STEWART TITLE/ SCHULTZ/COURTESY

Amend R285347

02/27/95 00326199 R285347 $ 67.00

SECOND AMENDED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
WOODSTREAM COMMUNITY ASSOCIATION

502-92-0002

WHEREAS, FRIENDSWOOD DEVELOPMENT COMPANY and KING RANCH, INC., hereinafter collectively referred to as "Declarant," have executed that certain Declaration of Covenants, Conditions and Restrictions for MILLS CREEK VILLAGE COMMUNITY ASSOCIATION which was recorded under File No. P924123, Film Code No. 100-65-1612 of the Harris County Real Property Records and have executed a First Amended Declaration of Covenants, Conditions and Restrictions to rename the association to WOODSTREAM COMMUNITY ASSOCIATION and to revise certain articles, hereinafter referred to as the "Declaration," which was recorded under File No. R087312, Film Code No. 501-27-2336 of the Harris County Real Property Records;

WHEREAS, pursuant to Article XI, Section 3 of the Declaration, the Declaration may be amended by an instrument signed by not less than two-thirds the votes in the Association and filed in the Harris County Real Property Records;

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WHEREAS, Declarant represents greater than two-thirds of the votes in the Association as of this date; and

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WHEREAS, Declarant desires to amend Article XI of said Declaration to include a provision for deannexation of land.

NOW, THEREFORE, the Declaration is hereby amended to read in its entirety as follows:

THIS DECLARATION is made on the date hereinafter set forth by FRIENDSWOOD DEVELOPMENT COMPANY and KING RANCH, INC., hereinafter collectively referred to as "Declarant";

W I T N E S S E T H :

WHEREAS, Declarant is the owner of certain property in Houston, Harris County, State of Texas, that has been platted and subdivided into a subdivision known as Mills Creek Village, Section One and Mills Creek Village, Section One Partial Replat, according to the plats thereof recorded under Film Code Nos. 355012 and 359024, respectively, of the Official Public Records of Harris County, Texas.

Declarant desires to develop certain land, being a portion of Mills Creek Village, Section One and Mills Creek Village, Section One Partial Replat, as a residential and commercial subdivision and subject it to this Declaration and to provide and adopt a uniform plan of development, including assessments, conditions, covenants, easements, reservations, and restrictions designed to govern, control, and preserve the values and amenities of this land for the development, improvement, sale, use, and enjoyment of the Property as a residential and commercial subdivision for the benefit of this land and each

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owner of any part of this land. The land subject to this Declaration is referred to as the "Property."

The Property shall include the following Lots and Reserves:

LOTS

Lots 1-40, Block 1, Mills Creek Village, Section One
Lots 1-12 and 22-27, Block 2, Mills Creek Village, Section One
Lots 1, 2, 3, 6, 7, 10-12, 15-19, 22-27 and 30-33, Block 3, Mills Creek Village, Section One
Lots 4, 5, 8, 9, 13, 14, 20, 21, 28, 29 and 34, Block 3, Mills Creek Village Section One Partial Replat

RESERVES

Landscape Reserve "A" (0.908 acre), Mills Creek Village, Section One
Landscape Reserve "B" (0.660 acre), Mills Creek Village, Section One
Landscape Reserve "G" (0.128 acre), Mills Creek Village, Section One
Landscape Reserve "I" (0.144 acre), Mills Creek Village, Section One
Landscape Reserve "K" (0.142 acre), Mills Creek Village, Section One
Landscape and Drainage Reserve "M" (1.236 acres), Mills Creek Village, Section One
Restricted Reserve "A" (1.924 acres), Mills Creek Village, Section One Partial Replat
Restricted Reserve "B" (0.273 acre), Mills Creek Village, Section One Partial Replat
Restricted Reserve "C" (0.338 acre), Mills Creek Village, Section One Partial Replat

It has been deemed desirable, for the efficient preservation of values and amenities in the Property, to create an Association to which shall be delegated and assigned the powers of administering and enforcing the provisions of this Declaration including levying, collecting, and disbursing the assessments.

To exercise these functions, the Woodstream Community Association, Inc., a non-profit corporation created under the laws of the State of Texas, has been incorporated. The directors of the Association have established By-Laws by which the Association shall be governed.

Declarant declares that the Property shall be developed, improved, sold, used, and enjoyed in accordance with and subject to the following plan of development, including the assessments, conditions, covenants, easements, reservations, and restrictions of this Declaration, all of which are adopted for and placed upon the Property; shall run with the Property and be binding on all parties who now or hereafter have or claim any right, title, or interest in the Property or any part of the Property, and on the heirs, executors, administrators, successors, and assigns of such parties, regardless of the source of or the manner in which any such right, title, or interest is or may be acquired; and shall inure to the benefit of each owner of any part of the Property.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to Woodstream Community Association, Inc., a non-profit corporation incorporated under the laws of the State of Texas, and its successors and assigns.

Section 2 "Board of Directors" and "Board" shall mean and refer to the duly elected Board of Directors of the Association.

Section 3. "Builder" shall mean and refer to a department of Declarant or any other entity, except Developer, to which Declarant conveys Lots or Commercial Units for the purpose of constructing homes or other permitted structures thereon.

Section 4 "Commercial Unit" and "Commercial Units" shall include all land areas and reserves other than Lots and Common Open Areas and any additional land areas and reserves other than Lots and Common Open Areas that may thereafter be brought within jurisdiction of the Association. Each Commercial Unit shall contain 10,000 square feet of commercial land and shall be the equivalent of one Lot or proportional fraction thereof for purposes of membership, voting rights and assessment in and by the Association.

Section 5 "Land Unit" and "Land Units" shall mean and refer to all land areas and reserves other than Lots, Commercial Units and Common Open Areas and any additional land areas and reserves other than Lots, Commercial Units and Common Open Areas that may thereafter be brought within jurisdiction of the Association. Each Land Unit shall contain ten thousand (10,000) square feet of land which is not a recorded subdivision plat. Each Land Unit shall be the equivalent of one Lot or proportional fraction thereof for purposes of membership and voting rights in and by the Association.

Section 6. "Common Open Area" and "Common Open Areas" shall mean all real property owned by the Association for use as either undeveloped open space buffers or for the exclusive common use and enjoyment of the Owners, members of their families and guests and includes restricted greenbelt and landscape reserves.

Section 7. "Standard Lot" shall mean and refer to the following listed Mills Creek Village, Section One and Mills Creek Village, Section One Partial Replat lots and lots to be identified and described as "Standard Lots," that may hereafter be brought within jurisdiction of the Association and upon which there has been or will be constructed a single-family residence:

Lots	Block	Section
1-40	1	Mills Creek Village, Section One
1-12, 22-27	2	Mills Creek Village, Section One
1, 2, 3, 6, 7, 10-12, 15-19, 22-27 & 30-33	3	Mills Creek Village, Section One
4, 5, 8, 9, 13, 14, 20, 21, 28, 29 & 34	3	Mills Creek Village, Section One Partial Replat

Section 8. "Patio Home Lot" and "Patio Home Lots" shall mean and refer to Lots upon which there has been or will be constructed a single-family Patio Home.

Section 9. "Patio Home" shall mean and refer to a single-family residence constructed with a Zero Setback Line on a Patio Home Lot.

Section 10. "Conveyance" shall mean and refer to conveyance of a fee simple title to the surface estate of a Lot or Commercial Unit from one Owner to another.

Section 11. "Lot" and "Lots" shall mean and refer to (a) any parcel of land shown upon any recorded subdivision map of the Property upon which there has been or may be constructed a single-family residence and shall include Standard Lots, Patio Home Lots, Townhouse Lots and other types of Lots as further defined in Supplementary Declaration(s) of Covenants, Conditions and Restrictions, and (b) a Condominium Unit in a Condominium Unit Association.

Section 12. "Townhouse Lot" shall mean and refer to any parcel of land situated within the Property upon which there has been or may be constructed a residential townhouse and which land is made subject to residential townhouse use restriction by virtue of a deed or other legal instrument of record in the office of the County Clerk of Harris County, Texas.

Section 13. "Declarant" shall mean and refer to Friendswood Development Company and King Ranch, Inc., their successors and assigns.

Section 14. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions and any Amendments hereto applicable to the Property recorded in the Office of the County Clerk, Harris County, Texas.

Section 15. "Development Period" shall mean and refer to that period of time in which Declarant is the Owner of any Lot or Commercial Unit.

