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AMENDED AND RESTATED

DECLARATION OF COVENANTS, CONDITION AND RESTRICTIONS

FOR FALCON RIDGE SECTION TWO

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AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITION, AND RESTRICTIONS
FOR FALCON RIDGE SECTION TWO

THE STATE OF TEXAS
COUNTY OF GALVESTON

THIS Amended and Restated Declaration is made on the 22nd day of November, 1993 by CENTEX REAL ESTATE CORPORATION, a Nevada corporation ("Declarant"), and' shall revoke, replace and supersede, in its entirety, the Declaration of Covenants, Conditions and Restrictions for Falcon Ridge, Section Two dated January 11, 1991 and recorded at Film Code No. 007-36-2013 in the Official Public Records of Real Property in Galveston County, Texas. Declarant is amending the Declaration of Covenants,

Conditions and Restrictions for Falcon Ridge, Section Two in accordance with Article VIII, Section 4 thereof and is restating the Declaration in order to restate in one document the original Declaration together with that certain Addendum to Declaration of Covenants, Conditions and Restrictions for Falcon Ridge, Section

Two recorded at Film Code No. 007-89-2114 in the Official Public Records of Real Property in Galveston County, Texas, as well as the

First Amendment to Declaration of Covenants, Conditions and Restrictions for Falcon Ridge, Section Two 'and the Second Amendment to the Declaration of Covenants, Conditions and Restrictions for

Falcon Ridge, Section Two recorded, respectively, at Film Code Nos. 008-08-0546 and 008-38-2374 in the Official Public Records of Real Property in Galveston County, Texas. This Amended and Restated

Declaration is being recorded for purposes of consolidating previous amendments into the body of the document as well as resolving ambiguities or conflicts within the body of the documents and correcting inadvertent misstatements, errors and omissions therein. The recording of this Amended and Restated Declaration of Covenants, Conditions and Restrictions does not change the voting rights of Declarant or other Members of the

Association, the, annexation rights of Declarant, any Owner proportionate share of assessments or the property description of any Owner's Lot.

WITNESSETH:

WHEREAS, Declarant is the owner and developer of Falcon Ridge, Section Two, a subdivision in Friendswood, Galveston County, Texas, according to the map or plat ("Plat") thereof recorded in Volume 18, Page 270 I of the Map Records in the Office of the County Clerk of Galveston County, Texas, which property shall hereinafter be referred to as the "Subdivision" or the "Property"; Declarant having obtained title to the Property from NCM Land Company, a Texas corporation, doing business as Morgan Land Company, the original Declarant for Falcon Ridge; and

WHEREAS, Declarant desires to record this Amended and Restated Declaration of Covenants, Conditions and Restrictions (hereinafter referred to as the "Restated Declaration") in order to consolidate the original declaration with the various amendments thereto which have heretofore been recorded, in order to provide for one document which shall govern the activities and development of the Property. This Restated Declaration shall also serve to resolve any ambiguities, conflicts, misstatements, errors or omissions contained in the previous documents; and

WHEREAS, Declarant desires that the hereinafter stated restrictions, covenants, conditions, stipulations and reservations be placed against the Properties, in order to establish a uniform plan for the development, improvement and sale of such property, and to insure the preservation of such uniform plan for the benefit of both the present and future owners of Lots in the Subdivision;

WHEREAS, Declarant desires to provide for the exercise of the perpetual and non-exclusive easement and right-of-way for ingress and egress to and use of the "Recreational Parcel" and all improvements constructed thereon described in the "Recreational Easement" which may occur upon Declarant's express election to exercise such easement rights (as such quoted terms are hereinafter defined); and

WHEREAS, This Amended and Restated Declaration of Covenants, Conditions and Restrictions for Falcon Ridge, Section Two has been approved by not less than seventy-five percent (75%) of the owners of Lots within Falcon Ridge, Section Two;

NOW, THEREFORE, Declarant hereby rescinds and revokes the Declaration of Covenants, Conditions and Restrictions for Falcon Ridge, Section Two recorded on January 11, 1991 on Film Code No. 007-36-2013 in the Official Public Records of Real Property in Galveston County, Texas along with the Addendum to Declaration of Covenants, Conditions and Restrictions for Falcon Ridge, Section Two Designating New Declarant recorded on the 16th day of December,

1991 at Film Code No. 007-89-2114 in the Official Public Records of Real Property in Galveston County, Texas, the First Amendment to Declaration of Covenants, Conditions and Restrictions for Falcon Ridge, Section Two recorded on the 25th day of March, 1992 at Film Code No. 008-08-0546 in the Official Public Records of Real Property in Galveston County, Texas and the Second Amendment to the Declaration of Covenants, Conditions and Restrictions For Falcon Ridge, Section Two recorded on the 26th day of August, 1992 at Film Code No. 008-38-2374 in the Official Public Records of Real Property in Galveston County, Texas. Having rescinded and revoked the aforementioned declaration and amendments thereto, Declarant hereby declares that all of the Properties shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of enhancing and protecting the value and desirability of, and which shall run with the Properties and be binding upon all parties having any right, title or interest in the Properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof. Declarant also declares that the Subdivision shall be subject to the jurisdiction of the "Association" (as hereinafter defined).

