. In addition, signs which include any of the components or characteristics described in Section 202.009(c) of the Texas Property Code are prohibited; and

2.11.7 No Soliciting Signs. A "no soliciting" sign near or on the front door to the principal residence constructed upon the Lot, provided, that the sign may not exceed twenty-five (25) square inches.

Except for signs which are erected by the Declarant or erected with the advance written consent of the Declarant, no sign may be displayed in the window of any Improvement located on a Lot.

2.12 Flags. Owners are permitted to display certain flags on the Owner's Lot, as further set forth below.

2.12.1 Approval Requirements. An Owner is permitted to display the flag of the United States of America, the flag of the State of Texas, an official or replica flag of any branch of the United States Military, or one (1) flag with official insignia of a college or university (**"Permitted Flag"**) and permitted to install a flagpole no more than five feet (5') in length affixed to the front of a residence near the principal entry or affixed to the rear of a residence (**"Permitted Flagpole"**). Only two (2) permitted Flagpoles are allowed per residence A Permitted Flag or Permitted Flagpole need not be approved in advance by The Woodlands Hills Reviewer. Approval by The Woodlands Hills Reviewer is required prior to installing vertical freestanding flagpoles installed in the front or back yard area of any Lot (**"Freestanding Flagpole"**).

2.12.2 Installation and Display. Unless otherwise approved in advance and in writing by The Woodlands Hills Reviewer, Permitted Flags, Permitted Flagpoles and Freestanding Flagpoles, installed in accordance with the Flagpole Application, must comply with the following:

(i) No more than one (1) Freestanding Flagpole OR no more than two (2) Permitted Flagpoles are permitted per Lot, on which only Permitted Flags may be displayed;

(ii) Any Permitted Flagpole must be no longer than five feet (5') in length and any Freestanding Flagpole must be no more than twenty feet (20') in height;

(iii) Any Permitted Flag displayed on any flagpole may not be more than three feet in height by five feet in width (3' x 5');

(iv) The flag of the United States of America must be displayed in accordance with 4 U.S.C. Sections 5-10 and the flag of the State of Texas must be displayed in accordance with Chapter 3100 of the Texas Government Code;

(v) The display of a flag, or the location and construction of the flagpole must comply with Applicable Law, easements and setbacks of record;

(vi) Any flagpole must be constructed of permanent, long-lasting materials, with a finish appropriate to the materials used in the construction of the flagpole and harmonious with the dwelling;

(vii) A flag or a flagpole must be maintained in good condition and any deteriorated flag or deteriorated or structurally unsafe flagpole must be repaired, replaced or removed;

(viii) Any flag may be illuminated by no more than one (1) halogen landscaping light of low beam intensity which will not be aimed towards or directly affect any neighboring Lot. Such illumination will also comply with the outdoor lighting restrictions set forth in the Documents; and

(ix) Any external halyard of a flagpole must be secured so as to reduce or eliminate noise from flapping against the metal of the flagpole.

2.13 Tanks. The Woodlands Hills Reviewer must approve any tank used or proposed in connection with a residence, including tanks for storage of fuel, water, oil, or liquid petroleum gas (LPG), and including swimming pool filter tanks. No elevated tanks of any kind may be erected, placed or permitted on any Lot within the Development Area without the advance written approval of The Woodlands Hills Reviewer. All permitted tanks must be screened from view in accordance with a screening plan approved in advance by The Woodlands Hills Reviewer. This provision will not apply to a tank used to operate a standard residential gas grills, nor will it apply to barrels used as part of a Rainwater Harvesting Systems with a capacity of less than 50 gallons, so long as such barrels are actively being used for rainwater collection and storage.

2.14 Temporary Structures. No tent, shack, or other temporary building, Improvement, or structure must be placed upon the Development Area without the prior written approval of The Woodlands Hills Reviewer; provided, however, that temporary structures necessary for storage of tools and equipment, and for office space for Homebuilders, architects, and foremen during actual construction may be maintained with the prior approval of the Declarant, approval to include the nature, size, duration, and location of such structure.

2.15 **Mobile Homes, Travel Trailers and Recreational Vehicles**. No mobile homes, travel trailers or recreational vehicles may be parked or placed on any street, right of way, Lot or used as a residence, either temporary or permanent, at any time. However, such vehicles may be parked temporarily for a period not to exceed seventy-two (72) consecutive hours during each two (2) month period. Notwithstanding the foregoing, sales trailers or other temporary structures expressly approved by The Woodlands Hills Reviewer or allowed pursuant to *Section 9.2* of the Covenant will be permitted.

2.16 **Party Wall Fences**. A fence or wall located on or near the dividing line between two (2) Lots and intended to benefit both Lots constitutes a "**Party Wall**". To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions will apply thereto. Party Walls will also be subject to the following:

2.16.1 Encroachments & Easement. If the Party Wall is on one Lot due to an error in construction, the Party Wall is nevertheless deemed to be on the dividing line for purposes of this Section Each Lot sharing a Party Wall is subject to an easement for the existence and continuance of any encroachment by the Party Wall as a result of construction, repair, shifting, settlement, or movement in any portion of the Party Wall, so that the encroachment may remain undisturbed as long as the Party Wall stands. Each Lot is subject to a reciprocal easement for the maintenance, repair, replacement, or reconstruction of the Party Wall.

2.16.2 Right to Repair. If the Party Wall is damaged or destroyed from any cause, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, the Owner of either Lot may repair or rebuild the Party Wall to its previous condition, and the other Owner or Owners that the wall serves will thereafter contribute to the cost of restoration thereof in equal proportions without prejudice, subject however, to the right of any such Owners to call for a larger contribution from the others under any rule or law regarding liability for negligent or willful acts or omissions. The Owners of both Lots, their successors and assigns, have the right to the full use of the repaired or rebuilt Party Wall. No Party Wall may be constructed, repaired, or rebuilt without the advance written approval of The Woodlands Hills Reviewer in accordance with *Article 6* of the Covenant.

2.16.3 Maintenance Costs. The Owners of the adjoining Lots share equally the costs of repair, reconstruction, or replacement of the Party Wall, subject to the right of one Owner to call for larger contribution from the other under any rule of law regarding liability for negligence or willful acts or omissions. If an Owner is responsible for damage to or destruction of the Party Wall, that Owner will bear the entire cost of repair, reconstruction, or replacement. If an Owner fails or refuses to pay his share of costs of repair or replacement of the Party Wall, the Owner advancing monies has a right to file a claim of lien for the monies advanced in the Official Public Records of Montgomery County, Texas, and has the right to foreclose the lien as if it were a mechanic's lien. The right of an Owner to require

contribution from another Owner under this Section is appurtenant to the Lot and passes to the Owner's successors in title.

2.16.4 Alterations. The Owner of a Lot sharing a Party Wall may not cut openings in the Party Wall or alter or change the Party Wall in any manner that affects the use, condition, or appearance of the Party Wall to the adjoining Lot. The Party Wall will always remain in the same location as when erected unless otherwise approved by the Owner of each Lot sharing the Party Wall and The Woodlands Hills Reviewer.

2.16.5 Dispute Resolution. In the event of any dispute arising concerning a Party Wall, or under the provisions of this Section (the "**Dispute**"), the parties must submit the Dispute to mediation. Should the parties be unable to agree on a mediator within ten (10) days after written request therefore by the Board, the Board will appoint a mediator. If the Dispute is not resolved by mediation, the Dispute will be resolved by binding arbitration. Either party may initiate the arbitration. Should the parties be unable to agree on an arbitrator within ten (10) days after written request therefore by the Board, the Board will appoint an arbitrator. The decision of the arbitrator will be binding upon the parties and will be in lieu of any right of legal action that either party may have against the other. In the event an Owner fails to properly and on a timely basis (both standards to be determined by the Board in the Board's sole and absolute discretion) implement the decision of the mediator or arbitrator, as applicable, the Board may implement said mediator's or arbitrator's decision, as applicable. If the Board implements the mediator's or arbitrator's decision on behalf of an Owner, the Owner otherwise responsible therefor will be personally liable to the Association for the cost of obtaining the all costs and expenses incurred by the Association in conjunction therewith. If such Owner fails to pay such costs and expenses upon demand by the Association, such costs and expenses (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one-half percent (1-1/2%) per month) will be assessed against and chargeable to the Owner's Lot(s). Any such amounts assessed and chargeable against a Lot hereunder will be secured by the liens reserved in the Covenant for Assessments and may be collected by any means provided in the Covenant for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot(s).

2.17 Water Quality Facilities, Drainage Facilities and Drainage Ponds. The Property may include one or more water treatment plant, waste water treatment plant, water quality facilities, sedimentation, drainage and detention facilities, or ponds which serve all or a portion of the Property and are inspected, maintained and administered by the Association in accordance with all Applicable Law. Access to these facilities and ponds is limited to persons engaged by the Association to periodically maintain such facilities. Each Owner is advised that the water treatment plant, waste water treatment plant, water quality facilities, sedimentation, drainage and detention facilities, and ponds are an active utility feature integral to the proper operation of the Property and may periodically hold standing water. Each Owner is advised that entry into the water treatment plant, waste water treatment plant, water quality facilities,

sedimentation, drainage and detention facilities, or ponds may result in injury and is a violation of the Rules.

2.18 **No Warranty of Enforceability**. Declarant makes no warranty or representation as to the present or future validity or enforceability of the Documents. Any Owner acquiring a Lot in reliance on one or more of the Documents will assume all risks of the validity and enforceability thereof and, by acquiring the Lot, agrees to hold Declarant harmless therefrom.

2.19 **Owner's Obligation to Maintain Street Landscape**. Each Owner will be responsible, at such Owner's sole cost and expense, for maintaining mowing, replacing, pruning, and irrigating the landscaping between the boundary of such Owner's Lot and the edge of the pavement of any adjacent public right-of-way, street or alley (the "**ST Landscape Area**") unless the responsibility for maintaining the ST Landscape Area or any portion thereof has been assumed by the Association, in the Board's sole discretion, in a Recorded written instrument identifying all or any portion of the ST Landscape Area to be maintained (the "**Association Landscape Area**"). If the Association assumes such responsibility as set forth herein, Owner may neither perform any maintenance in the Association Landscape Area nor construct any Improvements therein. Otherwise specifically, and not by way of limitation, each Owner, at such Owner's sole cost and expense, will be required to maintain, irrigate and replace any trees located within the ST Landscape Area. No landscaping, including trees, may be removed from or installed within the ST Landscape Area without the advance written consent of the Board. In the event an Owner fails to properly and on a timely basis (both standards to be determined by the Board in the Board's sole and absolute discretion) mow, replace, prune, and/or irrigate any landscaping, including trees, in such Owner's ST Landscape Area, such failure will constitute a violation of the Documents and the Board may cause such landscaping, including trees, to be mowed, replaced, pruned and/or irrigated in a manner determined by the Board, in its sole and absolute discretion. If the Board causes such landscaping, including trees, to be mowed, replaced, pruned and irrigated, the Owner otherwise responsible therefor will be personally liable to the Association for all costs and expenses incurred by the Association for effecting such work. If such Owner fails to pay such costs and expenses upon demand by the Association, such costs and expenses (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one-half percent (1½%) per month) will be assessed against and chargeable to the Owner's Lot(s). Any such amounts assessed and chargeable against a Lot hereunder will be secured by the liens reserved in the Covenant for Assessments and may be collected by any means provided in the Covenant for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot(s). EACH OWNER AND OCCUPANT WILL INDEMNIFY AND HOLD HARMLESS THE ASSOCIATION AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION INCLUDING ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING OUT OF

THE ASSOCIATION'S NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING BY REASON OF THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" AS USED HEREIN DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.

2.20 Compliance with Documents. Each Owner, his or her family, occupants of a Lot, and the Owner's tenants, guests, invitees, and licensees will comply strictly with the provisions of the Documents as the same may be amended from time to time. Failure to comply with any of the Documents will constitute a violation of thereof and may result in a fine against the Owner in accordance with *Section 5 14* of the Covenant, and will give rise to a cause of action to recover sums due for damages or injunctive relief, or both, maintainable by the Declarant, the Board on behalf of the Association, The Woodlands Hills Reviewer, or by an aggrieved Owner. Without limiting any rights or powers of the Association, either the Board or The Woodlands Hills Reviewer may (but neither will be obligated to) remedy or attempt to remedy any violation of any of the provisions of Documents, and the Owner whose violation has been so remedied will be personally liable to the Association for all costs and expenses of effecting (or attempting to effect) such remedy. If such Owner fails to pay such costs and expenses upon demand by the Association, such costs and expenses (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one half percent (1½%) per month) will be assessed against and chargeable to the Owner's Lot(s). Any such amounts assessed and chargeable against a Lot will be secured by the liens reserved in this Development Area Declaration and/or the Covenant for Assessments and may be collected by any means provided in this Development Area Declaration and/or the Covenant for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot(s). Each such Owner will release and hold harmless the Association and its officers, directors, employees and agents from any cost, loss, damage, expense, liability, claim or cause of action incurred or that may arise by reason of the Association's acts or activities under this Section (including any cost, loss, damage, expense, liability, claim or cause of action arising out of the Association's negligence in connection therewith), except for such cost, loss, damage, expense, liability, claim or cause of action arising by reason of the Association's gross negligence or willful misconduct. "Gross negligence" as used herein does not include simple negligence, contributory negligence or similar negligence short of actual gross negligence.

2.21 Insurance Rates. Nothing may be done or kept on the Development Area that would increase the rate of casualty or liability insurance or cause the cancellation of any such insurance on the Common Area or Special Common Area, or the Improvements located thereon, without the prior written approval of the Board.

2.22 Release. EACH OWNER HEREBY RELEASES AND HOLDS HARMLESS THE ASSOCIATION, DECLARANT, THE WOODLANDS HILLS REVIEWER AND THEIR

AFFILIATES, OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF SUCH OWNER'S USE OF ANY COMMON AREA OR SPECIAL COMMON AREA.

Neither the Association nor Declarant will assume any responsibility or liability for any personal injury or property damage which is occasioned by use of any Common Area or Special Common Area, and in no circumstance will words or actions by the Association or Declarant constitute an implied or express representation or warranty regarding the fitness or condition of any Common Area or Special Common Area.

ARTICLE 3
CONSTRUCTION RESTRICTIONS

3.1 Construction of Improvements. Unless prosecuted by the Declarant, no Improvements of any kind may hereafter be placed, maintained, erected or constructed upon any portion of the Development Area unless approved in advance and in writing by The Woodlands Hills Reviewer in accordance with the Covenant. Pursuant to *Section 6.4* of the Covenant, The Woodlands Hills Reviewer may adopt Design Guidelines applicable to the Development Area. If adopted, all Improvements must strictly comply with the requirements of the Design Guidelines unless a variance is obtained pursuant to the Covenant. The Design Guidelines may be supplemented, modified, amended, or restated by The Woodlands Hills Reviewer as authorized by the Covenant.

3.2 Utility Lines. Unless otherwise approved by The Woodlands Hills Reviewer, no sewer, drainage or utility lines or wires or other devices for the communication or transmission of electric current, power, or signals including telephone, television, microwave or radio signals, may be constructed, placed or maintained anywhere in or upon any portion of the Development Area other than within buildings or structures unless the same is contained in conduits or cables constructed, placed or maintained underground, concealed in or under buildings or other structures.

3.3 Garages. All garages, carports and other open automobile storage units must be approved in advance of construction by The Woodlands Hills Reviewer. No garage may be permanently enclosed or otherwise used for habitation. The garage requirements for each residence may be set forth in the Design Guidelines.

3.4 Fences. No fence may be constructed on the Development Area without the prior written consent of The Woodlands Hills Reviewer. If adopted, all fences must strictly comply with the requirements of the Design Guidelines unless a variance is obtained pursuant to the Covenant. The fencing requirements for each residence constructed on a Lot may be set forth in the Design Guidelines.

3.5 **Driveways**. The design, construction material, and location of: (i) all driveways, and (ii) culverts incorporated into driveways for ditch or drainage crossings, must be approved by The Woodlands Hills Reviewer. Each Owner will be responsible, at such Owner's sole cost and expense, for properly and on a timely basis (both standards to be determined by the Board in the Board's sole and absolute discretion) maintaining and repairing the driveway on such Owner's Lot.

3.6 **Roofing**. All roofing material must be approved in advance of construction by The Woodlands Hills Reviewer. In addition, roofs of buildings may be constructed with "Energy Efficiency Roofing" with the advance written approval of The Woodlands Hills Reviewer. For the purpose of this Section, "Energy Efficiency Roofing" means shingles that are designed primarily to: (a) be wind and hail resistant; (b) provide heating and cooling efficiencies greater than those provided by customary composite shingles; or (c) provide solar generation capabilities. The Woodlands Hills Reviewer will not prohibit an Owner from installing Energy Efficient Roofing provided that the Energy Efficient Roofing shingles: (i) resemble the shingles used or otherwise authorized for use within the Development Area; (ii) are more durable than, and are of equal or superior quality to, the shingles used or otherwise authorized for use within the community; and (iii) match the aesthetics of adjacent property. An Owner who desires to install Energy Efficient Roofing will be required to comply with the architectural review and approval procedures set forth the Documents In conjunction with any such approval process, the Owner should submit information which will enable The Woodlands Hills Reviewer to confirm the criteria set forth in this Section. Any other type of roofing material will be permitted only with the advance written approval of The Woodlands Hills Reviewer.

3.7 **HVAC Location**. No air-conditioning apparatus may be installed on the ground in front of a residence or on the roof of any residence, unless otherwise approved in advance by The Woodlands Hills Reviewer. No window air-conditioning apparatus or evaporative cooler may be attached to any front wall or front window of a residence or at any other location where it would be visible from any street, any other residence, Common Area, or Special Common Area. All HVAC units must be screened in a manner approved in advance by The Woodlands Hills Reviewer, or as otherwise set forth in the Design Guidelines.

3.8 **Solar Energy Device**. Solar Energy Devices may be installed with the advance written approval of The Woodlands Hills Reviewer, or after the expiration or termination of the Development Period the ACC, in accordance with the procedures and requirements set forth below:

3.8.1 Application. To obtain approval of a Solar Energy Device, the Owner will provide The Woodlands Hills Reviewer with the following information. (i) the proposed installation location of the Solar Energy Device; and (ii) a description of the Solar Energy Device, including the dimensions, manufacturer, and photograph or other accurate depiction

(the "**Solar Application**"). A Solar Application may only be submitted by an Owner. The Solar Application must be submitted in accordance with the provisions of *Article 6* of the Covenant.

3.8.2 Approval Process. The Woodlands Hills Reviewer will review the Solar Application in accordance with the terms and provisions of *Article 6* of the Covenant. The Woodlands Hills Reviewer will approve a Solar Energy Device if the Solar Application complies with *Section 3 8.3* below **UNLESS** The Woodlands Hills Reviewer makes a written determination that placement of the Solar Energy Device, despite compliance with *Section 3 8 3*, creates a condition that substantially interferes with the use and enjoyment of property within the Development by causing unreasonable discomfort or annoyance to persons of ordinary sensibilities. The Woodlands Hills Reviewer's right to make a written determination in accordance with the foregoing sentence is negated if all Owners of Lots immediately adjacent to the Owner/applicant provide written approval of the proposed placement. Any proposal to install a Solar Energy Device on property owned or maintained by the Association or property owned in common by Members of the Association must be approved in advance and in writing by the Board, and the Board need not adhere to this *Section* when considering any such request.

3.8.3 Approval Conditions. Unless otherwise approved in advance and in writing by The Woodlands Hills Reviewer, each Solar Application and each Solar Energy Device to be installed in accordance therewith must comply with the following:

(i) The Solar Energy Device must be located on the roof of the residence located on the Owner's Lot, entirely within a fenced area of the Owner's Lot, or entirely within a fenced patio located on the Owner's Lot. If the Solar Energy Device is located on the roof of the residence, The Woodlands Hills Reviewer may designate the location for placement unless the location proposed by the Owner increases the estimated annual energy production of the Solar Energy Device, as determined by using a publicly available modeling tool provided by the National Renewable Energy Laboratory, by more than ten percent (10%) percent above the energy production of the Solar Energy Device if installed in the location designated by The Woodlands Hills Reviewer. If the Owner desires to contest the alternate location proposed by The Woodlands Hills Reviewer, the Owner should submit information to The Woodlands Hills Reviewer which demonstrates that the Owner's proposed location meets the foregoing criteria. If the Solar Energy Device is located in the fenced area of the Owner's Lot or patio, no portion of the Solar Energy Device may extend above the fence line.

(ii) If the Solar Energy Device is mounted on the roof of the principal residence located on the Owner's Lot, then: (A) the Solar Energy Device may not extend higher than or beyond the roofline; (B) the Solar Energy Device must conform to the slope of the roof and the top edge of the Solar Device must be

parallel to the roofline; (C) the frame, support brackets, or visible piping or wiring associated with the Solar Energy Device must be silver, bronze or black.

3.9 **Rainwater Harvesting Systems**. Rainwater Harvesting Systems may be installed with the advance written approval of The Woodlands Hills Reviewer.

3.9.1 Application. To obtain The Woodlands Hills Reviewer approval of a Rainwater Harvesting System, the Owner must provide The Woodlands Hills Reviewer with the following information: (i) the proposed installation location of the Rainwater Harvesting System; and (ii) a description of the Rainwater Harvesting System, including the color, dimensions, manufacturer, and photograph or other accurate depiction (the "**Rain System Application**"). A Rain System Application may only be submitted by an Owner.

3.9.2 Approval Process. The decision of The Woodlands Hills Reviewer will be made in accordance with *Article 6* of the Covenant Any proposal to install a Rainwater Harvesting System on property owned by the Association or property owned in common by Members of the Association must be approved in advance and in writing by the Board, and the Board need not adhere to this Section when considering any such request.

3.9.3 Approval Conditions. Unless otherwise approved in advance and in writing by The Woodlands Hills Reviewer, each Rain System Application and each Rainwater Harvesting System to be installed in accordance therewith must comply with the following:

(i) The Rainwater Harvesting System will be consistent with the color scheme of the residence constructed on the Owner's Lot, as reasonably determined by The Woodlands Hills Reviewer.

(ii) The Rainwater Harvesting System does not include any language or other content that is not typically displayed on such a device.

(iii) The Rainwater Harvesting System is in no event located between the front of the residence constructed on the Owner's Lot and any adjoining or adjacent street.

(iv) There is sufficient area on the Owner's Lot to install the Rainwater Harvesting System, as reasonably determined by The Woodlands Hills Reviewer.

3.9.4 Guidelines. If the Rainwater Harvesting System is installed on or within the side yard of a Lot, or would otherwise be visible from a street, the Common Area, Special Common Area, or another Owner's Lot, The Woodlands Hills Reviewer may regulate the size, type, shielding of, and materials used in the construction of the Rainwater Harvesting System. Accordingly, when submitting a Rain System Application, such application should describe methods proposed by the Owner to shield the Rainwater Harvesting System from the view of any street, Common Area, Special Common Area, or another Owner's Lot. When reviewing a

Rain System Application for a Rainwater Harvesting System that will be installed on or within the side yard of a Lot, or would otherwise be visible from a street, the Common Area, Special Common Area, or another Owner's Lot, any additional requirements imposed by The Woodlands Hills Reviewer to regulate the size, type, shielding of, and materials used in the construction of the Rainwater Harvesting System, may not prohibit the economic installation of the Rainwater Harvesting System, as reasonably determined by The Woodlands Hills Reviewer.

3.10 Xeriscaping. As part of the installation and maintenance of landscaping on an Owner's Lot, an Owner may submit plans for and install drought tolerant landscaping ("**Xeriscaping**") upon written approval by The Woodlands Hills Reviewer. All Owners implementing Xeriscaping must comply with the following:

3.10.1 Application. Approval by The Woodlands Hills Reviewer is required prior to installing Xeriscaping. To obtain the approval of The Woodlands Hills Reviewer for Xeriscaping, the Owner must provide The Woodlands Hills Reviewer with the following information: (i) the proposed site location of the Xeriscaping on the Owner's Lot; (ii) a description of the Xeriscaping, including the types of plants, border materials, hardscape materials and photograph or other accurate depiction and (iii) the percentage of yard to be covered with gravel, rocks and cacti (the "**Xeriscaping Application**"). A Xeriscaping Application may only be submitted by an Owner unless the Owner's tenant provides written confirmation at the time of submission that the Owner consents to the Xeriscaping Application. The Woodlands Hills Reviewer is not responsible for: (i) errors or omissions in the Xeriscaping Application submitted to The Woodlands Hills Reviewer for approval; (ii) supervising installation or construction to confirm compliance with an approved Xeriscaping Application or (iii) the compliance of an approved application with Applicable Law.

3.10.2 Approval Conditions. Unless otherwise approved in advance and in writing by The Woodlands Hills Reviewer each Xeriscaping Application and all Xeriscaping to be installed in accordance therewith must comply with the following:

(i) The Xeriscaping must be aesthetically compatible with other landscaping in the community as reasonably determined by The Woodlands Hills Reviewer. For purposes of this *Section 3.10.2(i)*, "aesthetically compatible" will mean overall and long-term aesthetic compatibility within the community. For example, an Owner's Lot plan may be denied if The Woodlands Hills Reviewer determines that: (A) the proposed Xeriscaping would not be harmonious with already established turf and landscaping in the overall community; and/or (B) the use of specific turf or plant materials would result in damage to or cause deterioration of the turf or landscaping of an adjacent property owner, resulting in a reduction of aesthetic appeal of the adjacent property Owner's Lot.

(ii) No Owner may install gravel, rocks or cacti that in the aggregate encompass over ten percent (10%) of such Owner's front yard or ten percent (10%) of such Owner's back yard.

(iii) The Xeriscaping may not attract diseases and insects that are harmful to the existing landscaping on neighboring Lots, as reasonably determined by The Woodlands Hills Reviewer.

3.10.3 Process. The decision of The Woodlands Hills Reviewer will be made within a reasonable time, or within the time period otherwise required by the specific provisions in the Design Guidelines, if adopted, or other provisions in the Documents that govern the review and approval of improvements. A Xeriscaping Application submitted to install Xeriscaping on property owned by the Association or property owned in common by members of the Association will not be approved. Any proposal to install Xeriscaping on property owned by the Association or property owned in common by members of the Association must be approved in advance and in writing by the Board, and the Board need not adhere to the requirements set forth in this *Section 3.10* when considering any such request.

3.10.4 Approval. Each Owner is advised that if the Xeriscaping Application is approved by The Woodlands Hills Reviewer installation of the Xeriscaping must: (i) strictly comply with the Xeriscaping Application; (ii) commence within thirty (30) days of approval; and (iii) be diligently prosecuted to completion. If the Owner fails to cause the Xeriscaping to be installed in accordance with the approved Xeriscaping Application, The Woodlands Hills Reviewer may require the Owner to: (i) modify the Xeriscaping Application to accurately reflect the Xeriscaping installed on the property; or (ii) remove the Xeriscaping and reinstall the Xeriscaping in accordance with the approved Xeriscaping Application. Failure to install Xeriscaping in accordance with the approved Xeriscaping Application or an Owner's failure to comply with the post-approval requirements constitutes a violation of the Covenant and may subject the Owner to fines and penalties. Any requirement imposed by The Woodlands Hills Reviewer to resubmit a Xeriscaping Application or remove and relocate Xeriscaping in accordance with the approved Xeriscaping Application will be at the Owner's sole cost and expense.

3.11 Zero Lot Line Easement. The Development may include one or more Development Areas with zero lot line structures. Zero lot line structures exist when one side elevation of a residence, garage, or other ancillary structure is constructed on or immediately adjacent to the side boundary line of the Lot (the "**Zero Elevation**"), which may be an intended feature of one or more Development Areas. Due to the close proximity of the Zero Elevation to the side Lot line, the Owner of the Lot on which the Zero Elevation has been constructed (the "**Dominant Lot**") will periodically be required to access the Lot immediately adjacent to the Zero Elevation (the "**Adjacent Lot**"). In addition, certain components of the residence approved by The Woodlands Hill Reviewer and constructed on the Dominant Lot, including but not limited to portions of the roof, may encroach on the Adjacent Lot (a "**Permitted Residential**

Encroachment"). Each Owner of a Dominant Lot is hereby granted an easement over and across the Adjacent Lot (the "**Zero Lot Line Easement**"), for: (i) each Permitted Residential Encroachment; (ii) storm water and sheet flow drainage from the Dominant Lot to the Adjacent Lot; and (iii) to the extent reasonably necessary, an easement over and across the five feet (5') of the Adjacent Lot abutting the property line separating the Dominant Lot and Adjacent Lot, for the maintenance and reconstruction of residential improvements located on the Dominant Lot and any Permitted Residential Encroachment. In addition, the Board may require that the Owner of the Dominant Lot abide by reasonable rules with respect to use and protection of the Adjacent Lot during any such maintenance or reconstruction. If an Owner damages an Adjacent Lot or any Improvements constructed thereon when exercising the maintenance and reconstruction Zero Lot Line Easement granted hereunder, the Owner of the Dominant Lot will be required to restore the Adjacent Lot to the condition which existed prior to any such damage, at the Dominant Lot Owner's expense, within a reasonable period of time not to exceed thirty (30) days after the date the Dominant Lot Owner is notified in writing of the damage by the Association or the Owner of the Adjacent Lot.

3.12 **Zero Lot Line Homebuilder Easement.** The Declarant hereby reserves an easement for the benefit of a Homebuilder over and across a five foot (5') strip of land parallel and adjacent to each side of the common boundary line between a Dominant Lot and an Adjacent Lot for the purpose of constructing a single-family residence and related Improvements on either such Lot. The Homebuilder will use reasonable precautions to protect any existing single family residence constructed on the Adjacent Lot. If the Homebuilder damages any single family residence when exercising the easement reserved hereunder, the Homebuilder will be required to repair the damage to the single-family residence, at the Homebuilder's expense, within a reasonable period of time not to exceed thirty (30) days after the date of the damage. If any utilities, landscaping or Improvements other than the single-family residence are damaged when exercising the easement reserved hereunder, the Homebuilder will repair such damage on or before the expiration of thirty (30) days after the single-family residence and related Improvements then being constructed by the Homebuilder are fully complete.

3.13 **Easement of Cooperative Support.** Each Owner is granted an easement of cooperative support over each adjoining Lot as needed for the common benefit of the Development Area or Improvements that share any aspect of the Development Area that requires cooperation. By accepting an interest in or title to a Lot, each Owner: (i) acknowledges the necessity for cooperation; (ii) agrees to try to be responsive and civil in communications pertaining to the Development Area and to the Association; (iii) agrees to provide access to his Lot when needed by the Association to fulfill its duties; and (iv) agrees to try refraining from actions that interfere with the Association's maintenance and operation of the Development Area.

ARTICLE 4
DEVELOPMENT

4.1 Notice of Applicability. Upon Recording, this Development Area Declaration serves to provide notice that at any time, and from time to time, Declarant, and Declarant only, may subject all or any portion of the Property to the terms, covenants, conditions, restrictions and obligations of this Development Area Declaration. This Development Area Declaration will apply to and burden a portion or portions of the Property upon the filing of a Notice of Applicability in accordance with *Section 9.5* of the Covenant describing such Property by a legally sufficient description and expressly providing that such Property will be subject to the terms, covenants conditions, restrictions and obligations of this Development Area Declaration. To add land to the Development Area, Declarant will be required only to Record a Notice of Applicability filed pursuant to *Section 9.5* of the Covenant containing the following provisions:

(i) A reference to this Development Area Declaration, which will include the recordation information thereof;

(ii) A statement that such land will be considered a part of the Development Area for purposes of this Development Area Declaration, and that all of the terms, covenants, conditions, restrictions and obligations of this Development Area Declaration will apply to the added land; and

(iii) A legal description of the added land.

4.2 Withdrawal of Land. Declarant may, at any time and from time to time, reduce or withdraw land from the Development Area and remove and exclude from the burden of this Development Area Declaration any portion of the Development Area. Upon any such withdrawal this Development Area Declaration and the covenants, conditions, restrictions and obligations set forth herein will no longer apply to the portion of the Development Area withdrawn. To withdraw lands from the Development Area hereunder, Declarant will be required only to Record a notice of withdrawal of land containing the following provisions:

(i) A reference to this Development Area Declaration, which will include the recordation information thereof;

(ii) A statement that the provisions of this Development Area Declaration will no longer apply to the withdrawn land; and

(iii) A legal description of the withdrawn land.

4.3 Assignment of Declarant's Rights. Notwithstanding any provision in this Development Area Declaration to the contrary, Declarant may, by written instrument, assign, in

whole or in part, any of its privileges, exemptions, rights, and duties under this Development Area Declaration to any person or entity and may permit the participation, in whole, in part, exclusively, or non-exclusively, by any other person or entity in any of its privileges, exemptions, rights, and duties hereunder.

4.4 **Disputes**. If a dispute arises regarding the allocation of maintenance responsibilities by this Development Area Declaration, the dispute will be resolved by the Board, who shall delegate such maintenance responsibility to either the Association or the individual Owner(s), as determined by the Board in its sole and absolute discretion.

ARTICLE 5
GENERAL PROVISIONS

5.1 **Term**. The terms, covenants, conditions, restrictions, easements, charges, and liens set out in this Development Area Declaration will run with and bind the portion of the Property described, in a Notice of Applicability Recorded pursuant to *Section 9.5* of the Covenant or in any Recorded notice, and will inure to the benefit of and be enforceable by the Association, and every Owner, including Declarant, and their respective legal representatives, heirs, successors, and assigns, for a term beginning on the date this Development Area Declaration is Recorded, and continuing through and including January 1, 2089, after which time this Development Area Declaration will be automatically extended for successive periods of ten (10) years unless a change (the word "change" meaning a termination, or change of term or renewal term) is approved by Members entitled to cast at least sixty-seven percent (67%) of the total number of votes of the Association, voting in person or by proxy at a meeting duly called for such purpose, written notice of which will be given to all Members at least thirty (30) days in advance and will set forth the purpose of such meeting; provided, however, that such change will be effective only upon the Recording of a certified copy of such resolution. The foregoing sentence will in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. The Representative System of Voting is not applicable to an amendment as contemplated in this Section, it being understood and agreed that any change must be approved by a vote of the Members, with each Member casting their vote individually. Notwithstanding any provision in this Section to the contrary, if any provision of this Development Area Declaration would be unlawful, void, or voidable by reason of any Applicable Law restricting the period of time that covenants on land may be enforced, such provision will expire twenty-one (21) years after the death of the last survivor of the now living as of the date of the Recording of this document descendants of Elizabeth II, Queen of England.

5.2 **Amendment**. This Development Area Declaration may be amended or terminated by the Recording of an instrument setting forth the amendment executed and acknowledged by (i) the Declarant, acting alone; or (ii) by the president and secretary of the Association setting forth the amendment and certifying that such amendment has been approved by Declarant (until expiration or termination of the Development Period) and Members entitled to cast at least sixty-seven percent (67%) of the total number of votes of the

Association. The foregoing sentence will in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. The Representative System of Voting is not applicable to an amendment as contemplated in this *Section 5.2*, it being understood and agreed that any such amendment must be approved by a vote of the Members, with each Member casting their vote individually. No amendment will be effective without the written consent of Declarant during the Development Period.

5.3 **Interpretation.** The provisions of this Development Area Declaration will be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of the Development Area, provided, however, that the provisions of this Development Area Declaration will not be held to impose any restriction, condition or covenant whatsoever on any land owned by Declarant other than the Development Area. This Development Area Declaration will be construed and governed under the laws of the State of Texas.

5.4 **Gender.** Whenever the context so requires, all words herein in the male gender will be deemed to include the female or neuter gender, all singular words will include the plural, and all plural words will include the singular.

5.5 **Enforcement and Nonwaiver.** Except as otherwise provided herein, any Owner of Lot, at such Owner's own expense, Declarant and the Association will have the right to enforce all of the provisions of this Development Area Declaration. The Association and/or the Declarant may initiate, defend or intervene in any action brought to enforce any provision of this Development Area Declaration. Such right of enforcement will include both damages for and injunctive relief against the breach of any provision hereof. Every act or omission whereby any provision of the Documents is violated, in whole or in part, is hereby declared to be a nuisance and may be enjoined or abated by any Owner of a Lot (at such Owner's own expense), Declarant or the Association. Any violation of any Applicable Law pertaining to the ownership, occupancy, or use of any portion of the Development Area is hereby declared to be a violation of this Development Area Declaration and subject to all of the enforcement procedures set forth herein. The failure to enforce any provision of the Documents at any time will not constitute a waiver of the right thereafter to enforce any such provision or any other provision of the Documents.

5.6 **Severability.** If any provision of this Development Area Declaration is held to be invalid by any court of competent jurisdiction, such invalidity will not affect the validity of any other provision of this Development Area Declaration, or, to the extent permitted by applicable law, the validity of such provision as applied to any other person or entity.

5.7 **Captions.** All captions and titles used in this Development Area Declaration are intended solely for convenience of reference and will not enlarge, limit, or otherwise affect that which is set forth in any of the paragraphs, sections, or articles hereof.

5.8 **Conflicts**. If there is any conflict between the provisions of the Covenant, the Certificate, the Bylaws, or any Rules adopted pursuant to the terms of such documents, or any Development Area Declaration, the provisions of the Covenant will govern.

5.9 **Higher Authority**. The terms and provisions of this Development Area Declaration are subordinate to Applicable Law. Generally, the terms and provisions of this Development Area Declaration are enforceable to the extent they do not violate or conflict with Applicable Law.

5.10 **Acceptance by Owners**. Each Owner of a Lot, Condominium Unit, or other real property interest in the Development Area, by the acceptance of a deed of conveyance, and each subsequent purchaser, accepts the same subject to all terms, restrictions, conditions, covenants, reservations, easements, liens and charges, and the jurisdiction rights and powers created or reserved by this Development Area Declaration or to whom this Development Area Declaration is subject, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared. Furthermore, each Owner agrees that no assignee or successor to Declarant hereunder will have any liability for any act or omission of Declarant which occurred prior to the effective date of any such succession or assignment All impositions and obligations hereby imposed will constitute covenants running with the land within the Development Area, and will bind any person having at any time any interest or estate in the Development Area, and will inure to the benefit of each Owner in like manner as though the provisions of this Development Area Declaration were recited and stipulated at length in each and every deed of conveyance.

[SIGNATURE PAGE TO FOLLOW]

EXECUTED to be effective the 9th day of August, 2019.

DECLARANT:

HF HOLDING COMPANY, LLC,
a Delaware limited liability company

By: _____
Name: Heath Melton
Title: Vice President

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me this 9 day of August, 2019 by Heath Melton, Vice President of HF Holding Company, LLC, a Delaware limited liability company, on behalf of said company.

_____
Notary Public Signature

(SEAL)

CAROLINE DUBOIS
Notary ID #131768309
My Commission Expires
October 22, 2022

EXHIBIT "A"

DESCRIPTION OF DEVELOPMENT AREA

Lots 1 through 43, Block 1, TWDC-HHC, Sec 1, a subdivision located in Montgomery County, Texas, according to the map or plat recorded in Document No. 2017112336 [Cabinet 00Z, Sheet 4870], in the Official Public Records of Montgomery County, Texas;

Lots 1 through 47, Block 1, TWDC-HHC, Sec 2, a subdivision located in Montgomery County, Texas, according to the map or plat recorded in Document No. 2017112351 [Cabinet 00Z, Sheet 4874], in the Official Public Records of Montgomery County, Texas;

Lots 1 through 44, Block 1, Lots 1 through 14, Block 2, and Lots 1 through 15, Block 3, TWDC-HHC, Sec 3, a subdivision located in Montgomery County, Texas, according to the map or plat recorded in Document No. 2017112481 [Cabinet 00Z, Sheet 4882], in the Official Public Records of Montgomery County, Texas;

Lots 1 through 11, Block 1, TWDC-HHC, Sec 4, a subdivision located in Montgomery County, Texas, according to the map or plat recorded in Document No. 2017112483 [Cabinet 00Z, Sheet 4887], in the Official Public Records of Montgomery County, Texas; and

Lots 1 through 18, Block 1, TWDC-HHC, Sec 5, a subdivision located in Montgomery County, Texas, according to the map or plat recorded in Document No. 2017112485 [Cabinet 00Z, Sheet 4890], in the Official Public Records of Montgomery County, Texas.

Lots 1 through 33, Block 1, and Lots 1 through 18, Block 2, The Woodlands Hills Sec 1, a subdivision located in Montgomery County, Texas, according to the map or plat recorded in Document No. 2018081877 [Cabinet 00Z, Sheet 5263], in the Official Public Records of Montgomery County, Texas.

Lots 1 through 32, Block 1, and Lots 1 through 16, Block 2, The Woodlands Hills Sec 2, a subdivision located in Montgomery County, Texas, according to the map or plat recorded in Document No. 2018107666 [Cabinet 00Z, Sheet 5394], in the Official Public Records of Montgomery County, Texas.

Lots 1 through 32, Block 1; Lots 1 through 13, Block 2; and Lots 1 through 25, Block 3, The Woodlands Hills Sec 3, a subdivision located in Montgomery County, Texas, according to the map or plat recorded in Document No. 2018081772 [Cabinet 00Z, Sheet 5257], in the Official Public Records of Montgomery County, Texas.

Lots 1 through 33, Block 1, and Lots 1 through 15, Block 2, The Woodlands Hills Sec 4, a subdivision located in Montgomery County, Texas, according to the map or plat recorded in Document No. 2019063806 [Cabinet 00Z, Sheet 5896], in the Official Public Records of Montgomery County, Texas.

Doc #: 2019073430
Pages 32

E-FILED FOR RECORD
08/13/2019 01:04PM

COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS,
COUNTY OF MONTGOMERY
I hereby certify that this instrument was e-filed in the file number sequence on the date and time stamped herein by me and was duly e-RECORDED in the Official Public Records of Montgomery County, Texas.

