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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE RANCHES OF CLEAR CREEK

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FOR
THE RANCHES OF CLEAR CREEK

TABLE OF CONTENTS

I. DEFINITIONS 2

Section 1. "Area of Common Responsibility" 2

Section 2. "Articles of Incorporation" 2

Section 3. "Assessments" 2

Section 4. "Association" 2

Section 5. "Association Expenses" 2

Section 6. "Board of Directors" 2

Section 7. "Builder" 2

Section 8. "Builder Guidelines" 2

Section 9. "Building Envelope" 3

Section 10. "By-Laws" 3

Section 11. "Class B Control Period" 3

Section 12. "Common Area" 3

Section 13. "Declarant" 3

Section 14. "Declaration" 3

Section 15. "Exclusive Common Area" 3

Section 16. "Exempt Transfer" 3

Section 17. "Gross Selling Price" 4

Section 18. "Initial Sale Payment" 4

Section 19. "Lake" 4

Section 20. "Lakefront Lot" 4

Section 21. "Landscaping Guidelines" 4

Section 22. "Lot" 4

Section 23. "Member" 5

Section 24. "Mortgage" 5

Section 25. "Mortgagee" 5

Section 26. "Occupant" 5

Section 27. "Owner" 5

Section 28. "Person" 5

Section 29. "Properties" 5

Section 30. "Residential Assessments" 5

Section 31. "Residential ARC" 5

Section 32.	"Single Family Residence"	6
Section 33.	"Street"	6
Section 34.	"Supplemental Declaration"	6
II.	THE RANCHES OF CLEAR CREEK COMMUNITY ASSOCIATION, INC.	6
Section 1.	Organization	6
Section 2.	Membership	6
Section 3.	Voting	6
Section 4.	Rule Making Authority	7
Section 5.	Certificates of Compliance.....	8
III.	COVENANT FOR MAINTENANCE ASSESSMENTS.....	8
Section 1.	Purpose of Assessment.....	8
Section 2.	Types of Assessments	10
Section 3.	Creation of the Lien and Personal Obligation for Assessments	11
Section 4.	Computation	12
Section 5.	Special Assessments	12
Section 6.	Lien for Assessments	13
Section 7.	Subordination of the Lien to First Mortgages	13
Section 8.	Effect of Nonpayment of Assessment Remedies of the Association	13
Section 9.	Assessment Obligation of Declarant.....	15
IV.	RIGHTS IN THE COMMON AREA	15
Section 1.	Owner's Right of Access and Enjoyment.....	15
Section 2.	Delegation of Use	16
Section 3.	Easements-General.....	16
Section 4.	Easements for Utilities and Public Services	17
Section 5.	Easements for Association	18
Section 6.	Security	18
Section 7.	Rights of Declarant During Construction and Sale Period.....	19
V.	INSURANCE.....	19
Section 1.	Insurance.....	19
Section 2.	Damage and Destruction.....	20
VI.	ARCHITECTURAL STANDARDS AND RESTRICTIONS.....	20

Section 1.	Purpose	20
Section 2.	Ranches of Clear Creek Architectural Review Committee	20
Section 3.	Architectural Approval	21
Section 4.	Landscaping Approval	22
Section 5.	Approval Not a Guarantee or Variance.....	22
Section 6.	Right to Inspect.....	22
Section 7.	No Waiver of Future Approvals.....	23
Section 8.	Variances	23
Section 9	Building Envelope.....	23
VII.	SPECIFIC USE RESTRICTIONS	23
Section 1.	Single Family Residence	23
Section 2.	Living Area Requirements	24
Section 3.	Type of Construction	24
Section 4.	Garages, Driveways and Sidewalks	25
Section 5.	Antennae and Satellite Dishes.....	25
Section 6.	Animals and Pets.....	25
Section 7.	Window Air Conditioners	25
Section 8.	Renting or Leasing	25
Section 9.	Vehicles and Parking.....	26
Section 10.	Disposal of Trash.....	26
Section 11.	Drainage.....	26
Section 12.	Clotheslines, Garbage Cans, Woodpiles, etc.	27
Section 13.	Weapons and Fireworks.....	27
Section 14.	Temporary Buildings.....	27
Section 15.	Grass, Shrubbery and Trees	27
Section 16.	Traffic Sight Areas.....	28
Section 17	Decorations	28
Section 18.	Playground Equipment	28
Section 19.	Outbuildings	28
Section 20.	Signs	28
Section 21.	Fences.....	29
Section 22.	Lakefront Lots.....	30
Section 23.	Owner's Maintenance	30
Section 24.	Damage and Destruction of Improvements	31
VIII.	ANNEXATION OF ADDITIONAL PROPERTY AND DEANNEXATION.....	32
Section 1.	Unilateral Annexation by Declarant	32
Section 2.	Other Annexations.....	32
Section 3.	Rights of Owners of Annexed Area	32
Section 4.	Deannexations.....	32

IX.	MORTGAGEE PROVISIONS	33
	Section 1. Notices of Action.....	33
	Section 2. No Priority.....	33
	Section 3. Notice to Association.....	33
X.	GENERAL PROVISIONS	33
	Section 1. Term.....	33
	Section 2. Severability.....	34
	Section 3. Gender and Grammar	34
	Section 4. Titles.....	34
	Section 5. Amendment.....	34
	Section 6. Merger and Consolidation	35
	Section 7. Dissolution.....	35
	Section 8. Enforcement.....	35
	Section 9. Right of Entry.....	36
	Section 10. Notice of Sale or Transfer.....	36
	Section 11. Cumulative Effect; Conflict	36

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR THE RANCHES OF CLEAR CREEK**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RANCHES OF CLEAR CREEK AREAS (this "Declaration"), made as of the date hereinafter set forth by MIDWAY RANCH PROPERTIES I, L.P., a Texas limited partnership (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, the Declarant is the owner of certain property in Waller County, Texas; and

WHEREAS, the Declarant has platted and subdivided its property as the Ranches of Clear Creek in Waller County, Texas according to the plats thereof recorded in VOLUME 922 PAGE 765, respectively, in the Map Records of Waller County, Texas; and

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

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

ARTICLE I
DEFINITIONS

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

SECTION 1. "Area of Common Responsibility" shall mean the Common Area, together with those areas, if any, which by contract or agreement become the responsibility of the Association. Road rights-of-ways within or adjacent to the Properties and Lakes may be part of the Area of Common Responsibility.

SECTION 2. "Articles of Incorporation" means the Articles of Incorporation of the Ranches of Clear Creek Community Association, Inc. and any amendments thereto, as filed with the Secretary of State of the State of Texas.

SECTION 3. "Assessment" shall mean the Residential Assessments, Special Assessments and Specific Assessments levied by the Association pursuant to Article III hereof, the Initial Sales Payments payable to the Association pursuant to Section 2(c) of Article III hereof upon the initial sale of each Lot.