ARTICLE I. DEFINITIONS,

Section 1. "Annexable Area" shall mean and refer to any additional Property made subject to the jurisdiction of the Association pursuant to the provisions set forth herein, including, without limitation, any Property adjacent to or in the proximity of the Subdivision.

Section 2. "Association" shall mean and refer to the Property Owners Association of Falcon Ridge, its successors and assigns, a Texas non-profit corporation formed or to be formed by Declarant.

Section 3. "Common Area" shall mean and refer to all real Property owned by the Association at the time of the conveyance of the first Lot or thereafter acquired by the

Association that is for the common use and enjoyment of the Owners, including, without limitation, the Property designated as "Common Area" on the Plat. The term Common Area shall also mean and refer to any real Property not owned by the Association but upon which the Association has been granted an easement, either by designation on the Plat or by written easement document, for the purposes of constructing, planting, installing and maintaining entry features, monuments, lighting and landscaping related thereto, including but not limited to any such items constructed by Declarant within a street right-of-way.

Section 4. "Common Household Group" shall mean and refer to one or more natural persons, each related to the other by blood, marriage, or legal adoption, or a group of not more than four (4) such persons not all so related, together with his or their domestic servants, all of whom maintain a common household dwelling unit on a Lot within the Subdivision.

Section 5. "Declarant" shall mean and refer to Centex Real Estate Corporation, a Nevada corporation, and the successor(s) and assign(s) of Centex Real Estate Corporation, specifically designated by recorded instrument, if any, with respect to the intentional and voluntary disposition of all (or substantially all) of the right, title, and interest of Centex Real Estate Corporation in and to the subdivision, as a bona fide developer, prior to the completion of development thereof. No person or entity merely providing loans to or purchasing (in the ordinary course of such purchaser's business) one or more Lots from Centex Real Estate Corporation shall be considered a "Declarant."

Section 6. " Lot " shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties.

Section 7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties as described on the Plat heretofore referred to, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 8. "Properties" shall mean and refer to that certain real Property within the subdivision, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 9. "Recreational Assessment " shall mean and refer to the maintenance assessments payable to the Community Association for use of the Recreational Parcel and improvements located thereon in accordance with the provisions of the Recreational Easement and "Falcon Ridge Restrictions" (as hereinafter defined).

Section 10. "Recreational Easement" shall mean and refer to that certain Easement for Recreational Access and Cost Sharing. Agreement dated December 31, 1988, by and between Falcon Ridge Community Association ("Community Association") and the Federal Savings and Loan Insurance Corporation, as Receiver for Sunrise Savings and Loan Association, recorded .in the Official Public Records of Real Property of Galveston County, Texas, under Clerk's File No. 8905448 and Film Code Reference No. 006-30-0332, as

amended by that certain First Amendment of Easement for Recreational Access and Cost of Sharing Agreement dated November 29, 1990, recorded in the Official Public Records of Real Property of Galveston County , Texas , under Clerk's File No. 9040879 and Film

Code Reference No. 007-30-1804.

Section 11. "Recreational Parcel" shall mean and refer to the "Common Area" (as defined in those certain' Falcon Ridge Amended Deed Restrictions ["Falcon Ridge Restrictions"] dated May 4, 1984, recorded in the Official Public Records or Real Property of Galveston County, Texas, under Clerk's File No. 8421315 and Film Code Reference No. 003-03-2347).

Section 12. "Related User" shall mean any member of the' Common Household Group of an Owner who resides with such Owner, as well as the guests and invitees of any such person; provided, however, that if an Owner rents his "Dwelling Unit" (as hereinafter defined) or sells it pursuant to a contract for deed, the tenant or purchaser under any such instrument shall receive all of the rights of Owner to use the Common Areas (and thus the Owner shall have no such rights) unless the instrument in question expressly states that the Owner shall retain all such rights.

ARTICLE II. PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment Upon conveyance of any Common Area to the Association, every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to the title to every Lot, subject to the following provisions:

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

(b) The right of the Association to suspend the voting, rights and right to use of the recreational facilities and Common Area by an Owner or the Owner I s delegate for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for an infraction of the. "Rules and Regulations" (as hereinafter 'defined);

(c) The right of the Association to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said Property pursuant to the requirements of these deed restrictions thereof, hereof and the approval of two thirds (2/3) of each class of membership evidenced by a duly executed instrument in writing; and

(d) The right of the Association to dedicate or transfer or grant easements of all or any part

of the Common Area to any public agency authority, or utility for such purposes and subject to such conditions as may be agreed to by: the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded.

Section 2. Delegation of Use Any "Owner may delegate, in writing, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to Related Users, his co-owners, his tenants, or contract purchasers who reside on the Property. All such delegations shall be subject to the rules and regulations of the Association and all provisions of the Articles of Incorporation and By-Laws of the Association and of this Declaration to the same extent as the Owner, and the Association may take any action against such delegate to enforce such documents as it is authorized to take against the Owner, and the Owner and his delegate shall be bound thereby. The delegation of use hereunder to a resident tenant, contract purchaser, or co-owner shall divest the delegating Owner of his rights hereunder. Such delegation may be granted or revoked in accordance with the By-Laws.

Section 3.

