



**DECLARATION
OF
COVENANTS, CONDITIONS AND
RESTRICTIONS
FOR
THE PENINSULA AT CLEAR LAKE™
SECTION ONE**

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THE STATE OF TEXAS
COUNTY OF GALVESTON

www.ck12.org

WITNESSETH:

WHEREAS, Declarant desires to develop the Property as a residential subdivision (the "Subdivision"), together with any other land which Declarant, at its sole discretion, may hereafter add thereto, and to provide and adopt a uniform plan of development including assessments, conditions, covenants, easements, reservations and restrictions designed to govern, control and preserve the values and amenities of the Property for the development, improvement, sale, use and enjoyment of the Property as a residential subdivision;

WHEREAS, Declarant desires to subject the Property, together with additional land as may hereinafter be made subject hereto, to the assessments, conditions, covenants, easements, reservations and restrictions hereinafter set forth, for the benefit of the Property, additions thereto, and each Owner of any part thereof;

WHEREAS, Declarant has deemed it desirable for the enforcement of the Declaration and the efficient preservation of the amenities in the Subdivision, to create an Association (hereinafter defined) to which shall be delegated and assigned the power of administering and enforcing these assessments, conditions, covenants, easements, reservations and restrictions, including levying, collecting and disbursing the assessments; and

WHEREAS, The Peninsula at Clear Lake Property Owner's Association, Inc., a Texas non-profit corporation (the "Association"), whose directors will establish By-Laws by which the Association shall be governed through its Board of Directors (the "Board"), for the purpose of exercising the functions aforesaid.

NOW, THEREFORE, Declarant hereby declares that the Property shall be developed, improved, sold, used and enjoyed in accordance with this Declaration, including the assessments, conditions, covenants, easements, reservations and restrictions hereinafter set forth, all of which are hereby adopted for, established and imposed upon the Property, and be binding on all parties, now or anytime hereafter, having or claiming any right, title or interest in the Property, or any part thereof, their heirs, executors, administrators, successors and assigns, regardless of the source of, or the manner in which any such right, title or interest is or may be acquired, and shall inure to the benefit of each Owner of any part of the Property. No part of this Declaration shall be deemed to apply in any manner to the areas within the Subdivision identified or Platted as Unrestricted Reserve on the Plat, or apply in any manner to the areas not included in the boundaries of said Plat.

ARTICLE I

DEFINITIONS

"Annexable Area or Property" shall mean and refer to any additional property made subject to the jurisdiction of the Association pursuant to the provisions set forth herein, including, without limitation, any property adjacent to or in the proximity of the Property (also defined in Section 7.07).

"Architectural Control Committee" shall have the meaning set forth in Article IV.

"Architectural Guidelines and Bulletins" means any architectural guidelines or bulletins promulgated by the Committee pursuant to Section 3.37(h).

"Assessment" shall have the meaning set forth in Section 5.01.

"Association" shall mean and refer to The Peninsula At Clear Lake™ Property Owners Association, Inc., a Texas non-profit corporation and its successors and assigns.

"Board of Directors" shall mean and refer to the Board of Directors of the Association.

"Builders" shall mean and refer to persons or entities that purchase Lots and build homes thereon for third-party purchasers.

"By-Laws" shall mean the by-laws of The Peninsula at Clear Lake Property Owners' Association, Inc.

"Certificate of Completion" shall have the meaning set forth in Section 4.05

"Clear Creek" shall mean the navigable waterway on which all of the Lots are situated. For purposes of this Declaration, Clear Creek is located within the boundaries of League City, Galveston County, Texas.

"Committee" shall mean the Architectural Control Committee

"Common Area and Common Properties" shall mean a real property (Including the improvements thereto) within the Subdivision owned by the Association for the common use and enjoyment of the Owners and/or any other real property and improvements, including, but not limited to, private drives, parks, open spaces, lakes, greenbelt areas and other facilities, if any, within the Common Area or Common Properties to which the Owners may hereafter become entitled to use.

"Contractor" shall mean and refer to the person or entity with whom an Owner contracts to construct a residential dwelling or other improvements on such Owner's Lot.

"Declarant" shall mean and refer to the Peninsula Clear Lake Texas, LP, and its successors and assigns.

"Declaration" has the meaning set forth in the preamble.

"Functions" shall have the meaning set forth in Section 8.02

"Gas Contracts" shall have the meaning set forth in Section 9.01.

"Lot" shall mean and refer to any plot of land identified as a lot on the Plat for the Subdivision. For purposes of this instrument, Lot shall not be deemed to include any portion of any "Reserves" or "Unrestricted Reserves" (defined as the Reserves and Unrestricted Reserves shown on the Plat) in the Subdivision, regardless of the use made of such area. As used herein the "front" of the Lot shall mean the side of the Lot closest to the street. The "rear" of the Lot shall be the side of the Lot which fronts Clear Creek. All other sides of Lots are referred to as the "side" of a Lot unless otherwise defined hereinbelow.

"Masonry" shall have the meaning set forth in Section 3.09.

“Maintenance Charge” shall have the meaning set forth in Section 5.01.

“Maintenance Fund” shall have the meaning set forth in Section 5.02

“Maintenance Lien” shall have the meaning set forth in Section 5.03.

“Member” shall mean and refer to every person or entity that holds a membership in the Association.

“Notice of Completion” shall have the meaning set forth in Section 4.07.

“Notice of Lien” shall have the meaning set forth in Section 5.04

“Notice of Non-Compliance” shall have the meaning set forth in Section 4.07

“Owner” shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot that is a part of the Subdivision, including (i) contract sellers (a seller under a contract for deed), but excluding those having such interest merely as security for the performance of an obligation, (ii) Declarant (except as otherwise provided herein), and (iii) Builders (sometimes referred to herein as “Owner/Builders”).

“Plat” means the map and plat of the Peninsula at Clear Lake, Section One filed for record in Plat Record 2007/A, Map No. 130 Galveston County Map records.

“Property” shall mean all that real property lying within the boundaries of the Peninsula at Clear Lake, Section One, according to the Plat thereof.

“Related Users” shall have the meaning set forth in Section 2.05.

“Rules and Regulations” shall have the meaning set forth in Section 8.17.

“Side Lot Utility Easement” shall have the meaning set forth in Section 6.04(d).

“Special or Additional Easements” shall have the meaning set forth in Section 6.02.

“Subdivision” shall mean the Peninsula at Clear Lake, Section One.

“The Peninsula At Clear Lake™, Section One” shall mean and refer to this Subdivision and any other sections of The Peninsula At Clear Lake™ hereafter made subject to the jurisdiction of the Association.

“Transfer Date” shall have the meaning set forth in Section 4.02(b)

“Variance” shall have the meaning set forth in Section 4.06

“Waterways” shall mean and refer to the canal waterways, and the waterways of Clear Creek and Clear Lake.

ARTICLE II

THE PENINSULA AT CLEAR LAKE PROPERTY OWNERS ASSOCIATION INC.

Section 2.01 - Membership. Every person or entity who is a record owner of any Lot that is subject to the Maintenance Charge (or could be following the withdrawal of an exemption therefrom) and other assessments provided herein, including contract sellers, shall be a “Member” of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation or those having only an interest in the mineral estate. No Owner shall have more than one membership for each Lot owned by such Member. Memberships shall be appurtenant to and may not be separated from the ownership of the Lots. Regardless of the number of persons who may own a Lot (such as husband and wife or joint tenants, etc.), there shall be but one membership for each Lot. Additionally, members of the Board of Directors of the Association (and their successors) shall also be Members of the Association (as more particularly described in the By-Laws). Notwithstanding the foregoing, ownership of the Lots

shall be the sole qualification for membership. The voting rights of the Members are set forth in the By-Laws of the Association.

Section 2.02 - Non-Profit Corporation. The Peninsula At Clear Lake Property Owners Association, Inc. will be a Texas non-profit corporation, which will be organized and shall be governed by the Articles of Incorporation and By-Laws of said Association; all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said non-profit corporation.

Section 2.03 - By-Laws. The Association may adopt whatever By-Laws it may choose to govern the organization or operation of the Subdivision and the use and enjoyment of the Lots and Common Areas, provided that the same are not in conflict with the terms and provisions hereof.

Section 2.04 - Members Rights of Enjoyment. Every Member shall have a beneficial interest of use and enjoyment in and to the common areas and such right shall be appurtenant to and shall pass with the title to every assessed Lot, subject to the following provisions:

(a) The right of the Association, in accordance with its Articles and By-Laws (and subject to the prior written approval of the Declarant), to borrow money (including borrowing from the Declarant or any entity affiliated with the Declarant) for the purpose of improving and maintaining the streets and roads within the Subdivision, waterway, channels, wetlands, common area and facilities and for any other purpose for which the Association deems necessary for the general maintenance of the Common Properties. The Board of Directors of the Association shall be empowered to oversee the activities of the Association and may take whatever lawful action that the Board, in its sole discretion, deems necessary to provide for the upkeep, development and aesthetic appearance of the Common Properties and to enforce this Declaration for the common benefit of all or some of the Members of the Association.

(b) The right of the Association to suspend the Member's voting rights after notice and hearing by the Board of Directors, for the infraction or violation by such Member of the terms of this Declaration or the Rules and Regulations, as hereinafter discussed, which suspension shall continue for the duration of such infraction or violation, plus a period not to exceed sixty (60) days following the cessation or curing of such infraction or violation.

Section 2.05 - Delegation of Use. Any Member may delegate, in accordance with the By-Laws, his or her right of enjoyment to the common area and facilities to the members of his or her immediate family living in the Member's residence, his or her tenants or contract purchasers who reside on the Property (collectively, the "Related Users"). If a Member leases his or her Lot to a tenant or sells his or her Lot to a contract purchaser, the tenant or contract purchaser, but not the Member, shall have the exclusive privilege of enjoyment of the common area and facilities of the Association during the term of said tenant's tenancy.

Section 2.06 - Rental and Leasing. Owners must notify the Association if their Lots are leased. Owners must also provide the Association with the name of the tenant, a copy of the lease and the current mailing address of the Owner of the Lot. In no event, however, shall any leasing be allowed except pursuant to a written agreement or form approved by the Board of Directors that affirmatively obligates all tenants and other residents of the Lot to abide by this Declaration, the By-Laws, and the Rules and Regulations of the Association.

ARTICLE III

USE RESTRICTIONS

Section 3.01 - Single-Family Residential Construction. No building shall be erected, altered, or permitted to remain on any Lot other than one detached, single family dwelling used for residential purposes and not to exceed three (3) stories or thirty-five (35') feet in height and a private garage (or other approved covered parking facility) and other bona fide servants quarters. The servant's quarter's structure and garage may not exceed the main dwelling in height or number of stories.

Occupancy shall be limited to one (1) family, which shall be defined as any number of persons related by blood, adoption or marriage living with not more than one (1) person who is not so related as a single household unit, or no more than two (2) persons who are not so related living together as a single household unit. It is not the intent of the Declarant to exclude any individual from a dwelling who is authorized to so remain by any City, State or Federal law. If it is found that this section, or any other section of this Declaration is in violation of any law, then the prohibited section shall be interpreted to be as restrictive as possible to preserve as much of the original section as allowed by law.

All garages must be attached, unless a variation is approved in writing by the Committee, to the main residence and must not be nearer to the front Lot line or rear Lot line than the building setback line as set out for the residence and attached garage in Section 3.04. Each residence shall have a fully enclosed garage, unless otherwise approved by the Committee or specified in the Builder guidelines, for not less than two (2) cars, which garage shall be available for parking automobiles at all times without any modification being made to the interior of said garage.

As used herein, the term "residential purposes" shall be construed to prohibit mobile homes or trailers from being placed on said Lots, or the use of said Lots for duplex houses, condominiums, townhouses, garage apartments, or apartment houses. No Lot shall be used for business, educational, church or professional purposes of any kind whatsoever, nor for any commercial or manufacturing purposes whether for profit or not.

Except as otherwise provided in Section 3.18; no portable or permanent buildings of any type or character shall be moved or placed upon any Lot. Buildings of every type and character, whether attached to or detached from the main residential structure or garage constructed on the Lots, must be approved by the Committee prior to the commencement of the construction of such buildings.

All attached garages shall be open to the side or the rear of the Lot upon which such garage is built, unless otherwise approved by the Committee, except that a garage may open to the front of the Lot if the front of the garage is set back at least fifteen feet (15') from the front of the heated/air conditioned portion of the main dwelling. The fifteen (15) foot measurement should be so that no portion of the garage is less than fifteen (15') feet from the portion of the main dwelling which is furthest from the front property line, unless otherwise approved by the Committee.

Section 3.02 – Consolidating Lots. Any Owner of one or more adjoining Lots (or portions thereof) facing the same street or right of way may, with the prior written approval of the Committee, consolidate such Lots or portions into one building site, with the privilege of placing or constructing improvements on such resulting site. If such consolidation is approved, the side setback lines shall be measured from the resulting side property lines rather than from the Lot lines as indicated on the Plat. Any such consolidated building site must have a frontage at the building setback line of not less than the minimum frontage of all Lots in the same block unless otherwise approved by the Committee. In addition, the Side Lot Utility Easement must be abandoned or released in accordance with applicable law and at the expense and obligation of the Owner. Upon such abandonment or release and upon the receipt of written approval of the Committee, such resulting consolidated building sites shall be regarded as one (1) Lot for all purposes hereunder (including membership in the Association and voting rights), until such time as the Lots are separated in any manner. Any such consolidated building site (or building site resulting from the remainder of one or more Lots having been consolidated) must contain not less than 11,900 square feet in area, except as otherwise approved by the Committee.

Section 3.03 - Minimum Square Footage within Improvements. The minimum living area of the main residential structure located on any Lot, exclusive of porches, garages and/or parking facilities, shall be as follows:

One Story:	3,300 sf.
Two Story:	3,900 sf.
Over Two Story:	4,200 sf.

Section 3.04 - Location of the Improvements upon the Lot. No residential structure, carport or any other improvement shall be located on any Lot nearer to the front, rear, side or street-side Lot building lines or nearer to the property lines than the minimum building setback lines as shown on the Plat. For purposes of this Declaration, air compressors, eaves, steps and unroofed terraces shall

not be considered as part of a residential structure or other improvement. This Covenant shall not be construed to permit any portion of a building foundation on a Lot to encroach upon an easement. The main residential structure on any Lot shall face the front of the Lot, except as described below or unless a variation is approved in writing by the Committee

The setbacks as shown within the Declaration and on the Plat are minimum setback lines and the Committee may approve a residential structure to be located a greater distance from a property line than the setback lines provided within the Plat or this Declaration

The Declarant, the Committee and the Association are not liable to any Owner for any impairment of view as a result of the construction of any improvements upon another Lot, built or to be constructed pursuant to plans approved by the Committee.