SECTION 4. "Association" shall mean and refer to the Ranches of Clear Creek Community Association, Inc., a non-profit, non-stock, membership corporation incorporated under the laws of the State of Texas, its successors and assigns.

SECTION 5. "Association Expenses" shall mean and include the actual and estimated expenses of operating the Association, both for general and Neighborhood purposes, including any reasonable reserves, all as may be found to be necessary and appropriate by the Board of Directors of the Association pursuant to this Declaration and the Association's By-Laws and Articles of Incorporation.

SECTION 6. "Board of Directors" or "Board" shall mean the governing body of the Association.

SECTION 7. "Builder" shall mean and refer to any Person undertaking the construction of a Single Family Residence on a Lot within the Properties on behalf of the Property Owner for the purpose of selling same.

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

SECTION 9. "Building Envelope" shall mean that certain contiguous and regularly shaped three- (3) acre portion of each Lot to be designated by each Owner and approved by the Residential Review Committee prior to the commencement of any construction upon any Lot.

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

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

SECTION 11. "Common Area" shall mean and refer to any and all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Owners and Occupants including, without limitation, the tracts of land labeled Reserves, Road Right of Ways, Riding Trails, Equestrian Center and Parks on the plats of the Subdivision.

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

SECTION 13. "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions for the Ranches of Clear Creek, as it may hereafter be amended in accordance with the provisions hereof.

SECTION 14. *Intentionally deleted*

SECTION 15. "Exempt Transfer" shall mean a transfer of title to a Lot with a Single Family Residence:

- (i) by a co-Owner to any Person who was a co-Owner immediately prior to such transfer;
- (ii) to the Owner's estate, surviving spouse, or child upon the death of the Owner;
- (iii) to any entity wholly owned by the grantor;
- (iv) to a Mortgagee or the designee of a Mortgagee in lieu of foreclosure or upon foreclosure of a Mortgage; or
- (v) to an interim Owner in connection with an employer relocation agreement.

SECTION 16. "Gross Selling Price" shall mean the total cost to the purchaser of a Lot as indicated on the title company's closing statement or other similar document.

SECTION 17. "Initial Sale Payment" shall mean the amount payable to the Association pursuant to Section 2(c) of Article III hereof upon the initial sale of a Lot.

SECTION 18. "Lake or Creek" shall mean and refer to any body of water within or adjacent to the Properties.

SECTION 19. "Lakefront Lot or Creekfront Lot" shall mean and refer to a Lot, which is contiguous to a Lake or Creek.

SECTION 20. "Landscaping Guidelines" shall mean and refer to landscape design, installation and maintenance criteria for the Lots, which are adopted by the Ranches of Clear Creek Architectural Review Committee. The Landscaping Guidelines may be included within and be a part of the Builder Guidelines adopted by such committee and different Landscaping Guidelines may be adopted for different portions of the Properties.

SECTION 21. "Lot" shall mean and refer to any portion of the Properties, whether developed or undeveloped, upon which a Single Family Residence has been constructed or it is intended by the Declarant that a Single Family Residence be constructed, excluding reserve tracts, but including lots created by the platting or replatting of a reserve tract. "Lots" shall mean and refer to each Lot and all of them. In the case of a parcel of land planned for single-family residential development, which has not been platted into Lots, the parcel shall be deemed to contain the number of Lots designated by the Declarant on the development plan for such parcel of land unless or until a different number of Lots is platted. The Owner of one or more adjacent Lots (or portions thereof) shall have the right, but shall not be required, to consolidate such Lots or portions of such Lots into one or more Single Family Residence building sites, with the privilege of placing or constructing improvements on such sites, in which case side

setback lines shall be measured from the resulting side property lines of each such building site rather than from the lot lines shown on the recorded plat. If such Single Family Residence building site is re-platted as a single Lot, it shall be considered as a single Lot for purposes of Assessments levied by the Association pursuant to this Declaration at the time the re-plat is recorded in the Map Records of Waller County, Texas. If such Single Family Residence building site is not re-platted as a single Lot, it shall be considered as a single Lot for purposes of Assessments levied by the Association pursuant to this Declaration at the time the Single Family Residence on such building site is initially occupied. Prior to either of such events, Assessments by the Association shall continue based on the number of Lots shown on the original plat.

SECTION 22. "Member" shall refer to every Person entitled to membership in the Association, as provided herein.

SECTION 23. "Mortgage" shall mean and refer to a deed of trust, mortgage or other similar security instrument granting, creating, or conveying a lien or security interest upon a Lot.

SECTION 24. "Mortgagee" shall mean a beneficiary or holder of a Mortgage.

SECTION 25. "Occupant" shall mean any person occupying all or any portion of a Single Family Residence within the Properties for any period of time, regardless of whether such person is a tenant or the Owner of such property.

SECTION 26. "Owner" shall mean and refer to the record owner, whether one or more Persons of the fee simple title to a Lot within the Properties, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation or those owning an interest in the mineral estate.

SECTION 27. "Person" shall mean any natural person, corporation, joint venture, partnership, association, trust or other legal entity.

SECTION 28. "Properties" shall mean and refer to (i) the real property contained within the Initial Subdivisions described in the preambles to this Declaration, and (ii) such other real property as may be brought within the jurisdiction of the Association in accordance with the provisions of Article VIII of this Declaration, if any.

SECTION 29. "Residential Assessments" shall mean assessments levied by the Board of Directors pursuant to Section 2(a) of Article III hereof.

SECTION 30. "Residential ARC" refers to the Ranches of Clear Creek Architectural Review Committee created by Section 2 of Article VI hereof.

SECTION 31. "Single Family Residence" shall mean and refer to a detached residence constructed on a single Lot, with all related improvements, including for the care and boarding of livestock

SECTION 32. "Street" shall refer to any street, boulevard, road, alley, lane, avenue, or thoroughfare within or adjacent to the Properties.

SECTION 33. "Supplemental Declaration" shall refer to (i) a separate declaration of covenants, conditions and restrictions which is imposed on property within the jurisdiction of the Association and which may be enforced by the Association, or (ii) an instrument which imposes additional restrictions on a portion of the Properties which may be enforced by the Association.

ARTICLE II
THE RANCHES OF CLEAR CREEK

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

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

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

(a) CLASS A. Class "A" Members shall be all Owners with the exception of the Class "B" Member. Class "A" Members shall be entitled to one (1) vote for each Lot of which they are the Owner. If more than one Person holds the interest in a Lot required for membership in the Association, any of such Persons may exercise the vote for such Lot; provided, however, the vote for such Lot shall be suspended in the event more than one Person seeks to exercise it.