Section 16. "Member" shall mean and refer to those persons entitled to membership as provided in the Articles of Incorporation of the Association.

Section 17. "Condominium Unit" shall mean and refer to any residence owned by an Owner within a multi-unit structure.

Section 18. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to the surface estate in any Lot or Commercial Unit which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 19. "Property" shall mean and refer to that portion of Mills Creek Village, Section One and Mills Creek Village, Section One Partial Replat, a subdivision in Harris County, Texas, that is subject to the Declaration and any additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 20. "Transfer" shall mean and refer to the transfer of the surface estate of a Lot or Commercial Unit from one legal entity to any department thereof or to another legal entity whether or not the owner of record changes.

Section 21. "Tract" shall mean and refer to each parcel of land separately described in a deed of conveyance from Declarant to an Owner which land is made subject to commercial, retail, service distribution, institutional or multi-family use restriction by virtue of a deed or other legal instrument of record in the office of the County Clerk of Harris County, Texas.

Section 22. "Developer" shall mean and refer to a purchaser of a portion of the Property who records a subdivision map or plat for the purpose of constructing and selling Lots to another entity.

Section 23. "Developer/Builder" shall mean and refer to a purchaser of a portion of the Property who records a subdivision map or plat for the purpose of constructing Lots and single-family residences on the Lots.

ARTICLE II
RESERVATIONS, EXCEPTIONS, DEDICATIONS AND CONDEMNATION

Section 1. Incorporation of Plat. The subdivision plats of Mills Creek Village, Section One and Mills Creek Village, Section One Partial Replat, dedicate for use as such, subject to the limitations set forth therein, certain streets and easements shown thereon, and such subdivision plats further establish certain dedications, limitations, reservations and restrictions applicable to the Property. All dedications, limitations, restrictions and reservations shown on the subdivision plats, to the extent they apply to the Property, are incorporated herein and made a part hereof as if fully set forth herein, and shall be construed as being adopted in each contract, deed and conveyance executed or to be executed by or on behalf of Declarant, conveying each Lot, Land Unit or Commercial Unit within the Property.

Section 2. Declarant's Reservation. It is expressly agreed and understood that the title conveyed by Declarant to any Lot, Land Unit or Commercial Unit within the Property by contract, deed, or other conveyance shall not be held or construed in any event to include the title to any roadway or any drainage, water, gas, sewer, storm sewer, electric light, electric power, telegraph, telephone, audio, video, security or communication facility or system or any pipes, lines, poles or conduits on or in any utility facility or appurtenances thereto constructed by or under Declarant or its agents through, along or upon the Property or any part of them to serve the Property, and the right to maintain, repair, sell, or lease such appurtenances to any municipality, or other governmental agency or to any public service corporation or to any other party is hereby expressly reserved in Declarant.

Section 3. Reservation of Minerals. The Properties and any future land made subject to this Declaration, are hereby subjected to the following reservation and exception: Declarant reserves unto itself and its successors, assigns and predecessors in title in accordance with their respective interests of record all oil, gas and other minerals

in, on and under the land, but except for areas designated for mineral development purposes by plat or separate instrument, Declarant waives the right to use the surface of the Properties for exploring, drilling for, producing and mining oil, gas and other minerals, provided that Declarant retains and reserves the right to pool the Properties with other lands for development of oil, gas and other minerals and the right to drill under and through the subsurface of the Properties below the depth of one hundred feet by means of wells located on the surface of the land outside the Properties. These exceptions, retained rights and reservations shall inure to the benefit of Declarant, its predecessors in title and its successors and assigns in accordance with their respective interests of record.

Section 4. Condemnation. If all or any part of the Common Open Area is taken or threatened to be taken by eminent domain or by power in the nature of eminent domain (whether permanent or temporary), the Association and each Owner shall be entitled to participate in proceedings incident thereto at their respective expense. The Association shall give timely written notice of the existence of such proceedings to all Owners known to the Association to have an interest in any Lot, Land Unit or Commercial Unit. The expense of participation in such proceedings by the Association shall be borne by the Association and paid for out of assessments collected pursuant to Article V hereof. The Association is specifically authorized to obtain and pay for such assistance from attorneys, appraisers, architects, engineers, expert witnesses and other persons as the Association in its discretion deems necessary or advisable to aid or advise it in matters relating to such proceedings.

All damages or awards for such taking shall be deposited with the Association, and such damages or awards shall be applied as follows. If an action in eminent domain is brought to condemn a portion of the Common Open Areas, the Association, in addition to the general powers set out herein, shall have the sole authority to determine whether to defend or resist any such proceeding, to make any settlement with respect thereto; or to convey such portion of the Property to the condemning authority in lieu of such condemnation proceeding. With respect to any such taking, all damages and awards shall be determined for such taking as a whole and not for each Owner's interest therein. After the damages or awards for such taking are determined, such damages or awards shall be paid to the Association. The Association, if it deems advisable, may call a meeting of the Owners, at which meeting the Owners, by a majority vote, shall decide whether to replace or restore as far as possible, the Common Open Areas so taken or damaged. In the event it is determined that such Common Open Areas should be replaced or restored by obtaining other land, this Declaration shall be duly amended by instrument executed by the Association on behalf of the Owners. If it is determined that the Common Open Area should not be replaced, the Association shall pay the funds received as damages to the account of each Owner and First Mortgagee, if any, as their interests may appear.

ARTICLE III
PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Lot, Land Unit and Commercial Unit Owner who resides on the Property shall have a right to an easement of enjoyment in and to the Common Open Areas which shall be appurtenant to and shall pass

with the title to every Lot, Land Unit or Commercial Unit, subject to the following provisions:

(a) the right of the Association to grant or dedicate easements in, on, under or above the Common Open Areas or any part thereof to any public or governmental agency or authority or to any utility company for any service to the Property of any part thereof;

(b) the right of the Association to prevent an Owner from planting, placing, fixing, installing or constructing any vegetation, hedge, tree, shrub, fence, wall, structure or improvement or store any personal property on the Common Open Areas or any part thereof without the prior written consent of the Association. The Association shall have the right to remove anything placed on the Common Open Areas in violation of the provisions of the subsection and to assess a fine and the cost of such removal against the Owner responsible;

(c) the right of Declarant (and its sales agents and representatives) and its assigns to the non-exclusive use of the Common Open Areas and the facilities thereof, for display and exhibit purposes in connection with the sale of Lots, Land Units or Commercial Units within the Property, which right Declarant hereby reserves; provided, however, that such use shall not continue for a period of more than fifteen (15) years after conveyance of the Common Open Areas within the Property to the Association; provided, further, that no such use by Declarant or its sales agents or representatives shall otherwise unreasonably restrict the Members in their use and enjoyment of the Common Open Areas;

(d) the right of the Association to limit the number of guests of Owners utilizing the recreational facilities and improvements owned by the Association and provided upon Common Open Areas;

(e) the right of the Association to establish uniform rules and regulations and to charge reasonable admission and other fees pertaining to the use of any recreational facilities owned by the Association; and

(f) the right of the Association to suspend the voting rights of an Owner and the Owner's right to use any recreational facility of the Association during the period the Owner is in default in excess of thirty (30) days in the payment or any maintenance charge assessment against a Lot or Commercial Unit and to suspend such rights for a period not to exceed sixty (60) days for any infraction of its published rules and regulations. The aforesaid rights of the Association shall not be exclusive but shall be cumulative of and in addition to all other rights and remedies which the Association may have by virtue of this Declaration or its By-Laws or at law or in equity on account of any such default or infraction.

Section 2. Delegation of Use. Owners subject to an easement of enjoyment in and to the Common Open Areas may delegate, in accordance with the By-Laws, their right to or enjoyment of the Common Open Areas to members of their families, tenants or contract purchasers who reside in Owner's residential dwelling or commercial structure.

Section 3. Waiver of Use. No Owner may be exempt from personal liability for assessments duly levied by the Association, nor release a Lot, Land Unit or Commercial Unit owned from the liens and charges hereof, by waiver of the use and enjoyment of the Common Open Areas thereon or by abandonment of Owner's Lot, Land Unit or Commercial Unit.

ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Each person or entity who is a record Owner of any of the Property which is subject to assessment by the Association shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of the land which is subject to assessment by the Association.