The Subdivision is located adjacent to Clear Creek which is not a constant level waterway. The level of the waterway will vary depending on the weather conditions, tides and other conditions. The Texas coast is subject to the effects of hurricanes which may cause an increased level of the waterway. However, it is not anticipated that any portions of any Lots will be covered by water absent hurricanes, tropical storms and any other extreme weather condition.

1. SPECIAL RESTRICTIONS:

a) Unless otherwise approved by the Committee, the Rear Building Setback Lines are as follows:

1. The rear building setback line for Block 1, Lots 1 through 7 is thirty (30') feet from the bulkhead.

b) See Section 3.05 for required minimum slab elevations. See Section 3.37 for special restrictions regarding construction of bulkhead, piers, docks, boat slips, boat houses, dredging and other special restrictions for Lots. See Section 3.27 for swimming pool construction. See other restriction requirements in these recorded restrictions not outlined in this paragraph.

- 1 The front building setback for all Lots is twenty-five (25') feet as shown on the Plat.
2. All garages must be attached to the main residence and must not be nearer to the front Lot line or rear Lot line than the building setback lines as set out for the residence and attached garage in this Section 3.04. All attached garages as set out in Article 3.01 shall open to the side or to the rear of the Lot upon which such garage is built, except that a garage may open to the front of the Lot if location of the garage is in accordance with the requirements as set out under Section 3.01.
3. The side building setback line adjacent to the street right-of-way for corner lots is ten (10') feet. On corner Lots, the front of the Lot shall be defined as the principal side of the Lot having the lesser street frontage. The side building setback line will be measured on the side of the Lot facing the larger street frontage.
4. If a house on a corner Lot is constructed with the front or main entrance facing the side of the larger street frontage, the required front setback line will be twenty five (25') feet and the house must be constructed behind the original front building setback line as shown on the Plat.
5. Out buildings, opaque fences or walls (except for approved boat houses) must be setback a minimum of fifteen (15') feet "the rear building setback" from the bulkhead, unless otherwise approved by the Committee. However other improvements including unroofed terraces and such other structures as approved by the Committee may be constructed within the rear building setback of Lots.
6. A swimming pool may be constructed within the rear building setback of Lots as set out in Section 3.27. Other improvements may be approved by the Committee to be constructed within the rear building setback. The Committee shall have the sole authority to grant or deny, without liability, the

construction of any such proposed improvements within the rear building setback of the Lot.

Section 3.05 - Residential Foundation Requirements. All building foundations shall consist of concrete slabs, unless the Committee approves a different type of foundation when circumstances such as the topography of the Lot make it impractical to use a concrete slab for all or any portion of the foundation of the building improvements constructed on the Lot. Minimum finished floor slab elevations for all structures shall be eighteen inches (18") above the higher of (i) the 100 year flood plain elevation, or (ii) such other level as may be established by the Commissioner's Court of Galveston, County, Texas, and other applicable governmental authorities. In no case will a finished floor slab be lower than an elevation of 12' 6" above Mean Sea Level (MSL) or as approved or required by the Committee or the City of League City.

The minimum finished slab elevation must also be a minimum of (18") eighteen inches above the finished grade of the Lot at the foundation perimeter. Finished grade of the Lot shall be defined as the final grade or elevation of the lot and other improvements including but not necessarily limited to fill placed on the lot, flower beds, walks, drives and other landscaping. It is the purpose of this minimum elevation difference requirement to protect the residence from receiving surface waters in the event of a flood. It is the responsibility of the Builder/Owner to provide satisfactory drainage around a residence and garage. Drainage requirements for each lot will vary and Builder/Owner should hire a licensed engineer to design a drainage plan for the specific lot upon which a house is to be constructed prior to house construction.

The minimum height for slab elevations (i.e., the difference between tile slab elevation and the finished grade of the Lot at the foundation perimeter as set out in this Section 3.05) is not a representation that slab elevation would prevent water flow or rising water in the event of a flood from entering into a residence or garage. Builders/Owners should consider the collective drainage area of all surrounding land around the Lot, including without limitation, reserves, common areas, streets, drainage collect areas, existing drainage and other Lots, in reaching their determination of the proper slab elevation and Lot drainage plan to avoid surface water flow or rising water from entering into the residence or garage in the event of a flood. Additionally, the Builder/Owner should take into account how other improvements and landscaping are to be constructed upon their Lot will affect drainage and water flow of Subdivision drainage plan.

All references in this Declaration to required minimum slab elevations do not constitute a guaranty by the Declarant, the Committee or the Association that the residence will be free of flood or related damage.

All foundations are required to be engineered and designed by a qualified, licensed, registered engineer based upon appropriate soils information taken from the specific Lot in question as recommended by such engineer. However, at a minimum, soil borings and soil reports by a qualified engineer are required for all Lots prior to such engineer's design of the foundation.

The residential foundation plans to be used in the construction of the residences must be submitted to the Committee along with the plans and specifications for the residence as provided in Section 4.01. All foundation plans must be signed stamped and dated by the licensed engineer designing said foundation plans. The Committee and/or Declarant shall rely solely upon Builder/Owners' licensed engineer as to the adequacy of said foundation design when issuing architectural approval of the residence to be constructed. No independent evaluation of the foundation plan is being made by the Committee. The Committee's sole function as to foundation plans are to determine if the plans have been prepared by a licensed registered engineer, as evidenced by the placement of an official seal on the plans.

The granting of approval of foundation plans and the residence and garage elevation shall in no way serve as warranty as to the quality of the plans and specifications and/or that residence shall be free from flood damage from rising or wind driven water from other locations within the Subdivision and in no event shall the Declarant, the Committee or the Association have any liability as a result of the Committee's approval or disapproval of any plans.

Section 3.06 - Excavation and Tree Removal. The digging of dirt or the removal of any dirt from any Lot is expressly prohibited except as may be necessary in conjunction with the landscaping of or construction of improvements on such Lot. No trees shall be cut or removed except to provide room for construction of the improvements or to remove dead or unsightly trees which shall be in the sole discretion of the Committee.

Section 3.07 - Removal of Trees, Trash and Care of Lots during Construction of Residence.

(a) All Builders/Owners, during their respective construction of a residence, are required to remove and haul from the Lot all tree stumps, trees, limbs, branches, underbrush and all other trash or rubbish cleared from the Lot for construction of the residence, construction of other improvements and landscaping. No burning is allowed on the Lot and no materials or trash hauled from the Lot may be placed elsewhere in the Subdivision or on land owned by Declarant whether adjoining the Subdivision or not.

(b) All Builders/Owners, during their respective construction of a residence, are required to continuously keep the Lot in a reasonably clean and organized condition. Papers, rubbish, trash, scrap and unusable building materials are to be kept picked up and hauled from the Lot. Other usable building materials are to be kept stacked and organized in a reasonable manner upon the Lot

(c) No trash, materials or excess dirt is allowed in the street or street right-of-way. All Builders/Owners shall keep the street and street right-of-ways free from trash, materials and excess dirt. Any such trash, materials or excess dirt or fill inadvertently spilling or getting into the street or street right-of-way shall be removed, without delay, not less frequently than daily.

(d) No Builder/Owner or Contractor may enter onto a Lot adjacent to the Lot upon which he or she is building for purposes of ingress and egress to his or her Lot during or after construction, unless such adjacent Lot is also owned by such Builder/Owner. All such adjacent Lots shall be kept free of any trees, underbrush, trash, rubbish and/or any other building or waste materials during or after construction of building improvements by the Builder/Owner of an adjacent Lot.

Section 3.08 - Drainage.

(a) Each Builder/Owner of a Lot agrees for himself or herself, his or her heirs, legal representatives, assigns or successors-in-interest that he or she will not in any way interfere with the established drainage pattern over his or her Lot from adjoining Lots or other Lots in the Subdivision, and he or she will make adequate provisions for the drainage of his or her Lot in the event it becomes necessary to change the established drainage over his or her Lot (which provisions for drainage shall be included in the Builder/Owner's plans and specifications submitted to the Committee and shall be subject to the Committee's approval). For the purposes hereof, "established drainage" is defined as the drainage that existed at the time that the overall grading of the Subdivision, including landscaping of any Lot in the Subdivision, was completed by Declarant.

(b) All Builder/Owners, unless otherwise approved by the Committee, must finish the grade of their respective Lots so as to be in compliance with the Subdivision drainage plan which has been established by the Declarant. No pockets or low areas may be left on the Lot (whether dirt or concrete) where water will stand following a rain or during watering. The Committee's sole function in reviewing any drainage plans is to see if the drainage pattern has been or will be altered by the proposed construction and to make a determination if the Builder/Owner has evaluated the effects of their construction on other properties and of the effect of potential flowing and rising water on any improvements.

(c) Drainage requirements will vary and Builder/Owner should hire a licensed engineer to design a drainage plan that is in compliance with the Subdivision drainage plan and for the specific Lot upon which a house is to be constructed prior to beginning house construction. It is the responsibility of the Builder/Owner to provide satisfactory drainage around a residence and garage.

(d) All Builder/Owner's shall comply with the National Pollutant Discharge Elimination Systems Permit ("NPDES Permit") applicable to their respective Lot(s) as required by the EPA under the Water Quality Act of 1987 amending the Clean Water Act of 1987 as said laws, rules and regulations may be amended from time to time.

Section 3.09 - Masonry Requirements. Without the prior approval of the Committee, no residence (including attached or detached garages) shall have less than one hundred percent (100%) masonry construction or its equivalent on the exterior wall areas. For the purposes of this requirement, Masonry is defined as clay brick, plaster or synthetic plaster equivalent or natural hard rock or stone products. All chimneys shall be masonry construction.

Section 3.10 - Driveways and Walkways.

(a) Driveways shall be constructed entirely of concrete and that portion of the concrete driveway that lies on the Lot shall be constructed a minimum width of twenty (20') feet. Variations from the specifications shall be subject to the prior approval of the Committee. That portion of the

concrete driveway that lies between the front building setback line and the street shall be a minimum width of twenty (20') feet and the driveway shall be constructed in accordance with the applicable local rules and regulations as promulgated by the City of League City, Texas. All concrete driveways must have a minimum of No. 6, 6" x 6" wire mesh and five sack concrete.

(b) Builder/Owner shall at all times keep his or her driveway entrance (i.e., concrete driveway and driveway entrance lip) and the concrete edging along the street in a good state of repair and attractive appearance.

In the event of default by the Builder/Owner or other occupant of a Lot in observing the above requirements, which default is continuing after thirty (30) days written notice thereof to the Builder/Owner or occupant, as applicable, the Declarant or the Association or their designated agents have the right but not the obligation, without liability to the Builder/Owner or any occupants of the Lot to trespass or otherwise enter upon (and/or authorize one or more others to enter upon) said Lot and make such repairs as deemed necessary by the Declarant or Association to assure compliance with this Declaration, so as to place such driveway entrance and street edge in a good state of repair and attractive appearance. The Declarant and/or the Association may charge the Builder/Owner or occupant of such Lot for the cost of such work and associated materials. Payment thereof shall be collected by adding the charges to the hereinafter described Maintenance Charge (secured by a Maintenance Lien, as described in Section 5.03) and shall be payable on the first day of the next calendar month with the regular monthly Maintenance Charge payment.

(c) Manholes, valve boxes, and storm inlets constructed by the Declarant located within driveways must be rebuilt and modified, at Builder/Owner's expense, in accordance with the applicable local rules and regulations as promulgated by the City of League City, Texas. Manholes and valve boxes located on the Lot that require adjustment due to fill placed on the Lot during construction on the residence must be so modified at the Owner's expense in accordance with the applicable local rules and regulations as promulgated by the City of League City, Texas.

(d) A side walk as required by the City of League City shall be constructed across the front of all Lots.

Section 3.11 - Building Inspection of Driveways, Manholes and Storm Sewer Inlets.

In order to control the quality of construction of the work described in this Section 3.11, a construction (building) inspection is required to be made (in addition to any inspections required to be made by the City of League City) prior to, and after pouring concrete for driveways. Fees in an amount to be determined by the Committee must be paid to the Committee prior to architectural approval of such residential improvements to defray the expense of Inspections of the driveways, manholes and storm sewer inlets. In the event construction requirements are incomplete or rejected at the time of inspection and it becomes necessary to have additional building inspections, a fee in an amount to be determined by the Committee must be paid to the Committee prior to each building inspection.

Prior to requesting an inspection of the driveways, manholes and storm sewer inlets, that Contractor is required to prepare driveways complete with excavation, compaction, forms, steel and expansion joints as set out in this Section 3.11 and as required by the City of League City. The Contractor shall not pour the concrete until after the City of League City's and/or the Committee furnishes written approval of such construction to the Builder/Owner.

Section 3.12 - Carports. No carport shall be erected or permitted on any Lot without the express prior written approval of the Committee. Said approval will be denied unless the carport is shown to be an integral part of the residence and the carport is constructed with the same design, color and materials as the residence

Section 3.13 - Wall, Fences and Hedges.

(a) No wall, fence, planter or hedge in excess of two feet (2') high shall be erected, planted or maintained nearer to the front property line than the front building setback line, unless otherwise approved by the Committee.

(b) Except as otherwise provided in this Section 3.13, No out building, fence or wall (except for approved boat houses) may be constructed within the area from the nearest point of the rear of the residence to the bulkhead, unless otherwise approved by the Committee. However other improvements including unroofed terraces and such other structures as approved by the Committee may be constructed within this area.

(c) An ornamental iron or other decorative fence of a design and color approved by the Committee, that would not unreasonably obstruct the water view of adjacent Property Owners may be constructed within the area from the nearest point of the rear of the residence to the bulkhead.

Section 3.14 - Visual Obstruction at the Intersection of Streets. No planting or object that obstruct sight lines at elevations between two feet (2') and six feet (6') above the roadways within the triangular area formed by the intersecting street property lines and a line connecting them at points twenty-five (25') feet from the intersection of the street property lines or extension thereof shall be placed, planted or permitted to remain on any corner Lots unless otherwise approved by the Committee.

Section 3.15 - Air Conditioning Requirements. No window or wall type air conditioning unit shall be permitted to be used, erected, placed or maintained in or on any building in any part of the Subdivision. No air conditioner compressor may be located in front of a house or on the side of a house facing a street.