(b) CLASS B. The Class "B" Member shall be the Declarant who shall have five (5) votes for each Lot it owns in the Properties. The Class "B" Membership shall cease and be converted to Class "A" Membership upon the earlier of (i) the date on which the Declarant has sold and conveyed all of the Lots it owns in the Properties, or (ii) on such earlier date that the Declarant, in its *sole* discretion, so determines and records an instrument to such effect in the real property records of Waller County, Texas. From and after the termination of the Class "B" Membership, the Declarant shall be deemed to be Class "A" Members with respect to the Lots owned, if any.

SECTION 4. RULE MAKING AUTHORITY. This Declaration establishes, as part of the general plan of development for the Properties, a framework of covenants, easements and restrictions, which govern the Properties. Within that framework, the Board must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends and technology, which inevitably will affect the Properties, its Owners and Occupants. This Section establishes procedures for the adoption and modification of rules by the Board.

Subject to the terms hereof and the Board's duty to exercise business judgment and reasonableness on behalf of the Association, the Board may adopt, amend, repeal and enforce rules and regulations ("Rules"), fines and levies as may be deemed necessary or desirable with respect to the implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Area and the Exclusive Common Area, and the use of any other property, facilities or improvements owned or operated by the Association. At least thirty (30) days prior to the effective date of any Rule, the Board shall cause a copy of the new rule or explanation of any changes to a Rule, specifying the effective date, to be posted at a prominent place within the Properties. The Association shall provide a copy of the Rules then in effect to any requesting Owner or Mortgagee for such charge as may be established from time to time by the Board.

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

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

- (i) Similar Treatment. Similarly situated Owners shall be treated similarly; provided, Rules may differ between and among different portions of the

Properties, based on type of development, use, density or physical characteristics of the property;

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

SECTION 5. CERTIFICATES OF COMPLIANCE. Any Owner may request that the Association issue a certificate of architectural compliance certifying that there are no known violations of this Declaration or the Builder Guidelines. The Association shall either grant or deny such request within thirty (30) days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall preclude the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate.

ARTICLE III COVENANT FOR MAINTENANCE ASSESSMENTS

SECTION 1. PURPOSE OF ASSESSMENT. The assessments provided for in this Declaration shall be used by the Association to maintain and keep in good repair the Area of Common Responsibility and for the general purposes of promoting the

common benefit of the Owners and Occupants in the Properties. The judgment of the Board of Directors as to the expenditure of Assessments collected by the Association shall be final and conclusive so long as its judgment is exercised in good faith. Funds obtained by the Association from Assessments may be used to finance all or any of the following:

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

SECTION 2. TYPES OF ASSESSMENTS. Each Owner by acceptance of a deed to any Lot in the Properties, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (i) Residential Assessments as provided in subsection (a) of this Section 2; (ii) Specific Assessments as provided in subsection (b) of this Section 2; (iii) Initial Sale Payments as provided in subsection (c) of this Section 2; and (iv) Special Assessments to be established and collected as hereinafter provided in Section 5 of this Article III.

(a) Residential Assessments. Residential Assessments shall be levied annually to enable the Association to pay Association Expenses, which are determined by the Board to benefit all Members. Such expenses benefiting all Members shall be all Association Expenses except (i) the expenses for which the Board makes a Specific Assessment. Residential Assessments on all Lots shall be fixed at uniform rates; provided, however, there shall be no Residential Assessments against un-platted Lots and, subject to the provisions of Section 9 of this Article, Lots owned by the Declarant (other than un-platted Lots which shall not be assessed) shall be assessed at fifty percent (50%) of the amount assessed against the Lots owned by other Owners. The initial annual Residential Assessment shall commence as to all Lots in the Subdivision on the date that the first Lot in the Subdivision is conveyed by the Declarant or on such later date as the Board determines, and shall be due and payable thirty (30) days thereafter. If such Assessment commences on a date other than January 1, such Assessment shall be adjusted according to the number of months remaining in the calendar year. Thereafter, annual Residential Assessments shall be levied for each calendar year in advance and shall be due and payable as specified by the Board.

(b) Specific Assessments. The Association shall have the power to levy Specific Assessments against a particular Lot as follows:

- (i) to cover the costs, including overhead and administrative costs, of providing services to Lots upon request of an Owner pursuant to any menu of special services which may be offered by the Association. Specific Assessments for special services may be levied in advance of the provision of the requested service; and
- (ii) to cover costs incurred in bringing a Lot into compliance with this Declaration or the Builder Guidelines, or costs incurred as a consequence of the conduct of the Owner or Occupants of a Lot, their agents, contractors, employees, licensees, invitees, or guests.

(c) Initial Sale Payments. Upon acquisition of record title to a Lot by the first Owner thereof, a payment shall be made by or on behalf of the purchaser to the Association in an amount equal to fifty percent (50%) of the Residential Assessment for the year in which the sale or transfer occurs, or such lesser amount as may hereafter be

specified by the Board. This amount shall be in addition to, not in lieu of, the Residential Assessments and shall not be considered an advance payment of Residential Assessments. This amount shall be paid to the Association at the closing of the purchase of the Lot with a Single Family Residence. One-half of each payment shall be deposited by the Association into an account to be maintained by the Association as a reserve fund for the repair, reconstruction or replacement of improvements on the Common Area and the remaining one-half of each payment shall be deposited in the Association's general account, available for use for any purpose of the Association.

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

In order to extinguish any Person's personal liability with regard to Assessments coming due following the sale or conveyance of the Lot owned by such Person, such Person shall be obligated to notify the Association of such Person's sale or conveyance of the Lot against which Assessments may be levied. In that regard, each Person who at any time owned any Lot in the Properties against which Assessments may be levied shall no longer be liable or responsible for payment of Assessments coming due after the date upon which such Person furnishes to the Association a copy of the executed instrument of conveyance by which fee title to the Lot previously owned by such Person was conveyed or transferred to another Person, and the mailing address of the Person to whom such Lot was conveyed or transferred. Upon receipt of such information, the Association shall cause the name and address of the new Owner to be substituted for that of the prior Owner on the records of the Association, and the prior Owner shall no longer be liable or responsible for Assessments subsequently coming due. Each Person owning a Lot against which Assessments may be made shall have the obligation to notify the Association of any change in its address, and notice of any such change shall become effective five (5) days after written notice thereof has been

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

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

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

- (i) The Association Expenses shall be levied as Residential Assessments against the Lots in the Properties as provided in Section 2(a) of this Article III. The annual per Lot Residential Assessment by the Association shall be such amount as is determined by the Board of Directors of the Association, at its sole discretion.

The Board shall use reasonable efforts to cause notice of the Assessments to be levied against each Owner for each year to be delivered to each Member at least thirty (30) days prior to the due date.

