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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
 for
PEARLAND FARMS, SECTION ONE
BRAZORIA COUNTY SUBDIVISION

THE STATE OF TEXAS *
 * KNOW ALL PERSONS BY THESE PRESENTS:
 COUNTY OF BRAZORIA *

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WHEREAS, CHASE LODGE CORPORATION a Texas corporation (the "Declarant") is the sole owner of that certain property known as Pearland Farms, Section One, a Brazoria County subdivision according to the map or plat thereof recorded

WHEREAS, the Declarant desires to establish a uniform plan for the development, improvement and sale of the Lots in the Subdivision, and to ensure the preservation of such uniform plan for the benefit of both the present and future owners of residential lots in the Subdivision.

NOW, THEREFORE, the Declarant hereby declares that all of the Lots within the Subdivision shall be held, sold and conveyed subject to the following covenants, conditions, restrictions, easements and charges, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Lots in the Subdivision. The covenants and restrictions shall run with the Lots in the Subdivision and be binding upon all parties having or acquiring any right, title, or interest in said real property or any part thereof, their heirs, predecessors, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

As used in this Declaration, the terms set forth below shall have the following meanings:

SECTION 1.1 ANNUAL MAINTENANCE ASSESSMENT OR CHARGE - The

Assessment made and levied by the Association against every Owners and their Lot in accordance with the provisions of this Declaration.

SECTION 1.2. ARCHITECTURAL CONTROL COMMITTEE - The Architectural Control Committee established and empowered in accordance with Article VI of this Declaration.

SECTION 1.3. ARTICLES OF INCORPORATION - The Articles of Incorporation of the Association.

SECTION 1.4. ASSOCIATION - PEARLAND FARMS HOMEOWNERS ASSOCIATION.

SECTION 1.5. BOARD OR BOARD OF DIRECTORS - The Board of Directors of the Association as elected in accordance with the Articles of Incorporation and the Bylaws.

SECTION 1.6. BYLAWS - The Bylaws of the Association

SECTION 1.7. COMMON AREAS - Real property owned by the Association, if any, for the common use and benefit of the members of the Association.

SECTION 1.8. DECLARANT - Shall mean and refer to CHASE LODGE CORPORATION, a Texas corporation, its successors and assigns so designated in writing by CHASE LODGE CORPORATION.

SECTION 1.9. DECLARATION - The covenants, conditions, restrictions, easements, reservations and stipulations that shall be applicable to and govern the improvement, use, occupancy, and conveyance of all the Lots and Reserves, in the Subdivision set out in this instrument or any amendment thereto.

SECTION 1.10. EASEMENT - The various utility, maintenance, and other easements of record, shown on the Plat or created or referenced to in this Declaration.

SECTION 1.11. LOT OR LOTS - Each of the Lots shown on the map or Plat of the Subdivision, excluding any Reserves.

SECTION 1.12. MAINTENANCE FUND - Any accumulation of the annual or special maintenance charges collected by the Association in accordance with the provisions of this Declaration and interest, penalties, assessments and other sums and revenues collected by the Association pursuant to the provisions of this Declaration.

SECTION 1.13. MEMBER OR MEMBERS - All Owners of Lots who are members of the Association as provided in Article VI of this Declaration.

SECTION 1.14. MORTGAGE - A security interest, mortgage, deed of trust, or lien instrument granted by an Owner to secure the payment of a loan made to such Owner, duly recorded in the office of the County Clerk of Brazoria County, Texas, and creating a lien or security interest encumbering a Lot and some or all improvements thereon.

SECTION 1.15. OWNER OR OWNERS - Any person or persons, firm, corporation or other entity or any combination thereof that is the record owner of fee simple title to a Lot, including contract sellers, but excluding those having an interest merely as a security for the performance of an obligation.

SECTION 1.16. PLANS - The final construction plans and specifications (including a related site plan) of any Residential Dwelling, building or improvement of any kind to be erected, placed, constructed, maintained or altered on any portion of the Property.

SECTION 1.17. PLAT - The official plat of Pearland Farms, Section One, filed of record in Volume 22, Page 41 - 42 of the Map Records of Brazoria County, Texas.

SECTION 1.18. PROPERTY - All of that certain property known as Pearland Farms, Section One, a subdivision according to the map or plat thereof recorded in Volume 22, Page 41 - 42 of the Map Records of Brazoria County, Texas.

SECTION 1.19. RESERVE(S) - The Reserve(s) as shown on the Plat.

SECTION 1.20. RESIDENTIAL DWELLING - The single family residence and appurtenances constructed on a Lot.

SECTION 1.21. SUBDIVISION - The Property, save and except the Reserves, together with all improvements now or hereafter situated thereon and all rights and appurtenances thereto.