(a) Recreational Easement. If Declarant records in the, Official Public Records of Real Property of Galveston County, Texas, an instrument under which Declarant exercises, for the benefit of all Owners, the easement rights granted under the Recreational Easement, then each of the Owners shall have the right to use the Recreational Parcel and improvements located thereon in the same manner as such use is available to members of the Community Association pursuant to the terms of the Falcon Ridge Restrictions, and each Owner by acceptance of a deed to any portion of the Property covenants and agrees to pay to the Community Association the required assessments and charges relating to the use of the Recreational Parcel and improvements thereon either directly to the Community Association or: to "the Association for delivery to the Community Association; as directed by the Association, and agrees to use the Recreational Parcel and improvements located thereon in accordance with the rules and regulations of the Community Association, as more particularly described herein.

(b) Alternative Recreational Provisions. In addition to the easement rights set forth under the Recreational Easement as more specifically disclosed in this Section 3 as well as in Article I, Section 10, Declarant shall have the right but not the obligation, in its sole and unfettered discretion to enter into such other arrangements with the Community Association for the use, modification or improvement of the. Recreational Parcel or, in the alternative, to develop a separate recreational amenity on a site within the Properties as Declarant deems beneficial to the provision of recreational amenities, if any, for the Properties which arrangement shall be in addition to for a substitute for the Recreational Easement as herein defined. Should Declarant enter into any such other arrangement with the Community Association for the provision of recreational facilities or develop a separate recreational amenity within the Properties such arrangement shall be documented by the recording of a written memorandum thereof in the Official Public Records of Real Property in Galveston

County, Texas and, upon such recording shall become the obligation of all lot owners within the Properties, whether or not legal title to any lot has been previously conveyed from Declarant to any Owner. The right of Declarant to enter into such arrangement with the Community Association or to develop a separate recreational amenity within the Properties shall terminate, if not earlier terminated by a recorded notice of termination, on August 31, 1994. All owners taking title to a lot subsequent to the recording of the Second Amendment which occurred on August 26, 1992 consent to and agree to subordinate their ownership interest in any lot within the Property to the rights reserved unto Declarant by virtue of this Section 3(b) and to the obligation to pay any Recreational Assessment or any increase Maintenance Assessment pursuant to Article IV, Section 17 and the associated lien rights which may be imposed as a result thereof.

ARTICLE III. PROPERTY OWNERS ASSOCIATION OF FALCON RIDGE

Section 1. Membership and Voting Rights Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject, by covenants or record, to assessment by the Association, including contract sellers, 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. Membership shall be appurtenant to and may not be separated from ownership of .any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification of membership.

Section 2. The Association shall have two classes of voting memberships.

Class A. Class A members shall be all those Owners as defined in Article I with the exception of .the Declarant. Each Lot owned by a Class A member or members shall bellowed on vote for each Lot which vote may be cast by the Owner or co-owners of that Lot but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B members shall be the Declarant (as defined in the Declaration) and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B Membership; or

(b) January 1, 2002; provided, however that the Class B membership shall be reinstated upon annexation to the Properties, prior to January 1, 2000, of any additional residential Property and/or common area, but subject to further cessation in accordance with the limitations set forth in the preceding paragraphs (a) and (b) of this Article III, whichever occurs first.

Section 3. Non-Profit Corporation The Association a nonprofit corporation, has been organized; and it shall be governed by the Articles of Incorporation of said Association, and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall be vested in said Association.

Section 4. By-laws The Association may make whatever rules or by-laws it may choose to govern the organization; provided, however, that same are not in conflict with the terms and provisions hereof.

ARTICLE IV. MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot (including composite Lots approved by the Architectural Review Committee) owned within the Properties, hereby covenants, and each Owner of any Lot (including composite Lots approved by the Architectural Review Committee) by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, (2) special assessment for capital improvements, and, if applicable, Recreational Assessments, such assessments to be established and collected as hereinafter provided. The annual and special assessments and Recreational Assessment, if applicable, together with interest, costs, and reasonable attorney's fees, shall be a charge on the Lots and shall be a continuing lien upon the Lots against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due.

Section 2. Purpose of Assessments. The assessments collected by the Association shall be paid into a fund ("maintenance fund") to be held and used exclusively to promote the recreation, health, safety, and welfare of the Owners and the Properties and for the improvement and maintenance of any Common Areas. The responsibilities of the Association shall include, but not be limited to the maintenance and repair of the walkways, steps, entry gates, or fountain areas, if any; constructing and maintaining parkways, right-of-ways, easements, esplanades and other public areas; construction and operation of all street lights; purchase and/or operating expenses of recreation areas, if any; payment of all legal and other expenses incurred in connection with the enforcement of all recorded charges and assessments, covenants, restrictions, and conditions affecting the Properties to which the maintenance fund applies, payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charge and assessment; employing policemen and watchmen; if desired, caring for vacant Lots and doing any other thing or things necessary or desirable; in the opinion of the Association to keep the Properties in the-subdivision neat and in good order, or which is considered of general benefit to the Owners or occupants of the Properties. It is understood that the judgment of the Association in the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith.

Section 3. Rate of Assessment. The maintenance charge and/or assessment will be paid by the Owner of each Lot as set forth under Section I of this Article IV, in annual installments. The annual assessments provided for herein shall commence at such time as the Directors of the Association determine that the Lots are completed and ready to build on (that is, when the Lots have been substantially finished, graded and substantially all utilities (water, sanitary sewer, storm sewer, gas, and electricity) have been installed. Lots which are occupied by residents shall be subject to the annual assessment determined by the Board of Directors (according to Section 4). Lots which are not occupied by a resident and which are owned by a Declarant, a builder or a building company shall be assessed at the rate of one-tenth (1/10) of the annual assessment above. The rate of assessment for any individual Lots, within a calendar year, can change as the character of ownership and the status of occupancy by a resident changes. The applicable assessment for such a Lot shall be prorated according to the rate required of each type ownership.