Section 3.16 - Disposal Unit Requirements. Each kitchen in each residential dwelling or servant's quarters situated on any Lot shall be equipped with a garbage disposal unit, which garbage disposal unit shall at all times be kept in a serviceable condition.

Section 3.17 - Prohibition of Offensive Activities. Without expanding the permitted uses of the Lots, no activity, whether for profit or not, shall be conducted on any Lot that is not related to single-family residential purposes. No noxious or offensive activity of any sort shall be permitted nor shall anything be done or permitted to exist on any Lot that may be or may become an annoyance or a nuisance to the Subdivision. This restriction is waived in regard to the customary sales activities required to sell homes in the Subdivision and the lighting effects utilized to display the model homes. No exterior speaker, horn, whistle, bell or other sound device, except alarms, sirens, alarms monitoring devices and fire devices used exclusively for interior warning and fire purposes, shall be located, used or placed on a Lot. The Board of Directors shall have the sole and absolute discretion to determine what constitutes a nuisance or annoyance. Activities expressly prohibited, include, without limitation, (i) the performance of work on automobiles or other vehicles upon the Lot or in driveways or streets abutting Lots, (ii) the use or discharge of firearms, firecrackers or other fireworks within the Subdivision, (iii) the storage of flammable liquids in excess of five (5) gallons, or (iv) other activities that may be offensive by reason of odor, fumes, dust, smoke, noise, vision, vibration or pollution, or that are hazardous by reason of excessive danger, fire or explosion.

As indicated above, no Lot in the Subdivision shall be used for any commercial, educational, manufacturing, business, professional or church purposes. The renting or leasing of any residential dwelling is subject to the provision of Section 2.06.

No Lot or other portion of the Subdivision shall be used or permitted to be used for hunting or for the discharge of any pistol, rifle, shotgun, or any other firearm, or any bow and arrow or any other device capable of killing or injuring persons. This paragraph shall not be construed as prohibiting recreational fishing from the Lot.

Section 3.18 - Use of Temporary Structures. No structure of a temporary character, whether trailer, basement, tent, shack, garage, barn or other out building shall be maintained, used or permitted to remain on any Lot at any time as a residence, or for any other purpose, either temporarily or permanently, provided however, that Declarant reserves the exclusive right to erect, place and maintain such facilities in or upon any portion of the Subdivision as in its sole discretion may be necessary or convenient while selling Lots, selling or constructing residences and constructing other improvements within the Subdivision. Such facilities may include, but not necessarily be limited to; sales and construction offices, storage areas, model units, signs and portable toilet facilities.

Section 3.19 - Storage of Vehicles or Equipment.

(a) No motor vehicle or non-motorized vehicle (including without limitation, trucks and recreation vehicles), trailers, campers, motorcycles, off-road motor bikes, bicycles, golf carts, go-carts, machinery or equipment of any kind may be parked or stored for longer than ten (10) hours or on a semi-permanent or daily basis on any part of a Lot, driveway, private road or street, easement, right-of-way, or Common Area unless such vehicle or object is completely concealed from public view inside a garage or approved enclosure. Notwithstanding the ten (10) hour parking restriction, there shall be no overnight parking on any road or street. Passenger automobiles, passenger vans or

pick-up trucks that are in operating condition and not in a state of disrepair, having current license plates and inspection stickers, and that are in daily use as motor vehicles on the streets and highways of the State of Texas are exempt from the ten (10) hour parking and the overnight parking on the street in front of the residence restrictions; however, such parking shall not be continuous and shall not exceed forty-eight (48) hours in duration. No vehicle may be repaired on a street or repaired on a Lot unless such vehicle is concealed inside a garage or other approved enclosure during the repair thereof.

(b) Boats and boat trailers may be parked in the Owner's driveway for a period not longer than forty-eight (48) hours in duration (but in no event on a semi-permanent or daily basis); however, boats and boat trailers may not be parked on the street. Boats and boat trailers must be completely concealed from public view inside a garage, parking courtyard or approved enclosure if they are parked or stored on a Lot for more than forty-eight (48) hours.

(c) This restriction shall not apply to any vehicle, machinery or equipment temporarily parked and in use for construction, repair or maintenance of (i) residential dwelling(s) or related improvements in the immediate vicinity thereof or (ii) utility improvements in the Subdivision.

Section 3.20 - Mineral Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted upon or in any Lot, nor shall any wells, tanks, tunnels, mineral excavation, or shafts be permitted upon or in any Lot. No derrick or other structures designed for the use of boring for oil or natural gas shall be erected, maintained or permitted upon any Lot. At no time shall the drilling, usage or operation of any water well be permitted on any Lot, except that the Committee may, at its discretion, allow water wells to be drilled for homes requiring water wells for solar heating and cooling purposes. The prohibition of water wells shall not in any manner be deemed to apply to the Reserves designated on the Plat (if any) or to any land within the Subdivision or Annexable Area owned by the Declarant or Association, whether adjacent hereto or not.

Section 3.21 - Animal Husbandry. No animals, livestock, bees or poultry or any kind shall be raised, bred or kept on any Lot except that dogs, cats or other common household pets may be kept provided that they are not kept, bred or maintained for commercial purposes and do not become a nuisance or threat to other Owners. No more than two (2) of each type of animal shall be kept as household pets. No Owner shall permit any dog, cat or other domestic pet under his or her ownership or control to leave such Owner's Lot unless leashed and accompanied by a responsible member of such Owner's household

Section 3.22 - Lot Maintenance.

(a) All Lots shall be kept at all times in a neat, attractive, healthful and sanitary condition. The Builder/Owner or occupant of a Lot shall keep all weeds and grass thereon cut and shall in no event use such Lot for storage of materials or equipment except for normal residential requirements or incidental to construction of improvements thereon as herein permitted. Builder/Owners shall not permit the accumulation of garbage, trash or rubbish of any kind on any Lot and shall not burn any garbage, trash or rubbish on any Lot. All yard equipment or storage piles shall be kept screened by a service yard or other similar facility as herein otherwise provided, so as to conceal such equipment or piles from view of neighboring Lots, streets or other property.

(b) In the event of any default by the Builder/Owner or other occupant of any Lot in observing the above requirements or the requirements of Section 3.07, which default is continuing after ten (10) days written notice thereof to the Builder/Owner or occupant, as applicable, the Declarant or the Association or their designated agents have the right but not the obligation, without liability to the Builder/Owner, Contractor or any occupants of the Lot in trespass or otherwise, to enter upon (and authorize one or more others to enter upon) said Lot, and cut, or cause to be cut, such weeds and grass and remove or cause to be removed such garbage, trash and rubbish or do any other thing necessary to facilitate compliance with the Declaration, and so as to place the Lot in a neat, attractive, healthful and sanitary condition. The costs associated with the foregoing may be assessed against the applicable Builder/Owner Builder/Owner or occupant of such Lot for the cost of such work and associated materials. Payment thereof shall be collected by adding the charges to the Maintenance Charge (secured by a Maintenance Assessment Lien, as described in Section 5.03) and shall be payable on the first day of the next calendar month with the regular monthly Maintenance Charge payment.

Section 3.23 - Signs Advertisements and Billboards. No sign, advertisement, billboard, or advertising structure of any kind may erected maintained on any Lot in the Subdivision without the prior approval of the Committee and any such approval that is granted may be withdrawn at any time, in which event, the parties granted such permission shall immediately remove such structures. The Committee shall have the right from time to time to promulgate reasonable rules and regulations regarding signs. Additionally, no street or directional signs may be installed within the Subdivision without the prior written approval of the Declarant and the Committee.

The Declarant or the Association (and/or any agent designated by Declarant or the Association) shall have the right to remove and dispose of any such prohibited sign, advertisement, billboard or advertising structure that is placed on any Lot, and in doing so shall not be subject to any liability for trespass or any other tort in connection therewith or arising from such removal nor in any way be liable for any accounting or other claim by reason of the disposition thereof.

Section 3.24 - Maximum Height of Antenna. No external antennas, aerials, satellite dishes (of one (1) meter or less in diameter), or other apparatus for the reception of television, radio, satellite or other signals of any kind shall be placed, allowed, or maintained upon any portion of the property, including any home site, which is visible from any Street common area or other Lots unless it is impossible to receive signals from said location and, in that event, the receiving device may be placed in a visible location only as approved by the Committee. The Committee may require as much screening as possible while not substantially interfering with reception. No broadcast or MMDS antenna mast may exceed the height of twelve (12) feet above the center ridge of the roof line. No exterior antennas, aerials, satellite dishes, or other apparatus shall be permitted which transmit television, radio, satellite or others of any kind shall be placed, allowed, or maintained upon any portion of the property. No satellite receiving dish in excess of one (1) meter may be erected or installed without the prior written approval of the Committee. In order to ensure the aesthetic standards of the property, no satellite receiving dish may be erected or installed that extends more than six (6') feet above the natural grade, and every satellite receiving dish shall be enclosed with a six (6') foot high fence or wall constructed so that the dish is not visible at ground level from adjoining Lots, streets, common areas or the water. The Declarant by promulgating this section is not attempting to violate the Telecommunications Act of 1996 ("the Act"), as may be amended from time to time. This section shall be interpreted to be as restrictive as possible while not violating the Act

Section 3.25 - Wind Generators. No wind generators shall be erected or maintained on any lot if said wind generator is visible from any other Lot or public street in front of the residence.

Section 3.26 - Solar Collectors. No solar collector shall be installed without the prior written approval of the Committee. Such installation shall be in harmony with the design of the residence. Solar collectors shall be installed in a location not visible from any other Lot or private street in front of the residence.

Section 3.27 - Swimming Pools. Above ground swimming pools are prohibited. No swimming pool may be constructed on any Lot without the prior written approval of the Committee. Each application made to the Committee shall be accompanied by two sets of plans and specifications for the proposed swimming pool construction layout to be done on such Lot, including a plot plan showing the location and dimensions of the swimming pool and all related improvements, together with the plumbing and excavation disposal plan. The Committee's approval or disapproval of such swimming pool shall be made in the same manner as described in Article IV hereof for other building improvements. Swimming pool drains shall be piped into the lake to the extent permitted by law, storm sewer or gutter in front of the Lot. In no case shall the street be broken or cut to facilitate a pool drain. Excavation required for swimming pool shall be hauled from the site to a place outside of the Subdivision.

Swimming pools approved for construction by the Committee must be constructed prior to beginning construction of the Residence or approval in writing must be obtained from the Builder/Owner(s) of the adjacent Lot(s) or house(s) to use said Builder/Owner(s) Lot to gain ingress and egress over and across said Lots for purposes of constructing the swimming pool. The Builder/Owner must hire a Registered Professional Civil Engineer to provide design plans and specifications for improvements required to support the existing bulkhead and swimming pool. Such plans and specifications and/or approval in writing from the adjacent Lot Owner(s) authorizing use

of his or her property to gain access for swimming pool construction must be submitted to the Committee for approval as provided in Section 4.01. The Committee shall rely solely upon Owner/Builders engineer as to the adequacy of the bulkhead support design and swimming pool design when issuing architectural approval of the swimming pool and bulkhead support systems.

Subject to the restrictions for swimming pools as set out in this Section 3.27, a swimming pool approved by the Committee may be located within the building setback of a Lot; however, nothing herein shall allow a swimming pool to encroach upon a utility easement. At the option of the Committee, the Committee may approve the construction of a swimming pool that will encroach upon a utility easement upon receipt of satisfactory proof that: (1) the subject easement has been abandoned by law, or (2) a consent for the encroachment of said swimming pool, together with a survey or plat showing such proposed encroachment has been approved and executed by each utility company providing utility service of every type and character and approved and executed by the Declarant. Swimming pools may not have a screen or cover of any type without the prior written approval of the Committee. The Committee shall have the sole authority to determine whether or not such swimming pool screen or cover design is acceptable and may grant or deny, without liability, the construction of such a screen or cover based upon the Committee's opinion of the design, location, quality and appearance of said screen or cover.

The Committee may establish specifications, which specifications may be amended from time to time, for the construction of swimming pools including but not necessarily limited to the maximum elevation of the swimming pool and deck and the maximum elevation of any feature that extends above the top of the swimming pool and deck. The Committee shall have the sole authority to determine whether or not such swimming pool or feature is acceptable and may grant or deny without liability the construction of any swimming pool or any feature based upon the Committee's opinion of the design, location, elevation, quality, quality of view and appearance of such swimming pool, swimming pool deck or swimming pool feature.

Section 3.28 - Drying of Clothes in Public View. The drying of clothes in public view is prohibited, and the Builder/Owner or occupant of any Lots at the intersection of streets or adjacent facilities where the rear yard or portion of the Lot is visible to the public, shall construct and maintain a drying yard or other suitable enclosure to screen drying clothes from public view.

Section 3.29 - Garage Doors. Garage doors visible from any street shall be kept in the closed position when the garage is not being used by the Owner or occupant. All garage doors must be equipped with an electrically operated automatic door closer.

Section 3.30 - Control of Sewage Effluent. No outside toilets will be permitted, and no installation of any type of device for disposal of sewage shall be allowed that would result in raw, untreated or unsanitary sewage being carried in the streets or into any body of water. No septic tank or similar means of sewage disposal will be permitted.

Section 3.31 - Residences and Improvements Damaged by Fire or Other Casualty. Any buildings or other improvements within the Subdivision that are destroyed partially or totally by fire, storm or any other casualty, shall be repaired or demolished within a reasonable period of time, and the Lot and improvements thereon, as applicable, restored to an orderly and attractive condition.

Section 3.32 - Common Area. Any Common Area shall be used only for: streets, roads, paths, recreation, utility easement, drainage purposes, and Lot purposes reasonably connected therewith or related thereto; provided, however, no residential, professional, commercial, educational or church use shall be made of any Common Area.

Section 3.33 - Landscaping.

(a) Before any landscaping shall be done in the yard of any newly constructed dwelling, the landscape layout and plans shall first have been approved in writing by the Committee. Such landscape layout and plans shall include all landscaping to be planted in the front, side and rear yards of the Lot at the time the dwelling is being completed and before occupancy.

(b) Unless otherwise approved by the Committee, at the time of initial construction of improvements on any Lot in the Subdivision, the Builder/Owner of each Lot shall spend not less than Five Percent (5%) of the total value of the home and Lot for planting of grass, shrubbery and

other landscaping work in the front, rear and side yards of such Lot; such grass, shrubbery and landscaping shall be maintained in a neat and attractive condition at all times.

(c) The Committee shall, in its sole discretion and authority, determine whether the landscape layout and plans, including, but not necessarily limited to, drainage, grass, shrub and tree planting, include sufficient landscaping. The Committee may require additional landscaping should the Committee deem it to be necessary.