08/13/2019

County Clerk
Montgomery County, Texas

PROPERTY OWNERS' ASSOCIATION MANAGEMENT CERTIFICATE

This Property Owners' Association Management Certificate is being recorded by The Woodlands Hills Residential Community, Inc., a Texas non-profit corporation, (the "Association") in compliance with the terms of Chapter 209 of the Texas Property Code, and supersedes any prior management certificate filed by the Association. The Association submits the following additional information:

Document and Name of Subdivision	Recording Data for Document	Recording Data for Subdivision
The Woodlands Hills Master Covenant [Residential]	Montgomery County Clerk's File No. 2017102229	As stated in said Notices of Applicability
The Woodlands Hills Development Area Declaration [Residential]	Montgomery County Clerk's File No. 2017102673	As stated in said Notices of Applicability
The Woodlands Hills Amended and Restated Development Area Declaration	Montgomery County Clerk's File No. 2019073430	As stated in said Notices of Applicability
The Woodlands Hills Community Enhancement Covenant [Residential]	Montgomery County Clerk's File No. 2017102583	As stated in said Notices of Applicability
The Woodlands Hills Community Manual (Certificate of Formation; Bylaws; Fine and Enforcement Policy; Assessment Collection Policy; Records Inspection, Copying and Retention Policy; Statutory Notice of Posting and Recordation of Association Governance Documents; Email Registration Policy; Generator Policy)	Montgomery County Clerk's File No. 2017102598	As stated in said Notices of Applicability
The Woodlands Hills Notice of Applicability [Residential] [TWDC-HHC Secs 1, 2, 3, 4, and 5]	Montgomery County Clerk's File No. 2017113873	Cabinet Z, Sheet 4870; Cabinet Z, Sheet 4874; Cabinet Z, Sheet 4882; Cabinet Z, Sheet 4887; Cabinet Z, Sheet 4890; respectively; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 1 & Sec 3]	Montgomery County Clerk's File No. 2018102263	Cabinet Z, Sheet 5263 and Cabinet Z, Sheet 5257, respectively; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 2]	Montgomery County Clerk's File No. 2018109859	Cabinet Z, Sheet 5394; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability

The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 4]	Montgomery County Clerk's File No. 2019068137	Cabinet Z, Sheets 5896-5900; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 5]	Montgomery County Clerk's File No. 2019084541	Cabinet Z, Sheets 5958-5961; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 6]	Montgomery County Clerk's File No. 2020036479	Cabinet Z, Sheets 6327-6330; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 7]	Montgomery County Clerk's File No. 2020011981	Cabinet Z, Sheets 6128-6131; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 8]	Montgomery County Clerk's File No. 2020059514	Cabinet Z, Sheets 6552-6556; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 9]	Montgomery County Clerk's File No. 2020011982	Cabinet Z, Sheets 6123-6127; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 10]	Montgomery County Clerk's File No. 2021102805	Cabinet Z, Sheets 7496-7500; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 11]	Montgomery County Clerk's File No. 2021001979	Cabinet Z, Sheets 6917-6921; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 12]	Montgomery County Clerk's File No. 2020053130	Cabinet Z, Sheets 6509-6512; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 12A]	Montgomery County Clerk's File No. 2022041807	Cabinet Z, Sheets 7910-7912; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 13]	Montgomery County Clerk's File No. 2021076741	Cabinet Z, Sheets 7378-7381; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability

The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 14]	Montgomery County Clerk's File No. 2020122552	Cabinet Z, Sheets 6790-6796; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 15]	Montgomery County Clerk's File No. 2021102806	Cabinet Z, Sheets 7480-7485; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 16]	Montgomery County Clerk's File No. 2022082129	Cabinet Z, Sheet 8729; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 17]	Montgomery County Clerk's File No. 2022041808	Cabinet Z, Sheets 8128-8133; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 18]	Montgomery County Clerk's File No. 2002075587	Cabinet Z, Sheet 8670; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 19]	Montgomery County Clerk's File No. 2022037372	Cabinet Z, Sheets 8249-8253; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 20]	Montgomery County Clerk's File No. 2022130029	Cabinet Z, Sheets 9025-9029; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodland Hills Sec 21]	Montgomery County Clerk's File No. 2021172602	Cabinet Z, Sheets 8001-8005; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
The Woodlands Hills Notice of Applicability [Residential] [The Woodlands Hills Sec 22]	Montgomery County Clerk's File No. 2022029790	Cabinet Z, Sheets 8134-8137; Map Records, Montgomery County, Texas; and as stated in said Notice of Applicability
Suspension Policy for Violations of the Woodlands Hills Rules	Montgomery County Clerk's File No. 2021139964	As stated in said Notices of Applicability
Conduct Rules and Regulations	Montgomery County Clerk's File No. 2021139965	As stated in said Notices of Applicability
Board Actions Via Email Policy	Montgomery County Clerk's File No. 2021160157	As stated in said Notices of Applicability
Community Group Guidelines	Montgomery County Clerk's File No. 2022029769	As stated in said Notices of Applicability

Declaration of Easements and Covenant to Share Costs for The Woodlands Hills	Montgomery County Clerk's File No. 2022049535	As stated in said Notices of Applicability and Declaration
Correction Declaration of Easements and Covenant to Share Costs for The Woodlands Hills	Montgomery County Clerk's File No. 2022050337	As stated in said Notices of Applicability and Declaration
Policy regarding Audio and Video Recording of Meetings of the Board of Directors	Montgomery County Clerk's File No. 2023020811	As stated in said Notices of Applicability

Name and Mailing Address for Association

The Woodlands Hills Residential Community, Inc.
c/o Inframark, LLC
2002 West Grand Parkway North, Suite 100
Katy, Texas 77449

Name and Mailing Address of Person Managing the Association or its Designated Representative

Krystle Keller
The Woodlands Hills Residential Community, Inc.
1460 N. Teralyn Hills Drive
Willis, Texas 77318

Telephone Number to contact the Association

(281) 870-0585

Email Address to contact the Association

customercare@inframark.com

Association Website

www.thewoodlandshillslife.com

Transfer of Title Fees

Transfer Fee:	$300.00
Capitalization Fee:	$250.00 (builder only)
Resale Certificate Fee:	$350.00
Updated Resale Certificate Fee:	$75.00
Rush Fee:	$185.00 for 1 day rush $150.00 for 3 day rush $125.00 for 5 day rush
Refinance Fee:	$100.00
Quote/Statement of Account Fee:	$50.00
Enhancement Fee:	$500.00 from builder; none on residential for first sale; .50% of the gross sale price on all resales thereafter

Executed on this the 17th day of March, 2023.

The Woodland Hills Residential Community, Inc., a Texas non-profit corporation, acting by and through its managing agent, Inframark, LLC

Krystle Keller

Krystle Keller, Managing Agent

STATE OF TEXAS §
§
COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 17 day of March, 2023, by Krystle Keller, Managing Agent for Inframark, LLC, the managing agent for The Woodlands Hills Residential Community, Inc., a Texas non-profit corporation, on behalf of said entity.

Notary Public, State of Texas

MEGAN SHIVERS
Notary Public, State of Texas
Comm. Expires 04-07-2025
Notary ID 131079410

When recorded return to:
Hoover Slovacek LLP
Galleria Tower II
5051 Westheimer Rd., Suite 1200
Houston, Texas 77056

Doc #: 2023022915
Pages 6

E-FILED FOR RECORD
03/20/2023 08:43AM

L. Brandon Steinmann
County Clerk,
Montgomery County, Texas

STATE OF TEXAS,
COUNTY OF MONTGOMERY
I hereby certify that this instrument was e-filed in the file number sequence on the date and time stamped herein by me and was duly e-RECORDED in the Official Public Records of Montgomery County, Texas.

03/20/2023

L. Brandon Steinmann
County Clerk,
Montgomery County, Texas

AFTER RECORDING RETURN TO:
Robert D. Burton, Esq.
Winstead PC
401Congress Ave., Suite 2100
Austin, Texas 78701
Email: rburton@winstead.com

THE WOODLANDS HILLS

COMMUNITY MANUAL

HF HOLDING COMPANY, LLC, a Delaware limited liability company, as the Declarant under The Woodlands Hills Master Covenant *[Residential]* recorded under Document No. 2017102229, Official Public Records of Montgomery County, Texas, and the initial and sole member of The Woodlands Hills Residential Community, Inc., a Texas non-profit corporation (the "**Association**"), certifies that the foregoing Community Manual was adopted as part of the initial project documentation for The Woodlands Hills. This Community Manual becomes effective when Recorded.

IN WITNESS WHEREOF, the undersigned has executed this Community Manual on the 10th day of November, 2017.

DECLARANT:

HF HOLDING COMPANY, LLC,
a Delaware limited liability company

By: _____
Name: Heath Melton
Title: Assistant Vice President

THE STATE OF TEXAS §
COUNTY OF Montgomery §

This instrument was acknowledged before me this 9 day of November, 2017 by Heath Melton, Asst. V P of HF Holding Company, LLC, a Delaware limited liability company, on behalf of said company.

WENDY A. WILLIAMS
Notary Public, State of Texas
Comm. Expires 12-10-2018
Notary ID 497963-3
(SEAL)

Wendy A. Williams
Notary Public Signature

Cross-reference to The Woodlands Hills Master Covenant *[Residential]* recorded under Document No. 2017102229, Official Public Records of Montgomery County, Texas, as the same may be amended from time to time.

THE WOODLANDS HILLS

COMMUNITY MANUAL

TABLE OF CONTENTS

COMMUNITY MANUAL

for

THE WOODLANDS HILLS

A Master Planned Community in Montgomery County

I. INTRODUCTION

HF Holding Company, LLC, a Delaware limited liability company, is the developer of The Woodlands Hills. The guiding principles for the Community have been set forth in the governing documents for The Woodlands Hills which include the Development Documents and the Association Documents (both defined below) and are collectively referred to herein as the "Documents" (the **"Documents"**). The Documents include such instruments as the Master Covenant (the **"Covenant"**), any applicable Notices of Applicability, any applicable Development Area Declaration (the "**DAD**"), the Design Guidelines, if any, and this Community Manual (collectively referred to as the **"Development Documents"**), all of which are recorded in the property records by the developer generally prior to the time that you purchased your property. The Development Documents contain covenants, conditions and restrictions which not only encumber your property, but also have a legal and binding effect on all Owners and Occupants in the Community, now or in the future.

Under the Development Documents, the developer is the **"Declarant"** who has reserved certain rights to facilitate the development, construction, and marketing of the Community, including its size, shape and composition (the **"Development Period"**). Furthermore, the Development Documents identify and set forth the obligations of The Woodlands Hills Residential Community, Inc., the non-profit corporation created by the Declarant to exercise the authority and assume the powers described in the Covenant (the **"Association"**). Integral to the functioning of the Community, the Association's roles include owning, operating and maintaining various Common Areas and Community amenities, as well as administering and enforcing all of the Documents.

Other specific Documents include such instruments as the Certificate of Formation and Bylaws which set forth the corporate governance structure of the Association as well as the various Rules, which include rules, regulations, policies and procedures outlining the operation of the Association and required standards for use of property, activities and conduct (the **"Association Documents"**). It is the Association Documents which are included within this Community Manual, as further set forth herein.

Capitalized terms used but not defined in this Community Manual shall have the meaning subscribed to such terms in the Covenant.

This Community Manual becomes effective when Recorded.

ATTACHMENT 1

CERTIFICATE OF FORMATION

FILED
In the Office of the
Secretary of State of Texas
NOV 03 2017
Corporations Section

CERTIFICATE OF FORMATION

OF

THE WOODLANDS HILLS RESIDENTIAL COMMUNITY, INC.

The undersigned natural person, being of the age of eighteen (18) years or more, a citizen of the State of Texas, acting as incorporator of a nonprofit corporation under the Texas Business Organizations Code, does hereby adopt the following Certificate of Formation for such corporation:

ARTICLE I

NAME

The name of the corporation is The Woodlands Hills Residential Community, Inc. (hereinafter called the "**Association**").

ARTICLE II

NONPROFIT CORPORATION

The Association is a nonprofit corporation.

ARTICLE III

DURATION

The Association shall exist perpetually.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

The Association is organized in accordance with, and shall operate for nonprofit purposes, pursuant to the Texas Business Organizations Code, and does not contemplate pecuniary gain or profit to its members. In furtherance of its purposes, the Association shall have the following powers which, unless indicated otherwise by this Certificate of Formation, that certain The Woodlands Hills Master Covenant (*Residential*), recorded in the Official Public Records of Montgomery County, Texas, as the same may be amended from time to time (the "**Covenant**"), the Bylaws, or Applicable Law, may be exercised by the Board of Directors:

(a) all rights and powers conferred upon nonprofit corporations by Applicable Law;

(b) all rights and powers conferred upon property associations by Applicable Law, in effect from time to time, provided, however, that the Association shall not have the power to institute, defend, intervene in, settle or compromise proceedings (i) in the name of any Member or Owner (whether one or more); or (ii) pertaining to a Claim, as defined in *Section* 11.1 of the Covenant relating to the design or construction of Improvements on a Lot or Condominium Unit (whether one or more); and

(c) all powers necessary, appropriate, or advisable to perform any purpose or duty of the Association as set out in this Certificate of Formation, the Bylaws, the Covenant, or Applicable Law.

Notwithstanding any provision in *Article XIV* to the contrary, any proposed amendment to the provisions of this *Article IV* shall be adopted only upon an affirmative vote of Members holding one-hundred percent (100%) of the total number of votes of the Association and the Declarant.

Terms used but not defined in this Certificate of Formation, shall have the meaning subscribed to such terms in the Covenant.

ARTICLE V

REGISTERED OFFICE; REGISTERED AGENT

The street address of the initial registered office of the Association is 401 Congress Avenue, Suite 2100, Austin, Texas 78701. The name of its initial registered agent at such address is Robert D. Burton.

ARTICLE VI

MEMBERSHIP

Membership in the Association shall be dependent upon ownership of a qualifying property interest as defined and set forth in the Covenant. Any person or entity acquiring such a qualifying property interest shall automatically become a member of the Association, and such membership shall be appurtenant to, and shall run with, the property interest. The foregoing shall not be deemed or construed to include persons or entities holding an interest merely as security for performance of an obligation. Membership may not be severed from or in any way transferred, pledged, mortgaged, or alienated except together with the title to the qualifying property interest, and then only to the transferee of title to said property interest. Any attempt to make a prohibited severance, transfer, pledge, mortgage, or alienation shall be void.

ARTICLE VII

VOTING RIGHTS

Voting rights of the members of the Association shall be determined as set forth in the Covenant.

ARTICLE VIII

INCORPORATOR

The name and street address of the incorporator is:

NAME	ADDRESS
Robert D. Burton	401 Congress Avenue, Suite 2100 Austin, Texas 78701

ARTICLE IX

BOARD OF DIRECTORS

The affairs of the Association shall be managed by an initial Board of Directors consisting of three (3) individuals, who need not be members of the Association. The Board shall fulfill all of the functions of, and possess all powers granted to, Boards of Directors of nonprofit corporations pursuant to the Texas Business Organizations Code. The number of Directors of the Association may be changed by amendment of the Bylaws of the Association. The names and addresses of the persons who are to act in the capacity of initial Directors until the selection of their successors are:

NAME	ADDRESS
Heath Melton	1790 Hughes Landing Blvd., Suite 600 The Woodlands, Texas 77380
Tim Welbes	1790 Hughes Landing Blvd., Suite 600 The Woodlands, Texas 77380
Kelly Dietrich	1790 Hughes Landing Blvd., Suite 600 The Woodlands, Texas 77380

All of the powers and prerogatives of the Association shall be exercised by the Board of Directors named above until their successors are elected or appointed in accordance with the Covenant.

ARTICLE X

LIMITATION OF DIRECTOR LIABILITY

A member of the Board of Directors of the Association shall not be personally liable to the Association for monetary damages for any act or omission in his capacity as a board member, except to the extent otherwise expressly provided by Applicable Law. Any repeal or modification of this *Article X* shall be prospective only, and shall not adversely affect any limitation of the personal liability of a member of the Board of Directors existing at the time of the repeal or modification.

ARTICLE XI

INDEMNIFICATION

Each person who acts as a member of the Board of Directors, officer or committee member of the Association shall be indemnified by the Association against any costs, expenses and liabilities which may be imposed upon or reasonably incurred by him in connection with any civil or criminal action, suit or proceeding in which he may be named as a party defendant or in which he may be a witness by reason of his or her being or having been a member of the Board of Directors, officer, or committee member of the Association, or by reason of any action alleged to have been taken or omitted by him or her in either such capacity. Such indemnification shall be provided in the manner and under the terms, conditions and limitations set forth in *Section 3.10* of the Covenant.

ARTICLE XII

DISSOLUTION

The Association may be dissolved with the written and signed assent of not less than ninety percent (90%) of the total number of votes of the Association, as determined under the Covenant. 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 this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust, or other organization to be devoted to such similar purposes.

ARTICLE XIII

ACTION WITHOUT MEETING

Any action required or permitted by Applicable Law to be taken at a meeting of the Members or Neighborhood Delegates may be taken without a meeting, without prior notice, and without a vote if written consent specifically authorizing the proposed action is signed by the Members or Neighborhood Delegates holding at least the minimum number of votes necessary to authorize such action at a meeting if all the Members or Neighborhood Delegates entitled to vote thereon were present. If the action is proposed by the Association, the Board of Directors shall provide each member of the Association or Neighborhood Delegate, as applicable, written notice at least ten (10) days in advance of the date the Board of Directors proposes to initiate securing consent as contemplated by this Article XIII. Consents obtained pursuant to this Article XIII shall be dated and signed within sixty (60) days after receipt of the earliest dated consent and delivered to the Association at its principal place of business in Texas. Such consents shall be filed with the minutes of the Association and shall have the same force and effect as a vote of the Members or Neighborhood Delegates, as applicable, at a meeting. After receiving authorization for any action by written consent, the Secretary shall give written notice to all Members or Neighborhood Delegates entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action, in accordance with and by any means permitted under Applicable Law.

ARTICLE XIV

AMENDMENT

Except as otherwise provided by the terms and provisions of *Article IV* of this Certificate of Formation, this Certificate of Formation may be amended by the Declarant during the Development Period or by a Majority of the Board of Directors; provided, however, that any amendment to this Certificate of Formation by a Majority of the Board of Directors must be approved in advance and in writing by the Declarant during the Development Period.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand, this 3rd day of November, 2017.

Robert D. Burton, Incorporator

ATTACHMENT 2

BYLAWS
OF
THE WOODLANDS HILLS RESIDENTIAL COMMUNITY, INC.

ARTICLE I
INTRODUCTION

The name of the corporation is The Woodlands Hills Residential Community, Inc., a Texas non-profit corporation, hereinafter referred to as the "**Association**". The principal office of the Association shall initially be located in Montgomery County, Texas, but meetings of Members and Directors may be held at such places within the State of Texas, County of Montgomery, as may be designated by the Board of Directors as provided in these Bylaws.

The Association is organized to be a nonprofit corporation.

Notwithstanding anything to the contrary in these Bylaws, a number of provisions are modified by the Declarant's reservations in that certain The Woodlands Hills Master Covenant [*Residential*], recorded in the Official Public Records of Montgomery County, Texas (the "Covenant"), including the number, qualification, appointment, removal, and replacement of Directors.

ARTICLE II
DEFINITIONS

Capitalized terms used but not defined in these Bylaws shall have the meaning subscribed to such terms in the Covenant.

ARTICLE III
MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

Section 3.1. Membership. Each Owner of a Lot or Condominium Unit is a mandatory Member of the Association, as more fully set forth in the Covenant.

Section 3.2. Place of Meetings. Meetings of the Association shall be held where designated by the Board, either within the Development or as convenient as possible and practical.

Section 3.3. Annual Meetings. There shall be an annual meeting of the Members of the Association for the purposes of Association-wide elections or votes and for such other Association business at such reasonable place, date and time as set by the Board.

Section 3.4. Special Meetings. Special meetings of Members or Neighborhood Delegates may be called in accordance with Section 22.155 of the Texas Business Organizations Code or any successor statute.

Section 3.5. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of the Members or Neighborhood Delegates shall be delivered, either personally or by mail, to each Member or Neighborhood Delegate entitled to vote at such meeting or by publication in a newspaper of general circulation, not less than ten (10) nor more than sixty (60) days before the date of such meeting, by or at the direction of the President, the Secretary, or the officers or persons calling the meeting. In the case of a special meeting or when otherwise required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member or Neighborhood Delegate at his address as it appears on the records of the Association, with postage prepaid. If an election or vote of the Members will occur outside of a meeting of the Members (*i.e.*, absentee or electronic ballot), then the Association shall provide notice to each Member no later than the 20th day before the latest date on which a ballot may be submitted to be counted.

Section 3.6. Waiver of Notice. Waiver of notice of a meeting of the Members or Neighborhood Delegates shall be deemed the equivalent of proper notice. Any Member or Neighborhood Delegate may, in writing, waive notice of any meeting of the Members or Neighborhood Delegates, either before or after such meeting. Attendance at a meeting by a Member or Neighborhood Delegate shall be deemed a waiver by such Member or Neighborhood Delegate of notice of the time, date, and place thereof, unless such Member or Neighborhood Delegate specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting by a Member or Neighborhood Delegate shall be deemed a waiver of notice of all business transacted at such meeting unless an objection by a Member or Neighborhood Delegate on the basis of lack of proper notice is raised before the business is put to a vote.

Section 3.7. Quorum. Except as provided in these Bylaws or in the Covenant, the presence of the Members or Neighborhood Delegates, as applicable, representing ten percent (10%) of the total votes in the Association shall constitute a quorum at all Association meetings. If the required quorum of ten percent (10%) of the total votes in the Association is not present, the Board shall call a subsequent meeting in accordance with the notice requirements set forth herein, and the presence of five percent (5%) of the total votes in the Association shall constitute a quorum at such subsequent meeting. The Members present at a duly called or held meeting at which a quorum is present in accordance with this *Section 3.7* may continue to do business until adjournment, notwithstanding the departure of enough Members to leave less than a quorum, provided that Members representing at least five percent (5%) of the total votes in the Association remain in attendance, and provided that any action taken is approved by at least a Majority of the votes present at such adjourned meeting, unless otherwise provided in the Covenant.

Section 3.8. Conduct of Meetings. The President or any other person appointed by the Board shall preside over all Association meetings, and the Secretary, or the Secretary's designee, shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 3.9. Voting. The voting rights of the Members and Neighborhood Delegates shall be as set forth in the Covenant, and such voting rights provisions are specifically incorporated by reference. Except as otherwise provided in the Covenant, action may be taken at any legally convened meeting of the Members or Neighborhood Delegates upon the affirmative vote of the Members or Neighborhood Delegates having a Majority of the total votes present at such meeting in person or proxy or by absentee

ballot or electronic ballot, if such votes are considered present at the meeting as further set forth herein. Cumulative voting shall not be allowed. The person holding legal title to a Lot or Condominium Unit shall be entitled to cast the vote allocated to such Lot or Condominium Unit and not the person merely holding beneficial title to the same unless such right is expressly delegated to the beneficial Owner thereof in writing. **Other than representative voting by Neighborhood Delegates, any provision in the Association's governing documents that would disqualify an Owner from voting in an Association election of Board Members or on any matter concerning the rights or responsibilities of the Owner is void.**

Section 3.10. Methods of Voting: In Person; Proxies; Absentee Ballots; Electronically. On any matter as to which a Member is entitled individually to cast the vote for his Lot or Condominium Unit such vote may be cast or given: (a) in person or by proxy at a meeting of the Association; (b) by absentee ballot; (c) by electronic ballot; or (d) by such other means as may be permitted by law and as adopted by the Board. Any vote cast in an election or vote by a Member of the Association must be in writing and signed by the Member. Electronic votes constitute written and signed ballots. In an Association election, written and signed ballots are not required for uncontested races. Notwithstanding anything to the contrary in the Documents, Neighborhood Delegates may not vote by proxy but only in person or through their designated alternates; provided, any Neighborhood Delegate who is only entitled to cast the vote(s) for his own Lot(s) or Condominium Unit(s) pursuant to *Section 3.6* of the Covenant may cast such vote as provided herein until such time as the Board first calls for election of a Neighborhood Delegate to represent the Neighborhood where the Lot or Condominium Unit is located. Votes shall be cast as provided in this Section:

(A) Proxies. Any Member may give a revocable written proxy in the form as prescribed by the Board from time to time to any person authorizing such person to cast the Member's vote on any matter. A Member's vote by proxy is subject to any limitations of Texas law relating to the use of general proxies and subject to any specific provision to the contrary in the Covenant or these Bylaws. No proxy shall be valid unless signed by the Member for which it is given or his duly authorized attorney-in-fact, dated, and filed with the Secretary of the Association prior to the meeting for which it is to be effective. Proxies shall be valid only for the specific meeting for which given and for lawful adjournments of such meeting. In no event shall a proxy be valid more than eleven (11) months after the effective date of the proxy. Every proxy shall be revocable and shall automatically cease upon conveyance of the Lot or Condominium Unit for which it was given.

(B) Absentee and Electronic Ballots. An absentee or electronic ballot: (i) may be counted as a Member or Neighborhood Delegate, as applicable, present and voting for the purpose of establishing a quorum only for items appearing on the ballot; (ii) may not be counted, even if properly delivered, if the Member or Neighborhood Delegate, as applicable, attends any meeting to vote in person, so that any vote cast at a meeting by a Member or Neighborhood Delegate supersedes any vote submitted by absentee or electronic ballot previously submitted for that proposal; and (iii) may not be counted on the final vote of a proposal if the proposal was amended at the meeting to be different from the exact language on the absentee or electronic ballot. For the purposes of this Section, a nomination taken from the floor in a Board member election is not considered an amendment to the proposal for the election.

(1) *Absentee Ballots.* No absentee ballot shall be valid unless it is in writing, signed by the Neighborhood Delegate or Member for which it is given or his duly authorized attorney-in-fact, dated, and filed with the Secretary of the Association prior to the meeting for which it is

to be effective. Absentee ballots shall be valid only for the specific meeting for which given and for lawful adjournments of such meeting. In no event shall an absentee ballot be valid after the specific meeting or lawful adjournment of such meeting at which such ballot is counted or upon conveyance of the Lot or Condominium Unit for which it was given. Any solicitation for votes by absentee ballot must include:

(i) an absentee ballot that contains each proposed action and provides an opportunity to vote for or against each proposed action;

(ii) instructions for delivery of the completed absentee ballot, including the delivery location; and

(iii) the following language: ***"By casting your vote via absentee ballot you will forgo the opportunity to consider and vote on any action from the floor on these proposals, if a meeting is held. This means that if there are amendments to these proposals your votes will not be counted on the final vote on these measures. If you desire to retain this ability, please attend any meeting in person. You may submit an absentee ballot and later choose to attend any meeting in person, in which case any in-person vote will prevail."***

(2) *Electronic Ballots.* "Electronic ballot" means a ballot: (a) given by email, facsimile or posting on a website; (b) for which the identity of the Neighborhood Delegate or Member submitting the ballot can be confirmed; and (c) for which the Neighborhood Delegate or Member may receive a receipt of the electronic transmission and receipt of the Neighborhood Delegate or Member's ballot. If an electronic ballot is posted on a website, a notice of the posting shall be sent to each Neighborhood Delegate or Member that contains instructions on obtaining access to the posting on the website.

Section 3.11. Tabulation of and Access to Ballots. A person who is a candidate in an Association election or who is otherwise the subject of an Association vote, or a person related to that person within the third degree by consanguinity or affinity may not tabulate or otherwise be given access to the ballots cast in that election or vote except such person may be given access to the ballots cast in the election or vote as part of a recount process. A person tabulating votes in an Association election or vote or who performs a recount pursuant to *Section 3.12* may not disclose to any other person how an individual voted. Notwithstanding any provision of these Bylaws to the contrary, only a person who tabulates votes pursuant to this Section or performs a recount pursuant to *Section 3.12* shall be given access to any Association ballots.

Section 3.12. Recount of Votes. Any Member (the "**Recount Requesting Member**") may, not later than the fifteenth (15th) day after the later of the date of any meeting of Members at which an election or vote was held, or the date of the announcement of the results of the election or vote, require a recount of the votes (the "**Recount Request**"). A Recount Request must be submitted in writing either: (i) by any method of mailing for which evidence of mailing is provided by the United States Postal Service or a common carrier, with signature confirmation service to the Association's mailing address as reflected on the latest management certificate; or (ii) in person to the Association's managing agent as reflected on

the latest management certificate or to the address to which absentee and proxy ballots are mailed. The Recount Requesting Member shall be required to pay, in advance, expenses associated with the recount as estimated by the Association, pursuant to subsection (a) below.

(a) Cost of Recount. The Association shall estimate the costs for performing the recount by a person qualified to tabulate votes under subsection (b), and no later than the 20th day after the date the Association receives the Recount Request, shall send an invoice for the estimated costs (the "**Initial Recount Invoice**") to the Recount Requesting Member at the Recount Requesting Member's last known address according to the Association's records. The Recount Requesting Member must pay the Initial Recount Invoice in full to the Association on or before the 30th day after the date the Initial Recount Invoice was delivered to the Recount Requesting Member (the "**Deadline**"). If the Initial Recount Invoice is not paid by the Recount Requesting Member by the Deadline, the Recount Requesting Member's Recount Request shall be considered withdrawn and the Association shall not be required to perform a recount. If the Initial Recount Invoice is paid by the Recount Requesting Member by the Deadline, then on or before the 30th day after the date of receipt of payment of the Invoice, the recount must be completed and the Association must provide each Recount Requesting Member with notice of the results of the recount. If the recount changes the results of the election, the Association shall reimburse the Recount Requesting Member for the cost of the recount not later than the 30th day after the date the results of the recount are provided. If the recount does not change the results of the election, and the estimated costs included on the Initial Recount Invoice are either lesser or greater than the actual costs of the recount, the Association shall send a final invoice (the "**Final Recount Invoice**") to the Recount Requesting Member on or before the 30th business day after the date the results of the recount are provided. If the Final Recount Invoice reflects that additional amounts are owed by the Recount Requesting Member, the Recount Requesting Member shall remit such additional amounts to the Association immediately. Any additional amounts not paid to the Association by the Recount Requesting Member before the 30th business day after the date the Final Recount Invoice is sent may be charged as an Individual Assessment against the Recount Requesting Member. If the costs estimated in the Initial Recount Invoice costs exceed the amount reflected in the Final Recount Invoice, then the Recount Requesting Member shall be entitled to a refund, which such refund shall be paid at the time the Final Recount Invoice is delivered pursuant to this Section.

(b) Vote Tabulator. Following receipt of payment of the Initial Recount Invoice, the Association shall retain for the purpose of performing the recount, the services of a person qualified to tabulate votes. The Association shall enter into a contract for the services of a person who: (i) is not a Member of the Association or related to a Member of the Association Board within the third degree by consanguinity or affinity; and (ii) is either a person agreed on by the Association and each person requesting a recount or is a current or former county judge, county elections administrator, justice of the peace or county voter registrar.

(c) Board Action. Any action taken by the Board in the period between the initial election vote tally and the completion of the recount is not affected by any recount.

Section 3.13. Action Without a Meeting. Any action required or permitted by law to be taken at a meeting of the Members or Neighborhood Delegates, as applicable, may be taken without a meeting, without prior notice, and without a vote if written consent specifically authorizing the proposed action is signed by Members or Neighborhood Delegates, as applicable, holding at least the minimum number of

votes necessary to authorize such action at a meeting if all Members or Neighborhood Delegates entitled to vote thereon were present. Such consents shall be signed within sixty (60) days after receipt of the earliest dated consent, dated, and delivered to the Association at its principal place of business in Texas. Such consents shall be filed with the minutes of the Association and shall have the same force and effect as a vote of the Members or Neighborhood Delegates at a meeting. Within ten (10) days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Members or Neighborhood Delegates entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

ARTICLE IV
BOARD OF DIRECTORS

Section 4.1. Authority; Number of Directors.

(a) The affairs of the Association shall be governed by a Board of Directors. The number of Directors shall be fixed by the Board of Directors from time to time. The initial Directors shall be three (3) in number and shall be those Directors named in the Certificate. The initial Directors shall serve until their successors are elected and qualified.

(b) In accordance with *Section 3.4* of the Covenant, within one hundred and twenty (120) days after seventy-five percent (75%) of the maximum number of Lots and Condominium Units that may be subjected to the terms and provisions of the Covenant have been conveyed to Owners other than Declarant or a Homebuilder, the President of the Association will thereupon call a meeting of the Members of the Association (the "**Initial Member Election Meeting**") where the Members or Neighborhood Delegates, as applicable, will elect one (1) Director, for a one (1) year term ("**Initial Member Elected Director**"). Declarant will continue to appoint and remove two-thirds (⅔) of the Board after the Initial Member Election Meeting until expiration or termination of the Development Period. Notwithstanding the foregoing, the Initial Member Elected Director's term will expire as of the date of the Member Election Meeting.

(c) At the expiration or termination of the Development Period, the Declarant will thereupon call a meeting of the Members of the Association where the Declarant appointed Directors will resign and the Members or Neighborhood Delegates, as applicable, will elect three (3) new directors (to replace all Declarant appointed Directors and the Initial Member Elected Director) (the "**Member Election Meeting**"), one (1) Director for a three (3) year term, one (1) Director for a two (2) year term, and one (1) Director for a one (1) year term (with the individual receiving the highest number of votes to serve the three (3) year term, the individual receiving the next highest number of votes to serve the two (2) year term, and the individual receiving the third highest number of votes to serve a one (1) year term). Notwithstanding the foregoing provision, if a Voting Group Designation is filed in accordance with the Covenant, such designation may establish a different number of Board members to be elected at the Member Election Meeting provided that in any event the number of Board members shall be no less than three (3) in number. The Voting Group Designation may also assign an initial term to each Board member position. A Voting Group Designation which establishes a different number of Board members and the initial terms of such Board members shall be deemed an amendment to the Bylaws. Upon expiration of the term of a Director elected by the Members or Neighborhood Delegates pursuant to this *Section 4.1(c)*, his or her successor will be elected for a term of three (3) years.

(d) A Director takes office upon the adjournment of the meeting or balloting at which he is elected or appointed and, absent death, ineligibility, resignation, or removal, will hold office until his successor is elected or appointed.

(e) Each Director, other than Directors appointed by Declarant, shall be a Member. In the case of corporate, partnership, or other entity ownership of a Lot or Condominium Unit, the Director must be a duly authorized agent or representative of the corporation, the partnership, or other entity which owns the Lot or Condominium Unit. Other than as set forth in this subparagraph (e), the Association may not restrict an Owner's right to run for a position on the Board.

Section 4.2. Compensation. The Directors shall serve without compensation for such service.

Section 4.3. Designation of Voting Groups by Declarant. Declarant may (but is not obligated to) designate Voting Groups consisting of one or more Neighborhoods for the purpose of electing directors to the Board. If Neighborhood Delegates are elected, such Neighborhood Delegates within each Voting Group shall vote on a separate slate of candidates for election to the Board. The Declarant shall establish Voting Groups, if at all, not later than the date of expiration or termination of the Development Period by Recording a written instrument identifying each Voting Group by legal description or other means such that the Lots and Condominium Units within each Voting Group can easily be determined. Such designation may be amended from time to time by Declarant, acting alone, at any time prior to the expiration or termination of the Development Period. Upon expiration or termination of the Development Period, the Board will have the right by Recording an appropriate written instrument to amend any existing designation of Voting Groups, or to designate new Voting Groups, upon the vote of a Majority of the Board and approval of Neighborhood Delegates representing a Majority of the Neighborhoods. Until such time as Voting Groups are established, all of the Development shall constitute a single Voting Group. After a written instrument establishing Voting Groups has been Recorded, any and all portions of the Development which are not assigned to a specific Voting Group shall constitute a single Voting Group.

Section 4.4. Nominations to Board of Directors. Members may be nominated for election to the Board of Directors in either of the following ways:

(a) A Member who is not a Director and who desires to run for election to that position shall be deemed to have been nominated for election upon his filing with the Board of Directors a written petition of nomination; or

(b) A Director who is eligible to be re-elected shall be deemed to have been nominated for re-election to the position he holds by signifying his intention to seek reelection in a writing addressed to the Board of Directors.

Section 4.5. Vacancies on Board of Directors. Except with respect to Directors appointed by the Declarant, if the office of any elected Director shall become vacant by reason of death, resignation, or disability, the remaining Directors, at a special meeting duly called for this purpose, shall choose a successor who shall fill the unexpired term of the directorship being vacated. If there is a deadlock in the voting for a successor by the remaining Directors, the one Director with the longest continuous term on the Board shall select the successor. At the expiration of the term of his position on the Board of

Directors, the successor Director shall be re-elected or his successor shall be elected in accordance with these Bylaws. Except with respect to Directors appointed by the Declarant, any Board Member whose term has expired or who has been removed from the Board must be elected by the Members or the Neighborhood Delegates, as applicable.

Section 4.6. Removal of Directors. Subject to the right of Declarant to nominate and appoint Directors as set forth in *Section 4.1* of these Bylaws, an elected Director may be removed, with or without cause, by the Majority of the Members or Neighborhood Delegates, as applicable, which elected such Director. In the event Voting Groups are established pursuant to the Covenant, only the Neighborhood Delegates within the Voting Group may vote to remove the Director elected from such Voting Group.

Section 4.7. Solicitation of Candidate for Election to the Board. At least thirty (30) days before the date an Association disseminates absentee ballots or other ballots to Members for the purpose of voting in a Board election, the Association shall provide notice (the "**Solicitation Notice**") of the election to the Members. The Solicitation Notice shall: (a) solicit candidates that are eligible under *Section 4.1(e)* and interested in running for a position on the Board; (b) state that an eligible candidate has fifteen (15) days to respond to the Solicitation Notice and request to be placed on the ballot; and (c) must be: (1) mailed to each Member; (2) e-mailed to each Member that has registered their e-mail address with the Association; or (3) posted in a conspicuous manner reasonably designed to provide notice to Members, such as: (i) within the Common Area or, with the Member's consent, on other conspicuously located privately owned property within the subdivision; or (ii) on any website maintained by the Association or other internet media.

ARTICLE V
MEETINGS OF DIRECTORS

Section 5.1. Development Period. The provisions of this *Article V* do not apply to Board meetings during the Development Period (as defined in the Covenant) during which period the Board may take action by unanimous written consent in lieu of a meeting pursuant to *Section 5.10*, except with respect to a meeting conducted for the purpose of: (a) adopting or amending the Documents (*i.e.*, declarations, bylaws, rules, and regulations); (b) increasing the amount of Regular Assessments of the Association or adopting or increasing a Special Assessment; (c) electing non-Declarant Board members or establishing a process by which those members are elected; or (d) changing the voting rights of Members.

Section 5.2. Definition of Board Meetings. A meeting of the Board means a deliberation between a quorum of the Board, or between a quorum of the Board and another person, during which Association business is considered and the Board takes formal action.

Section 5.3. Regular Meetings. Regular meetings of the Board shall be held annually or such other frequency as determined by the Board, at such place and hour as may be fixed from time to time by resolution of the Board.

Section 5.4. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days' notice to each Director.

Section 5.5. Quorum. A Majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a Majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors.

Section 5.6. Open Board Meetings. All regular and special Board meetings must be open to Owners. However, the Board has the right to adjourn a meeting and reconvene in closed executive session to consider actions involving: (a) personnel; (b) pending or threatened litigation; (c) contract negotiations; (d) enforcement actions; (e) confidential communications with the Association's attorney; (f) matters involving the invasion of privacy of individual Owners, or matters that are to remain confidential by request of the affected parties and agreement of the Board. Following an executive session, any decision made by the Board in executive session must be summarized orally in general terms and placed in the minutes. The oral summary must include a general explanation of expenditures approved in executive session.

Section 5.7. Location. Except if otherwise held by electronic or telephonic means, a Board meeting must be held in the county in which the Development is located or in a county adjacent to that county, as determined in the discretion of the Board.

Section 5.8. Record; Minutes. The Board shall keep a record of each regular or special Board meeting in the form of written minutes of the meeting. The Board shall make meeting records, including approved minutes, available to a Member for inspection and copying on the Member's written request to the Association's managing agent at the address appearing on the most recently filed management certificate or, if there is not a managing agent, to the Board.

Section 5.9. Notices. Members shall be given notice of the date, hour, place, and general subject of a regular or special board meeting, including a general description of any matter to be brought up for deliberation in executive session. The notice shall be: (a) mailed to each Member not later than the tenth (10^{th}) day or earlier than the sixtieth (60^{th}) day before the date of the meeting; or (b) provided at least seventy-two (72) hours before the start of the meeting by: (i) posting the notice in a conspicuous manner reasonably designed to provide notice to Members in a place located on the Association's common area or on any website maintained by the Association; and (ii) sending the notice by e-mail to each Member who has registered an e-mail address with the Association. It is the Member's duty to keep an updated e-mail address registered with the Association. The Board may establish a procedure for registration of email addresses, which procedure may be required for the purpose of receiving notice of Board meetings. If the Board recesses a regular or special Board meeting to continue the following regular business day, the Board is not required to post notice of the continued meeting if the recess is taken in good faith and not to circumvent this Section. If a regular or special Board meeting is continued to the following regular business day, and on that following day the Board continues the meeting to another day, the Board shall give notice of the continuation in at least one manner as set forth above within two (2) hours after adjourning the meeting being continued.

Section 5.10. Unanimous Consent. During the Development Period, Directors may vote by unanimous written consent. Unanimous written consent occurs if all Directors individually or collectively consent in writing to a Board action. The written consent must be filed with the minutes of Board meetings. Action by written consent shall be in lieu of a meeting and has the same force and effect as a unanimous vote of the Directors. As set forth in *Section 5.1*, Directors may not vote by unanimous consent if the Directors are considering any of the following actions: (a) adopting or amending the Documents (*i.e.*, declarations, bylaws, rules, and regulations); (b) increasing the amount of Regular Assessments of the Association or adopting or increasing a Special Assessment; (c) electing non-Declarant

Board members or establishing a process by which those members are elected; or (d) changing the voting rights of Members.

Section 5.11. Meeting Without Prior Notice. The Board may take action outside a meeting, including voting by electronic or telephonic means, without prior notice to the Members if each Board member is given a reasonable opportunity (i) to express his or her opinions to all other Board members and (ii) to vote. Any action taken without notice to Members must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes of the next regular or special Board meeting. The Board may not, unless done in an open meeting for which prior notice was given to the Members pursuant to *Section 5.9* above, consider or vote on: (a) fines; (b) damage assessments; (c) the initiation of foreclosure actions; (d) the initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety; (e) increases in assessments; (f) levying of special assessments; (g) appeals from a denial of architectural control approval; (h) a suspension of a right of a particular Member before the Member has an opportunity to attend a Board meeting to present the Member's position, including any defense, on the issue; (i) the lending or borrowing of money; (j) the adoption of any amendment of a dedicatory instrument; (k) the approval of an annual budget or the approval of an amendment of an annual budget that increases the budget by more than 10 percent (10%); (l) the sale or purchase of real property; (m) the filling of a vacancy on the Board; (n) the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements; or (o) the election of an officer.

Section 5.12. Telephone and Electronic Meetings. Any action permitted to be taken by the Board may be taken by telephone or electronic methods provided that: (1) each Board member may hear and be heard by every other Board member; (2) except for any portion of the meeting conducted in executive session: (i) all Members in attendance at the meeting may hear all Board members; and (ii) any Members are allowed to listen using any electronic or telephonic communication method used or expected to be used by a participating Board member at the same meeting; and (3) the notice of the Board meeting provides instructions to the Members on how to access the electronic or telephonic communication method used in the meeting. Participation in such a meeting constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE VI
POWERS AND DUTIES OF THE BOARD

Section 6.1. Powers. The Board shall have power and duty to undertake any of the following actions, in addition to those actions to which the Association is authorized to take in accordance with the Covenant:

(a) adopt, amend, revoke, record, and publish the Rules;

(b) suspend the right of a Member to use of the Common Area during any period in which such Member shall be in default in the payment of any Assessment levied by the Association, or after notice and hearing, for any period during which an infraction of the Rules by such Member exists;

(c) exercise for the Association all powers, duties and authority vested in or related to the Association and not reserved to the membership by other provisions of the Documents;

(d) to enter into any contract or agreement with a municipal agency or utility company to provide electric utility service to all or any portion of the Development;

(e) declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;

(f) employ such employees as they deem necessary, and to prescribe their duties;

(g) as more fully provided in the Covenant, to:

(1) fix the amount of the Assessments against each Lot and/or Condominium Unit in advance of each annual assessment period and any other assessments provided by the Covenant; and

(2) foreclose the lien against any property for which Assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same;

(h) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any Assessment has been paid and to levy a reasonable charge for the issuance of these certificates (it being understood that if a certificate states that an Assessment has been paid, such certificate shall be conclusive evidence of such payment);

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

(j) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(k) exercise such other and further powers or duties as provided in the Covenant or by law.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 7.1. Enumeration of Offices. The officers of the Association shall be a President and a Vice-President, who shall at all times be members of the Board, a Secretary and a Treasurer, and such other officers as the Board may from time to time create by resolution.

Section 7.2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 7.3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he resigns sooner, or shall be removed or otherwise disqualified to serve.

Section 7.4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 7.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at

any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7.6. Vacancies. A vacancy in any office may be filled through appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 7.7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to *Section 7.4*.

Section 7.8. Duties. The duties of the officers are as follows:

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

(b) Vice President. The Vice President, if any, shall generally assist the President and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the President or the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board.

(d) Assistant Secretaries. Each Assistant Secretary shall generally assist the Secretary and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him or her by the Secretary, the President, the Board or any committee established by the Board.

(e) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall sign all checks and promissory notes of the Association; keep proper books of account in appropriate form such that they could be audited by a public accountant whenever ordered by the Board or the membership; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting, and deliver a copy of each to the Members.

Section 7.9. Execution of Instruments. Except when the Documents require execution of certain instruments by certain individuals, the Board may authorize any person to execute instruments on behalf of the Association, including without limitation checks from the Association's bank account. In the absence of Board designation, and unless otherwise provided herein, the President and the Secretary are the only persons authorized to execute instruments on behalf of the Association.