SECTION 5. SPECIAL ASSESSMENTS. In addition to the other Assessments authorized herein, the Board may levy one or more special assessments in any year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or repair or replacement of a capital improvement located upon the Common Area, including fixtures and personal property related thereto; provided, however, any such special assessment must have the written consent of the Declarant during the Class B Control Period and a per Lot special assessment in an amount greater than twenty percent (20%) of the Residential Assessment per Lot for such year

must be approved by a two-thirds (2/3rds) vote of the Members of the Association who are present in person or by proxy at a meeting of the Members called for such purposes.

If a special assessment is approved as herein required and levied, it shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed. Special assessments shall be allocated among all Owners in the same manner as Residential Assessments.

SECTION 6. LIEN FOR ASSESSMENTS. All sums assessed against any property subject to this Declaration pursuant to this Declaration, together with interest, collection and other costs, and reasonable attorney's fees actually incurred, as provided herein, shall be secured by a lien on the property owned by each Owner in favor of the Association. All Persons acquiring liens or encumbrances on any property subject to this Declaration after this Declaration shall have been recorded in the real property records of Waller County, Texas shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for Assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

SECTION 7. SUBORDINATION OF THE LIEN TO FIRST MORTGAGES. The lien securing the Assessments provided for herein shall be subordinate to (i) liens of ad valorem taxes and (ii) the lien of any first Mortgage, which has been recorded in the real property records of Waller County, Texas. Sale or transfer of any Lot subject to this Declaration shall not affect the lien hereby created. However, the sale or transfer of any Lot pursuant to foreclosure of a first Mortgage or any conveyance in lieu thereof shall extinguish the lien of such Assessments as to payments, which become due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any Assessments thereafter becoming due or from the lien thereof.

SECTION 8. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION. Any Assessments, which are not paid in full by the date specified by the Board, shall be delinquent. Any delinquent Assessment shall commence to bear interest on the due date at the rate of eighteen percent (18%) per annum or such other interest rate as the Board may from time to time determine or the maximum lawful rate of interest. If the Assessment is not paid when due, the lien herein retained and created against the affected Lot shall secure the Assessment due, interest thereon from the date due and payable, all costs of collection, court costs, reasonable attorney's fees actually incurred, and any other amount provided or permitted by law. In the event that the Assessment remains unpaid after ninety (90) days, the Association may, as the Board shall determine, institute suit for collection against the Owner personally obligated to pay the Assessment or foreclose the lien created and reserved hereby against the Lot of such Owner.

The Association's lien is created by recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of lien shall be or is required. By acquiring a Lot, an Owner grants to the Association a power of sale in connection with the Association's lien. By written resolution, the Board of Directors of the Association may appoint, from time to time, an officer, agent, trustee, or attorney of the Association to exercise the power of sale on behalf of the Association. The Association shall exercise its power of sale pursuant to Section 51.002 of the Texas Property Code, and any applicable revision(s), amendment(s), or recodifications thereof in effect at the time of the exercise of such power of sale. The Association has the right to foreclose its lien judicially or by non-judicial foreclosure pursuant to the power of sale created hereby. Costs of foreclosure may be added to the amount owed by the Owner to the Association. An Owner may not petition a court to set aside a sale solely because the purchase price at the foreclosure sale was insufficient to fully satisfy the Owner's debt. The Association may bid for and purchase the Lot at the foreclosure sale utilizing funds of the Association. The Association may own, lease, encumber, exchange, sell, or convey a Lot. The purchaser at any such foreclosure sale shall be entitled to sue for recovery of possession of the Lot by an action of forcible detainer without the necessity of giving any notice to the former owner or owners of the Lot sold at foreclosure. The Owner shall have a right of redemption after or resulting from a foreclosure sale of the Association's lien as provided by law. Nothing herein shall prohibit the Association from taking a deed in lieu of foreclosure or from filing suit to recover a money judgment for sums that may be secured by the lien. At any time before a nonjudicial foreclosure sale, an Owner of a Lot may avoid foreclosure by paying all amounts due the Association. Foreclosure of a tax lien attaching against a Lot under Chapter 32, Tax Code, shall not discharge the Association's lien under this paragraph for amounts becoming due to the Association after the date of foreclosure of the tax lien.

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

All payments shall be applied as determined by the Board of Directors in accordance with any applicable laws.

SECTION 9. ASSESSMENT OBLIGATION OF DECLARANT. Subject to the further provisions hereof, Declarant, on behalf of itself and its successors and assigns to whom its rights as Declarant are expressly assigned, covenants and agrees to pay Assessments as provided herein for the Lots (other than unplatted Lots) that it owns. However, as long as the Class "B" membership exists in the Association, the Declarant may annually elect either to pay Residential Assessments on the Lots (other than unplatted Lots) it owns as herein provided or to pay the Association the difference between the amount of Residential Assessments collected on all other Lots subject to assessment and the amount of the actual expenditures incurred to operate the Association during such calendar year (the "subsidy"). The payment by Declarant of a subsidy in any year in lieu of Residential Assessments shall under no circumstances obligate the Declarant to pay a subsidy in a future year or years even if the subsidy is less than the Residential Assessments that would otherwise have been payable by the Declarant. The subsidy may be paid by the Declarant in increments throughout the year, as the Association needs funds.

The Declarant may also elect to make loans to the Association. In the event of a loan, the loan and interest thereon at the prime rate of interest announced from time to time by Bank of America, N.A. or another bank designated by the Board at the time the loan is made plus 1% per annum, shall be payable by the Association to the Declarant from future Annual Assessments collected by the Association. All loans, if any, shall be evidenced by promissory notes executed by the Association at the time the loan is made. Subsidy payments by the Declarant shall not be considered to be loans.

ARTICLE IV RIGHTS IN THE COMMON AREA

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

- (a) The Association shall have the right to charge reasonable admission and other fees for the use of any facility situated upon the Common Area.
- (b) The Association shall have the right, without the approval of the Members, to borrow money and to mortgage, pledge, deed in trust, or hypothecate any or all of the Common Area as security for money borrowed or debts incurred.

- (c) The Association shall have the right to take such steps as are reasonably necessary to protect the Common Area against foreclosure of any such mortgage.
- (d) The Association shall have the right to suspend the enjoyment rights of any Member for any period during which any assessment or other amount owed by such Member to the Association remains unpaid in excess of thirty (30) days.
- (e) The Association shall have the right to establish reasonable rules and regulations governing the Members' use and enjoyment of the Common Area, and to suspend the enjoyment rights of any Member for any period not to exceed sixty (60) days for any infraction of such rules and regulations.
- (f) The Association shall have the right, without the approval by the Members, to sell or convey all or any part of the Common Area and the right, to grant or dedicate easements in portions of the Common Area to public or private utility companies.
- (g) The Association shall have the right to enter into agreements with one or more Persons pursuant to which individuals who are not Members of the Association are granted the right to use the Common Area and the facilities located thereupon upon payment of such fees as may be determined by the Board.
- (h) The use of Lakes by Members of the Association and their permitted guests shall be subject to such rules and regulations as the Association's Board of Directors may adopt from time to time. Such rules may, among other things, limit the total number of persons using the lake at one specific time, as well as the use of Lakes to human powered and low speed electric craft only, permit only catch and release fishing, from time to time as deemed necessary and prohibit swimming.