Upon completion and occupancy of a permanent structure, the assessment for the first year of ownership or any fraction thereof shall be the number of months remaining in the current assessment year multiplied times the assessment rate stated as a monthly rate payable on January 1 of the year of occupancy. After the first year, the maintenance charge will be collected annually, in advance, in the amount of the annual assessment, payable on each January 1 during the term hereof. The rate at which each Lot will be assessed will be determined annually, and may be adjusted from year to year by the Board of Directors as the needs of the Subdivision may, in the judgment of the Board of Directors, require; provided that such assessment will be uniform, except as provided above, and in no event will such assessment or charge exceed Thirty Dollars (\$30.00) per Lot per month, or Three Hundred Sixty Dollars (\$360.00) per Lot per year, unless increased as provided in Section 4 and Section 16 of Article IV. The Association can collect special assessments as well as the annual charges above described whenever the members so vote.

Section 4. Maximum Annual Assessment; Until January 1, 1991, the maximum annual assessment shall be Three Hundred Sixty Dollars (\$360.00). From and after January 1, 1991, the maximum annual assessment may not be increased each year more than ten percent (10%) above the maximum annual assessment for the previous year without a two-thirds (2/3) vote of each class membership who are voting in person or in proxy, at a meeting duly called for this purpose. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum, and shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of the annual assessment period, which shall begin on the first day of January of each year. Written notice of the annual assessment shall be sent to every Owner subject thereto. The dates shall be established by the Board of Directors. The failure or delay of the Board of Directors to establish an annual assessment shall not constitute a waiver or release in any manner of any Owner's obligation to pay an annual assessment whenever the same shall be determined, and in the event of any delay or failure to establish any annual assessment, each Owner shall continue to pay the annual assessment at the rate established for the previous fiscal year until a new annual assessment is established.

Section 5. Special Assessments for Capital Improvements and Taxes. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, and any advalorem taxes assessed against the Common Area provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6. Notice and Quorum for any Action Authorized Under Sections 4 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Sections 4 and 5 shall be sent to all members not less than thirty (30) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast two-thirds (2/3) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice required, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. If the required quorum at such subsequent meeting is not present additional meetings may be called, subject to the same notice requirements and the required quorum at each such subsequent meeting shall be one-half (1/2) of the required quorum at the immediately preceding meeting. No such subsequent meeting shall be held more than 50 days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots, except as provided in Section 3 hereof, and may be collected on an annual basis as provided herein.

Section 8. Effect of Non-Payment of Assessments. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum. The Association may bring action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Property, or both. No Owner may waive or otherwise escape liability for the assessments provided herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Reimbursement Assessments. The Board of Directors may levy an assessment ("Reimbursement Assessment") against an Owner if the failure of the Owner to comply with this Declaration, the Articles of Incorporation, the Bylaws or any rules and regulations shall have resulted in the expenditure of funds or the determination that funds will be expended by the Association to cause such compliance. Such assessment shall be levied only after notice and hearing. The amount of the reimbursement Assessment shall be due and payable to the Association ten (10) days after notice to the member of the decision of the Board of Directors that the Reimbursement Assessment is owing.

Section 10. Remedies to Enforce Assessments. Each assessment levied hereunder shall be a separate, distinct, and personal debt and obligation of the Owner against whom the same is

assessed. In the event of a default in payment of any assessment or installment thereof, whether annual, special, or Reimbursement, the board of Directors, in addition to any other remedies provided under this Declaration or by law, may enforce such 'Obligation on behalf of the Association by filing suit for damages and/or foreclosure of a lien as hereinafter provided, or in both such manners. In order to secure the payment 'Of the assessments hereby levied, a vendor's (purchase money) lien hereby is reserved in each deed from the Declarant to the Owner of each Lot, which lien shall be enforceable through appropriate judicial proceedings by the Association. As additional security for the payment of the assessments hereby levied, each Owner of a Lot, by such party's acceptance of a deed thereto, hereby grants the Association a contractual lien on such Lot that may be foreclosed on by non-judicial foreclosure pursuant to the provisions of Section 51.002 of the Texas Property Code (or any successor statute); and each such owner hereby expressly grants the Association a power of sale in connection therewith. Whenever the Association proceeds with non-judicial: foreclosure pursuant to the provisions of section 51.002 of the Texas Property Code (or any successor statute) and said power of sale, it shall designate in writing a nominee or trustee to post or cause to be posted all required notices of such foreclosure sale and to conduct such foreclosure sale. The trustee may be changed at any time and from time to time by the Association by means of a written instrument executed by the President or any Vice-President 'Of the Association and filed for record (either before or following any action by such trustee) in the Official Records Of Real Property of Galveston County, Texas. If the Association has determined to non-judicially foreclose the lien provided herein pursuant to the provisions of section 51.002 of the Texas Property Cede ('Or any successor statute) and to exercise the power of sale hereby granted, the Association shall mail to the defaulting Owner a copy of the notice of trustee's sale no less than twenty-one (21) days before the date on which said sale is scheduled by posting such notice through the United States Postal Service, postage prepaid, registered and certified, return receipt requested, properly addressed to such Owner at the last known address of such Owner according to the records of the Association. If required by law, the Association or trustee shall cause a copy of the notice of trustee's sale to be recorded in the Official Records of Real Property of Galveston County, Texas. Out of the proceeds of such sale, there first shall be paid all expenses incurred by the Association in connection with such default, including reasonable attorneys' fees and a reasonable trustee's fee; second, from such proceeds there shall be paid to the maintenance fund an amount equal to the amount in default; and third, any remaining balance shall be paid to such Owner. Following any such foreclosure, each occupant of any such Lot foreclosed on and each occupant of any improvements thereon shall be deemed to be a tenant at sufferance and may be removed from possession by any lawful means, including a judgment for possession, an action of forcible detainer, and the issuance of a writ of restitution thereunder.