ARTICLE VIII
OTHER COMMITTEES OF THE BOARD OF DIRECTORS

The Board may, by resolution adopted by affirmative vote of a Majority of the number of Directors fixed by these Bylaws, designate two or more Directors (with such alternates, if any, as may be deemed desirable) to constitute another committee or committees for any purpose; provided, that any such other committee or committees shall have and may exercise only the power of recommending action

to the Board of Directors and of carrying out and implementing any instructions or any policies, plans, programs and rules theretofore approved, authorized and adopted by the Board.

ARTICLE IX
BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Documents shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE X
ASSESSMENTS

As more fully provided in the Covenant, each Member is obligated to pay to the Association Assessments which are secured by a continuing lien upon the property against which the Assessments are made. Assessments shall be due and payable in accordance with the Covenant.

ARTICLE XI
CORPORATE SEAL

The Association may, but shall have no obligation to, have a seal in a form adopted by the Board.

ARTICLE XII
AMENDMENTS

These Bylaws may be amended by: (i) the Declarant until expiration or termination of the Development Period; or (ii) a Majority vote of the Board of Directors with the advance written consent of the Declarant until expiration or termination of the Development Period.

ARTICLE XIII
INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Association shall indemnify every Director, Officer or Committee Member against, and reimburse and advance to every Director, Officer or Committee Member for, all liabilities, costs and expenses' incurred in connection with such directorship or office and any actions taken or omitted in such capacity to the greatest extent permitted under the Texas Business Organizations Code and all other applicable laws at the time of such indemnification, reimbursement or advance payment; provided, however, no Director, Officer or Committee Member shall be indemnified for: (a) a breach of duty of loyalty to the Association or its Members; (b) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (c) a transaction from which such Director, Officer or Committee Member received an improper benefit, whether or not the benefit resulted from an action taken within the scope of directorship or office; or (d) an act or omission for which the liability of such Director, Officer or Committee Member is expressly provided for by statute.

ARTICLE XIV
MISCELLANEOUS

Section 14.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 14.2. Review of Statutes and Court Rulings. Users of these Bylaws should also review statutes and court rulings that may modify or nullify provisions of this document or its enforcement, or may create rights or duties not anticipated by these Bylaws.

Section 14.3. Conflict. In the case of any conflict between the Certificate and these Bylaws, the Certificate shall control; and in the case of any conflict between the Covenant and these Bylaws, the Covenant shall control. In the case of any conflict between these Bylaws and any provision of the applicable laws of the State of Texas, the conflicting aspect of the Bylaws provision is null and void, but all other provisions of these Bylaws remain in full force and effect.

Section 14.4. Interpretation. The effect of a general statement is not limited by the enumerations of specific matters similar to the general. The captions or articles and sections are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer. The singular is construed to mean the plural, when applicable, and the use of masculine or neuter pronouns includes the feminine.

Section 14.5. No Waiver. No restriction, condition, obligation, or covenant contained in these Bylaws may be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

ATTACHMENT 3

THE WOODLANDS HILLS RESIDENTIAL COMMUNITY, INC.

FINE AND ENFORCEMENT POLICY

1. Background. The Woodlands Hills is subject to that certain The Woodlands Hills Master Covenant [*Residential*] recorded in the Official Public Records of Montgomery County, Texas, as the same may be amended from time to time ("**Covenant**"). In accordance with the Covenant, The Woodlands Hills Residential Community, Inc., a Texas non-profit corporation (the "**Association**") was created to administer the terms and provisions of the Covenant. Unless the Covenant or Applicable Law expressly provides otherwise, the Association acts through a majority of its board of directors (the "**Board**"). The Association is empowered to enforce the covenants, conditions and restrictions of the Covenant, Certificate, Bylaws, Community Manual, the Design Guidelines (if adopted), any applicable Development Area Declaration, any applicable Notice of Applicability, and any rules and regulations promulgated by the Association pursuant to the Covenant or any Development Area Declaration, as each may be adopted and amended from time to time (collectively, the "**Documents**"), including the obligation of Owners to pay assessments pursuant to the terms and provisions of the Covenant and the obligations of the Owners to compensate the Association for costs incurred by the Association for enforcing violations of the Documents.

   The Board hereby adopts this Fine and Enforcement Policy to establish equitable policies and procedures for the levy of fines within the Association in compliance with the Chapter 209 of the Texas Property Code, titled the "Texas Residential Property Owners Protection Act," as it may be amended (the "**Act**"). To the extent any provision within this policy is in conflict with the Act or any other applicable law, such provision shall be modified to comply with the applicable law.

   Terms used in this policy, but not defined, shall have the meaning subscribed to such term in the Documents.

2. Policy. The Association uses fines to discourage violations of the Documents, and to encourage compliance when a violation occurs – not to punish violators or generate revenue for the Association. Although a fine may be an effective and efficient remedy for certain types of violations or violators, it is only one of several methods available to the Association for enforcing the Documents. The Association's use of fines does not interfere with its exercise of other rights and remedies for the same violation.

3. Owner's Liability. An Owner is liable for fines levied by the Association for violations of the Documents by the Owner and the relatives, guests, employees, and agents of the Owner and residents. Regardless of who commits the violation, the Association may direct all communications regarding the violation to the Owner.

4. Amount. The Association may set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency, and effects of the violation. The Association may establish a schedule of fines for certain types of violations. The amount and cumulative total of a fine must be reasonable in comparison to the violation, and should be uniform for similar

violations of the same provision of the Documents. If the Association allows fines to accumulate, the Association may establish a maximum amount for a particular fine, at which point the total fine will be capped.

5. Violation Notice. Except as set forth in *Section 5(C)* below, before levying a fine, the Association will give (i) a written violation notice via certified mail to the Owner (at the Owner's last known address as shown in the Association records) (the "**Violation Notice**") and (ii) an opportunity to be heard, if requested by the Owner. The Association's Violation Notice will contain the following items: (1) the date the Violation Notice is prepared or mailed; (2) a description of the violation or property damage that is the basis for the Individual Assessment, suspension action, or other charge; (3) a reference to the rule or provision that is being violated; (4) a description of the action required to cure the violation and a reasonable timeframe in which the violation is required to be cured to avoid the fine or suspension; (5) the amount of the possible fine; (6) a statement that no later than the thirtieth (30th) day after the date the notice was mailed, the Owner may request a hearing pursuant to Section 209.007 of the Texas Property Code, and further, if the hearing held pursuant to Section 209.007 of the Texas Property Code is to be held by a committee appointed by the Board, a statement notifying the Owner that he or she has the right to appeal the committee's decision to the Board by written notice to the Board; and (7) a statement that the Owner may have special rights or relief related to the enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. app. section *et seq.*), if the Owner is serving on active military duty. The Violation Notice sent out pursuant to this paragraph is further subject to the following:

A. First Violation. If the Owner has not been given notice and a reasonable opportunity to cure the same or similar violation within the preceding six (6) months, the Violation Notice will state those items set out in (1) – (7) above, along with a reasonable timeframe by which the violation must be cured to avoid the fine. The Violation Notice must state that any future violation of the same rule may result in the levy of a fine. A fine pursuant to the *Schedule of Fines* may be levied if an Owner does not cure the violation within the timeframe set forth in the notice.

B. Uncurable Violation/Violation of Public Health or Safety. If the violation is of an uncurable nature or poses a threat to public health or safety (as exemplified in Section 209.006 of the Texas Property Code), then the Violation Notice shall state those items set out in (1), (2), (3), (5), (6), and (7) above, and the Association shall have the right to exercise any enforcement remedy afforded to it under the Documents, including but not limited to the right to levy a fine pursuant to the *Schedule of Fines*.

C. Repeat Violation without Attempt to Cure. If the Owner has been given a Violation Notice and a reasonable opportunity to cure the same or similar violation within the preceding six (6) months but commits the violation again, then the Owner shall not be entitled to an additional Violation Notice or a hearing pursuant to Section 209.007 of the Texas Property Code, and the Association shall have the right to exercise any enforcement remedy afforded to it under the Documents, including but not limited to the right to levy a fine

pursuant to the *Schedule of Fines*. After an Owner has been provided a Violation Notice as set forth herein and assessed fines in the amounts set forth in the *Schedule of Fines*, if the Owner has never cured the violation in response to any Violation Notices sent or any fines levied, then the Board, in its sole discretion, may determine that such a circumstance is a continuous violation which warrants a levy of a fine based upon a daily, monthly, or quarterly amount as determined by the Board.

6. Violation Hearing. If the Owner is entitled to an opportunity to cure the violation, then the Owner has the right to submit a written request to the Association for a hearing before the Board or a committee appointed by the Board to discuss and verify the facts and resolve the matter. To request a hearing, the Owner must submit a written request (the "**Request**") to the Association's manager (or the Board if there is no manager) within thirty (30) days after receiving the Violation Notice. The Association must then hold the hearing requested no later than thirty (30) days after the Board receives the Request. The Board must notify the Owner of the date, time, and place of the hearing at least ten (10) days before the date of the hearing. The hearing will be scheduled to provide a reasonable opportunity for both the Board and the Owner to attend. The Board or the Owner may request a postponement, and if requested, a postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. Notwithstanding the foregoing, the Association may exercise its other rights and remedies as set forth in Section 209.007(d) and (e) of the Texas Property Code. Any hearing before the Board will be held in a closed or executive session of the Board. At the hearing, the Board will consider the facts and circumstances surrounding the violation. The Owner shall attend the hearing in person, but may be represented by another person (i.e., attorney) during the hearing, upon advance written notice to the Board. If an Owner intends to make an audio recording of the hearing, such Owner's request for hearing shall include a statement noticing the Owner's intent to make an audio recording of the hearing, otherwise, no audio or video recording of the hearing may be made, unless otherwise approved by the Board. The minutes of the hearing must contain a statement of the results of the hearing and the fine, if any, imposed. A copy of the Violation Notice and Request should be placed in the minutes of the hearing. If the Owner appears at the meeting, the notice requirements will be deemed satisfied. Unless otherwise agreed by the Board, each hearing shall be conducted in accordance with the agenda attached hereto as Exhibit A.

7. Due Date. Fine and/or damage charges are due immediately if the violation is uncurable or poses a threat to public health or safety. If the violation is curable, the fine and/or damage charges are due immediately after the later of: (1) the date that the cure period set out in the first Violation Notice ends and the Owner does not attempt to cure the violation or the attempted cure is unacceptable to Association, or (2) if a hearing is requested by the Owner, such fines or damage charges will be due immediately after the Board's final decision on the matter, assuming that a fine or damage charge of some amount is confirmed by the Board at such hearing.

8. Lien Created. The payment of each fine and/or damage charge levied by the Board against the Owner of a Lot is, together with interest as provided in *Section 5.11* of the Covenant and all costs of collection, including attorney's fees as herein provided, secured by the lien granted to the Association pursuant to *Section 5.1.2* of the Covenant. The fine and/or damage charge will be considered an Assessment for the purpose of this Article and will be enforced in accordance with

the terms and provisions governing the enforcement of assessments pursuant to *Article 5* of the Covenant.

9. Levy of Fine. Any fine levied shall be reflected on the Owner's periodic statements of account or delinquency notices.

10. Foreclosure. The Association may not foreclose its assessment lien on a debt consisting solely of fines.

11. Amendment of Policy. This policy may be revoked or amended from time to time by the Board. This policy will remain effective until the Association records an amendment to this policy in the county's official public records.

Schedule of Fines

The Board has adopted the following general schedule of fines. The number of notices set forth below does not mean that the Board is required to provide each notice prior to exercising additional remedies as set forth in the Documents. The Board may elect to pursue such additional remedies at any time in accordance with applicable law. The Board also reserves the right to set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency, and effect of the violation:

FINES‡:

New Violation: **Notice of Violation**	**Fine Amount:** **$25.00 (if a curable violation, may be avoided if Owner cures the violation by the time specified in the notice)**
Repeat Violation (No Right to Cure or Uncurable Violation):	**Fine Amount:** **1st Notice $50.00** **2nd Notice $75.00** **3rd Notice $100.00** **4th Notice $125.00**
Continuous Violation: **Continuous Violation Notice**	**Amount TBD**

‡ The Board reserves the right to adjust these fine amounts based on the severity and/or frequency of the violation.

EXHIBIT A

HEARING BEFORE THE BOARD

Note: An individual will act as the presiding hearing officer. The hearing officer will provide introductory remarks and administer the hearing agenda.

I. **Introduction**:

Hearing Officer. The Board has convened for the purpose of providing [Owner] an opportunity to be heard regarding a notice of violation of the Documents sent by the Association.

The hearing is being conducted as required by Section 209.007(a) of the Texas Property Code, and is an opportunity for [Owner] to discuss, verify facts, and attempt to resolve the matter at issue. The Board may be able to resolve the dispute at the hearing or the Board may elect to take the matter under advisement and conclude the hearing. If the matter is taken under advisement, a final decision will be communicated in writing within fifteen (15) days.

II. **Presentation of Facts**:

Hearing Officer. This portion of the hearing is to permit a representative of the Association the opportunity to describe the violation and to present photographs or other material relevant to the violation, fines or penalties. After the Association's representative has finished his presentation, the Owner or its representative will be given the opportunity to present photographs or other material relevant to the violation, fines or penalties. The Board may ask questions during either party's presentation. It is requested that questions by [Owner] be held until completion of the presentation by the Association's representative.

[Presentations]

III. **Discussion**:

Hearing Officer. This portion of the hearing is to permit the Board and [Owner] to discuss factual disputes relevant to the violation. Discussion regarding any fine or penalty is also appropriate. Discussion should be productive and designed to seek, if possible, a mutually agreed upon resolution of the dispute. The Hearing Officer retains the right to conclude this portion of the hearing at any time.

IV. **Resolution**:

Hearing Officer. This portion of the hearing is to permit discussion between the Board and [Owner] regarding the final terms of a mutually agreed upon resolution, if such resolution was agreed upon during the discussion phase of the hearing. If no mutually agreed upon resolution was reached, the Hearing Officer may: (i) request that the Board enter into executive session to discuss the matter; (ii) request that the Board take the matter under advisement and adjourn the hearing; or (iii) adjourn the hearing.

ATTACHMENT 4

THE WOODLANDS HILLS RESIDENTIAL COMMUNITY, INC.
ASSESSMENT COLLECTION POLICY

The Woodlands Hills is a community (the "**Community**") created by and subject to The Woodlands Hills Master Covenant [*Residential*] recorded in the Official Public Records of Montgomery County, Texas, and any amendments or supplements thereto ("**Covenant**"). The operation of the Community is vested in The Woodlands Hills Residential Community, Inc. (the "**Association**"), acting through its board of directors (the "**Board**"). The Association is empowered to enforce the covenants, conditions and restrictions of the Covenant, Certificate, Bylaws, Community Manual, the Design Guidelines (if adopted), any applicable Development Area Declaration, any applicable Notice of Applicability, and any rules and regulations promulgated by the Association pursuant to the Covenant or any Development Area Declaration, as adopted and amended from time to time (collectively, the "**Documents**"), including the obligation of Owners to pay Assessments pursuant to the terms and provisions of the Documents.

The Board hereby adopts this Assessment Collection Policy to establish equitable policies and procedures for the collection of Assessments levied pursuant to the Documents. Terms used in this policy, but not defined, shall have the meaning subscribed to such term in the Documents.

A. BILLING AND COLLECTION PROCEDURES

1. Initial Invoice and Record Address. On or about December 1 of each year, the Board shall cause to be mailed to each Owner, an invoice (the "**Initial Invoice**") setting forth the Assessment amount. The Initial Invoice shall be sent to the Owner by certified mail. The Initial Invoice and any other correspondence, documents, or notices pertaining to the applicable Owner shall be sent to the address which appears in the records of the Association for the Owner, or to such other address as may be designated by the Owner in writing to the Association. The fact that the Association or its Manager may have received a personal check from an Owner reflecting an address for the Owner which is different from the Owner's address as shown on the records of the Association is not sufficient notice of a change of address for the Association to change its records regarding such Owner's address.

2. Assessment Due Date. All Regular Assessments shall be due and payable in advance on or before January 1. It is the responsibility of the Owner to ensure and verify that payments are received by the Association on or before such date, and the Association will not be responsible for delay by mail or any other form of delivery. Non-receipt of an invoice shall in no way relieve the Owner of the obligation to pay the amount due by January 1.

3. Delinquent Balances. If payment of the total Assessment and any other charges which may be due is not received by the Association on or before January 1, the account shall be delinquent. If an Owner defaults in paying the entire sum owing against the Owner's property on or before January 31, the Owner shall be charged interest at the lesser of the rate of 18% per annum or the highest maximum rate permitted by Applicable Law,

computed from January 1, regardless of whether any demand letter has been sent to the Owner. Further, Owners who remain delinquent after January 31 shall be subject to the following collection procedures, which may be modified on a case-by-case basis by the Board as circumstances warrant:

(i) Final Notice. The Association will send a final notice ("**Final Notice**") to the Owner by certified mail, and by regular U. S. First-Class Mail, showing that the account is delinquent, and that interest is accruing. The Final Notice will advise the Owner that if the account is not paid within thirty (30) days of receipt of the Final Notice, the Association intends to turn the account over to an attorney for further handling, and the Owner will thereafter be responsible for the attorneys' fees and costs incurred, and such fees and costs will be charged to the Assessment account. The Final Notice will also inform the Owner that pursuant to Chapter 209 of the Texas Property Code, the Owner has the right to request a hearing before the Board. If the Owner does not pay the delinquent balance in full or request a hearing within the thirty (30) day period, the Association intends to thereafter pursue its remedies regarding the matter.

(ii) Notice of Lien. To further evidence the Association's lien securing the unpaid Assessments, the Association may, but is not required to, prepare a document entitled Lien Affidavit and Notice of Delinquent Assessments setting forth the amount of the delinquent Assessment, the name of the Owner of the property, and a description of the property (the "**Notice of Lien**"). The decision to file a Notice of Lien shall be made by the Board on a case-by-case basis, if the Board determines that the circumstances merit such action, in the Board's sole discretion. The Notice of Lien may be filed in the real property records of Montgomery County, Texas, and will constitute further evidence of the lien against an Owner's property.

(iii) Remedies for Non-Payment. If the delinquent balance is not paid in full or if a hearing is not requested in writing within thirty (30) days of receipt of the Final Notice, the Association may suspend the use of the Common Area amenities by an Owner, or his Occupant. Further, the Association will forward the delinquent account to its attorney for further handling. It is contemplated that the attorney will send one or more demand letters to the delinquent Owner as deemed appropriate. If the Owner does not satisfy the Assessment delinquency pursuant to the attorney's demand letter(s), the attorney shall contact the Board, or its designated representative, for approval to proceed with the Association's legal remedies. Upon receiving approval from the Board, or its designated representative, it is contemplated that the attorney will pursue any and all of the Association's legal remedies to obtain payment of the delinquent balance, including pursuing a suit against the Owner personally, and/or pursuing a foreclosure action against the applicable property.

B. ENFORCEMENT COSTS

All costs incurred by the Association as a result of an Owner's failure to pay Assessments and other charges when due (including any attorneys' fees and costs incurred) will be charged against the Owner's Assessment account and shall be collectible in the same manner as a delinquent Assessment.

C. PAYMENT PLANS FOR DELINQUENT ACCOUNTS

The Association shall make payment agreements for delinquent accounts available to an Owner upon the terms and conditions set forth herein. Upon the written request of an Owner which is received by the Association no later than December 31, an Owner shall automatically be entitled to a payment plan for payment of the annual assessments with equal monthly payments due as follows: (i) first payment of 1/3 of the sum equal to the total amount due plus anticipated accrued interest and administrative fees (such 1/3 amount being herein called the "**Monthly Payment Amount**") being due on or before January 31; (ii) the second payment of the Monthly Payment Amount being due on or before February 28; and (iii) the third and final payment of the Monthly Payment Amount being due on or before March 31. The Board may approve, in the Board's sole discretion, alternate payment plan terms on a case by case basis. An Owner must submit a written request to the Association requesting the alternative payment plan. All payment plans must be in writing and signed by the Owner. The term for an alternative payment plan offered by the Association shall be in compliance with Applicable Law. Subject to any limitations imposed by Applicable Law, the Board shall determine the appropriate term of the alternative payment plan in its sole discretion. As long as the Owner is not in default under the terms of the payment plan, the Owner shall not accrue additional monetary expenses. However, the Owner shall be responsible for all interest which accrues during the term thereof, as well as being responsible for the costs of administering the payment plan. If the Owner defaults under the payment plan, the account will immediately be turned over to the attorney without any further notice to the Owner. The Association shall not be required to enter into a payment plan with an Owner who failed to honor the terms of a previous payment plan during the two (2) years following the Owner's default under the previous payment plan.

D. PAYMENTS AND APPLICATION OF FUNDS

Partial Payments

Partial payments will not prevent the accrual of interest on the unpaid portion of the Assessments. Unless an Owner is making a timely payment under a payment plan as provided for herein, an Owner will still be considered delinquent upon making a partial payment.

Owner Not In Default Under Payment Plan

If at the time the Association receives a payment from an Owner, the Owner is not in default under a payment plan with the Association, the Association shall apply the payment in the following order of priority: any delinquent assessment, any current assessment, any attorneys' fees or third-party collection costs incurred by the Association associated solely with assessments or any other charge which could provide the basis for foreclosure, any attorneys' fees incurred by the Association other than those described in the immediately foregoing category, any fines assessed by the Association (if applicable), and then to any other amount owed to the Association.

Owner In Default Under Payment Plan

If at the time the Association receives a payment from an Owner, the Owner is in default under a payment plan with the Association, the Association shall apply the payment in the following order of priority: interest, attorneys' fees, and other costs of collection, and then to assessment reduction and fines (if applicable), satisfying the oldest obligations first, followed by more current obligations, in accordance with the foregoing order of priority, or in such other manner or fashion or order as the Association shall determine, in its sole discretion, provided however, in exercising its authority to change the order of priority in applying a payment, a fine assessed by the Association (if applicable) may not be given priority over any other amount owed to the Association.

E. **BANKRUPTCY**

In the event a delinquent Owner files bankruptcy, the Association reserves the right to file a proof of claim, pursue a motion to lift the automatic stay, or take any other action it deems appropriate to protect its interests in the pending bankruptcy action, including modifying any procedures hereunder as necessary or advisable. To the full extent permitted by the United States Bankruptcy Code, the Association shall be entitled to recover any and all attorneys' fees and costs incurred in protecting its interests, and such fees and costs shall be charged to the Owner's Assessment account.

F. **RETURNED CHECKS**.

At the election of the Association, an Owner will be charged a reasonable fee for any check returned by the bank, which fee will be charged to the owner's Assessment account. A notice of the returned check and the fee will be sent to the Owner by the Association's Manager. If two or more of an Owner's checks are returned unpaid by the bank within any one-year period, the Board may require that all of the Owner's future payments for a period of two years be made by cashier's check or money order.

G. **OWNER'S AGENT OR REPRESENTATIVE**.

If the Owner expressly or impliedly indicates to the Association that the Owner's interest in the property is being handled by an agent or representative, any notice from the Association to such agent or representative pursuant to this Assessment Collection Policy shall be deemed to be full and effective notice to the Owner for all purposes.

H. **GENERAL PROVISIONS**.

Independent Judgment. Notwithstanding the contents of this detailed policy, the officers, directors, Manager, and attorney of the Association may exercise their independent, collective, and respective judgment in applying this policy.

Other Rights. This policy is in addition to and does not detract from the rights of the Association to collect Assessments under the Documents and the laws of the State of Texas.

Limitations of Interest. The Association, and its officers, directors, Managers, and attorneys, intend to conform strictly to the applicable usury laws of the State of Texas. Notwithstanding anything to the contrary in the Documents or any other document or agreement executed or

made in connection with this policy, the Association will not in any event be entitled to receive or collect, as interest, a sum greater than the maximum amount permitted by Applicable Law. If from any circumstances whatsoever, the Association ever receives, collects, or applies as interest a sum in excess of the maximum rate permitted by law, the excess amount will be applied to the reduction of unpaid Assessments, or reimbursed to the Owner if those Assessments are paid in full.

Notices. Unless the Documents, Applicable Law, or this policy provide otherwise, any notice or other written communication given to an Owner pursuant to this policy will be deemed delivered to the Owner upon depositing same with the U.S. Postal Service, addressed to the Owner at the most recent address shown on the Association's records, or on personal delivery to the Owner. If the Association's records show that an Owner's property is owned by two (2) or more persons, notice to one co-Owner is deemed notice to all co-Owners. Similarly, notice to one Occupant is deemed notice to all Occupants. Written communications to the Association, pursuant to this policy, will be deemed given on actual receipt by the Association's president, secretary, managing agent, or attorney.

Amendment of Policy. This policy may be amended from time to time by the Board.

ATTACHMENT 5

THE WOODLANDS HILLS RESIDENTIAL COMMUNITY, INC.
RECORDS INSPECTION, COPYING AND RETENTION POLICY

Terms used but not defined in this policy will have the meaning subscribed to such terms in that certain The Woodlands Hills Master Covenant [*Residential*] recorded in the Official Public Records of Montgomery County, Texas, as the same may be amended from time to time.

Note: Texas statutes presently render null and void any restriction in the Covenant which restricts or prohibits the inspection, copying and/or retention of association records and files in violation of the controlling provisions of the Texas Property Code or any other applicable state law. The Board has adopted this policy in lieu of any express prohibition or any provision regulating such matters which conflict with Texas law, as set forth in the Covenant.

1. ***Written Form.*** The Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

2. ***Request in Writing; Pay Estimated Costs In Advance.*** An Owner (or an individual identified as an Owner's agent, attorney or certified public accountant, provided the designation is in writing and delivered to the Association) may submit a written request via certified mail to the Association's mailing address or authorized representative listed in the management certificate to access the Association's records. The written request must include sufficient detail describing the books and records requested and whether the Owner desires to inspect or copy the records. Upon receipt of a written request, the Association may estimate the costs associated with responding to each request, which costs may not exceed the costs allowed pursuant to Texas Administrative Code Section 70.3, as may be amended from time to time (a current copy of which is attached hereto). Before providing the requested records, the Association will require that the Owner remit such estimated amount to the Association. The Association will provide a final invoice to the Owner on or before the 30th business day after the records are provided by the Association. If the final invoice includes additional amounts due from the requesting party, the additional amounts, if not reimbursed to the Association before the 30th business day after the date the invoice is sent to the Owner, may be added to the Owner's account as an Assessment. If the estimated costs exceeded the final invoice amount, the Owner is entitled to a refund, and the refund shall be issued to the Owner not later than the 30th business day after the date the final invoice is sent to the Owner.

3. ***Period of Inspection.*** Within ten (10) business days from receipt of the written request, the Association must either: (1) provide the copies to the Owner; (2) provide available inspection dates; or (3) provide written notice that the Association cannot produce the documents within the ten (10) business days along with either: (i) another date within an additional fifteen (15) business days on which the records may either be inspected or by which the copies will be sent to the Owner; or (ii) a notice that after a diligent search, the requested records do not exist, are missing or cannot be located.

4. ***Records Retention.*** The Association shall keep the following records for at least the time periods stated below:

a. **PERMANENT**: The Articles of Incorporation or the Certificate of Formation, the Bylaws and the Covenant, any and all other governing documents, guidelines, rules, regulations and policies and all amendments thereto Recorded in the property records to be effective against any Owner and/or Member of the Association.

b. **FOUR (4) YEARS**: Contracts with a term of more than one (1) year between the Association and a third party. The four (4) year retention term begins upon expiration of the contract term.

c. **FIVE (5) YEARS**: Account records of each Owner. Account records include debit and credit entries associated with amounts due and payable by the Owner to the Association, and written or electronic records related to the Owner and produced by the Association in the ordinary course of business.

d. **SEVEN (7) YEARS**: Minutes of all meetings of the Board and the Owners.

e. **SEVEN (7) YEARS**: Financial books and records produced in the ordinary course of business, tax returns and audits of the Association.

f. **GENERAL RETENTION INSTRUCTIONS**: "Permanent" means records which are not to be destroyed. Except for contracts with a term of one (1) year or more (See item 4.b. above), a retention period starts on the last day of the year in which the record is created and ends on the last day of the year of the retention period. For example, if a record is created on June 14, 2017, and the retention period is five (5) years, the retention period begins on December 31, 2017 and ends on December 31, 2022. If the retention period for a record has elapsed and the record will be destroyed, the record should be shredded or otherwise safely and completely destroyed. Electronic files should be destroyed to ensure that data cannot be reconstructed from the storage mechanism on which the record resides.

5. ***Confidential Records***. As determined in the discretion of the Board, certain Association records may be kept confidential such as personnel files, Owner account or other personal information (except addresses) unless the Owner requesting the records provides a court order or written authorization from the person whose records are sought.

6. ***Attorney Files***. Attorney's files and records relating to the Association (excluding invoices requested by an Owner pursuant to Texas Property Code Section 209.008(d)), are not records of the Association and are not: (a) subject to inspection by the Owner; or (b) subject to production in a legal proceeding. If a document in an attorney's files and records relating to the Association would be responsive to a legally authorized request to inspect or copy Association documents, the document shall be produced by using the copy from the attorney's files and records if the Association has not maintained a separate copy of the document. The Association is not required under any circumstance to produce a document for inspection or copying that constitutes attorney work product or that is privileged as an attorney-client communication.

7. ***Presence of Board Member or Manager; No Removal.*** At the discretion of the Board or the Association's Manager, certain records may only be inspected in the presence of a Board member or employee of the Association's Manager. No original records may be removed from the office without the express written consent of the Board.

TEXAS ADMINISTRATIVE CODE
TITLE 1, PART 3, CHAPTER 70
RULE §70.3 - CHARGES FOR PROVIDING COPIES OF PUBLIC INFORMATION

(a) The charges in this section to recover costs associated with providing copies of public information are based on estimated average costs to governmental bodies across the state. When actual costs are 25% higher than those used in these rules, governmental bodies other than agencies of the state, may request an exemption in accordance with §70.4 of this title (relating to Requesting an Exemption).

(b) Copy charge.

(1) Standard paper copy. The charge for standard paper copies reproduced by means of an office machine copier or a computer printer is $.10 per page or part of a page. Each side that has recorded information is considered a page.

(2) Nonstandard copy. The charges in this subsection are to cover the materials onto which information is copied and do not reflect any additional charges, including labor, that may be associated with a particular request. The charges for nonstandard copies are:

(A) Diskette--$1.00;

(B) Magnetic tape--actual cost;

(C) Data cartridge--actual cost;

(D) Tape cartridge--actual cost;

(E) Rewritable CD (CD-RW)--$1.00;

(F) Non-rewritable CD (CD-R)--$1.00;

(G) Digital video disc (DVD)--$3.00;

(H) JAZ drive--actual cost;

(I) Other electronic media--actual cost;

(J) VHS video cassette--$2.50;

(K) Audio cassette--$1.00;

(L) Oversize paper copy (e.g.: 11 inches by 17 inches, greenbar, bluebar, not including maps and photographs using specialty paper—See also §70.9 of this title)--$.50;

(M) Specialty paper (e.g.: Mylar, blueprint, blueline, map, photographic--actual cost.

(c) Labor charge for programming. If a particular request requires the services of a programmer in order to execute an existing program or to create a new program so that requested information may be accessed and copied, the governmental body may charge for the programmer's time.

(1) The hourly charge for a programmer is $28.50 an hour. Only programming services shall be charged at this hourly rate.

(2) Governmental bodies that do not have in-house programming capabilities shall comply with requests in accordance with §552.231 of the Texas Government Code.

(3) If the charge for providing a copy of public information includes costs of labor, a governmental body shall comply with the requirements of §552.261(b) of the Texas Government Code.

(d) Labor charge for locating, compiling, manipulating data, and reproducing public information.

(1) The charge for labor costs incurred in processing a request for public information is $15 an hour. The labor charge includes the actual time to locate, compile, manipulate data, and reproduce the requested information.

(2) A labor charge shall not be billed in connection with complying with requests that are for 50 or fewer pages of paper records, unless the documents to be copied are located in:

(A) Two or more separate buildings that are not physically connected with each other; or

(B) A remote storage facility.

(3) A labor charge shall not be recovered for any time spent by an attorney, legal assistant, or any other person who reviews the requested information:

(A) To determine whether the governmental body will raise any exceptions to disclosure of the requested information under the Texas Government Code, Subchapter C, Chapter 552; or

(B) To research or prepare a request for a ruling by the attorney general's office pursuant to §552.301 of the Texas Government Code.

(4) When confidential information pursuant to a mandatory exception of the Act is mixed with public information in the same page, a labor charge may be recovered for time spent to redact, blackout, or otherwise obscure confidential information in order to release the public information. A labor charge shall not be made for redacting confidential information for requests of 50 or fewer pages, unless the request also qualifies for a labor charge pursuant to Texas Government Code, §552.261(a)(1) or (2).

(5) If the charge for providing a copy of public information includes costs of labor, a governmental body shall comply with the requirements of Texas Government Code, Chapter 552, §552.261(b).

(6) For purposes of paragraph (2)(A) of this subsection, two buildings connected by a covered or open sidewalk, an elevated or underground passageway, or a similar facility, are not considered to be separate buildings.

(e) Overhead charge.

(1) Whenever any labor charge is applicable to a request, a governmental body may include in the charges direct and indirect costs, in addition to the specific labor charge. This overhead charge would cover such costs as depreciation of capital assets, rent, maintenance and repair, utilities, and administrative overhead. If a governmental body chooses to recover such costs, a charge shall be made in accordance with the methodology described in paragraph (3) of this subsection. Although an exact calculation of costs will vary, the use of a standard charge will avoid complication in calculating such costs and will provide uniformity for charges made statewide.

(2) An overhead charge shall not be made for requests for copies of 50 or fewer pages of standard paper records unless the request also qualifies for a labor charge pursuant to Texas Government Code, §552.261(a)(1) or (2).

(3) The overhead charge shall be computed at 20% of the charge made to cover any labor costs associated with a particular request. Example: if one hour of labor is used for a particular request, the formula would be as follows: Labor charge for locating, compiling, and reproducing, $15.00 x .20 = $3.00; or Programming labor charge, $28.50 x .20 = $5.70. If a request requires one hour of labor charge for locating, compiling, and reproducing information ($15.00 per hour); and one hour of programming labor charge ($28.50 per hour), the combined overhead would be: $15.00 + $28.50 = $43.50 x .20 = $8.70.

(f) Microfiche and microfilm charge.

(1) If a governmental body already has information that exists on microfiche or microfilm and has copies available for sale or distribution, the charge for a copy must not exceed the cost of its reproduction. If no copies of the requested microfiche or microfilm are available and the information on the microfiche or microfilm can be released in its entirety, the governmental body should make a copy of the microfiche or microfilm. The charge for a copy shall not exceed the cost of its reproduction. The Texas State Library and Archives Commission has the capacity to reproduce microfiche and microfilm for governmental bodies. Governmental bodies that do not have in-house capability to reproduce microfiche or microfilm are encouraged to contact the Texas State Library before having the reproduction made commercially.

(2) If only a master copy of information in microfilm is maintained, the charge is $.10 per page for standard size paper copies, plus any applicable labor and overhead charge for more than 50 copies.

(g) Remote document retrieval charge.

(1) Due to limited on-site capacity of storage documents, it is frequently necessary to store information that is not in current use in remote storage locations. Every effort should be made by governmental bodies to store current records on-site. State agencies are encouraged to store inactive or non-current records with the Texas State Library and Archives Commission. To the extent that the retrieval of documents results in a charge to comply with a request, it is permissible to recover costs of such services for requests that qualify for labor charges under current law.

(2) If a governmental body has a contract with a commercial records storage company, whereby the private company charges a fee to locate, retrieve, deliver, and return to storage the needed record(s), no additional labor charge shall be factored in for time spent locating documents at the storage location by the private company's personnel. If after delivery to the governmental body, the boxes must still be searched for records that are responsive to the request, a labor charge is allowed according to subsection (d)(1) of this section.

(h) Computer resource charge.

(1) The computer resource charge is a utilization charge for computers based on the amortized cost of acquisition, lease, operation, and maintenance of computer resources, which might include, but is not limited to, some or all of the following: central processing units (CPUs), servers, disk drives, local area networks (LANs), printers, tape drives, other peripheral devices, communications devices, software, and system utilities.

(2) These computer resource charges are not intended to substitute for cost recovery methodologies or charges made for purposes other than responding to public information requests.

(3) The charges in this subsection are averages based on a survey of governmental bodies with a broad range of computer capabilities. Each governmental body using this cost recovery charge shall determine which category(ies) of computer system(s) used to fulfill the public information request most closely fits its existing system(s), and set its charge accordingly. Type of System--Rate: mainframe--$10 per CPU minute; Midsize--$1.50 per CPU minute; Client/Server--$2.20 per clock hour; PC or LAN--$1.00 per clock hour.

(4) The charge made to recover the computer utilization cost is the actual time the computer takes to execute a particular program times the applicable rate. The CPU charge is not meant to apply to programming or printing time; rather it is solely to recover costs associated with the actual time required by the computer to execute a program. This time, called CPU time, can be read directly from the CPU

clock, and most frequently will be a matter of seconds. If programming is required to comply with a particular request, the appropriate charge that may be recovered for programming time is set forth in subsection (d) of this section. No charge should be made for computer print-out time. Example: If a mainframe computer is used, and the processing time is 20 seconds, the charges would be as follows: $10 / 3 = $3.33; or $10 / 60 x 20 = $3.33.

(5) A governmental body that does not have in-house computer capabilities shall comply with requests in accordance with the §552.231 of the Texas Government Code.

(i) Miscellaneous supplies. The actual cost of miscellaneous supplies, such as labels, boxes, and other supplies used to produce the requested information, may be added to the total charge for public information.

(j) Postal and shipping charges. Governmental bodies may add any related postal or shipping expenses which are necessary to transmit the reproduced information to the requesting party.

(k) Sales tax. Pursuant to Office of the Comptroller of Public Accounts' rules sales tax shall not be added on charges for public information (34 TAC, Part 1, Chapter 3, Subchapter O, §3.341 and §3.342).

(l) Miscellaneous charges: A governmental body that accepts payment by credit card for copies of public information and that is charged a "transaction fee" by the credit card company may recover that fee.

(m) These charges are subject to periodic reevaluation and update.

Source Note: The provisions of this §70.3 adopted to be effective September 18, 1996, 21 TexReg 8587; amended to be effective February 20, 1997, 22 TexReg 1625; amended to be effective December 3, 1997, 22 TexReg 11651; amended to be effective December 21, 1999, 24 TexReg 11255; amended to be effective January 16, 2003, 28 TexReg 439; amended to be effective February 11, 2004, 29 TexReg 1189; transferred effective September 1, 2005, as published in the Texas Register September 29, 2006, 31 TexReg 8251; amended to be effective February 22, 2007, 32 TexReg 614.

ATTACHMENT 6

THE WOODLANDS HILLS RESIDENTIAL COMMUNITY, INC.
STATUTORY NOTICE OF POSTING AND RECORDATION OF ASSOCIATION GOVERNING DOCUMENTS

Terms used but not defined in this policy will have the meaning subscribed to such terms in that certain The Woodlands Hills Master Covenant [*Residential*] recorded in the Official Public Records of Montgomery County, Texas, as the same may be amended from time to time (the "Covenant").

1. ***Dedicatory Instruments.*** As set forth in Texas Property Code Section 202.001, "dedicatory instrument" means each document governing the establishment, maintenance or operation of a residential subdivision, planned unit development, condominium or townhouse regime, or any similar planned development. The term includes the Covenant, the Development Area Declaration, or any similar instrument subjecting real property to: (a) restrictive covenants, bylaws, or similar instruments governing the administration or operation of a property owners' association; (b) properly adopted rules and regulations of the property owners' association; or (c) all lawful amendments to the covenants, bylaws, instruments, rules, or regulations. The term "dedicatory instrument" is referred to in this notice and the Covenant as the "Documents."

2. ***Recordation of All Documents.*** The Association shall file all of the Documents in the real property records of each county in which the property to which the Documents relate is located. Any dedicatory instrument comprising one of the Documents of the Association has no effect until the instrument is filed in accordance with this provision, as set forth in Texas Property Code Section 202.006.

3. ***Online Posting of Documents.*** The Association shall make all of the Recorded Documents relating to the Association or Development available on a website if the Association, or a Manager on behalf of the Association, maintains a publicly accessible website.

ATTACHMENT 7

THE WOODLANDS HILLS RESIDENTIAL COMMUNITY, INC.
EMAIL REGISTRATION POLICY

Terms used but not defined in this policy will have the meaning subscribed to such terms in that certain The Woodlands Hills Master Covenant [*Residential*] recorded in the Official Public Records of Montgomery County, Texas, as the same may be amended from time to time.

1. ***Purpose***. The purpose of this Email Registration Policy is to facilitate proper notice of annual and special meetings of members of the Association pursuant to Section 209.0051(e) of the Texas Property Code.

2. ***Email Registration***. Should the owner wish to receive any and all email notifications of annual and special meetings of members of the Association, it is the owner's sole responsibility to register his/her email address with the Association and to continue to keep the registered email address updated and current with the Association. In order to register an email address, the owner must provide their name, address, phone number and email address through the method provided on the Association's website, if any, and/or to the official contact information provided by the Association for the community manager.

3. ***Failure to Register***. An owner may not receive email notification or communication of annual or special meetings of members of the Association should the owner fail to register his/her email address with the Association and/or properly and timely maintain an accurate email address with the Association. Correspondence to the Association and/or Association manager from an email address or by any method other than the method described in Paragraph No. 2 above will not be considered sufficient to register such email address with the Association.

4. ***Amendment***. The Association may, from time to time, modify, amend, or supplement this Policy or any other rules regarding email registration.

ATTACHMENT 8

THE WOODLANDS HILLS RESIDENTIAL COMMUNITY, INC.
GENERATOR POLICY

Terms used but not defined in this policy will have the meaning subscribed to such terms in that certain The Woodlands Hills Master Covenant [*Residential*] recorded in the Official Public Records of Montgomery County, Texas, as the same may be amended from time to time (the "Covenant").

A. **ARCHITECTURAL REVIEW APPROVAL REQUIRED**

As part of the installation and maintenance of a generator on an Owner's Lot, an Owner may submit plans for and install a standby electric generator ("**Generator**") upon written approval by the architectural review authority under the Covenant ("**The Woodlands Hills Reviewer**").

B. **GENERATOR PROCEDURES AND REQUIREMENTS**

1. Application. Approval by The Woodlands Hills Reviewer is required prior to installing a Generator. To obtain the approval of The Woodlands Hills Reviewer for a Generator, the Owner shall provide The Woodlands Hills Reviewer with the following information: (i) the proposed site location of the Generator on the Owner's Lot; (ii) a description of the Generator, including a photograph or other accurate depiction; and (iii) the size of the Generator (the "**Generator Application**"). A Generator Application may only be submitted by a tenant if the Owner's tenant provides written confirmation at the time of submission that the Owner consents to the Generator Application. The Woodlands Hills Reviewer is not responsible for: (i) errors or omissions in the Generator Application submitted to The Woodlands Hills Reviewer for approval; (ii) supervising installation or construction to confirm compliance with an approved Generator Application or (iii) the compliance of an approved application with Applicable Law.

2. Approval Conditions. Each Generator Application and all Generators to be installed in accordance therewith must comply with the following:

(i) The Owner must install and maintain the Generator in accordance with the manufacturer's specifications and meet all applicable governmental health, safety, electrical, and building codes.

(ii) The Owner must use a licensed contractor(s) to install all electrical, plumbing, and fuel line connections and all electrical connections must be installed in accordance with all applicable governmental health, safety, electrical, and building codes.

(iii) The Owner must install all natural gas, diesel fuel, biodiesel fuel, and/or hydrogen fuel line connections in accordance with applicable governmental health, safety, electrical, and building codes.

(iv) The Owner must install all liquefied petroleum gas fuel line connections in accordance with the rules and standards promulgated and adopted by the Railroad

Commission of Texas and other applicable governmental health, safety, electrical, and building codes.

