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**SUPPLEMENTAL DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
MORTON CREEK RANCH, SECTIONS SIX (6) AND SEVEN (7)**

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HARRIS §

This Supplemental Declaration made on the date hereinafter set forth by WOODMERE DEVELOPMENT CO., LTD., a Texas Limited Partnership having its principal offices in Houston, Harris County, Texas, and being herein called "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of that certain property known as MORTON CREEK RANCH, SECTIONS SIX (6) AND SEVEN (7), subdivisions in Harris County, Texas, according to the maps or plats thereof recorded in Film Code Nos. 655238 and 655240, respectively, of the Map Records of Harris County Texas, and further described as follows: 2EE

- Lots 1 through 23, inclusive, in Block 1, Section Six (6);
- Lots 1 through 25, inclusive, in Block 2, Section Six (6);
- Lots 1 through 13, inclusive, in Block 3, Section Six (6);
- Lots 1 through 2, inclusive, in Block 4, Section Six (6);
- Lots 1 through 43, inclusive, in Block 1, Section Seven (7); and,
- Lots 1 through 12, inclusive, in Block 2, Section Seven (7).

WHEREAS, it is the desire of Declarant to place certain restrictions, covenants, conditions, stipulations and reservations upon and against the said MORTON CREEK RANCH, SECTIONS SIX (6) AND SEVEN (7), in order to establish a uniform plan for the development, improvement and sale of the property, and to insure the preservation of such uniform plan for the benefit of both the present and future owners of the lots in the property.

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NOW, THEREFORE, Declarant hereby adopts, establishes and imposes upon those above described lots in MORTON CREEK RANCH, SECTIONS SIX (6) AND SEVEN (7), the following reservations, easements, restrictions, covenants and conditions applicable thereto, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the property, and for the welfare and benefit of the owners of the lots in the property, which reservations, easements, covenants, restrictions and conditions shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest therein, or any part thereof, and shall inure to the benefit of each owner thereof for the welfare and protection of property values.

ARTICLE I

DEFINITIONS

Wherever used in this Declaration, the following words and/or phrases shall have the following meanings, unless the context clearly requires otherwise:

1.1 "Property" or "Properties" shall mean and refer to MORTON CREEK RANCH, SECTION SIX (6), a subdivision in Harris County, Texas, according to the map or plat thereof recorded in Film Code No. 655238 of the Map Records of Harris County, Texas; MORTON CREEK RANCH, SECTION SEVEN (7), a subdivision in Harris County, Texas, according to the map or plat thereof recorded in Film Code No. 655240 of the Map Records of Harris County, Texas; and any additional properties made subject to the terms hereof pursuant to the annexation provisions set forth herein.

1.2 "Lot" and/or "Lots" shall mean and refer to the Lots shown upon the recorded Subdivision Plat which are restricted hereby to use for residential purposes, excluding specifically the Common Area or Reserves.

1.3 "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation and those having any interest in the mineral estate. However, the term "Owner" shall include any mortgagee or lien holder who acquires fee simple title to any Lot through judicial or non judicial foreclosure.

1.4 "Subdivision Plat" shall mean and refer to the maps or plats of MORTON CREEK RANCH, SECTIONS SIX (6) AND SEVEN (7), recorded in the Map Records of Harris County at Film Code Nos. 655238 and 655240, respectively.

1.5 "Association" shall mean and refer to the MORTON CREEK RANCH COMMUNITY ASSOCIATION, INC., its successors and assigns, as provided for in Article V hereof.

1.6 "Declarant" shall mean and refer to WOODMERE DEVELOPMENT CO., LTD., and its respective successors and assigns, if such successors and assigns should acquire (i) more than one Lot from the Declarant and (ii) and are designated as a Declarant by an instrument in writing executed by WOODMERE DEVELOPMENT CO., LTD. and filed of record in the Official Public Records of Harris County, Texas.

1.7 "Common Area" shall mean and refer to all those areas of land within the Properties as shown on the Subdivision Plat, except the Lots and the public streets shown thereon, together with such other property as the Association may, at any time or from time to time, acquire by purchase or otherwise, subject, however, to the easements, limitations, restrictions, dedications and reservations applicable thereto by virtue hereof and/or by virtue of the Subdivision Plat, and/or by virtue of prior grants or dedications by Declarant or Declarant's

predecessors in title. References herein to "Common Area" shall mean and refer to Common Area as defined respectively in the Declaration and all Supplemental Declarations. Common Area also includes any lakes, ponds, pipeline easements, drainage easements or utility easements not within platted Lots, landscape reserves and recreational reserves.

1.8 "Common Facilities" shall mean and refer to all existing and subsequently provided improvements upon or within the Common Area, except those as may be expressly excluded herein. Also, in some instances, Common Facilities may consist of improvements for the use and benefit of the Owners in the Subdivision, constructed on portions of one or more Lots or on acreage owned by Declarant (or Declarant and others) which has not been brought within the scheme of this Declaration. By way of illustration, Common Facilities may include, but not necessarily be limited to, the following: structures for recreation, storage or protection of equipment; lakes; ponds; fountains; statuary; sidewalks; gates; common driveways; landscaping; and other similar and appurtenant improvements. References herein to Common Facilities (any Common Facility) shall mean and refer to Common Facilities as defined respectively in the Declaration and all Supplemental Declarations.

1.9 "Improvement to Property" shall mean, without limitation: (a) the construction, installation or erection of any building, structure, fence, dwelling unit or other Improvements, including utility facilities; (b) the demolition or destruction, by voluntary action, of any building, structure, fence, or other Improvements; (c) the grading, excavation, filling, or similar disturbance to the surface of any Lot, including, without limitation, change of grade, change of ground level, change of drainage pattern, or change of stream bed; (d) installation or changes to the landscaping on any Lot; and (e) any exterior modification, expansion, change or alteration of any previously approved Improvement to Property, including any change of exterior appearance,

color, or texture not expressly permitted by this Declaration, or rules and regulations adopted by the Board of Directors of the Association.

1.10 "Improvements" shall mean all structures and any appurtenances thereto of every type or kind, which are visible on a Lot, including, but not limited to: a dwelling unit, buildings, outbuildings, swimming pools, spas, hot tubs, patio covers, awnings, painting of any exterior surfaces of any visible structure, additions, sidewalks, walkways, sprinkler pipes, garages, carports, roads, driveways, parking areas, fences, screening, walls, retaining walls, stairs, decks, fixtures, windbreaks, basketball goals, yard decorations, benches, flagpoles, or any other type of pole, signs, exterior tanks, exterior air conditioning fixtures and equipment, water softener fixtures, exterior lighting, recreational equipment or facilities, radio, conventional or cable or television antenna or, dish, microwave television antenna, and landscaping that is placed on and/or visible from any Lot.

1.11 "Master Association" shall mean and refer to MORTON CREEK RANCH MASTER ASSOCIATION, INC., its successors and assigns.

ARTICLE II

RESERVATIONS, EXCEPTIONS AND DEDICATIONS

2.1 The Subdivision Plat dedicates for use as such, subject to the limitations set forth therein, the streets and easements shown thereon, and such Subdivision Plat further establishes certain restrictions applicable to the Properties, including, without limitation, certain minimum setback lines. All dedications, limitations, restrictions and reservations shown on the Subdivision Plat are incorporated herein and made a part hereof, as if fully set forth herein, and shall be construed as being adopted in each and every contract, deed or conveyance executed or to be executed by or on behalf of Declarant, conveying said property or any part thereof, whether

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specifically referred to in such contract, deed or conveyance.

2.2 Declarant reserves the easements and right-of-ways as shown on the Subdivision Plat for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line or lines, gas, sewers, water, cable or any other utility Declarant sees fit to install in, across and/or under the Properties.