ARTICLE II

RESERVATIONS, EXCEPTIONS, EASEMENTS AND DEDICATIONS

SECTION 2.1. PLAT - The Plat is dedicated for use as such, subject to the limitations set forth therein, the streets and easements shown thereon, and such Plat, further, establishes certain restrictions applicable to the Property, including, without limitation certain

minimum setback lines. All dedications, limitations, restrictions and reservations shown on the 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 and or any part thereof, whether specifically referred to therein or not.

SECTION 2.2. RIGHT-OF-WAY AND EASEMENTS - Declarant reserves the easements and rights-of-way as shown on the Plat for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line or lines, water lines, storm drainage, gas, sewers, or any other utility Declarant sees fit to install in across and/or under the Property. If ingress or egress to any Residential Dwelling shall be through the Common Area, any conveyances or encumbrances of such area shall be subject to Owner's easement for same.

SECTION 2.3. DECLARANT'S RIGHT TO MAKE CHANGES - Declarant reserves the right to make changes in and additions to the above easements for the purpose of most efficiently and economically installing the improvements, but such changes and additions must be approved by the Federal Housing Administration and/or Veterans Administration.

SECTION 2.4. LIABILITY - Neither Declarant nor any utility company using the easements herein referred to, shall be liable for any damages done by them or their assigns, their agents, employees or servants, to fences, shrubbery, trees or flowers or other property situated on the land covered by said easements.

SECTION 2.5. TITLE TO LOTS SUBJECT TO EASEMENTS - It is expressly agreed and understood that the title conveyed by Declarant to any Lot or parcel of land within the Property by contract, deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, water, gas, sewer, storm sewer, electric light, electric power, telegraph or telephone purposes and shall convey no 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, among or upon the premises affected thereby, or any part thereof, to serve said land or any other portion of the Property, and where not affected 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 party, and such right

is hereby expressly reserved.

SECTION 2.6. UNDERGROUND ELECTRICAL DISTRIBUTION - An underground electric distribution system will be installed in that part of the Subdivision designated herein as Underground Residential Subdivision, which underground service area embraces all of the Lots which are platted in the Subdivision. This electrical distribution system shall consist of overhead primary feeder circuits constructed on wood or steel poles, single or three phase, as well as underground primary and secondary circuits, pad mounted or other types of transformers, junction boxes, and such other appurtenances as shall be necessary to make underground service available. In the event that there are constructed within the Underground Residential Subdivision structures containing multiple dwelling units such as townhouses, duplexes or apartments, then the underground service area embraces all of the dwelling units involved. The Owner of each Lot containing a single dwelling unit, or in the case of a multiple dwelling unit structure, the Owner or Declarant shall, at his or its 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 at such company's installed transformers or energized secondary junction boxes, such point of attachment to be made available by the electric company at a point designated by such company at the property line of each Lot. The electric company furnishing service 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 Owners reciprocal easements providing for 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 wires. In addition, the Owner of each Lot containing a single dwelling unit, or in the case of a multiple dwelling unit structure the Owner or Declarant shall at his or its 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, 120/240 volt, three wire, 60 cycle, alternating current.

The electric company has installed the underground electric distribution system in the Underground Residential Subdivision at no cost to Declarant (except for certain conduits, where applicable, and except as hereinafter provided) upon Declarant's representation that the Underground Residential Subdivision is being developed for residential dwelling units, including homes, and if permitted by the restrictions applicable to such subdivision, townhouses, duplexes and apartment structures, all of which are designed to be permanently located where originally constructed (such category of dwelling units expressly to exclude mobile homes) which are built for sale or rent and all of which multiple dwelling unit structures are wired so as to provide for separate metering to each dwelling unit. Should the plans of the developer or the lot owners in the Underground Residential Subdivision be changed so as to permit the erection therein of one or more mobile homes, the Electric Company shall not be obligated to provide electric service to any such mobile home unless (a) Declarant has paid to the electric company an amount representing the excess in cost, for the entire Underground Residential Subdivision of the underground distribution system over the cost of equivalent overhead facilities to serve such Subdivision or (b) the Owner of each affected Lot, or the applicant for service to any mobile home, shall pay to the electric company the sum of \$1.75 per front lot foot, it having been agreed that such amount reasonably represents the excess in cost of the underground distribution system to serve such Lot or dwelling unit, plus (c) the cost of rearranging and adding any electric facilities serving such lot, which arrangement and/or addition is determined by the electrical company to be necessary.

The provisions of the two preceding paragraphs also apply to any future residential development in Reserve(s) shown on the Plat of _____ Section 1, as such Plat exists at the execution of the agreement for underground electric service between the electric company and Declarant or thereafter. Specifically, but not by way of limitation, if a Lot Owner in a former Reserve undertakes some action which would have invoked the above per front lot foot payment if such action had been undertaken in the Underground Residential Subdivision, such Owner or applicant for service shall pay the electric company \$1.75 per front Lot foot, unless Declarant

has paid the electric company as above described. The provisions of the two preceding paragraphs do not apply to any future nonresidential development in such Reserve(s).