Section 3.34 - Roofing. No external roofing material other than tile of a type and color, as approved by the Committee, shall be used on any residence or other improvement on any Lot without the prior written approval of the Committee.

Section 3.35 - Mailboxes. Mailboxes may not be constructed, installed or placed in the front of any residence. Only mailboxes installed or approved by the United States Postal Service and approved by the Committee shall be installed. Such approved mailboxes shall be installed in groups (having multiple individual mailboxes), which mailboxes shall provide mail service to residents who live in the Subdivision and to residents who live outside of the Subdivision. Such multiple mailboxes may be installed upon a concrete pad located within any utility easement (whether or not the easement is located upon a Lot), located within any street right-of-way and/or located within any reserve. The Declarant or the Committee may, from time to time, construct concrete pads for the future location of approved mailboxes at any location described above and/or elsewhere in Subdivision and, in so doing, shall not be liable to anyone for the construction of the concrete pad and subsequent installation of mailboxes. No Property Builder/Owner, or resident or other person or persons shall have the right to make claims of injury or damages, bring causes of action, in any event, or file lawsuits to recover injury or damage against the Declarant or Committee or to cause the concrete pads and mailboxes to be removed.

Section 3.36 - Landing, Storage and Parking of Aircraft. No helicopters, hovercraft or other aircraft shall land or be stored or parked within the Subdivision until the "Transfer Date" (as hereinafter defined). From and after the Transfer Date, the Association may designate a portion of the Subdivision or other area, if any, for the landing, storage or parking of helicopters, hovercraft and other aircraft.

Section 3.37 - Lots Abutting Waterways: Construction of Pier, Docks, Boat Slips and Boat Houses.

(a) No pier, dock, boat slip, boat house or other structure shall be constructed on the Lot which projects beyond the Lot line or into the water of Clear Creek, (whether within or outside of the Lot line), unless prior written approval is given by the Committee and such improvement complies with the specifications set forth in Paragraph (c) below. Architectural approval shall be granted or withheld based upon: (i) architectural design and character of improvements, (ii) engineering design and specifications of planned structures, and (iii) whether or not proposed improvements conform to the Committees predetermined plan for such improvements and location

(b) In addition to being approved by the Committee, all plans for the pier, dock, boat slip, boat house or other structure to be constructed on the Lot or that projects beyond the Lot line or into the water of Clear Creek (whether within or outside of the Lot line), must satisfy the requirements of and be approved in writing in the form of a permit prior to beginning construction.

(c) If constructed, a pier, dock, boat slip, boat house or other structure must be constructed using pressure treated CCA yellow pine wood and may not project more than twenty (20') feet into the water, unless otherwise approved by the Committee, as measured from the bulkhead installed by the Declarant. The bulkhead shall not be cut without submitting a plan to the Committee by a registered professional engineer and approved in writing by the Committee. No improvements or modifications of any kind to any approved pier, dock, boat slip, boat house or other improvement constructed by a Builder/Owner shall be made unless prior written approval is given by the Committee and all such improvements must conform to the Committees predetermined plan for such improvements.

(d) The Committee shall, in its sole discretion and authority, determine the location of a pier, dock, boat slip, boat house or other structure to be constructed on the Lot or that projects beyond the Lot line into the waterway, (whether within or outside of the Lot line). The location,

design and construction of any pier, dock, boat slip and boat house must conform to the Committee's predetermined plan for such improvements and must be approved by the Committee.

(e) The total width of the boat slips and platform (deck) must conform to the Committee's predetermined plan for such improvements and must be approved by the Committee

(f) A "jet ski" platform may be constructed as part of the platform (deck) as described in Section 3.37 above. As an alternative, an uncovered "jet ski" platform, in addition to the uncovered platform (deck) as described in Section 3.37 above, may be constructed entirely upon the Lot with a swivel-type arm and winch that will pick up the jet ski from the water and place the 'jet ski' on the land-located platform. All such "jet ski" platform construction plans must be approved by the Committee prior to such construction

(g) The Committee, prior to Builder/Owner beginning construction, must approve in writing, plans and specifications for the construction of any pier, dock, boat slip, boat house or other structure including or requiring any dredging and disposal of dredging materials.

(h) The Committee reserves the right to add additional requirements regarding the construction of piers, docks and boat slips from time to time in the future. Additional requirements may be located within Architectural Guidelines and Bulletins which may be published by the Committee from time to time.

(i) Each Builder/Owner, at his or her sole expense, shall be responsible for permanently maintaining the structural and aesthetic integrity of the bulkhead within and along his or her respective Lot to protect his or her Lot and adjacent Lots and to insure a good quality bulkhead both as to structural integrity and appearance; the Declarant shall have no responsibility therefore. The Property Owners' responsibility for permanent maintenance of the bulkhead includes, but is not limited to, the repair or replacement of: (i) broken or damaged pilings, center match sheeting, whalers, dead man anchors and tiebacks; (ii) replacement of filter cloth to avoid sedimentation in the waterways; (iii) straightening of leaning or bulging bulkhead; (iv) repair or replacement of any materials warped, split or otherwise having a bad appearance; and (v) replacement of soil as backfill behind the bulkhead. The Committee, prior to Builder/Owner beginning construction, must approve in writing the plans and specifications for all Builder/Owner improvements or major repairs to bulkhead. The Declarant shall have no responsibility to repair or otherwise maintain the bulkhead. The Declarant is not warranting the construction of the bulkhead either expressed or implied, and all warranties are hereby waived by acceptance of a deed to property within this Section 3.37 including the implied warranties of merchantability and fitness for intended purposes.

(j) In the event of any default by the Builder/Owner or other occupant of any Lot in observing the above requirements, which default is continuing after ten (10) days written notice thereof to the Builder/Owner or occupant, as applicable, the Declarant or the Association or their designated agents may, without liability to the Builder/Owner, Contractor or any occupants of the Lot in trespass or otherwise, enter upon (and/or authorize one or more others to enter upon) said Lot to repair the bulkhead as required to maintain its structural and aesthetic integrity or do any other thing necessary to secure compliance with this Declaration and may charge the Builder/Owner or occupant of such Lot for the cost of such work and associated materials. Payment thereof shall be collected by adding the charges to the Maintenance Charge (secured by a maintenance assessment, as described in Section 6 and shall be payable on the first day of the next calendar month with the regular monthly Maintenance Charge.

(k) No improvements or modifications of any kind to the bulkhead constructed by the Declarant, including the replacement thereof, shall be made by Builder/Owner unless prior written approval is given by the Committee and all such improvements must conform to the Committee's predetermined plan for such improvements.

Section 3.38 - Storage of Materials and Equipment. No lawn tools, wheelbarrows, lawn mowers or other lawn maintenance supplies or equipment and no other tools or devices used in maintenance, repair or construction of a residence and related facilities shall be stored or maintained on the Property except if located within an enclosed structure after the initial residence has been constructed and occupied. Except, however, when additions, remodeling or construction of improvements are being made, materials required for such construction can be stored on the Lot so long as such materials are neatly stacked for the duration of such construction. However, such

storage shall be allowed only when continuous daily progress is being made to complete such additions, remodeling or construction.

Section 3.39 - Street Lighting. At the time a residence is built on any Lot, the Owner, at his or her sole cost and expense, shall cause an ornamental light fixture mounted on a pole, as approved by the Committee, to be located on the Lot at a location approved by the Committee. The ornamental light pole shall be connected to the residence's electrical system and shall have a photo cell so the light is on during the hours of darkness. The Committee shall have the right in its sole discretion, to exempt any residence from this requirement. Owner shall be required to keep this light fixture in good operating condition and appearance, at Owners expense, including replacing light bulbs, painting and repair of light, the fixture and pole and including replacement thereof if necessary. Street lighting will not be installed by Declarant.

Section 3.40 - Lift Stations. If a lift station is indicated on the recorded Plat for the Subdivision, Builder/Owner hereby agree to hold harmless the Declarant and the Association, and their successors and assigns and release them from any liability for the placement, construction, design, operation, maintenance and replacement of the lift station and agree to indemnify the parties released from any damages they may sustain.

Section 3.41 – Flagpoles. One flagpole may be maintained temporarily or permanently upon a home, so long as it is the type of flagpole customarily sold to be attached to a home. Flagpoles shall not exceed five (5') feet in length and must be maintained in good condition at all times.

Section 3.42 - Yard Art and Other Items. Yard art and other items including furnishings placed on a portion of a lot visible from any common area, waterways, street or other lot shall be considered an improvement and requires prior approval as set out in Article IV herein.

ARTICLE IV

ARCHITECTURAL CONTROL COMMITTEE

Section 4.01 - Basic Control.

(a) No building or other improvements of any character shall be erected or placed, or the erection or placing thereof commenced, or changes made in the design or exterior appearance thereof (including, without limitation, painting, staining or siding or any addition or exterior alteration made thereto after original construction, or demolition or destruction by voluntary action made thereto after original construction, on any Lot in the Subdivision until the obtaining of the necessary approval (as hereinafter provided) from the Architectural Control Committee ("the Committee") of the construction plans and specifications for the construction or alteration of such improvements or demolition or destruction at existing improvements by voluntary action. Approval shall be granted or withheld by the Committee based on matters of compliance with the provisions of this instrument, any architectural guidelines and bulletins, if any, and any other dedicatory instrument, quality and color of materials, drainage, harmony of external design and color with existing and proposed structures and location with respect to topography and finished grade elevation. The granting of approval shall in no way serve as a guaranty or warranty as to the quality of the plans or specifications nor the habitability, feasibility or quality of the resulting improvement.

(b) The sole authority for determining whether construction plans and specifications for proposed improvements are in compliance with the provisions of this Declaration as to quality and color of materials, drainage, harmony of external design and color with existing and proposed structures and location with respect to topography, finished grade elevations and other relevant factors, rests with the Committee. Disapproval of plans and specifications, including location of the proposed improvements, may be based by the Committee upon any grounds, including but not limited to purely aesthetic conditions that shall seem sufficient in the sole discretion of the Committee.

(c) Each application made to the Committee shall be accompanied by three (3) sets of plans and specifications for all proposed construction (initial or alterations) to be done on such Lot, which must include an accurately drawn and dimensioned plot plan, including all buildings, setbacks, easements, drives, walks, fences, storm water drainage, grading, etc.; The plans must include a foundation plan and details, floor plan, exterior and interior elevations, wall sections etc ,

the plans must show design, construction and material. All foundation plans must be stamped and signed by a licensed, registered professional engineer. All other plans must be stamped and signed by a registered AIA architect or a licensed, registered, professional engineer. The address of the Committee shall be the address of the principal office of the Association.

(d) At the option of the Declarant and/or the Committee, the Declarant and/or the Committee may designate an architect to sit on the Committee who, together with the Committee will have full authority to recommend the granting or denial of approval (as contemplated under Article V hereunder) with respect to all structures erected, constructed or altered in the Subdivision.

The architect, together with the Committee, shall have the authority to require design changes in the Owners structure in order to provide a harmonious development of the residences in the Subdivision and to insure that all residences constructed in the Subdivision conform to the Declarant's and the Committee's predetermined plan for such improvements. A fee in an amount to be determined by the Committee shall be paid by the Builder/Owner to the Committee prior to architectural approval; a signed Architectural Approval Request letter must accompany each submission. Neither the Declarant nor the Committee shall in any way be responsible for the fee.

The Declarant or the Committee shall have the power, from time to time, to discharge any architect(s) who have been appointed and to appoint successors who shall succeed to all the authority of the architect previously serving.

Final approval of the plans and specifications shall be granted or withheld by the Committee based upon the architect's recommendation, if any, and other matters of compliance with this Declaration, not later than thirty (30) days after the Committee's receipt of the Owner's complete plans.

Section 4.02 - Architectural Control Committee.

(a) The authority to grant or withhold architectural control approval as referred to above is initially vested in the Declarant; provided however, the authority of the Declarant shall cease and terminate upon the election of the Committee, in which event such authority shall be vested in and exercised by the Committee (as provided in (b) below), except as to plans and specifications and plot plans theretofore submitted to the Declarant, which shall continue to exercise such authority over all such plans, specifications and plot plans.

(b) At such time as all of the Lots in the Subdivision and the entirety of the Annexable Area are owned by persons or entities other than the Declarant (which date is hereinafter referred to as the "Transfer Date"), the Declarant shall cause a statement of such circumstances to be placed of record in the Real Property Records of Galveston County, Texas (which statement shall include the Transfer Date).

Thereupon, the Builder/Owner by vote, as hereinafter provided, shall elect a committee of three (3) members to be known as The Peninsula at Clear Lake, Section One Architectural Control Committee. From and after the Transfer Date, each member of the Committee must be an Owner of property in the Subdivision. Each Owner shall be entitled to one (1) vote for each whole Lot or building site owned by that Owner. In the case of any building site composed of more than one (1) whole Lot, such building site Owner shall be entitled to one (1) vote for each whole Lot contained within such building site.

The Declarant shall be obligated to arrange for the holding of such election within sixty (60) days following the filing of the aforesaid statement by the Declarant in the Real Property Records of Galveston County, Texas, and to give notice of the time and place of such election (which shall be in Galveston County, Texas) not less than thirty (30) days prior to the holding thereof. Nothing herein shall be interpreted to require that the Declarant actually file any such statement so long as it has not subdivided and sold the entirety of the Annexable Area, nor affect the time at which the Declarant might take such action if in fact, the Declarant does take such action. Additionally, the Declarant shall have the right to discontinue the exercise of architectural control privileges and arrange for the election by the Owners at any time prior to the Transfer Date by filing a statement to such effect in the Real Property Records of Galveston County, Texas.

(c) For the initial election, votes of the Owners shall be evidenced by written ballot furnished by the Declarant (and by the Board of Directors, after the initial election). The Board of Directors shall maintain said ballots as a permanent record of such election for a period of not less than three (3) years after such election. Any Owner may appoint a proxy to cast his or her ballot in such election, provided that the written appointment of such proxy is attached to the ballot as a part thereof. The Committee members initially elected by the Owners, as aforesaid, shall serve a two (2) year term. Thereafter, the Board of Directors shall determine the length of the term of said Committee members, which in no event shall be less than one (1) year or more than two (2) years.

The result of each such election shall promptly be determined on the basis of a plurality vote of those Owners voting in such election. The results of any such election and of any removal or replacement of any member of the Committee may be evidenced by the recording of an appropriate instrument properly signed and acknowledged on behalf of the Declarant or by a majority of the Board of Directors.