(v) The Owner must install and maintain all non-integral standby Generator fuel tanks in compliance with applicable municipal zoning ordinances and governmental health, safety, electrical, and building codes.

(vi) The Owner must maintain in good condition the Generator and its electrical lines and fuel lines. The Owner is responsible to repair, replace, or remove any deteriorated or unsafe component of a Generator, including electrical and fuel lines.

(vii) The Owner must screen a Generator if it is visible from the street faced by the residence, located in an unfenced side or rear yard of a Lot, and is visible either from an adjoining residence or from adjoining property owned by the Association, and/or is located in a side or rear yard fenced by a wrought iron or residential aluminum fence and is visible through the fence either from an adjoining residence or from adjoining property owned by the Association.

(viii) The Owner may only perform periodic testing of the Generator consistent with the manufacturer's recommendations between the hours of 9 a.m. to 5 p.m., Monday through Friday.

(ix) No Owner shall use the Generator to generate all or substantially all of the electric power to the Owner's residence unless the utility-generated electrical power to the residence is not available or is intermittent due to causes other than nonpayment for utility service to the residence.

(x) No Owner shall locate the Generator (i) in the front yard of a residence; or (ii) in the side yard of a residence facing a street.

(xi) No Owner shall locate a Generator on property owned by the Association.

(xii) No Owner shall locate a Generator on any property owned in common by members of the Association.

3. Process. Any proposal to install a Generator on property owned by the Association or property owned in common by members of the Association must be approved in advance and in writing by the Board, and the Board need not adhere to the requirements set forth in this Generator Policy when considering any such request.

4. Approval. Each Owner is advised that if the Generator Application is approved by the ACC, installation of the Generator must: (i) strictly comply with the Generator Application; (ii) commence within thirty (30) days of approval; and (iii) be diligently prosecuted to completion. If the Owner fails to cause the Generator to be installed in accordance with the approved Generator Application, The Woodlands Hills Reviewer may require the Owner to: (a) modify the Generator Application to accurately reflect the Generator installed on the Property; or (b) remove the Generator and reinstall the Generator in accordance with the approved Generator Application. Failure to install the

Generator in accordance with the approved Generator Application or an Owner's failure to comply with the post-approval requirements constitutes a violation of the Covenant and may subject the Owner to fines and penalties. Any requirement imposed by The Woodlands Hills Reviewer to resubmit a Generator Application or remove and relocate a Generator in accordance with the approved Generator Application shall be at the Owner's sole cost and expense.

Doc #: 2017102598
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E-FILED FOR RECORD
11/13/2017 03:35PM

COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS,
COUNTY OF MONTGOMERY
I hereby certify that this instrument was e-filed in the file number sequence on the date and time stamped herein by me and was duly e-RECORDED in the Official Public Records of Montgomery County, Texas.

11/13/2017

County Clerk
Montgomery County, Texas

DOC #2017102229
Pages 101

After Recording Return To:
Robert D. Burton, Esq.
Winstead PC
401 Congress Avenue, Suite 2100
Austin, Texas 78701
Email: rburton@winstead.com

THE WOODLANDS HILLS

MASTER COVENANT

[*RESIDENTIAL*]

Montgomery County, Texas

NOTE: NO PORTION OF THE PROPERTY DESCRIBED ON EXHIBIT "A" IS SUBJECT TO THE TERMS OF THIS COVENANT UNLESS A NOTICE OF APPLICABILITY DESCRIBING SUCH PORTION OF THE PROPERTY IS RECORDED IN THE OFFICIAL PUBLIC RECORDS OF MONTGOMERY COUNTY, TEXAS, IN ACCORDANCE WITH *SECTION 9.5* BELOW.

Declarant: **HF HOLDING COMPANY, LLC,** a Delaware limited liability company

THE WOODLANDS HILLS

MASTER COVENANT

[*RESIDENTIAL*]

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THE WOODLANDS HILLS

MASTER COVENANT
[*RESIDENTIAL*]

This The Woodlands Hills Master Covenant *[Residential]* (the "**Covenant**") is made by **HF HOLDING COMPANY, LLC**, a Delaware limited liability company (the "**Declarant**"), and is as follows:

R E C I T A L S:

A. Declarant is the present owner of certain real property located in Montgomery County, Texas, as more particularly described on Exhibit "A", attached hereto (the "**Property**").

B. Declarant desires to create a uniform plan for the development, improvement, and sale of the Property and to act as the "Declarant" for all purposes under this Covenant.

C. Portions of the Property may be made subject to this Covenant upon the Recording of one or more Notices of Applicability pursuant to *Section 9.5* below, and once such Notices of Applicability have been Recorded, the portions of the Property described therein shall constitute the Development (defined below) and shall be governed by and fully subject to this Covenant, and the Development in turn shall be comprised of separate Development Areas (defined below) which shall be governed by and subject to separate Development Area Declarations (defined below) in addition to this Covenant.

No portion of the Property is subject to the terms and provisions of this Covenant until a Notice of Applicability is Recorded. A Notice of Applicability may only be Recorded by the Declarant.

PROPERTY VERSUS DEVELOPMENT VERSUS DEVELOPMENT AREA	
"Property"	**Described on Exhibit "A". This is the land that may be made subject to this Covenant, from time to time, by the Recording of one or more Notices of Applicability. Declarant has no obligation to add all or any portion of the Property to this Covenant.**
"Development"	**This is the portion of the land described on Exhibit "A" that has been made subject to this Covenant through the Recording of a Notice of Applicability.**
"Development Area"	**This is a portion of the Development. Each Development Area may be made subject to a Development Area Declaration.**

D. This Covenant serves notice that upon the further Recording of one or more Notices of Applicability, portions of the Property identified in such notice or notices shall be subject to the terms and provisions of this Covenant.

NOW, THEREFORE, it is hereby declared that: (i) those portions of the Property as and when made subject to this Covenant by the Recording of a Notice of Applicability shall be held, sold, conveyed, and occupied subject to the following covenants, conditions and restrictions which shall run with such portions of the Property and shall be binding upon all parties having right, title, or interest in or to such portions of the Property or any part thereof, their heirs, successors, and assigns and shall inure to the benefit of each Owner thereof; and (ii) each contract or deed conveying those portions of the Property that have been made subject to this Covenant shall conclusively be held to have been executed, delivered, and accepted subject to the following covenants, conditions and restrictions, regardless of whether or not the same are set out in full or by reference in said contract or deed.

This Covenant uses notes (text set apart in boxes) to illustrate concepts and assist the reader. If there is a conflict between any note and the text of the Covenant, the text shall control.

ARTICLE 1
DEFINITIONS

Unless the context otherwise specifies or requires, terms used in this Covenant shall have the meanings set forth below:

"ACC" means the architectural control committee, as defined in *Section 6.2*. As more particularly described in *Article 6*, during the Development Period, the Declarant acts as The Woodlands Hills Reviewer and exercises all rights to approve Improvements within the Development. The ACC will not be formed and has no rights to review and approve Improvements until such rights have been assigned to the Association by a written Recorded instrument executed by the Declarant, or the Development Period has expired or is terminated by a written Recorded instrument executed by the Declarant.

"Applicable Law" means all statutes, public laws, ordinances, policies, rules, regulations and orders of all federal, state, county and municipal governments or their agencies having jurisdiction and control over the Development, and any other applicable building codes, zoning restrictions, permits and ordinances adopted by a Governmental Entity (defined below), which are in effect at the time a provision of the Documents is applied, and pertaining to the subject matter of the Document provision. Statutes, ordinances and regulations specifically referenced in the Documents are "Applicable Law" on the effective date of the Document, and are not intended to apply to the Development if they cease to be applicable by operation of law, or if they are replaced or superseded by one or more other statutes or ordinances.

"**Architectural Review Fee**" means any fees or charges for administrative costs; fees for architectural, engineering, construction and legal review and/or other expert advice or consultation; application fees and all other costs, amounts and expenses and related overhead charged in connection with review, inspection, evaluation, and approval (including but not

limited to conditional approval or denial) of an application and/or Improvements. Any Architectural Review Fee shall be determined in the sole and absolute discretion of the Declarant during the Development Period and the Board thereafter, and such Architectural Review Fee may vary based on the size and scope of the requested review.

"**Assessment**" or "**Assessments**" means assessments the Association may impose under this Covenant.

"**Assessment Unit**" has the meaning set forth in *Section 5.9.2*.

"**Association**" means **THE WOODLANDS HILLS RESIDENTIAL COMMUNITY, INC.**, a Texas nonprofit corporation, which will be created by the Declarant to exercise the authority and assume the powers specified in *Article 3* and elsewhere in this Covenant. The failure of the Association to maintain its corporate charter from time to time does not affect the existence or legitimacy of the Association, which derives its authority from this Covenant, the Certificate, the Bylaws, and Applicable Law.

"**Board**" means the Board of Directors of the Association.

"**Bulk Rate Contract" or "Bulk Rate Contracts**" means one or more contracts which are entered into by the Association for the provision of utility services or other services of any kind or nature to the Lots and/or Condominium Units. The services provided under Bulk Rate Contracts may include, without limitation, security services, trash pick-up services, propane service, natural gas service, landscape maintenance services, cable television services, telecommunications services, internet access services, "broadband services", wastewater services, and any other services of any kind or nature which are considered by the Board to be beneficial. During the Development Period, Declarant must approve each Bulk Rate Contract.

"**Bylaws**" means the bylaws of the Association, which may be initially adopted and Recorded by Declarant or the Board of the Association and Recorded as part of the initial project documentation for the benefit of the Association. The Bylaws may be amended, from time to time, by the Declarant until expiration or termination of the Development Period. During the Development Period, Declarant must approve any amendment to the Bylaws. After the Development Period, a Majority of the Board may amend the Bylaws.

"**Certificate**" means the Certificate of Formation of the Association, filed in the Office of the Secretary of State of Texas, as the same may be amended from time to time.

"**Commercial Lot**" means a Lot within the Development, other than Common Area or Special Common Area, that is intended and designated for business or commercial use. Business or commercial use shall include, but not be limited to, all office, retail, wholesale, manufacturing, and service activities, and shall also be deemed to include multi-family, duplex and apartment housing of various densities. A Commercial Lot, for the purpose of this

Covenant, may also include a Lot: (i) which will be further subdivided into Residential Lots and Common Areas; or (ii) on which a residential condominium will be impressed.

"**Common Area**" means any property and facilities that the Association owns or in which it otherwise holds rights or obligations, including any property or facilities (i) held by the Declarant for the benefit of the Association or its Members or (ii) designated by the Declarant as Common Area in accordance with *Section 3.9*. Upon the Recording of such designation, the portion of the Property identified therein shall be considered Common Area for the purpose of this Covenant. Common Area also includes any property that the Association holds under a lease, license, or any easement in favor of the Association. Some Common Area shall be solely for the common use and enjoyment of the Owners, while other portions of the Common Area may be designated by the Declarant or the Board for the use and enjoyment of the Owners and members of the public.

"**Community Enhancement Covenant**" means the community enhancement covenant that may be Recorded by the Declarant as part of the initial project documentation for the benefit of the Association. The Community Enhancement Covenant may be amended, from time to time, by the Declarant during the Development Period. Upon expiration or termination of the Development Period, the Community Enhancement Covenant may be amended by a Majority of the Board.

"**Community Manual**" means the community manual, which the Declarant may initially adopt and Record as part of the initial project documentation for the Development. The Community Manual may include the Bylaws, Rules and other policies governing the Association. The Community Manual may be amended or supplemented, from time to time, by the Declarant during the Development Period. Upon expiration or termination of the Development Period, the Community Manual may be amended by a Majority of the Board.

"**Condominium Unit**" means an individual unit, including any common element assigned thereto, within a condominium regime, if any, established within the Development. A Condominium Unit may be designated by the Declarant in a Recorded instrument for residential, commercial or live/work purposes.

"**Covenant**" means this The Woodlands Hills Master Covenant [*Residential*], as defined in the preamble.

"**Declarant**" means **HF HOLDING COMPANY, LLC,** a Delaware limited liability company, its successors and permitted assigns. Notwithstanding any provision in this Covenant to the contrary, Declarant may, by Recorded instrument, assign, in whole or in part, exclusively or non-exclusively, any of its privileges, exemptions, rights, reservations and duties under this Covenant to any person. Declarant may also, by Recorded instrument, permit any other person to participate in whole, in part, exclusively or non-exclusively, in any of Declarant's privileges, exemptions, rights and duties under this Covenant.

Declarant enjoys certain rights and privileges to facilitate the development, construction, and marketing of the Property and the Development, and to direct the size, shape and composition of the Property and the Development. These rights are described in this Covenant. Declarant may also assign, in whole or in part, all or any of the Declarant's rights established under the terms and provisions of this Covenant to one or more third-parties.

"**Design Guidelines**" means the standards for design and construction of Improvements, landscaping and exterior items proposed to be placed on any Lot or Condominium Unit, which may be adopted pursuant to *Section 6.4.2* as the same may be amended from time to time. The Design Guidelines may consist of multiple written design guidelines applying to specific portions of the Development. The Design Guidelines may be Recorded as a separate written instrument or may be incorporated into a Development Area Declaration by exhibit or otherwise. Notwithstanding anything in this Covenant to the contrary, Declarant shall have no obligation to establish Design Guidelines for the Property, the Development, or any portion thereof.

"**Development**" refers to all or any portion of the Property made subject to this Covenant by the Recording of a Notice of Applicability.

"**Development Agreement**" means that certain Development Agreement by and among the CITY OF CONROE, TEXAS, a home rule city located in Montgomery County, Texas, and HF MANAGEMENT DEVELOPMENT COMPANY, LLC, a Delaware limited liability company, dated as of June 30, 2016.

"**Development Area**" means any part of the Development (less than the whole), which Development Area may be subject to a Development Area Declaration in addition to being subject to this Covenant.

"**Development Area Declaration**" means, with respect to any Development Area, the separate instruments containing covenants, restrictions, conditions, limitations and/or easements, to which the property within such Development Area is subjected.

"**Development Period**" means the period of time beginning on the date when this Covenant has been Recorded, and ending fifty (50) years thereafter, unless earlier terminated by a Recorded instrument executed by the Declarant. The Development Period is the period of time in which Declarant reserves the right to facilitate the development, construction, and marketing of the Property and the Development, and the right to direct the size, shape and composition of the Property and the Development. The Development Period is for a term of years and does not require that Declarant own any portion of the Property or the Development.

"**Documents**" means, singularly or collectively, as the case may be, this Covenant, the Certificate, the Bylaws, the Community Manual, the Community Enhancement Covenant, the Design Guidelines (if adopted), any applicable Development Area Declaration, any applicable

Notice of Applicability, as each may be amended from time to time, and any Rules, or policies or procedures the Association promulgates pursuant to this Covenant, and any Development Area Declaration, as adopted and amended from time to time. An appendix, exhibit, schedule, or certification accompanying a Document is part of such Document. See Table 1 for a summary of the Documents.

"**Governmental Entity**" means (a) a public improvement district created pursuant to Chapter 372, Subchapter B of the Texas Local Government Code; (b) a municipal utility district created pursuant to Article XVI, Section 59 of the Constitution of Texas and/or Chapters 49 and 54, Texas Water Code; (c) any other similarly constituted quasi-governmental entity created for the purpose of providing benefits or services to the Development; or (d) any other regulatory authority with jurisdiction over the Development.

"**Homebuilder**" refers to any Owner (other than Declarant) who is in the business of constructing single-family residences (whether attached or detached) for resale to third parties and acquires all or a portion of the Development to construct single-family residences for resale to third parties.

"**Improvement**" means any and all physical enhancements and alterations to the Development, including, but not limited to, grading, clearing, removal of trees, site work, utilities, landscaping, irrigation, trails, hardscape, exterior lighting, alteration of drainage flow, drainage facilities, detention/retention ponds, water features, fences, walls, signage, and every structure, fixture, and all appurtenances of every type and kind, whether temporary or permanent in nature, including, but not limited to, buildings, outbuildings, storage sheds, patios, tennis courts, sport courts, recreational facilities, swimming pools, putting greens, garages, driveways, parking areas and/or facilities, storage buildings, sidewalks, fences, gates, screening walls, retaining walls, stairs, patios, decks, walkways, landscaping, mailboxes, awnings and exterior air conditioning equipment or fixtures.

"**Lot**" means any portion of the Development the Declarant designates as such in a Recorded instrument or shown as a subdivided lot on a Plat other than Common Area, Special Common Area, or a Lot on which a condominium regime has been established.

"**Majority**" means more than half.

"**Manager**" has the meaning set forth in *Section 3.8.8*.

"**Maximum Number of Lots**" means the maximum number of Lots that may be created and made subject to the terms and provisions of this Covenant. The Maximum Number of Lots for the purpose of this Covenant is Four Thousand Nine-Hundred Twenty-Five (4,925). Until expiration or termination of the Development Period, Declarant may unilaterally increase or decrease the Maximum Number of Lots by Recorded written instrument.

"**Members**" means every person or entity that holds membership privileges in the Association.

"**Mortgage**" or "**Mortgages**" means any mortgage(s) or deed(s) of trust securing indebtedness and covering any Lot or Condominium Unit.

"**Mortgagee**" or "**Mortgagees**" means the holder(s) of any Mortgage(s).

"**Neighborhood**" has the meaning set forth in *Section 3.2*.

"**Neighborhood Delegate**" means the representative elected by the Owners of Lots and Condominium Units in each Neighborhood pursuant to the Representative System of Voting (as further defined herein) which may be established by the Declarant to cast the votes of all Lots and Condominium Units in the Neighborhood on all matters requiring a vote of the membership of the Association, except for the following situations in which this Covenant specifically requires Members or Owners to cast their vote individually: (i) changes to the term of the Covenant as described in *Section 10.1;* (ii) amendments to the Covenant as described in *Section 10.3;* and (iii) initiation of any judicial or administrative proceeding as described in *Section 10.4*. Notwithstanding the foregoing, the Documents may set forth additional circumstances in which the Members or Owners are required to cast their vote individually, and voting by Neighborhood Delegates is prohibited.

"**Notice of Applicability**" means the Recorded notice the Declarant executes for the purpose of adding all or any portion of the Property to the terms and provisions of this Covenant. In accordance with *Section 9.5*, a Notice of Applicability may also subject a portion of the Property to a previously Recorded Development Area Declaration.

"**Occupant**" means a resident, occupant or tenant of a Lot or Condominium Unit, other than an Owner.

"**Owner**" means the person(s), entity or entities, including Declarant, holding all or a portion of the fee simple interest in any Lot or Condominium Unit and in no event shall mean any Occupant. Mortgagees who acquire title to a Lot or Condominium Unit through a deed in lieu of foreclosure or through foreclosure are Owners. Persons or entities having ownership interests merely as security for the performance of an obligation are not Owners. Every Owner is a Member of the Association.

"**Permittee**" means any Occupant and any officer, agent, employee, licensee, lessee, customer, vendor, supplier, guest, invitee or contractor of an Owner or Declarant (as applicable).

"**Plat**" means a Recorded subdivision plat of any portion of the Development, and any amendments thereto.

"**Property**" means all of that certain real property described on Exhibit "A", attached hereto and incorporated herein by reference, subject to any additions thereto or withdrawals therefrom as may be made pursuant to *Section 9.3* and *Section 9.4*, respectively, of this Covenant.

"**Record, Recording, Recordation and Recorded**" means recorded in the Official Public Records of Montgomery County, Texas.

"**Representative System of Voting**" means the method of voting which the Declarant may establish pursuant to *Section 3.6* below. Declarant shall have no obligation to implement the Representative System of Voting.

"**Residential Developer**" refers to any Owner, other than Declarant, who acquires undeveloped land, one or more Lots, or any other portion of the Property for the purposes of development for and/or resale to a Homebuilder.

"**Residential Lot**" means a portion of the Development, designated by Declarant in a Recorded written instrument or shown as a subdivided lot on a Plat, other than Common Area and Special Common Area, which is intended solely for single-family residential use.

"**Rules**" means any instrument, however denominated, which the Declarant may adopt as part of the Community Manual, or the Board may subsequently adopt for the regulation and management of the Development, including any amendments thereto. Until expiration or termination of the Development Period, the Declarant must approve any amendment to the Rules.

"**Service Area**" means a group of Lots and/or Condominium Units designated as a separate Service Area pursuant to this Covenant for purpose of receiving benefits or services from the Association which are not provided to all Lots and Condominium Units. A Service Area may be comprised of more than one type of use or structure and may include noncontiguous Lots. A Lot or Condominium Unit may be assigned to more than one Service Area. Service Area boundaries may be established and modified as provided in *Section 2.5*.

"**Service Area Assessments**" means assessments levied against the Lots and/or Condominium Units in a particular Service Area to fund Service Area Expenses, as described in *Section 5.6*.

"**Service Area Expenses**" means the estimated and actual expenses which the Association incurs or expects to incur for the benefit of Owners within a particular Service Area, which may include a reasonable reserve for capital repairs and replacements.

"**Special Common Area**" means any interest in real property or improvements which the Declarant designates in a Recorded Notice of Applicability pursuant to *Section 9.5*, in a Development Area Declaration or in any written instrument Recorded by Declarant (which designation shall be made in the sole and absolute discretion of Declarant) as Special Common

Area which is assigned for the purpose of exclusive use and/or the obligation to pay Special Common Area Assessments attributable thereto, to one or more, but less than all of the Lots, Condominium Units, Owners or Development Areas, and is or shall be conveyed to the Association or as to which the Association shall be granted rights or obligations, or otherwise held by the Declarant for the benefit of the Association. The Notice of Applicability, Development Area Declaration, or other written notice shall identify the Lots, Condominium Units, Owners or Development Areas assigned to such Special Common Area and further indicate whether the Special Common Area is assigned to such parties for the purpose of exclusive use and the payment of Special Common Area Assessments, or only for the purpose of paying Special Common Area Assessments attributable thereto. By way of illustration and not limitation, Special Common Area might include such things as private drives and roads, entrance facilities and features, monumentation or signage, walkways or landscaping.

"**Special Common Area Assessments**" means assessments levied against the Lots and/or Condominium Units as described in *Section 5.5*.

"**Special Common Area Expenses**" means the estimated and actual expenses which the Association incurs or expects to incur to operate, maintain, repair and replace Special Common Area, which may include a reasonable reserve for capital repairs and replacements.

"The Woodlands Hills Reviewer" means the party holding the rights to approve Improvements within the Development and shall be Declarant or its designee until expiration or termination of the Development Period. Upon expiration or termination of the Development Period, the rights of The Woodlands Hills Reviewer shall automatically be transferred to the ACC appointed by the Board, as set forth in *Section 6.2*.

"**Voting Group**" has the meaning set forth in *Section 3.7* below.

TABLE 1: DOCUMENTS	
Covenant (Recorded)	Creates obligations that are binding upon the Association and all present and future owners of Property made subject to the Covenant by the Recording of a Notice of Applicability.
Community Enhancement Covenant (Recorded)	Establishes a fee payable to the Association upon the transfer of a Lot from one party to another.

Notice of Applicability (Recorded)	Describes the portion of the Property being made subject to the terms and provisions of the Covenant and any applicable Development Area Declaration.
Development Area Declaration (Recorded)	Includes additional covenants, conditions and restrictions governing portions of the Development.
Certificate of Formation (Filed with the Secretary of State and Recorded)	Establishes the Association as a non-profit corporation under Texas law.
Community Manual (Recorded)	Includes the Bylaws, Rules and policies governing the Association.
Design Guidelines (if adopted)	If adopted, govern the design and architectural standards for the construction of Improvements and modifications thereto. Neither the Declarant nor The Woodlands Hills Reviewer shall have any obligation to adopt Design Guidelines.

ARTICLE 2
GENERAL RESTRICTIONS

2.1 General.

2.1.1 Conditions and Restrictions. All Lots and Condominium Units within the Development to which a Notice of Applicability has been Recorded in accordance with *Section 9.5*, shall be owned, held, encumbered, leased, used, occupied and enjoyed subject to the Documents and Applicable Law, including the Development Agreement. **NO PORTION OF THE PROPERTY SHALL BE SUBJECT TO THE TERMS AND PROVISIONS OF THIS COVENANT UNTIL A NOTICE OF APPLICABILITY HAS BEEN RECORDED.**

2.1.2 Compliance with the Documents and Applicable Law. Compliance with the Documents is mandatory. However, compliance with the Documents is not a substitute for compliance with Applicable Law. Please be advised that the Documents do not purport to list or describe each requirement, rule, or restriction which may be applicable to a Lot or a Condominium Unit located within the Development. Each Owner is advised to review all encumbrances affecting the use and improvement of their Lot or Condominium Unit. Furthermore, Owners should not construe an approval by The Woodlands Hills Reviewer as confirmation that any Improvement complies with the terms and provisions of all encumbrances which may affect the Owner's Lot or Condominium Unit. The Association, each Owner, Occupant or other user of any portion of the Development must comply with the Documents and Applicable Law, as supplemented, modified or amended from time to time.

The Association, each Owner, Residential Developer, Homebuilder, Occupant or other user of any portion of the Development must comply with the Documents and Applicable Law,

specifically including the Development Agreement, as supplemented, modified or amended from time to time.

2.1.3 Development Amenities. A Development Area may include common area, open space, water quality facilities, parkland, trails, landscape areas, roadways, driveways or easements which benefit the Development in addition to the Development Area, as reasonably determined by the Declarant during the Development Period, and a Majority of the Board after termination or expiration of the Development Period (the "**Development Amenities**"). Declarant, during the Development Period, and a Majority of the Board after termination or expiration of the Development Period, may require all or a portion of such Development Amenities be conveyed, transferred, or dedicated (by deed easement, or license) to: (i) the Association; or (ii) another entity designated by the Declarant or a Majority of the Board, as applicable. Alternatively, the Declarant, during the Development Period, and a Majority of the Board after termination or expiration of the Development Period, may require that all or a portion of such Development Amenities be owned and maintained by the Owner of all or a portion of a particular Development Area, subject to an easement in favor of other Owner(s) and Occupants, as designated by the Declarant or a Majority of the Board, as applicable (*e.g.*, ingress and egress over and across the driveways constructed within the Development Area). The Development Amenities may not be conveyed or otherwise transferred unless the conveyance and transfer is approved in advance and in writing by the Declarant during the Development Period, and a Majority of the Board after expiration or termination of the Development Period.

2.2 Incorporation of Development Area Declarations. Upon Recordation of a Development Area Declaration such Development Area Declaration shall, automatically and without the necessity of further act, be incorporated into, and be deemed to constitute a part of this Covenant, to the extent not in conflict with this Covenant, but shall apply only to portions of the Property made subject to the Development Area Declaration upon the Recordation of one or more Notices of Applicability. To the extent of any conflict between the terms and provisions of a Development Area Declaration and this Covenant, the terms and provisions of this Covenant shall apply.

2.3 Conceptual Plans. All master plans, site plans, brochures, illustrations, information and marketing materials related to the Property or the Development (collectively, the "**Conceptual Plans**") are conceptual in nature and are intended to be used for illustrative purposes only. **The land uses and Improvements reflected on the Conceptual Plans are subject to change at any time and from time to time, and it is expressly agreed and understood that land uses within the Property or the Development may include uses which are not shown on the Conceptual Plans.** Neither Declarant, a Residential Developer, nor any Homebuilder or other developer of any portion of the Property or the Development makes any representation or warranty concerning such land uses and Improvements shown on the

Conceptual Plans or otherwise planned for the Property or the Development and it is expressly agreed and understood that no Owner will be entitled to rely upon the Conceptual Plans or any statement made by the Declarant or any of Declarant's representatives regarding proposed land uses, or proposed or planned Improvements, in making the decision to purchase any land or Improvements within the Property or the Development. Each Owner who acquires a Lot or Condominium Unit within the Development acknowledges development will extend over many years, and agrees that the Association shall not engage in, or use Association funds to support, protest, challenge, or make any other form of objection to development of the Property or changes in the Conceptual Plans as they may be amended or modified from time to time.

2.4 Cell Tower and Telecommunications Equipment. Telecommunications, cellular, video and digital equipment, including without limitation, broadcast antennae and related equipment, cell towers, cell tower equipment, or other wireless communication antennae and related equipment, cable or satellite television equipment and equipment for high-speed internet access (collectively, the "**CTT Equipment**") may be located on or near the Property and/or the Development or may be constructed on or near the Property and/or the Development. As more particularly described in *Section 8.9* of this Covenant, Declarant has reserved the right, for the benefit of itself and its assigns, to construct, install, use, maintain, repair, replace, improve, remove, and operate CTT Equipment upon all or any portion of the Common Area and/or the Special Common Area. Parties other than the Declarant or its assigns may also have easements for the construction, installation, use, maintenance, repair, replacement, improvement, removal and operation of CTT Equipment.

2.5 Provision of Benefits and Services to Service Area.

2.5.1 Declarant, in a Notice of Applicability Recorded pursuant to *Section 9.5* or in any Recorded notice, may assign Lots and/or Condominium Units to one or more Service Areas (by name or other identifying designation) as it deems appropriate, which Service Areas may be then existing or newly created, and may require that the Association provide benefits or services to such Lots and/or Condominium Units in addition to those which the Association generally provides to the Development. During the Development Period, Declarant may unilaterally amend any Notice of Applicability or any Recorded notice, to re-designate Service Area boundaries. All costs associated with the provision of services or benefits to a Service Area shall be assessed against the Lots and/or Condominium Units within the Service Area as a Service Area Assessment.

2.5.2 In addition to Service Areas which Declarant may designate, during the Development Period, any group of Owners may petition the Board to designate their Lots and/or Condominium Units as a Service Area for the purpose of receiving from the Association: (i) special benefits or services which are not provided to all Lots and/or Condominium Units; or (ii) a higher level of service than the Association otherwise provides. Upon receipt of a petition signed by Owners of a Majority of the Lots and/or Condominium Units within the proposed Service Area, the Board shall investigate the terms upon which the requested benefits or

services might be provided and notify the Owners in the proposed Service Area of such terms and associated expenses, which may include a reasonable administrative charge in such amount as the Board deems appropriate (provided, any such administrative charge shall apply at a uniform rate per Lot and/or Condominium Units among all Service Areas receiving the same service). If approved by the Board, the Declarant during the Development Period, and the Owners of at least sixty-seven percent (67%) of the total number of votes held by all Lots and/or Condominium Units within the proposed Service Area, the Association shall provide the requested benefits or services on the terms set forth in the proposal or in a manner otherwise determined by the Board. The cost and administrative charges associated with such benefits or services shall be assessed against the Lots and/or Condominium Units within such Service Area as a Service Area Assessment. After expiration or termination of the Development Period, the Board may discontinue or modify benefits or services provided to a Service Area.

2.6 **Designation of Special Common Areas**. Until the expiration or termination of the Development Period, Declarant may designate, in a Notice of Applicability, a Development Area Declaration or in any written instrument Recorded by Declarant (which designation will be made in the sole and absolute discretion of Declarant), any interest in real property or improvements which benefits certain Lot(s), Condominium Unit(s) or one or more portion(s) of but less than all of the Development as Special Common Area, for the exclusive use of and/or the obligation to pay Special Common Area Assessments by the Owners of such Lot(s), Condominium Unit(s) or portion(s) of the Development attributable thereto, and is or will be conveyed to the Association or as to which the Association will be granted rights or obligations, or otherwise held by the Declarant for the benefit of the Association. The Notice of Applicability, Development Area Declaration, or other Recorded written notice designating such Special Common Area will identify the Lot(s), Condominium Unit(s) or portion(s) of the Development assigned to such Special Common Area and further indicate whether the Special Common Area designated therein is for the purpose of the exclusive use and the payment of Special Common Area Assessments by the Owner(s) thereof, or only for the purpose of paying Special Common Area Assessments attributable thereto, but not also for exclusive use. By way of illustration and not limitation, Special Common Area might include such things as private drives and roads, entrance facilities and features, monumentation or signage, walkways or landscaping, which may or may not be exclusively used by the Owners paying the attributable Special Common Area Assessments therefor. All costs associated with maintenance, repair, replacement, and insurance of such Special Common Area will be assessed as a Special Common Area Assessment against the Owners of the Lots and/or Condominium Units to which the Special Common Area is assigned. During the Development Period, Declarant may Record a written instrument converting any previously designated Special Common Area, or any portion thereof, to Common Area.

ARTICLE 3
THE WOODLANDS HILLS RESIDENTIAL COMMUNITY, INC.

3.1 **Organization.** The Association shall be a non-profit corporation created for the purposes, charged with the duties, and vested with the powers of a Texas non-profit corporation. Neither the Certificate nor the Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Covenant. Unless expressly provided in the Documents, the Association acts through a Majority of the Board. Certain acts and activities of the Association and the Board must be approved by the Declarant during the Development Period. If Declarant approval is required, Declarant's approval must be evidenced in writing.

3.2 **Neighborhoods.** Declarant reserves the right, but has no obligation, to record a Designation of Neighborhood pursuant to *Section 9.6* to assign portions of the Development to a "**Neighborhood**." A Neighborhood may be comprised of any number of Lots and/or Condominium Units and may include Lots or Condominium Units of more than one type, as well as Lots or Condominium Units that are not contiguous to one another. Each Designation of Neighborhood shall initially assign the portion of the Development described therein to a specific Neighborhood which may then exist (being identified and described in a previously Recorded Notice of Applicability) or may be newly created. After a Designation of Neighborhood is Recorded, any and all portions of the Development which are not assigned to a specific Neighborhood shall constitute a single Neighborhood. During the Development Period, Declarant may Record an amendment to any previously Recorded Designation of Neighborhood to designate or change Neighborhood boundaries.

3.3 **Membership**.

3.3.1 Mandatory Membership. Any person or entity, upon becoming an Owner, shall automatically become a Member of the Association. Membership shall be appurtenant to and shall run with the ownership of the Lot or Condominium Unit that qualifies the Owner thereof for membership, and membership may not be severed from the ownership of the Lot or Condominium Unit, or in any way transferred, pledged, mortgaged or alienated, except together with the title to such Lot or Condominium Unit. Within thirty (30) days after acquiring legal title to a Lot or Condominium Unit, if requested by the Board, an Owner must provide the Association with: (i) a copy of the recorded deed by which the Owner has acquired title to the Lot or Condominium Unit; (ii) the Owner's address, email address, phone number, and driver's license number, if any; (iii) any Mortgagee's name and address; and (iv) the name, phone number, and email address of any Occupant other than the Owner.

3.3.2 Easement of Enjoyment – Common Area. Every Member shall have a right and easement of enjoyment in and to all of the Common Area and an access easement, if applicable, by and through any Common Area, which easements shall be appurtenant to and shall pass with the title to such Member's Lot or Condominium Unit, subject to the following restrictions and reservations:

(i) The right of the Declarant, or the Declarant's designee, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, the right of the Board, to cause such Improvements and features to be constructed upon the Common Area;

(ii) The right of the Association to suspend the Member's rights to use the Common Area for any period during which any Assessment against such Member's Lot or Condominium Unit remains past due and for any period during which such Member is in violation of any provision of this Covenant;

(iii) The right of the Declarant, during the Development Period, and the Board, with Declarant's advance written consent during the Development Period, to dedicate or transfer all or any part of the Common Area to any Governmental Entity;

(iv) The right of the Declarant, during the Development Period, and the Board, with Declarant's advance written consent during the Development Period, to grant easements or licenses over and across the Common Area and the right to enter into agreements for the maintenance, use and/or sharing of Common Area with other persons and/or entities and the charging of usage fees associated therewith;

(v) The right of the Declarant, during the Development Period, and the Board, with Declarant's advance written consent during the Development Period, to promulgate Rules regarding the use of the Common Area and any Improvements thereon;

(vi) With the advance written approval of the Declarant during the Development Period, the right of the Board to borrow money for the purpose of improving the Common Area and, in furtherance thereof, mortgage the Common Area; and

(vii) The right of the Association to contract for services and benefits with any third parties on such terms as the Board may determine, except that during the Development Period, all such contracts must be approved in advance and in writing by the Declarant.

3.3.3 Easement of Enjoyment – Special Common Area. Each Owner of a Lot or Condominium Unit which has been assigned use of Special Common Area in a Notice of Applicability, Development Area Declaration, or other Recorded instrument, shall have a right and easement of enjoyment in and to all of such Special Common Area for its intended purposes, and an access easement, if applicable, by and through such Special Common Area, which easement shall be appurtenant to and shall pass with title to such Owner's Lot or

Condominium Unit, subject to *Section 3.3.2* and subject to the following restrictions and reservations:

(i) The right of the Declarant, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, to cause such Improvements and features to be constructed upon the Special Common Area;

(ii) The right of the Association to suspend the Member's rights to use the Special Common Area for any period during which any Assessment against such Member's Lot or Condominium Unit remains past due and for any period during which such Member is in violation of any provision of this Covenant;

(iii) The right of the Declarant, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, to dedicate or transfer all or any part of the Special Common Area to any Governmental Entity;

(iv) The right of the Declarant, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, to grant easements or licenses over and across the Special Common Area and the right to enter into agreements for the maintenance, use and/or sharing of Special Common Area with other person's and/or entities and the charging of usage fees associated therewith;

(v) The right of the Declarant, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, to promulgate Rules regarding the use of the Special Common Area and any Improvements thereon;

(vi) With the advance written approval of the Declarant during the Development Period, the right of the Board to borrow money for the purpose of improving the Special Common Area and, in furtherance thereof, mortgage the Special Common Area;

(vii) The right of the Association to contract for services with any third parties on such terms as the Board may determine, except that during the Development Period, all such contracts must be approved in advance and in writing by the Declarant; and

(viii) The right of Declarant during the Development Period to grant additional Lots or Condominium Units use rights in and to Special Common

Area in a subsequently Recorded Notice of Applicability, Development Area Declaration, or Recorded instrument.

3.4 Governance. The Board will consist of at least three (3) persons elected at the annual meeting of the Association, or at a special meeting called for such purpose. Notwithstanding the foregoing provision or any provision in the Documents to the contrary, until one hundred and twenty (120) days after seventy-five percent (75%) of the Maximum Number of Lots have been made subject to the terms and provisions of this Covenant and have been conveyed to Owners other than the Declarant or a Homebuilder, Declarant will appoint and remove all members of the Board and officers of the Association. Within one hundred and twenty (120) days after seventy-five percent (75%) of the Maximum Number of Lots have been made subject to the terms and provisions of this Covenant and have been conveyed to Owners other than the Declarant or a Homebuilder, the Board will call a meeting of Members of the Association for the purpose of electing one-third of the Board (the "**Initial Member Election Meeting**"), which Board member(s) must be elected by Owners other than the Declarant. Declarant may appoint and remove two-thirds of the Board from and after the Initial Member Election Meeting until expiration or termination of the Development Period. The individuals elected to the Board at the Initial Member Election Meeting shall be elected for a one (1) year term and shall serve until his or her successor is elected or he or she is replaced in accordance with the Bylaws.

3.5 Voting Allocation. The number of votes which may be cast to elect members to the Board (except as provided by *Section 3.4*), and on all other matters the Members may vote on shall be calculated as set forth below.

3.5.1 Residential Lot. Each Owner of a Residential Lot will be allocated one (1) vote for each Residential Lot so owned. In the event of the re-subdivision of any Residential Lot into two or more Residential Lots: (i) the number of votes to which such Residential Lot is entitled will be increased as necessary to retain the ratio of one (1) vote for each Residential Lot resulting from such re-subdivision, *e.g.*, each Residential Lot resulting from the re-subdivision will be entitled to one (1) vote; and (ii) each Residential Lot resulting from the re-subdivision will be allocated one (1) Assessment Unit. In the event of the consolidation of two (2) or more Residential Lots for purposes of construction of a single residence thereon, the voting rights and Assessments will continue to be determined according to the number of original Residential Lots contained in such consolidated Residential Lot. Nothing in this Covenant will be construed as authorization for any re-subdivision or consolidation of Residential Lots, such actions being subject to the conditions and restrictions of The Woodlands Hills Reviewer.

3.5.2 Commercial Lot or Condominium Unit. Each Commercial Lot or Condominium Unit will be allocated that number of votes set forth in the Notice of Applicability attributable to such Commercial Lot or Condominium Unit. Declarant will determine the number of votes in its sole and absolute discretion, which determination, unless otherwise provided in this *Section 3.5.2*, will be final, binding and conclusive. If the Notice of

Applicability includes the number of Commercial Lots or Condominium Units to be established within the Development Area, and the number of Commercial Lots or Condominium Units actually created differ from the number of Commercial Lots or Condominium Units set forth in the Notice of Applicability, the Declarant, during the Development Period, or the Board after the expiration or termination of the Development Period, may modify and amend the Notice of Applicability to reflect the actual number of Commercial Lots or Condominium Units.

3.5.3 Declarant. In addition to the votes to which Declarant is entitled by reason of *Section 3.5.1* and *Section 3.5.2*, for every one (1) vote outstanding in favor of any other person or entity, Declarant shall have four (4) additional votes until the expiration or termination of the Development Period. Declarant may cast votes allocated to the Declarant pursuant to this *Section 3.5.3* and shall be considered a Member for the purpose of casting such votes, and need not own any portion of the Development as a pre-condition to exercising such votes.

3.5.4 Co-Owners. If there is more than one Owner of a Lot or Condominium Unit, the vote for such Lot or Condominium Unit shall be exercised as the co-Owners holding a Majority of the ownership interest in the Lot or Condominium Unit determine among themselves and advise the Secretary of the Association in writing prior to the close of balloting. Any co-Owner may cast the vote for the Lot or Condominium Unit, and majority agreement shall be conclusively presumed unless another co-Owner of the Lot or Condominium Unit protests promptly to the President or other person presiding over the meeting or the balloting, in the case of a vote taken outside of a meeting. In the absence of a majority agreement, the Lot's or Condominium Unit's vote shall be suspended if two or more co-Owners seek to exercise it independently. In no event shall the vote for such Lot or Condominium Unit exceed the total votes to which such Lot or Condominium Unit is otherwise entitled pursuant to this *Section 3.5.4*.

3.6 **Optional Representative System of Voting**. The Representative System of Voting shall only be established if the Declarant first calls for election of a Neighborhood Delegate for a particular Neighborhood. The Declarant shall have no obligation to establish the Representative System of Voting. In addition, Declarant may terminate the Representative System of Voting at any time prior to expiration of the Development Period by Recorded written instrument.

3.6.1 Election of Initial Neighborhood Delegate. In the event that the Declarant chooses to establish a Representative System of Voting, the Owners of Lots and Condominium Units within each Neighborhood shall elect a Neighborhood Delegate and an alternate Neighborhood Delegate, in the manner provided below, to cast the votes of all Lots and Condominium Units in the Neighborhood on matters requiring a vote of the membership, except where this Covenant specifically requires the Owners or Members to cast their votes individually as more particularly described in the definition of "Neighborhood Delegate" in *Article 1* of this Covenant. In the event that a quorum is not met to elect a Neighborhood

Delegate and an alternate Neighborhood Delegate by the Owners of Lots and Condominium Units within each Neighborhood, during the Development Period, Declarant shall have the right to appoint a Neighborhood Delegate until the next election is held as provided in *Section 3.6.3*. Notwithstanding the foregoing or any provision to the contrary in this Covenant, as provided in *Section 3.4* above, until one hundred and twenty (120) days after seventy-five percent (75%) of the Maximum Number of Lots have been made subject to the terms and provisions of this Covenant and have been conveyed to Owners other than the Declarant or a Homebuilder, Declarant will have the sole right to appoint and remove all members of the Board.