Section 2. Voting Rights. Members shall be all Owners and shall be entitled to one (1) vote for each Lot, Land Unit or Commercial Unit owned. When more than one person holds an interest in any Lot, Land Unit or Commercial Unit, all such persons shall be members. The vote of such Lot, Land Unit or Commercial Unit shall be exercised as the persons among themselves determine, but in no event shall more than one (1) vote be cast with respect to each Lot, Land Unit or Commercial Unit owned.

ARTICLE V
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Annual assessments and special assessments are to be established as hereinafter provided. For each Lot platted on a subdivision map by Developer or Developer/Builder, Developer or Developer/Builder by acceptance of a deed for a portion of the Property included in said subdivision map is deemed to covenant and agrees to pay annual assessments and special assessments to the Association, whether or not it shall be so expressed in such deed. For each Lot or Commercial Unit owned by an Owner, Owner by acceptance of a deed for said Lot or Commercial Unit is deemed to covenant and agrees to pay annual and special assessments to the Association, whether or not it shall be so expressed in such deed. Owner of a Land Unit is not obligated to pay annual and special assessments to the Association.

The regular and special assessments, together with interest, penalties, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing and contractual lien upon the Lot or Commercial Unit against which each such assessment is made. Each such assessment, together with interest, penalty, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot or Commercial Unit at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 2. Purposes of Assessment. The assessments levied by the Association shall be used exclusively for the community, civic and social welfare and benefit of the Property and the Owners, for the purposes determined by the Association to be appropriate in accordance with its Articles of Incorporation and By-Laws, including (but not limited to) municipal services; educational and recreational services and facilities; improvement and maintenance of the Common Areas; maintenance and lighting of streets within the Properties; police and security service; garbage and refuse removal and collection; mosquito abatement; and other services, facilities, and activities that may be in the community's interest.

Section 3. Amount of Annual Assessment. Until June 1 of the year immediately following the conveyance of the first Lot or Commercial Unit to an Owner, the amount of the annual assessment shall be $350.00 per Lot or Commercial Unit. An annual assessment in excess of this amount may be established for specific lots for purposes compatible with those included in the Articles of Incorporation, for services and purposes which are applicable only to the specific lots. These additional assessment amounts shall be further determined by Supplementary Declaration(s) of Covenants, Conditions and Restrictions.

(a) From and after June 1 of the year immediately following the conveyance of the first Lot or Commercial Unit to an Owner, the maximum annual assessment may be increased each year above the maximum assessment for the previous year without a vote of the membership by the percentage change by which the Consumer Price Index for the immediately preceding calendar year exceeds such Index for the calendar year prior thereto or by fifteen percent (15%), whichever is greater. As used herein, the "Consumer Price Index" shall mean the year-end Consumer Price Index for All-Urban consumers, published by the U.S. Department of Labor (or a generally accepted replacement should such Index no longer be published).

(b) From and after June 1 of the year immediately following the conveyance of the first Lot or Commercial Unit to an Owner the maximum annual assessment may be increased above the rates specified in this Section 3, Paragraph (a) by a vote of a majority of the votes of the Members entitled to vote in person or by proxy, at a meeting duly called for this purpose.

Section 4. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year after June 1 of two (2) years immediately following the conveyance of the first Lot, a special assessment applicable to that year only for the purpose of defraying in whole or in part, the cost for necessary purposes of the Association, such as the construction, reconstruction, repair or replacement of a capital improvement in the Common Open Areas, including fixtures and personal property related thereto, or for counsel fees or the fees of other retained experts provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of Members entitled to vote in person or by proxy, at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 or 4 hereof shall be sent to all members not less than thirty (30) days nor

more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. Subsequent meetings can continue to be called in the aforesaid manner with the required quorum at any subsequent meeting(s) being one-half (1/2) of the required quorum at the preceding meeting until a quorum is present and votes are cast. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Rate of Assessment. All Lots and Commercial Units within the Property shall bear their applicable assessments. A Lot or Commercial Unit assessment shall be assessed against a Builder or Owner instead of Declarant in accordance with Article V, Section 7, and when there is written confirmation, reservation or conveyance of said Lot or Commercial Unit by Declarant in favor of Builder or Owner.

(a) Lots and Commercial Units owned by Declarant shall be assessed at the rate of 50% of the annual assessment.

(b) Lots owned by Developer shall be assessed at the rate of 50% of the annual assessment.

(c) Lots owned by Developer/Builder shall be assessed at the rate of 66% of the annual assessment.

(d) Lots owned by Builder shall be assessed at the rate of 100% of the annual assessment.

(e) Lots and Commercial Units owned by Owner (other than Declarant or Builder) shall be assessed at the rate of 100% of the annual assessment.

As used in this Section 6, the term "Declarant" shall be construed to mean only Friendswood Development Company, and its successors and assigns, acting in their capacity as land developers; and a Lot or Commercial Unit owned, reserved or held by a home building division or any commercial construction division of Declarant shall be subject to full assessment as provided herein.

Section 7. Date of Commencement of Annual Assessments. Date of commencement of annual assessments as provided for herein shall be as follows and the first annual assessment shall be adjusted according to the number of months remaining in the fiscal year:

(a) For Declarant, the annual assessments shall commence as to all Lots within the Property on the first day of the month following the effective date of this Declaration and shall commence as to all Lots which may be added or annexed to the Property on the first day of the month following the effective date of any such annexation.

(b) For Developer, the annual assessments shall commence as to all Lots on the first day of the month following the recordation of his platted subdivision map.

(c) For Developer/Builder, the annual assessments shall commence as to all Lots on the first day of the month following the recordation of his platted subdivision map.

(d) For Builder, the annual assessments shall commence as to all Lots on the first day of the month following the transfer or conveyance of a Lot from Declarant or Developer to a Builder.

(e) For Owner of a Commercial Unit (other than Declarant or Builder), the annual assessments shall commence as to all Commercial Units on the first day of the month following the conveyance of the land area comprising a Commercial Unit from Declarant to Owner.

The Board of Directors shall fix the amount of the annual assessment against each Lot or Commercial Unit at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to each Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether or not the assessments on a specified Lot or Commercial Unit have been paid.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of the maximum lawful rate or twelve percent (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot or Commercial Unit.

Section 9. Subordination of the Lien to Mortgage. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot or Commercial Unit shall not affect the assessment lien. However, the sale or transfer of any Lot or Commercial Unit pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot or Commercial Unit from liability of any assessments which thereafter become due or from the lien thereof.

Section 10. Exempt Properties. Any portion of the Property dedicated to and accepted by a local public authority, or owned by a charitable or non-profit organization exempt from taxation by the laws of the State of Texas shall be exempt from the assessments created herein. However, no land or improvements devoted to residential dwelling or commercial use shall be exempt from said assessments.

ARTICLE VI
ARCHITECTURAL CONTROL

Section 1. Architectural Approval. The Property is a part of a greater community development commonly known as Kingwood. The overall plan for the development of the various areas and sections which make up Kingwood contemplates centralization of architectural control to enhance, insure and protect the attractiveness, beauty and desirability of the area as a whole while at the same time permitting compatible distinctiveness of individual developments within the area. For this purpose, Declarant and its assigns shall have the right and responsibility to review and approve plans and specifications for all new construction on the Property. The Association shall have the right and responsibility to review and approve plans and specifications for all modifications to existing residential improvements. The Board shall appoint the Architectural Review Committee as a committee of its Board to accomplish this purpose. Declarant and its assigns shall function independently and concurrently from the Architectural Review Committee as to their respective jurisdictions, except that Declarant and its assigns shall relinquish all construction approval authority to the Architectural Review Committee on or before twenty-five (25) years from the date of this Declaration, at which time full authority will become vested with the Association. Declarant, its assigns, and the Architectural Review Committee may at any time appoint persons to act in their behalf.

It is accordingly covenanted and agreed that no building, fence, wall, or other structure shall be commenced, erected, or maintained upon the Property, nor shall any dock, boat house or other structure be commenced, erected or maintained in any water adjacent to the Property, nor shall any exterior addition to or change or alternation to such structures or the color thereof (including, without limitation, site landscaping visible from any part of the Property and grading plans, reroofing materials, patio covers and trellises, plans for off-street parking of vehicles and utility layout), be made until the plans and specifications showing the nature, kind, shape, height, materials, color, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Architectural Review Committee. In the event said Committee fails to approve or disapprove such design and location within forty-five (45) days after said plans and specifications have been received by it, approval will not be required, and this Article will be deemed to have been fully complied with. All plans and specifications shall be submitted in writing over the signature of the Owner of the Lot or Commercial Unit or the Owner's authorized agent. The Architectural Review Committee shall have the right to require any Owner to remove or alter any structure which has not received approval or is built other than in accordance with the approved plans and to receive reimbursement from Owner for any costs expended in this effort. The requirement of this Article is in addition to any approvals or permits required by any appropriate governmental entity. Approval of plans as complying with the applicable Minimum Construction Standards, Residential Architectural Control Guidelines and Commercial Development Guidelines adopted and promulgated from time to time for the Property by Declarant, or its assigns, shall be only for such purposes and shall not serve as approval for any other purpose.