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

SECTION 3. EASEMENTS-GENERAL. Easements for the installation and maintenance of utilities are reserved as shown and provided for on the plats of the Properties and/or as dedicated by separate instruments. Neither Declarant nor any

utility company or authorized political subdivision using the easements referred to herein shall be liable for any damages done by them or their assigns, agents, employees or servants, to fences, shrubbery, trees, flowers, improvements or other property of the Owner situated on the land covered by such easements as a result of construction, maintenance or repair work conducted by such parties or their assigns, agents, employees or servants. Declarant expressly reserves the right to grant easements over, under and across any Lot in the Properties for the installation and maintenance of utility and drainage facilities; provided, however, any easement created by the Declarant pursuant to this provision shall not materially adversely affect the use and enjoyment of any Single Family Residence or the value of any Single Family Residence. Declarant further reserves unto itself, its agents, employees, servants, successors and assigns, the temporary right of ingress and egress, on, over, in, and across the Properties in order to complete development of the Properties and the construction of all Single Family Residences. The rights reserved by Declarant in this paragraph shall be used in such a manner, as not to unreasonably interfere with the use and enjoyment of any Single Family Residence in the Properties and such rights shall terminate upon the expiration of the Class B Control Period.

SECTION 4. EASEMENTS FOR UTILITIES AND PUBLIC SERVICES.

(a) There is hereby granted to the Association, to any other public authority or agency, utility district, or public or private utility company, a perpetual easement upon, over, under, and across (i) the Common Area, (ii) Lakes, (iii) Reserves and (iv) those portions of all Lots as are reasonably necessary, for the purpose of installing, replacing, repairing, maintaining, and using master television antenna and/or cable systems, security and similar systems, and all utilities, including, but not limited to, storm sewers, drainage systems and retention ponds, electrical, gas, telephone, water and sewer lines, street lights, street signs and traffic signs; provided, however, that such easements shall not unreasonably affect the ability to develop, market or the value of any Lot. By virtue of any such easement and facilities, it shall be expressly permitted for the providing utility company or other supplier or servicer, with respect to the portions of the Properties encumbered, (i) to erect and maintain pipes, lines, manholes, pumps, and other necessary equipment and facilities, (ii) to cut and remove any trees, bushes, or shrubbery, (iii) to excavate or fill, or (iv) to take any other similar action reasonably necessary to provide economical and safe installation, maintenance, repair, replacement, and use of such utilities and systems.

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

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

SECTION 6. SECURITY. THE ASSOCIATION MAY, BUT SHALL NOT BE OBLIGATED TO, MAINTAIN OR SUPPORT CERTAIN ACTIVITIES WITHIN THE PROPERTIES DESIGNED TO MAKE THE PROPERTIES SAFER THAN THEY OTHERWISE MIGHT BE. NEITHER THE ASSOCIATION, THE DECLARANT, ANY SUCCESSOR DECLARANT, NOR THEIR AGENTS SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES, HOWEVER, AND NEITHER THE ASSOCIATION, THE DECLARANT, ANY SUCCESSOR DECLARANT, NOR THEIR AGENTS SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND OCCUPANTS OF ANY LOT, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION AND ITS BOARD OF DIRECTORS, DECLARANT, ANY SUCCESSOR DECLARANT, THE RESIDENTIAL ARC AND THEIR AGENTS DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED BY THE DECLARANT OR THE RESIDENTIAL REVIEW COMMITTEE MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE, NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER AND OCCUPANT OF ANY LOT, AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, THE BOARD OF DIRECTORS, THE RESIDENTIAL ARC, THE DECLARANT, ANY SUCCESSOR DECLARANT AND THEIR AGENTS ARE NOT INSURERS AND THAT EACH OWNER AND OCCUPANT OF ANY LOT AND EACH TENANT, GUEST AND INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO LOTS AND TO THE CONTENTS OF LOTS AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, THE BOARD OF DIRECTORS, THE RESIDENTIAL REVIEW COMMITTEE, THE DECLARANT, OR ANY SUCCESSOR DECLARANT AND THEIR AGENTS HAVE MADE NO

REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTIES.

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

ARTICLE V INSURANCE

SECTION 1. INSURANCE. The Association's Board of Directors, or its duly authorized agent, shall obtain blanket all-risk casualty insurance for all insurable improvements on the Common Area, or if blanket all-risk coverage is not reasonably available, an insurance policy providing fire and extended coverage. Such insurance policies shall be in such amount or amounts, as the Board of Directors deems appropriate. The Board may also obtain a public liability policy covering the Common Area, insuring the Association and its Members for all damages or injury caused by the negligence of the Association, its agents, the Members or Occupants, in such amount as the Board deems appropriate. Premiums for all insurance on the Common Area shall be Association Expenses.

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

SECTION 2. DAMAGE AND DESTRUCTION. Immediately after damage or destruction by fire or other casualty of all or any part of the property covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and the repair or reconstruction of the damaged or destroyed property, to the extent insurance proceeds are available for such purpose. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition, which existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes. In the event that insurance proceeds are unavailable to repair or reconstruct the Common Area the damaged or destroyed property shall be restored to its natural state. If insurance proceeds are insufficient to cover a repair or reconstruction, the Board may levy a Special Assessment to cover the shortfall, subject to the requirements of Section 5 of Article III

ARTICLE VI
ARCHITECTURAL STANDARDS AND RESTRICTIONS

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

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

The Residential ARC shall consist of a minimum of three (3) and a maximum of five (5) members. Until the date on which it has sold all of its Lots within the Properties, the Declarant shall have the right to appoint all members of the Residential ARC as well as the right to remove any member. There shall be no surrender of this right prior to that time, except by a written instrument executed by Declarant and recorded in the real property records of Waller County, Texas. Following the expiration of such right, the

Board of Directors shall appoint the members of the Residential ARC. The Residential ARC is authorized, but not obligated, to retain the services of consulting architects, landscape architects, urban designers, engineers, inspectors, and/or attorneys in order to advise and assist the Residential ARC in performing its functions set forth herein.