3.6.2 Term. The Neighborhood Delegate and the alternate Neighborhood Delegate shall be elected on a yearly basis (once every year), by electronic and absentee ballot without a meeting of Owners, or at a meeting of the Owners within each Neighborhood where written, electronic, proxy, and/or absentee ballots may also be utilized, as the Board determines. If the Board determines to hold a meeting for the election of the Neighborhood Delegate and the alternate Neighborhood Delegate, the presence, in person or by proxy, absentee or electronic ballot, of Owners representing at least ten percent (10%) of the total votes in a Neighborhood shall constitute a quorum at such meeting. In the event that a quorum is not met to elect a Neighborhood Delegate and an alternate Neighborhood Delegate by the Owners of Lots and Condominium Units within each Neighborhood, Declarant, during the Development Period, and the Board thereafter, shall have the right to appoint a Neighborhood Delegate and an alternate Neighborhood Delegate until the next election is held. Notwithstanding the foregoing provision, the Declarant during the Development Period, and the Board thereafter, may elect to extend the term of a Neighborhood Delegate and alternate Neighborhood Delegate to the extent Declarant or the Board, as applicable, determines that such extension will result in administrative efficiencies by allowing elections within different Neighborhoods to occur in close proximity to one another; provided, however, that the term of an existing Neighborhood Delegate and alternate Neighborhood Delegate shall not be extended for more than twelve (12) months. If the Neighborhood Delegate is removed in accordance with *Section 3.6.6* below, either the Declarant during the Development Period, or the Board thereafter, shall appoint a new alternate Neighborhood Delegate and the previously elected alternate Neighborhood Delegate shall automatically assume the obligations and duties of the Neighborhood Delegate and serve the remainder of the Neighborhood Delegate's term.

3.6.3 Election Results. At any Neighborhood election, the candidate for each position who receives the greatest number of votes shall be elected to serve as the Neighborhood Delegate and the candidate with the second greatest number of votes shall be elected to serve as the alternate Neighborhood Delegate. The Neighborhood Delegate and alternate Neighborhood Delegate shall serve until his or her successor is elected or appointed.

3.6.4 Voting by the Neighborhood Delegate. The Neighborhood Delegate or, in his or her absence, the alternate Neighborhood Delegate, attends Association meetings and casts all votes allocated to Lots and Condominium Units in the Neighborhood that he or she

represents on any matter as to which such Neighborhood Delegate is entitled to vote under this Covenant, including the election of Board members upon the expiration or termination of the Development Period. A Neighborhood Delegate may cast all votes allocated to Lots and Condominium Units in the Neighborhood in such delegate's discretion and may, but need not, poll the Owners of Lots and Condominium Units in the Neighborhood which he or she represents prior to voting.

3.6.5 Qualification. Candidates for election as the Neighborhood Delegate and alternate Neighborhood Delegate from a Neighborhood shall be Owners of Lots or Condominium Units in the Neighborhood, spouses of such Owners, Occupants of the Neighborhood, or an entity representative where an Owner is an entity.

3.6.6 Removal. Any Neighborhood Delegate or alternate Neighborhood Delegate may be removed, with or without cause, upon the vote or written petition of Owners holding a Majority of the votes allocated to the Lots and Condominium Units in the Neighborhood that the Neighborhood Delegate represents or by the Declarant, until the expiration or termination of the Development Period. If a Neighborhood Delegate is removed in accordance with the foregoing sentence, the alternate Neighborhood Delegate shall serve as the Neighborhood Delegate unless also removed.

3.6.7 Subordination to the Board. Neighborhood Delegates are subordinate to the Board and their responsibility and authority does not extend to policy making, supervising, or otherwise being involved in Association governance.

3.6.8 Running for the Board. An Owner may not simultaneously hold the position of Neighborhood Delegate and be a member of the Board of Directors. In addition, if Neighborhood Delegates are established, a Neighborhood Delegate running for the Board shall resign their position prior to casting any vote for a member of the Board. In such event, the alternate Neighborhood Delegate shall serve out the rest of the term as the former Neighborhood Delegate, and another alternate Neighborhood Delegate shall be elected by the Owners or Members in the Neighborhood to serve out the term as the successor alternate Neighborhood Delegate.

3.7 **Voting Groups**. Declarant may designate voting groups consisting of one or more Neighborhoods for the purpose of electing members of the Board (the "**Voting Groups**"). The purpose of Voting Groups is to provide groups with dissimilar interests the opportunity to be represented on the Board and to avoid a situation in which less than all the Neighborhoods are able to elect the entire Board. Voting Groups may be established by the Declarant during the Development Period without regard to whether the Representative System of Voting has been implemented in accordance with *Section 3.6* by the Declarant. If Voting Groups are established and the Representative System of Voting has been implemented, then a Neighborhood Delegate shall only vote on the slate of candidates assigned to the Neighborhood Delegate. If Voting Groups are established and the Representative System of Voting has not

been implemented, then each Owner of a Lot or Condominium Unit shall only vote on the slate of candidates assigned to such Owner's Neighborhood.

3.7.1 Voting Group Designation. Declarant shall establish Voting Groups, if at all, by Recording a written instrument identifying the Neighborhoods within each Voting Group (the "**Voting Group Designation**"). The Voting Group Designation will assign the number of members of the Board which the Voting Group is entitled to exclusively elect.

3.7.2 Amendment of Voting Group Designation. The Voting Group Designation may be amended unilaterally by the Declarant at any time during the Development Period. After expiration or termination of the Development Period, the Board shall have the right to Record or amend such Voting Group Designation upon the vote of a Majority of the Board and approval of Neighborhood Delegates representing a Majority of the Neighborhoods. Neither Recordation nor amendment of such Voting Group Designation shall constitute an amendment to this Covenant, and no consent or approval to modify the Voting Group Designation shall be required except as stated in this paragraph.

3.7.3 Single Voting Group. Until such time as Voting Groups are established, all of the Development shall constitute a single Voting Group. After a Voting Group Designation is Recorded, any and all portions of the Development which are not assigned to a specific Voting Group shall constitute a single Voting Group.

3.8 Powers. The Association shall have the powers of a Texas nonprofit corporation. It shall further have the power to do and perform any and all acts that may be necessary or proper, for or incidental to, the exercise of any of the express powers granted to it under Applicable Law or this Covenant. Without in any way limiting the generality of the two preceding sentences, the Board, acting on behalf of the Association, shall have the following powers at all times:

3.8.1 Rules. To make, establish and promulgate, and in its discretion to amend from time to time, or repeal and re-enact, Rules, policies, the Bylaws and the Community Manual, as applicable, which are not in conflict with this Covenant, as the Board deems proper, covering any and all aspects of the Development (including the operation, maintenance and preservation thereof) or the Association. During the Development Period, the Declarant must approve Rules or policies the Board proposes, as well as the Bylaws and the Community Manual, and any modifications thereto.

3.8.2 Insurance. To obtain and maintain in effect, policies of insurance that, in the opinion of the Board, are reasonably necessary or appropriate to carry out the Association's functions.

3.8.3 Records. To keep books and records of the Association's affairs, and to make such books and records, together with current copies of the Documents available for

inspection by the Owners, Mortgagees, and insurers or guarantors of any Mortgage upon request during normal business hours in accordance with Applicable Law.

3.8.4 Assessments. To levy and collect Assessments and to determine Assessment Units, as provided in *Article 5* below.

3.8.5 Right of Entry and Enforcement. To enter at any time without notice in an emergency (or in the case of a non-emergency, after twenty-four (24) hours written notice), without being liable to any Owner, upon any Lot and into any Improvement thereon or into any Condominium Unit for the purpose of enforcing the Documents or for the purpose of maintaining or repairing any area, Improvement or other facility or removing any item to conform to the Documents. The expense the Association incurs in connection with the entry upon any Lot or into any Condominium Unit and the removal or maintenance and repair work conducted therefrom, thereon or therein shall be a personal obligation of the Owner of the Lot or the Condominium Unit so entered, shall be deemed an Individual Assessment against such Lot or Condominium Unit, shall be secured by a lien upon such Lot or Condominium Unit, and shall be enforced in the same manner and to the same extent as provided in *Article 5* hereof for Assessments. The Association shall have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of the Documents. The Association is also authorized to settle claims, enforce liens, and take all such action as it may deem necessary or expedient to enforce the Documents; provided, however, that the Board shall never be authorized to expend any Association funds for the purpose of bringing suit against Declarant, or its successors or assigns. The Association may not enter into, alter or demolish any Improvements on any Lot, or any Condominium Unit, other than Common Area or Special Common Area, in enforcing this Covenant before the Association obtains either (i) a judicial order authorizing such action, or (ii) the written consent of the Owner(s) of the affected Lot(s) or Condominium Unit(s). **EACH OWNER AND OCCUPANT HEREBY RELEASES AND HOLDS HARMLESS THE ASSOCIATION, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION (INCLUDING ANY COST, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING OUT OF THE ASSOCIATION'S NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT TO THE EXTENT SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING BY REASON OF THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.**

3.8.6 Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Association.

3.8.7 Conveyances. To grant and convey to any person or entity the real property and/or other interest, including fee title, leasehold estates, easements, rights-of-way or mortgages, out of, in, on, over, or under any Common Area or Special Common Area for the purpose of constructing, erecting, operating or maintaining the following:

(i) Parks, parkways or other recreational facilities or structures;

(ii) Roads, streets, sidewalks, signs, street lights, walks, driveways, trails and paths;

(iii) Lines, cables, wires, conduits, pipelines or other devices for utility purposes;

(iv) Sewers, water systems, storm water drainage systems, sprinkler systems and pipelines; and/or

(v) Any similar improvements or facilities.

During the Development Period, the Declarant must approve any grant or conveyance under this *Section 3.8.7*. In addition, the Association (with the advance written approval of the Declarant during the Development Period) and the Declarant are each expressly authorized and permitted to convey easements over and across Common Area or Special Common Area for the benefit of property not otherwise subject to the terms and provisions of this Covenant.

3.8.8 Manager. To retain and pay for the services of a person or firm (the "**Manager**"), which may include Declarant or any affiliate of Declarant, to manage and operate the Association, including Common Area, Special Common Area, and/or any Service Area, to the extent deemed advisable by the Board. Additional personnel may be employed directly by the Association or may be furnished by the Manager. To the extent permitted by Applicable Law, the Board may delegate any other duties, powers and functions to the Manager. In addition, the Board may adopt transfer fees, resale certificate fees, review fees, coordination and administrative fees, Architectural Review Fees and/or any other fees associated with the provision of management services and/or coordination to the Association or its Members. **THE MEMBERS HEREBY RELEASE THE ASSOCIATION, ITS MANAGER AND THE MEMBERS OF THE BOARD FROM LIABILITY FOR ANY OMISSION OR IMPROPER EXERCISE BY THE MANAGER OF ANY SUCH DUTY, POWER OR FUNCTION SO DELEGATED.**

3.8.9 Property Services. To pay for water, sewer, garbage removal, street lights, landscaping, and all other utilities, services, repair and maintenance, including but not limited to private or public recreational facilities, easements, roads, roadways, rights-of-ways, signs, parks, parkways, median strips, sidewalks, paths, trails, ponds, canals, streams, and lakes.

3.8.10 Other Services and Properties. To obtain and pay for any other property and services, and to pay any other taxes or assessments that the Association or the Board is required or permitted to secure or to pay for pursuant to Applicable Law or under the terms of the Documents or as determined by the Board.

3.8.11 Construction on Common Area and Special Common Area. To construct new Improvements or additions to Common Area and Special Common Area, subject to the approval of the Declarant during the Development Period.

3.8.12 Contracts. To enter into Bulk Rate Contracts or other contracts or licenses with Declarant or any third party on such terms and provisions as the Board shall determine, to operate and maintain the Development, any Common Area, Special Common Area, Improvement, or other property, or to provide any service, including but not limited to cable, utility, or telecommunication services, or perform any function on behalf of Declarant, the Board, the Association, or the Members. During the Development Period, the Declarant must approve all Bulk Rate Contracts.

3.8.13 Property Ownership. To acquire, own and dispose of all manner of real and personal property, whether by grant, lease, easement, gift or otherwise. During the Development Period, the Declarant must approve all acquisitions and dispositions of the Association hereunder.

3.8.14 Authority with Respect to the Documents. To do any act, thing or deed that is necessary or desirable, in the judgment of the Board, to implement, administer or enforce any of the Documents. Any decision by the Board to delay or defer the exercise of the power and authority granted under this *Section 3.8.14* shall not subsequently in any way limit, impair or affect ability of the Board to exercise such power and authority.

3.8.15 Membership Privileges. To establish Rules governing and limiting the use of the Common Area, Special Common Area, and any Improvements thereon as well as the use, maintenance, and enjoyment of the Lots and Condominium Units. During the Development Period, the Declarant must approve all Rules governing and limiting the use of the Common Area, Special Common Area, Service Area and any Improvements thereon.

3.8.16 Relationships with Governmental Entities and Tax Exempt Organizations. To create, enter into agreements or contracts with, or grant exclusive and/or non-exclusive easements over the Common Area, Special Common Area, or Service Area to Governmental Entities or non-profit, tax-exempt organizations. The Association may contribute money, real or personal property, or services to such entity. Any such contribution shall be a common expense to be included in the Assessments levied by the Association and included as a line item in the Association's annual budget.

3.9 **Conveyance of Common Area and Special Common Area to the Association**. The Association may acquire, hold, and dispose of any interest in tangible and intangible personal property and real property. Declarant and its assignees reserve the right, from time to time and at any time, to designate, convey, assign or transfer by written and Recorded instrument property being held by the Declarant or a third party for the benefit of the Association, in the sole and absolute discretion of the Declarant. Upon the Recording of a designation, the portion of the property identified therein will be considered Common Area or Special Common Area, as applicable, for the purpose of this Covenant and the Association shall have an easement over and across the Common Area or Special Common Area necessary or required to discharge the Association's obligations under this Covenant, subject to any terms and limitations to such easement set forth in the designation. Declarant and its assignees may also assign, transfer or convey to the Association interests in real or personal property within or for the benefit of the Development, for the Development and the general public, or otherwise, as determined in the sole and absolute discretion of the Declarant. All or any real or personal property assigned, transferred and/or conveyed by the Declarant to the Association shall be deemed accepted by the Association upon Recordation, and without further action by the Association, and shall be considered Common Area or Special Common Area without regard to whether such real or personal property is designated by the Declarant as Common Area or Special Common Area. If requested by the Declarant, the Association will execute a written instrument, in a form requested by the Declarant, evidencing acceptance of such real or personal property; provided, however, execution of a written consent by the Association shall in no event be a precondition to acceptance by the Association. The assignment, transfer, and/or conveyance of real or personal property to the Association may be by deed without warranty, may reserve easements in favor of the Declarant or a third party designated by Declarant over and across such property, and may include such other provisions, including restrictions on use, determined by the Declarant, in the Declarant's sole and absolute discretion. Property assigned, transferred, and/or conveyed to the Association may be improved or unimproved and may consist of fee simple title, easements, leases, licenses, or other real or personal property interests. Upon Declarant's written request, the Association will re-convey to Declarant any unimproved real property that Declarant originally conveyed to the Association for no payment. Declarant and/or its assignees may construct and maintain upon portions of the Common Area and/or the Special Common Area such facilities and may conduct such activities which, in Declarant's sole opinion, may be required, convenient, or incidental to the construction or sale of Improvements in the Development, including, but not limited to, business offices, signs, model homes, and sales offices. Declarant and its assignees shall have an easement over and across the Common Area and the Special Common Area for access and shall have the right to use such facilities and to conduct such activities at no charge.

3.10 **Indemnification**. To the fullest extent permitted by Applicable Law but without duplication of (and subject to) any rights or benefits arising under the Certificate or Bylaws of the Association, the Association shall indemnify any person who was, or is, a party, or is threatened to be made a party to any threatened, pending or completed action, suit or

proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is, or was, a director, officer, committee member, employee, servant or agent of the Association against expenses, including attorneys' fees, reasonably incurred by him or her in connection with such action, suit or proceeding if it is found and determined by the Board or a court of competent jurisdiction that such person: (a) acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Association; or (b) with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by settlement, or upon a plea of *nolo contendere* or its equivalent, shall not of itself create a presumption that the person did not act in good faith or in a manner which was reasonably believed to be in, or not opposed to, the best interests of the Association or, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

3.11 **Insurance**. The Board may purchase and maintain, at the expense of the Association, insurance on behalf of any person who is acting as a director, officer, committee member, employee, servant or agent of the Association against any liability asserted against such person or incurred by such person in their capacity as an director, officer, committee member, employee, servant or agent of the Association, or arising out of the person's status as such, whether or not the Association would have the power to indemnify the person against such liability or otherwise.

3.12 **Bulk Rate Contracts**.

3.12.1 Without limitation on the generality of the Association powers set out in *Section 3.8*, the Association shall have the power to enter into Bulk Rate Contracts at any time and from time to time. The Association may enter into Bulk Rate Contracts with any service providers the Board chooses (including Declarant, and/or any entities in which Declarant, or the owners or partners of Declarant are the owners or participants, directly or indirectly). The Bulk Rate Contracts may be entered into on such terms and provisions as the Board may determine in its sole and absolute discretion. Notwithstanding the foregoing, during the Development Period, the Declarant must approve all Bulk Rate Contracts.

3.12.2 The Association may, at its option and election add the charges payable by such Owner under such Bulk Rate Contract to the Assessments (Regular, Special, Service Area, Special Common Area, or Individual, as the case may be) against such Owner's Lot or Condominium Unit. In this regard, it is agreed and understood that, if any Owner fails to pay any charges due by such Owner under the terms of any Bulk Rate Contract, then the Association shall be entitled to collect such charges by exercising the same rights and remedies it would be entitled to exercise under this Covenant with respect to the failure by such Owner to pay Assessments, including without limitation the right to foreclose the lien against such Owner's Lot or Condominium Unit which is reserved under the terms and provisions of this Covenant. In addition, in the event of nonpayment by any Owner of any charges due under any Bulk Rate Contract, the Association may, after delivering written notice in accordance with

the time periods required under Applicable Law, in addition to all other rights and remedies available at law, equity or otherwise, terminate, in such manner as the Board deems appropriate, any utility service or other service provided at the cost of the Association and not paid for by such Owner (or Occupant of such Owner's Lot or Condominium Unit) directly to the applicable service or utility provider. Such notice shall consist of a separate mailing or hand delivery at least five (5) days prior to a stated date of termination, with the title "termination notice" or similar language prominently displayed on the notice. The notice shall include the office or street address where the Owner (or Occupant of such Owner's Lot or Condominium Unit) can make arrangements for payment of the bill and for re-connection or re-institution of service. No utility or cable television service shall be disconnected on a day, or immediately preceding a day, when personnel are not available for the purpose of collection and reconnecting such services.

3.13 **Community Services and Systems**. The Declarant, or a designee of the Declarant, is specifically authorized, but not required, to install, provide, maintain or furnish, or to enter into contracts with other persons to install, provide, maintain or furnish, central telecommunication receiving and distribution systems (*e.g.* cable television, high speed data/Internet/intranet services, and security monitoring) and utility services (*e.g.*, electricity, solar, gas, water), and related components, including associated infrastructure, equipment, hardware, and software to serve all or any portion of the Development ("**Community Services and Systems**"). The Community Services and Systems may be located on Common Area or Special Common Area, and on or in any Improvements constructed upon the Common Area or Special Common Area, and an easement is herein reserved in favor or Declarant or its designee for the purpose of installing, operating, managing, maintaining, upgrading and modifying the Community Services and Systems. In the event the Declarant, or a designee of the Declarant, elects to provide any of the Community Services and Systems to all or any portion of the Development, the Declarant or designee of the Declarant, may enter into an agreement with the Association with respect to such services. In the event Declarant, or any designee of the Declarant, enters into a contract with a third party for the provision of any Community Services and Systems to serve all or any portion of the Development, the Declarant or the designee of the Declarant may assign any or all of the rights or obligations of the Declarant or the designee of the Declarant under the contract to the Association or any individual or entity. Any such contracts may provide for installation, operation, management, maintenance, and upgrades or modifications to the Community Services and Systems as the Declarant or its designee determines appropriate. **Each Owner acknowledges that interruptions in Community Services and Systems will occur from time to time. The Declarant and the Association, or any of their respective affiliates, directors, officers, employees and agents, or any of their successors or assigns shall not be liable for, and no Community Services and Systems user shall be entitled to refund, rebate, discount, or offset in applicable fees for, any interruption in Community Services and Systems and services, regardless of whether or not such interruption is caused by reasons within the service provider's control.**

3.14 Protection of Declarant's Interests. Despite any assumption of control of the Board by Owners other than Declarant, until the expiration or termination of the Development Period, the Board is prohibited from taking any action which would discriminate against Declarant, or which would be detrimental to the sale of Lots, Condominium Units or any portion of the Property owned by Declarant. Declarant shall be entitled to determine, in its sole and absolute discretion, whether any such action discriminates or is detrimental to Declarant. Unless the Declarant agrees otherwise in advance and in writing, the Board shall be required to continue the same level and quality of maintenance, operations and services as that provided immediately prior to assumption of control of the Board by Owners other than Declarant until the expiration or termination of the Development Period.

3.15 Administration of Common Area. The administration of the Common Area, Special Common Area and Service Area by the Association shall be in accordance with the provisions of Applicable Law and the Documents, and of any other agreements, documents, amendments or supplements to the foregoing which may be duly adopted or subsequently required by any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans (including, for example, the Federal Home Loan Mortgage Corporation) designated by Declarant or by any Governmental Entity having regulatory jurisdiction over the Common Area, Special Common Area or Service Area or by any title insurance company selected by Declarant to insure title to any portion of such areas.

3.16 Right of Action by Association. The Association shall not have the power to institute, defend, intervene in, settle or compromise litigation or administrative proceedings: (i) in the name of or on behalf of any Owner (whether one or more); or (ii) pertaining to a Claim, as such term is defined in *Section 11.1* below, relating to the design or construction of Improvements on a Lot or Condominium Unit (whether one or more). This *Section 3.16* may not be amended or modified without the written and acknowledged consent of the Declarant and Members entitled to cast at least one hundred percent (100%) of the total number of votes of the Association, which must be part of a Recorded amendment instrument.

ARTICLE 4
INSURANCE AND RESTORATION

4.1 Insurance. Each Owner shall be required to purchase and maintain commercially standard insurance on the Improvements located upon such Owner's Lot or Condominium Unit. The Association shall not maintain insurance on the Improvements constructed upon any Lot or Condominium Unit. The Association may, however, obtain such other insurance as it may deem necessary, including but not limited to such policies of liability and property damage insurance as the Board, in its discretion, may deem necessary. Insurance premiums for such policies shall be a common expense the Association will include in the Assessments levied. The acquisition of insurance by the Association shall be without prejudice to the right and obligation of any Owner to obtain additional individual insurance.

ARE YOU COVERED?

The Association will not provide insurance which covers an Owner's Lot, a Condominium Unit, or any Improvements or personal property located on a Lot or within a Condominium Unit.

4.2 **Restoration Requirements.** In the event of any fire or other casualty, unless otherwise approved by The Woodlands Hills Reviewer, the Owner shall: (i) promptly repair, restore and replace any damaged or destroyed structures to their same exterior condition existing prior to the damage or destruction thereof or (ii) in the case of substantial or total damage or destruction of any Improvement, remove all such damaged Improvements and debris from the Development within sixty (60) days after the occurrence of such damage. Such repair, restoration or replacement shall be commenced and completed in a good and workmanlike manner using exterior materials substantially similar to those originally used in the structures damaged or destroyed. To the extent that the Owner fails to commence such repair, restoration or replacement of substantial or total damage or destruction within one hundred and twenty (120) days after the occurrence of such damage or destruction, and thereafter prosecute the same to completion, or if the Owner does not clean up any debris resulting from any damage within sixty (60) days after the occurrence of such damage, the Association may commence, complete or effect such repair, restoration, replacement, removal, or clean-up, and such Owner shall be personally liable to the Association for the cost of such work; provided, however, that if the Owner is prohibited or delayed under Applicable Law from commencing such repair, restoration, replacement or clean-up, the rights of the Association under this provision shall not arise until the expiration of thirty (30) days after such prohibition or delay is removed. If the Owner fails to pay such cost upon demand by the Association, the cost thereof (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, than at the rate of one and one-half percent (1½%) per month) shall be added to the Assessment chargeable to the Owner's Lot. Any such amounts added to the Assessments chargeable against a Lot or Condominium Unit shall be secured by the liens reserved in this Covenant for Assessments and may be collected by any means provided in this Covenant for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot or Condominium Unit. **EACH OWNER, BY ACCEPTING TITLE TO ALL OR ANY PORTION OF THE DEVELOPMENT, HEREBY RELEASES AND HOLDS HARMLESS THE ASSOCIATION AND ITS OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION, EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR COST OF ACTION ARISING BY REASON OF THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" AS USED HEREIN DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.**

4.3 **Restoration - Mechanic's and Materialmen's Lien.** Each Owner whose structure the Association repairs, restores, replaces or cleans up pursuant to the rights granted under this Article, hereby grants to the Association an express mechanic's and materialmen's lien for the reasonable cost of such repair, restoration, replacement or clean-up of the damaged or destroyed Improvement to the extent that the cost of such repair, restoration, replacement, or clean-up exceeds any insurance proceeds allocable to such repair, restoration, replacement, or clean-up which are delivered to the Association. Upon request by the Board, and before the commencement of any reconstruction, repair, restoration, replacement, or clean-up such Owner shall execute all documents sufficient to effectuate such mechanic's and materialmen's lien in favor of the Association.

ARTICLE 5
COVENANT FOR ASSESSMENTS

5.1 Assessments.

5.1.1 Established by Board. The Board shall levy Assessments pursuant to the provisions of this Article against each Lot and Condominium Unit in such amounts as the Board shall determine pursuant to *Section 5.9*. The Board shall determine the total amount of Assessments in accordance with the terms of this Article.

5.1.2 Personal Obligation; Lien. Each Assessment, together with such interest thereon and costs of collection as hereinafter provided, shall be the personal obligation of the Owner of the Lot or Condominium Unit against which the Assessment is levied and shall be secured by a lien hereby granted and conveyed by Declarant to the Association against each such Lot and all Improvements thereon and each such Condominium Unit (such lien, with respect to any Lot or Condominium Unit not in existence on the date hereof, shall be deemed granted and conveyed at the time that such Lot or Condominium Unit is created). The Association may enforce payment of such Assessments in accordance with the provisions of this Article. Unless the Association elects otherwise (which election may be made at any time), each residential condominium association established by a condominium regime imposed upon all or a portion of the Development Area shall collect all Assessments levied pursuant to this Covenant from Condominium Unit Owners within such condominium regime. The condominium association shall promptly remit all Assessments collected from Condominium Unit Owners to the Association. If the condominium association fails to timely collect any portion of the Assessments due from the Owner of the Condominium Unit, then the Association may collect such Assessments allocated to the Condominium Unit on its own behalf and enforce its lien against the Condominium Unit without joinder of the condominium association. The condominium association's right to collect Assessments on behalf of the Association is a license from the Association which may be revoked by written instrument at any time, and from time to time, at the sole and absolute discretion of the Board.

5.1.3 Declarant Subsidy. Declarant may, but is not obligated to, reduce Assessments which would otherwise be levied against Lots and Condominium Units for any fiscal year by the payment of a subsidy to the Association. Any subsidy the Declarant pays to the Association may be treated as a contribution or a loan, in Declarant's sole and absolute discretion. The payment of a subsidy in any given year shall not obligate Declarant to continue payment of a subsidy to the Association in future years.

5.1.4 Commencement of Assessments. Assessments will commence as to a particular Lot on the first day of the month after the Lot has been made subject to the terms and provisions of this Covenant. If Assessments are due and payable less frequently than once per month, e.g., quarterly or annually, Assessments will be prorated based on the number of months remaining during the billing period.

5.2 Maintenance Fund. The Board shall establish a maintenance fund into which shall be deposited all monies paid to the Association and from which disbursements shall be made in performing the functions of the Association under this Covenant. The funds of the Association may be used for any purpose authorized under the Documents and Applicable Law.

5.3 Regular Assessments. Prior to the beginning of each fiscal year, the Board will prepare a budget for the purpose of determining amounts sufficient to pay the estimated net expenses of the Association ("**Regular Assessments**") which sets forth: (a) an estimate of expenses the Association will incur during such year in performing its functions and exercising its powers under this Covenant, including, but not limited to, the cost of all management, repair and maintenance, the cost of providing street and other lighting, the cost of administering and enforcing the Documents; and (b) an estimate of the amount needed to maintain a reasonable provision for contingencies and an appropriate replacement reserve, but excluding (c) the operation, maintenance, repair and management costs and expenses associated with any Service Area and Special Common Area. Regular Assessments sufficient to pay such estimated expenses will then be levied at the level set by the Board in its sole and absolute discretion, and the Board's determination will be final and binding. If the sums collected prove inadequate for any reason, including nonpayment of any Assessment by an Owner, the Association may at any time, and from time to time, levy further Regular Assessments in the same manner. All such Regular Assessments will be due and payable to the Association at the beginning of the fiscal year or in such other manner as the Board may designate in its sole and absolute discretion.

5.4 Special Assessments. In addition to the Regular Assessments provided for above, the Board may levy special assessments (the "**Special Assessments**") whenever in the Board's opinion such Special Assessments are necessary to enable the Board to carry out the functions of the Association under the Documents. The amount of any Special Assessments will be at the sole discretion of the Board. In addition to the Special Assessments authorized above, the Association may, in any fiscal year, levy a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a

capital improvement upon the Common Area or Special Common Area. Any Special Assessment the Association levies for the purpose of defraying, in whole or in part, costs of any construction, reconstruction, repair or replacement of capital improvement upon the Common Area will be levied against all Owners based on Assessment Units. Any Special Assessments the Association levies for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon any Special Common Area will be levied against all Owners who have been assigned the obligation to pay Special Common Area Assessments based on Assessment Units. All Special Assessments will be due and payable to the Association at the beginning of the fiscal year or in such other manner as the Board may designate in its sole and absolute discretion.

5.5 **Special Common Area Assessments.** Prior to the beginning of each fiscal year, the Board will prepare a separate budget covering the estimated expenses to be incurred by the Association to operate, maintain, repair, or manage any Special Common Area. The budget will be an estimate of the amount needed to operate, maintain, repair and manage such Special Common Area including a reasonable provision for contingencies and an appropriate replacement reserve. The level of Special Common Area Assessments will be set by the Board in its sole and absolute discretion, and the Board's determination will be final and binding. If the sums collected prove inadequate for any reason, including non-payment of any Assessment by an Owner, the Association may at any time, and from time to time, levy further Special Common Area Assessments in the same manner as aforesaid. All such Special Common Area Assessments will be due and payable to the Association at the beginning of the fiscal year or in such other manner as the Board may designate in its sole and absolute discretion.

5.6 **Service Area Assessments.** Prior to the beginning of each fiscal year, the Board will prepare a separate budget for each Service Area reflecting the estimated Service Area Expenses to be incurred by the Association in the coming year. The total amount of Service Area Assessments will be allocated (a) equally among Lots or Condominium Units within the Service Area, (b) based on Assessment Units assigned to Lots or Condominium Units within the Service Area, or (c) based on the benefit received among all Lots and Condominium Units in the Service Area. All amounts that the Association collects as Service Area Assessments will be expended solely for the benefit of the Service Area for which they were collected and will be accounted for separately from the Association's general funds.

5.7 **Individual Assessments.** In addition to any other Assessments, the Board may levy an individual assessment (the **"Individual Assessment"**) against an Owner and the Owner's Lot or Condominium Unit, which may include, but is not limited to: (i) interest, late charges, and collection costs on delinquent Assessments; (ii) reimbursement for costs incurred in bringing an Owner or the Owner's Lot or Condominium Unit into compliance with the Documents; (iii) fines for violations of the Documents; (iv) transfer-related fees and resale certificate fees; (v) fees for estoppel letters and project documents; (vi) insurance deductibles; (vii) reimbursement for damage or waste caused by willful or negligent acts of the Owner, the Owner's guests, invitees or Occupants of the Owner's Lot or Condominium Unit; (viii) common

expenses that benefit fewer than all of the Lots or Condominium Units, which may be assessed according to benefit received; (ix) fees or charges levied against the Association on a per-Lot or per-Condominium Unit basis; and (x) "pass through" expenses for services to Lots or Condominium Units provided through the Association and which are paid by each Lot or Condominium Unit according to benefit received.

5.8 **Working Capital Assessment**. Each Owner (other than Declarant) will pay a one-time working capital assessment (the "**Working Capital Assessment**") to the Association in such amount, if any, as may be determined by the Declarant, until expiration or termination of the Development Period, and the Board thereafter. The Working Capital Assessment hereunder will be due and payable to the Association by the transferee immediately upon each transfer of title to the Lot or Condominium Unit, including upon transfer of title from one Owner of such Lot or Condominium Unit to any subsequent purchaser or transferee thereof. Such Working Capital Assessment need not be uniform among all Lots or Condominium Units, and the Declarant or the Board, as applicable, is expressly authorized to establish Working Capital Assessments of varying amounts depending on the size, use and general character of the Lots or Condominium Units. The Working Capital Assessment may be used to discharge operating expenses or capital expenses, as determined from time to time by the Board. The levy of any Working Capital Assessment will be effective only upon the Recordation of a written notice, signed by the Declarant or a duly authorized officer of the Association, setting forth the amount of the Working Capital Assessment and the Lots or Condominium Units to which it applies.

Notwithstanding the foregoing provision, the following transfers will not be subject to the Working Capital Assessment: (a) foreclosure of a deed of trust lien, tax lien, or the Association's Assessment lien; (b) transfer to, from, or by the Association; (c) voluntary transfer by an Owner to one or more co-owners, or to the Owner's spouse, child, or parent, including any conveyances to trusts. In the event of any dispute regarding the application of the Working Capital Assessment to a particular Owner, Declarant, until expiration or termination of the Development Period, will determine application of an exemption in its sole and absolute discretion. The Working Capital Assessment will be in addition to, not in lieu of, any other Assessments levied in accordance with this *Article 5* and will not be considered an advance payment of such Assessments. The Declarant during the Development Period, and thereafter the Board, will have the power to waive the payment of any Working Capital Assessment attributable to a Lot or Condominium Unit (or all Lots and Condominium Units) by the Recordation of a waiver notice or in the Notice of Applicability, which waiver may be temporary or permanent.

5.9 **Amount of Assessment**.

5.9.1 Assessments to be Levied. The Board shall levy Assessments against each "**Assessment Unit**" (as defined in *Section 5.9.2* below). Unless otherwise provided in this Covenant, Assessments levied pursuant to *Section 5.3* and *Section 5.4* shall be levied uniformly against each Assessment Unit. Special Common Area Assessments levied pursuant to *Section*

5.5 shall be levied uniformly against each Assessment Unit allocated to a Lot or Condominium Unit that has been assigned the obligation to pay Special Common Area Assessments for specified Special Common Area. Service Area Assessments levied pursuant to *Section 5.6* shall be levied: (i) equally; (ii) based on Assessment Units allocated to the Lots and/or Condominium Units within the Service Area; or (iii) based on the benefit received among all Lots and Condominium Units in the benefited Service Area that has been included in the Service Area to which such Service Area Assessment relates.

5.9.2 Assessment Unit. Each Residential Lot shall be allocated one (1) "**Assessment Unit**" unless otherwise provided in *Section 5.9.4*. In the event of the re-subdivision of any Residential Lot into two (2) or more Residential Lots, each Residential Lot resulting from the re-subdivision shall be allocated one (1) Assessment Unit. In the event of the consolidation of two (2) or more Residential Lots for the purposes of constructing a single residence thereon, the Assessment Units will continue to be determined according to the number of original Residential Lots contained in such consolidated Residential Lot. Nothing in this Covenant shall be construed as authorization for any re-subdivision or consolidation of Residential Lots, such actions being subject to the conditions and restrictions of The Woodlands Hills Reviewer.

5.9.3 Commercial Lots and Condominium Units. Each Commercial Lot and Condominium Unit will be allocated the Assessment Units set forth in the Notice of Applicability attributable to such Commercial Lot or Condominium Unit, which may be less than one (1) Assessment Unit per Commercial Lot or Condominium Unit. Declarant will determine the number of Assessment Units in its sole and absolute discretion, which determination, unless otherwise provided in this *Section 5.9.3*, will be final, binding and conclusive. If the Notice of Applicability includes the number of Commercial Lots or Condominium Units to be established within the Development Area, and the number of Commercial Lots or Condominium Units actually created differ from the number of Commercial Lots or Condominium Units set forth in the Notice of Applicability, the Declarant, during the Development Period, or the Board after the expiration or termination of the Development Period, may modify and amend the Notice of Applicability to reflect the actual number of Commercial Lots or Condominium Units.

5.9.4 Residential Assessment Unit Allocation. Declarant, in Declarant's sole and absolute discretion, may elect to allocate more than one Assessment Unit to a Residential Lot. An allocation of more than one Assessment Unit to a Residential Lot must be made in a Notice of Applicability or in a Development Area Declaration for the Development Area in which the Residential Lot is located. Declarant's determination regarding the number of Assessment Units applicable to a Residential Lot pursuant to this *Section 5.9.4* shall be final, binding and conclusive.

5.9.5 Declarant Exemption. Notwithstanding anything in this Covenant to the contrary, no Assessments shall be levied upon Lots or Condominium Units owned by Declarant.

5.9.6 Other Exemptions. Declarant may, in its sole discretion, elect to: (i) exempt any un-platted or unimproved portion of the Development, Lot or Condominium Unit from Assessments; (ii) delay the levy of Assessments against any un-platted, unimproved or improved portion of the Development, Lot or Condominium Unit; or (iii) reduce the levy of Assessments against any un-platted, unimproved or improved portion of the Development, Lot or Condominium Unit. In the event Declarant elects to delay or reduce Assessments pursuant to this *Section 5.9.6*, the duration of the delay or the amount of the reduction shall be set forth in a Recorded instrument. Declarant may terminate, extend or modify any delay or reduction set forth in a previously Recorded instrument by Recording a replacement instrument. Declarant or the Board may also exempt from Assessments any portion of the Development which is dedicated to and accepted by a Governmental Entity.

5.10 Late Charges. At the Board's election, it may require the Owner responsible for any payment not paid by the applicable due date to pay a late charge in such amount as the Board may determine, and the late charge (and any reasonable handling costs) shall be a charge upon the Lot or Condominium Unit owned by such Owner, collectible in the manner as provided for collection of Assessments, including foreclosure of the lien against such Lot or Condominium Unit; provided, however, such charge shall never exceed the maximum charge permitted under Applicable Law.

5.11 Owner's Personal Obligation for Payment of Assessments. Assessments levied as provided for herein will be the personal and individual debt of the Owner of the Lot or Condominium Unit against which are levied such Assessments. No Owner may exempt himself from liability for such Assessments. In the event of default in the payment of any such Assessment, the Owner of the Lot or Condominium Unit will be obligated to pay interest on the amount of the Assessment at the highest rate allowed by applicable usury laws then in effect on the amount of the Assessment from the due date thereof (or if there is no such highest rate, then at the rate of 1½% per month), together with all costs and expenses of collection, including reasonable attorney's fees.

5.12 Assessment Lien and Foreclosure. The payment of all sums assessed in the manner provided in this Article, together with late charges as provided in *Section 5.10* and interest as provided in *Section 5.11* hereof and all costs of collection, including attorney's fees, as herein provided, are secured by the continuing Assessment lien granted to the Association pursuant to *Section 5.1.2* above, and shall bind each Lot and Condominium Unit in the hands of the Owner thereof, and such Owner's heirs, devisees, personal representatives, successors or assigns.

5.12.1 The aforesaid lien shall be superior to all other liens and charges against such Lot or Condominium Unit, except only for (i) tax or governmental assessment liens; and (ii) all sums secured by a Recorded first mortgage lien or Recorded first deed of trust lien insured by the Federal Housing Administration, the Veterans Administration, or any successor to said agencies, unless with such agencies' prior approval such lien is made superior, provided that, in the case of *clause (ii)* above, such Mortgage was Recorded, before the delinquent Assessment was due. The Association shall have the power to subordinate the aforesaid Assessment lien to any other lien. Such power shall be entirely discretionary with the Board, and such subordination may be signed by a Board member or officer of the Association. The Association may, at its option and without prejudice to the priority or enforceability of the Assessment lien granted hereunder, prepare a written notice of Assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot or Condominium Unit covered by such lien and a description of the Lot or Condominium Unit. Such notice may be signed by an authorized officer of the Association and shall be Recorded. Each Owner, by accepting a deed or ownership interest to a Lot or Condominium Unit subject to this Covenant shall be deemed conclusively to have granted a power of sale to the Association to secure and enforce the Assessment lien granted hereunder.

5.12.2 The Assessment liens and rights to foreclosure thereof shall be in addition to and not in substitution of any other rights and remedies the Association may have pursuant to Applicable Law and under this Covenant, including the rights of the Association to institute suit against such Owner personally obligated to pay the Assessment and/or for foreclosure of the aforesaid lien. In any foreclosure proceeding, such Owner shall be required to pay the costs, expenses and reasonable attorney's fees incurred.

5.12.3 The Association shall have the power to bid (in cash or by credit against the amount secured by the lien) on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. Upon the written request of any Mortgagee, the Association shall report to said Mortgagee any unpaid Assessments remaining unpaid for longer than sixty (60) days after the same are due. The lien hereunder shall not be affected by the sale or transfer of any Lot or Condominium Unit; except, however, that in the event of foreclosure of any lien superior to the Assessment lien, the lien for any Assessments that were due and payable before the foreclosure sale shall be extinguished, provided that past-due Assessments shall be paid out of the proceeds of such foreclosure sale only to the extent that funds are available after the satisfaction of the indebtedness secured by the Mortgage. The provisions of the preceding sentence shall not, however, relieve any subsequent Owner (including any Mortgagee or other purchaser at a foreclosure sale) from paying Assessments becoming due and payable after the foreclosure sale.

5.12.4 Upon payment of all sums secured by a lien of the type described in this *Section 5.12*, the Association shall upon the request of the Owner, and at such Owner's cost, execute an instrument releasing the lien relating to any lien for which written notice has been Recorded as provided above, except in circumstances in which the Association has already

foreclosed such lien. Such release must be signed by an authorized officer of the Association and Recorded. In addition to the lien hereby retained, in the event of nonpayment by any Owner of any Assessment and after the lapse of at least twelve (12) days since such payment was due, the Association may, upon five (5) days' prior written notice (which may run concurrently with such 12-day period) to such Owner, in addition to all other rights and remedies available pursuant to Applicable Law, equity or otherwise, terminate, in such manner as the Board deems appropriate, any utility or cable services, provided through the Association and not paid for directly by an Owner or occupant to the utility or service provider. Such notice shall consist of a separate mailing or hand delivery at least five (5) days prior to a stated date of disconnection, with the title "termination notice" or similar language prominently displayed on the notice. The notice shall include the office or street address where the Owner or the Owner's tenant can make arrangements for payment of the bill and for reconnection of service. Any utility or cable service shall not be disconnected or terminated on a day, or immediately preceding a day, when personnel are not available for the purpose of collection and reconnecting such services. Except as otherwise provided by Applicable Law, the sale or transfer of a Lot or Condominium Unit shall not relieve the Owner of such Lot or Condominium Unit or such Owner's transferee from liability for any Assessments thereafter becoming due or from the lien associated therewith. If an Owner conveys its Lot or Condominium Unit and on the date of such conveyance Assessments against the Lot or Condominium Unit remain unpaid, or said Owner owes other sums or fees under this Covenant to the Association, the Owner shall pay such amounts to the Association out of the sales price of the Lot or Condominium Unit, and such sums shall be paid in preference to any other charges against the Lot or Condominium Unit other than liens superior to the Assessment liens and charges in favor of the State of Texas or a political subdivision thereof for taxes on the Lot or Condominium Unit which are due and unpaid. The Owner conveying such Lot or Condominium Unit shall remain personally liable for all such sums until the same are fully paid, regardless of whether the transferee of the Lot or Condominium Unit also assumes the obligation to pay such amounts. The Board may adopt an administrative transfer fee to cover the administrative expenses associated with updating the Association's records upon the transfer of a Lot or Condominium Unit to a third party.

5.13 **Exempt Property.** The following area within the Development shall be exempt from the Assessments provided for in this Article:

(i) All area dedicated to and accepted by a Governmental Entity;

(ii) The Common Area and the Special Common Area; and

(iii) Any portion of the Property or Development owned by Declarant.