Section 2. No Liability. Neither Declarant and its assigns, the Association, its Board of Directors, nor the Architectural Review Committee or the members thereof shall be liable in damages to anyone submitting plans or specifications to them for approval, or to any Owner of a Lot, Land Unit or Commercial Unit affected by these restrictions by reason of mistake in judgment, negligence, or disapproval or failure to approve or disapprove any such plans or specifications. Every person who submits plans or specifications to the Architectural Review Committee for approval agrees, that no action or suit for damage will be brought against Declarant, the Association, its Board of Directors, the Architectural Review Committee, or any of the members thereof.

Section 3. Notice of Noncompliance or Noncompletion. Notwithstanding anything to the contrary contained herein, after the expiration of one (1) year from the date of issuance of a building permit by municipal or other governmental authority for any improvement, said improvement shall, in favor of purchasers and encumbrances in good faith and for value, be deemed to be in compliance with all provisions of this Article VI unless actual notice of such noncompliance or noncompletion, executed by the Architectural Review Committee, or its designated representative, shall appear of record in the office of the Harris County Real Property Records, or unless legal proceedings shall have been instituted to enforce compliance or completion.

Section 4. Rules and Regulations. Declarant may, in its sole discretion, adopt, promulgate, amend and repeal rules and regulations interpreting and implementing the provisions of this Article VI, including Minimum Construction Standards, Residential Architectural Control Guidelines and Commercial Development Guidelines. The Architectural Review Committee may from time to time recommend to the Board, and the Board may, in its sole discretion, adopt, promulgate, amend and repeal rules and regulations interpreting and implementing the provisions of this Article VI, including adoption of detailed architectural guidelines.

Section 5. Variances. The Architectural Review Committee may recommend to the Board, and the Board may, by the vote or written consent of a majority of the members thereof, allow reasonable variances as to the covenants, conditions or restrictions contained in Article IX of this Declaration under the jurisdiction of such Committee pursuant to this Article VI, on such terms and conditions as it shall require; provided, however, that all such variances shall be in keeping with the general plan for the improvement and development of the Property.

ARTICLE VII
DUTIES AND MANAGEMENT OF THE ASSOCIATION

Section 1. Duties and Powers. In addition to the duties and powers enumerated in its Articles of Incorporation and By-Laws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

(a) Own, maintain and otherwise manage all Common Open Areas and all facilities, improvements and landscaping thereon, and all other property acquired by the Association.

(b) Pay any real and personal property taxes and other charges assessed against the Common Open Areas.

(c) Have the authority to obtain, for the benefit of all of the Common Open Areas, all water, gas and electric services and refuse collection.

(d) Grant easements where necessary for utilities, drainage, and sewer facilities over the Common Open Areas to serve the Common Open Areas and the Property in general.

(e) Maintain such policy or policies of insurance as the Board of Directors of the Association may deem necessary or desirable in furthering the purposes of and protecting the interests of the Association and its Members.

(f) Have the authority to contract with a management company for the performance of maintenance and repair and for conducting other activities on behalf of the Association provided that such contract shall be limited to a duration of one (1) year, except with the approval of a majority of the Members entitled to vote. Any such management agreement shall provide that it will be terminable by the Association without a termination fee for cause upon thirty (30) days' written notice or without cause by either party upon ninety (90) days' written notice.

(g) Have the power to establish and maintain a working capital and contingency fund in an amount to be determined by the Board of Directors of the Association.

(h) Have the power to establish and charge reasonable fees pertaining to architectural approval or home business registration.

(i) Have the power to establish and charge fines or penalties for violations of any restrictions, conditions, or covenants.

(j) Have the duty to landscape and maintain the improvements, landscaping and entry markers upon the Common Open Areas described herein and that hereafter may be further determined by Supplementary Declaration(s) of Covenants, Conditions and Restrictions:

Landscape Reserve "A" (0.908 acre), Mills Creek Village, Section One
Landscape Reserve "B" (0.660 acre), Mills Creek Village, Section One
Landscape Reserve "G" (0.128 acre), Mills Creek Village, Section One
Landscape Reserve "I" (0.144 acre), Mills Creek Village, Section One
Landscape Reserve "K" (0.142 acre), Mills Creek Village, Section One
Landscape and Drainage Reserve "M" (1.236 acres), Mills Creek Village, Section One
Restricted Reserve "A" (1.924 acres), Mills Creek Village, Section One Partial Replat
Restricted Reserve "B" (0.273 acre), Mills Creek Village, Section One Partial Replat
Restricted Reserve "C" (0.338 acre), Mills Creek Village, Section One Partial Replat

(k) Have the duty to maintain the perimeter walls or fences located at entrances to the Property, Common Open Areas, greenbelt buffers, parks and fencing and walls located on the Common Open Areas, portions of Lots or Commercial Units described herein and that

hereafter may be further determined by Supplementary Declaration(s) of Covenants, Conditions and Restrictions:

Common boundary line between Landscape Reserve "A" and Lots 1-8, Block 1, Mills Creek Village, Section One; and

Common boundary line between Landscape Reserve "C" and Lots 1 and 2, Block 3, Mills Creek Village, Section One.

ARTICLE VIII
UTILITY BILLS, TAXES AND INSURANCE

Section 1. Obligations of Owners.

(a) Each Owner shall have separate electric, gas and water meters and shall directly pay for all electricity, gas, water, sanitary sewer service, telephone service, security systems, cable television and other utilities used or consumed by Owner.

(b) Each Owner may directly render for taxation Owner's Lot, Land Unit or Commercial Unit and improvements thereon, and shall at Owner's own cost and expense directly pay all taxes levied or assessed against or upon Owner's Lot, Land Unit or Commercial Unit.

Section 2. Obligations of the Association.

(a) The Association shall pay, as a common expense of all Owners, for all water, gas, electricity and other utilities used in connection with the enjoyment and operation of the Common Open Areas or any part thereof.

(b) The Association may render for taxation and, as part of the common expenses of all Owners, shall pay all taxes levied or assessed against or upon the Common Open Areas and the improvements and the property appertaining thereto.

(c) The Association shall have authority to obtain and continue in effect, as a common expense of all Owners, a blanket property insurance policy or policies to insure the structures and facilities in the Common Open Areas and the contents thereof and the Association against risks of loss or damage by fire and other hazards as are covered under standard extended coverage provisions, in such amounts as the Association deems proper, and said insurance may include coverage against vandalism and such other coverage as the Association may deem desirable. The Association shall also have the authority to obtain comprehensive public liability insurance in such amounts as it shall deem desirable, insuring the Association, its Board of Directors, agents and employees and each Owner (if coverage for Owners is available) from and against liability in connection with the Common Open Areas.

(d) All costs, charges and premiums for all utility bills, taxes and any insurance to be paid by the Association as hereinabove provided shall be paid as a common expense of all Owners and shall be paid out of the assessments.

ARTICLE IX
RESTRICTIONS OF USE FOR RESIDENTIAL LOTS

Section 1. Single Family Residential Construction. Subject to Sections 2 and 11 of this Article, each Lot shall be used only for single-family residence purposes.

(a) On a Standard Lot and lots other than Patio Home Lots and Townhouse Lots, no building shall be erected, altered or permitted to remain other than one single-family detached residential dwelling not to exceed two (2) stories in height, and a private garage for not more than three (3) cars. Occupied space may be built above a detached garage provided that the detached garage structure shall not exceed the main dwelling in height or number of stories.

(b) On a Patio Home Lot, no building shall be erected, altered or permitted to remain other than one single-family detached residential dwelling not to exceed two (2) stories in height, and a private garage for not more than two (2) cars.

(c) On a Townhouse Lot, no building shall be erected, altered or permitted to remain other than one single-family townhouse residential dwelling not to exceed three (3) stories in height, and a private garage for not more than two (2) cars.