2.3 Neither Declarant nor any utility company using the easements or rights-of-way as shown on the Subdivision Plat, or that may otherwise be granted or conveyed covering the Properties, or any portion thereof, shall be liable for any damages done by them, or their assigns, agents, employees or servants, to fences, shrubbery, trees or flowers or other property of the Owner situated on the land covered by any such easements or rights-of-way, unless negligent.

2.4 It is expressly agreed and understood that the title to any Lot or parcel of land within the Properties conveyed by Declarant by contract, deed or other conveyance shall be subject to an easement for roadways or drainage, water, gas, sewer, storm sewer, electric light, electric power, telegraph, telephone or cable purposes and no deed or other conveyance of the Lot shall convey any interest in any pipes, lines, poles or conduits, or in any utility facility or appurtenances thereto constructed by or under Declarant or any easement Owner, or their agents, through, along or upon the premises affected thereby, or any part thereof, to serve said Properties or other lands appurtenant thereto. The right to maintain, repair, sell or lease such appurtenances to any municipality or other governmental agency or to any public service corporation or to any other party, is hereby expressly reserved to Declarant.

ARTICLE III

USE RESTRICTIONS

3.1 Land Use and Building Type. All Lots shall be known and described as Lots for

single family residential purposes only (hereinafter referred to as "Residential Lots"), and no structure shall be erected, altered, placed or permitted to remain on any Residential Lot other than one detached single-family dwelling not to exceed two and one-half (2-1/2) stories in height and must have a detached or attached garage capable of housing not less than ~~two~~ (2) cars. As used herein, the term "single family residential purposes" shall be construed to prohibit the use of said Lots for mobile homes, duplex houses, or educational, church professional or commercial purposes of any kind, except that an Owner may use a part of the residence for his business purposes so long as it remains primarily a residential residence, and further provided that (1) the public is not permitted or allowed to enter the residence or any structure or improvement on the Lot to conduct business; (2) no signs advertising a business are permitted; (3) no on-site employees are permitted other than domestic servants; (4) no visible storage or display of materials, goods or products are permitted; (5) frequent deliveries by delivery vehicles are not permitted; (6) no offensive activity or condition, noise and/or order are permitted; and (7) such use in all respects complies with the laws of the State of Texas and any regulatory body of governmental agency having authority and jurisdiction over such matters. The term "single family residential purposes" also shall be defined as: (1) one or more persons related by blood, marriage or adoption, which may include only parents and their dependent children, siblings parents or grandparents; or (2) by no more than two unrelated persons living together as a single housekeeping unit and their dependent children, siblings parents or grandparents.

The following specific restrictions and requirements shall apply to all Lots in the Property:

(a) Outbuilding. Provided the express written consent of the Architectural Control Committee is secured prior to installation and placement on a Lot, one (1) lawn storage building

(limited to a maximum height of eight (8) feet from the ground to its highest point) may be placed on a Lot. In no case can the outbuilding be permanently placed in a utility easement. An outbuilding should be placed so as not to be visible, or be minimally visible, from the adjoining street(s). Additionally, no outbuilding structure of any type is permitted unless the specific Lot in question is completely enclosed by fencing in accordance with Paragraph 3.13, below. No carports of any kind shall be built, placed or constructed on a Lot. Except as expressly provided for herein, no building or structure of any kind shall ever be moved onto or erected on any Lot except for a newly constructed single family residence.

(b) Garages. No garage shall ever be changed, altered or otherwise converted for any purpose inconsistent with the housing of a minimum of ~~two~~ (2) automobiles at all times. All Owners, their families, tenants and contract purchasers shall, to the greatest extent practicable, utilize such garages for the garaging of vehicles belonging to them.

(c) Exterior Wall. No residences shall have less than fifty-one (51%) percent of masonry construction on its exterior wall area. As used in this paragraph, the term masonry construction shall include brick, stone, artificial stone, stucco or equivalent material acceptable to the Architectural Control Committee. Fibrous cement siding (i.e. Hardiplank or Smart Siding) shall be included within the term masonry construction. Detached garages may have wood siding of any type and design approved by the Architectural Control Committee.

(d) Roof Materials. Unless otherwise approved in accordance with the last sentence of this subsection (d), the roof of all buildings on the Property shall be constructed or covered with asphalt composition shingles or fiberglass composition shingles. The color of any composition shingles shall be of wood tone, earthtone or in harmony with earthtone and shall be subject to written approval by the Architectural Control Committee prior to installation. Any other type

roofing material may be used only if approved in writing prior to installation by the Architectural Control Committee. Notwithstanding the foregoing, nothing contained in this subsection (d) shall be construed to prevent an Owner from installing shingles which are designed to be wind and hail resistant, provide heating and cooling efficiencies greater than those provided by customary composite shingles, and/or provide solar generation capabilities; however, in the event an Owner desires to install such shingles, they shall submit for prior approval from the Association, which approval shall not be withheld so long as the proposed shingles resemble the shingles otherwise authorized under this subsection (d), are of equal or greater quality and durability of the shingles otherwise authorized under this subsection (d), and they match the overall aesthetics of the surrounding Property.

(e) Air Conditioners. No window or wall type air conditioners shall be permitted to be used, erected, placed, or maintained on or in any building or on any Lot, except in temporary buildings and then only if approved in writing by the Architectural Control Committee prior to installation or placement.

3.2 Minimum Square Footage Within Improvement. Each dwelling constructed on a Lot shall contain a minimum of ~~One Thousand (1,000)~~ square feet of livable area, exclusive of open porches and garages.

3.3 Landscaping. The Owner or builder of each Lot, as a minimum, prior to completion of the construction of a residential dwelling shall solid sod with grass the area between its residential dwelling and the curb line(s) of the abutting street(s).

3.4 Sidewalk. No sidewalk, walkway, improved pathway, deck, patio, driveway or other such improvement shall be constructed on any Lot unless and until the plans and specifications therefor are submitted to and approved by the Architectural Control Committee

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prior to installation or placement as provided in Article IV, below.

3.5 Location of the Improvements Upon the Lot. No building shall be located on any Lot nearer to the front line or nearer to the street side line than the minimum building setback line shown on the recorded Subdivision Plat or replat(s) thereof. Subject to the provisions of Section 3.5 below, no part of the house building or garage shall be located nearer than three (3) feet to an interior side Lot line or ten (10) feet to any exterior Lot line on a corner Lot. Notwithstanding any provision hereof to the contrary, no building or structure constructed on a Lot shall be allowed to encroach upon another Lot. Unless otherwise approved in writing by the Architectural Control Committee, each main residential building shall face the front of the Lot. For the purpose hereof, the term "front Lot line" shall mean the property line of a Lot that is adjacent and continuous to a street or road shown on the Subdivision Plat, or if two or more property lines are adjacent to a street, the "front Lot line" shall be the property line adjacent to a street that has the shortest dimension, and the term "street side Lot line" shall mean and refer to all property lines of any Lots that are adjacent to a street except the front Lot line, and the "interior side Lot line" shall mean and refer to all property lines other than the front Lot line and the street side Lot line. For the purposes of this covenant, eaves, steps, and unroofed terraces shall not be considered as part of a building; provided, however, this shall not be construed to permit any portion of the construction on a Lot to encroach upon another Lot.

3.6 Composite Building Site. Subject to the approval of the Architectural Control Committee, any Owner of one or more adjoining Lots or portions thereof may consolidate or redivide such Lots or portions into one or more building sites with the privilege of placing or constructing improvements on such resulting sites, in which case the front footage at the building setback lines shall be measured from the resulting side property lines rather than from the Lot

lines indicated on the recorded plats. Any such resulting building site must have a frontage at the building setback line of not less than ~~thirty-five (35) feet~~. If an Owner consolidates two or more adjoining Lots, each original Lot shall continue to be assessed for maintenance as provided in Article VII. If an Owner redivides a Lot, the resulting Lots shall be assessed for maintenance as provided in Article VII as if each resulting Lot were an original Lot.