ARTICLE III

USE RESTRICTIONS

SECTION 3.1. SINGLE FAMILY RESIDENTIAL USE - Each Owner shall use his Lot and the Dwelling Unit on his Lot, if any, for single family residential purposes only. As used herein, the term "single family residential purposes" shall be deemed to specifically prohibit, by way of illustration but without limitation, the use of any Lot for a duplex apartment, a garage apartment or any other apartment or for any multi-family use or for any business, educational, church, professional or other commercial activity of any type, except that an Owner may use his residence as a personal office for a profession or occupation, provided: (a) the public is not invited, permitted, or allowed to enter the Dwelling Unit or any structure or Improvement upon such Lot and conduct business therein; (b) no signs advertising such profession or business are permitted; (c) no on-site employees are permitted; (d) no offensive activity or condition, noise and/or odor are permitted; and (e) such use in all respects complies with the laws of the State of Texas, and the laws, rules, and regulations of any regulatory body or governmental agency having authority and jurisdiction over such matters. The term "single family residential purposes" shall also be defined as: (a) one or more persons related by blood, marriage, or adoption, which may include only parents, their children (including foster children and wards), their dependent brothers and sisters, their dependent parents, their dependent grandparents and domestic servants; (b) no more than two unrelated persons living together as a single housekeeping unit and their children (including foster children and wards), their dependent brothers or sisters, their dependent parents, their dependent grandparents and their domestic servants; and (c) in no event, shall any single family residence be occupied by more persons than the product of the total number of bedrooms contained in the single family residence as originally constructed multiplied by two (2).

SECTION 3.2. VEHICLES - No motor vehicle or non-motorized vehicle, boat, trailer, marine craft, recreational vehicle, camper rig off of truck, hovercraft, aircraft, machinery or equipment of any kind may be parked or stored on any part of any Lot, easement, right-of-way, unless such vehicle or object is completely concealed from public view inside a

garage or enclosure approved by the Architectural Control Committee. Passenger automobiles, passenger vans, motorcycles, or pick-up trucks that: (i) are in operating condition; (ii) have current license plates and inspection stickers; (iii) are in daily use as motor vehicles on the streets and highways of the State of Texas; and (iv) which do not exceed six feet six inches (6' 6") in height, or eight feet (8') in width, or twenty-four feet (24') in length are excepted herefrom. No vehicle shall be parked so as to obstruct or block a public sidewalk. No vehicle shall be parked on the grass or lawn of a Lot. No vehicle may be repaired on a Lot in excess of twenty-four (24) hours during any consecutive seven (7) day period of time, unless the vehicle being repaired is concealed from view inside a garage or other approved enclosure. This restriction shall not apply to any vehicle, machinery, or equipment temporarily parked and in use for the construction, repair or maintenance of a house or houses in the immediate vicinity. Owners or occupants of Lots may seek a temporary variance from this restriction for their guests, however, any such request for a variance must receive the prior approval of the Board of Directors of the Association.

SECTION 3.3. LOT AND BUILDING MAINTENANCE - The Owner and/or occupant(s) of all Lots shall at all times keep all trees, shrubs, weeds and grass thereon cut in a sanitary, healthful and attractive manner and shall in no event use any Lot for storage of material and equipment except for normal residential requirements or incidental to construction of improvements thereon as herein permitted. The accumulation of garbage, trash or rubbish of any kind or the burning of any materials is prohibited. No Residential Dwelling or other building, structure, or improvement upon any Lot shall be permitted to fall into disrepair, and each such Residential Dwelling, building, structure, or improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished by the Owner of the Lot at such Owner's sole cost and expense. In the event of default on the part of the Owner or occupant of any Lot in observing any or all of the above requirements, such default continuing after ten (10) days written notice thereof, the Association may, without liability to Owner or occupant, in trespass or otherwise, but without being under any duty to do so, enter upon said Lot and cut, or cause to be cut, such trees, shrubs, weeds and grass and remove, or cause to be removed, or do anything necessary to secure compliance with this Section 3.3. and to place such Lot, Residential Dwelling, other building, structure, or improvement in a neat, attractive,

healthful and/or sanitary condition, and shall charge the Owner or occupant of such Lot for the cost of such work. The Owner and/or occupant, as the case may be, agrees by the purchase or occupation of the Lot to pay such statement within ten (10) days of receipt thereof. Any sums not paid shall become a part of the continuing lien established in Article VIII of this Declaration.

SECTION 3.4. NUISANCES - No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot and no odors shall be permitted to arise therefrom, so as to render any such Lot or any portion thereof unsanitary, unsightly, offensive or detrimental to any other Lot or Common Area, if any, in the vicinity thereof or to its occupants. No nuisance or annoyance of any type shall be permitted to exist or operate upon any Lot. The Board is empowered to determine what activity constitutes a "nuisance".