No such residence shall be constructed on less than the equivalent of one full Lot as defined in this Declaration or that may appear on any recorded plat or replat approved by Declarant or its assignee. No garage shall be converted to livable, occupied space.

Section 2. Home Businesses: Prohibition of Offensive or Commercial Use. No activity which may become an annoyance or nuisance to the neighborhood or which shall in any way unreasonably interfere with the quiet enjoyment of each Owner of such Owner's Lot or which shall degrade property values or distract from the aesthetic beauty of the Property, shall be conducted thereon. No repair work, dismantling, or assembling of boats, motor vehicles or other machinery shall be done in any driveway or adjoining street. No part of the Property shall ever be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending or other such nonresidential purposes except that a single-family residence may also be used to conduct a home business if the Owner (1) has registered with the Association, (2) has paid any applicable assessments or fees levied by the Association and (3) is in compliance with the following standards:

(a) No person other than an Owner and resident of the house shall be engaged or employed in the home occupation and the number of residents employed in the home occupation shall not exceed two;

(b) A home occupation shall not create significant additional vehicular or pedestrian traffic to the residence;

(c) No sign for the home occupation shall be displayed on the house or property;

(d) There shall be no visible or outdoor storage or display of materials or products;

(e) There shall be no exterior evidence of the conduct of a home occupation;

(f) The conduct of any home occupation shall not reduce or render unusable areas provided for the off-street parking for the residents nor prevent the number of cars intended to be parked in the garage from being parked; and

(g) There shall be no process used in the home occupation that is hazardous to public health, safety or welfare. No toxic, explosive, radioactive or other restrictive materials not normally used in a single-family dwelling shall be used or stored on the site.

The Association 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 the home business on the residential character of the neighborhood. If, in the judgment of the Association, a home business has a detrimental impact on the residential quality of the neighborhood or otherwise constitutes a nuisance, it is authorized to revoke the Owner's home business registration and pursue any other available remedies.

Notwithstanding the above, Declarant, its successors or assigns, or Builders may use the Property for model homes display and sales offices during the Development Period, during construction or until all new homes on the Property have been sold.

Section 3. Minimum Square Footage. No living area shall be less than the minimum square footage. Living area includes finished and habitable space exclusive of porches and garages.

(a) For Standard Lots and lots other than Patio Home Lots and Townhouse Lots, the minimum square footage is 1,500 square feet.

(b) For Patio Home Lots, the minimum square footage is 1,200 square feet.

(c) For Townhouse Lots, the minimum square footage is 1,200 square feet.

Declarant shall have the right to modify these minimum square footage requirements for any additional land annexed into the Association and made subject to this Declaration.

Section 4. Building Materials. The predominant exterior materials of the main residential structure, garage, accessory buildings and other structures, whether attached or detached, shall be masonry, stucco, stone or wood.

Section 5. Location of Improvements Upon the Lots. No building shall be located on any Lot nearer to the front line nor nearer to the side street line than the minimum building setback lines shown on the recorded plats. No building shall be located on any Lot nearer than ten (10) feet to any side or rear street line. Building setbacks from interior side and rear lot lines shall be subject to the following provisions:

(a) Subject to the provisions of Article VI, Section 1 and Article IX, Section 6, no building on Standard Lots listed in this paragraph shall be located nearer than five (5) feet to an interior side lot line, except that a detached garage located sixty (60) feet or more from the front lot line may be a minimum distance of three (3) feet from an interior side lot

line. For the purpose of this provision, eaves, steps, box-type windows and unroofed ground-level terraces shall not be considered as part of a building; provided, however, that this shall not be construed to permit any improvement on a Standard Lot to encroach within three (3) feet of the side or rear lot line or upon another Standard Lot.

Lots	Block	Section
1-40	1	Mills Creek Village, Section One
1-12, 22-27	2	Mills Creek Village, Section One
1, 2, 3, 6, 7, 10-12, 15-19, 22-27 & 30-33	3	Mills Creek Village, Section One
4, 5, 8, 9, 13, 14, 20, 21, 28, 29 & 34	3	Mills Creek Village, Section One Partial Replat

(b) Subject to the provisions of Article VI, Sections 1 and 5, Article IX, Section 6, and Article XI, Section 8, location of improvements upon Standard Lots not included in paragraph (a) above, Patio Home Lots, Townhouse Lots and other types of lots shall be further determined by Supplementary Declaration(s) of Covenants, Conditions and Restrictions.

For the purpose of these restrictions, carports or porte cocheres located on Lots shall be considered as garages and shall meet all the requirements for detached garages, including location, materials, and construction. Access to corner lot garages directly from side streets is prohibited unless specifically approved by Declarant or its assignee.

Declarant shall have the right to modify these setback criteria for any additional land annexed into the Association and made subject to this Declaration, and Declarant shall establish building setback criteria for uses other than single-family residential on a case-by-case basis.

Section 6. Deviations Declarant at its sole discretion, is hereby permitted to approve deviations in these restrictions on building area, location of improvements on the Lots and building materials in instances where in its judgment, such deviation will not adversely affect the development of the Property as a whole. Such approvals must be granted in writing and when given will automatically amend these restrictions for that lot only.

Section 7. Composite Building Sites. Any Owner of two (2) adjoining Lots (or portions thereof) may consolidate such Lots or portions into one (1) building site not to exceed two (2) lots total, with the privilege of placing or constructing improvements on such resulting site, in which event setback lines shall be measured from the resulting side property lines rather than from the lot lines as indicated on the recorded plat. Any such composite building site must have a frontage at the building setback line of not less than the minimum frontage of lots in the same block on the recorded plat of which it is a part. Any revision of lot sizes is subject to all applicable regulations and laws.

Section 8. Utility Easement Easements for installation and maintenance of utilities are reserved as shown on the recorded plat, and no structure shall be erected on any of such easements. Neither Declarant nor any utility company using the easements

shall be liable for any damage done by either of them or their assigns, their agents, employees or contractors to shrubbery, trees, flowers or improvements located on the land covered by such easements.

Section 9. Electrical Distribution Service. An electric distribution system will be installed in the Property, in a service area that will embrace all of the lots which are platted in the Property. In the event that there are structures containing multiple dwelling units (such as townhouses) constructed within the Property, then the underground service area shall embrace all of the dwelling units involved. The Owner of each lot containing a single dwelling unit, or in the case of multiple dwelling unit structure, the Owner or building developer, shall, at its own cost, furnish, install, own and maintain (all in accordance with the requirements of local governing authorities and the National Electrical Code) the underground service cable and appurtenances from the point of the electric company's metering at the structure to the point of attachment at such company's installed transformers or energized secondary junction boxes, the point of attachment to be made available by the electric company at a point designated by such company at the property line of each lot. The electric company furnishing service shall make the necessary connections at said point of attachment and at the meter.

Declarant, Developer or Developer/Builder has either by designation on the plat or by separate instrument granted necessary easements to the electric company providing for the installation, maintenance and operation of its electric distribution system and has also granted to the various homeowners reciprocal easements providing for access to the area occupied by and centered on the service wires of the various homeowners to permit installation, repair and maintenance of each homeowner's owned and installed service wires. In addition, the Owner of each lot containing a single dwelling unit, or in the case of a multiple dwelling unit structure the Owner and developer thereof, shall at its own cost, furnish, install own and maintain a meter loop (in accordance with the then current standards and specifications of the electric company furnishing service) for the location and installation of the meter of such electric company for each dwelling unit involved. For so long as this service is maintained in the Property, the electric service to each dwelling unit shall be underground, uniform in character, and exclusively of the type known as single phase, 120/240 volt, three wire, 60 cycle, alternating current.

The electric company has installed the electric distribution system in the Property at no cost to Declarant, Developer or Developer/Builder (except for certain conduits, where applicable, and except as hereinafter provided) upon Declarant's, Developer's or Developer/Builder's representation that the lots are being developed for residential dwelling units, including homes, and if permitted by the restrictions applicable to such subdivision, townhouses, duplexes and apartment structures, all of which are designated to be permanently located where originally constructed (such category of dwelling units expressly to exclude mobile homes), built for sale or rent, and all of which multiple dwelling unit structures are wired so as to provide for separate metering to each dwelling unit.