No portion of the Property shall be subject to the terms and provisions of this Covenant, and no portion of the Property (nor any owner thereof) shall be obligated to pay Assessments

hereunder unless and until such Property has been made subject to the terms of this Covenant by the Recording of a Notice of Applicability in accordance with *Section 9.5*.

5.14 Fines and Damages Assessment.

5.14.1 Board Assessment. The Board may assess fines against an Owner for violations of the Documents committed by such Owner, an Occupant or an Owner's or Occupant's guests, agents or invitees pursuant to the *Fine and Enforcement Policy* contained in the Community Manual. Any fine and/or charge for damage levied in accordance with this *Section 5.14* shall be considered an Individual Assessment pursuant to this Covenant. Each day of violation may be considered a separate violation if the violation continues after written notice to the Owner. The Board may assess damage charges against an Owner for pecuniary loss to the Association from property damage or destruction of Common Area, Special Common Area, Service Area or any Improvements caused by the Owner, the Occupant or their guests, agents, or invitees. The Manager shall have authority to send notices to alleged violators, informing them of their violations and asking them to comply with the Documents and/or informing them of potential or probable fines or damage assessments. The Board may from time to time adopt a schedule of fines.

5.14.2 Lien Created. The payment of each fine and/or damage charge levied by the Board against the Owner of a Lot or Condominium Unit is, together with interest as provided in *Section 5.11* hereof and all costs of collection, including attorney's fees as herein provided, secured by the lien granted to the Association pursuant to *Section 5.1.2* of this Covenant. The fine and/or damage charge shall be considered an Assessment for the purpose of this Article and shall be enforced in accordance with the terms and provisions governing the enforcement of Assessments pursuant to this Article.

ARTICLE 6
THE WOODLANDS HILLS REVIEWER

6.1 Architectural Control By Declarant. During the Development Period, none of the Association, the Board, or any committee appointed by the Association or Board (no matter how the committee is named) may involve itself with the approval of any Improvements. Until expiration of the Development Period, The Woodlands Hills Reviewer for Improvements is Declarant or its designee. No Improvement the Declarant constructs or causes to be constructed shall be subject to the terms and provisions of this Article or approval by The Woodlands Hills Reviewer.

6.1.1 Declarant's Rights Reserved. Each Owner, by accepting an interest in or title to a Lot or Condominium Unit, whether or not it is so expressed in the instrument of conveyance, covenants and agrees that during the Development Period no Improvements shall be started or progressed without the prior written approval of The Woodlands Hills Reviewer, which approval may be granted or withheld at Declarant's sole discretion. In reviewing and

acting on an application for approval, Declarant may act solely in its self-interest and owes no duty to any other person or any organization. Declarant may designate one or more persons from time to time to act on its behalf in reviewing and responding to applications.

6.1.2 Delegation by Declarant. During the Development Period, Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights under this Article to an architectural control committee appointed by the Board or a committee comprised of architects, engineers, or other persons who may or may not be members of the Association. Any such delegation shall be in writing and shall specify the scope of delegated responsibilities. Any such delegation is at all times subject to the unilateral rights of Declarant to: (i) revoke such delegation at any time and reassume jurisdiction over the matters previously delegated until expiration of twenty-four (24) months after the expiration of the Development Period; and (ii) to veto any decision which Declarant in its sole discretion determines to be inappropriate or inadvisable for any reason. The Declarant is not responsible for: (a) errors in or omissions from the plans and specifications submitted to the Declarant; (b) supervising construction for the Owner's compliance with approved plans and specifications; or (c) the compliance of the Owner's plans and specifications with Applicable Law.

6.2 Architectural Control by Association. Until such time as Declarant delegates all or a portion of its reserved rights to the Board, or the Development Period is terminated or expires, the Association has no jurisdiction over architectural matters. On termination or expiration of the Development Period, or earlier if delegated in writing by Declarant, the Association, acting through an architectural control committee (the "**ACC**") shall assume jurisdiction over architectural control and shall have the powers of The Woodlands Hills Reviewer hereunder.

6.2.1 ACC. The ACC shall consist of at least three (3) but no more than seven (7) persons appointed by the Board. Members of the ACC serve at the pleasure of the Board and may be removed and replaced at the Board's discretion. At the Board's option, the Board may act as the ACC, in which case all references in the Documents to the ACC shall be construed to mean the Board. Members of the ACC need not be Owners or Occupants, and may but need not include architects, engineers, and design professionals whose compensation, if any, may be established from time to time by the Board.

6.2.2 Limits on Liability. The ACC has sole discretion with respect to taste, design, and all standards specified by this Article. The members of the ACC have no liability for the ACC's decisions made in good faith, and which are not arbitrary or capricious. The ACC is not responsible for: (i) errors in or omissions from the plans and specifications submitted to the ACC; (ii) supervising construction for the Owner's compliance with approved plans and specifications; or (iii) the compliance of the Owner's plans and specifications with Applicable Law.

6.2.3 Release. **EACH OWNER, BY ACCEPTING TITLE TO ALL OR ANY PORTION OF THE DEVELOPMENT, HEREBY RELEASES AND HOLDS HARMLESS THE DECLARANT AND ITS AFFILIATES, THE WOODLANDS HILLS REVIEWER, ASSOCIATION AND THEIR RESPECTIVE OFFICERS, DIRECTORS, COMMITTEE MEMBERS, PARTNERS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE WOODLANDS HILLS REVIEWER'S ACTS OR ACTIVITIES UNDER THIS COVENANT.**

6.3 Prohibition of Construction, Alteration and Improvement. No Improvement, or any addition, alteration, improvement, installation, modification, redecoration, or reconstruction thereof may occur unless approved in advance by The Woodlands Hills Reviewer. The Woodlands Hills Reviewer has the right but not the duty to evaluate every aspect of construction, landscaping, and property use that may adversely affect the general value or appearance of the Property or the Development. Unless otherwise provided in the Design Guidelines, an Owner will have the right to modify, alter, repair, decorate, redecorate, or improve the interior of an Improvement located on such Owner's Lot or within such Owner's Condominium Unit, provided that such action is not visible from any other portion of the Development or Property.

6.4 Architectural Approval.

6.4.1 Submission and Approval of Plans and Specifications. Construction plans and specifications or, when an Owner desires solely to plat, re-subdivide or consolidate Lots or Condominium Units, a proposal for such plat, re-subdivision or consolidation, shall be submitted in accordance with the Design Guidelines, if any, or any additional rules adopted by The Woodlands Hills Reviewer together with any Architectural Review Fee which is imposed by The Woodlands Hills Reviewer in accordance with *Section 6.4.2*. No plat, re-subdivision or consolidation shall be made, nor any Improvement placed or allowed on any Lot or Condominium Unit, until the plans and specifications and the contractor which the Owner intends to use to construct the proposed Improvement have been approved in writing by The Woodlands Hills Reviewer. The Woodlands Hills Reviewer may, in reviewing such plans and specifications consider any information that it deems proper; including, without limitation, any permits, environmental impact statements or percolation tests that may be required by The Woodlands Hills Reviewer or any other entity; and harmony of external design and location in relation to surrounding structures, topography, vegetation, and finished grade elevation. The Woodlands Hills Reviewer may postpone its review of any plans and specifications submitted for approval pending receipt of any information or material which The Woodlands Hills Reviewer, in its sole discretion, may require. Site plans must be approved by The Woodlands Hills Reviewer prior to the clearing of any Lot or Condominium Unit, or the construction of any Improvements. The Woodlands Hills Reviewer may refuse to approve plans and specifications for proposed Improvements, or for the plat, re-subdivision or consolidation of any Lot or Condominium Unit on any grounds that, in the sole and absolute discretion of The Woodlands

Hills Reviewer, are deemed sufficient, including, but not limited to, purely aesthetic grounds. Notwithstanding any provision to the contrary in this Covenant, The Woodlands Hills Reviewer may issue an approval to Homebuilders or a Residential Developer for the construction of Improvements based on the review and approval of plan types and adopt a procedure which differs from the procedures for review and approval otherwise set forth in this Covenant. Any application form submitted for an Improvement on a Lot owned by an Owner and/or Homebuilder to The Woodlands Hills Reviewer for review and approval may be withheld or denied by The Woodlands Hills Reviewer (and/or its designee) based solely upon the Owner's (or applicants) (i) failure to timely pay required application fee(s); (ii) failure to timely pay any required The Woodlands Hills Reviewer third party inspection fees: (iii) failure to timely pay any Assessment and/or any fine(s) that may have been assessed against a Lot owned by such Owner; and (iv) delinquency of any other amount(s) owed to the Association by the Owner.

6.4.2 Design Guidelines. The Woodlands Hills Reviewer shall have the power, from time to time, to adopt, amend, modify, revoke, or supplement the Design Guidelines which may apply to all or any portion of the Development. In the event of any conflict between the terms and provisions of the Design Guidelines and the terms and provisions of this Covenant, the terms and provisions of this Covenant shall control. In addition, The Woodlands Hills Reviewer shall have the power and authority to impose an Architectural Review Fee for the review of plans, specifications and other documents and information submitted to it pursuant to the terms of this Covenant, and set forth a process for the application, submittal, review and determination of findings. Such charges shall be held by The Woodlands Hills Reviewer and used to defray the administrative expenses and any other costs incurred by The Woodlands Hills Reviewer in performing its duties hereunder; provided, however, that any excess funds held by The Woodlands Hills Reviewer shall be distributed to the Association at the end of each calendar year. The Woodlands Hills Reviewer shall not be required to review any plans until a complete submittal package, as required by this Covenant and the Design Guidelines, is assembled and submitted to The Woodlands Hills Reviewer. The Woodlands Hills Reviewer shall have the authority to adopt such additional or alternate procedural and substantive rules and guidelines not in conflict with this Covenant (including, without limitation, the imposition of any requirements for a compliance deposit, certificates of compliance or completion relating to any Improvement, and the right to approve in advance any contractor selected for the construction of Improvements), as it may deem necessary or appropriate in connection with the performance of its duties hereunder.

6.4.3 Approval of Regulatory Submission Item. Each Owner is further advised that prior to submitting any application, variance or special use permit, plat, drainage plans, building or site plan, expressly including any amendments to a preliminary plan or a development plan (a "**Regulatory Submission Item**") required to be submitted by an Owner to a Governmental Entity for approval or issuance of a permit, as applicable, the Owner must first obtain approval from The Woodlands Hills Reviewer of the Regulatory Submission Item (the

"**Preliminary Regulatory Approval**"). Any Preliminary Regulatory Approval granted by The Woodlands Hills Reviewer is conditional and no Improvements may be constructed in accordance with the Regulatory Submission Item until the Owner has submitted to The Woodlands Hills Reviewer a copy of the Regulatory Submission Item approved by the Governmental Entity, and The Woodlands Hills Reviewer has issued to the Owner a "Notice to Proceed". In the event of a conflict between the Regulatory Submission Item approved by The Woodlands Hills Reviewer and the Regulatory Submission Item approved by the regulatory authority, the Owner will be required to resubmit the Regulatory Submission Item to The Woodlands Hills Reviewer for approval. Each Owner acknowledges that no Governmental Entity has the authority to modify the terms and provisions of the Documents applicable to all or any portion of the Development.

6.4.4 The Woodlands Hills Reviewer Approval of Project Names. Each Owner is advised that the name used to identify the Development Area or any portion thereof for marketing or identification purposes must be approved in advance and in writing by The Woodlands Hills Reviewer. Any such name used may not include the terms "Woodlands", "Hills", "The Woodlands Hills", or "Woodlands Hills", unless consented to in writing by the Declarant.

6.4.5 Failure to Act. In the event that any plans and specifications are submitted to The Woodlands Hills Reviewer as provided herein, and The Woodlands Hills Reviewer fails to either approve or reject such plans and specifications for a period of thirty (30) days following such submission, the plans and specifications shall be deemed disapproved.

6.4.6 Variances. The Woodlands Hills Reviewer may grant variances from compliance with any of the provisions of the Documents, when, in the opinion of The Woodlands Hills Reviewer, in its sole and absolute discretion, such variance is justified by specific circumstances of a particular case. All variances shall be evidenced in writing and, if Declarant has assigned its rights to the ACC, must be approved by the Declarant until expiration or termination of the Development Period, or otherwise by a Majority of the members of the ACC. The Woodlands Hills Reviewer may also charge a variance fee in an amount determined by The Woodlands Hills Reviewer, in its sole and absolute discretion. Each variance shall also be Recorded; provided, however, that failure to Record a variance shall not affect the validity thereof or give rise to any claim or cause of action against The Woodlands Hills Reviewer, Declarant, the Board or the ACC. If a variance is granted, no violation of the covenants, conditions, or restrictions contained in the Documents shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such variance shall not operate to waive or amend any of the terms and provisions of the Documents for any purpose, except as to the particular property and in the particular instance covered by the variance, and such variance shall not be considered to establish a precedent for any future waiver, modification, or amendment of the terms and provisions of the Documents.

6.4.7 Duration of Approval. The approval of The Woodlands Hills Reviewer of any final plans and specifications, and any variances granted by The Woodlands Hills Reviewer shall be valid for a period of one hundred and eighty (180) days only. If construction in accordance with such plans and specifications or variance is not commenced within such one hundred and eighty (180) day period and diligently prosecuted to completion within either: (i) one year after issuance of approval of such plans and specifications; or (ii) such other period thereafter as determined by The Woodlands Hills Reviewer, in its sole and absolute discretion, the Owner shall be required to resubmit such final plans and specifications or request for a variance to The Woodlands Hills Reviewer, and The Woodlands Hills Reviewer shall have the authority to re-evaluate such plans and specifications in accordance with this *Section 6.4.7* and may, in addition, consider any change in circumstances which may have occurred since the time of the original approval.

6.4.8 No Waiver of Future Approvals. The approval of The Woodlands Hills Reviewer to any plans or specifications for any work done or proposed in connection with any matter requiring the approval or consent of The Woodlands Hills Reviewer shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any plans and specifications on any other matter, subsequently or additionally submitted for approval by the same or a different person, nor shall such approval or consent be deemed to establish a precedent for future approvals by The Woodlands Hills Reviewer.

6.5 Non-Liability of The Woodlands Hills Reviewer. NEITHER THE DECLARANT, THE BOARD, NOR THE WOODLANDS HILLS REVIEWER WILL BE LIABLE TO ANY OWNER OR TO ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR INJURY ARISING OUT OF THE PERFORMANCE OF THE WOODLANDS HILLS REVIEWER UNDER THIS COVENANT.

ARTICLE 7
MORTGAGE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Lots or Condominium Units within the Development. The provisions of this Article apply to the Covenant and the Bylaws of the Association.

7.1 Notice of Action. \

7.1.1 An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot or Condominium Unit to which its Mortgage relates (thereby becoming an "**Eligible Mortgage Holder**")), shall be entitled to timely written notice of:

(i) Any condemnation loss or any casualty loss which affects a material portion of the Development or which affects any Lot or Condominium Unit on which there is an eligible Mortgage held, insured, or guaranteed by such Eligible Mortgage Holder; or

(ii) Any delinquency in the payment of assessments or charges owed for a Lot or Condominium Unit subject to the Mortgage of such Eligible Mortgage Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Documents relating to such Lot or Condominium Unit or the Owner or occupant which is not cured within sixty (60) days after notice by the Association to the Owner of such violation; or

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

7.1.2 The costs incurred by the Association to deliver written notice to the Eligible Mortgage Holder in accordance with the requirements of this *Section 7.1* shall be discharged through the levy of Individual Assessments against the Owner of the Lot or Condominium Unit to which the Mortgage relates. In the event any such Eligible Mortgage Holder conveys or otherwise transfers its interest in such first Mortgage, the transferee thereunder shall in no event be deemed an Eligible Mortgage Holder entitled to written notice in accordance with *Section 7.1.1* unless such transferee provides a written request for such notice, as required under *Section 7.1.1*.

7.2 **Examination of Books**. The Association shall permit Mortgagees to examine the books and records of the Association during normal business hours.

7.3 **Taxes, Assessments and Charges**. All taxes, assessments and charges that may become liens prior to first lien mortgages under Applicable Law shall relate only to the individual Lots or Condominium Units and not to any other portion of the Development.

ARTICLE 8
EASEMENTS

8.1 Right of Ingress and Egress. Declarant, its agents, employees, successors, and assigns shall have a right of ingress and egress over and the right of access to the Common Area or Special Common Area to the extent necessary to use the Common Area or Special Common Area and the right to such other temporary uses of the Common Area or Special Common Area as may be required or reasonably desirable (as determined by Declarant in its sole discretion) in connection with construction and development of the Property or the Development. The Development shall be subject to a perpetual non-exclusive easement for the installation and maintenance of, including the right to read, meters, service or repair lines and equipment, and to do any work necessary to properly maintain and furnish the Community Services and

Systems and the facilities pertinent and necessary to the same, which easement shall run in favor of Declarant. Declarant shall have the right, but not the obligation, to install and provide the Community Services and Systems and to provide the services available through the Community Services and Systems to any Lots or Condominium Units within the Development. Neither the Association, nor any Owner, shall have any interest therein. Such services may be provided either: (i) directly through the Association and paid for as part of the Assessments; or (ii) directly by Declarant, any affiliate of Declarant, or a third party, to the Owner who receives such services or the Association. The Community Services and Systems, including any fees or royalties paid or revenue generated therefrom, shall be the property of Declarant unless transferred by Declarant, whereupon any proceeds of such transfer shall belong to Declarant. Declarant shall have the right but not the obligation to convey, transfer, sell or assign all or any portion of the Community Services and Systems or all or any portion of the rights, duties or obligations with respect thereto, to the Association or to any Person. The rights of Declarant with respect to the Community Services and Systems installed by Declarant and the services provided through such Community Services and Systems are exclusive, and no other person may provide such services through the Community Services and Systems installed by Declarant without the prior written consent of Declarant. In recognition of the fact that interruptions in the Community Services and Systems services will occur from time to time, no person or entity described above shall in any manner be liable, and no user of the Community Services and Systems shall be entitled to any refund, rebate, discount or offset in applicable fees, for any interruption in Community Services and Systems services, regardless of whether or not same is caused by reasons within the control of the then-provider of such services.

8.2 **Reserved and Existing Easements**. All dedications, limitations, restrictions and reservations shown on any Plat and all grants and dedications of easements, rights-of-way, restrictions and related rights made by Declarant or any third-party prior to any portion of the Property becoming subject to this Covenant are incorporated herein by reference and made a part of this Covenant for all purposes as if fully set forth herein, and shall be construed as being adopted in each and every contract, deed or conveyance executed or to be executed by or on behalf of Declarant. Declarant reserves the right to relocate, make changes in, and additions to said easements, rights-of-way, dedications, limitations, reservations and grants for the purpose of developing the Property and the Development.

8.3 **Roadway and Utility Easements**. Declarant hereby reserves for itself, its affiliates, and its assigns a perpetual non-exclusive easement over and across the Development (but not through a then-existing structure) for: (i) the installation, operation and maintenance of utilities and associated infrastructure to serve the Development, the Property, and any other property owned by Declarant; (ii) the installation, operation and maintenance of cable lines and associated infrastructure for sending and receiving data and/or other electronic signals, security and similar services to serve the Development, the Property, and any other property owned by Declarant; (iii) the installation, operation and maintenance of, walkways, pathways and trails, drainage systems, street lights and signage to serve the Development, the Property, and any

other property owned by Declarant; and (iv) the installation, location, relocation, construction, erection and maintenance of any streets, roadways, or other areas to serve the Development, the Property, and any other property owned by Declarant. Declarant will be entitled to unilaterally assign the easements reserved hereunder to any third party who owns, operates or maintains the facilities and Improvements described in (i) through (iv) of this Section. In addition, Declarant may designate all or any portion of the easements or facilities constructed therein as Common Area, Special Common Area, or a Service Area.

8.4 **Entry and Fencing Easement**. Declarant reserves for itself and the Association, an easement over and across the Development for the installation, maintenance, repair or replacement of fencing and subdivision entry facilities which serves the Development, the Property, and any other property owned by Declarant. Declarant will have the right, from time to time, to Record a written notice which identifies the fencing and/or subdivision entry facilities to which the easement reserved hereunder applies. Declarant may designate all or any portion of the fencing and/or subdivision entry facilities as Common Area, Special Common Area, or a Service Area.

8.5 **Landscape, Monumentation and Signage Easement**. Declarant hereby reserves an easement over and across the Development for the installation, maintenance, repair or replacement of landscaping, monumentation and signage which serves the Development, the Property, and any other property owned by Declarant. Declarant will have the right, from time to time, to Record a written notice which identifies the landscaping, monumentation, or signage to which the easement reserved hereunder applies. Declarant may designate all or any portion of the landscaping, monumentation, or signage as Common Area, Special Common Area, or a Service Area.

8.6 **Easement for Special Events**. The Declarant reserves for itself and the Association, and their successors, assigns, and designees, a perpetual, nonexclusive easement over the Common Area, for the purpose of conducting educational, cultural, artistic, musical and entertainment activities; and other activities of general community interest at such locations and times as the Declarant or the Association, in their reasonable discretion, deem appropriate. Members of the public may have access to such events. Each Owner, by accepting a deed or other instrument conveying any interest in a Lot or Condominium Unit subject to this Covenant acknowledges and agrees that the exercise of this easement may result in a temporary increase in traffic, noise, gathering of crowds, and related inconveniences, and each Owner agrees on behalf of itself and the Occupants to take no action, legal or otherwise, which would interfere with the exercise of such easement.

8.7 **Shared Amenities Reciprocal Easements**. Certain portions of real property located near the Property (the "**Other Development**") may be developed and made subject to a separate covenants and governed by a separate property owners association (the "**Other Association**"), which in turn may share certain amenities, including drainage improvements, signage, monumentation, open space and landscaping (the "**Shared Amenities**") with the

Association. Declarant reserves the right to grant and convey easements to the owner(s) of the Other Development and the Other Association or other similar entity responsible for the Shared Amenities (each an "**Other Party**") over and across Common Area or any portion of the Development which may be necessary or required to utilize and/or maintain the Shared Amenities; provided, however, that such easements may in no event unreasonably interfere with use of the Development or the Owner(s) thereof. Declarant reserves the right to (i) grant any Other Party the right to access and/or use the Shared Amenities, as applicable, located within the Development; (ii) obligate any Other Party to participate in performing the maintenance of the Shared Amenities located within the Development; (iii) require any Other Party to share in the expenses associated with the use and maintenance of the Shared Amenities; and (iv) enter into with any Other Party or cause any Other Party to enter into a shared amenity and cost allocation agreement (the "**SACA**"), to govern the rights and responsibilities of both the Association and the Other Party in regard to use and maintenance of the Shared Amenities, to allocate costs for the operation, maintenance and reserves for the Shared Amenities and to grant reciprocal easements for access and use of the Shared Amenities. Each Owner, by accepting an interest in or title to a Lot or Condominium Unit, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to pay any fee allocated under the SACA to the Association as an Assessment to be levied and secured by a continuing lien on the Lot or Condominium Unit in the same manner as any other Assessment and Assessment lien arising under *Article 5* of this Covenant.

8.8 **Solar Equipment Easement**. Declarant hereby reserves for itself and the Association, and their successors, assigns, and designees, a perpetual, nonexclusive easement over and across the Development for the installation, maintenance, repair or replacement of a rooftop solar electric generating system designed to deliver electric power to a particular residence built on a Lot or Common Area. Declarant will have the right, from time to time, to Record a written notice which identifies the solar equipment to which the easement reserved hereunder applies. Declarant will be entitled to unilaterally assign the easements reserved hereunder to any third party.

8.9 **Cellular Tower and Telecommunications Easement**. Declarant hereby grants and reserves for itself and its assigns, an exclusive, perpetual and irrevocable easement, license and right to use any portion of the Common Area or Special Common Area, or any portion of the Property or the Development which Declarant intends to designate as Common Area or Special Common Area (the "**CTT Easement Area**") for the construction, installation, use, maintenance, repair, replacement, improvement, removal and operation of CTT Equipment. Declarant or its assignee will have the right, from time to time, but no obligation, to Record a written notice which identifies the portion of the Common Area or Special Common Area to which the CTT Easement Area pertains, and Declarant, or its assignee, may fence, install landscaping, or otherwise install improvements restricting access to the CTT Easement Area identified in such Recorded instrument. Neither the Association, nor any Owner other than the Declarant or its assignee hereunder, may use the CTT Easement Area in any manner which

interferes with operation of the CTT Equipment. Declarant hereby reserves for itself and its assigns the right to use, sell, lease or assign all or any portion of the CTT Easement Area, for the construction, installation, use, maintenance, repair, replacement, improvement, removal and operation of the CTT Equipment. In addition, Declarant hereby reserves for itself and its assigns a non-exclusive, perpetual and irrevocable easement over the Property and the Development for access to and from the CTT Easement Area and to construct, install, use, maintain, repair, replace, improve, remove, and operate, or allow others to do the same, any utility lines servicing the CTT Equipment. Declarant also reserves for itself and its assigns the right to select and contract with any third-party for the construction, installation, use, maintenance, repair, replacement, improvement, removal and operation of the CTT Equipment and to provide any telecommunication, cellular, video or digital service associated therewith. Declarant shall have and hereby reserves for itself and its assigns the sole and exclusive right to collect and retain any and all income and/or proceeds received from or in connection with use or services provided by the CTT Equipment and the rights described in this *Section 8.9*. The rights reserved to Declarant under this *Section 8.9* shall benefit only Declarant and its assigns, and no other Owner or successor-in-title to any portion of the Property or the Development shall have any rights to income derived from or in connection with the rights and easements granted in this *Section 8.9*, except as expressly approved in writing by Declarant. **EACH OWNER AND OCCUPANT HEREBY RELEASES AND HOLDS HARMLESS THE DECLARANT AND ITS ASSIGNS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF ANY ACTS, ACTIONS OR ACTIVITIES PERMITTED BY DECLARANT ITS ASSIGNS UNDER THIS *SECTION 8.9* (INCLUDING ANY COST, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING OUT OF NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING BY REASON OF GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.** The provisions of this *Section 8.9* shall not be amended without the written and acknowledged consent of Declarant or the assignee of all or any portion of Declarant's rights hereunder.

8.10 Easement for Maintenance of Drainage Facilities. Declarant may grant easements for the benefit of a Governmental Entity or third party for the inspection, monitoring, operation, maintenance, replacement, upgrade and repair, as applicable, of certain drainage facilities that may be constructed to convey and receive stormwater runoff within the Development. From time to time, Declarant may impress upon certain portions of the Development, for the benefit of a Governmental Entity or third party, additional easements for the inspection, monitoring, operation, maintenance, replacement, upgrade and repair, as applicable, of other drainage facilities that convey and receive stormwater runoff as set forth in one or more declarations, agreements or other written instruments as the same shall be recorded in the Official Public Records of Montgomery County, Texas.

8.11 Easement to Inspect and Right to Correct. For a period of ten (10) years after the expiration of the Development Period, Declarant reserves for itself and for the Declarant's architect, engineer, other design professionals, builder and general contractor the right, but not the duty, to inspect, monitor, test, redesign, correct and relocate any structure, Improvement or condition that may exist on any portion of the Property, including the Lots and Condominium Units, and a perpetual nonexclusive easement of access throughout the Property to the extent reasonably necessary to exercise this right. The party exercising such rights will promptly repair, at its sole expense, any damage resulting from the exercise of this right. By way of illustration but not limitation, relocation of mechanical or electrical facilities may be warranted by a change of circumstance, imprecise siting of the original facilities, or the desire or necessity to comply more fully with Applicable Law. This *Section 8.11* may not be construed to create a duty for Declarant, the Association, or any architect, engineer, other design professionals, builder or general contractor, and may not be amended without Declarant's advanced written consent. In support of this reservation, each Owner, by accepting an interest in or title to a Lot or Condominium Unit, hereby grants to Declarant an easement of access and entry over, across, under, and through the Property, including without limitation, all Common Areas, Special Common Areas, and the Owner's Lot or Condominium Unit, and all Improvements thereon for the purposes contained in this *Section 8.11*.

ARTICLE 9
DEVELOPMENT RIGHTS

9.1 Development. It is contemplated that the Development shall be developed pursuant to a plan, which, from time to time, the Declarant may amend or modify in its sole and absolute discretion. Declarant reserves the right, but shall not be obligated, to designate Development Areas, and to create and/or designate Lots, Condominium Units, Neighborhoods, Voting Groups, Common Area, Special Common Area, and Service Areas and to subdivide all or any portion of the Development and Property. As each area is conveyed, developed or dedicated, Declarant may Record one or more Development Area Declarations and designate the use, classification and such additional covenants, conditions and restrictions as Declarant may deem appropriate for that area. Any Development Area Declaration may provide its own procedure for the amendment thereof.

9.2 Special Declarant Rights. Notwithstanding any provision of this Covenant to the contrary, at all times, Declarant will have the right and privilege: (a) to erect and maintain advertising signs (illuminated or non-illuminated), sales flags, other sales devices and banners for the purpose of aiding the sale of Lots and Condominium Units in the Development; (b) to maintain Improvements upon Lots, including the Common Area and Special Common Area, as sales, model, management, business and construction offices or visitor centers at no charge; and (c) to maintain and locate construction trailers and construction tools and equipment within the Development. The construction, placement or maintenance of Improvements by Declarant will not be considered a nuisance.

9.3 **Addition of Land**. Declarant may, at any time and from time to time, add additional lands to the Property and, upon the Recording of a notice of addition of land, such land shall be considered part of the Property for purposes of this Covenant, and upon the further Recording of a Notice of Applicability meeting the requirements of *Section 9.5*, such added lands shall be considered part of the Development subject to this Covenant and the terms, covenants, conditions, restrictions and obligations set forth in this Covenant, and the rights, privileges, duties and liabilities of the persons subject to this Covenant shall be the same with respect to such added land as with respect to the lands originally covered by this Covenant. Such added land need not be contiguous to the Property. To add lands to the Property, Declarant shall be required only to Record, a notice of addition of land (which notice may be contained within any Development Area Declaration affecting such land) containing the following provisions:

(i) A reference to this Covenant, which reference shall state the document number or volume and page wherein this Covenant is Recorded;

(ii) A statement that such land shall be considered Property for purposes of this Covenant, and that upon the further Recording of a Notice of Applicability meeting the requirements of *Section 9.5* of this Covenant, all of the terms, covenants, conditions, restrictions and obligations of this Covenant shall apply to the added land; and

(iii) A legal description of the added land.

9.4 **Withdrawal of Land**. Declarant may, at any time and from time to time, reduce or withdraw from the Property, including the Development, and remove and exclude from the burden of this Covenant and the jurisdiction of the Association any portion of the Development. Upon any such withdrawal and removal, this Covenant and the covenants conditions, restrictions and obligations set forth herein shall no longer apply to the portion of the Development withdrawn. To withdraw lands from the Property or the Development hereunder, Declarant shall be required only to Record a notice of withdrawal of land containing the following provisions:

(i) A reference to this Covenant, which reference shall state the document number or volume and page number wherein this Covenant is Recorded;

(ii) A statement that the provisions of this Covenant shall no longer apply to the withdrawn land; and

(iii) A legal description of the withdrawn land.

9.5 **Notice of Applicability**. Upon Recording, this Covenant serves to provide notice that at any time, and from time to time, Declarant, and Declarant only, may subject all or any portion of the Property to the terms, covenants, conditions, restrictions and obligations of this Covenant, any applicable Development Area Declaration and the Community Enhancement Covenant. This Covenant, any applicable Development Area Declaration and the Community Enhancement Covenant shall apply to and burden a portion or portions of the Property upon the Recording of a Notice of Applicability describing such applicable portion of the Property by a legally sufficient description and expressly providing that such Property shall be considered a part of the Development and shall be subject to the terms, covenants conditions, restrictions and obligations of this Covenant, any applicable Development Area Declaration and the Community Enhancement Covenant. To be effective, a Notice of Applicability must be executed by Declarant, and the property included in the Notice of Applicability need not be owned by the Declarant if included within the Property. Declarant may also cause a Notice of Applicability to be Recorded covering a portion of the Property for the purpose of encumbering such Property with this Covenant and any Development Area Declaration previously Recorded by Declarant (which Notice of Applicability may amend, modify or supplement the restrictions, set forth in the Development Area Declaration, which shall apply to such Property). To make the terms and provisions of this Covenant applicable to a portion of the Property, Declarant shall be required only to cause a Notice of Applicability to be Recorded containing the following provisions:

(i) A reference to this Covenant, which reference shall state the document number or volume and page number wherein this Covenant is Recorded;

(ii) A reference, if applicable, to the Recorded Development Area Declaration which will apply to such portion of the Property (with any amendment, modification, or supplementation of the restrictions set forth in the Development Area Declaration which shall apply to such portion of the Property);

(iii) A reference, if applicable, to the Community Enhancement Covenant which will apply to such portion of the Property (with any amendment, modification, or supplementation of the restrictions set forth in the Community Enhancement Covenant which shall apply to such portion of the Property);

(iv) A statement that all of the provisions of this Covenant shall apply to such portion of the Property;

(v) A legal description of such portion of the Property; and

(vi) If applicable, a description of any Special Common Area or Service Area which benefits the Property and the beneficiaries of such Special Common Area or Service Area.

NOTICE TO TITLE COMPANY

NO PORTION OF THE PROPERTY IS SUBJECT TO THE TERMS AND PROVISIONS OF THIS COVENANT AND THIS COVENANT DOES NOT APPLY TO ANY PORTION OF THE PROPERTY UNLESS A NOTICE OF APPLICABILITY DESCRIBING SUCH PROPERTY AND REFERENCING THIS COVENANT HAS BEEN RECORDED.

9.6 **Designation of Neighborhood**. Declarant may, at any time and from time to time, file a designation of neighborhood (a "**Designation of Neighborhood**") assigning portions of the Property to a specific Neighborhood. Upon the filing of a Designation of Neighborhood, such land will be considered part of the Neighborhood so designated. To assign portions of the Property to a specific Neighborhood, Declarant will be required only to Record a Designation of Neighborhood containing the following provisions:

(i) A reference to this Covenant, which reference will state the document number or volume and initial page number where this Covenant is Recorded;

(ii) An identification of the Neighborhood applicable to such portion of the Property and a statement that such land will be considered part of such Neighborhood for purposes of this Covenant; and

(iii) A legal description of the designated land.

9.7 **Assignment of Declarant's Rights**. Notwithstanding any provision in this Covenant to the contrary, Declarant may, by written instrument, assign, in whole or in part, any of its privileges, exemptions, rights, reservations and duties under this Covenant to any person or entity and may permit the participation, in whole, in part, exclusively, or non-exclusively, by any other person or entity in any of its privileges, exemptions, rights, reservations and duties hereunder.

9.8 **Notice of Plat Recordation**. Declarant may, at any time and from time to time, Record a notice of plat recordation (a "**Notice of Plat Recordation**"). A Notice of Plat Recordation is Recorded for the purpose of more clearly identifying specific Lots subject to the terms and provisions of this Covenant after portions of the Property are made subject to a Plat. Unless otherwise provided in the Notice of Plat Recordation, portions of the Property included in the Plat identified in the Notice of Plat Recordation, but not shown as a residential Lot on such Plat, shall be automatically withdrawn from the terms and provisions of this Covenant

(without the necessity of complying with the withdrawal provisions set forth in this Section). Declarant shall have no obligation to Record a Notice of Plat Recordation and failure to Record a Notice of Plat Recordation shall in no event remove any portion of the Property from the terms and provisions of this Covenant.

ARTICLE 10
GENERAL PROVISIONS

10.1 Term. Upon the Recording of a Notice of Applicability pursuant to *Section 9.5*, the terms, covenants, conditions, restrictions, easements, charges, and liens set out in this Covenant shall run with and bind the portion of the Property described in such notice, and shall inure to the benefit of and be enforceable by the Association, and every Owner, including Declarant, and their respective legal representatives, heirs, successors, and assigns, for a term beginning on the date this Covenant is Recorded, and continuing through and including January 1, 2089, after which time this Covenant shall be automatically extended for successive periods of ten (10) years unless a change (the word "change" meaning a termination, or change of term or renewal term) is approved by Members entitled to cast at least sixty-seven percent (67%) of the total number of votes of the Association. The foregoing sentence shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. The Representative System of Voting is not applicable to a change as contemplated in this *Section 10.1*, it being understood and agreed that any change must be approved by a vote of the Members, with each Member casting their vote individually. Notwithstanding any provision in this *Section 10.1* to the contrary, if any provision of this Covenant would be unlawful, void, or voidable by reason of any Applicable Law restricting the period of time that covenants on land may be enforced, such provision will expire twenty-one (21) years after the death of the last survivor of the now living, descendants of Elizabeth II, Queen of England.

10.2 Eminent Domain. In the event it becomes necessary for any Governmental Entity to acquire all or any part of the Common Area or Special Common Area for any public purpose during the period this Covenant is in effect, the Board is hereby authorized to negotiate with such Governmental Entity for such acquisition and to execute instruments necessary for that purpose. Should acquisitions by eminent domain become necessary, only the Board need be made a party, and in any event the proceeds received will be held by the Association for the benefit of the Owners. In the event any proceeds attributable to acquisition of Common Area are paid to Owners, such payments will be allocated on the basis of Assessment Units and paid jointly to the Owners and the holders of first Mortgages on the respective Lot or Condominium Unit. In the event any proceeds attributable to acquisition of Special Common Area are paid to Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area, such payment will be allocated on the basis of Assessment Units and paid jointly to such Owners and the holders of first Mortgages on the respective Lot or Condominium Unit.

10.3 Amendment. This Covenant may be amended or terminated by the Recording of an instrument executed and acknowledged by: (i) Declarant acting alone; or (ii) by the president and secretary of the Association setting forth the amendment and certifying that such amendment has been approved by Declarant (until expiration or termination of the Development Period) and Members entitled to cast at least sixty-seven percent (67%) of the total number of votes of the Association. The foregoing sentence shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. The Representative System of Voting is not applicable to an amendment as contemplated in this *Section 10.3*, it being understood and agreed that any amendment must be approved by a vote of the Members, with each Member casting their vote individually. No amendment will be effective without the written consent of Declarant during the Development Period.

10.4 Enforcement. Except as otherwise provided herein, any Owner of a Lot, at such Owner's own expense, Declarant and the Association will each have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, charges and other terms now or hereafter imposed by the provisions of the Documents. The Association and/or the Declarant may initiate, defend or intervene in any action brought to enforce any provision of the Documents. Such right of enforcement will include both damages for and injunctive relief against the breach of any provision hereof. Every act or omission whereby any provision of the Documents is violated, in whole or in part, is hereby declared to be a nuisance and may be enjoined or abated by any Owner of a Lot (at such Owner's own expense), Declarant or the Association. Any violation of any Applicable Law pertaining to the ownership, occupancy, or use of any portion of the Property is hereby declared to be a violation of this Covenant and subject to all of the enforcement procedures set forth herein. Failure to enforce any right, provision, covenant, or condition set forth in the Documents will not constitute a waiver of the right to enforce such right, provision, covenants or condition in the future. Failure of the Declarant or the Association to enforce the terms and provisions of the Documents shall in no event give rise to any claim or liability against the Declarant, the Association, or any of their partners, directors, officers, or agents. **EACH OWNER, BY ACCEPTING TITLE TO ALL OR ANY PORTION OF THE DEVELOPMENT, HEREBY RELEASES AND SHALL HOLD HARMLESS EACH OF THE DECLARANT, THE ASSOCIATION, AND THEIR PARTNERS, DIRECTORS, OFFICERS, OR AGENTS FROM AND AGAINST ANY DAMAGES, CLAIMS OR LIABILITY ASSOCIATED WITH THE FAILURE OF THE DECLARANT OR THE ASSOCIATION TO ENFORCE THE TERMS AND PROVISIONS OF THE DOCUMENTS.**

10.5 No Warranty of Enforceability. Declarant makes no warranty or representation as to the present or future validity or enforceability of any restrictive covenants, terms, or provisions contained in the Covenant. Any Owner acquiring a Lot or Condominium Unit in reliance on one or more of such restrictive covenants, terms, or provisions shall assume all risks of the validity and enforceability thereof and, by acquiring the Lot or Condominium Unit, agrees to hold Declarant harmless therefrom.

10.6 Higher Authority. The terms and provisions of this Covenant are subordinate to Applicable Law. Generally, the terms and provisions of this Covenant are enforceable to the extent they do not violate or conflict with Applicable Law.

10.7 Severability. If any provision of this Covenant is held to be invalid by any court of competent jurisdiction, such invalidity shall not affect the validity of any other provision of this Covenant, or, to the extent permitted by Applicable Law, the validity of such provision as applied to any other person or entity.

10.8 Conflicts. If there is any conflict between the provisions of this Covenant, the Certificate, the Bylaws, or any Rules adopted pursuant to the terms of such documents, or any Development Area Declaration, the provisions of this Covenant shall govern.

10.9 Gender. Whenever the context so requires, all words herein in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural, and all plural words shall include the singular.

10.10 Acceptance by Owners. Each Owner of a Lot, Condominium Unit, or other real property interest in the Development, by the acceptance of a deed of conveyance, and each subsequent purchaser, accepts the same subject to all terms, restrictions, conditions, covenants, reservations, easements, liens and charges, and the jurisdiction rights and powers created or reserved by this Covenant or to whom this Covenant is subject, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared. Furthermore, each Owner agrees that no assignee or successor to Declarant hereunder will have any liability for any act or omission of Declarant which occurred prior to the effective date of any such succession or assignment. All impositions and obligations hereby imposed will constitute covenants running with the land within the Development, and will bind any person having at any time any interest or estate in the Development, and will inure to the benefit of each Owner in like manner as though the provisions of this Covenant were recited and stipulated at length in each and every deed of conveyance.

10.11 Damage and Destruction.

10.11.1 Claims. Promptly after damage or destruction by fire or other casualty to all or any part of the Common Area or Special Common Area covered by insurance, the Board, or its duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair of the damage. Repair, as used in this *Section 10.11*, means repairing or restoring the Common Area or Special Common Area to substantially the same condition as existed prior to the fire or other casualty. Notwithstanding the foregoing, the provisions of this *Section 10.11* are not intended to limit or otherwise restrict the terms and conditions of the policy or policies of insurance obtained by the board.

10.11.2 Repair Obligations. Any damage to or destruction of the Common Area or Special Common Area shall be repaired unless a Majority of the Board decides within sixty (60) days after the casualty not to repair. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available.

10.11.3 Restoration. In the event that the Board should determine that the damage or destruction of the Common Area or Special Common Area shall not be repaired and does not authorize alternative Improvements, then the Association shall restore the affected portion of the Common Area or Special Common Area to its natural state and maintain it as an undeveloped portion of the Common Area in a neat and attractive condition.

10.11.4 Special Assessment for Common Area. If insurance proceeds are paid to restore or repair any damaged or destroyed Common Area, and such proceeds are not sufficient to defray the cost of such repair or restoration, the Board shall levy a Special Assessment, as provided in *Article 5*, against all Owners. Additional Assessments may be made in like manner at any time during or following the completion of any repair.

10.11.5 Special Assessment for Special Common Area. If insurance proceeds are paid to restore or repair any damaged or destroyed Special Common Area, and such proceeds are not sufficient to defray the cost of such repair or restoration, the Board shall levy a Special Assessment, as provided in *Article 5*, against all Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area. Additional Assessments may be made in like manner at any time during or following the completion of any repair.

10.11.6 Proceeds Payable to Owners. In the event that any proceeds from insurance policies required herein are paid to Owners as a result of any damage or destruction to any Common Area, such payments shall be allocated based on Assessment Units and paid jointly to the Owners and the holders of first Mortgages on their Lots or Condominium Units.

10.11.7 Proceeds Payable to Owners Responsible for Special Common Area. In the event that any proceeds from insurance policies required herein are paid to Owners as a result of any damage or destruction to Special Common Area, such payments shall be allocated based on Assessment Units and shall be paid jointly to the Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area and the holders of first Mortgages on their Lots or Condominium Units.