Section 11. Estoppel Certificates. Upon the payment of such reasonable fee as may be determined from time to time by the Board of Directors, and upon the written request of any member and any person with, or intending to acquire, any right, title, or interest in the Lot of such member, the Association shall furnish a written statement setting forth the amount of any assessments or other amount, if any, due and accrued and then unpaid with respect to a

Lot and the Owner thereof and setting forth the amount of any assessment for the current year levied against such Lot which is not yet due and payable such statement shall, with respect to the person to whom it is issued, be conclusive against the Association and all persons for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other assessments have been levied.

Section 12. Subordination of the Lien to Mortgages. The lien(s) described in Sections I, 5, 9, 12, 16 and 17 of this Article IV securing the payment of assessments, fines and penalties shall be secondary, subordinate and inferior to all liens, present and future which are given, granted and created by or at the instance and request(i)of the Declarant (except as otherwise expressly provided herein) or (ii) of the Owner of any such Lot to secure the payment of monies advanced on account of the purchase price of any such Lot; but only to the extent of any such maintenance fund charge or annual, special or other assessments accrued and unpaid prior to foreclosure of any such purchase money lien or construction lien; and further provided that as a condition precedent to any proceeding by the Association to enforce any such lien upon any Lot upon which there is an outstanding valid and subsisting first mortgage lien, for the aforesaid purpose or purposes, the Association shall give the holder of such first mortgage lien written notice of such action in accordance with Article VIII, Section 13 below.

Section 13. Exempt Property. All Properties dedicated to and accepted by a local public authority; and all Properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of Texas shall be exempt from the assessment created herein. However, no land or improvements devoted to dwelling use regardless of ownership shall be exempt from said assessment.

Section 14. Management Agreements. Each Owner of a Lot hereby agrees to be bound by the terms and conditions of all management agreements entered into by the Association. A copy of all such agreements shall be available to the Owners. All management agreements shall be made with responsible parties having experience adequate for the management of a project of this type.

Section 15. Reserves. The Association shall endeavor to establish and maintain a "Reserve Fund" to help defray the cost of reasonably foreseeable uninsurable matters, capital expenditures, repair and/or replacement of Common Area improvements and other contingencies deemed appropriate by the Board of Directors. The officers and directors of the Association shall have no liability for damages or expenses incurred by the Association in excess of the amount of the Reserve Fund. Monies set aside in the Reserve Fund may be reallocated for use in payment of operating expenses with the approval of a majority of the members of the Board of Directors.

Section 16. Recreational Assessments. If the Declarant elects to exercise the easement rights granted under the Recreational Easement, notice of which exercise shall be made in writing to each Owner, each Owner of a Lot by acceptance of a deed therefore, whether or not it shall be expressed in such deed, is deemed to covenant and agree to pay to the

Community Association (or the Association for delivery to the Community Association, as directed by the Association) the Recreational Assessments as follows:

(i) The amount payable by each Lot or parcel located within the Properties with a completed, occupied residence located thereon ("Completed Lot"), shall equal the assessment charged to a completed, occupied Lot within Falcon Ridge, a subdivision in Friendswood, Galveston County, Texas, according to the map or Plat thereof recorded in Volume 17, Page 107 of the Map Records of Galveston County, Texas (the "Falcon Ridge subdivision") (as provided in Article IV, section 3 .of the Falcon Ridge Restrictions).

(ii) The share of such cost payable by each Lot or parcel located within the Properties which is not a completed and occupied Lot (hereafter, an "Uncompleted Lot") shall be equal to one-tenth (1/10th) of the cost attributable to a completed, occupied Lot within the Falcon Ridge Subdivision.

(iii) The share of such cost payable to the Association by the Owner or its successors and assigns shall be payable in payments of not greater frequency than monthly installments or lesser frequency than annual installments

(iv) Payment by Owners of Completed Lots and Uncompleted Lots of said charges shall be secured by a lien against each Completed Lot and Uncompleted Lot within the Properties for which payment is due hereunder in the same manner provided by Article IV of the Falcon Ridge Restrictions. If the Recreational Assessment is made payable to the Association, then the payment of the Recreational Assessment shall be secured by the same lien which secures the payment of all other assessments or charges payable pursuant to this Declaration and enforceable in the same manner as provided herein.