(d) After the first such election shall have been held, the Board of Directors thereafter shall be obligated to arrange for elections (in the manner and after notice as set forth above), including elections requested in writing by two-thirds (2/3) or more Members to remove a member of the Committee. No member of the Committee may be removed except upon a majority vote (voting in favor of removing said Committee member) of those voting in an election called by the Board of Directors for said purpose.

(e) Upon the death, resignation, refusal or inability of any member of the Committee to serve on the Board of Directors, by majority vote, shall fill the vacancy by appointment, and the person appointed shall complete the unexpired term of his or her predecessor.

(f) If the Board or Directors should fail or refuse to take any action herein provided to be taken by the Board of Directors with respect to setting elections, conducting elections, counting votes, determining results and evidencing such results, or naming successor Committee members, and such failure or refusal continues for a period that is unreasonably long (in the exclusive judgment of the Declarant), then the Declarant may validly perform such function

(g) The members of the Committee shall be entitled to such compensation for services rendered and for reasonable expenses incurred as may, from time to time, be authorized or approved by the Association, and shall be entitled to retain architects, engineers and contractors on a fee basis to assist the Committee in reviewing plans and specifications and inspecting Lots and improvements. All such sums payable as compensation and/or reimbursement shall be payable only out of the "Maintenance Fund," as hereinafter defined.

Section 4.03 - Effect of Inaction. Approval or disapproval as to architectural control matters as set forth in the preceding provisions of this Declaration shall be in writing. In the event that the authority exercising the prerogative of approval or disapproval (whether the Declarant or the Committee) fails to approve or disapprove in writing any plans, specifications and plot plans received by it in compliance with the preceding provisions within sixty (60) days following such submission, such plans, specifications and plot plans shall be deemed approved and the construction of any such building and other improvements may be commenced and proceeded with in compliance with all such plans and specifications and plot plan and all of the other terms and provisions hereof.

Section 4.04 - Effect of Approval. The granting of the aforesaid approval (whether in writing or by lapse of time) shall constitute only an expression of opinion by the Committee that the terms and provisions of this Declaration shall be complied with if the building and/or other improvements are erected in accordance with said plans, specifications and plot plan: Such approval shall not constitute any nature of waiver or estoppel either as to the persons expressing such approval or any other person in the event that such building and/or improvements are not constructed in accordance with such plans and specifications and plot plan or in the event that such building and/or improvements are constructed in accordance with such plans and specifications and plot plan, but nevertheless, fail to comply with the Provisions of this Declaration. Further, no person exercising any prerogative of approval or disapproval shall incur any liability by reason of the good faith exercise thereof. Exercise of any such prerogative by one (1) or more members of the Committee in their capacity as such shall not constitute action by the Declarant after the election of such Committee members, notwithstanding that any such Committee member may be an officer, owner or director of Declarant

Section 4.05 - Inspection. A ten (10) year or more warranty from a reputable, warranty company must be obtained before a Certificate of Completion, which may be required under any building guidelines or approval procedures promulgated for the Property, may be submitted. The selection of such home warranty company in regards to reputation and financial solvency shall be left to the absolute discretion of Builder or Owner. Furthermore, the Committee strongly suggests that Owners and Builders have frequent inspections made, or require their Contractors to have inspections made, in order to control the quality of the improvement being constructed. However, neither the Association, the Committee nor the Declarant is responsible for procuring such inspections and will not be liable for any damage that may occur as a result of such inspections not being done or being done improperly.

Section 4.06 - Variances. The Committee may authorize variances from compliance with any of the provisions of this Declaration, including without limitation, building setback lines or minimum acceptable construction standards or regulations and requirements as promulgated from time to time by the Committee, when circumstances such as topography, natural obstructions, Lot configuration, Lot size, hardship, aesthetic, environmental or technological advancements considerations may require a variance. Such variances must be evidenced in writing and shall become effective when signed by the Declarant or by at least a majority of the members of the Committee. If any such variances are granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance is granted. However, the granting of a variance shall not operate to waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provisions hereof covered by the variance, nor shall the granting of any variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the property concerned and the Plat (except to the extent that the variance relates to building setback lines). As more particularly described in Section 4.10, neither Declarant nor the Committee shall be liable to any Owner or any other person for approving or disapproving a request for a variance.

Section 4.07 - Notices of Completion and Noncompliance. Each Builder/Owner shall, send a written notice of the completion ("Notice of Completion") of such Builder/Owner's construction of residential improvements to the Committee and to the Association within fifteen (15) days after completion of such Builder/Owner's construction. If the Committee finds that any residential construction has been done without obtaining the approval at the Committee or was not done in conformity with the approved plans and specifications and plot plan, the Committee shall notify the Builder/Owner in writing of the noncompliance, which notice ("Notice of Noncompliance") shall be given, in any event, within sixty (60) days after the Committee receives a Notice of Completion. The Notice of Non-Compliance shall specify the particulars of the noncompliance and shall require the owner to take such action as may be necessary to remedy the noncompliance. If, for any reason other than Builder/Owner negligent acts or omissions or willful misconduct, the Committee fails to notify the Builder/Owner of any noncompliance within sixty (60) days after receipt by the Committee and the Association of the Notice of Compliance, the improvements constructed by such Builder/Owner on the Lot shall be deemed in compliance if such improvements were, in fact, completed as of the date of the Notice of Completion. If, however, the Committee issues a Notice of Noncompliance, the Builder/Owner shall commence to correct the noncompliance without delay. If the Builder/Owner does not correct the noncompliance within forty-five (45) days after receipt of the Notice of Noncompliance or commence, within ten (10) days after receipt of the Notice of Noncompliance, the correction of such noncompliance in the case of a noncompliance that cannot reasonably be expected to be corrected within forty-five (45) days (provided that such Builder/Owner diligently continues the removal of such noncompliance), the Board of Directors may, at its option, (i) record a Notice of Noncompliance against the Lot on which the noncompliance exists, and/or (ii) may otherwise correct such noncompliance, and the Builder/Owner shall reimburse the Association, upon demand, for all expenses incurred therewith, which reimbursement obligation shall be a charge on such Builder/Owner's Lot and shall be a continuing lien (secured by the same lien that secures the Maintenance Charge). The right of the Board of Directors to remedy or remove any noncompliance shall be in addition to all other rights and remedies that the Board of Directors may have at law, in equity, or under this Declaration to cure such noncompliance.

Section 4.08 - No Implied Waiver of Estoppel. No action or failure to act by the Committee or by the Board of Directors shall constitute a waiver or estoppel with respect to future action by the Committee or Board of Directors with respect to the construction of any improvements within the Subdivision. Specifically, the approval by the Committee or Board of Directors of any such

residential construction shall not be deemed a waiver of any right or an estoppel to withhold approval or consent for any similar residential construction or any similar proposals, plans, specifications or other materials submitted with respect to any other residential construction by such person or other Owners.

Section 4.09 - Disclaimer. No approval of plans and specifications and any publication or designation or architectural standards or rules and regulations shall ever be construed as representing or implying that such plans, specifications or standards will result in a properly designed structure or satisfy any legal requirements.

Section 4.10 - Non-Liability for Committee Action. Except for bad faith or willful misconduct, neither the Declarant, the Committee, the Architect, the Association, nor any member of the Board of Directors shall be liable to any Builder/Owner or any other person for any loss, damage or injury arising out of or in anyway connected with any actions or failure to act or in connection with any approval or disapproval of plans and specifications or any approval or disapproval of any request for a variance, including, without limitation, mistakes in judgment, negligence, malfeasance or nonfeasance. No approval of plans and specifications and no publication of minimum construction standards or rules and regulations shall ever be construed as representing or implying that, or as a warranty or guaranty that, if followed, the improvements or modifications of the improvements will comply with applicable building codes, legal requirements or other governmental laws or regulations, or as to any other matters relating to the health, safety, workmanship or suitability for any purpose.

ARTICLE V

MAINTENANCE FUND

Section 5.01 - Maintenance Fund Obligation. Each Owner of a Lot by acceptance of a deed therefore, whether or not it shall be expressed in any such deed or other conveyance, is deemed to covenant and agrees to pay to the Association a general maintenance charge (the "Maintenance Charge"), and any other assessments or charges hereby levied. The Maintenance Charge and any other assessments or charges hereby levied, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the Lots and shall be a continuing lien upon the property against which the Maintenance Charge and other such charges and assessments are made.

Section 5.02 - Basis of the Maintenance Charge.

(a) The Maintenance Charge shall be used to create a fund to be known as the "Maintenance Fund" which shall be used as herein provided, and each such Maintenance Charge (except as otherwise herein provided) shall be paid by the Owner of each Lot (or residential building site) to the Association annually, in advance. The Board of Directors shall designate the due date(s) of the Maintenance Charge from time to time by written notice to the Owner, which notice may consist of a statement for the Maintenance Charge, or on such other basis (monthly, quarterly or semi-annually) as the Board of Directors may designate in its sole discretion. The Maintenance Charge payable during the first year of an Owner's ownership of a Lot shall be prorated and be payable at the closing of said Owner's purchase of the Lot, or when invoiced by the Association.

(b) Any Maintenance Charge not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of (i) the rate of eighteen percent (18%) per annum or (ii) the maximum rate permitted by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the thereafter described lien against the Owner's Lot and then file suit to collect any deficiency. No Owner may waive or otherwise escape liability for the Maintenance Charge or any other charge or assessment by non-use of any Common Areas or recreational facilities available for use by Owners of the Subdivision or by the abandonment of his or her Lot.

(c) The exact amount of the Maintenance Charge applicable to each Lot will be determined by the Board of Directors not less than a month preceding the due date of the Maintenance Charge. All other matters relating to the Maintenance Charge and the collection, expenditure and administration of the Maintenance Fund shall be determined by the Board of Directors, subject to the provisions hereof.

(d) The Maintenance Charge will include a monthly charge for street lighting in the common areas of the Subdivision. Such charge will be included in the Associations monthly bill for electric services from Texas/New Mexico Power Company (or Successor Company supplying electric service) and shall be in addition to all other charges that such Owner may directly incur for residential electric service. The exact amount of the street lighting charge will be determined (and adjusted from time to time) by Texas/New Mexico Power Company (or a successor company supplying electric service).

(e) The Maintenance Charge and other charges or assessments described in this Declaration shall not, without the consent of the Declarant, apply to the Lots owned by the Declarant. The Declarant, prior to the Transfer Date, and the Association from and after the Transfer Date, reserve the right at all times, in their own judgment and discretion, to exempt any Lot ("Exempt Lot") in the Subdivision from the Maintenance Charge, including, without limitation, Lots owned by Builders. The exercise of such judgment and discretion when made in good faith shall be binding and conclusive on all persons and interests. If an Exempt Lot is sold to any party, the Maintenance Charge shall automatically be reinstated as to the Exempt Lot and can only be waived at a later date pursuant to the provisions of the preceding sentence. The Declarant, prior to the Transfer Date, and the Association, from and after the Transfer Date, shall have the further right at anytime, and from time to time, to adjust or alter said Maintenance Charge from month to month as it deems proper to meet the reasonable operating expenses and reserve requirements of the Association in order for the Association to carry out its duties hereunder.

Section 5.03 - Creation of Lien and Personal Obligation. In order to secure the payment of the Maintenance Charge and other charges and assessments hereby levied, a maintenance assessment lien for the benefit of the Association, shall be and is hereby reserved in the deed from the Declarant to the purchaser of each Lot or portion thereof, which lien shall be enforceable through appropriate judicial and non-judicial proceedings by the Association. As additional security for the payment of the Maintenance Charge and other charges and assessments hereby levied, each Owner of a Lot in the Subdivision, by such party's acceptance of a deed thereto, hereby grants the Association a contractual lien on such Lot, which lien may be foreclosed on by non-judicial foreclosure and pursuant to the provisions at Section 51.002 of the Texas Property Code (and any successor statute), and each such Owner hereby expressly grants the Association a power of sale in connection therewith. The Association shall, whenever it proceeds with non-judicial foreclosure pursuant to the provisions of said Section 51.002 of the Texas Property Code and said power of sale, designate in writing a Trustee to post or cause to be posted all required notices of such foreclosure sale and to conduct such foreclosure sale. The Trustee may be changed at any time and from time to time by the Association by means of a written instrument executed by the President or any Vice President of the Association and filed for record in the Real Property Records of Galveston County, Texas. The Association shall have the right to bid on and purchase such foreclosed upon Lot at such foreclosure sale.

In the event that the Association has determined to non-judicially foreclose the lien provided here pursuant to the provisions at said Section 51.002 of the Texas Property Code and to exercise the power of sale hereby granted, the Association shall mail to the defaulting Owner a copy of the Notice of Trustee's Sale not less than twenty-one (21) days prior to the date on which said sale is scheduled by post such notice through the U.S. Postal Service, postage prepaid, certified, return receipt requested, properly addressed to such Owner at the last known address of such Owner according to the records of the Association. If required by Law, the Association or Trustee shall send any curative period notice to the Owner and also cause a copy of the Notice of Trustee's Sale to be recorded in the Real Property Records of Galveston County, Texas. Out of the proceeds of such sale, if any, there shall first be paid all expenses incurred by the Association in connection with such default, including but not limited to reasonable attorney's fees and a reasonable trustees fee; second, from such proceeds there shall be paid to the Association an amount equal to the amount in default and, third, the remaining balance shall be paid to such Owner. Following any such foreclosure, each occupant of any such Lot foreclosed on and each occupant of any improvements thereon shall be deemed to be a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgment for possession in an action of forcible detainer and the issuance of a writ of restitution thereunder.

In the event of nonpayment by any Owner of any Maintenance Charge or other charge or assessment levied hereunder, the Association may, in addition to foreclosing the lien hereby retained

and exercising the remedies provided herein, upon thirty (30) days prior written notice thereof to such nonpaying Owner, exercise all other rights and remedies available at law or in equity.

It is the intent of the provisions of this Section 5.03 to comply with the provisions of said Section 51.002 of the Texas Property Code relating to non-judicial sales by power of sale and, in the event of the amendment of said Section 51.002 of the Texas Property Code hereafter, the President or any Vice President of the Association, acting without joinder of any other Owner, mortgagee or other person may, by amendment to this Declaration filed in the Real Property Records of Galveston County, Texas, amend the provisions hereof so as to comply with said amendments to Section 51.002 of the Texas Property Code.