SECTION 3.5. TRASH CONTAINERS - No garbage or trash shall be placed or kept within the Subdivision except in covered containers of a type, size and style approved by the Board. In no event shall any such containers be maintained on a Lot so as to be visible from any street or neighboring Lot except to make the same available for collection and then only the night before and day of such collection.

SECTION 3.6. CLOTHES DRYING - No outside clothesline or other outside facilities for drying or airing clothes shall be erected, placed or maintained on any Lot if visible from any other Lot.

SECTION 3.7. ANIMALS - No animals or birds, other than a reasonable number of generally recognized house or yard pets, shall be maintained on any Lot and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. No animal or bird shall be allowed to make an unreasonable amount of noise, or to become a nuisance. No structure for the care, housing or confinement of any animal or bird shall be maintained so as to be visible from a neighboring Lot. The Board shall have the authority to determine, in its sole and absolute discretion, whether, for the purposes of this section, a particular animal or bird is a generally recognized house or yard pet, or a nuisance, or whether the number of animals or birds on any Lot is reasonable.

SECTION 3.8. SIGNS AND BILLBOARDS - No signs, billboards, posters or advertising devices of any character shall be erected, permitted or maintained on any Lot except one (1) sign of not more than seven (7) square feet advertising the particular Lot or Residential

Dwelling on which the sign is situated for sale or lease. Except, however, the right is reserved by Declarant to construct and maintain such signs, billboards or advertising devices of such size as it deems necessary and is customary in connection with the financing and general sale of property in this Subdivision. In no event shall any sign, billboard, poster or advertising device of any character, other than as specifically prescribed in the first sentence of this Section 3.8 be erected, permitted or maintained on any Lot without the express prior written consent of the Architectural Control Committee. The term "Declarant", as used in this Section 3.8 shall refer to the entities and such successor or assigns of such entities to whom the right under this Section 3.8 is expressly and specifically transferred. Declarant, the Association, or its assigns, shall have the right to remove any such sign, advertisement, billboard or structure which is placed on said Lots in violation hereof, and in doing so shall not be subject to any liability for trespass or other tort in connection therewith or arising from such removal.

SECTION 3.9. OIL AND MINING OPERATIONS - No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall any walls, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structures designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

SECTION 3.10. SIGHT DISTANCE AT INTERSECTIONS - No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two feet (2') and six feet (6') above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting them at points twenty-five feet (25') from the intersection of the street lines, or in the case of a rounded property corner from the intersection of the street property lines extended. The same sight-line limitations shall apply on any Lot within ten feet (10') from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

SECTION 3.11. REBUILDING - In the event of a fire or other casualty causing damage or destruction to a Lot or the Residential Dwelling located thereon, the Owner of such damaged or destroyed Lot or Residential Dwelling shall within three (3) months after such fire

or casualty contract to repair or reconstruct the damaged portion of such Lot or Residential Dwelling and shall cause such Lot or Residential Dwelling to be fully repaired or reconstructed in accordance with the original plans therefor, or in accordance with new plans presented to and approved by the Architectural Control Committee, and shall promptly commence repairing or reconstructing such Residential Dwelling, to the end that the Residential Dwelling shall not remain in a partly finished condition any longer than reasonably necessary for completion thereof. Alternatively, such damaged or destroyed Residential Dwelling shall be razed and the Lot restored as nearly as possible to its original condition within four (4) months of its damage or destruction.

ARTICLE IV

TYPE OF CONSTRUCTION AND MATERIALS

SECTION 4.1. STORAGE - Without the prior written consent of the Architectural Control Committee, no building materials of any kind or character shall be placed or stored on any Lot more than thirty (30) days before the construction of a Residential Dwelling, structure or other improvement is commenced. All materials permitted to be placed on a Lot shall be placed within the property line of the Lot. After the commencement of construction of any Residential Dwelling, structure thereon shall be prosecuted diligently, to the end that the Residential Dwelling, structure or improvement on a Lot shall be completed within nine (9) months.

SECTION 4.2. TEMPORARY STRUCTURES - No structures of a temporary character, trailer (with or without wheels and whether or not attached to a foundation), mobile home (with or without wheels and whether or not attached to a foundation), modular or prefabricated home, tent, shack, barn or any other out-building structure or building, other than a permanent Residential Dwelling to be built thereon, shall be placed on any Lot, either temporarily or permanently and no residence house, garage or other structure appurtenant thereto, shall be moved upon any Lot from another location.

SECTION 4.3. CARPORTS/GARAGES - No carports shall be constructed on any Lot without the prior written consent of the Architectural Control Committee. All garages shall be: fully operable; capable of housing at least one (1) automobile; and, enclosed by metal or wood garage doors.