3.7 Prohibition of Offensive Activities. No activity, whether for profit or not, shall be carried on any Lot which is not related to single family residential purposes. No noxious or offensive activity of any sort shall be permitted nor shall anything be done on any Lot which may be or become an annoyance or a nuisance to the neighborhood. This restriction is not applicable in regard to the normal sales activities required to sell new homes in the Subdivision, including but not limited to the lighting effects utilized to display the model homes.

3.8 Use of Temporary Structures. No structure of temporary character, whether trailer, basement, tent, shack, garage, barn or other outbuilding shall be maintained or used on any Lot at any time as a residence, or for any other purpose, with the exception of lawn storage or children's playhouses which are constructed with prior express written consent of the Architectural Control Committee; provided, however, Declarant reserves the right to grant the exclusive right to erect, place and maintain such facilities in or upon any portions of the Lots or Reserves as in its sole discretion may be necessary or convenient while selling Lots, selling or constructing residences and constructing other improvements upon the Properties. Such facilities may include, but not necessarily be limited to, sales and construction offices, storage areas, model units, signs and portable toilet facilities. Garages, if used during the development phase or new home construction as a sales office, are permissible provided it is converted to a regular garage capable of housing a minimum of ~~two (2)~~ automobiles prior to conveyance for occupancy by an Owner.

3.9 Playhouses or Other Amenity Structures. Subject to Architectural Control Committee approval, a playhouse or fort style structures, or any other type of swing set or playground equipment are limited to a maximum overall height of twelve (12) feet from the ground to its highest point, may be placed on a Lot. This equipment shall at all times be attractively maintained and in good working order. Additionally, playground equipment or amenity structures of any type are permitted only when the specific Lot involved is completely enclosed by fences in accordance with Section 3.13, and the equipment is place so as to not be visible, or be minimally visible, from any street.

3.10 Storage of Automobiles, Boats, Trailers and Other Vehicles. Passenger automobiles, passenger vans or pick-up trucks that: (1) are in operating condition; (2) have current license plates, registrations and inspection stickers; (3) are in daily use as motor vehicles on the streets and highways of the State of Texas; and (4) which do not exceed six feet six inches (6' 6") in height, or seven feet six inches (7' 6") in width or twenty-one feet (21') in length, may be parked in the driveway on a Lot. No non-motorized vehicle, trailer, boat, marine craft, hovercraft, aircraft, machinery or equipment of any kind may be parked or stored on any part of any Lot, easement, right-of-way or Common Area unless such object is concealed from public view inside a garage, provided the doors may be closed and secured, or other approved enclosure. Commercial vehicles, vehicles primarily used or designed for commercial purposes, tractors or vehicles that exceed the passenger vehicle size above shall not be parked or stored on any part of any Lot, easement, right-of-way or Common Area. No repair work, dismantling or assembling of motor vehicles or other machinery or equipment shall be done or permitted on any street, driveway or any portion of the Properties. No motor bikes, motorcycles, motor scooters, go carts or other similar vehicles shall be permitted to be operated on the Properties, if, in the sole

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judgment of the Board of Directors of the Association, such operation, by reason of noise or fumes emitted, or by reason of manner of use, shall constitute a nuisance or jeopardize the safety of the Owners, their tenants and their families. The Board of the Association may adopt rules for the regulation of the admission and parking of vehicles within the Common Areas, including the assessment of charges to the Owners who violate, or whose invitees violate, such rules. The Association shall have the authority to establish the amount of, and assess, a charge to any Owner for parking any prohibited vehicle on any (a) Lot other than his own, whether occupied or vacant, (b) easement, (c) right of way, or (d) Common Area. If a complaint is received about a violation of any part of this section, the Architectural Control Committee will be the final authority on the matter. This restriction shall not apply to any vehicle, machinery or maintenance equipment temporarily parked and in use for the construction, repair or maintenance of Subdivision Facilities or of a house or houses in the immediate vicinity.

3.11 Mineral Operations. No derrick or other structures designed for the use in boring for oil or natural gas or other minerals shall be erected, maintained, or permitted upon any Lot, nor shall any tanks be permitted upon any Lot.

3.12 Animal Husbandry. No animals, snakes, livestock or poultry of any kind shall be raised, bred or kept on any Lot except dogs, cats or other common household pets may be kept provided they are not kept, bred or maintained for commercial purposes. No more than two common household pets will be permitted on each Lot. If common household pets are kept, such pets must be restrained and confined on the Owner's back Lot or within the Improvement located thereon. It is the pet owner's responsibility to keep the Lot clean and free of pet debris. Pets must be on a leash when away from the Lot.

3.13 Walls, Fences, and Hedges. No hedge in excess of ~~three~~ (3) feet in height, wall

nor fence shall be erected or maintained nearer to the front Lot line than the walls of the dwelling existing on such Lot. No side or rear fence, wall or hedge shall be more than six (6) feet in height and any fence shall be of wood, masonry, or wrought iron construction unless otherwise approved in writing by the Architectural Control Committee. No chain link fence type construction will be permitted on any Lot.

3.14 Visual Obstruction at the Intersections of Public Streets. No object or thing which obstructs site lines at elevations between two (2) feet and eight (8) feet above the roadways within the triangular area formed by the intersecting street property lines and a line connecting them at points ten (10) feet from the intersection of the street property lines or extension thereof shall be placed, planted or permitted to remain on any corner Lots.

3.15 Lot Maintenance. The Owners or occupants of all Lots shall at all times keep all weeds and grass thereof cut in a sanitary, healthful and attractive manner and shall in no event use any Lot for storage of materials and equipment except for normal residential requirements or incident to construction of improvements thereon as herein permitted, which materials and equipment shall be stored so as not to be visible from any street. The drying of clothes in public view is prohibited. The Owner or occupants of any Lot shall construct and maintain a fenced enclosure to screen drying clothes from public view. Similarly, all yard equipment, wood piles, or storage piles shall be kept screened by a fenced service yard or other similar facilities so as to conceal them from view of neighboring Lots, any street or other property. No Lot shall be used or maintained as a dumping ground for trash, nor will the accumulation of garbage, trash or rubbish of any kind thereon be permitted. Burning of trash, garbage, leaves, grass or anything else will not be permitted. Trash, garbage or other waste materials shall be kept in sanitary containers constructed of metal, plastic or masonry materials with sanitary covers or lids or as

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required by the City of Houston. Equipment for the storage or disposal of such waste materials used in the construction of improvements erected upon any Lot may be placed upon such Lot at the time construction is commenced and may be maintained thereon for a reasonable time, so long as the construction progresses without undue delay, until the completion of the improvements, after which these materials shall either be removed from the Lot or stored in a suitable enclosure on the Lot. In the event of default on the part of the Owner or occupant of any Lot in observing any of the above requirements, such default continuing after ten (10) days' written notice thereof, being placed in the U. S. mail without the requirement of certification, Declarant or its assigns may, without liability to the Owner or occupant for trespass, tort or damages, enter upon said Lot and 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 secure compliance with these restrictions so as to place said Lot in a neat, attractive, healthful, and sanitary condition, and may reasonably charge the Owner or occupant of such Lot for the cost of the work. Said charges shall become an assessment against the Lot as provided in Article VII hereof. Minimum standards are defined for any property wherein the grass and/or weeds exceed(s) the height of six inches (6"), or wherein the Directors or their agent determines the grass and/or weeds not to be consistent with the standard of the surrounding properties.