Section 5.04 - Notice of Lien. In addition to the right of the Association to enforce the Maintenance Charge or other charge or assessment levied hereunder, the Association may file a claim or lien against the Lot of the delinquent Owner by recording a notice setting forth (a) the amount of the claim of delinquency, (b) the interest and costs of collection that have accrued thereon, (c) the legal description and street address of the Lot against which the Lien is claimed and (d) the name of the Owner thereof ("Notice of Lien"). Such Notice of Lien shall be signed and acknowledged by an officer of the Association or other duly authorized agent of the Association. The lien shall continue until the amounts secured thereby and all subsequently accruing amounts are fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments that may have accrued subsequent to the filing at the Notice of Lien have been fully paid or satisfied, the Association shall execute and record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the Board of Directors to cover the preparation and recordation of such release of lien instrument.

Section 5.05 - Liens Subordinate to Mortgages. The liens described in Section 5.03 hereof and the superior title herein reserved shall be deemed subordinate to a first lien or other liens of any bank, insurance company, savings and loan association, university, pension and profit sharing trusts or plans, or other bona fide, third-party lender, including Declarant, that may have heretofore or may hereafter lend money in good faith for the purchase or improvement of any lot and any renewal, extension, rearrangement or refinancing thereof. Each such mortgagee of a mortgage encumbering a Lot who obtains title to such Lot pursuant to the remedies provided in the deed of trust or mortgage or by judicial foreclosure shall take title to the Lot free and clear of any claims for unpaid Maintenance Charges or other charges or assessments against such Lot that accrued prior to the time such holder acquires title to such Lot. No such sale or transfer shall relieve such holder acquiring title to a Lot from liability for any Maintenance Charge or other charges or assessments thereafter becoming due or from the lien thereof. Any other sale or transfer of a Lot shall not affect the Association's lien for Maintenance Charges or other charges or assessments. The Association shall make a good faith effort to give each such mortgagee sixty (60) days advance written notice of the Association's proposed foreclosure of the lien described in Section 6.01 hereof, which notice shall be sent to the nearest office of such mortgage by prepaid, U.S. registered or certified mail, return receipt requested, and shall contain a statement of delinquent Maintenance Charges or other charges or assessments upon which the proposed action is based and any other costs or legal fees that have accrued; provided, however, the Association's failure to give such notice shall not impair or invalidate any foreclosure conducted by the Association pursuant to the provisions of this Article V.

Section 5.06 - Purpose of the Maintenance Charge. The Maintenance Charge levied by the Association shall be used exclusively for the purpose of enforcing this Declaration and other dedicatory instruments and to promote the betterment of the Property and the welfare of the Owners of the Subdivision and other portions of the Annexable Area that hereafter may become subject to the jurisdiction of the Association. In particular, the Maintenance Charge shall be used for any improvement or services in furtherance of these purposes and the performance of the Association's duties described in Article VIII, including the maintenance of the waterway canals, and the establishment and maintenance of a reserve fund. The Maintenance Fund may be expended by the Association for any purposes that, in the judgment of the Association, will tend to maintain the property values in the Subdivision, including, but not limited to, replacement and maintenance of the waterway canals as may from time to time be authorized by the Board of Directors, and other facilities, services and activities as may from time to time be authorized by the Board of Directors, including, but not limited to, salaries of personnel and fees paid to independent contractors, mowing of grass and weeds within the Subdivision and maintaining and caring for the waterway canals, renting or purchasing of any equipment needed to perform the duties of the Association and

maintenance or replacement of such equipment, payment of all legal and other expenses incurred in connection with the enforcement of this Declaration, the Rules and Regulations and all other dedicatory instruments, payment of all reasonable and necessary expenses in connection with the collection and administration of the Maintenance Charge and other charges and assessments required by this Declaration or that the Board of Directors shall determine to be necessary to meet the primary purposes of the Association. Except for the Association's use of the Maintenance Charge to perform its duties described in this Declaration and in the By-Laws, the use of the Maintenance Charge for any of these purposes is permissive and not mandatory. It is understood that the judgment of the Association as to the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith.

Section 5.07 - Exempt Property. The following property subject to this Declaration shall be exempt from the Maintenance Charge and all other charges and assessments created herein: (a) all properties owned by the Declarant; (b) all properties dedicated to and accepted by a local public authority; and (c) all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of Texas; however, no lot shall be exempt from said Maintenance Charge.

ARTICLE VI

RESERVATIONS, EXCEPTIONS AND DEDICATIONS

Section 6.01 - Recorded Subdivision Map of the Property. The Plat of the Subdivision dedicates for public use, the streets and easements shown thereon. The Plat further establishes certain restrictions applicable to the Property. All dedications, restrictions and reservations created herein or shown on the Plat, replats or amendments of the Plat of the Subdivision recorded or hereafter recorded shall be incorporated herein and made a part hereof as if fully set forth herein, and shall be construed as being included in each contract, deed, or conveyance executed or to be executed by or on behalf of Declarant, conveying said Property or any part thereof whether specifically referred to therein or not.

Section 6.02 - Easements. Declarant reserves for public use, the utility easements shown on the Plat or that have been of hereafter may be created by separate instrument recorded in the Real Property Records of Galveston County, Texas, for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line, gas lines, sewers, water lines, storm drainage (surface or underground), cable television lines, or any other utility the Declarant sees fit to install in, across and/or under the Property. Unless otherwise specifically provided in the Plat or other instrument creating the easement, all utility easements in the Subdivision may be used for the construction of drainage swales in order to provide for improved surface drainage of the Reserves, Common Area and/or Lots. Notwithstanding anything to the contrary contained in this Section 6.02, no sewers, electrical lines, water lines, cable television lines, or other utilities may be installed on said Property except as approved in writing by the Declarant. Should any utility company furnishing a service request a specific easement by separate recordable document, Declarant, without the joinder of any other Owner, shall have the right to grant such easement on said Property without conflicting with the terms hereof. Any utility company serving the Subdivision shall have the right to enter upon any utility easement for the purpose of installation, repair and maintenance of their respective facilities. Neither Declarant, nor any utility company using the easements herein referred to, shall be liable for any damage done by them or their assigns, agents, employees, or servants, even if done negligently on the Property covered by said easements.

Section 6.03 - Title Subject to Easements. It is expressly agreed and understood that the title conveyed by Declarant to any of the Lots by contract for deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, water lines, gas, sewer, storm sewer, electric lighting, electric power, telegraph, cable, internet or telephone purposes and any other easement hereafter granted abutting the Lots as shown on the Plat or other instrument filed of record. The Owners of the respective Lots shall not be deemed to own pipes, wires, conduits or other service lines running through their Lots that are utilized for or service other Lots, but each Owner shall have an easement in and to the aforesaid facilities as shall be necessary for the use, maintenance and enjoyment of his or her Lot.

Section 6.04 - Utility Easements.

(a) A fifteen foot (15') utility easement has been dedicated along the front of all Lots, and along the side Lot line adjacent to the Street right-of-ways of all corner Lots, except as otherwise indicated on the Plat.

(b) Other ground and aerial easements have been dedicated in accordance with the Plat or by separate recorded easement documents.

(c) No building shall be located over, under, upon or across any portion of any utility easement; however, the Owner of each Lot shall have the right to construct, keep and maintain concrete drives and similar improvements across the utility easement along the front of the Lot and/or along the side of corner Lots adjacent to street right-of-ways and shall be entitled to cross such easements at all times for purposes of gaining access to and from such Lots.

(d) With the prior approval of the Committee, the Owner of each Lot also shall have the right to construct, keep and maintain driveways, walkways, steps, air conditioning units, fences and equipment over, across or upon any utility easement along the side of such Lots (the "Side Lot Utility Easement") (other than along any Side Lot Utility Easement that is adjacent to a street right-of-way) and shall be entitled, at all times, to cross, have access to and use the improvements located thereon. However, any such improvements placed upon such Side Lot Utility Easement by the Owner shall be constructed, maintained and used at Owner's risk and, as such, the Owner of each Lot subject to said Side Lot Utility Easements shall be responsible for (i) any and all repairs to the driveways, walkways, steps, air conditioning units, fences and equipment that cross or are located upon such Side Lot Utility Easements and (ii) repairing any damage to said improvements caused by the Subdivision or any public utility in the course of installing, operating, maintaining, repairing, or removing its facilities located within the Side Lot Utility Easements.

(e) The Owner of each Lot shall indemnify and hold harmless Declarant, the Subdivision and public utility companies having facilities located over, on, across or under utility easements, from any loss, expense, suit or demand resulting from death, injuries to persons or damage to property in any way occurring, incident to, arising out of or in connection with said Owner's installation, maintenance, repair or removal of any permitted improvements located within utility easements, including where such death, injury or damage is caused or alleged to be caused by the negligence of such public utility or the Declarant, their employees, officers, contractors, or agents.

(f) In no event shall any Owner construct, maintain or use any of the above-described improvements or any other improvements within any utility easements located along the rear of such Owner's Lot.

(g) In addition to the utility easements shown on the recorded Plat, there is hereby dedicated a five foot (5') wide electric service utility easement, extending from the surface of the ground downward, and said easement being two and one-half feet (2'-6") on each side of underground electric service lines as now or hereafter constructed and will extend along the route selected by Texas/New Mexico Power Company from Texas/New Mexico Power Company's distribution facilities to the electric meter when and as located upon Lots and Reserves in the Subdivision. CenterPoint Utilities Company shall have the right to excavate said Lot easement strip and to remove objects, structures, growth or protrusions thereon.

ARTICLE VII

DECLARANT'S RIGHTS AND RESERVATIONS

Section 7.01 - Period of Declarant Rights and Reservations. Declarant shall have, retain and reserve certain rights as hereinafter set forth with respect to the Association and the common area from the date hereof, until the earlier to occur of (i) the Transfer Date or (ii) Declarant's written notice to the Association of Declarant's termination of the rights described in Article VII hereof. The rights and reservations hereinafter set forth shall be deemed accepted and reserved in each conveyance of a Lot by Declarant to an Owner whether or not specifically stated therein and in each deed or other instrument by which any Property within the common area is conveyed by Declarant. The rights, reservations and easements hereinafter set forth shall be prior and superior to any other

provisions of this Declaration and may not, without Declarant's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration. Declarant's consent to any one such amendment shall not be construed as consent to any other or subsequent amendment. Nothing in Article VII of this Declaration shall limit or impair the reserved rights or Declarant as elsewhere provided in this Declaration.

Section 7.02 - Right to Construct Additional Improvements in Common Area. Declarant shall have and hereby reserves the right (without the consent of any other Owner), but shall not be obligated, to construct additional improvements within the common area at any time and from time to time in accordance with this Declaration for the improvement and enhancement thereof and for the benefit of the Association and Owners, so long as such construction does not directly result in the increase of the Maintenance Charge. Declarant shall convey or transfer such improvements to the Association and the Association shall be obligated to accept title to, care for and maintain the same as elsewhere provided in this Declaration.

Section 7.03 - Declarant's Right to Use Common Areas in Promotion and Marketing of the Property and Annexable Area. Declarant shall have and hereby reserves the right to reasonable use of the common area and of services offered by the Association in connection with the promotion and marketing of land and houses within the boundaries of the Property and Annexable Area. Without limiting the generality of the foregoing, Declarant may erect and maintain on any part of the common area such signs, temporary buildings and other structures as Declarant may reasonably deem necessary or proper in connection with the promotion, development and marketing of land within the Property and Annexable Area may use vehicles and equipment within the common area for promotional purposes, and may permit prospective purchasers of property within the boundaries of the Property and Annexable Area who are not Owners or Members of the Association to use the common area at reasonable times and in reasonable numbers, and may refer to the services offered by the Association in connection with the development, promotion and marketing of the Property and Annexable Area.

Section 7.04 - Declarant Rights to Complete Development of the Subdivision. No provision of this Declaration shall be construed to prevent or limit Declarant right (or require Declarant to obtain any approval) to (i) complete development of the real property within the boundaries of the Property and Annexable Area (ii) construct, alter, demolish or replace improvements on any real property owned by Declarant within the Property or Annexable Area; (iii) maintain model homes, storage areas, offices for construction, initial sales, resale's or leasing purposes or similar facilities on any property owned by Declarant or owned by the Association within the Property; (iv) post signs incidental to development, construction, promotion, marketing, sales or leasing of property within the Property and Annexable Area; (v) excavate, cut, fill or grade any property owned by Declarant or (vi) require Declarant to seek or obtain the approval of The Committee or of the Association for any such activity or improvement to property by Declarant on any property owned by Declarant.

Section 7.05 - Declarant Rights to Grant and Create Easements. Declarant shall have and hereby reserves the right, without the consent of any other Owner or the Association, to grant or create temporary or permanent easements for access, utilities, pipeline easements, cable television systems, communication and alarm or protection systems, drainage, water and other purposes incidental to development, sale, operation and maintenance of the Subdivision, located in, on, under, over and across (i) all property, including Lots, owned by Declarant, (ii) the common area, and (iii) existing utility easements. Declarant also reserves the right, without the consent or the joinder of the Association or any Owner of a Lot acquired from Declarant or from any other party, to grant or create temporary or permanent easements for access or the installation of utilities (including, without limitation, sanitary sewer, water lines, storm drainage [surface or underground] electrical lines and telephone lines), cable television systems, and communication and alarm or protection systems, over, under and across any Lot so long as such granted easement is located within the area between the Lot property lines and the building setback lines established by the recorded Plat or this Declaration. Declarant also reserves the right, without the consent of any other Owner or the Association, to grant or create temporary or permanent easements for access over and across the streets and roads within the Subdivision for the benefit of owners of property within the Annexable Area or owners of any other property, regardless of whether the beneficiary of such easements owns property that is hereafter made subject to the jurisdiction of the Association.

Section 7.06 - Declarant Rights to Convey Additional Common Area to the Association.

Declarant shall have and hereby reserves the right, but not the obligation to convey additional real property and improvements thereon, if any, to the Association as common area at any time and from time to time in accordance with this Declaration, without the consent of any other Owner or the Association.

Section 7.07 - Annexation of Annexable Area. Additional residential property and areas outside of the Subdivision including, without limitation, the Annexable Area, may, at any time and from time to time, be annexed by the Declarant into the real property that becomes subject to the jurisdiction and benefit of the Association, without the consent of the Owners or any other party; provided, however, such additional residential property outside of the Annexable Area may be made subject to the jurisdiction of the Association by the Declarant, without the consent of the Owners or any other party, provided that the annexation is in accordance with a general plan theretofore approved by the Board of Directors. The Owners of Lots in such annexed property, as well as all other Owners subject to the jurisdiction of the Association, shall be entitled to the use and benefit of all common areas that are or may become subject to the jurisdiction of the Association, provided that such annexed property is impressed with and subject to at least the Maintenance Charge imposed hereby.