SECTION 4.4. AIR CONDITIONERS - No window, roof or wall type air conditioner that is visible from any street or any other Lot, shall be used, placed or maintained on or in any Residential Dwelling, garage or other building.

SECTION 4.5. ROOFS - All roofs shall be approved by the Architectural Control Committee in writing. No solar panels shall be installed on the roof of a Residential Dwelling without the prior written consent of the Architectural Control Committee.

SECTION 4.6. ANTENNAS AND FLAGPOLES - No electronic antenna or device of any type for transmitting or receiving electronic signal shall be erected, constructed, placed or permitted to remain on the exterior of any house, garages or buildings constructed on any Lot in the Subdivision or free standing on any Lot, except satellite reception discs. Television satellite reception discs must be screened by a fence or other similar structure approved by the Architectural Control Committee, so as to conceal them from view of any street or other Lot. No flagpole shall be permanently erected on any property unless prior written approval has been granted by the Architectural Control Committee.

SECTION 4.7. EXTERIOR LIGHTING - All exterior lighting must first be approved by the Architectural Control Committee.

ARTICLE V

SIZE AND LOCATION OF RESIDENCES

SECTION 5.1. DWELLING SITE AND CONSTRUCTION - One story Residential Dwellings, exclusive of open porches and garage, shall not be less than 1800 square feet, unless otherwise approved by the Architectural Control Committee, and two-story Residential Dwellings, exclusive of open porches and garage, shall be less than 1300 square feet, unless otherwise approved by the Architectural Control Committee. The exterior material of the main residential structure on all Lots shall be not less than fifty-one percent (51%) masonry, unless otherwise approved by the Architectural Control Committee.

SECTION 5.2. BUILDING LOCATION - No building shall be located on any Lot nearer to the front Lot line or nearer to the side street Lot line than the minimum building setback line shown on the recorded plat. In any event, no building shall be located on any Lot nearer than twenty feet (20') to the front Lot line, or nearer than ten feet (10') feet to any side

street line. No building shall be located nearer than five feet (5') to any interior side Lot line nor nearer than ten (10) feet from any rear property line, except that a garage or other permitted accessory building located seventy-five feet (75') or more from the front property line may be a minimum distance of three feet (3') from a side interior Lot line with the written permission of the Architectural Control Committee. For the purpose of this covenant, eaves, steps and unroofed terraces shall not be considered as a part of a building, provided, however, that this shall not be construed to permit any portion of the construction on a Lot to encroach upon another Lot.

SECTION 5.3. WALLS AND FENCES - Walls and fences shall not be placed in front of any minimum building setback line nor between the side street line and the minimum building setback line from the side street. No fence shall be more than six feet (6') in height, unless otherwise approved by the Architectural Control Committee. Chain link fences are specifically prohibited and all other fences must be approved prior to construction by the Architectural Control Committee.

ARTICLE VI

ARCHITECTURAL CONTROL COMMITTEE

SECTION 6.1. APPROVAL OF BUILDING PLANS - No building, improvement or structure shall be erected, placed or altered on any Lot until the construction plans and specifications showing the nature, kind, shape, height, color, materials and location of the proposed structure, have been approved in writing as to: harmony of exterior design and color with existing structures; location with respect to topography and finished ground elevation in relation to surrounding structures and topography; and as to compliance with minimum construction standards adopted by the Architectural Control Committee. A copy of the construction plans and specifications and a plot plan, together with such information as may be deemed pertinent, shall be submitted to the Architectural Control Committee, or its designated representative prior to the commencement of construction. The Architectural Control Committee may require the submission of such plans, specifications, and plot plans, together with such other documents as it deems appropriate, in such form and detail as it may elect at its discretion. In the event the Architectural Control Committee fails to approve or disapprove such plans and

specifications within thirty (30) days after the same are submitted to it and received by it, approval will not be required and the requirements of this Section will be deemed to have been complied with. The members of the Architectural Control Committee are Dwain Evans, Barbara Evans, and T. R. D. Keßbell. A majority of the members of the Architectural Control Committee may remove another member of the Architectural Control Committee at anytime with or without cause, and appoint their successors. A majority of the Architectural Control Committee may make decisions, which will be binding on the Architectural Control Committee.