Further, Declarant or its assignee reserves the right, but shall not have the obligation, to contract or arrange for regular garbage pick up service for the Lot Owners. The Owner or occupant, as the case may be, agrees by the purchase or occupancy of the property to pay for such work or service immediately upon receipt of a statement, or the amount thereof may be added to the annual maintenance charge assessed against such Lot and become a charge thereon in the same manner as the regular annual maintenance charge provided for herein.

3.16 Maintenance and Repairs. It shall be the duty, responsibility and obligation of each Owner at his own cost and expense to care for, maintain and repair the exterior of his Improvement to Property and other improvements on his Lot and the fixtures, appliances, equipment and other appurtenances thereto, including the private driveway, sidewalks and fences which are appurtenant to and situated on his Lot. The duty to maintain and repair the exterior of Improvements to Property shall apply to, but is not limited to, the repair and/or replacement of rotten wood and/or siding, repainting, and repair or replacement of roof shingles, windows, exterior doors, garage doors and brick and/or masonry.

3.17 Signs, Advertisements, Billboards. No signs, billboards, posters or advertising devices of any character shall be erected on any Lot except one sign of not more than five (5) square feet, advertising the property for sale or rent or signs used by a builder to advertise the property for sale during the construction and sales period. Declarant shall have the right to remove any nonconforming sign, advertisement or billboard or structure which is placed on a Lot and in so doing shall not be subject to any liability or damages for trespass, tort or otherwise in connection therewith arising from such removal. The right is reserved for builders, provided consent is obtained from the Declarant, which cannot be unreasonably withheld, to construct and maintain signs, billboards, or advertising devices for the purpose of advertising for sale dwellings constructed by the builders and not previously sold by such builder.

3.18 Antennas, Satellite Dishes and Related Masts. Any antenna, satellite dish and related masts are permitted to be placed on a Lot only in accordance with guidelines, conditions, standards and requirements adopted by the Board of Directors of the Association from time to time and as may be amended by the Board of Directors of the Association from time to time. It is the intent of this Section 3.17 to comply with the Telecommunications Act of 1996 (the "1996

Act”), as same may be amended from time to time. This Section 3.17 shall be construed to be as restrictive as possible without violating the 1996 Act.

3.19 Noise. Except in an emergency or when unusual circumstances exist (as determined by the Board of Directors), outside construction work or noisy interior construction work shall be permitted only after 6:00 a.m. and before 9:00 p.m.

3.20 Underground Electric Service. An underground electric distribution system will be installed in the subdivision, designated herein as Underground Residential Subdivision, which underground service area embraces all the Lots which are platted in the subdivision at the execution of the agreement between CenterPoint Energy and Declarant. The Owner of each Lot containing a single dwelling unit shall, at his own cost, furnish, install, own and maintain (all in accordance with the requirements of local governing authorities and the National Electrical Code) the underground service cable and appurtenances from the point of electric company's metering at the structure to the point of attachment to be made available by the electric company at a point designated by electric company at the property line of each Lot. The electric company furnishing service shall make the necessary connections at said point of attachment and at the meter. Declarant has, either by designation on the plat of the subdivision or by separate instrument, granted necessary easements to the electric company providing for the installation, maintenance, and operation of its electric distribution system and has also granted to the various Owner's reciprocal easements providing for the access to the area occupied by and centered on the service wires of the various Owners to permit installation, repair and maintenance of each Owner's owned and installed service wire. In addition, the Owner of each Lot containing a single dwelling unit shall, at his own cost, furnish, install, own and maintain a meter loop (in accordance with the then current Standards and Specifications of the electric company furnishing

service) for the location and installation of the meter of such electric company for each dwelling unit involved. For so long as underground service is maintained in the Underground Residential Subdivision, the electric service to each dwelling unit therein shall be underground, uniform in character and exclusively of the type known as single phase, 240/120 volt, three wire, 60 cycle, alternating current.

3.21 Deviations in Restrictions. The Declarant, until the last Lot covered hereby is conveyed to a homeowner for occupancy and at its sole discretion, is hereby permitted to approve deviations in the restrictions set forth herein in instances where, in its sole judgment, such deviation will result in a more common beneficial use. Such approvals must be granted in writing. Any deviations granted must be in the spirit and intent of the welfare of the overall community.

3.22 No Liability. Neither Declarant, Board of Directors of the Association, nor the respective agents, employees and architects of each, shall be liable to any Owner or any other party for any loss, claim or demand asserted on account of the administration of these restrictions or the performance of the duties hereunder, or any failure or defect in such administration and performance. These restrictions can be altered or amended only as provided herein and no person is authorized to grant exceptions or make representations contrary to the intent of this Declaration. No approval of plans and specifications and no publication of minimum construction standards shall ever be construed as representing such plans, specifications or standards will, if followed, result in a properly designed residential structure. Such approvals and standards shall in no event be construed as representing or guaranteeing any residence will be built in a good, workmanlike manner. The acceptance of a deed to a residential Lot by the Owner in the subdivision shall be deemed a covenant and agreement on the part of the Owner, and the

Owner's heirs, successors and assigns, that Declarant and the Board of Directors of the Association, as well as their agents, employees and architects, shall have no liability under this Declaration except for willful misdeeds.

3.23 Interpretation. If this Declaration or any word, clause, sentence, paragraph or other part thereof shall be susceptible of one or more conflicting interpretations, the interpretation which is most nearly in accord with the general purposes and objectives of this Declaration shall govern and may be corrected or clarified by Declarant's preparation, execution and recording of a supplement to the Declaration.

ARTICLE IV

ARCHITECTURAL APPROVAL

4.1 Architectural Control Committee. "Architectural Control Committee" shall mean a committee of three (3) members who may or may not be members of the Association. All committee members shall be appointed and/or removed by Declarant, until the earlier of (a) the date the last Lot owned by Declarant is sold (except in connection with a conveyance to another party that is a successor to Declarant); or (b) such date as Declarant elects to discontinue such right by written notice to the Board of Directors. Thereafter, the Board of Directors of the Association shall have the right to appoint all members of the Architectural Control Committee. Committee members appointed by the Board of Directors may be removed at any time by the Board, and shall serve for such term as may be designated by the Board of Directors or until death, resignation or removal by the Board of Directors.

4.2 Approval of Improvements Required. Notwithstanding anything contained in the Declaration to the contrary, the approval of a majority of the members of the Architectural Control Committee shall be required for the construction of the initial dwelling unit on a Lot

("New Construction") and the approval of a majority of the Board of Directors of the Association (the "Board") (or the approval of any subcommittee appointed by the Board for such purpose) shall be required for any subsequent Improvement to Property following the construction of the initial dwelling unit on a Lot ("Modification Construction"). After one hundred percent (100%) of the Lots have dwelling units constructed thereon, the Architectural Control Committee appointed by the Board will then be in charge of approving all Improvements to Property. For purposes of this Article IV, the Board and the Architectural Control Committee are each sometimes referred to as the "Approval Entity".

4.3 Address of Approval Entity. The address of the Architectural Control Committee shall be c/o Crest Management Company, 17171 Park Row, Suite 310, Houston, Texas 77084.

4.4 Submission of Plans. Before commencement of work to accomplish any proposed Improvement to Property, the Owner proposing to make such Improvement to Property (the "Applicant") shall submit to the proper Approval Entity at its respective office copies of such descriptions, surveys, plot plans, drainage plans, elevation drawings, construction plans, specifications, and samples of materials and colors as the Approval Entity reasonably shall request, showing the nature, kind, shape, height, width, color, materials, and location of the proposed Improvement to Property, as may be more particularly described from time-to-time in any minimum construction standards and/or architectural guidelines adopted by the Architectural Control Committee (in the case of New Construction) or the Board (in the case of Modification Construction) (the "Architectural Guidelines"). The Approval Entity may require submission of additional plans, specifications, or other information before approving or disapproving the proposed Improvement to Property. Until receipt by the Approval Entity of all required materials in connection with the proposed Improvement to Property, the Approval Entity may postpone

review of any materials submitted for approval. If all required materials in connection with the proposed Improvement to Property are not received by the Approval Entity within thirty (30) days, the application is deemed denied.