ARTICLE VIII

DUTIES AND POWERS OF THE PROPERTY OWNERS ASSOCIATION

Section 8.01 - General Duties and Powers of the Association. The Association has been formed to further the common interests of the Members. The Association, acting through the Board of Directors or through persons to whom the Board of Directors has delegated such powers (and subject to the provisions of the By-Laws), shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interests of the Members, to maintain, improve and enhance the common areas and to improve and enhance the attractiveness and desirability of the Subdivision and any portion of the Annexable Area that becomes subject to the jurisdiction of the Association. The Association shall have the authority to act as the agent and attorney-in-fact for all Members of the Association and to enter into any and all contracts on behalf of the Members in order to carry out the duties, powers and obligations of the Association as set forth in this Declaration.

Section 8.02 - Duty to Accept the Property Transferred by Declarant. The Association shall accept title to any property, including any improvements thereon and personal property transferred to the Association by Declarant, and equipment related thereto, together with the responsibility to perform any and all administrative functions and recreation functions associated therewith (collectively herein referred to as "Functions"), provided that such property and Functions are not inconsistent with the terms of this Declaration. Property interests transferred to the Association by Declarant may include fee simple title, easements, leasehold interests and licenses to use such property. Any property or interest in property transferred to the Association by Declarant shall be within the boundaries of the Property or Annexable Area. Any property or interest in property transferred to the Association by Declarant shall, except to the extent otherwise specifically approved by resolution of the Board of Directors, be transferred to the Association free and clear of all liens and mortgages (other than the lien for property taxes and assessments not due and payable), but shall be subject to the terms of this Declaration and the terms of the declaration of covenants, conditions and restrictions annexing such property to the common area, any amendments to either and all easements, covenants, conditions, restrictions and equitable servitudes or other encumbrances that do not materially affect the use and enjoyment of such property by the Association or by the Owners authorized to use such property.

Except as otherwise specifically approved by resolution of the Board of Directors, no property or interest in property transferred to the Association by the Declarant shall impose upon the Association any obligation to make monetary payments to the Declarant or any affiliate of the Declarant including, but not limited to, any purchase price, rent, charge or fee. The property or interest in property to the Association by Declarant shall not impose any unreasonable or special burdens of ownership of property, including the management maintenance replacement and operation thereof.

Section 8.03 - Duty to Manage and Care for the Common Area. The Association shall manage, operate, care for, maintain and repair all common areas and keep the same in a safe, attractive and desirable condition for the use and enjoyment of the Members. The duty to operate, manage and maintain the common areas may include, but not be limited to the following: establishment, operation and maintenance of a patrol, alarm monitoring and/or alarm system for the Subdivision; landscaping, maintenance (including the installation and maintenance of a sprinkler system); and mowing of street right-of-ways and other portions of the Subdivision.

Section 8.04 - Duty to Pay Taxes. The Association shall pay all taxes and assessments levied upon the common areas and shall have the right to contest any appropriate such taxes or assessments provided that (i) the Association shall contest the same by appropriate legal proceedings that shall have the effect of preventing the collection of the tax or assessment, and the sale or foreclosure of any lien for such tax or assessment, and (ii) provided that the Association shall keep and hold sufficient funds to pay and discharge the taxes and assessments, together with any interest and penalties that may accrue with respect thereto, if the contest of such taxes is unsuccessful.

Section 8.05 - Duty to Maintain Casualty Insurance. The Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, causality, fire and extended coverage insurance with respect to all insurable improvements and personal property owned by the Association including coverage for vandalism and malicious mischief and, if available and deemed appropriate, coverage for flood, earthquake and war risk. Casualty, fire and extended coverage insurance with respect to insurable improvements shall, to the extent reasonable obtainable, be for the full insurable value based on current replacement cost.

Section 8.06 - Disbursement of Proceeds. Proceeds of insurance policies shall be used to replace, repair or reconstruct damaged portions of the common area. Any proceeds remaining after defraying such costs or repairs, replacement or reconstruction of the common areas shall be retained by and for the benefit of the Association. This is a covenant for the benefit of any mortgagee of a Lot and may be enforced by such mortgagee.

Section 8.07 - Damage and Destruction. Immediately after the damage or destruction by fire or other casualty to all or any part of the common areas covered by insurance written in the name of the Association, the Board Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Section 8.07 means repairing or restoring the damaged or destroyed property to substantially the same condition which it existed prior to the fire or other casualty.

Section 8.08 - Repair, Replacement and Reconstruction. If the damage or destruction for which the insurance proceeds are paid is to be repaired, replaced or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Association's Members, levy a special assessment against all Owners in proportion to the number of Lots owned by such Owners. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from said special assessment exceed the cost of such repair, replacement or reconstruction, such excess shall be deposited for the benefit of The Association.

Section 8.09 - Duty to Maintain Liability Insurance. The Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, broad form liability insurance covering public liability for bodily injury and property damage including, but not limited to, if the Association owns or operates motor vehicles, public liability for bodily injury, and property damage arising as a result of the ownership and operations of motor vehicles and director and officer insurance with policy limits and deductibles as set by the Declarant and/or the Association in its sole and absolute discretion.

Section 8.10 - General Provisions Concerning Insurance. Insurance obtained by he Association may contain such deductible provisions as good practice may dictate. In the event that the Association sustains a loss by reason of fire or other casualty that is covered by a fire and extended coverage insurance policy, and such fire or other casualty is caused in whole or in part by the acts or omissions of the Declarant, any Member or any officer, director, agent, employee, contractor or employee of the Declarant or Member, then the Association agrees that to the extent the Association is compensate for such loss by its aforesaid insurance proceeds, the Association shall have no right of recovery against the Declarant, any Member or any officer, director, agent, employee, contractor or any employee of the Declarant or Member; and no third party shall have any such right of recovery by way of assignment, subrogation or otherwise. Insurance obtained by the

Association shall, to the extent reasonably possible, and provided Declarant reimburses the Association for any additional premium payable on account thereof, name Declarant as an additional insured. Insurance policies and insurance coverage shall be reviewed at least annually by the Board of Directors to ascertain whether coverage under the policies is sufficient in light of the current values of the common area and in light of the possible or potential liabilities of the Association. Casualty, fire and extended coverage insurance may be provided under blanket policies covering the common area and other property of Declarant.

Section 8.11 - Other Insurance and Bonds. The Association shall obtain such other insurance as may be required by law, including worker's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity or other bonds as the Association shall deem necessary or desirable.

Section 8.12 - Duty to Prepare Budgets. The Association shall prepare budgets for the Association, which budgets shall include a reserve fund for the maintenance of all common areas and/or waterway canals.

Section 8.13 - Duty to Levy and Collect the Maintenance Charge. The Association shall levy, collect and enforce the Maintenance Charge and other charges and assessments as elsewhere provided in this Declaration.

Section 8.14 - Duty to Prepare Annual Review. The Association shall prepare an annual, unaudited, independent review of the accounts of the Association.

Section 8.15 - Duties with Respect to Architectural Approvals. The Association shall perform function to assist the Committee as elsewhere provided in Article IV of this Declaration.

Section 8.16 - Power to Acquire Property and Construct Improvements. The Association may acquire property or an interest in property (including leases, improvements and personal property) for the common benefit of Owners. The Association may construct improvements on the Property and may demolish existing improvements.

Section 8.17 - Power to Adopt Rules and Regulations. The Association may adopt, amend, repeal and enforce rules and regulations, fines, levies, and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the common areas and the use of any other property within the common area, including Lots. Any such Rules and Regulations shall be reasonable and uniformly applied (as to all Owners, if applicable, and to Owners of similarly restricted Lots). Such Rules and Regulations shall be effective only upon adoption by resolution of the Board of Directors. Notice of the adoption, amendment or repeal of any Rule and Regulation shall be given by posting any such Rule or Regulation for thirty (30) days after the date of adoption in the Association office, and copies of the currently effective Rules and Regulations shall be made available to each Member upon request and payment of the reasonable expense of copying the same. Each Member shall comply with such Rules and Regulations and shall see the Member's Related Users comply with such Rules and Regulations. In the event of conflict between the Rules and Regulations and the provisions of this Declaration, the provisions of this Declaration shall prevail.

Section 8.18 - Power to Enforce Restrictions and Rules and Regulations. The Association (and any Owner with respect only to the remedies described in (ii) and (iii) below) shall have the power to enforce the provisions of this Declaration and the Rules and Regulations and shall take such action as the Board of Directors deems necessary or desirable to cause such compliance by each Member and each Related User. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and of the Rules and Regulations of the Association by any one or more of the following means:

(i) by entry upon any property within the Subdivision after notice and hearing (unless a bona fide emergency exists in which event this right of entry may be exercised without notice (written or oral) to the Owner in such manner as to avoid any unreasonable or unnecessary interference with the lawful possession, use or enjoyment of the improvements situated thereon by the Owner or any other person), without liability by the Association to the Owner thereof, for the purpose of enforcement of this Declaration or the Rules and Regulations; (ii) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the Rules and Regulations, by mandatory injunction or otherwise; (iii) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of this Declaration or the Rules and Regulations; (iv) by suspension, after notice and hearing, of the voting rights of a Member during and for up to sixty (60) days following any breach

by such Member or a Related User of a provision of this Declaration or such Rules and Regulations, unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues; (v) by levying and collecting, after notice and hearing, an assessment against any Member for breach of this Declaration or such Rules and Regulations by such Member or Related User which assessment reimburses the Association for the costs incurred by the Association in connection with such breach or in connection with remedying such breach; (vi) by levying and collecting, after notice and hearing, reasonable and uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, from any Member or Related User for breach of this Declaration or such Rules and Regulations by such Member or Related User; and (vii) by taking action itself to cure or abate such violation, and to charge the expenses thereof, if any, to such violating Members, plus attorneys fees incurred by the Association with respect to exercising such remedy.

Before the Board may invoke the remedies provided above, it shall give notice by registered mail, return receipt requested, of such alleged violation to Owner, and shall afford the Owner a hearing. If, after the hearing, a violation is found to exist, the Board's right to proceed with the listed remedies shall become absolute. Each day a violation continues shall be deemed a separate violation. Failure of the Association, the Declarant, or of any Owner to take any action upon any breach or default with respect to any of the foregoing violations shall not be deemed a waiver of the right to take enforcement action thereafter or upon a subsequent breach or default.

Section 8.19 - Power to Provide Public Functions. The Association shall have the power, but not the obligation to acquire, construct, operate, manage, maintain, repair and replace utilities, and additional public facilities, and to provide other Functions as more particularly described in this Declaration.

Section 8.20 - Power to Provide Special Services for Members. The Association shall have the power, but not the obligation, to provide special or additional services to a Member or group of Members. Any service or services to a Member or group of Members shall be provided pursuant to an agreement in writing, which shall provide for payment to the Association by such Member or group of Members of the reasonably estimated costs and expenses of the Association for providing such services, including its proportionate share of the overhead expenses of the Association and shall contain reasonable provisions assuring that the obligation to pay for such services shall be binding upon any heirs, personal representatives, successors or assigns of the Member or group of Members and that the payment for such services shall be secured by a lien on the property of the Member or group of Members as provided for in Article VI. Such additional or special services may also be deleted upon request of such Member or, if a group of Members requested such additional or special services, upon approval of such Members owning a majority of the Lots that were receiving such special or additional services.

Section 8.21 - Power to Grant Easements. In addition to any blanket easements described in this Declaration, the Association shall have the power to grant access, utility drainage, water facility and other such easements in, on, over or under the common area. Additionally, the Association, from and after the Transfer Date, shall have the power to grant access, utility, drainage, water facility and other similar easements in, on, over and under Lots provided that such easements do not unreasonably interfere with the rights of the Owner of such Lots.

Section 8.22 - Power to Convey and Dedicate Property to Government Agencies. The Association shall have the power to grant, convey, dedicate or transfer any common areas or facilities to any public or governmental agency or authority for such purposes and subject to such terms and conditions as the Association shall deem appropriate, which power may be exercised (i) prior to the Transfer Date by the Board of Directors and (ii) from and after the Transfer Date by the Association, with the approval of not less than two-thirds (2/3) of the Members agreeing in writing or by voting at any scheduled meeting of the Members and with the prior written approval of the Declarant. The Association may, subject to the limitations of the preceding sentence, convey property to a public or governmental agency or authority in lieu of such properly being condemned by such public or governmental agency or authority.

Section 8.23 - Power to Borrow Money and Mortgage Common Area. The Association, with the prior written approval of the Declarant, shall have the power to borrow money and to encumber the common area as security for such borrowing, subject to the limitations provided elsewhere in this Declaration and the By-Laws with respect to required approvals and consents of such action. With respect to any deed of trust encumbering the common area, the lender's rights thereunder shall be limited to a right, after taking possession of such common area following the lender's foreclosure of

the deed of trust, to charge reasonable admission and other fees as a condition to the continued enjoyment by the Members and, if necessary, until the mortgage debt is satisfied, whereupon the exclusive possession of such common area shall be returned to the Association.

Section 8.24 - Power to Employ Manager. The Association shall have the power to retain and pay for the services of a manager or managers to undertake the management of any of the Functions for which the Association has responsibility under this Declaration to the extent deemed advisable by the Association, and may delegate any of its duties, powers or functions to any such manager. Notwithstanding any delegation to a manager of any duties, powers or functions of the Association, the Association and its Board of Directors shall remain ultimately responsible for the performance and exercise of such duties, powers and functions.

Section 8.25 - Power to Engage Employees Agents and Consultants. The Association shall have the power to hire and discharge employees and agents and to retain and pay for legal, accounting and other professional services as may be necessary or desirable in connection with the performance of any duties or the exercise of any powers of the Association under this Declaration.

Section 8.26 - Power to Charge Fees. The Association and its agents shall have the power to charge fees for any additional or special services the Association provides to the Members or other individuals or entities, so long as such services are not required to be performed by the Association under these Restrictions.

Section 8.27 - General Corporate Power. The Association shall have all of the ordinary powers and rights of Texas non-profit corporation formed under the Texas Non-Profit Corporation Act, including, without limitation, entering into partnership and other agreements, subject only to such limitations upon such powers as may be set forth in this Declaration, the Articles of Incorporation, By-Laws or other dedicatory instruments. The Association shall also have the power to do any and all lawful things that may be authorized, required or permitted to be done under this Declaration, the Articles of Incorporation, By-Laws and other dedicatory instruments and to do and perform any and all acts that may be necessary or desirable for, or incidental to, the exercise of any of the express powers or rights of the Association under this Declaration, the Articles of Incorporation, By-Laws and other dedicatory instruments.