SECTION 6.2. POWERS OF THE ARCHITECTURAL CONTROL COMMITTEE

- By way of illustration, but not limitation, the Architectural Control Committee shall have the right to specify architectural and aesthetic requirements for all Residential Dwellings, improvements and other structures, including, minimum setback lines, the location, height, and extent of fences, walls or other screening devices, the orientation of structures with respect to streets, walks, paths, and structures on adjacent property and a limited number of acceptable exterior materials and finishes that may be utilized in construction or repair of improvements. The Architectural Control Committee shall have full power and authority to reject any plans and specifications that do not comply with the restrictions imposed in this Declaration or that do not meet its minimum construction or architectural design requirements or that might not be compatible with the overall character and aesthetics of the Subdivision. The Architectural Control Committee may authorize variances from compliance with any of its guidelines and procedures or from these restrictions relating to buildings, structures and improvements when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require. Such variances may only be granted; however, when unique circumstances dictate. All variance grants shall be in writing, addressed to the Owner requesting the variance, describing the applicable restrictions to which the variance is granted, listing conditions imposed on the granted variance and listing specific reasons for granting of the variance. No variance so granted shall stop the Architectural Control Committee from denying a variance in other circumstances. Failure by the Architectural Control Committee to respond within thirty (30) days to a request for a variance shall operate as a denial of the variance.

SECTION 6.3. MINIMUM CONSTRUCTION STANDARDS - The Architectural Control Committee may from time to time promulgate an outline of minimum acceptable

construction standards; provided, however, that such outline will serve as a minimum guideline and such Architectural Control Committee shall not be bound thereby.

SECTION 6.4. TERM - The duties, rights, powers and authority of the Architectural Control Committee may be assigned at any time, at the sole election of a majority of the members of the Architectural Control Committee, to the Board of Directors of the Association by an instrument setting forth such assignment duly recorded in the Official Public Records of Real Property of Galveston County, Texas. From and after the date of recording such assignment, and the acceptance thereof by the Board of Directors, the Board of Directors of the Association shall have full right, authority and power, and shall be obligated to perform the functions of the Architectural Control Committee, as provided herein. The duties, rights, powers and authority of the Architectural Control Committee shall, if not previously assigned to the Board of Directors automatically transfer to and be assumed by the Board of Directors of the Association once one hundred percent (100%) of all Lots under the jurisdiction of the Association have Residential Dwellings constructed thereon.

SECTION 6.5. NO LIABILITY - Declarant, the Association and the Architectural Control Committee, as well as their agents, employees and architects, shall not be liable to any other party for any loss, claim or demand asserted on account of their administration of these restrictions and the performance of their 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 these restrictions. No approval of plans and specifications and no publication of minimum construction standards shall ever be construed as representing or implying that such plans, specifications or standards will, if followed, result in a properly designed residence. Such approvals and standards shall in no event be construed as representing or guaranteeing that any residence will be built in a good, workmanlike manner. The acceptance of a deed to a residential Lot in the Subdivision shall be deemed a covenant and agreement on the part of the grantee, and the grantee's heirs, successors and assigns, that Declarant, the Association and the Architectural Control Committee, as well as their agents, employees and architects, shall have no liability under these restrictions except for willful misdeeds.

ARTICLE VII

MANAGEMENT AND OPERATION OF SUBDIVISION

SECTION 7.1. MANAGEMENT BY ASSOCIATION - The affairs of the Property shall be administered by the Association. The Association shall have the right, power and obligation to provide for the management, acquisition, construction, maintenance, repair, replacement, administration, and operation of the Property as herein provided for and as provided for in the Articles of Incorporation and Bylaws. The business and affairs of the Association shall be managed by its Board of Directors, unless otherwise reserved to the members by law, the terms of the Declaration, Articles of Incorporation, or the Bylaws.

The Association, acting through the Board, shall be entitled to enter into such contracts and agreements concerning the Property as the Board deems reasonably necessary or appropriate to maintain and operate the Property in accordance with the Declaration, including without limitation, the right to grant utility and other easements for uses the Board shall deem appropriate and the right to enter into agreements with adjoining or nearby land owners or governmental entities on matters of maintenance, trash pick-up, repair, administration, security, traffic, operation of recreational facilities, or other matters of mutual interest.

SECTION 7.2. MEMBER'S EASEMENT OF ENJOYMENT - Every member of the Association shall have a right and easement of enjoyment to the Common Areas, if any, which right shall be appurtenant to the title to the Member's Lot.

SECTION 7.3. MEMBERSHIP IN ASSOCIATION - Each Owner, whether one or more persons or entities, of a Lot shall, upon and by virtue of becoming such Owner, automatically become and shall remain a member of the Association until ownership of the Lot ceases for any reason, at which time the membership in the Association shall also automatically cease. Membership in the Association shall be appurtenant to and shall automatically follow the ownership of each Lot and may not be separated from such ownership.

SECTION 7.4. VOTING OF MEMBERS - The Association shall have two classes of membership.

Class A. Class A members shall be all those Owners as defined in Section 7.3, with the exception of Declarant. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership in Section 7.3. When more than one person holds 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 shall be Declarant, its successors and assigns. The Class B member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership by Section 7.3; provided, however, that 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 seventy-five percent (75%) of the Lots are deeded to Class A Members; or
- (b) January 1, 2010.