4.5 Criteria for Approval. The proper Approval Entity shall approve any proposed Improvement to Property only if it determines in its reasonable discretion that the Improvement to Property in the location indicated will not be detrimental to the appearance of the surrounding areas of the Properties as a whole; that the appearance of the proposed Improvement to Property will be in harmony with the surrounding areas of the Properties, including, without limitation, quality, and color of materials and location with respect to topography and finished grade elevation; that the Improvement to Property will comply with the provisions of this Declaration and any applicable plat, ordinance, governmental rule, or regulation; that the Improvement to Property will not detract from the beauty, wholesomeness, and attractiveness of the Property or the enjoyment thereof by Owners; and that the upkeep and maintenance of the proposed Improvement to Property will not become a burden on the Association and/or Master Association. Each Approval Entity is specifically granted the authority to disapprove proposed Improvements because of the unique characteristics or configuration of the Lot on which the proposed Improvement would otherwise be constructed, even though the same or a similar type of Improvement might or would be approved for construction on another Lot. The Approval Entity may condition its approval of any proposed Improvement to Property upon the making of such changes thereto as the Approval Entity may deem appropriate.

4.6 Architectural Guidelines. Each Approval Entity from time to time may adopt, supplement or amend architectural guidelines (the "Architectural Guidelines"). The Architectural Guidelines serve as a guideline only and an Approval Entity may impose other requirements in

connection with its review of any proposed Improvements; provided, however, that such other requirements are not inconsistent with this Declaration.

4.7 Decision of Approval Entity. The decision of the Approval Entity shall be made within thirty (30) days after receipt by the proper Approval Entity of all materials required by the Approval Entity. The decision shall be in writing and, if the decision is not to approve a proposed Improvement to Property, the reason(s) shall be stated. The decision of the Approval Entity shall be promptly transmitted to the Owner requesting same at the address provided to the Approval Entity. The Owner is responsible under all circumstances to conform to the provisions of these restrictions in their entirety, and no approval obtained as a result of failure to disclose pertinent information shall operate to allow construction or maintenance of any Improvement to Property that violates any provision of this Declaration or the Architectural Guidelines. The Approval Entity shall at all times retain the right to object to any Improvement that violates any provision of this Declaration or the Architectural Guidelines.

4.8 Failure of Approval Entity to Act on Plans. In the event the Architectural Control Committee fails to approve or to disapprove any Improvement to the Property within thirty (30) days after the date of receipt of all required materials, the plans shall be deemed denied. Applicant may consult the Architectural Control Committee as to the reason for denial and reapply with modification.

4.9 Prosecution of Work After Approval. After approval of any proposed Improvement to Property, the proposed Improvement to Property shall be accomplished as promptly and diligently as possible and in strict conformity with the description of the proposed Improvement to Property in the materials submitted to the Approval Entity. Failure to complete the proposed Improvement to Property within nine (9) months after the date of approval or such

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other period of time as shall have been designated in writing by the Approval Entity (unless an extension has been granted by the Approval Entity in writing) or to complete the Improvement to Property in strict conformity with the description and materials furnished to the Approval Entity, shall operate automatically to revoke the approval by the Approval Entity of the proposed Improvement to Property. No Improvement to Property shall be deemed completed until the exterior fascia and trim on the structure have been applied and finished and all construction materials and debris have been cleaned up and removed from the site and all rooms in the dwelling unit, other than attics, have been finished. Removal of materials and debris shall not take in excess of thirty (30) days following completion of the exterior.

4.10 Inspection of Work. The Approval Entity or its duly authorized representative shall have the right, but not the obligation, to inspect any Improvement to Property before or after completion, provided that the right of inspection shall terminate once the Improvement to Property becomes occupied.

4.11 Notice of Noncompliance. If, as a result of inspections or otherwise, the Approval Entity finds that any Improvement to Property has been constructed or undertaken without obtaining the approval of the Approval Entity or has been completed other than in strict conformity with the description and materials furnished by the Owner to the Approval Entity or has not been completed within the required time period after the date of approval by the Approval Entity, the Approval Entity shall notify the Owner in writing of the noncompliance ("Notice of Noncompliance"). The Notice of Noncompliance shall specify the particulars of the noncompliance and shall require the Owner to take such action as may be necessary to remedy the noncompliance within the period of time set forth therein.

4.12 Correction of Noncompliance. If the Approval Entity finds that a noncompliance

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continues to exist after such time within which the Owner was to remedy the noncompliance as set forth in the Notice of Noncompliance, the Association may, at its option but with no obligation to do so, (a) record a Notice of Noncompliance against the Lot on which the noncompliance exists in the Office of the County Clerk of Harris County, Texas; (b) remove the non-complying Improvement to Property without liability for trespass, tort or damages; and/or (c) otherwise remedy the noncompliance (including, if applicable, completion of the Improvement in question) without liability for trespass, tort or damages, and, if the Board elects to take any action with respect to such violation, the Owner shall reimburse the Association upon demand for all expenses incurred therewith. If such expenses are not promptly repaid by the Owner to the Association, the Board may levy an assessment for such costs and expenses against the Owner of the Lot in question and such assessment will become a part of the Assessment provided for in Article VII hereof. The permissive (but not mandatory) right of the Association to remedy or remove any noncompliance (it being understood that no Owner may require the Association to take such action) shall be in addition to all other rights and remedies that the Association may have at law, in equity, under this Declaration, or otherwise.

4.13 No Implied Waiver or Estoppel. No action or failure to act by an Approval Entity shall constitute a waiver or estoppel with respect to future action by the Approval Entity with respect to any Improvement to Property. Specifically, the approval by the Approval Entity of any Improvement to Property shall not be deemed a waiver of any right or an estoppel against withholding approval or consent for any similar Improvement to Property or any similar proposals, plans, specifications, or other materials submitted with respect to any other Improvement to Property by such Person or otherwise.

4.14 Power to Grant Variances. Each Approval Entity may authorize variances from

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compliance with any of the provisions of Articles III and IV of this Declaration, including restrictions upon placement of structures, the time for completion of construction of any Improvement to Property, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic, environmental, or other relevant considerations may require. Such variances must be evidenced in writing and shall become effective when signed by at least a majority of the members of the Approval Entity. If any such variance is granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted; provided however, that 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 provision hereof covered by the variance, nor shall the granting of any variance affect the jurisdiction of the Approval Entity other than with respect to the subject matter of the variance, nor shall the granting of a variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the Lot concerned.

4.15 Compensation of Architectural Control Committee. The members of the Architectural Control Committee shall be entitled to reimbursement by the Association for reasonable expenses incurred by them in the performance of their duties hereunder as the Board from time to time may authorize or approve.

4.16 Non-liability for Approval Entity Action. None of the members of the Architectural Control Committee, the Association, any member of the Board of Directors, or Declarant shall be liable for any loss, damage, or injury arising out of or in any way connected with the performance of the duties of any Approval Entity except to the extent caused by the willful misconduct or bad faith of the party to be held liable. In reviewing any matter, the Approval Entity shall not be responsible for reviewing, nor shall its approval of an Improvement

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to Property be deemed approval of, the Improvement to Property from the standpoint of safety, whether structural or otherwise, or conformance with building codes, or other governmental laws or regulations. Furthermore, none of the members of the Architectural Control Committee, any member of the Board of Directors, or Declarant shall be personally liable for debts contracted for or otherwise incurred by the Association or for any torts committed by or on behalf of the Association, or for a tort of another of such individuals, whether such other individuals were acting on behalf of the Association, the Architectural Control Committee, the Board of Directors, or otherwise. Finally, neither Declarant, the Association, the Board, the Architectural Control Committee, or their officers, agents, members, or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, Improvements, or portion thereof, or for failure to repair or maintain the same.