Section 17. Maintenance Assessment Increase for Recreational Amenity. In the event Declarant exercises its right granted in Article II, Section 3 to develop a recreational amenity within the Properties in lieu of the Recreational Easement with the Community Association, and upon substantial completion thereof, the annual Maintenance Assessment may be increased to a total amount not to exceed \$360.00 to cover the increased maintenance cost to the Association for such facilities. Such increase shall commence the first of the month following the month in which the notice of substantial completion is delivered to the Association by Declarant.

ARTICLE V. RESERVATIONS, EXCEPTIONS AND DEDICATIONS

Section 1. Recorded Subdivision Plat of the Properties. The Plat dedicates for use as such, subject to the limitations as set forth therein, the streets and easements I shown thereon and such recorded Subdivision map of the Properties further establishes certain restrictions

applicable to the, Properties, including, without limitation, certain minimum setback lines. All dedications, limitations, restrictions and reservations shown on the Plat of the Properties are incorporated herein and made a part hereof as if fully set forth herein, and shall be construed as being adopted in each and every contract, deed, or conveyance executed or to be executed by or on behalf of Declarant, conveying said Properties or any part thereof, whether specifically referred to therein or not.

Section 2. Easements. Declarant reserves the easements and rights-of-way as shown on the Plat for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line or lines, gas, sewers, or any other utility Declarant sees fit to install in, across and/or under the Properties. Declarant also reserves the right to make changes in and additions to the above easements for the purpose of most efficiently' and economically installing the improvements. Neither Declarant nor any utility company using the easements herein referred to, shall be liable for any damage done by them or their assigns, their agents, employees or servants, to fences, shrubbery, trees or flowers or any other Property of the Owner on the land covered by said easements. Permanent structures, including fences, shall not be erected in a drainage easement which inhibit the free flow of water or access to the easement by drainage crews or equipment.

Section 3. Installation of Paving. Declarant reserves the right, during installation of paving of the streets as shown on the Plat, to enter onto any of the Properties for the purpose of disposing of street excavation, including the removal of any trees, if necessary, whether or not the Properties have been conveyed to and/or contracted to any other Owner or Owners.

Section 4. Title Subject to Easements. It is expressly agreed and understood that the title conveyed by Declarant to any of the Properties by contract, deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, water, gas, sewer, storm sewer, electric light, electric power, telegraph or telephone purposes and shall convey no interest in any pipes, lines, poles or conduits, or in any utility facility or appurtenances, thereto constructed by or under Declarant or any easement owner, or their agents through, along or upon the premises affected thereby, or any part thereof, to serve said land or any other portion of the Properties, and where not affected, the right to maintain, repair, sell or lease such appurtenances to any municipality, or other governmental agency or to any public service corporation or to any other party, and such right is hereby expressly reserved.

ARTICLE VI. USE RESTRICTIONS

Section 1. Single Family Residential Construction. No building shall be erected, altered or permitted to remain on any Lot other than one detached single family residential dwelling

not to exceed two (2) stories in height and a private garage (including servant's quarters) for not less than two (2) nor more than four (4) cars. All garages shall open to the side or to the rear of the Lot upon which it is built, except that it may open to the front of the Lot if it is set back twenty (20) feet from the front of the main dwelling. As used herein, the term "residential dwelling" or "dwelling unit" shall be construed to prohibit mobile homes or trailers being placed on said Lots, or the use of said Lots for duplex houses, condominiums, townhouses, garage apartments (other than servant's quarters) or apartment houses; provided, however, that temporary structures may be placed upon a Lot as permitted by Section 6 of this Article VI.

Section 2. Minimum Square Footage within Improvements. The air-conditioned living area of the main structure located on any Lot , exclusive of open porches and garages shall not be less than one thousand six hundred (1,600) square feet for a one-story dwelling and shall not be less than one thousand eight hundred (1,800) square feet for a two (2) story dwelling.

Section 3. Location of the Improvements upon the Lot . No building shall be located on any Lot nearer to the front setback line or nearer to the side setback line than the minimum building setback line shown on the Plat. No building shall be located on any Lot nearer than twenty (20) feet to any side street line. The main residential structure (exclusive of detached garages and out buildings) shall not be located within twenty-five (25) feet of the rear Property line subject to the provisions of Section 4 of this Article VI, no part of the main dwelling or garage shall be located nearer than ten (10) feet to an interior side Lot line (line common to two or more Lots). For purposes of this covenant, eaves, steps and unroofed terraces shall not be considered as part of a building; provided however, that this shall not be construed to permit any portion of the construction on a Lot to encroach upon another Lot . Garages may be attached to the main residential structure; however, all front-loading garages must be set back at least twenty (20) feet from the front line of the main residential structure.

Section 4. Composite Building Site. Subject to the approval of the "Architectural Review Committee" (as hereinafter defined), any Owner of one or more adjoining Lots or portions thereof may consolidate such Lots or portions into one building site with the privilege of placing or constructing improvements on such resulting site, in which case setback lines shall be measured from the resulting side Property lines rather than from the _Lot lines as indicated on the Plat. Any such composite building site must have a frontage at the building setback line of not less than the minimum frontage of the Lots in the same block.