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

Upon approval of plans and specifications, no further approval under this Article VI shall be required with respect thereto, unless construction has not substantially commenced within six (6) months of the approval of such plans and specifications (e.g. clearing and grading, pouring of footings, etc.) or unless such plans and specifications

are materially altered or changed. The Residential ARC may disapprove plans and specifications for any reason which is consistent with the objects and purposes of this Declaration as determined by the Residential ARC from time to time, including purely aesthetic considerations, so long as such grounds are not arbitrary nor capricious.

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

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

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

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

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

SECTION 9. BUILDING ENVELOPE. The Building Envelope on each Lot shall be located so that same is as far as reasonably possible from the Building Envelope on all other contiguous Lots. In the event that a Building Envelope has not been established on all contiguous tracts then the Building Envelope shall be located as follows: (i) in a manner that will maintain the integrity of a rural ranch setting; (ii) be set back from any abutting Street a minimum of 100 feet; (iii) have a side yard set back a minimum of 100 feet; and (iv) have a rear yard set back a minimum of 100 feet. Once established, the Building Envelope shall not be modified nor changed without Residential ARC approval.

ARTICLE VII
SPECIFIC USE RESTRICTIONS

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

No garage sale, yard sale, moving sale, rummage sale or similar activity and no trade or business may be conducted in or from any Lot, except that an Owner or Occupant may conduct business activities within the Single Family Residence so long as: (a) the existence or operation of the business activity is not apparent or detectable

by sight, sound or smell from outside the Lot; (b) the business activity does not involve persons coming onto the Properties who do not reside in the Properties or door-to-door solicitation of residents of the Properties; and (c) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board. The Board is authorized to promulgate rules and regulations to insure that home businesses comply with the above standards and to make factual determinations regarding the impact of a home business on the residential character of the Properties. If, in the judgment of the Board, a home business has a detrimental impact on the residential quality of the Properties or otherwise constitutes a nuisance, it is authorized to require that the Owner cease the home business or alter it to the Board's satisfaction. Notwithstanding anything contained in this Section, the Association may sponsor a community wide garage sale or rummage sale at such location or locations, as the Board deems appropriate from time to time. The terms Business and Trade, as used in this provision, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefore. Notwithstanding the above, the leasing of a Single Family Residence shall not be considered a trade or business within the meaning of this Section. This Section shall not apply to any activity conducted by the Declarant or by a Builder with the approval of the Declarant, with respect to the development and sale of the Lots and Single Family Residences in the Properties.

SECTION 2. LIVING AREA REQUIREMENTS. The total living area of the Single Family Residence on a Lot shall be not less than 2,000 square feet, not including porches, overhangs and decks.

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

Owners must obtain a Class "B" Building Permit from Waller County Flood Plan Administrator for all building construction, including bridges, within the 100 year Flood Plain.

SECTION 4. GARAGES, DRIVEWAYS AND SIDEWALKS. Each Single Family Residence must have an attached or detached garage for a minimum of two (2) full size automobiles. Each Owner shall construct and maintain at his expense a driveway from the garage of his or her residence to the abutting Street, including the portion of the driveway in the street easement, and the Owner shall repair at his expense any damage to the Street or drainage ditches occasioned by connecting the driveway thereto.

SECTION 5. ANTENNAE AND SATELLITE DISHES. Television, radio, or other electronic towers, aerials, antennae, satellite dishes or device of any type for the reception or transmission of radio or television broadcasts or other means of communication may be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon. However, installation may only be placed within the Building Envelope in such a manner as to not be visible to any neighbor or common area.

SECTION 6. LIVESTOCK AND PETS. Horses, cattle, mules, donkeys and goats will be allowed on individual lots, but in such a quantity as to not become a nuisance, but in no case shall such quantity exceed 1 livestock for every two (2) acres owned. A maximum of four (4) dogs, cats or other usual and common household pets in the aggregate (excluding in such maximum number, fish and birds) are also allowed. However, all livestock, exotic animals or animals which endanger health or otherwise constitute a nuisance or inconvenience to the Owners or Occupants within the Properties, in the sole discretion of the Board, may be prohibited by the Board. No animals shall be kept, bred or maintained for any commercial purpose on a Lot. Dogs which are household pets shall at all times, whenever they are outside a Single Family Residence, be on a leash or otherwise confined in a manner acceptable to the Board. Without prejudice to the Board's right to prohibit and remove any such household pet, the owner of livestock or a pet that has caused damage to property shall be responsible for compensating the owner of the damaged property, but the Association shall have no obligation to enforce such obligation. Animal control authorities shall be permitted to enter the Properties to patrol and remove livestock and pets as provided by applicable laws. Livestock and Pets shall be registered, licensed and inoculated as required by law.

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

SECTION 8. RENTING OR LEASING. Single Family Residences may be rented or leased only by written leases and subject to the restriction that all tenants shall be subject to the terms and conditions of this Declaration and the rules and regulations promulgated by the Association as though such tenant were an Owner. Each Owner of

a Single Family Residence agrees to cause his tenants to comply with this Declaration and the rules and regulations promulgated pursuant hereto, and are responsible and liable for all violations and losses caused by such tenants, notwithstanding the fact that such tenants are fully liable for any such violation. All provisions of this Declaration and of any rules and regulations promulgated pursuant hereto which govern the conduct of Owners of a Single Family Residence and which provide for sanctions against Owners shall also apply to all Occupants of a Single Family Residence even though such Occupants are not specifically mentioned. Each Owner who leases his residence shall provide the Association with the name of his tenant and a mailing address where such Owner can be contacted at all times.

SECTION 9. VEHICLES AND PARKING. The term "vehicles", as used herein, shall refer to all vehicles including, without limitation, automobiles, trucks, motor homes, recreational vehicles, boats, trailers, motorcycles, mini-bikes, scooters, go-carts, campers, buses, and vans, including such vehicles with the motor removed. No vehicle may be stored or left for periods exceeding 48 hours, upon any Lot in the Properties that cause such vehicle to be visible from a Street, Common Area, or any other Lot. The parking of vehicles on Streets or within road rights-of-way is specifically prohibited. Any vehicle parked or left not in accordance with this section shall be considered a nuisance. No vehicles shall be permitted on pathways or unpaved Common Area except for public safety vehicles and vehicles authorized by the Board. No vehicle shall be operated on common areas by a person who is not legally licensed to drive on any public road. All motorized vehicles must yield to livestock and/or wildlife.

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

SECTION 11. DRAINAGE. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner or Occupant of a Lot may obstruct or re-channel the drainage flows after location and installation of drainage swales, storm sewers or storm drains. Private tanks or ponds must be approved by the Residential ARC prior to installation and must

be designed in such a manner that would not impact the natural flow of water across adjoining properties.

Drainage of septic tanks will not be allowed to drain onto roads, streets, alleys, public ditches, streams, lakes or other such common areas, or onto adjoining properties, either directly or indirectly.