10.12 No Partition. Except as may be permitted in this Covenant or amendments hereto, no physical partition of the Common Area or Special Common Area or any part thereof shall be permitted, nor shall any person acquiring any interest in the Development or any part thereof seek any such judicial partition unless all or the portion of the Development in question

has been removed from the provisions of this Covenant pursuant to *Section 9.4* above. This *Section 10.12* shall not be construed to prohibit the Board from acquiring and disposing of tangible personal property or from acquiring title to real property that may or may not be subject to this Covenant.

10.13 View Impairment. None of the Declarant, The Woodlands Hills Reviewer, or the Association guarantee or represent that any view over and across the Lots, Condominium Units, or any open space within the Development shall be preserved without impairment. The Declarant, The Woodlands Hills Reviewer and the Association shall have no obligation to relocate, prune, or thin trees or other landscaping. The Association (with respect to any Common Area or Special Common Area) shall have the right to add trees and other landscaping from time to time, subject to Applicable Law. There shall be no express or implied easements for view purposes or for the passage of light and air.

10.14 Safety and Security. Each Owner and Occupant of a Lot or Condominium Unit, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in the Development. The Association may, but shall not be obligated to, maintain or support certain activities within the Development designed to promote or enhance the level of safety or security which each person provides for himself or herself and his or her property. However, none of the Association, the Declarant, or any of their Directors, employees, or agents, shall in any way be considered insurers or guarantors of safety or security within the Development, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including security monitoring systems or any mechanism or system for limiting access to the Development, cannot be compromised or circumvented; or that any such system or security measures undertaken shall in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing any Occupants of such Owner's Lot or Condominium Unit that the Association, its Board, employees, agents, and committees, and the Declarant are not insurers or guarantors of security or safety and that each person within the Development assumes all risks of personal injury and loss or damage to property, including any residences or Improvements constructed upon any Lot or Condominium Unit and the contents thereof, resulting from acts of third parties.

10.15 Facilities Open to the Public. Certain facilities and areas within the Property shall be open for the use and enjoyment of the public. Such facilities and areas may include, by way of example, greenbelts, trails and paths, parks, roads, sidewalks and medians.

10.16 Water Quality Facilities. Portions of the Development may include one or more water quality facilities, sedimentation, drainage and detention facilities, ponds or related

improvements which serve all or a portion of the Development, the Property, or additional land (collectively, the "**Facilities**"). Declarant hereby reserves for itself and its assigns a perpetual non-exclusive easement over and across the Development for the installation, maintenance, repair or replacement of the Facilities. The Facilities may be designated by the Declarant in a written notice Recorded to identify the particular Facilities to which the easement reserved hereunder applies, or otherwise dedicated to the public or applicable governmental authority (which may include retention of maintenance responsibility by the Association), conveyed and transferred to any applicable Governmental Entity or conveyed and transferred to the Association as Common Area, Special Common Area or a Service Area. If the Facilities are designated or conveyed or maintenance responsibility reserved or assigned to the Association as Common Area, Special Common Area or a Service Area, the Association will be required to maintain and operate the Facilities in accordance with Applicable Law, or the requirements of any applicable Governmental Entity.

10.17 Notices. Any notice permitted or required to be given to any person by this Covenant shall be in writing and shall be considered as properly given if (a) mailed by first class United States mail, postage prepaid; (b) by delivering same in person to the intended addressee; (c) by delivery to an independent third party commercial delivery service for same day or next day delivery and providing for evidence of receipt at the office of the intended addressee; or (d) by prepaid telegram, telex, electronic mail, or facsimile to the addressee and providing for evidence of receipt at the office of the intended addressee. Notice so mailed shall be effective upon its deposit with the United States Postal Service or any successor thereto; notice sent by such a commercial delivery service shall be effective upon delivery to such commercial delivery service; notice given by personal delivery shall be effective only if and when received by the addressee; and notice given by other means shall be effective when received at the office or designated place or machine/equipment of the intended addressee. For purposes of notice the address of each Owner shall be the address of the Lot or Condominium Unit or such other address as provided by the Owner to the Association, and the address of each Mortgagee shall be the address provided to the Association; provided, however, that any party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of thirty (30) days' notice to the Association. Notwithstanding anything contained in this Covenant to the contrary, each Owner may elect to receive notification of general association correspondence, including information regarding general updates, newsletters, community gathering and events, by registering such Owner's email address in accordance with the "Email Registration Policy" contained in the Community Manual.

10.18 Notice Concerning Mineral Reservation. Each Owner is hereby informed that Declarant, prior to or in conjunction with its conveyance of title to a third party, intends to reserve all right, title and interest, if any, of Declarant in all minerals, resources, and groundwater, including but not limited to oil, gas and hydrocarbons, in, on or under, and/or that may be produced from, the Development. Any such conveyance instrument ("**Deed**") will

include a provision whereby the owner of the minerals, resources and groundwater, if any, reserved by such Deed will not be permitted to use the surface of the Development for the purpose of exploring for, developing or producing such minerals, resources and groundwater on and after the date of such Deed (the "**Surface Waiver**"). This Surface Waiver applies only to the interest, if any, in the minerals, resources and groundwater reserved in the Deed. (The minerals, resources and groundwater, or some portion thereof or some interest therein, may have been conveyed or reserved by third parties prior to Declarant's reservation, and any such portion or interest would not be affected by the Surface Waiver contained in the Deed. No representation or warranty, express or implied, is made as to the ownership of the minerals, resources and groundwater or any portion thereof or any interest therein. Further, no representation or warranty, express or implied, is made with respect to whether the owner(s), if any, of any interest in or portion of the minerals, resources and groundwater not reserved in a Deed has/have waived their rights to use the surface of the Development or the terms of any such waiver of surface rights.) The Surface Waiver in a Deed does not prevent the owner of the minerals, resources, and groundwater reserved in the Mineral Deed from exploring, developing, drilling, producing, withdrawing, capturing, pumping, extracting, mining or transporting the minerals, resources, and groundwater by pooling, unitization, directional drilling or any other manner or method that does not require entry upon the surface of the Development. Each Owner should carefully review the title commitment delivered in connection with its acquisition of a Lot to determine the full extent to which a Deed and any other mineral conveyances affect the Lots and the Development. In addition, if the Covenant or a Development Area Declaration includes a prohibition against mineral, resource, and/or groundwater extraction, drilling, or mining, such provision is not binding on the owner(s) of the minerals, resources and groundwater.

ARTICLE 11
DISPUTE RESOLUTION

11.1 Introduction and Definitions. Declarant, the Association and its officers, directors, and committee members, Owners and all other parties subject to this Covenant (collectively, the "**Parties**"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Development without the emotional and financial costs of litigation and arbitration if at all possible. Accordingly, each Party hereby covenants and agrees that this Article applies to all Claims as hereinafter defined. *This Article 11* may only be amended with the prior written approval of the Declarant, the Association (acting through a Majority of the Board), and Owners holding 100% of votes in the Association. As used in this Article only, the following words, when capitalized, have the following specified meanings:

(i) "**Claim**" means:

(A) Claims relating to the rights and/or duties of Declarant, the Association, The Woodlands Hills Reviewer, or the ACC under the Documents; or

(B) Claims relating to the acts or omissions of the Declarant, the Association or a Board member or officer of the Association during Declarant's control and administration of the Association, and any claim asserted against the ACC or The Woodlands Hills Reviewer; or

(C) Claims relating to the design or construction of Improvements on the Common Area, Special Common Area, Lots or Condominium Units.

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

(iii) "**Respondent**" means any Party against which a Claim has been asserted by a Claimant.

11.2 Mandatory Procedures. Claimant may not initiate any proceeding before any administrative tribunal seeking redress of resolution of its Claim until Claimant has complied with the procedures of this Article. As provided in *Section 11.9* below, a Claim will be resolved by binding arbitration.

11.3 Claims Affecting Common Areas or Special Common Areas. In accordance with *Section 3.16* above, the Association does not have the power or right to institute, defend, intervene in, settle, or compromise litigation or administrative proceedings: (i) in the name of or on behalf of any Owner (whether one or more); or (ii) pertaining to a Claim, as defined in *Section 11.1* above, relating to the design or construction of Improvements on a Lot or Condominium Unit (whether one or more). In the event the Association or an Owner asserts a Claim related to the Common Areas or Special Common Areas, as a precondition to providing the Notice defined in *Section 11.5*, initiating the mandatory dispute resolution procedures set forth in this *Article 11*, or taking any other action to prosecute a Claim, the Association or an Owner, as applicable, must:

11.3.1 Independent Report on the Condition of the Common Areas or Special Common Areas. Obtain an independent third-party report (the "**Common Area Report**") from a licensed professional engineer which: (a) identifies the Common Areas or Special Common Areas subject to the Claim including the present physical condition of the Common Areas or Special Common Areas; (b) describes any modification, maintenance, or repairs to the Common Areas or Special Common Areas performed by the Owner(s) and/or the Association; (c) provides specific and detailed recommendations regarding remediation and/or repair of the Common Areas or Special Common Areas subject to the Claim. For the purposes of this *Section 11.3.1*, an independent third-party report is a report obtained directly by the Association or an Owner and paid for by the Association or an Owner, as applicable, and not prepared by a person employed by or otherwise affiliated with the attorney or law firm that represents or will represent the Association or an Owner in the Claim. As a precondition to providing the Notice

described in *Section 11.5*, the Association or Owner must provide at least ten (10) days prior written notice of the inspection, calculated from the date of receipt of such notice, to each party subject to a Claim which notice shall identify the independent third-party engaged to prepare the Common Area Report, the specific Common Areas or Special Common Areas to be inspected, and the date and time the inspection will occur. Each party subject to a Claim may attend the inspection, personally or through an agent. Upon completion, the Common Area Report shall be provided to each party subject to a Claim. In addition, before providing the Notice described in *Section 11.5*, the Association or Owner, as applicable, shall have permitted each party subject to a Claim the right, for a period of ninety (90) days, to inspect and correct, any condition identified in the Common Area Report.

11.3.2 Claims by Association – Owner Meeting and Approval. If the Claim is brought by the Association, the Association must first obtain approval from Members holding sixty-seven percent (67%) of the votes in the Association to: (i) provide the Notice described in *Section 11.5*; (ii) initiate the mandatory dispute resolution procedures set forth in this *Article 11*; or (iii) take any other action to prosecute a Claim. Approval from Members must be obtained at a special meeting of Members called in accordance with the Bylaws. The notice of meeting required hereunder will be provided pursuant to the Bylaws but the notice must also include: (a) the nature of the Claim, the relief sought, the anticipated duration of prosecuting the Claim, and the likelihood of success; (b) a copy of the Common Area Report; (c) a copy of any proposed engagement letter, with the terms of such engagement between the Association and an attorney to be engaged by the Association to assert or provide assistance with the claim (the "**Engagement Letter**"); (d) a description of the attorney fees, consultant fees, expert witness fees, and court costs, whether incurred by the Association directly or for which it may be liable if it is not the prevailing party or that the Association will be required, pursuant to the Engagement Letter or otherwise, to pay if the Association elects to not proceed with the Claim; (e) a summary of the steps previously taken, and proposed to be taken, to resolve the Claim; (f) an estimate of the impact on the value of each Lot and Condominium Unit if the Claim is prosecuted and an estimate of the impact on the value of each Lot and Condominium Unit after resolution of the Claim; (g) an estimate of the impact on the marketability of each Lot and Condominium Unit if the Claim is prosecuted and during prosecution of the Claim, and an estimate of the impact on the value of each Lot and Condominium Unit during and after resolution of the Claim; (h) the manner in which the Association proposes to fund the cost of prosecuting the Claim; and (i) the impact on the finances of the Association, including the impact on present and projected reserves, in the event the Association is not the prevailing party. The notice required by this paragraph must be prepared and signed by a person other than, and not employed by or otherwise affiliated with, the attorney or law firm that represents or will represent the Association in the Claim. In the event Members approve providing the Notice described in *Section 11.5*, or taking any other action to prosecute a Claim, the Members holding a Majority of the votes in the Association, at a special meeting called in accordance with the Bylaws, may elect to discontinue prosecution or pursuit of the Claim.

11.4 Claim by Owners – Improvements on Lots or Condominium Unit. Notwithstanding anything contained herein to the contrary, in the event a warranty is provided to an Owner by the Declarant or a Homebuilder relating to the design or construction of any Improvements located on a Lot or Condominium Unit, then this *Article 11* will only apply to the extent that this *Article 11* is more restrictive than such Owner's warranty, as determined in the Declarant's sole discretion. If a warranty has not been provided to an Owner relating to the design or construction of any Improvements located on a Lot or Condominium Unit, then this *Article 11* will apply. If an Owner brings a Claim, as defined in *Section 11.1*, relating to the design or construction of any Improvements located on a Lot or Condominium Unit (whether one or more), as a precondition to providing the Notice defined in *Section 11.5*, initiating the mandatory dispute resolution procedures set forth in this *Article 11*, or taking any other action to prosecute a Claim, the Owner must obtain an independent third-party report (the "**Owner Improvement Report**") from a licensed professional engineer which: (i) identifies the Improvements subject to the Claim including the present physical condition of the Improvements; (ii) describes any modification, maintenance, or repairs to the Improvements performed by the Owner(s) and/or the Association; and (iii) provides specific and detailed recommendations regarding remediation and/or repair of the Improvements subject to the Claim. For the purposes of this Section, an independent third-party report is a report obtained directly by the Owner and paid for by the Owner, and not prepared by a person employed by or otherwise affiliated with the attorney or law firm that represents or will represent the Owner in the Claim. As a precondition to providing the Notice described in *Section 11.5*, the Owner must provide at least ten (10) days prior written notice of the inspection, calculated from the date of receipt of such notice, to each party subject to a Claim which notice shall identify the independent third-party engaged to prepare the Owner Improvement Report, the specific Improvements to be inspected, and the date and time the inspection will occur. Each party subject to a Claim may attend the inspection, personally or through an agent. Upon completion, the Owner Improvement Report shall be provided to each party subject to a Claim. In addition, before providing the Notice described in *Section 11.5*, the Owner shall have permitted each party subject to a Claim the right, for a period of ninety (90) days, to inspect and correct, any condition identified in the Owner Improvement Report.

11.5 Notice. Claimant must notify Respondent in writing of the Claim (the "**Notice**"), stating plainly and concisely: (i) the nature of the Claim, including date, time, location, persons involved, and Respondent's role in the Claim; (ii) the basis of the Claim (i.e., the provision of the Restrictions or other authority out of which the Claim arises); (iii) what Claimant wants Respondent to do or not do to resolve the Claim; and (iv) that the Notice is given pursuant to this *Section 11.5*. For Claims governed by Chapter 27 of the Texas Property Code, the time period for negotiation in *Section 11.6* below, is equivalent to the sixty (60) day period under Section 27.004 of the Texas Property Code. If a Claim is subject to Chapter 27 of the Texas Property Code, the Claimant and Respondent are advised, in addition to compliance with *Section 11.6* to comply with the terms and provisions of Section 27.004 of the Texas Property Code during such sixty (60) day period. *Section 11.6* does not modify or extend the time period

set forth in Section 27.004 of the Texas Property Code. Failure to comply with the time periods or actions specified in Section 27.004 of the Texas Property Code could affect a Claim if the Claim is subject to Chapter 27 of the Texas Property Code. The one hundred and twenty (120) day period for mediation set forth in *Section 11.7* below, is intended to provide the Claimant and Respondent with sufficient time to resolve the Claim in the event resolution is not accomplished during negotiation. If the Claim is not resolved during negotiation, mediation pursuant to *Section 11.7* is required without regard to the monetary amount of the Claim.

If the Claimant is the Association, the Notice will also include: (a) a true and correct copy of the Common Area Report; (b) a copy of the Engagement Letter; (c) copies of all reports, studies, analyses, and recommendations obtained by the Association related to the Common Area or Special Common Area which forms the basis of the Claim; (d) a true and correct copy of the special meeting notice provided to Members in accordance with *Section 11.3.2* above; and (e) and reasonable and credible evidence confirming that Members holding sixty-seven percent (67%) of the votes in the Association approved providing the Notice. If the Claimant is not the Association and the Claim pertains to the Improvements on a Lot or Condominium Unit, the Notice will also include a true and correct copy of the Owner Improvement Report.

11.6 Negotiation. Claimant and Respondent will make every reasonable effort to meet in person to resolve the Claim by good faith negotiation. Within sixty (60) days after Respondent's receipt of the Notice, Respondent and Claimant will meet at a mutually acceptable place and time to discuss the Claim. If the Claim involves all or any portion of the Property, then at such meeting or at some other mutually-agreeable time, Respondent and Respondent's representatives will have full access to the Property that is subject to the Claim for the purposes of inspecting the Property. If Respondent elects to take corrective action, Claimant will provide Respondent and Respondent's representatives and agents with full access to the Property to take and complete corrective action.

11.7 Mediation. If the parties negotiate, but do not resolve the Claim through negotiation within one-hundred twenty (120) days from the date of the Notice (or within such other period as may be agreed on by the parties), Claimant will have thirty (30) additional days within which to submit the Claim to mediation under the auspices of a mediation center or individual mediator on which the parties mutually agree. The mediator must have at least five (5) years of experience serving as a mediator and must have technical knowledge or expertise appropriate to the subject matter of the Claim. If Claimant does not submit the Claim to mediation within the 30-day period, Respondent may submit the Claim to mediation in accordance with this *Section 11.7*.

11.8 Termination Of Mediation. If the Parties do not settle the Claim within thirty (30) days after submission to mediation, or within a time deemed reasonable by the mediator, the mediator will issue a notice of termination of the mediation proceedings indicating that the Parties are at an impasse and the date that mediation was terminated. Thereafter, Claimant

may file suit or initiate arbitration proceedings on the Claim, as appropriate and permitted by this Article.

11.9 Binding Arbitration-Claims. All Claims must be settled by binding arbitration. Claimant or Respondent may, by summary proceedings (e.g., a plea in abatement or motion to stay further proceedings), bring an action in court to compel arbitration of any Claim not referred to arbitration as required by this *Section 11.9*.

11.9.1 Governing Rules. If a Claim has not been resolved after mediation as required by *Section 11.7*, the Claim will be resolved by binding arbitration in accordance with the terms of this *Section 11.9* and the rules and procedures of the American Arbitration Association ("AAA") or, if the AAA is unable or unwilling to act as the arbitrator, then the arbitration shall be conducted by another neutral reputable arbitration service selected by Respondent in Montgomery County, Texas. Regardless of what entity or person is acting as the arbitrator, the arbitration shall be conducted in accordance with the AAA's "Construction Industry Dispute Resolution Procedures" and, if they apply to the disagreement, the rules contained in the Supplementary Procedures for Consumer-Related Disputes. If such Rules have changed or been renamed by the time a disagreement arises, then the successor rules will apply. Also, despite the choice of rules governing the arbitration of any Claim, if the AAA has, by the time of Claim, identified different rules that would specifically apply to the Claim, then those rules will apply instead of the rules identified above. In the event of any inconsistency between any such applicable rules and this *Section 11.9*, this *Section 11.9* will control. Judgment upon the award rendered by the arbitrator shall be binding and not subject to appeal except as provided in *Section 11.9.4*, but may be reduced to judgment or enforced in any court having jurisdiction. Notwithstanding any provision to the contrary or any applicable rules for arbitration, any arbitration with respect to Claims arising hereunder shall be conducted by a panel of three (3) arbitrators, to be chosen as follows:

(i) one arbitrator shall be selected by Respondent, in its sole and absolute discretion;

(ii) one arbitrator shall be selected by the Claimant, in its sole and absolute discretion; and

(iii) one arbitrator shall be selected by mutual agreement of the arbitrators which have been selected by Respondent and the Claimant, in their sole and absolute discretion.

11.9.2 Exceptions to Arbitration; Preservation of Remedies. No provision of, nor the exercise of any rights under, this *Section 11.9* will limit the right of Claimant or Respondent, and Claimant and the Respondent will have the right during any Claim, to seek, use, and employ ancillary or preliminary remedies, judicial or otherwise, for the purposes of realizing upon, preserving, or protecting any property, real or personal, that is involved in a Claim,

including, without limitation, rights and remedies relating to: (i) exercising self-help remedies (including set-off rights); or (ii) obtaining provisions or ancillary remedies such as injunctive relief, sequestration, attachment, garnishment, or the appointment of a receiver from a court having jurisdiction before, during, or after the pendency of any arbitration. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self-help remedies shall not constitute a waiver of the right of any party to submit the Claim to arbitration nor render inapplicable the compulsory arbitration provisions hereof.

11.9.3 Statute of Limitations. All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding under this *Section 11.9*.

11.9.4 Scope of Award; Modification or Vacation of Award. The arbitrator shall resolve all Claims in accordance with the applicable substantive law. The arbitrator may grant any remedy or relief that the arbitrator deems just and equitable and within the scope of this *Section 11.9* and subject to *Section 11.10* below (attorney's fees and costs may not be awarded by the arbitrator); provided, however, that for a Claim, or any portion of a Claim governed by Chapter 27 of the Texas Property Code, or any successor statute, in no event shall the arbitrator award damages which exceed the damages a Claimant would be entitled to under Chapter 27 of the Texas Property Code. In all arbitration proceedings the arbitrator shall make specific, written findings of fact and conclusions of law. In all arbitration proceedings the parties shall have the right to seek vacation or modification of any award that is based in whole, or in part, on (i) factual findings that have no legally or factually sufficient evidence, as those terms are defined in Texas law; (ii) conclusions of law that are erroneous; (iii) an error of federal or state law; or (iv) a cause of action or remedy not expressly provided under existing state or federal law. In no event may an arbitrator award speculative, consequential or punitive damages for any Claim.

11.9.5 Other Matters. To the maximum extent practicable, an arbitration proceeding hereunder shall be concluded within one hundred eighty (180) days of the filing of the Claim for arbitration by notice from either party to the other. Arbitration proceedings hereunder shall be conducted in Montgomery County, Texas. The arbitrator shall be empowered to impose sanctions and to take such other actions as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Texas Rules of Civil Procedure and Applicable Law. Each party agrees to keep all Claims and arbitration proceedings strictly confidential, except for disclosures of information required in the ordinary course of business of the parties or by Applicable Law or regulation. In no event shall any party discuss with the news media or grant any interviews with the news media regarding a Claim or issue any press release regarding any Claim without the written consent of the other parties to the Claim.

11.10 Allocation Of Costs. Notwithstanding any provision in this Covenant on the contrary, each Party bears all of its own costs incurred prior to and during the proceedings described in *Sections 11.3*, *11.4*, *11.5*, *11.6* and *11.7* above, including its attorney's fees.

Respondent and Claimant will equally divide all expenses and fees charged by the mediator and arbitrator.

11.11 General Provisions. A release or discharge of Respondent from liability to Claimant on account of the Claim does not release Respondent from liability to persons who are not party to Claimant's Claim.

11.12 Period of Limitation.

11.12.1 For Actions by an Owner. The exclusive period of limitation for any of the Parties to bring any Claim, shall be the earliest of: (i) for Claims alleging construction defect or defective design, two (2) years and one (1) day from the date that the Owner discovered or reasonably should have discovered evidence of the Claim; (ii) for Claims other than those alleging construction defect or defective design, four (4) years and one (1) day from the date that the Owner discovered or reasonably should have discovered evidence of the Claim, or (iii) for all Claims, the applicable statute of limitations under Texas law. In no event shall this *Section 11.12.1* be intended to extend any period of limitations under Texas law.

11.12.2 For Actions by the Association. The exclusive period of limitation for the Association to bring any Claim, including, but not limited to, a Claim of construction defect or defective design of the Common Areas or Special Common Areas, shall be the earliest of: (i) for Claims alleging construction defect or defective design, two (2) years and one (1) day from the date that the Association or its agents discovered or reasonably should have discovered evidence of the Claim; (ii) for Claims other than those alleging construction defect or defective design of the Common Areas or Special Common Areas, four (4) years and one (1) day from the date that the Association discovered or reasonably should have discovered evidence of the Claim; or (iii) for all Claims, the applicable statute of limitations under Texas law. In no event shall this *Section 11.12.2* be intended to extend any period of limitations under Texas law.

11.13 Funding Arbitration and Litigation. The Association must levy a Special Assessment to fund the estimated costs of arbitration, including estimated attorney's fees, conducted pursuant to this *Article 11* or any judicial action initiated by the Association. The Association may not use its annual operating income or reserve funds or savings to fund arbitration or litigation, unless the Association's annual budget or a savings account was established and funded from its inception as an arbitration and litigation reserve fund.

[SIGNATURE PAGE FOLLOWS]

EXECUTED to be effective on the date this instrument is Recorded.

DECLARANT:

HF HOLDING COMPANY, LLC,
a Delaware limited liability company

By: _____
Name: Heath Melton
Title: Assistant Vice President

THE STATE OF TEXAS §
§
COUNTY OF Montgomery §

This instrument was acknowledged before me this 9 day of November, 2017 by Heath Melton, Asst. V.P of HF Holding Company, LLC, a Delaware limited liability company, on behalf of said company.

Wendy A. Williams
Notary Public Signature

(SEAL)
WENDY A. WILLIAMS
Notary Public, State of Texas
Comm. Expires 12-10-2018
Notary ID 497963-3

EXHIBIT "A"

DESCRIPTION OF PROPERTY

(Description of the Land)

HF Holding Company, LLC
58.992 Acres

F.K. Henderson Survey
Abstract Number 248

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

A **METES AND BOUNDS** description of a 58.992 acre tract of land situated in the F.K. Henderson Survey, Abstract Number 248, Montgomery County, Texas; being out of the remainder of a called 116 acre tract conveyed to W.T. Moran by Deed recorded under Volume 225, Page 324 of the Montgomery County Deed Records; said 58.992 acres being more particularly described as follows with all bearings being based on the Texas Coordinate System, Central Zone, NAD 83:

BEGINNING at a found 4" X 4" concrete monument in the west right-of-way of Interstate Highway 45 (width varies) for a southeast corner of a called 842.17 acre tract conveyed to HF Holding Company, LLC by Special Warranty Deed recorded under Clerk's file No. 2014048028 of the Montgomery County Official Public Records of Real Property, being the northeast corner of the herein described tract;

THENCE, along the west right-of-way of said Interstate Highway 45 and the east line of the herein described tract the following four (4) courses and distances:

1. South 11°49'44" East, 76.77 feet to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying");

2. South 08°40'48" East, 1062.10 feet to a found 4" X 4" concrete monument;

3. South 04°48'19" East, 562.06 feet to a found 4" X 4" concrete monument;

4. South 03°40'56" East, 445.76 feet to a found 1/2-inch iron rod (with cap stamped "Jeff Moon") for the northwest corner of called 25.645 acre tract conveyed to Richard J. Lindley, Jr. by Warranty Deed recorded under Clerk's File No. 8524974 of the Montgomery County Official Public Records of Real Property, being the southeast corner of the herein described tract;

THENCE, South 72°38'11" West, 993.01 feet along the north line of said 25.645 acres and the south line the herein described tract to a found 2-inch iron pipe for the southeast corner of a called 40.128 acre tract conveyed to The Moran Corporation by Warranty Deed recorded under Volume 726, Page 204 of the Montgomery County Deed Records, from which a found axle bears South 72°11'02" West, 274.72 feet;

THENCE, North 17°26'13" West, along the east line of said 40.128 acre tract and the west line of the herein described tract, passing a found 2-inch iron pipe at 2096.88 feet and continuing for a total distance of a 2116.99 feet to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") in a south line of said 842.17 acres, being the northeast corner of said 40.128 acres and the northwest corner of the herein described tract;

THENCE, North 73°00'14" East, 1391.15 feet along the south line said 842.17 acres and the north line of the herein described tract to the **POINT OF BEGINNING, CONTAINING** 58.992 acres of land in Montgomery County, Texas.

Cotton Surveying Company
8701 New Trails Drive, Suite 200
The Woodlands, TX 77381-4241
(281) 363-4039

Acting By/Through Ronald L. Hauck
Registered Professional Land Surveyor
No. 5343
RHauck@jonescarter.com
Texas Board of Professional Land Surveying
Registration No. 10046106

12/11/14

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19.260 Acres

Elijah Collard Survey
Abstract No. 7

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

A **METES AND BOUNDS** description of a 19.260 acre tract located in the Elijah Collard Survey, Abstract No. 7, Montgomery County, Texas; being a portion of a called 90.033 acre tract (Tract 3) conveyed to Foster Timber, LTD by Deed recorded under Clerk's File No. 9509572 of the Montgomery County Official Public Records of Real Property; said 19.260 acre tract being more particularly described as follows with all bearings being based on the Texas Coordinate System, Central Zone, NAD 83;

BEGINNING at a found 1/2" iron pipe for an interior south corner of Piney Shores Resort, Section Three filed for record in Cabinet H, Sheet 106 of the Montgomery County Map Records, the northwest corner of said 90.033 acre tract and the herein described tract;

THENCE, South 76°52'41" East, along the north line of said 90.033 acre tract and the herein described tract, passing a found 1/2-inch iron pipe at 49.48 feet, 0.35 feet right, passing a found 1/2-inch pipe at 199.20 feet, 0.46 feet left, passing a found 2-inch iron pipe at 857.71 feet, 1.11 feet left, and continuing for a total distance of 2019.70 feet to a set 5/8-inch iron rod (with cap stamped "Cotton Surveying") in the west right-of-way of Longmire Road (called 60-feet wide) for the northeast corner of the herein described tract;

THENCE, South 08°03'08" West, 290.39 feet along the west right-of-way of said Longmire Road to a found 5/8-inch iron rod (with cap stamped "City of Conroe") for the most northerly northwest cut-back corner of said Longmire Road and League Line Road;

THENCE, South 57°01'09" West, 160.43 feet along said cut-back line to a found 5/8-inch iron rod (with cap stamped "City of Conroe") in the north right-of-way of said League Line Road (called 120-feet wide at this point) for the southeast corner of the herein described tract;

THENCE, North 77°35'00" West, 1924.84 feet along the north right-of-way of said League Line Road to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") for the southeast corner of a called 9.919 acre tract conveyed to Charles A. Hudson by Warranty Deed with Mineral Reservation recorded under Clerk's File No. 2007-069307 of the Montgomery County Official Public Records of Real Property, same being the southwest corner of the herein described tract;

THENCE, North 11°51'42" East, along the east line of said 9.919 acre tract and the west line of the herein described tract, passing a found 3/4-inch bolt with square nut at 395.72 feet, 0.85 feet left and continuing for a total distance of 428.66 feet to the **POINT OF BEGINNING, CONTAINING** 19.260 acres of land in Montgomery County, Texas as shown on drawing number 3274.

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Registration No. 10046106

7/16/14

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20.964 Acres

Elijah Collard Survey
Abstract No. 7

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

A **METES AND BOUNDS** description of a 20.964 acre tract located in the Elijah Collard Survey, Abstract No. 7, Montgomery County, Texas; being a portion of a called 90.033 acre tract (Tract 3) conveyed to Foster Timber, LTD by Deed recorded under Clerk's File No. 9509572 of the Montgomery County Official Public Records of Real Property; said 20.964 acre tract being more particularly described as follows with all bearings being based on the Texas Coordinate System, Central Zone, NAD 83;

BEGINNING at a found 5/8" iron rod in the east right-of-way of Longmire Road (found 60-feet wide) for the southwest corner of a called 9 acre tract conveyed to Bobbie Mae Bailey by Special Warranty Deed filed for record under Clerk's File No. 2009-006350 of the Montgomery County Official Public Records of Real Property, same being the northwest corner of the herein described tract;

THENCE, South 77°17'34" East, along the south line of said 9 acre tract, passing a found 1/2-inch iron rod for the southeast corner of said 9 acre tract and the most southerly southwest corner of Silver City Subdivision recorded under Volume 5, Page 7 of the Montgomery County Map Records at 1160.58 feet, 0.45' right, passing a found 1/2-inch iron rod for the southwest corner of Lot 8 of said Silver City Subdivision conveyed to Darryl Pitcock by Warranty Deed with Vendor's Lien as recorded under Clerk's File No. 9023075 of the Montgomery County Official Public Records of Real Property at 1210.42 feet and continuing for a total distance of 2176.13 feet to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") in the west line of a called 11.180 acre tract conveyed to the City of Conroe by Warranty Deed recorded under Clerk's File No. 2011022466 of the Montgomery County Official Public Records of Real Property, same being the northeast corner of the herein described tract;

THENCE, South 12°22'42" West, 419.70 feet along the west line of said 11.180 acre tract and the east line of the herein described tract to a found 5/8-inch iron rod (with cap stamped "City of Conroe") in the north right-of-way of League Line Road (called 80-feet wide), same being the southwest corner of said 11.180 acre tract and the southeast corner of the herein described tract;

THENCE, North 77°38'20" West, 2020.62 feet along the north right-of-way of said League Line Road and the south line of the herein described tract to a found 5/8-inch iron rod (with cap stamped "City of Conroe") for the most easterly northeast cut-back corner of said League Line Road and said Longmire Road;

THENCE, North 35°22'20" West, 178.03 feet along said cut-back to a found 5/8-inch iron rod (with cap stamped "City of Conroe") in the east right-of-way of said Longmire Road;

THENCE, North 08°03'08" East, 313.99 feet along the east right-of-way of said Longmire Road and the west line of the herein described to the **POINT OF BEGINNING, CONTAINING** 20.964 acres of land in Montgomery County, Texas as shown on drawing number 3274.

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7/14/16

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23.698 Acres

Elijah Collard Survey
Abstract No. 7

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

A **METES AND BOUNDS** description of a 23.698 acre tract located in the Elijah Collard Survey, Abstract No. 7, Montgomery County, Texas; being a portion of a called 90.033 acre tract (Tract 3) conveyed to Foster Timber, LTD by Deed recorded under Clerk's File No. 9509572 of the Montgomery County Official Public Records of Real Property; said 23.698 acre tract being more particularly described as follows with all bearings being based on the Texas Coordinate System, Central Zone, NAD 83;

COMMENCING at a found 5/8" iron rod (with cap stamped "City of Conroe") in the west right-of-way of Longmire Road (width varies) for the southeast corner of a called 22.520 acre tract conveyed to Houston Intercontinental Trade Center, L.P. by "Correction" Special Warranty Deed dated June 1, 2012 filed for record under Clerk's File No. 2012080034 of the Montgomery County Official Public Record of Real Property;

THENCE, South 77°18'22" East, passing a found 1-inch flat iron bar at 75.70 feet, 0.24 feet right, continuing for a total distance of 104.63 feet to a found 5/8-inch iron rod (with cap stamped "City of Conroe") in the east right-of-way of said Longmire Road for the **POINT OF BEGINNING** and southwest corner of the herein described tract;

THENCE, North 07°23'31" East, 395.82 feet along the east right-of-way of said Longmire Road to a found 5/8-inch iron rod (with cap stamped "City of Conroe") for the most southerly southeast cut-back corner of said Longmire Road and League Line Road;

THENCE, North 54°40'40" East, 144.85 feet along said cut-back line to a found 5/8-inch iron rod (with cap stamped "City of Conroe") in the south right-of-way of said League Line Road (called 80-feet wide at this point) for the most northerly northwest corner of the herein described tract;

THENCE, South 77°38'20" East, 1987.00 feet along the south right-of-way of said League Line Road to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") for the northeast corner of the herein described tract;

THENCE, South 12°19'49" West, 500.39 feet to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") for the southeast corner of the herein described tract;

THENCE, North 77°40'05" West, 2050.50 feet along the south line of the herein described tract, to the **POINT OF BEGINNING, CONTAINING** 23.698 acres of land in Montgomery County, Texas as shown on drawing number 3274-A.

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589.33 Acres

M.P. Clark Survey
Abstract No. 148
James Buchanan Survey
Abstract No. 100
Elijah Collard Survey
Abstract No. 7

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

A **METES AND BOUNDS** description of a 589.33 acre tract located in the M.P. Clark Survey, Abstract No. 148, the James Buchanan Survey, Abstract No. 100 and the Elijah Collard Survey, Abstract No. 7, Montgomery County, Texas; being a portion of a called 694.357 acre tract (Tract 4) conveyed to Foster Timber, LTD by Deed recorded under Clerk's File No. 9509572 of the Montgomery County Official Public Records of Real Property, a portion of a called 5.673 acre tract conveyed to Foster Timber, LTD by General Warranty Deed recorded under Clerk's File No. 2004-117093 of the Montgomery County Official Public Records of Real Property, all of a called 1.3004 acre tract conveyed to Foster Timber, LTD by Special Warranty Exchange Deed recorded under Clerk's File No. 2010076447 of the Montgomery County Official Public Records of Real Property and all of a called 22.520 acre tract conveyed to Foster Timber, LTD by Special Warranty Exchange Deed recorded under Clerk's File No. 2009-109731 of the Montgomery County Official Public Records of Real Property ; said 589.33 acre tract being more particularly described as follows with all bearings being based on the Texas Coordinate System, Central Zone, NAD 83;

BEGINNING at a found 5/8" iron rod (with cap stamped "Moyer") for the southeast corner of a called 123.48 acre tract (Tract Two) conveyed to HF Holding Company, LLC by Special Warranty Deed filed for record under Clerk's File No. 2014048028 of the Montgomery County Official Public Records of Real Property and the southwest corner of said 1.3004 acre tract;

THENCE, North 15°14'59" East, 624.63 feet along the east line of said 123.48 acres and the west line of said 1.3004 acres to a point in the south right-of-way of FM 830 (called 120-feet wide), from which a found 5/8-inch iron rod (with cap stamped "Moyer") bears North 15°14'59" East, 0.34 feet;

THENCE, in a southeast direction, along the south right-of-way of said FM 830, with the arc of a curve to the left, having a radius of 3874.03 feet, a central angle of 20°46'53", an arc length of 1405.13 feet, and a chord bearing South 83°47'11" East,, 1397.44 feet to a point, from which a found concrete monument bears North 10°16'10" East, 0.61 feet and a found 5/8-inch iron rod found along the north right-of-way FM 830 bears North 03°59'54" West, 119.93 feet;

THENCE, North 85°50'18" East, 150.53 feet continuing along the south right-of-way of said FM 830 to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") for the northwest corner of Lot 157 of Hiwon, Section Three as shown on plat filed for record in Cabinet A, Sheet 8-B of the Montgomery County Map Records, same being the northeast corner of the herein described tract;

THENCE, South 11°57'27" West, 3074.75 feet along the east line of said 694.357 acre tract, same being the east line of the herein described tract to a found 1/2-inch iron rod for the northeast corner of a called 122.279 acre tract conveyed to LGI Homes – Texas,, LLC by Special Warranty Deed recorded under Clerk's File No. 2013123915 of the Montgomery County Official Public Records of Real Property, same being the southeast corner of the herein described tract;

589.33 Acres

M.P. Clark Survey
Abstract No. 148
James Buchanan Survey
Abstract No. 100
Elijah Collard Survey
Abstract No. 7

THENCE, North 77°11'26" West, 3536.46 feet along the north line of said 122.279 acre tract and a south line of the herein described tract to a found 1/2-inch iron rod (with cap stamped "Jeff Moon") for the northwest corner of said 122.279 acre tract;

THENCE, South 06°06'39" West, 309.97 feet to a found 1/2-inch iron rod for the most westerly southwest corner of said 122.279 acre tract and the northwest corner of Teas Lake, Section 4, as shown on a plat filed for record in Cabinet Y, Sheet 180 of the Montgomery County Map Records;

THENCE, South 06°08'47" West, along the west line of said Teas Lake, Section 4, passing found 1/2-inch rod at a distance of 1219.07 feet, 0.34 feet right for the southwest corner of said Teas Lake, Section 4 and the northwest corner of Teas Lake, Section 3 as shown on a plat filed for record in Cabinet W, Sheet 188 of the Montgomery County Map Records, continuing along the west line of said Teas Lake, Section 3, passing a found 1/2-inch iron rod (with cap stamped "Jeff Moon") at a distance of 1694.42 feet, 0.60 feet right, passing a found 1/2-inch iron rod (with cap stamped "Jeff Moon") at a distance of 1803.29 feet, 0.17 feet right and continuing in all a total distance of 2095.47 feet to a found 1/2-inch iron rod in the north line of a called 61.1232 acre tract conveyed to Michael M. Stewart and wife, Denise R. Stewart by Deed filed for record under Clerk's File No. 9561329 of the Montgomery County Official Public Records of Real Property, same being the southwest corner of said Teas Lake, Section 3 and a southeast corner of the herein described tract;

THENCE, North 76°49'40" West, along the north line of said 61.1232 acre tract and a south line of the herein described tract, passing at a distance of 168.81 feet a found 1/2-inch iron rod (with cap stamped "City of Conroe") and continuing for a total distance of 1079.62 feet to a found 1/2-inch iron rod for the northwest corner of said 61.1232 acre tract and the northeast corner of a called 6.471 acre tract conveyed to Henry P. Blott and wife Betty S. Blott by Warranty Deed with Vendor's Lien filed for record under Clerk's File No. 8534950 of the Montgomery County Official Public Records of Real Property;

THENCE, North 76°57'51" West, 702.84 feet along the north line of said 6.471 acre tract to a found 1/2-inch iron rod for the northwest corner of said 6.471 acre tract and an interior corner of the herein described tract;

THENCE, South 08°00'03" West, 551.07 feet along the west line of said 6.471 acre tract to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") for the southwest corner of said 6.471 acre tract and the northwest corner of a called 10.518 acre tract conveyed to Mark Rollins Blott and wife Janet Marie Blott by Warranty Deed with Vendor's Lien filed for record under Clerk's File No. 9325620 of the Montgomery County Official Public Records of Real Property;

THENCE, South 08°03'11" West, along the west line of said 10.518 acre tract, passing at a distance of 585.52 feet a found 1/2-inch iron rod and continuing for a total distance of 1313.26 feet to a found 1/2-inch iron rod for the northwest corner of a called 0.593 acre tract conveyed to Gulf States Utility Company by Judgement filed for record under Volume 899, Page 744 of the Montgomery County Deed Records and the northeast corner of a called 0.073 acre tract conveyed to Gulf States Utility Company by Deed filed for record under Volume 681, Page 717 of the Montgomery County Deed Records;

THENCE, North 87°07'31" West, 25.00 feet along the north line of said 0.073 acre tract to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") for the northwest corner of said 0.073 acre tract;

THENCE, South 02°53'30" West, 180.39 feet along the west line of said 0.073 acre tract to a found 3/4-inch iron rod in the north right-of-way of League Line Road (called 80-foot wide) for the southwest corner of said 0.073 acre tract and a southeast corner of the herein described tract;

THENCE, North 77°49'08" West, 1629.92 feet along the north right-of-way of said League Line Road to a found 3/4-inch iron rod (with cap stamped "City of Conroe") for the southeast corner of a called 11.180 acre tract conveyed to the City of Conroe by Warranty Deed filed for record under Clerk's File No. 2011022466 of the Montgomery County Official Public Records of Real Property, same being the southwest corner of the herein described tract;

THENCE, North 13°00'00" East, 1999.88 feet along the east line of said 11.180 acre tract and the west line of the herein described tract to a found 3/4-inch iron rod (with cap stamped "Montgomery & Associates") for the southwest corner of a called 15.000 acre tract conveyed to Willis Independent School District by Special Warranty Deed filed for record under Clerk's File No. 2011027871 of the Montgomery County Official Public Records of Real Property;

THENCE, along the south, east and north line of said 15.000 acre tract the following four (4) courses and distances:

1. South 77°00'05" East, 750.14 feet to found 3/4-inch iron rod (with cap stamped "Montgomery & Associates");

2. North 05°43'29" East, 170.68 feet to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), beginning a curve to the right;

3. In a northeast direction, with the arc of said curve to the right, having a radius of 1560.00 feet, a central angle of 26°58'28", an arc length of 734.43 feet, and a chord bearing North 18°20'35" East, 727.67 feet to a found 3/4-inch iron rod (with cap stamped "Montgomery & Associates");

4. North 77°53'12" West, 803.47 feet to a found 3/4-inch iron rod (with cap stamped "Montgomery & Associates") in the east line of said 11.180 acre tract;

THENCE, along the east line of said 11.180 acre tract, the east line of a called 2.810 acre tract conveyed to the City of Conroe by Warranty Deed filed for record under Clerk's File No. 2011022466 of the Montgomery County Official Public Records of Real Property and the west line of the herein described tract the following nine (9) courses and distances:

1. North 12°06'53" East, 857.82 feet to a found 3/4-inch iron rod (with cap stamped "City of Conroe");

2. North 03°53'02" East, 412.59 feet to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying");

3. North 10°56'06" East, 525.04 feet to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying");

4. North 13°08'04" East, 1028.93 feet to a found 5/8-inch iron rod, beginning a curve to the left;

5. In a northeast direction, with the arc of said curve to the left, having a radius of 1651.54 feet, a central angle of 06°37'13", an arc length of 190.83 feet, and a chord bearing North 09°39'33" East, 190.72 feet to a point, from which a found 5/8-inch iron rod bears South 50°50'41" East, 0.15 feet;

6. North 06°11'05" East, 201.39 feet to a found 3/4-inch iron rod (with cap stamped "City of Conroe");

7. North 07°52'54" East, 24.23 feet to a found 5/8-inch iron rod in the east line of said 2.810 acre tract;

8. North 07°58'42" East, 176.76 feet along the east line of said 2.810 acre tract to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), beginning a curve to the left;

9. In a northeast direction, continuing along the east line of said 2.810 acre tract, with the arc of said curve to the left, having a radius of 5070.00 feet, a central angle of 03°31'14", an arc length of 311.53 feet, and a chord bearing North 06°09'59" East, 311.48 feet to a found 3/4-inch iron rod (with cap stamped "City of Conroe") for the southeast corner of a called 1.170 acre tract conveyed to the City of Conroe filed for record under Clerk's File No. 2010104839 of the Montgomery County Official Public Records of Real Property, same being the northwest corner of the herein described tract;

THENCE, South 78°44'25" East, 2097.04 feet along the south line of the remainder of a called 2.6373 acre tract filed for record under Clerk's File No. 2010074849 of the Montgomery County Official Public Records of Real Property, the south line of aforementioned 123.48 acre tract and the north line of the herein described tract to a point;

589.33 Acres

M.P. Clark Survey
Abstract No. 148
James Buchanan Survey
Abstract No. 100
Elijah Collard Survey
Abstract No. 7

TIIENCE, South 77°41'29" East, 2977.23 feet along the south line of said 123.48 acre tract and the north line of the herein described tract to the **POINT OF BEGINNING, CONTAINING** 589.33 acres of land in Montgomery County, Texas as shown on drawing number 3224.