The provisions of the two preceding paragraphs also apply to any future residential development in reserve(s) shown on the plat as such plat exists at the execution of the agreement for underground electric service between the electric company and Declarant, Developer or Developer/Builder or thereafter. Specifically, but not by way of limitation, if

an Owner in a former reserve undertakes some action which would invoke a per front lot foot payment if such action had been undertaken in the Property, such Owner or applicant for service shall pay the electric company $1.75 per front lot foot or amount deemed applicable by electric company, unless the electric company has previously been paid for service to the reserve(s). The provisions of the two preceding paragraphs do not apply to any future nonresidential development in the reserve(s).

Easements for the underground service may be crossed by driveways and walkways provided the Lot Owner makes prior arrangements with the utility company furnishing any utility service occupying the easement and provides and installs the necessary conduit of approved type and size under such driveway or walkways prior to construction thereof.

Such easement for the underground service shall be kept clear of all other improvements, including buildings, patios or other pavings, and neither Declarant, Developer or Developer/Builder, nor any utility company using the easements shall be liable for any damage done by either of them or their assigns, their agents, employees or servants, to shrubbery, trees, flowers or other improvements (other than crossing driveways or walkways providing conduit has been installed as outlined above) of the Lot Owner located on the land covered by such easements.

Section 10. Audio and Video Communication Service. In the event that audio and video communication services and facilities are made available to any Lot by means of an underground coaxial cable system, there is hereby reserved to the company furnishing such services and facilities a two (2) foot wide easement along and centered on the underground wire or cable when and as installed by the company furnishing the service from the utility easement nearest to the point of connection on the permanent improvement of structure constructed, or to be constructed, upon the Lot and in a direct line from the nearest utility easement to the point of connection.

Section 11. Temporary Structures and Out Buildings. No structures of temporary character, nor any recreational vehicle, mobile home, trailer, tent, shack, garage, barn, playhouse or other outbuilding shall be constructed, erected, altered, placed or permitted to remain on any Lot at any time as a residence. Temporary structures may be used as sales offices or as construction offices and for other related purposes by Declarant or Builder during the construction and sales period. Such structures shall be maintained and shall be removed at completion and sale of all construction of this subdivision.

(a) On a Lot, outbuildings or structures, whether temporary or permanent, used for accessory, playhouse, storage or other purposes shall be limited to ten (10) feet in height and one hundred (100) square feet in area and must be approved in accordance with Article VI, Section 1 of this Declaration. The Architectural Review Committee may establish specific and more limiting standards regarding accessory, playhouse, storage or other outbuildings or structures provided, however, that all such standards shall be in keeping with the general plan for the improvement and development of the Property.

Section 12. Animal Husbandry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot except dogs, cats or other common household pets (not to exceed two of each category) provided they are not kept, bred or maintained for commercial purposes. Notwithstanding the foregoing, no animals or fowl may be kept on

the Property which result in an annoyance or are obnoxious to residents in the vicinity. Animals are not permitted to roam the Property and must be controlled on a leash if they are not on a Lot.

Section 13. Walls, Fences and Hedges. All walls, fences, planters and hedges shall be controlled strictly for compliance with this Declaration and architectural standards established by the Declarant or the Architectural Review Committee.

Perimeter fencing on all Lots shall be maintained to a fence standard equivalent to original construction and all fencing must be consistent with this Declaration and architectural standards established by Declarant or the Architectural Review Committee.

Fences of wire or chain link construction are prohibited on Lots, and the design and materials of all fences shall be approved by the Architectural Review Committee prior to construction pursuant to the approval requirements of Article VI, Section 1, of this Declaration.

Declarant, at its sole discretion, is hereby permitted to grant deviations in height, location and construction materials related to fences and walls which in its judgment will result in a more beneficial use.

(a) Subject to the provisions of Article VI, Sections 1 and 5, Section 6 of this Article and Article XI, Section 8, on a Standard Lot no wall, fence, planter or hedge shall be erected or maintained nearer to the street than the front building setback line except fences used by Declarant or Builder during the construction and sales period.

No wall, fence, planter or hedge in excess of two (2) feet in height shall be erected or maintained on a side lot line forward of a point located three (3) feet back from the front exterior wall of the main residential structure located on a lot. For the purpose of this provision, the front wall of the main residential structure excludes bay or box windows, chimney structures or any other similar appendage.

No wall, fence or hedge in excess of six (6) feet in height shall be erected or maintained on a side lot line from a point located three (3) feet back from the front exterior wall of the main residential structure, backward to the rear property line on a lot. No rear fence, wall or hedge shall be more than six (6) feet high except as specifically indicated in this section and further determined by Supplementary Declaration(s) of Covenants, Conditions and Restrictions.

On corner lots, side yard fences must be set back from the side property line a minimum five (5) feet or one-half (1/2) of the side building line setback as shown on the recorded subdivision plat.

(b) Subject to the provisions of Article VI, Sections 1 and 5, Section 6 of this Article and Article XI, Section 8, location and descriptions of walls, fences, planters and hedges on Townhouse Lots and other types of lots shall be further determined by Supplementary Declaration(s) of Covenants, Conditions and Restrictions.

(c) Subject to the provisions of Article VI, Sections 1 and 5, Section 6 of this Article and Article XI, Section 8, on a Patio Home Lot no wall, fence, planter, or hedge shall be erected or maintained nearer to the street than the front building setback line except fences used by Declarant or Builder during the construction and sales period. No rear fence, wall, or hedge and no side fence, wall, or hedge shall be more than six (6) feet high. Any wall, fence, or hedge erected as protective screening on a Patio Home Lot by Declarant, its agents or assigns, or Builder shall pass ownership with title to the Patio Home Lot, and it shall be the Owner's responsibility to thereafter maintain said protective screening.

(d) For the Property subject to this Declaration, the following additional fence restrictions shall apply:

Side yard fences facing Northpark Drive are required and shall be owned and maintained by the Owner, equivalent to the original construction, design and color, to establish a consistent fence which is beneficial to the subdivision as a whole. These side fences shall be located on the following lots:

Lots	Block	Section
26, 27, 33, 34 & 40	1	Mills Creek Village, Section One
1, 12, 22 & 27	2	Mills Creek Village, Section One
4, 5, 8, 9, 13, 14, 20, 21, 28, 29, 34	3	Mills Creek Village, Section One Partial Replat

Side yard fences facing the street are required on the following lots:

Lots	Block	Section
6, 8, 17, 18, 24	2	Mills Creek Village, Section One

Section 14. Antennae and Satellite Dishes. Subject to Section 13 of this Article, no electronic, radio, television or any other type of antenna for receiving or transmitting visual or sound communications or any electronic antennae of any kind shall be constructed, erected, placed or permitted to remain on any Lot or any residential dwelling or outbuilding or any other structure thereon.

No electronic, radio, or television satellite dish or any other type of receiving or transmitting dish or any other similar equipment is permitted on any Lot unless it is erected, placed or mounted in such a manner that from a street, adjacent lot or land, or from any other portion of the Property, no portion is visible from a height of six (6) feet or less.

Section 15. Heating and Cooling Devices. No single-family construction, private garage or any other structure located on the Property shall be permitted to have a heating or cooling device located in a window or any other opening which can be viewed from any portion of the Property. Heating and cooling devices may be used in windows or other openings of any structure used by Declarant or a Builder during the construction and sale of all structures of this subdivision.

Section 16. Visual Screening. All clothesline, equipment, garbage cans, service yards, woodpiles, refuse containers, or storage piles and household projects such as equipment repair and construction projects shall be screened by adequate planting or fencing so as to conceal them from view of neighboring lots, streets, parks and public areas. All rubbish, trash, and garbage shall be kept in sanitary refuse containers with tightly fitting lids and shall be regularly removed from the lots and not allowed to accumulate thereon.

Section 17. Visual Obstructions at the Intersections of Public Streets. No object or thing which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways within the triangular area formed by the junction of street curb lines and a line connecting them at points twenty-five (25) feet from the junction of the street curb lines (or extensions thereof) shall be placed, planted or permitted to remain on any corner lots.

Section 18. Lot Maintenance. All Lots shall be kept at all times in a sanitary, healthful and attractive condition, and the Owner or occupant of all Lots shall keep all weeds and grass thereon cut and neatly maintained and shall in no event use any Lot for storage of material and equipment except for normal residential purposes or incident to construction of improvements thereon as herein permitted, or permit the accumulation of garbage, trash or rubbish of any kind thereon, and shall not burn any garbage, trash or rubbish.