Drainage structures under private drives shall have a net drainage opening area of sufficient size to permit the free flow of water without backwater and shall be a minimum of one and three quarters (1 $\frac{3}{4}$) square feet (18" diameter pipe) reinforced concrete pipe. Culverts or bridges must be used for all driveways and/or walks.

No water well or septic system will be allowed within fifty (50') feet of any property line.

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

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

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

SECTION 15. GRASS, SHRUBBERY and TREES. The Owner of each Lot shall routinely maintain the areas of his Lot, which are visible from the Street or adjacent property. Grass and weeds shall be kept mowed to prevent unsightly appearance, and all, roadways, drives and walkways shall be maintained. Dead or damaged trees and shrubbery, viewable from the streets, common areas, or neighboring properties shall be promptly removed or replaced, and if not removed by the Owner upon request, then the Association may remove or cause to be removed such trees or shrubbery at the Owner's expense and shall not be liable for damage caused by such removal. The Association may, at its option, plant and install shrubbery and other screening devices around boxes, transformers and other aboveground utility equipment located on the Lots, and mow and maintain the grass, shrubbery or other screening devices around

such utility equipment. The Association shall have the right to enter upon the Lots for such purposes.

No trees of size greater than a 3 inch caliper, shall be removed, cut down or otherwise destroyed, within 100 lineal feet of all side lot lines, unless required for the installation of utilities, as specified by the local utility provider, or approved in advance by the Residential ARC.

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

SECTION 17. DECORATIONS. No decorative appurtenances such as sculptures, birdbaths and birdhouses, flagpoles, fountains or other decorative embellishments shall be placed on the front lawn of a Lot or on the visible side or rear yard of a Lot unless such items have been approved in writing by the Residential ARC and are in compliance with the Builder Guidelines or the Rules adopted by the Board. Notwithstanding the foregoing, customary seasonal decorations for national holidays are permitted for a maximum of twelve (12) days or thirty (30) days, in the case of Christmas, subject to the right of the Board to specify a maximum size and other guidelines for decorations.

SECTION 18. PLAYGROUND EQUIPMENT. All playground equipment must be contained within the Building Envelope.

SECTION 19. OUTBUILDINGS. No outbuilding or structure shall be permitted outside of the Building Envelope without prior written approval of the Residential ARC and must be located in such a manner as to be no nearer any street, or common area, than the rear of the primary residence. No more than three (3) outbuildings or other structures, temporary or permanent, will be allowed without approval of the Residential ARC.

SECTION 20. SIGNS. No sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any fence without the approval of the Residential ARC, with the following exceptions:

- (a) **For Sale Signs.** An Owner may erect one (1) sign on his Lot, not exceeding 2' x 3' in area, fastened only to a stake in the ground and extending not more than three (3) feet above the surface of such Lot advertising the property for sale.

(b) **Declarant's Signs.** Declarant may erect and maintain a sign or signs deemed reasonable and necessary for the construction, development, operation, promotion, leasing and sale of the Lots.

(c) **Builders Signs.** Any Builder may utilize one professional sign (of not more than five (5) square feet in size) per Lot for advertising and sales promotion of the residence on such Lot.

(d) **Political Signs.** Political signs, not greater in size then 2' x 2', may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal, provided that such signs shall not be erected more than thirty (30) days in advance of the election to which they pertain and shall be removed within ten (10) days after such election.

(e) **School Spirit Signs.** Signs containing information about one or more children residing in the Single Family Residence and the school they attend shall be permitted so long as the sign is not more than 36" x 36". There shall be no more than one sign for each child under the age of eighteen (18), residing in the Single Family Residence. Banners are not permitted.

(f) **Security Signs/Stickers/No Trespassing.** Signs or stickers provided to an Owner by a commercial security or alarm company providing service to the Single Family Residences shall be permitted so long as the sign is not more than 12" x 12" or the sticker is no more than 4" x 4". There shall be no more than one sign per Lot and stickers on no more than fifty percent (50%) of the windows and one on the front door or front entry area. No trespassing signs are allowed to be placed on Lots viewable to the public as long as they conform to local codes.

No sign permitted by this Section shall be lighted. In addition to any other remedies provided for in this Declaration, the Board of Directors or its duly authorized agent shall have the power to enter upon a Lot to remove any sign which violates this Section provided the violating Owner has been given forty-eight (48) hours written notice by the Board of Directors of its intent to exercise self-help. All costs of self-help, including reasonable attorney's fees actually incurred, shall be assessed against the violating Owner and shall be collected as provided for herein for the collection of Assessments.

SECTION 21. FENCES. No fence or wall shall be erected on any Lot nearer than 25 lineal feet running parallel to all streets and other common areas, including but not restricted to lakes and creeks and as further noted on the plat of the subdivision containing such Lot unless otherwise approved by the Residential ARC. Fences along roads and common areas must be four-board wood fences, painted black to match the

fences along the primary project entrance. No metal poles will be allowed on any fence visible to roads, common areas, or neighboring properties. The plans for all fences must be approved by the Residential ARC, which shall have the power to specify acceptable materials and/or fence design for specific areas such as along major thoroughfares. The Owner of each Lot shall be responsible for the proper maintenance of all fences on his Lot unless the Association assumes such obligation. Each of the Owners of adjacent Lots with a fence located on the common line between the Lots shall be responsible for the maintenance of such fence.

Entry Gates, designed in harmony with the subdivision are allowed but may only be installed following approval of the Residential ARC.

SECTION 22. LAKEFRONT LOTS. The following specific restrictions shall apply to all Lakefront Lots:

(a) The installation of boat docks, piers and other man-made alterations to a Lake are prohibited. Decks and patios may be placed on Lot beyond the set-back lines specified in the plat of the subdivision provided that the plans and specifications therefore are submitted to and approved by the Residential ARC;

(b) The Owner of each Lakefront Lot shall be responsible for all temporary erosion control measures required during construction on his or her Lot to ensure that there is no erosion into the Lake and such Owner shall be responsible for any repair or maintenance required due to erosion caused by construction on the Lot;

(c) No Owner or Occupant of a Lakefront Lot shall withdraw water from or discharge water into a Lake;

(d) No Owner or Occupant of a Lakefront Lot shall dump or place refuse, trash or any other material into a Lake;

(e) No Owner or Occupant of a Lakefront Lot shall release or introduce any wildlife, waterfowl, reptiles or fish into a Lake or put water plants into a Lake;

(f) Each Lakefront Lot shall have a uniform fence following the same specifications as a fence facing any street or common area, with the exception that the fence may be a three-board fence in lieu of a four-board fence;

(g) Storage buildings may not be placed in the rear yard of a Lakefront Lot;

(h) No Lakefront Lot shall be altered so that it drains directly into a Lake unless otherwise approved by the Residential ARC.