4.17 Construction Period Exception. During the course of actual construction of any permitted structure or Improvement to Property, and provided construction is proceeding with due diligence, the Approval Entity may temporarily suspend certain provisions of this Declaration as to the Lot upon which the construction is taking place to the extent necessary to permit such construction; provided, however, that during the course of any such construction, nothing shall be done that will result in a violation of any of the provisions of this Declaration upon completion of construction or that will constitute a nuisance or unreasonable interference with the use and enjoyment of other property within the Property.

4.18 Compliance with Procedures. Any contractor, subcontractor, agent, employee or any other invitee of an Owner who fails to comply with the terms and provisions of the guidelines and procedures of the Architectural Control Committee may be temporarily or permanently excluded by the Association from the Properties without liability to any person.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

5.1 Membership and Voting Rights. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership for each Lot owned by an Owner.

5.2 Contact Information. Each Owner is required at all times to provide the Association with proper mailing information should it differ from the property address relative to ownership. Further, when an alternate address exists, Owner is required to tender notice of tenant, if any, or agency, if any, involved in the management of said property. The Owner is required and obligated to maintain current information with the Association or its designated management company at all times.

5.3 Voting. The Association shall have two classes of voting membership:

Class A: Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant or its successors and assigns to whom the right of Class B membership is expressly assigned in writing (with a copy of the written instrument making such assignment being delivered to the Association). Class B

members shall be entitled to four (4) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership;
- (b) January 1, 2025; or,
- (c) when, in its discretion, the Class B member so determines.

The Class A and Class B members shall have no rights as such to vote as a class, except as required by the Texas Non-Profit Corporation Act, the Articles of Incorporation or the Bylaws of the Association or as herein provided, and both classes shall vote upon all matters as one group.

Notwithstanding the provisions of Section 5.3, above, if additional property is made subject to the jurisdiction of the Association pursuant to a Supplemental Declaration such that Declarant owns more than ten percent (10%) of the total of all Lots, then Class B membership and this Section 5.3 shall be automatically reinstated *ipso facto*.

5.4 Non-Profit Corporation. MORTON CREEK RANCH COMMUNITY ASSOCIATION, INC., a non-profit corporation has been organized, and it shall be governed by its Articles of Incorporation and Bylaws. All duties, obligations, benefits, liens and rights hereunder in favor of the Association, shall be vested in said corporation. The Association, by a majority vote of the Board of Directors of the Association, shall have the authority to borrow money for the purpose of making capital improvements on property owned by the Association.

5.5 Bylaws. The Association may make and establish such rules or bylaws as it may choose to govern the organization and administration of the Association, provided, however, that

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such rules or bylaws are not in conflict with the terms and provisions hereof. The right and power to alter, amend or repeal the bylaws of the Association, or to adopt new bylaws is expressly reserved by and delegated by the members of the Association to the Board of Directors of the Association.

5.6 Master Association. The Association shall have the authority to enter into agreements with MORTON CREEK RANCH MASTER ASSOCIATION, INC., to provide for the maintenance, construction and/or repair of Common Facilities and Common Elements, as well as to provide services for the welfare and benefit of the Owners of Lots in the Property. The Association shall be authorized to pay the Master Association for those services provided by the Master Association out of the funds collected through assessments and charges as set forth in ARTICLE VII, below.

ARTICLE VI

PROPERTY RIGHTS

6.1 Owner's Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area and common facilities, if any, which shall be appurtenant to and shall pass with the title to every Lot subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area.

(b) The right of the Association, in accordance with applicable law, to suspend the right to use the recreation facility by an Owner and/or to suspend any other service provided by the Association for an Owner for any period during which any assessment against his Lot remains unpaid, for a period not to exceed sixty (60) days for each infraction of its published rules and regulations, or breach of any provisions of the Declaration.

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(c) The right of the Association to dedicate or transfer all or any part of the Common Area, if any, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of the members agreeing to such dedication or transfer has been recorded in the Official Public Records of Harris County, Texas; provided, however, the Board of Directors by majority vote of the Board is authorized and empowered to cause the dedication and conveyance of utility easements or for similar purposes without submitting such matter to a vote of the members, and to authorize any officer of the Association to execute the documents required for such dedication or conveyance.

(d) The right of the Association to collect and disburse those funds as set forth in Paragraph 7.1.

(e) The right of the Board of Directors to adopt rules regulating the use and enjoyment of the Common Area, including without limitation rules limiting the number of guests who may use the Common Area.

(f) The right of the Board of Directors to impose fines for infraction of rules and regulations regarding the use and enjoyment of the Common Area, in accordance with applicable law.

(g) The right of the Board of Directors to hold any Owner liable for any damage to any portion of the Common Area caused by the negligence or willful misconduct of the Member or his family or guests.

6.2 Delegation of Use. Any Owner may delegate in accordance with the Bylaws the Owner's right of enjoyment to the Common Area and facilities, if any, to the members of the Owner's family, tenants or contract purchasers who occupy the residential dwelling of the

Owner's Lot.

ARTICLE VII

MAINTENANCE ASSESSMENTS

7.1 Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot owned within the subdivision hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) Annual Assessments, (2) Special Assessments for capital improvements, (3) capitalization fees, and (4) other charges assessed against an Owner and his/her Lot as provided in any other Sections of this Declaration (collectively referred to as "Assessments"), such Assessments to be established and collected as herein provided. The Assessments, as well as the other charges described in this Declaration, together with interest, collection costs and reasonable attorney's fees, shall be a charge on the Lot and shall be secured by a continuing lien upon the Lot against which each such Assessment and/or charge is made. Each Assessment and/or charge, together with interest, collection costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the Assessment fell due, and the personal obligation for delinquent Assessments shall not pass to subsequent Owners of the concerned Lot unless expressly assumed in writing.

7.2 Purpose of Assessments. The Assessments levied by the Association shall be used to promote the recreation, health, safety, and welfare of the residents in the Property, for the improvement, maintenance and management of lakes, ponds and any Common Area and Common Facilities of the Association as well as any esplanades or landscaped areas within street rights-of-way designated by the Board of Directors of the Association as being appropriate for maintenance by the Association, and to enable the Association to fulfill its responsibilities. The

responsibilities of the Association shall include, but not be limited to, the maintenance and repair of the lakes, ponds and Common Area and Common Facilities, if any; constructing and maintaining parkways, green belts, detention areas, right-of-ways, easements, esplanades, Common Areas, sidewalks, paths, and other public areas; construction and operations of all street lights; insecticide services; purchase and/or operating expenses of recreation areas, if any; payment of all legal and other expenses incurred in connection with the collection and enforcement of all charges, assessments, covenants, restrictions, and conditions established under this Declaration; payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charges and assessments; employing policemen and watchmen, and/or security service, if desired; caring for vacant Lots and doing other things necessary or desirable in the opinion of the Board of Directors to keep the Lots neat and in good order, or which is considered of general benefit to the Owners or occupants of the Lots; and obtaining liability, workers compensation, property and Director and Officer liability insurance in amounts deemed proper by the Board of Directors of the Association. It is understood that the judgment of the Board of Directors in the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith. All Lots in the Property shall commence to bear their applicable maintenance fund assessment simultaneously from the date of conveyance of the first Lot to a builder or building company or to a resident Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. Lots which are, or at any time have been occupied, shall be subject to the annual assessment determined by the Board of Directors according to the provisions of Section 7.3. Lots which are not and have never been occupied, and which are owned by a builder or building company shall be subject to an annual assessment equal to one-half (1/2) of the annual assessment applicable to

occupied Lots. The rate of assessment for any calendar year for any individual Lot can change within that calendar year as the character of ownership and the status of occupancy changes, however, once any Lot has become subject to annual assessment at the full rate, it shall not thereafter revert to assessment at the lower rate.