ARTICLE IX

NATURAL GAS OR PROPANE GAS

Section 9.01 - Non-Utilization Charge. If Declarant or Association will enter into a contract with a natural gas company or a propane gas company to provide gas service to all Lots in the Subdivision ("Gas Contract"), such Gas Contract shall require minimum usage to be made of the service. Pursuant to the Gas Contract, all houses will shall have a minimum of gas water heating and gas central comfort heating, or pay a non-utilization fee. Therefore, the Owner of any house completed in the Subdivision that does not utilize both gas water heating and gas central comfort heating appliances, shall pay to the Natural Gas Company or propane gas company providing such gas service the non-utilization of gas facilities charge set out in the Gas Contract. This non-utilization charge shall be due thirty (30) days from completion of the non-utilizing house. In the event this non-utilization charge is not paid timely by the Owner of the non-utilizing house, after demand is made for such payment, the Declarant or Association may, at its option, pay such charge and the payment so made, if any, shall be secured by the lien securing the payment of the Maintenance Charge described in Article VI of this Declaration, which lien shall only be extinguished by payment of such charge, plus attorneys' fees, costs and interest on the amount paid by the Declarant or the Association until Declarant or the Association is reimbursed therefore at the lesser of: (i) eighteen percent (18%) per annum or (ii) the maximum rate permitted by applicable law.

Section 9.02 - Underground Natural Gas or Propane Gas Service Connect and Meter Location. If the Declarant or Association enters into a Gas Contract with a natural gas company or a propane gas company to provide gas service to all Lots in the Subdivision, the following restrictions and conditions shall apply with respect to all Owners who have not commenced construction of their respective residences and to any Owners who have commenced construction of their respective residences but who elect to receive service under the Gas Contract:

(a) The residential gas meter unless otherwise approved by the Committee, shall be located along the side of the house and within ten (10) feet from the front corner of the house. In the event the gas meter shall be located behind a fence, the Owner or Builder shall provide a gate near the meter location as access for the gas company to read the meter.

(b) The requirements with respect to construction, costs of construction and future maintenance of the gas service line from the gas main to the gas meter location, which are binding on the Owners, shall be determined in accordance with the Gas Contract with the Declarant or Association.

(c) In the event the Gas Contract provides for the gas company to construct the gas service line from the gas main to the gas meter: (i) the Owner or Builder shall pay to the gas company a fee to be determined by the gas company for such construction, and (ii) there is hereby dedicated a five (5) foot wide gas service utility easement, extending from the surface of the ground downward, said easement being two and one-half feet (2 1/2") on each side of the gas service line as now, or hereafter constructed, and will extend along the route selected by the gas company for its gas main to the gas meter when and as located upon Lots and Reserves in the Subdivision. The gas company shall have the right to excavate said easement strip and to remove objects, structures, growths or protrusions thereon. The Owner's use of this utility easement is subject to the provisions in Section 2.04.

ARTICLE X

ELECTRICAL SERVICE

Section 10.01 - Underground Residence Electrical Service Connection. Texas/New Mexico Power Company shall, in accordance with policies established by Texas/New Mexico Power Company, from time to time, construct the underground service cable and appurtenances from the point of the electric company's metering at the residence to the point or attachment at such company's transformers or energized secondary junction boxes under and across an easement provided for such construction. The Owner of each Lot shall pay to Texas/New Mexico Power Company the cost of construction such underground service cable and appurtenance in an amount to be determined by said Company.

ARTICLE XI

GENERAL PROVISIONS

Section 11.01 - Term. The provisions hereof shall run with all property in the Subdivision and shall be binding upon all Owners and all persons claiming under them for a period of forty (40) years from the date this Declaration is recorded, after which time said Declaration shall be automatically extended for successive periods of ten (10) years each, unless an instrument, signed by Owners (including the Declarant) owning not less than two-thirds (2/3) of the Lots has been recorded agreeing to amend or change, in whole or in part, this Declaration.

Section 11.02 - Amendments. This Declaration may be amended or changed, in whole or in part, at any time by the written agreement or signed ballot of Owners (including the Declarant) of not less than two-thirds (2/3) of the Lots in the Subdivision. If the Declaration is amended by a written instrument signed by those Owners of not less than two-thirds (2/3) of all of the Lots within the Subdivision, such amendment must be approved by said Owners within three hundred sixty-five (365) days or the date the first Owner executes such amendment. The date an Owner's signature is acknowledged shall constitute prima facia evidence of the date of execution of said amendment by such Owner. Any such amendment shall become effective when the joinder and consent of Declarant is appended thereto, and when the instrument is filed for record in the Real Property Records of Galveston County, Texas, accompanied by a certificate, signed by the President or Vice President and Secretary, stating that the required number of Owners executed the instrument amending this Declaration or signed a ballot. Copies of the written ballots pertaining to such amendment shall be retained by the Association for a period of not less than three (3) years after the date of filing the amendment of termination.

Those Owners representing not less than three-fourths (3/4) of all of the Lots may also vote to amend this Declaration, in person or by proxy, at a meeting of the Owners of property in this Subdivision duly called for such purpose, written notice of which shall be given to all Owners at least ten (10) days and not more than sixty (60) days in advance and shall set forth the purpose of such meeting. Notwithstanding any provision contained in the By-Laws to the contrary, a quorum, for purposes of such meeting, shall consist of not less than ninety percent (90%) of all of the Owners (in person or by proxy) entitled to vote. Any such amendment shall become effective when the joinder and consent of Declarant is appended thereto, and when the instrument is filed for record in the Real Property Records of Galveston County, Texas, accompanied by a certificate, signed by the President or Vice President and Secretary, stating that the required number of Owners executed the instrument amending this Declaration or cast a written vote, in person or by proxy, in favor of said amendment at the meeting called to such purpose. Copies of the written ballots pertaining to such amendment shall be retained by the Association for a period of not less than three (3) years after the date of filing of the amendment or termination.

After the Control Transfer Date, in addition to the requirements set out in this Section 11.02, consent and joinder of The Peninsula At Clear Lake Property Owners Association, Inc., (as evidenced by the Presidents or Vice President's signature) in lieu of the Declarant shall be required to amend or modify this Declaration.

In granting or withholding its consent, the Declarant and subsequently The Peninsula At Clear Lake Property Owners Association, Inc., shall consider the following factors, by way of illustration and not limitation: the overall general plan and scheme a development; promotion and enhancement of the desirability and attractiveness of the Lots, the Subdivision, and/or preservation of property values.

Section 11.03 - Amendments by the Declarant. In addition to any other right given hereunder pertaining to amendments, the Declarant shall have and reserves the right at any time and from time to time prior to the Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged, and filed for record for the purpose of correcting any typographical or grammatical error, oversight, ambiguity or inconsistency appearing herein, provided that any such amendment shall be consistent with and in furtherance of the general plan and scheme of the development as evidenced by this Declaration and shall not impair or adversely affect the vested priority or other rights of any Owner or his or her mortgagee. Additionally, Declarant shall have and reserves the right at any time and from time to time prior to the Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record for the purpose of permitting the Owners to enjoy the benefits from technological advances, such as personal or home protection, alarm, communications (including television) or energy-related devices or equipment that did not exist or were not in common use in residential subdivisions at the time this Declaration was adopted. Likewise, the Declarant shall have and reserves the right at any time and from time to time prior to the Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record for the purpose of prohibiting the use of any device or apparatus developed and/or available for residential use following the date of this Declaration if the use of such device or apparatus will adversely affect the Association or will adversely affect the property values within the Subdivision. The Declarant shall have and reserves the right to transfer to the Association at any time any right held and/or reserved to the Declarant under this Section, which transfer shall be evidenced by an instrument executed by the Declarant and filed for record in the real property records of Galveston County, Texas.

Section 11.04 - Severability. Each of the provisions of this Declaration shall be deemed independent and severable and the invalidity of unenforceability or partial invalidity or partial unenforceability of any provision or portion hereof shall not affect the validity or enforceability of any other provision.

Section 11.05 - Mergers and Consolidations. The Association may participate in mergers and consolidations with other non-profit corporations organized for the same or similar purposes, provided that (i) prior to the Transfer Date any such merger or consolidation shall be approved (in writing or at a meeting duly called for such purpose) by two-thirds (2/3) of the Directors and (ii) from and after the Transfer Date any such merger or consolidation shall have the consent (in writing

or at a meeting duly called for such purpose) of those Members entitled to cast not less than two-thirds (2/3) of the votes of all of the Members of the Association and the Declarant.

Upon a merger or consolidation of the Association with another association as provided in its Articles of Incorporation, the properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or alternatively, the properties, rights and obligations of the other association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to the merger. The surviving or consolidated association will be subject to the covenants and restrictions established by this Declaration within the Subdivision, together with the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation, however, shall affect any revocation, change or addition to the covenants and restrictions established by this Declaration, except as changed by amendment of this Declaration or by the plan of merger or consolidation. In the event of any inconsistency between the terms and provisions of this Declaration and the terms and provisions of any of the merger or consolidation documents, the terms and provisions of the merger or consolidation documents shall control.

Section 11.06 - Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purpose of this Declaration.

Section 11.07 - Successors and Assigns. The provisions hereof shall be binding upon and inure to the benefit of the Owners, the Declarant and the Association, and their respective heirs, legal representatives, executors administrators, successors and assigns.

Section 11.08 - Effect of Violations on Mortgagees. No violation of the provisions herein contained, or any portion thereof, shall affect the lien of any mortgage or deed of trust presently or hereafter placed of record or otherwise affect the rights of the mortgagee under any such mortgage, the holder of any such lien or beneficiary of any such deed of trust; and any such mortgage, lien, or deed of trust may, nevertheless, be enforced in accordance with its terms, subject, nevertheless to the provisions herein contained.

Section 11.09 - Terminology. All personal pronouns used in this Declaration and all exhibits attached hereto, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural and vice versa. Title of Articles and sections are for convenience only and neither limits nor amplifies the provisions of this Declaration itself. All references in this Declaration to Exhibits shall refer to the Exhibits attached hereto.

Section 11.10 - Effect on Annexable Area. The provisions of this Declaration do not impose any restrictions whatsoever or otherwise encumber the Annexable Area, unless or until portions of the Annexable Area are made subject to the jurisdiction of the Association by a separate instrument executed solely by Declarant or its successors and assigns and any lien holders, which instrument is recorded, in the Real Property Records of Galveston County, Texas.

Section 11.11 - Declarant Rights and Prerogatives. Prior to the Transfer Date, the Declarant may file a statement in the Real Property Records of Galveston County, Texas, that expressly provides for the Declarant's (i) discontinuance of the exercise of any right or prerogative provided for in this Declaration to be exercised by the Declarant or (ii) assignment to any third party owning property in the Subdivision, Annexable Area of one or more of Declarant's specific rights and prerogatives provided in this Declaration to be exercised by Declarant.

The assignee designated by Declarant to exercise one or more of Declarant's rights or prerogatives hereunder shall be entitled to exercise such right or prerogative until the earlier to occur of the (i) Transfer Date of (ii) date that said assignee files a statement in the Real Property Records of Galveston County, Texas, that expressly provides for said assignee's discontinuance of the exercise of said right or prerogative. From and after the date the Declarant discontinues its exercise of any right or prerogative hereunder and/or assigns its right to exercise one or more of its rights or prerogative to an assignee, the Declarant shall not incur any liability to any Owner, the Association or any other party by reason of the Declarant's discontinuance or assignment of the exercise of said right(s) or prerogative(s).

Section 11.12 - Accommodation. Reasonable accommodations under these Restrictions shall be made in order to comply with any special needs of the Owners as required by local, state and federal laws.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, hereunto set its hand as of November 14, 2007.

PENINSULA CLEAR LAKE TEXAS, L.P., a
Texas limited partnership

By: Peninsula Clear Lake GP, LLC, a Texas limited liability company, its general partner

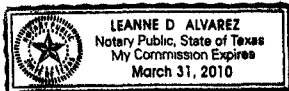
By: Freedom Seal Real Estate, LLC, a Texas limited liability company, a member

By: [Signature]
Name: David Goswick
Title: Executive Director

STATE OF TEXAS §
§
COUNTY OF Brazoria §

BEFORE ME the undersigned authority, on this day personally appeared David Goswick, Executive Director of **FREEDOM SEAL REAL ESTATE, LLC**, a member of Peninsula Clear Lake GP, LLC, a Texas limited liability company, the sole general partner of Peninsula Clear Lake Texas, L.P., a Texas limited partnership, on behalf of said limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes of consideration, therein expressed and in the capacity therein and herein set out, and as the act and deed of said limited partnership.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 14th day of November 2007.



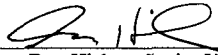
[SEAL]

[Signature]
NOTARY PUBLIC, STATE OF TEXAS

JOINDER OF LIENHOLDER

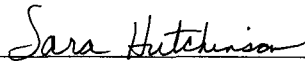
Amegy Mortgage Company, L.L.C., d/b/a, iCap Realty advisors of Texas, owner and holder of a mortgage lien and/or other liens, assignments and security interests encumbering all or a portion of the Property hereby consents to the terms and provisions of this Declaration of Covenants, Conditions and Restrictions for The Peninsula At Clear Lake™ to which this Joinder is attached and acknowledges that the execution thereof does not constitute a default under the lien document or other document executed in connection with or as security for the indebtedness above described and subordinates the liens of the lien document and any other liens and/or security instruments securing said indebtedness to the rights and interests created under said Declaration, and acknowledges and agrees that a foreclosure of said liens and/or security interests shall not extinguish the rights, obligations and interests created under this Declaration. No warranties of title are hereby made by lien holder, lien holder's joinder hereunder being solely limited to such consent and subordination.

Amegy Mortgage Company, L.L.C.,
d/b/a, iCap Realty Advisors of Texas

By: 
Don Hickey, Senior Vice President
Commercial Real Estate Lending

STATE OF TEXAS §
 §
COUNTY OF Montgomery §

This instrument was acknowledged before me on Nov. 15, 2007, by Don Hickey of Amegy Mortgage Company, L.L.C., d/b/a, iCap Realty Advisors of Texas, on behalf of such entity and in the capacity therein stated.


NOTARY PUBLIC, STATE OF TEXAS

[SEAL]



MAIL

RECEIPT TO BOB EVANS

MAIL TO

COLUM HAZARD

THE PENINSULA

14326 HOW 288 SOUTH

HOUSTON TX 77047

FILED AND RECORDED



OFFICIAL PUBLIC RECORDS

Mary Ann Daigle

2007075546

November 29, 2007 12 51 05

FEE \$168 00

Mary Ann Daigle, County Clerk
Galveston County, TEXAS