SECTION 23. OWNER'S MAINTENANCE. Each Owner and Occupant of a Lot shall at all times be obligated to maintain his property and all improvements there so as to keep same in a clean, sightly and safe condition and to conform with the Builder Guidelines and any specific standards which the Board of Directors may adopt by resolution for the Properties. Unless expressly assumed by the Association, an Owner's maintenance obligation shall include, but not be limited to: the maintenance of all visible exterior surfaces of all buildings and other improvements, including fences; the prompt removal of all paper, debris, and refuse; the removal and replacement of dead and diseased trees and plantings; the repair, replacement, cleaning and relamping of all signs; the mowing, watering, fertilizing, weeding, replanting and replacing of all landscaped areas; and, during construction, the cleaning of dirt, construction debris and other construction-related refuse from Streets and storm drains and inlets. In the event an Owner fails to maintain his Lot the Association shall have the right, but not the obligation, to enter upon the applicable Lot to perform the necessary work as more specifically set forth in Section 8 of Article X hereof.

All Roadways in this subdivision are private and will be maintained by the Association.

SECTION 24. DAMAGE AND DESTRUCTION OF IMPROVEMENTS. Each Owner shall maintain, at their expense, casualty insurance on their Single Family Residence in an amount not less than the replacement cost thereof. In the event a Single Family Residence shall be partially or entirely destroyed by fire or other casualty, such Single Family Residence shall either be repaired and restored within a reasonable period of time or demolished and the Lot landscaped so that no damaged portion of the former structure remains visible. Subject only to the rights of the holder of a first Mortgage lien on a damaged or destroyed residence, the insurance proceeds from any insurance policy covering a damaged or destroyed Single Family Residence shall be first applied to such repair, restoration or replacement of such residence, or to the demolition of such residence and landscaping of such Lot. Each Owner shall be responsible for the repair, restoration, replacement or demolition of the Single Family Residence owned by such Owner pursuant to the terms of this Declaration. Any such repair, restoration or replacement shall (subject to advances and changes in construction techniques and materials generally used in such construction and then current generally accepted design criteria) be in accordance with the plans and specifications for the original construction of the Single Family Residence unless otherwise approved by the Residential ARC. If the proceeds of the insurance available to the Owner of a damaged Single Family Residence are insufficient to pay for the cost of repair, restoration or replacement following a casualty (or demolition and landscaping if the Residence is to be demolished), the Owner of such Single Family Residence shall be responsible for the payment of any such deficiency necessary to complete the repair, restoration, replacement or demolition.

ARTICLE VIII
ANNEXATION OF ADDITIONAL PROPERTY AND DEANNEXATION

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

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

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

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

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

ARTICLE IX
MORTGAGEE PROVISIONS

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

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

- (a) any proposed termination of the Association;
- (b) any condemnation loss or any casualty loss which affects the property on which there is a mortgage or deed of trust held, insured, or guaranteed by such Mortgagee; or
- (c) any delinquency in the payment of Assessments or charges owed by an Owner of the property subject to the Mortgage of such Mortgagee, where such delinquency has continued for a period of sixty (60) days.

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

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

ARTICLE X
GENERAL PROVISIONS

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

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

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

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

SECTION 5. AMENDMENT. This Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the property subject to this Declaration; (c) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the property subject to this Declaration; or (d) for any other purpose, provided that the amendment has no material adverse effect upon any right of any Owner or that the Owner or Owners so affected have consented thereto.

In addition to the amendments described above, this Declaration may be amended at any time by an instrument signed by the Owners of seventy-five percent

(75%) of the Lots subject to this Declaration and, as long as the Class "B" Membership exists, the Declarant; provided, however, no amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant. Any amendment to this Declaration must be recorded in the real property records of Waller County, Texas.

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

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

SECTION 8. ENFORCEMENT. Each Owner and Occupant shall comply strictly with the covenants, conditions, and restrictions set forth in this Declaration, as may be amended from time to time, and with the rules and regulations adopted by the Board. The Board may impose fines or other sanctions, which shall be collected as provided herein for the collection of Assessments. Failure to comply with this Declaration or the rules and regulations shall be grounds for an action to recover sums due for damages, injunctive relief, or any other remedy available at law or in equity, maintainable by the Board, on behalf of the Association, or by any Owner of a portion of the Properties. Failure of the Board or any other Person to enforce any of the provisions herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Association shall also have the right to enforce, by any proceeding at law or in equity, any other restrictions, conditions, covenants and liens imposed upon any portion of the Properties which by the terms of the instrument creating same grant the Association the power to enforce same, and failure of the Association to enforce such provisions shall in

no event be deemed a waiver of the right to do so thereafter. In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon a Lot to abate or remove, using such force as may be reasonably necessary, any erection, thing or condition which violates this Declaration or the Design Guidelines. Except in the case of emergency situations, and as otherwise specified herein, the Association shall give the violating Owner ten (10) days' written notice of its intent to exercise self-help. All costs of self-help, including reasonable attorney's fees actually incurred, shall be assessed against the violating Owner and shall be collected as provided for herein for the collection of Assessments.

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

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

SECTION 11. CUMULATIVE EFFECT; CONFLICT. The covenants, restrictions and provisions of this Declaration shall be cumulative with all Supplemental Declarations; provided, however, in the event of conflict between the provisions of this Declaration and a Supplemental Declaration, this Declaration shall prevail, it being intended that all Supplemental Declarations be subject and subordinate to this Declaration.

IN WITNESS WHEREOF, this Declaration of Covenants, Conditions and Restrictions for The Ranches of Clear Creek is executed as of the 23rd day of January, 2006

MIDWAY RANCH PROPERTIES I, L.P.

By: Midway Ranch Properties I, Inc.,
general partner

By: [Signature]
Its: E. R. Sanford, II
Executive Vice President of General Partner

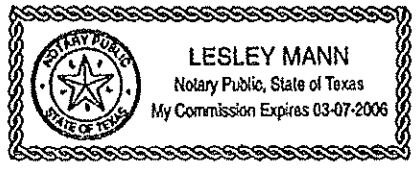
THE STATE OF TEXAS

COUNTY OF WALLER

This instrument was acknowledged before me on Jan. 23rd, 2005, by E. R. Sanford II, Exec. Vice Pres of Midway Ranch Properties I, Inc., a Texas corporation which is the general partner of Midway Ranch Properties I, L.P., a Texas limited partnership, on behalf of said limited partnership.

(SEAL)

[Signature]
Notary Public in and for the State of Texas



LESLEY J. MANN
AMERIPOINT TITLE
34 S. WYNDEN DR., STE 340
HOUSTON, TX 77056
Special