7.3 Maximum Annual Assessment. Until January 1, 2014, the maximum annual assessment shall not exceed \$532.00 per Lot (herein, the "Annual Assessment"). Thereafter, it may be adjusted, as follows:

(a) Pursuant to subsection (b), below, the Board of Directors may call a meeting of the Board of Directors for the purpose of increasing the amount for the subsequent Annual Assessment at least thirty (30) days in advance of the Annual Assessment period, which shall begin on the first day of January of each year and shall end on the last day of December the same year. The Annual Assessments are due on January 31 of each year. If for any reason the Board of Directors fails to hold such a meeting for the purpose of increasing the Annual Assessment for any year by December 2 of the preceding year, it shall be deemed that the Annual Assessment for such year will be the same as established for the proceeding year, and such Annual Assessment shall continue unchanged until the Board of Directors establishes a new Annual Assessment in accord with the provisions hereof.

(b) Any change to the Annual Assessment resulting in an increase of ten percent (10%) or less from the prior year's Annual Assessment shall have the approval of a majority of the Board of Directors of the Association and shall occur at an open meeting of the Board only upon proper notice to the members of the Association. Proper notice shall include notice mailed to each Owner at the address on file with the Association, as set forth in Section 5.2, above, no earlier than sixty (60) days prior to the meeting, and no later than ten (10) days

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prior to the meeting. Notwithstanding the foregoing, proper notice may be accomplished by electronic mail, if an Owner has registered his/her/its electronic mail address with the Association, or by any other means authorized by this Declaration or applicable law, including but not limited to posting notice on the Association's website. It is the intent of this Section 7.3(b) to comply with Texas Property Code Section 209.0051(e), as may be from time-to-time amended.

(c) Any change to the Annual Assessment resulting in an increase of greater than ten percent (10%) from the prior year's Annual Assessment shall have the approval of a majority of the Board of Directors of the Association and shall have the approval of Owners of a majority of the Lots present, in person or by proxy, at a meeting called for said purpose at which a quorum is present by person or by proxy.

7.4 Special Assessment for Capital Improvements. In addition to the Annual Assessments authorized above, the Board of Directors may levy, in any assessment year, a special assessment applicable to the current year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto (herein, "Special Assessment"), provided any such Special Assessment shall have the approval of two-thirds (2/3rds) of the votes of those members of each class who are voting in person or by proxy at a meeting duly called for this purpose. Likewise, subject to the provisions of Section 7.6, the voting process for this action may also be handled by mail ballot as long as the ballots contain the name, property address, certification by the Secretary of the Association, alternate address of the member, if applicable, and the date and signature of the member. Ballots may be returned by U. S. mail in envelopes specifically marked as containing ballots for the special election or may

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be collected by door to door canvas. Upon the levying of any Special Assessment pursuant to the provisions of this Section 7.4, the Association shall cause to be recorded in the Official Public Records of the Harris County Clerk's Office a sworn and acknowledged affidavit of the President (or any Vice President) and of the Secretary of the Association which shall certify, among other items that may be appropriate, the total number of each class of members as of the date of the voting, the quorum required, the number of each class of votes represented, the number of each class voting "for" and "against" the levy, the amount of the Special Assessment authorized, and the date by which the Special Assessment must be paid in order to avoid being delinquent.

7.5 Capitalization Fee. In addition to the Annual Assessment and Special Assessment set forth in Sections 7.3 and 7.4, above, the Board shall be authorized to assess a Capitalization Fee upon all Property subject to this Declaration, as well as any amendments or supplements hereto, due upon the transfer of title to any Lot. This Capitalization Fee shall by default be assessed to the transferee of any transaction conveying title to any Lot in the Property; however, the transferor and transferee of any such transaction conveying title to any Lot in the Property may contract or otherwise agree to pay the Capitalization Fee in any proportion they so choose. Notwithstanding the foregoing, the transferee shall have the personal obligation for payment of the Capitalization Fee. The Capitalization Fee shall be paid by the responsible party or parties at the closing of the Lot. The Capitalization Fee is initially set at \$400.00. The Board of Directors may adjust the Capitalization Fee in the same manner as the Annual Assessment, set forth in Section 7.3, above. This Capitalization Fee shall last in perpetuity. Notwithstanding the foregoing, this Section 7.5 shall not apply to the sale of any Property from Declarant to another builder for the purpose of constructing and selling a single family residence for occupancy by an Owner.

7.6 Notice and Quorum for any Action Authorized under Paragraph 7.3, 7.4 and 7.5.

Written notice of any meeting called for the purpose of taking any action authorized under Sections 7.3, 7.4 and/or 7.5 shall be sent to all members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty (60%) percent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. If the vote of the members is conducted by mail or door to door canvas, the approval of two-thirds (2/3rds) of the total membership of each class is required.

7.7 Effect of Nonpayment of Assessments. Any Assessment or other charges assessed in accordance with this Declaration not paid within thirty-one (31) days after its due date shall bear interest from the due date at a rate of ten percent (10%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien herein retained against the Lot. Interest, penalties, costs and reasonable attorney's fees incurred in any such action shall be added to the amount of such assessment or charge. As additional security for the payment of the 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 lien on such Lot, which lien shall be enforceable through appropriate judicial and/or non-judicial proceedings by the Association, including but not limited to expedited judicial foreclosure as authorized by Texas Property Code Section 209.0092, as may then be amended; and, each Owner hereby expressly grants the Association a power of sale in

connection therewith. The President of the Association, or his or her designee, is hereby appointed Trustee to exercise the Association's power of sale. Trustee shall not incur any personal liability hereunder except for his or her willful misconduct. Upon obtaining an order under Rule 736 of the Texas Rules of Civil Procedure authorizing the foreclosure of the herein retained lien, the Association may foreclose the lien in compliance with Section 51.002 of the Texas Property Code, as may then be amended.

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 addition to foreclosing the liens hereby retained, in the event of nonpayment by any Owner of such Owner's portion of any assessment, the Association may, upon tendering written notice by certified mail, return receipt requested of the delinquency and giving ten (10) days to cure the delinquency, in addition to all other rights and remedies available at law or otherwise and in accordance with applicable law, restrict the right of such nonpaying Owner to use the Common Areas, if any, in such manner as the Association deems fit or appropriate for so long as such default exists. It is the intent of this paragraph to comply with Texas Property Code Section 209.006, as may then be amended.

No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of the Lot. In addition to the above rights, the Association shall have the right to refuse to provide the services of the Association to any Owner who is delinquent in the payment of the above-described assessments.

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7.8 Subordination of the Lien to Mortgages. As hereinabove provided, the title to each Lot shall be subject to a vendor's lien and right to foreclosure securing the payment of all assessments and charges due the Association, but said vendor's lien and right to foreclosure shall be subordinate to any valid purchase money lien or mortgage covering a Lot and any valid lien securing the cost of construction of home improvements. Sale or transfer of any Lot shall not affect said vendor's lien or right to foreclosure. However, the sale or transfer of any Lot which is subject to any valid purchase money lien or mortgage pursuant to a judicial or non judicial foreclosure under such lien or mortgage shall extinguish the vendor's lien and right to foreclosure securing such assessment or charge only as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot or the Owner thereof from liability for any charges or assessments thereafter becoming due or from the lien thereof. In addition to the automatic subordination provided hereinabove, the Association, in the discretion of the Board of Directors, may subordinate the lien securing any assessment provided for herein to any other mortgage, lien or encumbrance, subject to such limitations, if any, as such Board may determine.