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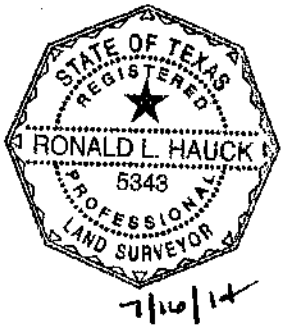
Acting By/Through Ronald L. Hauck
Registered Professional Land Surveyor
No. 5343
RHauck@jonescarter.com
Texas Board of Professional Land Surveying
Registration No. 10046106



7/10/14

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DESCRIPTION
123.48 ACRES
J. BUCHANAN SURVEY, A-100
ELIJAH COLLARD SURVEY, A-7
MONTGOMERY COUNTY, TEXAS

123.48 acres of land situated in the J. Buchanan Survey, A-100 and the Elijah Collard Survey, A-7, Montgomery County, Texas, being a portion of that certain called 80.883, 71.6505 and residue of 2.6373 acre tracts of land as described in deed and recorded in the Official Public Records of Real Property (O.P.R.O.R.P.) of Montgomery County, Texas under County Clerk's File Numbers (C.C.F. No.) 8258092, 8208404 and 2010074849, respectively, said 123.48 acres of land being more particularly described by metes and bounds as follows; bearing orientation is based on the Texas Coordinate System of 1983, South Central Zone as determined by GPS measurements:

BEGINNING at a 5/8 inch iron rod with cap stamped "E.H.R.&A. – 713-784-4500" set at the westerly end of a cutback line between the easterly right-of-way line of Little Egypt Road (width varies) and the southerly right-of-way line of F.M. 830 (width varies), being the northeasterly corner of that certain called 0.817 acre tract as described in deed and recorded in the O.P.R.O.R.P. of Montgomery County, Texas under C.C.F. No. 2010104835;

Thence, S 82°34'33" E, with said cutback line, a distance of 18.79 feet to a point for corner, from which a found concrete monument bears S 43°26' E, 0.2 feet, being in a non-tangent curve to the right;

Thence in a southeasterly direction with the southerly right-of-way line of F.M. 830 along said non-tangent curve to the right, having a central angle of 04°07'58", a radius of 5669.65 feet, an arc length of 408.95 feet and having a chord bearing of S 48°48'00" E, a distance of 408.86 feet to the point of tangency, from which a found 5/8 inch iron rod with cap stamped "Halff Esmt" bears S 71°25' E, 0.40 feet;

Thence, S 46°44'00" E, with the southwesterly right-of-way line of F.M. 830, a distance of 478.62 feet to a point of curvature to the left, from which a found concrete monument bears S 14°56' E, 0.88 feet;

Thence in a southeasterly direction along the southwesterly right-of-way line of F.M. 830 with said curve to the left, having a central angle of 23°09'59", a radius of 3879.77 feet, an arc length of 1568.71 feet and having a chord bearing of S 58°18'59" E, a distance of 1558.05 feet to a 5/8 inch iron rod with cap stamped "E.H.R.&A. – 713-784-4500" set for the point of tangency;

Thence, S 69°54'00" E, continuing with the southwesterly right-of-way line of F.M. 830, a distance of 2359.71 feet to a point of curvature to the left, from which a found concrete monument bears S 52°30' W, 0.55 feet;

Thence in a southeasterly direction along the southwesterly right-of-way line of F.M. 830 with said curve to the left, having a central angle of 03°28'26", a radius of 3879.77 feet, an arc length of 235.23 feet and having a chord bearing of S 71°38'12" E, a distance of 235.19 feet to the northwesterly corner of that certain called 1.3004 acre tract of land as described in deed and recorded in the O.P.R.O.R.P. of Montgomery County, Texas under C.C.F. No. 2010076447, from which a found 5/8 inch iron rod with cap stamped "Moyer Survey 5656" bears S 16°55' E, 0.34 feet;

Thence, S 15°14'11" W, with the westerly line of said called 1.3004 acre tract, a distance of 625.34 feet to a 5/8 inch iron rod with cap stamped "Moyer Survey 5656" found in the north line of that certain called

694.357 acre tract of land as described in deed and recorded in O.P.R.O.R.P. of Montgomery County, Texas under C.C.F. No. 9509572;

Thence, N 77°40'58" W, with the north line of said called 694.357 acre tract, a distance of 2977.18 feet to a 3/4 inch iron pipe found at the common south corner of said called 80.883 and 71.6505 acre tracts, from which a found Truck Leaf Spring bears N 12°37' E, 0.22 feet;

Thence, N 78°44'27" W, with the north line of said called 694.357 acre tract, at a distance of 2050.01 feet pass the southeasterly corner of said residue of called 2.6373 acre tract, from which a found concrete monument bears S 57°26' W, 0.60 feet, continuing a total distance of 2097.17 feet to a 5/8 inch iron rod found in the easterly right-of-way line of Little Egypt Road, being the southeasterly corner of that certain called 1.170 acre tract as described in deed and recorded in the O.P.R.O.R.P. of Montgomery County, Texas under C.C.F. No. 2010104839

Thence, N 04°31'39" E, with a easterly right-of-way line of Little Egypt Road, a distance of 281.46 feet to a 5/8 inch iron rod with cap stamped "E.H.R.&A. – 713-784-4500" set for an angle point;

Thence, N 08°01'33" E, continuing with an easterly right-of-way line of Little Egypt Road, a distance of 190.58 feet to a 5/8 inch iron rod with cap stamped "E.H.R.&A. – 713-784-4500" set for corner, being in a non-tangent curve to the right;

Thence in a northeasterly direction along an easterly right-of-way line of Little Egypt Road with said non-tangent curve to the right, having a central angle of 11°29'36", a radius of 1230.00 feet, an arc length of 246.73 feet and having a chord bearing of N 13°47'35" E, a distance of 246.32 feet to a 5/8 inch iron rod with cap stamped "E.H.R.&A. – 713-784-4500" set for the point of tangency;

Thence, N 19°32'23" E, with an easterly right-of-way line of Little Egypt Road, a distance of 7.42 feet to a 5/8 inch iron rod with cap stamped "E.H.R.&A. – 713-784-4500" set at the northeasterly corner of said called 1.170 acre tract, being in the north line of said residue of called 2.6373 acre tract;

Thence, N 75°19'46" W, with the north line of said called 1.170 and residue of called 2.6373 acre tracts, a distance of 0.97 feet to a 5/8 inch iron rod with cap stamped "E.H.R.&A. – 713-784-4500" set in the easterly line of Little Egypt Road, being the southeasterly corner of that certain called 0.516 acre tract as described in deed and recorded in the O.P.R.O.R.P. of Montgomery County, Texas under C.C.F. No. 2010104837

Thence, N 21°45'16" E, with an easterly right-of-way line of Little Egypt Road, a distance of 295.93 feet to a 5/8 inch iron rod with cap stamped "E.H.R.&A. – 713-784-4500" set for an angle point;

Thence, N 21°09'07" E, with an easterly right-of-way line of Little Egypt Road, a distance of 191.03 feet to a 5/8 inch iron rod with cap stamped "E.H.R.&A. – 713-784-4500" set in a southwesterly line of that certain called 4.8800 acre tract of land as described in deed and recorded in the O.P.R.O.R.P. of Montgomery County, Texas under C.C.F. No. 2009-001630;

Thence, S 65°50'59" E, with a southwesterly line of said called 4.8800 acre tract, a distance of 193.73 feet to a 5/8 inch iron rod with cap stamped "City of Conroe Capital Project" found for corner;

Thence, S 02°51'04" W, with a westerly line of said called 4.8800 acre tract, at a distance of 460.99 feet pass a 5/8 inch iron rod with cap stamped "City of Conroe Capital Project" found at the northwesterly corner of that certain called 0.5152 acre tract as described in deed and recorded in the O.P.R.O.R.P. of

Montgomery County, Texas under C.C.F. No. 2013022019, continuing a total distance of 610.99 feet to a 5/8 inch iron rod with cap stamped "E.H.R.&A. – 713-784-4500" set for corner;

Thence, S 87°08'56" E, with the south line of said called 0.5152 acre tract, a distance of 149.60 feet to a 5/8 inch iron rod with cap stamped "E.H.R.&A. – 713-784-4500" set for corner;

Thence, N 02°51'50" E, with the easterly line of said called 0.5152 acre tract, a distance of 150.00 feet to a 5/8 inch iron rod with cap stamped "Halff Esmt" found in the south line of said called 4.8800 acre tract;

Thence, S 87°08'56" E, with the south line of said called 4.8800 acre tract, a distance of 125.37 feet to a 5/8 inch iron rod with cap stamped "City of Conroe Capital Project" found for corner;

Thence, N 02°51'04" E, with the east line of said called 4.8800 acre tract, a distance of 568.44 feet to a 5/8 inch iron rod with cap stamped "City of Conroe Capital Project" found for corner;

Thence, N 65°50'59" W, with the north line of said called 4.8800 acre tract, a distance of 401.75 feet to a 5/8 inch iron rod with cap stamped "City of Conroe Capital Project" found in a easterly right-of-way line of Little Egypt Road, being the southeasterly corner of said called 0.817 acre tract;

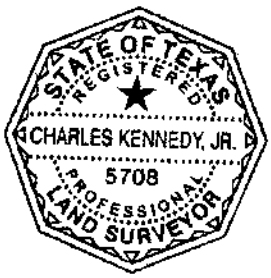
Thence, N 26°40'58" E, with an easterly right-of-way line of Little Egypt Road, a distance of 254.61 feet to a 5/8 inch iron rod with cap stamped "City of Conroe Capital Project" found for an angle point;

Thence, N 34°34'29" E, with an easterly right-of-way line of Little Egypt Road, a distance of 348.48 feet to the POINT OF BEGINNING and containing 123.48 acres of land.

This description accompanies a Land Title Survey, prepared by Edminster, Hinshaw, Russ and Associates, Inc. and revised May 14, 2014.

EDMINSTER, HINSHAW, RUSS & ASSOCIATES, INC. d/b/a EHRA

Charles Kennedy, Jr., R.P.L.S.
Texas Registration No. 5708
10555 Westoffice Drive
Houston, Texas 77042
713-784-4500



Date: 04/09/2013
Revised: 05/20/2014
Job No: 121-087-90
File No: P:\2012\121-087-90\documents\technical\123.48ac.doc

LJA Engineering, Inc.

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April 2, 2014
Revised May 19, 2014

Surveyor's Field Note Description:

Tract No. I – 208.048 Acres

BEING a 208.048 acre tract of land out of and consisting of all of that certain Randal Arlan Hendricks, Trustee called 211.346 acre tract (Exhibit A-5), more fully described in File No. 8258092 of the Official Public Records of Montgomery County, Texas. Said tract being situated in the James Buchanan Survey, Abstract No. 100, Montgomery County, Texas, and is more particularly described as follows:

BEGINNING at a 2-inch iron pipe found for the common Northwest corner of said Hendricks called 211.346 acre tract and said Buchanan Survey, same being in the East line of that certain John E. Hoffland and wife Lynn A. Hoffland called 24.5363 acre tract, more fully described in File No. 9675698 of the Official Public Records of Montgomery County, Texas, same being the Southwest corner of that certain Park Slope Section One, Block One, recorded in Cabinet X, Sheet 151-152 of the Map Records of Montgomery County, Texas;

THENCE South 74 deg. 51 min. 09 sec. East (Reference Bearing) along and with the North line of said Hendricks called 211.346 acre tract, same being the South line of said Park Slope Section One, a distance of 1586.39 feet to a 8-inch iron post found for an angle point in the North line of said Hendricks called 211.346 acre tract, same being the Southeast corner of said Park Slope Section One, same being the most Southerly Southwest corner of that certain Randal Arlan Hendricks, Trustee called 139.786 acre tract (Exhibit A-6), more fully described in File No. 8258092 of the Official Public Records of Montgomery County, Texas;

THENCE South 77 deg. 49 min. 14 sec. East along and with the North line of said Hendricks called 211.346 acre tract, same being the South line of said Hendricks called 139.786 acre tract, a distance of 541.16 feet to a 2-inch iron rod found for an angle point in the North line of said Hendricks called 211.346 acre tract, same being the Southeast corner of said Hendricks called 139.786 acre tract, same being the Southwest corner of that certain Randal A. Hendricks, Trustee called 55.296 acre tract (Exhibit A), more fully described in File No. 8523408 of the Official Public Records of Montgomery County, Texas;

THENCE South 75 deg. 07 min. 30 sec. East along and with the North line of said Hendricks called 211.346 acre tract, same being the South line of said Hendricks called 55.296 acre tract, passing at a distance of 1303.27 feet a 5/8-inch iron rod found for the Southeast corner of said Hendricks called 55.296 acre tract, same being the Southwest corner of that certain Margaret Ella Watson Subdivision, recorded in Volume 5, Page 10 of the Map Records of Montgomery

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County, Texas and continuing for a total distance of 1419.15 feet to a point for corner marking the Northeast corner of the herein described 208.048 acre tract of land, same being in the West right of way line of that certain Lower-Willis Montgomery Road a 60' right of way, from which a 4-inch concrete monument found in the Easterly right of way line of said Lower-Willis Montgomery Road bears South 75 deg. 07 min. 30 sec. East a distance of 75.17 feet;

THENCE South 41 deg. 43 min. 11 sec. West along and with the Easterly line of the herein described 208.048 acre tract of land, same being the West right of way line of said Lower-Willis Montgomery Road, a distance of 3924.00 feet to a point for an angle point;

THENCE South 66 deg. 57 min. 40 sec. West along and with the Easterly line of the herein described 208.048 acre tract of land, same being the West right of way line of said Lower-Willis Montgomery Road, a distance of 245.38 feet to 4-inch concrete monument found for an angle point, from which a 5/8-inch iron rod found the most Easterly Southeast corner of said Hendricks called 211.346 acre tract, same being the Southwest corner of said Hendricks called 191.659 acre tract, same being the Northwest corner of that certain Randal Arlan Hendricks, Trustee called 34.3175 acre tract, more fully described in File No. 8208404 of the Official Public Records of Montgomery County, Texas bears North 73 deg. 59 min. 02 sec. West a distance of 252.21 feet;

THENCE South 73 deg. 59 min. 02 sec. West along and with the South line of said Hendricks called 211.346 acre tract, same being a North line of said Hendricks called 34.3175 acre tract, a distance of 179.63 feet to a 5/8-inch capped iron rod marked "LJA ENG RPLS 5808" set for the point of intersection of the Westerly right of way line of said Lower-Willis Montgomery Road, same being in the Northerly right of way line of that certain F.M. Highway No. 830 a 120' right of way line and being the beginning of a curve to the left;

THENCE along said curve to the left, same being the North right of way of said F.M. Highway No. 830, having a radius of 5789.65 feet, a central angle of 02 deg. 02 min. 13 sec. and a chord bearing of North 50 deg. 24 min. 54 sec. West, a distance of 205.84 feet to a 5/8-inch iron rod found for the point of intersection of said curve with the most Easterly West line of said Hendricks called 211.346 acre tract, same being the South corner of that certain Richardson Interests, Inc. called 5.388 acre tract, more fully described in File No. 2006-028427 of the Official Public Records of Montgomery County, Texas;

THENCE North 15 deg. 11 min. 53 sec. East along and with the most Easterly West line of said Hendricks called 211.346 acre tract, same being the East line of said Richardson called 5.388 acre tract and the East line of that certain Texas Intrastate Gas Company called 0.49 acre tract, more fully described in Volume 586, Page 234 of the Deed Records of Montgomery County, Texas, a distance of 436.58 feet to a 2-inch iron pipe found for an interior ell corner of said

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Hendricks called 211.346 acre tract, same being the Northeast corner of said Texas Intrastate Gas Company called 0.49 acre tract;

THENCE North 76 deg. 05 min. 54 sec. West along and with the most Northerly South line of said Hendricks called 211.346 acre tract, same being the North line of said Texas Intrastate Gas Company called 0.49 acre tract and the North line of said Richardson called 5.388 acre tract, a distance of 1268.18 feet to a 1-inch iron pipe found for the common Southwest corner of said Hendricks called 211.346 acre tract and said Buchanan Survey, same being the Northwest corner of said Richardson called 5.388 acre tract, same being in the East line of that certain Greg Hutchins and wife, Cheryl Hutchins called 32.4056 acre tract, more fully described in File No. 9201158 of the Official Public Records of Montgomery County, Texas;

THENCE North 15 deg. 11 min. 02 sec. East along and with the West line of said Hendricks called 211.346 acre tract, same being the East line of said Hutchins called 32.4056 acre tract, a distance of 1966.07 feet to a 1/2-inch iron rod found for an angle point in the West line of said Hendricks called 211.346 acre tract, same being the Northeast corner of said Hutchins called 32.4056 acre tract, same being the Southeast corner of that certain Texas Intrastate Gas Company called 1.27 acre tract, more fully described in Volume 586, Page 234 of the Deed Records of Montgomery County, Texas;

THENCE North 15 deg. 52 min. 19 sec. East along and with the West line of said Hendricks called 211.346 acre tract, same being the East line of said Texas Intrastate Gas Company called 1.27 acre tract, a distance of 266.38 feet to a 5/8-inch capped iron rod marked "LJA ENG RPLS 5808" set for an angle point in the West line of said Hendricks called 211.346 acre tract, same being the Northeast corner of said Texas Intrastate Gas Company called 1.27 acre tract, same being the Southeast corner of said Hoffland called 24.5363 acre tract;

THENCE North 15 deg. 30 min. 14 sec. East along and with the West line of said Hendricks called 211.346 acre tract, same being the East line of said Hoffland 24.5363 acre tract, a distance of 992.83 feet to the PLACE OF BEGINNING, containing 208.048 acres of land, more or less.

Tract No. II – 108.199 Acres

BEING a 108.199 acre tract of land out of and consisting of all of that certain Randal Arlan Hendricks, Trustee called 139.786 acre tract (Exhibit A-6), more fully described in File No. 8258092 of the Official Public Records of Montgomery County, Texas. Said tract being situated in the Uriah Springer Survey, Abstract No. 532, Montgomery County, Texas, and is more particularly described as follows:

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BEGINNING at a 1/2-inch capped iron rod marked "Cotton" found for the Northeast corner of the herein described 108.199 acre tract of land, same being in the South right of way line of that certain F.M. Highway No. 1097 an 80' right of way, same being the Northwest corner of that certain Smith Memorial Park called 18.33 acre tract, more fully described in File No. 2004-040916 of the Official Public Records of Montgomery County, Texas;

THENCE South 14 deg. 32 min. 07 sec. West along and with the most Westerly East line of the herein described 108.199 acre tract of land, same being the West line of said Smith Memorial Park called 18.33 acre tract, a distance of 2064.58 feet to a 5/8-inch capped iron rod marked "LJA ENG RPLS 5808" set for an interior ell corner of said 108.199 acre tract of land, same being the Southwest corner of said Smith Memorial Park called 18.33 acre tract;

THENCE South 75 deg. 19 min. 54 sec. East along and with the most Southerly North line of the herein described 108.199 acre tract of land, same being the South line of said Smith Memorial Park called 18.33 acre tract, a distance of 442.02 feet to a 5/8-inch capped iron rod marked "LJA ENG RPLS 5808" set for the most Easterly Northeast corner of the herein described 108.199 acre tract of land, same being the Southeast corner of said Smith Memorial Park called 18.33 acre tract, same being in the West line of that certain Hilltop Village, Block No. 3 recorded in Cabinet E, Sheet 110B-111B of the Map Records of Montgomery County, Texas;

THENCE South 15 deg. 01 min. 04 sec. West along and with the East line of said Hendricks called 139.786 acre tract, same being the West line of said Hilltop Village, Block No. 3, a distance of 88.11 feet to a 4-inch concrete monument found for an angle point in the East line of said Hendricks called 139.786 acre tract, same being the Southwest corner of said Hilltop Village, Block No. 3, same being the Northwest corner of that certain Randal A. Hendricks, Trustee called 55.296 acre tract, more fully described in File No. 8523408 of the Official Public Records of Montgomery County, Texas;

THENCE South 15 deg. 04 min. 46 sec. West along and with the East line of said Hendricks called 139.786 acre tract, same being the West line of said Hendricks called 55.296 acre tract, a distance of 1768.73 feet to a 2-inch iron pipe found for the Southeast corner of said Hendricks called 139.786 acre tract, same being the Southwest corner of said Hendricks called 55.296 acre tract, same being in the North line of that certain Randal Arlan Hendricks, Trustee called 211.346 acre tract (Exhibit A-5), more fully described in File No. 8258092 of the Official Public Records of Montgomery County, Texas;

THENCE North 77 deg. 49 min. 14 sec. West along and with the South line of said Hendricks called 139.786 acre tract, same being the North line of said Hendricks called 211.346 acre tract, a distance of 541.16 feet to a 8-inch iron post found for the Southwest corner of said Hendricks called 139.786 acre tract, same being the Southeast corner of that certain Park Slope Section

One, Block No. 1 recorded in Cabinet X, Sheet 151-152 of the Map Records of Montgomery County, Texas;

THENCE North 15 deg. 09 min. 53 sec. East along and with the most Easterly West line of said Hendricks called 139.786 acre tract, same being the East line of said Park Slope Section One, Block No. 1, a distance of 1369.23 feet to a 8-inch iron post found for an interior ell corner of said Hendricks called 139.786 acre tract, same being the Northeast corner of said Park Slope Section One, Block No. 1;

THENCE North 74 deg. 50 min. 49 sec. West along and with the most Northerly South line of said Hendricks called 139.786 acre tract, same being the North line of said Park Slope Section One, Block 1, a distance of 800.09 feet to a 1/2-inch capped iron rod marked "Cotton" found for a Southwest corner of the herein described 108.199 acre tract of land, same being the Southeast corner of that certain Montgomery County Hospital District called 6.060 acre tract, more fully described in Doc. No. 2010065560 of the Official Public Records of Montgomery County, Texas;

THENCE North 15 deg. 20 min. 25 sec. East along and with a Westerly line of the herein described 108.199 acre tract of land, same being the East line of said Montgomery County Hospital District called 6.060 acre tract, a distance of 863.32 feet to a 1/2-inch capped iron rod marked "Cotton" found for an interior ell corner of the herein described 108.199 acre tract of land, same being the Northeast corner of said Montgomery County Hospital District called 6.060 acre tract;

THENCE along and with the most Northerly South line of the herein described 108.199 acre tract of land, same being the North line of said Montgomery County Hospital District called 6.060 acre tract the following courses and distances:

North 74 deg. 39 min. 07 sec. West a distance of 70.84 feet to a 1/2-inch capped iron rod marked "Cotton"

South 43 deg. 32 min. 04 sec. West a distance of 258.68 feet to a 1/2-inch capped iron rod marked "Cotton"

South 76 deg. 22 min. 15 sec. West a distance of 272.35 feet to 1/2-inch capped iron rod marked "Cotton"

North 74 deg. 49 min. 09 sec. West a distance of 325.24 feet to a 1/2-inch capped iron rod marked "Cotton" found for the most Northerly Southwest corner of the herein described 108.199 acre tract of land, same being the Northwest corner of said Montgomery County

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Hospital District called 6.060 acre tract, same being in the Easterly right of way line of that certain Thompson Road a 60' right of way;

THENCE North 15 deg. 19 min. 28 sec. East along and with the West line of said Hendricks called 139.786 acre tract, same being the East right of way line of said Thompson Road, a distance of 2051.55 feet to a 5/8-inch capped iron rod marked "LJA ENG RPLS 5808" set for the Northwest corner of said Hendricks called 139.786 acre tract, same being the Southeast intersection of said Thompson Road and F.M. Highway No. 1097, from which a 1-inch iron pipe found for the Southwest intersection of said Thompson Road and F.M. Highway No. 1097 bears North 75 deg. 32 min. 54 sec. West a distance of 59.00 feet;

THENCE South 75 deg. 32 min. 54 sec. East along and with the North line of said Hendricks called 139.786 acre tract, same being the South right of way line of said F.M. Highway No. 1097, a distance of 1622.41 feet to the PLACE OF BEGINNING, containing 108.199 acres of land, more or less.

Tract No. III – 55.265 Acres

BEING a 55.265 acre tract of land out of and consisting of all of that certain Randal A. Hendricks, Trustee called 55.296 acre tract (Exhibit A), more fully described in File No. 8523408 of the Official Public Records of Montgomery County, Texas. Said tract being situated in the Uriah Springer Survey, Abstract No. 532 and the F.K. Henderson Survey, Abstract No. 248, Montgomery County, Texas, and is more particularly described as follows:

BEGINNING at a 4-inch concrete monument found for the Northwest corner of said Hendricks called 55.296 acre tract, same being in the East line of that certain Randal Arlan Hendricks, Trustee, called 139.786 acre tract (Exhibit A-6), more fully described in File No. 8258092 of the Official Public Records of Montgomery County, Texas, same being the Southwest corner of that certain Hilltop Village, Block No. 3 recorded in Cabinet E, Sheet 110B-111B of the Map Records of Montgomery County, Texas;

THENCE South 75 deg. 06 min. 29 sec. East along and with the North line of said Hendricks called 55.296 acre tract, same being the South line of said Hilltop Village, Block No. 3 and Block No. 2, a distance of 1303.44 feet to a 5/8-inch capped iron rod marked "LJA ENG RPLS 5808" set for the Northeast corner of said Hendricks called 55.296 acre tract, same being the Southeast corner of said Hilltop Village, Block No. 2, same being in the West line of that certain Margaret Ella Watson's Subdivision recorded in Volume 5, Page 10 of the Map Records of Montgomery County, Texas;

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THENCE South 15 deg. 05 min. 06 sec. West along and with the East line of said Hendricks called 55.296 acre tract, same being the West line of said Margaret Ella Watson's Subdivision, a distance of 928.08 feet to a 5/8-inch iron rod found for an interior ell corner of said Hendricks called 55.296 acre tract;

THENCE South 48 deg. 23 min. 52 sec. East along and with the common most Southerly North line of said Hendricks called 55.296 acre tract and the North line of Lot No. 2 of said Margaret Ella Watson's Subdivision, a distance of 472.42 feet to a 1-inch iron pipe found for the common Northeast corner of said Hendricks called 55.296 acre tract and said Lot No. 2, same being in the Westerly right of way line of that certain Lower-Willis Montgomery Road a 70' prescriptive right of way;

THENCE South 41 deg. 40 min. 16 sec. West along and with the common East line of said Hendricks called 55.296 acre tract and of said Lot No. 2, same being the Westerly right of way line of said Lower-Willis Montgomery Road, a distance of 249.69 feet to a 1/2-inch capped iron rod marked "Cotton" found for the common Southeast corner of said Hendricks called 55.296 acre tract and of said Lot No. 2;

THENCE North 48 deg. 22 min. 24 sec. West along and with the common South line of said Hendricks called 55.296 acre tract and of said Lot No. 2, a distance of 347.61 feet to a point for an interior ell corner of said Hendricks called 55.296 acre tract, same being in the West line of said Margaret Ella Watson's Subdivision from which a found 1-inch iron pipe bears North 48 deg. 22 min. 24 sec. West a distance of 0.99 feet;

THENCE South 15 deg. 05 min. 06 sec. West along and with the East line of said Hendricks called 55.296 acre tract, same being the West line of said Margaret Ella Watson's Subdivision, a distance of 561.38 feet to a 5/8-inch iron rod found for the common Southeast corner of said Hendricks called 55.296 acre tract and said Springer Survey, same being the Southwest corner of said Margaret Ella Watson's Subdivision, same being in the North line of that certain Randal Arlan Hendricks, Trustee called 211.346 acre tract (Exhibit A-5), more fully described in File No. 8258092 of the Official Public Records of Montgomery County, Texas;

THENCE North 75 deg. 07 min. 30 sec. West along and with the South line of said Hendricks called 55.296 acre tract, same being the North line of said Hendricks called 211.346 acre tract, a distance of 1303.27 feet to a 2-inch iron pipe found for the Southwest corner of said Hendricks called 55.296 acre tract, same being the Southeast corner of said Hendricks called 139.786 acre tract;

THENCE North 15 deg. 04 min. 46 sec East along and with the West line of said Hendricks called 55.296 acre tract, same being the East line of said Hendricks called 139.786 acre tract, a

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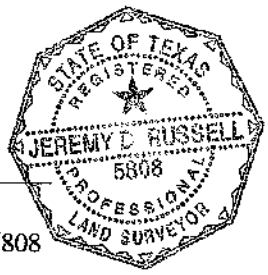
distance of 1768.73 feet to the PLACE OF BEGINNING, containing 55.265 acre of land, more or less.



Jeremy D. Russell
Registered Professional Land Surveyor No. 5808

This description is based on the Land Title Survey and Plat made by Jeremy D. Russell # 5808 Registered Professional Surveyor on March 24, 2014 revised on May 19, 2014. Survey Plat accompanies metes and bounds description.

DESCRIPTION
842.17 ACRES
MONTGOMERY COUNTY, TEXAS

842.17 acres of land situated in the James Buchanan Survey, A-100 and the F.K. Henderson Survey, A-248, Montgomery County, Texas, being a portion of that certain called 349.99 and 248 acre tracts of land as described in deed and recorded in Volume 878, Page 240 of the Montgomery County Deed Records and County Clerk's File Number 8258092 of the Official Public Records of Real Property of Montgomery County, Texas, respectively, and being all of that certain called 34.3175, 191.659 and 94.0 acre tracts of land as described in deed and recorded in County Clerk's File Numbers 8208404 and 8258092 of the Official Public Records of Real Property of Montgomery County, Texas, respectively, said 842.17 acres of land being more particularly described by metes and bounds as follows, bearing orientation is based on the Texas Coordinate System of 1983, Central Zone:

BEGINNING at the southwesterly corner of that certain called 45 acre tract of land as described in deed and recorded in County Clerk's File Number 2001-112403 of the Official Public Records of Real Property of Montgomery County, Texas, being in the northerly right-of-way line of F.M. 830 (based on a width of 120 feet), being in a non-tangent curve to the right, from which a 5/8 inch iron rod with "Powers Eng" cap bears S 11°34' W, 0.40 feet;

Thence in a northwesterly direction along the north right-of-way line of F.M. 830 with said non-tangent curve to the right, having a central angle of 01°33'48", a radius of 3759.77 feet, an arc length of 102.58 feet and having a chord bearing of N 70°40'53" W, a distance of 102.58 feet to the point of tangency, from which a found 4-inch concrete monument bears N 63°13' W, 0.7 feet;

Thence, N 69°54'00" W, with the north right-of-way line of F.M. 830, a distance of 2359.71 feet to a point of curvature to the right, from which a found 4-inch concrete monument bears N 68°56' W, 9.1 feet;

Thence in a northwesterly direction along the north right-of-way line of F.M. 830 with said curve to the right, having a central angle of 23°09'59", a radius of 3759.77 feet, an arc length of 1520.19 feet and having a chord bearing of N 58°18'59" W, a distance of 1509.86 feet to a 4-inch concrete monument (leaning) found for the point of tangency;

Thence, N 46°44'00" W, with the northeasterly right-of-way line of F.M. 830, a distance of 366.54 feet to an angle point, from which a found 4-inch concrete monument bears S 68°10' E, 1.0 feet;

Thence, N 41°01'22" W, continuing with the northeasterly right-of-way line of F.M. 830, a distance of 100.50 feet to a 5/8-inch iron rod with cap stamped "E.H.R.&A. 713-784-4500" set for an angle point;

Thence, N 46°44'00" W, with the northeasterly right-of-way line of F.M. 830, a distance of 12.08 feet to a point of curvature to the left, from which a found 4-inch concrete monument bears S 63°13' E, 0.7 feet;

Thence in a northwesterly direction continuing along the northeasterly right-of-way line of F.M. 830 with said curve to the left, having a central angle of 01°52'45", a radius of 5799.65 feet, an arc length of 190.21 feet and having a chord bearing of N 47°40'22" W, a distance of 190.21 feet to a 5/8-inch iron rod with cap stamped "E.H.R.&A. 713-784-4500" set for an angle point;

Thence, N 54°45'33" W, with the northeasterly right-of-way line of F.M. 830, a distance of 101.65 feet to a 5/8-inch iron rod with cap stamped "E.H.R.&A. 713-784-4500" set for an angle point, being in a non-tangent curve to the left;

Thence in a northwesterly direction continuing along the northeasterly right-of-way line of F.M. 830 with said non-tangent curve to the left, having a central angle of 00°45'00", a radius of 5789.65 feet, an arc length of 75.79 feet and having a chord bearing of N 49°59'17" W, a distance of 75.79 feet to the southerly end of a cutback line between F.M. 830 and Willis Montgomery Road (a 70-foot prescriptive right-of-way), from which a found 4-inch concrete monument bears S 59°46' E, 0.6 feet;

Thence, N 03°47'22" E, with said cutback line, a distance of 57.31 feet to a point in the southeasterly right-of-way line of said Willis Montgomery Road, from which a found 4-inch concrete monument bears S 65°45' E, 0.8 feet;

Thence, N 58°03'22" E, with the southeasterly right-of-way line of Willis Montgomery Road, a distance of 335.54 feet to a 5/8-inch iron rod with cap stamped "E.H.R.&A. 713-784-4500" set for an angle point, being in a non-tangent curve to the left;

Thence in a northeasterly direction continuing along the southeasterly right-of-way line of Willis Montgomery Road with said non-tangent curve to the left, having a central angle of 13°56'09", a radius of 1446.43 feet, an arc length of 351.81 feet and having a chord bearing of N 44°59'16" E, a distance of 350.94 feet to a 5/8-inch iron rod with cap stamped "E.H.R.&A. 713-784-4500" set for an angle point;

Thence, N 39°10'36" E, with the southeasterly right-of-way line of Willis Montgomery Road; at 3615.70 feet found a 5-inch concrete monument bearing S 77°36'14" E a distance of 3.5 feet, and continuing for a total distance of 7477.86 feet to a 5/8-inch iron rod with cap stamped "E.H.R.&A. 713-784-4500" set for an angle point;

Thence, N 40°09'12" E, continuing with the southeasterly right-of-way line of Willis Montgomery Road, a distance of 504.87 feet to a 5/8-inch iron rod with cap stamped "E.H.R.&A. 713-784-4500" set most westerly corner of that certain called 28.534 acre tract of land as described in deed and recorded in County Clerk's File Number 9622769 of the Official Public Records of Real Property of Montgomery County, Texas;

Thence, N 72°39'13" E, with a southerly line of said called 28.534 acre tract, a distance of 270.20 feet to a point for corner, from which a found 3/4-inch iron rod (bent) bears N 20°29' E, 0.31 feet;

Thence, S 17°20'47" E, with a southerly line of the called 28.534 acre tract, a distance of 808.18 feet to a 3/4-inch iron rod (bent) found for corner;

Thence, N 72°39'13" E, with a southerly line of the called 28.534 acre tract, a distance of 845.00 feet to a 3/4-inch iron rod found for corner;

Thence, S 17°20'47" E, with a southerly line of said called 28.534 acre tract, a distance of 209.00 feet to a 3/4-inch iron rod found for corner;

Thence, N 72°39'13" E, continuing with a southerly line of said called 28.534 acre tract, a distance of 500.22 feet to a 5/8-inch iron rod with cap stamped "E.H.R.&A. 713-784-4500" set in the westerly line of Interstate 45 (based on a variable width), from which a found 5/8 inch iron rod bears S 41°46' W, 0.41 feet;

Thence the following courses with the westerly right-of-way line of Interstate 45:

S 17°18'18" E, 214.29 feet to a 4-inch concrete monument found for an angle point;

S 17°57'35" E, 700.05 feet to an angle point, from which a found 4-inch concrete monument bears S 26°05' E, 0.5 feet;

S 18°06'26" E, 500.05 feet to a 4-inch concrete monument found for an angle point;

S 14°55'08" E, 600.52 feet to an angle point, from which a found 4-inch concrete monument bears N 13°15' E, 0.3 feet;

S 19°21'02" E, 700.45 feet to an angle point, from which a found 4-inch concrete monument bears N 37°05' W, 0.7 feet;

Thence, S 11°56'57" E, continuing with the westerly right-of-way line of Interstate 45, a distance of 726.32 feet to a 5-inch concrete monument found at the southeasterly corner of said called 349.99 acre tract;

Thence, S 72°59'12" W, with the northerly lines of two called 42 ½ acre tracts (first and second tracts) and a called 40.128 acre tract as described in Volume 324, Page 225 and Volume 726, Page 204 of the Montgomery County Deed Records, respectively, a distance of 1621.20 feet to a 5-inch concrete monument found at the northwesterly corner of that said called 40.128 acre tract and the northeasterly corner of that certain called 20.8 acre tract of land as described in deed and recorded in Volume 738, Page 417 of the Montgomery County Deed Records;

Thence, N 77°45'32" W, with the northerly line of said called 20.8 acre tract, 1138.61 feet to a point for corner, from which a 5/8 inch iron rod bears N 72°50' E, 0.88 feet;

Thence, S 18°15'33" E, with the westerly line of said called 20.8 acre tract, a distance of 1282.85 feet to a 1/2-inch iron rod found for corner;

Thence, S 77°47'01" E, with the southerly line of said called 20.8 acre tract, a distance of 496.96 feet to a 5/8 inch iron rod found in the westerly line of said called 40.128 acre tract;

Thence, S 11°34'12" W, with the easterly line of said called 246 acre tract, a distance of 2071.39 feet to a 5/8-inch iron rod with cap stamped "E.H.R.&A. 713-784-4500" set at the northeasterly corner of that certain called 0.1000 acre tract of land as described in deed and recorded in County Clerk's File Number 2010013548 of the Official Public Records of Real Property of Montgomery County, Texas;

Thence N 78°25'48" W, with the northerly line of said 0.1000 acre tract, a distance of 60.00 feet to a 5/8-inch iron rod with cap stamped "E.H.R.&A. 713-784-4500" set at the northwesterly corner of said 0.1000 acre tract;

Thence S 11°34'12" W, with the westerly line of those certain called 0.1000 acre tracts of land as described in deeds and recorded in County Clerk's File Number 2010013548, 2010013547, 2010013546, 2010013545, and 2010013544 of the Official Public Records of Real Property of Montgomery County, Texas; a distance of 363.00 feet to a 5/8-inch iron rod with cap stamped "E.H.R.&A. 713-784-4500" set at the southwesterly corner of said 0.1000 acre tract as recorded at County Clerk's File Number 2010013544 and being in the northerly line of said called 45 acre tract,

Thence, N 78°25'59" W, with a northerly line of said called 45 acre tract, a distance of 840.00 feet to a 5/8 inch rod with "Powers Eng" cap found for corner;

Thence, S 11°34'01" W, with a westerly line of said called 45 acre tract, a distance of 657.46 feet to a 5/8 inch rod with "Powers Eng" cap found for corner;

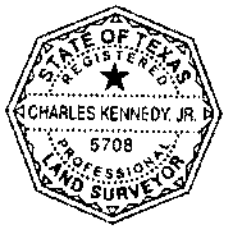
Thence, N 78°25'59" W, with a northerly line of said called 45 acre tract, a distance of 750.00 feet to a point for corner, from which a 5/8 inch rod with "Powers Eng" cap bears S 65°58' W, 0.39 feet;

Thence, S 11°34'01" W, with a westerly line of said called 45 acre tract, a distance of 850.22 feet to the **POINT OF BEGINNING** and containing 842.17 acres of land.

This description accompanies a Land Title Survey, prepared by Edminster, Hinshaw, Russ and Associates, Inc. and revised May 14, 2014.

EDMINSTER, HINSHAW, RUSS & ASSOCIATES, INC. d/b/a EHRA

Charles Kennedy, Jr., R.P.L.S.
Texas Registration No. 5708
10555 Westoffice Drive
Houston, Texas 77042
713-784-4500



Date: 12/10/2013
Revised: 12/19/2013
Revised: 05/14/2014
Revised: 05/20/2014
Job No: 121-037-00
File No: R:\2012\121-037-00\documents\technical\842.17ac.doc

FIELD NOTES for a tract of land lying and being situated in the G. W. Lonis survey, A-313 of Montgomery County, Texas, with said tract being more properly described by metes and bounds as follows:

BEGINNING at a point on the northerly line of the M. M. Feld Jr. 349.99 acre tract of land in the F. K. Henderson Survey A-248, which point is S. 74° 45' 38" W. 728.76 feet from the northeasterly corner of said 349.99 acres, same being a 4"x4" concrete monument on the westerly right of way line of Interstate Highway No. 45;

THENCE, with a line bearing N. 30° 08' 19" W. 470.54 feet to a point on the southeasterly right of way line of River Road, a 70-foot wide county road;

THENCE, with the southeasterly right of way line of River Road running in a northeasterly direction 51.34 feet to a point for corner, passing at 42.00 feet a 4" steel fence cornerpost;

THENCE, with a line bearing S. 30° 08' 19" E. 495.53 feet to a point for corner on the northerly line of the M. M. Feld Jr. 349.99 acre tract;

THENCE, with the northerly line of the 349.99 acre tract bearing S. 74° 45' 38" W. 51.74 feet to the place of beginning and containing 0.5544 acres of land.

Doc #: 2017102229
Pages 101

E-FILED FOR RECORD
11/13/2017 09:52AM

COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS,
COUNTY OF MONTGOMERY
I hereby certify that this instrument was e-filed in the file number sequence on the date and time stamped herein by me and was duly e-RECORDED in the Official Public Records of Montgomery County, Texas.

11/13/2017

County Clerk
Montgomery County, Texas