Section 19. Storage of Automobiles, Boats, Trailers, Other Vehicles and Equipment. No automobiles, boats, trailers, campers, recreational vehicles, motorcycles, buses, inoperative vehicles of any kind, camp rigs off truck, or boat rigging shall be parked or stored permanently or semi-permanently on any public street right-of-way, front yard area or on driveways. Permanent or semi-permanent storage of such vehicles or items must be completely screened from public view either within the garage or behind a solid fence. For the purposes of these restrictions, the words "semi-permanent" shall be defined as remaining in the same location without movement for forty-eight (48) or more consecutive hours. No eighteen-wheel vehicles and other similar large van or flat-bed type vehicles may be parked on any public street right-of-way, front yard area or on driveways except to deliver merchandise or other materials to residents or construction sites.

Section 20. Signs, Advertisements and Billboards. No sign, advertisement, billboard or advertising structure of any kind shall be displayed to the public view on any portion of a Lot or Common Open Areas except for one sign for each Lot of not more than twenty-eight (28) inches by thirty-eight (38) inches solely advertising the Lot for sale or rent, and except signs used by Declarant or Builder to advertise the Builder or Lot during the construction and sales period. The Declarant and the Association shall have the right to remove any signs, advertisements or billboard or structure which is placed on said Lot or Common Open Areas, in violation of this section and in so doing shall not be subject to any liability for trespass or other tort in connection therewith or arising from such removal.

Section 21. Removal of Soil and Trees. The digging of soil or the removal of soil from any Lot is expressly prohibited except as necessary in conjunction with the landscaping of or construction on said Lot. No trees shall be cut except to provide room

for construction of improvements or to remove dead or unsightly trees and then only following the obtaining of written approval for such cutting by Declarant or the Architectural Review Committee, given in their sole discretion.

Section 22. Roofing Material. Roofing materials shall include composition shingles having a minimum warranty period of 20 years. Composition shingle roofs shall be comparable in color to weathered wood shingles and comparable in surface textural appearance to wood shingles. Other roofing materials and colors may be approved individually by the Declarant, its assigns, or the Architectural Review Committee.

Section 23. Enforcement. In the event of default on the part of the Owner or occupant of any Lot in observing any or all of the requirements herein set forth, such default continuing after ten (10) days' written notice thereof, the Declarant or the Association may, without liability to the Owner or occupant, in trespass or otherwise, enter upon said Lot, cut, or cause to be cut, such weeds and grass, and remove or cause to be removed, such garbage, trash and rubbish or do any other thing necessary to secure compliance with these restrictions, so as to place said Lot in a neat, attractive, healthful and sanitary condition, and may charge the Owner or occupant of such Lot for the cost of such work. The Owner or occupant, as the case may be, agrees by the purchase or the occupation of the Lot to pay such statement immediately upon receipt thereof. To secure the payment of such charges in the event of nonpayment by the Owner, a vendor's and continuing contractual lien shall be retained by Declarant at the time of conveyance of each Lot in favor of Declarant or the Association, but inferior to a purchase money lien or mortgage. Such vendor's and continuing contractual lien shall be applicable and effective whether mentioned specifically or omitted in each conveyance of a Lot by Declarant.

ARTICLE X
MORTGAGEE NOTICE; MANAGEMENT AGREEMENTS; RESERVE FUNDS; LEASES

Section 1. Notice to First Mortgagees. Upon written request to the Association at the address of the Association's registered agent filed with the Secretary of State for the State of Texas, all holders of first mortgage liens on Lots and Commercial Units, hereinafter called "First Mortgagees," shall be entitled to:

(a) inspect the books and records of the Association during normal business hours at a time mutually convenient to Declarant and First Mortgagee;

(b) receive an annual audited financial statement of the Association within ninety (90) days following the end of the audited fiscal year;

(c) receive written notice of all meetings of the Association and designate a representative to attend all such meetings;

(d) upon request, receive notice of any default in the performance by the First Mortgagee's mortgagor of any obligation under this Declaration, the By-Laws or Articles of Incorporation of the Association which is not cured within sixty (60) days;

(e) receive notice of any abandonment or termination of the development; and

(f) receive notice of any material amendment to this Declaration, or to the By-Laws or Articles of Incorporation of the Association.

Section 2. Mortgagee Required Approval. Unless all of the First Mortgagees who have notified the Association pursuant to Section 1 of this Article have given their prior written approval, the Association shall not be entitled to:

(a) fail to maintain fire and extended coverage on insurable improvements in Common Open Areas, if any, on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); and

(b) use hazard insurance proceeds for losses to any improvements in Common Open Areas, if any, for other than the repair, replacement or reconstruction of such improvements.

Section 3. Reimbursement to Mortgagees for Payment of Taxes or Insurance Premiums. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Open Areas and may pay overdue premiums of hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for improvements in the Common Open Areas, if any, and First Mortgagees making such payments shall be owed immediate reimbursement therefore from the Association.

Section 4. Insurance on Condemnation Proceeds: Notice. No provision of this Declaration or of the By-Laws or Articles of Incorporation of the Association shall be construed as giving an Owner or other party priority over any rights of a First Mortgagee pursuant to its mortgage in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Open Areas. An institutional holder of a first mortgage shall be entitled to receive timely written notice of substantial damage to or a taking of the Common Open Areas.

Section 5. Management Agreements. Any management agreement will be terminable by the Association without payment of a termination fee with or without cause upon thirty (30) days written notice. The term of any such agreement may not exceed one (1) year, renewable by agreement of the parties for successive one-year periods.

Section 6. Reserve Fund. Association budgets shall include an adequate reserve fund for maintenance, repairs and replacement of those elements of the Common Open Areas that must be replaced on a periodic basis and will be payable in regular installments as part of the common assessment.

Section 7. Leases. Any lease agreement between an Owner and a lessee shall be subject in all respects to the provisions of this Declaration, the By-Laws and Articles of Incorporation of the Association whether or not reference is made to the Declaration, By-Laws and Articles of Incorporation in the lease.

ARTICLE XI
GENERAL PROVISIONS

Section 1. Enforcement. The Association and any Owner shall have the right to enforce, by any proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens or charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants, conditions or restrictions shall not affect any other provision, which shall remain in full force and effect.

Section 3. Duration; Amendment. The provisions of this Declaration shall run with and bind the Property for a term of twenty-five years from this date, after which time they shall be automatically extended for successive periods of ten years.

Deeds of conveyance of Lots, Land Units or Commercial Units or any part thereof, may contain the above restrictive covenants by reference to this document, but whether or not such reference is made, each and all of such restrictive covenants shall be valid and binding upon the restrictive grantees.

This Declaration may be amended during the first twenty-five year period by an instrument signed by a sufficient number of Owners representing not less than two-thirds (2/3) of the votes in the Association, and thereafter by an instrument signed by a sufficient number of Owners representing not less than fifty percent of the votes. In addition, any amendment hereto (i) to change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner, or (ii) to change, waive, or abandon any scheme of regulations, or enforcement thereof, pertaining to the maintenance of Common Open Areas, or (iii) to use hazard insurance proceeds for losses to the improvements in Common Open Areas, if any, for other than the repair, replacement or reconstruction of such improvements shall require the additional approval of two-thirds (2/3) majority of the First Mortgagees (based upon one vote for each mortgage owned).

The Declarant reserves the right during the Development Period, without joinder or consent of any Owner, Builder or mortgagee, to amend this Declaration or the By-Laws by an instrument in writing duly signed, acknowledged and filed for record, for the purpose of resolving or clarifying any ambiguities or conflicts herein, or correcting any inadvertent misstatements, errors or omissions herein, or to comply with the requirements of Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Veteran's Administration, Federal Housing Administration, or other government related financing party, provided that no such amendment shall change the vested property rights of any Owner or adversely affect the general development plan except as otherwise provided herein.

All amendments shall be recorded in the Official Public Records of Real Property of Harris County, Texas.

Section 4. Books and Records. The books and records of the Association shall, during reasonable business hours, be subject to reasonable inspection by any Member. The Board of Directors may, by resolution, establish rules and regulations governing the frequency of inspection and other matters to the end that inspection of the books and records by any Member will not become burdensome to nor constitute harassment of the Association. The Declaration, the Articles of Incorporation and By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

Section 5. Notices. Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Owner on the records of the Association at the time of such mailing.