7.9 Future Sections. The Association shall use the proceeds of the assessments for the use and benefit of all residents of the Property, provided, however, that any additional property made a part of the Property by annexation under Section 8.6 of this Declaration, to be entitled to the benefit of this maintenance fund, must be impressed with and subjected to the annual maintenance charge and assessment on a uniform per Lot basis equivalent to the maintenance charge and assessment imposed hereby, and further, made subject to the jurisdiction of the Association.

ARTICLE VIII

GENERAL PROVISIONS

8.1 Term. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association or the Owner of any land subject to this Declaration or any Supplemental Declaration, their respective legal representatives, heirs, successors and assigns, for an initial term of thirty (30) years from the date these covenants are recorded. During such initial term, the covenants and restrictions of this Declaration may be changed or terminated only by the affirmative vote of sixty-seven percent (67%) of the total votes allocated to Owners hereunder. Such change or termination shall be evidenced by an instrument executed by the approving Owners, which shall be properly placed of record in the Official Public Records of Harris County, Texas. Upon the expiration of such initial term, unless terminated as below provided, said covenants and restrictions (as changed, if changed), and the enforcement rights relative thereto, shall be automatically extended for successive periods of ten (10) years each. In addition, Declarant shall have the right so long as there exists a Class B member, as defined above, at any time and from time-to-time, without the joinder or consent of any other party, to amend this Declaration by an instrument in writing duly signed, acknowledged, and filed for record in the Official Public Records of Harris County, Texas, for any purpose, including but not limited to correcting any typographical or grammatical error, ambiguity, or inconsistency appearing herein, or for the purpose of complying with any statute, regulation, ordinance, resolution, or order of the Federal Housing Administration (the "FHA"), the Veterans Administration (the "VA"), or any federal, state, county, or municipal governing body, or any agency or department thereof; provided that any such amendment shall be allowed by any applicable law, shall be consistent with and in furtherance of the general plan and scheme of development as evidenced by this Declaration and any Supplemental Declaration taken collectively, and shall not impair or affect the vested rights of any Owner or mortgagee.

8.2 Enforcement. The Association, any Owner, or the Declarant, and their respective successors and assigns, shall have the right to enforce by a proceeding at law or in equity all easements, restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration and in connection therewith, shall be entitled to recover all reasonable collection costs and attorney's fees. Failure by the Association or by any other person entitled to enforce any covenant or restriction herein shall in no event be deemed a waiver of the right to do so thereafter. It is hereby stipulated, the failure or refusal of any Owner or any occupant of a Lot to comply with the terms and provisions hereof would result in irreparable harm to other Owners, to Declarant and to the Association. Thus, the covenants, conditions, restrictions and provisions of this Declaration may not only be enforced by an action for damages at law, but also may be enforced by injunctive or other equitable relief (i.e., restraining orders and/or injunctions) by any court of competent jurisdiction, upon the proof of the existence of any violation or any attempted or threatened violation. Any exercise of discretionary authority by the Association concerning a covenant created by this Declaration is presumed reasonable unless the court determines by a preponderance of the evidence the exercise of discretionary authority was arbitrary, capricious or inconsistent with the scheme of the development (i.e., the architectural approval or disapproval for similar renovations relative to a given location within the Property). The Association on its own behalf or through the efforts of its management company may initiate, defend or intervene in litigation or any administrative proceeding affecting the enforcement of a covenant created by this instrument or for the protection, preservation or operation of the Property covered by this Declaration. Notification will be deemed to have been given upon deposit of a letter in the U. S. mail addressed to the Owner alleged to be in violation. Any cost that has accrued to the Association pursuant to this

Section shall be secured and collectable in the same manner as established herein for the security and collection of annual assessments as provided in Article VII.

8.3 Severability. Invalidation of any one of these covenants by judgment, other court order or statute shall in no way affect any of the other provisions which shall remain in full force and effect.

8.4 Interpretation. If this Declaration or any word, clause, sentence, paragraph or other part thereof shall be susceptible of more than one or conflicting interpretations, then the interpretation which is most nearly in accordance with the general purposes and objectives of this Declaration shall govern.

8.5 Omissions. If any punctuation, word, clause, sentence or provision necessary to give meaning, validity or effect to any other word, clause, sentence or provision appearing in this Declaration shall be omitted herefrom, then it is hereby declared that such omission was unintentional and that the omitted punctuation, word, clause, sentence or provision shall be supplied by inference.

8.6 Annexation. Additional residential property and "Common Area" may be annexed to the Properties:

(a) With the affirmative vote of two-thirds (2/3rds) of the Members of the Association; or

(b) Notwithstanding anything contained in (a) above, as long as there is a Class B Membership, additional land representing future sections or phases of MORTON CREEK RANCH may be annexed from time to time by the Declarant, its successors or assigns, without the consent of other Owners, or their mortgagees, within thirty (30) years of the date of recording of this Declaration of Covenants, Conditions and Restrictions.

(c) The annexation or addition may be accomplished by the execution and filing for

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record in the Official Public Records of Harris County, Texas by the owner of the property being added or annexed of an instrument which may be called "Supplemental Declaration". Each such instrument evidencing the annexation of additional property shall describe the portion of the property comprising the Lots and Common Area, if any. Such "Supplemental Declaration" may contain such other provisions which are not inconsistent with the provisions of this Declaration of Covenants, Conditions and Restrictions or the general scheme or plan of MORTON CREEK RANCH as a residential development. Nothing in this Declaration shall be construed to represent or imply that Declarant, its successors or assigns, are under any obligation to add or annex additional property to this residential development;

(d) At such time as the "Supplemental Declaration" is filed for record as hereinabove provided, the annexation shall be deemed accomplished and the annexed area shall be a part of the Properties and subject to each and all of the provisions of this Declaration of Covenants, Conditions and Restrictions and to the jurisdiction of the Association in the same manner and with the same force and effect as if such annexed property had been originally included in this Declaration of Covenants, Conditions and Restrictions as part of the original development.

(e) After additions or annexations are made to the development, all assessments collected by the Association from the Owners in the annexed areas shall be commingled with the assessments collected from all other Owners so that there shall be a common maintenance for the Properties.

EXECUTED this 14th day of Sept., 2013.

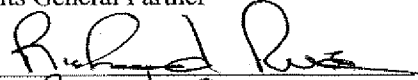
DECLARANT:

WOODMERE DEVELOPMENT CO., LTD.,
a Texas limited partnership

(2)
10R

By: Woodmere GP, L.L.C.,
a Texas limited liability company,
its General Partner

10R

By: 
Name: Richard Ruse
Title: President

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 11th day of Sept, 2013, by Richard Rue, President of WOODMERE GP, L.L.C, a Texas limited liability company, general partner of WOODMERE DEVELOPMENT CO., LTD., on behalf of said limited liability company and limited partnership.



J. Fink
Notary Public in and for the
STATE OF TEXAS

After recording return to:

Woodmere Development Co., Ltd.
15915 Katy Freeway, Suite 405
Houston, Texas 77094

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20130470742
Pages 45
09/13/2013 08:25:45 AM
e-Filed & e-Recorded in the
Official Public Records of
HARRIS COUNTY
STAN STANART
COUNTY CLERK
Fees 188.00

RECORDERS MEMORANDUM

This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.
THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas.



Stan Stanart

COUNTY CLERK
HARRIS COUNTY, TEXAS