Section 5. Prohibition of Offensive activities. Each Lot in the Subdivision shall be improved with a: dwelling unit and used solely by one Common Household Group for residential living purposes and such purposes as customarily incident thereto, and shall not be used at any time for' business, commercial, educational, church or professional activities, whether or not for profit; provided, however, that an Owner of a Lot in the Subdivision may use his dwelling unit for professional or other home occupations such as the maintenance of a personal or professional library, the keeping of personal, business or professional records or accounts,

or for the handling of personal business or professional telephone calls or correspondence so long as there is no external evidence thereof (such as signs, advertising of business or consultation in person with clients or customers at the Lot) and no unreasonable inconvenience to such Owner's neighbors. No noxious or offensive activity of any sort shall be permitted nor shall anything be done on any Lot which may be or become an annoyance or a nuisance to the neighborhood.

Section 6. Use of Temporary Structures. No structure of a temporary character, trailer, motor home, boat, basement, tent, shack, garage, barn or other out building shall be used on any Lot at any time as a residence. Temporary structures used as building offices and for other related purposes during the construction period must be inconspicuous and not unsightly. Out buildings must be of new material and screened by a six, seven, or eight foot wooden fence with the height determined by the Architectural Control Committee.

Section 7. Storage of Automobiles Boats Trailers and Other Vehicles. No motor vehicle may be parked or stored permanently (in excess of forty-eight [48] hours) or semi-permanently on any part of any Lot (including the driveway), easement, right-of-way, or Common Area or in the street adjacent to any Lot, easement, right-of-way or Common Area unless such vehicles concealed from public view inside a garage or other approved enclosure, except passenger automobiles, passenger vans, motorcycles, pick-up trucks, or pickup trucks with attached bed campers, that are in operating condition having current license Plates and inspection stickers, and are in daily use as motor vehicles on the streets and highways of the State of Texas.

No non-motorized vehicle, trailer, recreational vehicle, boat, marine craft, hovercraft, aircraft, machinery or equipment of any kind may be parked or stored, in any part of any Lot (including the driveway), easement, right-of-way, or Common Area or in the street adjacent to such Lot, easement, right-of-way, or Common Area unless such object is completely concealed from public view inside a garage or other approved enclosure. No inoperable vehicle or vehicle kept stationary for a period in excess of forty-eight (48) hours shall be allowed to remain on any portion of the Subdivision or on any street or road in such a manner as to be visible from any Lot or from any portion of the Common Area. No vehicle may be repaired on any Lot or within any street, other than emergency road service, unless such vehicle is concealed inside the garage or other approved enclosure during the repair thereof.

The restrictions contained in this Section 7 shall not apply to any vehicle, machinery, or equipment temporarily parked and in use for the construction, repair or maintenance of a house or houses in the immediate vicinity of the affected Lot .

Section 8. Mineral Operations No oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted upon or in any Lot, nor shall any wells, tanks, tunnels, mineral excavation, or shafts be permitted upon or in any Lot . No derrick or other structures designed for the use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot .

Section 9. Animal Husbandry. No animals of any kind shall be raised, bred, or kept in the Subdivision except as hereinafter provided. Two (2) dogs, cats, or other household pets may be kept on a Lot (except with respect to fish of a type customarily kept within normal home aquariums, with respect to which there shall be no limitation on amount) provided that (a) they are not kept, bred, or maintained for commercial purposes, (b) they do not make objectionable noises, create any objectionable odor, or otherwise constitute an unreasonable nuisance to other Owners, (c) they are kept within the main residential structure on the Lot ("Dwelling Unit"), an enclosed yard on the Lot occupied by the Owner of such pets, or on a leash being held by a person capable of controlling the animal, and (d) they are not in violation of any other provision of this Declaration and such limitations as may be set forth in the "Rules or Regulations" (as hereinafter defined). The Association, acting through the Board of Directors, shall have the right to prohibit maintenance of any animal that, in the sole opinion of the Board of Directors, is not being maintained in accordance with the foregoing restrictions. Each Owner and Related User maintaining any animal shall be obligated to comply with all applicable ordinances of the City of Friendswood and laws of the State of Texas and shall be liable in accordance with the laws of the State of Texas to each and all remaining Owners and Related Users for any damage to person or Property caused by any such animal; and it shall be the absolute duty and responsibility of each such Owner or Related User to clean up after such animals to the extent they have used any portion of the Lot of another Owner or any Common Areas.

Section 10. Walls, Fences and Hedges. No walls, fences or hedges in excess of three feet (3') in height, shall be erected or maintained nearer to the front Lot line than the walls of the dwelling existing on such Lot . No side or rear fence, wall or hedge shall be more than six feet (6') high, except as otherwise approved by the Architectural Review Committee. Fences or hedges along the perimeter of the Subdivision may be no more than eight feet (8') high. Corner Lots shall have no fence constructed nearer to the side Lot line than the building set back line parallel to the side street. Any wall, fence or hedge erected as a protective screening on a Lot by Declarant shall pass ownership with title to the Lot and it shall be Owner's responsibility to maintain said protective screening thereafter. Materials are to be masonry or wood on any fence facing a street. Interior fencing is to be masonry, wood, or other building material approved by the Architectural Review Committee. Chain link fencing materials may not be used for perimeter fences on Lots, or, within Lots unless approved by the Architectural Review Committee and screened from view by Lot perimeter fences made from permitted materials.

Section 11. 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 intersecting street curb lines and a line connecting them at points twenty-five (25) feet from the intersection of the street Property lines or extensions thereof shall be placed, planted or permitted to remain on any corner Lots.