Section 6. Good Faith Lender's Clause. Any violation of these covenants, conditions or restrictions shall not affect any lien or deed of trust of record held in good faith, upon any Lot or Commercial Unit, which liens may be enforced in due course, subject to the terms of this Declaration.

Section 7. Mergers. Upon a merger or consolidation of the Association with another association as provided by its Articles of Incorporation, its properties, assets, rights and obligations may be transferred to another surviving or consolidated association or, alternatively, the properties, assets, rights and obligations of another association may be transferred to the Association as a surviving corporation. The surviving or consolidated association shall administer the covenants, conditions and restrictions contained in this Declaration, under one administration. No such merger or consolidation shall cause any revocation, change or addition to this Declaration.

Section 8. Annexation.

(a) Additional land or lands may be annexed to the Property with the consent of two-thirds (2/3) of each class of members, and the approval of the Owner(s) of the land to be annexed.

(b) Notwithstanding anything contained in Subparagraph (a) above, or any other provision herein, Declarant, its successors or assigns, shall have the right, without the consent of any other Owners or any First Mortgagee, to bring within the scheme of the Declaration, in one (1) or more future stages, sections or additions, those additional lands or portions thereof as described in Exhibit A attached hereto, made a part hereof and incorporated herein for all purposes, within fifteen (15) years of the date of recording of this instrument. Further, any land annexed to the Property and subject to this Declaration may be acquired (by gift, purchase, or otherwise) and/or designated as Common Open Areas by the Association without the consent of any Owners or any First Mortgagee. Nothing in this Declaration shall be construed to represent that Declarant, or its successors or assigns, are under any obligation to add or annex additional lands to those subject to this Declaration. Additional land that is added or annexed shall become subject to the annual assessment in accordance with Article V.

(c) The additions authorized under this Section shall be made by filing of record: (a) Supplementary Declaration(s) of Covenants, Conditions and Restrictions with respect to the additional lands which shall (i) extend the scheme of the covenants and restrictions of this Declaration to such lands and (ii) provide, if applicable, that the proportionate ownership interests in the Common Open Areas of the Owners by virtue of Association membership immediately prior to the filing of such Supplementary Declaration shall be equal to the number of Lots and Commercial Units owned by such Owner divided by the total number of Lots and Commercial Units within the lands then subject to this Declaration after such annexation; and (b) a deed from Declarant to the Association which shall convey to the Association the area within such additions (except for the Lots or Commercial Units therein) as Common Open Areas for the sole benefit and use of the Owners, with reservation of Declarant's rights set forth herein.

Section 9. Deannexation.

(a) Land or lands may be deannexed from the property with the consent of two-thirds (2/3) of each class of members and the approval of the Owner(s) of the land to be deannexed.

(b) Notwithstanding anything contained in Subparagraph (a) above, or any other provision herein, Declarant, its successors or assigns, shall have the right, without the consent of any other Owners or any First Mortgagee, to deannex land from the scheme of the Declaration if the Owner of the land is agreeable to the deannexation and if the deannexation would benefit the general development process or general development plan.

(c) The deannexations authorized under this Section shall be filed of record.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 22nd day of February, 1995.

FRIENDSWOOD DEVELOPMENT COMPANY,
Acting Herein for Itself and for
KING RANCH, INC.

OK FORMS OK TRANS. OK CNTRC.

By: _____
Joseph L. Stunja, Vice President

STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument is acknowledged before me on February 22, 1995, by Joseph L. Stunja, Vice President of FRIENDSWOOD DEVELOPMENT COMPANY, an Arizona corporation, on behalf of said corporation, which corporation also acted as attorney-in-fact on behalf of KING RANCH, INC., a Texas corporation.

Kathy L Berry
Notary Public, State of Texas

KATHY L. BERRY
Notary Public, State of Texas
My Commission Expires
DECEMBER 14, 1996

L030

RETURN TO:
Friendswood Development Company
LIZ B. DANTONE
P. O. Box 2567
Houston, Texas 77252-2567

502-92-0031

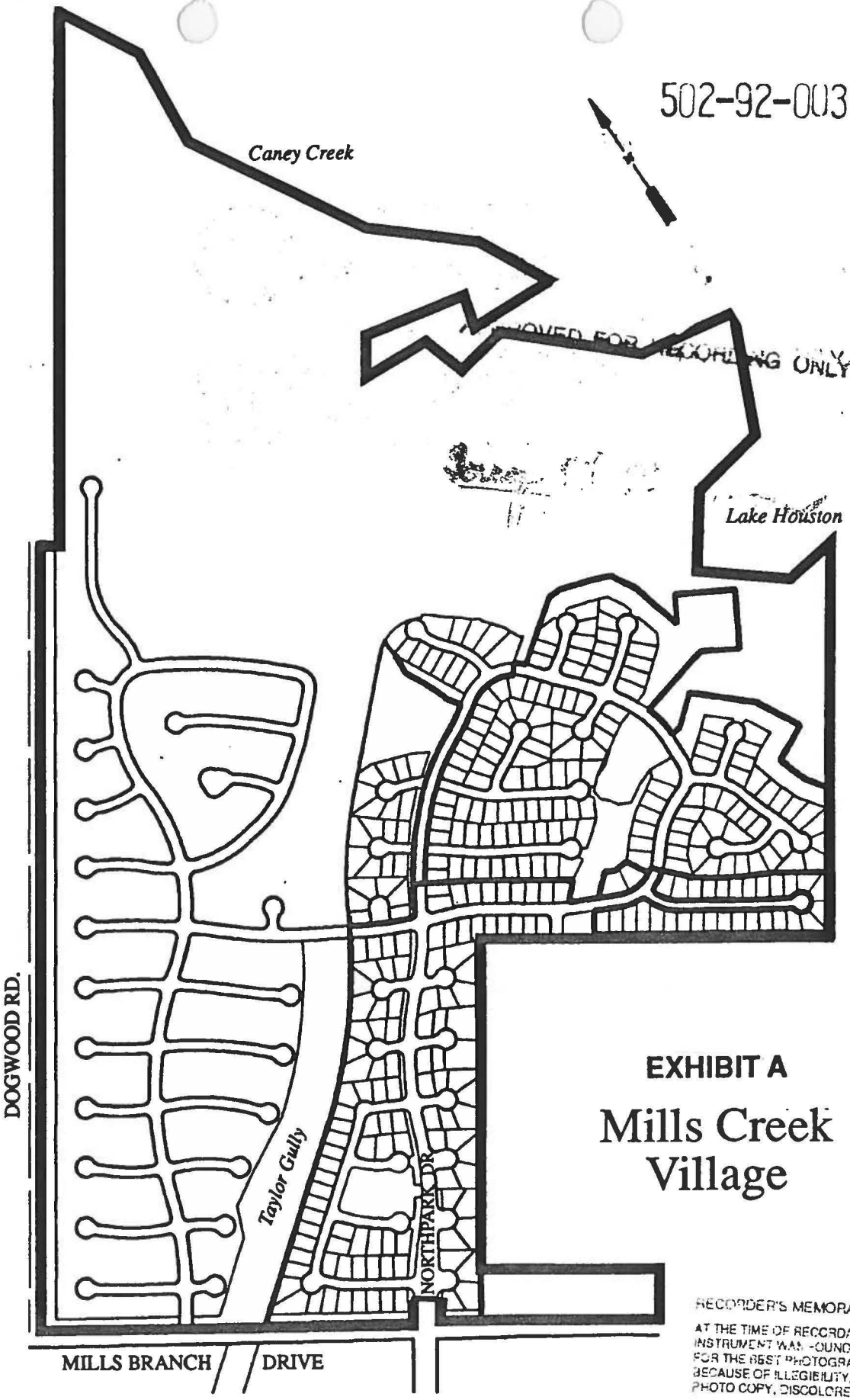


EXHIBIT A

Mills Creek Village

RECORDER'S MEMORANDUM
AT THE TIME OF RECORDATION, THIS INSTRUMENT WAS FOUND TO BE INADEQUATE FOR THE BEST PHOTOGRAPHIC REPRODUCTION BECAUSE OF ILLEGIBILITY, CARBON OR PHOTO COPY, DISCOLORED PAPER, ETC.

This plan is an artist's conception and is provided for general information purposes only. All plans for facilities or land uses are subject to change without notice and nothing presented on this plan shall obligate Friendswood Development Company or any other entity, public or private, to construct facilities or to develop the land as shown. Actual construction or changed development plans may have already rendered the information inaccurate.