SECTION 7.5. BOARD ACTIONS IN GOOD FAITH - Any action, inaction or omission by the Board made or taken in good faith shall not subject the Board or any individual member of the Board to any liability to the Association, its members or any other party. Provided, however, the Common Area cannot be mortgaged or conveyed without the consent of at least two-thirds (2/3) of the Owners.

SECTION 7.6. ANNEXATION - Additional land may be annexed into the jurisdiction of the Association by Declarant without the consent of the members within fifteen (15) years of the date of this Declaration, provided that HUD and/or VA must approve the annexation.

ARTICLE VIII

COVENANTS FOR MAINTENANCE ASSESSMENTS

SECTION 8.1. CREATION OF THE LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS - The 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:

- (a) Annual assessments or charges;
- (b) Special assessments established and to be collected as hereinafter provided;
- (c) Reimbursement assessments.

The annual, special assessments, and reimbursement assessments, together with interest, costs, other charges provided for herein, and reasonable attorney's fees, shall also be a charge on the land and shall be a continuing lien upon the property against which such assessment is made. Each such assessment, together with interest, costs, other charges provided for herein, 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. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

SECTION 8.2. PURPOSE OF ASSESSMENTS - Each Lot in the Subdivision is hereby subjected to an annual maintenance charge and assessment for the purpose of creating a fund to be designated and known as the "maintenance fund", which maintenance charge and assessment will be paid by the Owner or Owners of each Lot within the Subdivision to the Association, on or before January 1 of each year, in advance annual installments, commencing on a date and in a manner to be promulgated by the Board of Directors of the Association. The rate at which each Lot will be assessed will be determined annually and may be adjusted from year to year by the Association, as hereinafter provided as the needs for the Subdivision may, in the judgment of the Association, require. Such assessment will be uniform, except as hereinafter provided for Declarant and any builder to whom Declarant sells a Lot. The Association shall use the proceeds of said maintenance fund for the use and benefit of all

residents of the Subdivision, as well as any other subdivision brought within the jurisdiction of the Association; provided, however, that other Subdivisions 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. The uses and benefits to be provided by the Association shall include, by way of clarification and not limitation, at its sole option, any and all of the following: constructing and maintaining paths, parks, landscape reserves, parkways, easements, esplanades, cul-de-sac and street medians, recreational facilities, including swimming pools and tennis courts, and play courts, and other public areas, payment of all legal and other expenses incurred in connection with the enforcement of all recorded charges and assessments, covenants, restrictions and conditions affecting the Property to which the maintenance fund applies, payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charge and assessment, employing security, lifeguards, instructors, and operators, caring for vacant Lots, garbage collection, and doing other things necessary or desirable, in the opinion of the Association, to keep the Properties in the subdivision neat and in good order or which is considered of general benefit to the Owners or occupants of the Property. It is understood that the judgment of the Association in the expenditure of said funds shall be final and conclusive so long as said judgment is exercised in good faith. Nothing herein shall constitute a representation that any of the above will, in fact, be provided by the Association. Each person who accepts a deed to a Lot or Lots agrees, by the acceptance of same, to pay such maintenance charge and assessments as herein provided.

SECTION 8.3. MAXIMUM ANNUAL ASSESSMENT - Until January 1 of the year immediately following the conveyance of the first Lot to a resident Owner, the maximum annual assessment shall be \$240.00 per Lot per year.

- (a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than ten percent (10%) above the maximum assessment for the previous year without a vote of the membership.
- (b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above ten percent (10%) by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.
- (c) The Board of Directors may fix the annual assessment at an amount not to exceed the maximum permitted herein.

SECTION 8.4. SPECIAL ASSESSMENTS - In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any use or benefit provided for herein in Section 8.2. Provided, however, any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

SECTION 8.5. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 8.3. AND 8.4. - Written notice of any meeting called for the purpose of taking any action authorized under Sections 8.3 or 8.4 shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At any such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of

all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, subsequent meetings may be called subject to the same notice requirement and the required quorum as 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.

SECTION 8.6. UNIFORM RATE OF ASSESSMENT - Both annual and special assessments must be fixed at a uniform rate; provided, however, Lots which are owned by Declarant, as defined herein, shall be assessed at the rate of one-half (1/2) of any maintenance charge or special assessment currently assessed.

SECTION 8.7. DATE OF COMMENCEMENT AND DETERMINATION OF ANNUAL ASSESSMENTS - The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of a Lot to a resident Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

SECTION 8.8. REIMBURSEMENT ASSESSMENTS - A charge against a particular

Owner and its Lot for the purpose of reimbursing the Association for expenditures and other costs of the Association incurred in curing any violation, directly attributable to the Owner, for any violation of this Declaration, the Articles of Incorporation, Bylaws, Architectural Guidelines, or any Rules and Regulations.

SECTION 8.9. EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION - (Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

SECTION 8.10. SUBORDINATION OF THE LIEN TO MORTGAGES - The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. The sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, however, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

SECTION 8.11. REIMBURSEMENT OF DECLARANT - Recognizing that the initial cost of administration and maintenance of the Association may have to be subsidized by Declarant, the Directors (whether the Directors are same as the Declarant, his agents, servants, or employees and without being liable for any claim made by any Member of the Association

that the Directors' fiduciary duty to the other Members of the Association has been breached due to a conflict of interest) may execute promissory notes and/or other instruments evidencing any debt the Association owes the Declarant for monies expended by the Declarant or loaned to the Association by Declarant for and on behalf of the Association.

ARTICLE IX

INSURANCE

SECTION 9.1. GENERAL PROVISIONS - The Board shall have the authority to determine whether or not to obtain insurance for the Association and upon the Common Areas, if any, and if insurance is obtained, the amounts thereof. In the event that insurance is obtained, the premiums for such insurance shall be an expense of the Association which shall be paid out of the Maintenance Fund.

SECTION 9.2. INDIVIDUAL INSURANCE - Each Owner shall be responsible for insuring his Lot and his Residential Dwelling, its contents and furnishings. Each Owner, at his own cost and expense, shall be responsible for insuring against the liability of such Owner.

ARTICLE X

AMENDMENT TO DECLARATION AND DURATION OF RESTRICTIONS

SECTION 10.1. AMENDMENT - The terms of this Declaration may be amended at any time by an instrument signed by those Owners owning at least two-thirds (2/3rds) of the Lots within the Subdivision. No person shall be charged with notice of or inquiry with respect to any amendment until and unless it has been filed for record in the Official Public Records of Real Property of Galveston County, Texas.

SECTION 10.2. DURATION - This Declaration shall remain in full force and

effect until April 15, 2005, and shall be extended automatically for successive ten (10) year periods; provided however, that this Declaration may be amended at any time, as set forth in Section 10.1.

ARTICLE XI

MISCELLANEOUS

SECTION 11.1. SEVERABILITY - In the event of the invalidity or partial invalidity or partial unenforceability of any provision in this Declaration, the remainder of the Declaration shall remain in full force and effect.

SECTION 11.2. NUMBER AND GENDER - Pronouns, whenever used herein, and of whatever gender, shall include natural persons and corporations, entities and associations of every kind and character, and the singular shall include the plural, and vice versa, whenever and as often as may be appropriate.

SECTION 11.3. ARTICLES AND SECTIONS - Article and section headings in this Declaration are for convenience of reference and shall not affect the construction or interpretation of this Declaration. Unless the context otherwise requires, references herein to articles and sections are to articles and sections of this Declaration.

SECTION 11.4. DELAY IN ENFORCEMENT - No delay in enforcing the provisions of this Declaration with respect to any breach or violation thereof shall impair, damage or waive the right of any party entitled to enforce the same to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation thereof at any later time.

SECTION 11.5. ENFORCEABILITY - This Declaration shall run with the Subdivision and shall be binding upon and inure to the benefit of and be enforceable by the Association and each Owner of a Lot in the Subdivision, or any portion thereof, and their respective heirs, legal representatives, successors and assigns. In the event any action to enforce this Declaration is initiated against an Owner or occupant of a Lot by the Association, the Association or other Owner, as the case may be, shall be entitled to recover reasonable attorney's fees from the Owner or occupant of a Lot who violated this Declaration.

SECTION 11.6. REMEDIES - In the event any one or more persons, firms, corporations or other entities shall violate or attempt to violate any of the provisions of the Declaration, the Association, each Owner or occupant of a Lot within the Subdivision, or any portion thereof, may institute and prosecute any proceeding at law or in equity to abate, preempt or enjoin any such violation or attempted violation or to recover monetary damages caused by such violation or attempted violation.

SECTION 11.7. HUD/VA APPROVAL - As long as there is a Class B membership, the following actions will require the prior approval of the Department of Housing and Urban Development or the Veterans Administration: annexation of additional properties, dedication of Common Area, and amendment of this Declaration.

ARTICLE XII

LIENHOLDER CONSENTS

SECTION 12.1. LIENHOLDER - the holder of liens against the Property, has joined in the execution hereof to evidence its consent to the imposition of these covenants and restrictions upon the Property.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed the foregoing instrument on this

CHASE LODGE CORPORATION, a Texas Corporation

By: Dwain Evans
Dwain Evans, Vice President

LIENHOLDER: None

By:
Name:
Title:

STATE OF TEXAS

COUNTY OF HARRIS

Before me, a notary public, on this day personally appeared Dwain Evans, Vice President of Chase Lodge Corporation, known to me to be the person whose name is subscribed to the foregoing instrument and, being by me first duly sworn and declared that he executed same in the capacity and consideration therein expressed.

Given under my hand and seal of office this the 21st of Oct. 2004.



Rosalia Maldonado
May 24, 2006
Rosalia Maldonado