Section 12. Maintenance Required by Owner. Each Owner shall keep all Lots owned by him

and all improvements therein or thereon, in good order and repair, including but not limited to, the seeding, watering and mowing of all lawns, the pruning and cutting of all trees and shrubbery and the painting, (or other appropriate external care), of all buildings and other improvements, all in a manner and with such frequency as is consistent with safety and good Property management. The drying of clothes in full public view is prohibited and the Owners or occupants of any Lots at the intersection of streets or adjacent to parks, playgrounds or other facilities where the rear yard or portion of the Lot is visible to full public view shall construct and maintain a drying yard or other suitable enclosure to screen the following from public view the drying of clothes, yard equipment, wood piles or storage piles which are incident to the normal residential requirements of a typical family.

The Association or their agents, during normal business hours shall have the right (after 15 days written notice to the Owner of any Lot involved, setting forth the specific violation or breach of this covenant and the action required to be taken, and if at the end of such time reasonable steps to accomplish such action have not been taken by the Owner); to take the action(s) specified in the notice to remedy or abate said violation(s) or breach (es). The cost of such remedy or abatement will be paid as a Reimbursement Assessment to the Association upon demand and if not paid within ten (10) days thereof shall become a lien upon the Lot affected. The Association or its agent, shall further have the right, (upon like notice and conditions), to trim or prune, at the expense of the Owner any hedge, tree or any other planting that in the written opinion of the Association by reason of its location on the Lot (or its height) or the manner in which it is permitted to grow, is detrimental to the adjoining Lots or is unattractive in appearance, the lien provided under this Section 12 shall not be valid against a bona fide purchaser (or bona fide mortgagee) of the Lot in question unless a suit to enforce such lien shall have been filed in a court of record or notice thereof shall have been filed in the Official Public Records of Real Property of Galveston County, Texas , prior to the recordation in the Official Public Records of Real Property of Galveston County, Texas, of the deed, (or mortgage), conveying the Lot in question to such purchaser (or subjecting the same to such mortgage). In all other matters, this charge will constitute a lien retained against such Lot with the same force and effect as the lien for assessments set forth in this Declaration

Section 13. Signs, Advertisements, Billboards. Except for signs owned by Declarant or other builders advertising their homes during the period of original home construction and home sales, no signs (garage sales, party announcements, etc.), advertisement or billboard or advertising structure of any kind other than a normal "For Sale sign not to exceed five (5) square feet in total size may be erected or maintained on any Lot in the Subdivision. Declarant, or its assigns, and the Association will have the right to remove any such sign, advertisement or billboard or structure which is placed on said Lot and in so doing shall not be subject to any liability of trespass or other tort in connection therewith or arising from such removal.

Section 14. Roofing Material. Unless otherwise approved in writing in accordance With the last sentence of this Section, the roofing of all Buildings in the Subdivision shall be

laminated, fiberglass shingles with a minimum life of twenty (20) years. The color of these shingles shall approximate the look of weathered wood. All types of roofing materials must be approved in writing by the architectural review committed prior to installation or use.

Section 15. Maximum Height of Antennae. No electronic antenna or device of any type other than an antenna for receiving normal television signals shall be erected, constructed, placed or permitted to remain on any Lots,' houses or buildings constructed in the Subdivision.. Television antennae may be attached to the house; however, the antenna's location shall be restricted to the rear of the house or to the rear of the roof ridge line, gable or center line of the principal dwelling so as to be hidden from sight when viewed from the street.

Section 16. Underground Electric Service. Underground electric service shall be available to certain Lots at the sole discretion of Declarant and Texas-New Mexico Power Company. The Owner of such Lot shall at his own cost furnish, install, own and maintain (all in accordance with the requirements of local governing authorities and the National Electrical Code) the underground service cable and appurtenances from the point of the Electric Company I s metering of the customer's structure to the point of attachment to be designated by the Electric Company to Electric Company's installed transformers or energized secondary junction boxes. The Electric Company furnishing service shall make the necessary electric connections at said point of attachment and at the meter. In addition, the Owner of each Lot shall, at his own cost, furnish, install, own and maintain a meter loop (in accordance with the then current standards and specifications of the Electric Company furnishing service) for the location and installation of the meter of the Electric Company furnishing service to the residence constructed on such Owner's Lot. . For so long as underground service is maintained, the electric service to each Lot shall be uniform and exclusively of the type known as single phase 120-240 volt, 3-wire, 60 cycle alternating current.

Section 17. Sidewalks. Sidewalks shall be constructed on each Lot at the time the first house is built thereon. The Owner of such Lot shall build a concrete sidewalk at least four (4') feet wide and four (4") inches in depth, set back four (4') feet from the curb along and parallel to any street which is adjacent to such Lot. Corner Lots shall have sidewalks along both the front and side streets.

Section 18. Damage or Destruction of Improvements. Owners are bound and obligated through the purchase of a Lot to maintain all improvements thereon in a neat and habitable manner. In the event of damage to or destruction of any improvement, the Owner shall have the shorter of the" period permitted by applicable laws or sixty (60) days to begin repairing or demolishing the destroyed or damaged portion, and, once timely commenced, such repairs or demolition must be pursued diligently to completion. If, however, damage to the improvements is not covered by insurance, or if the Owner's claim is not approved by the Owner's insurance company or if the Owner decides not to restore the improvements at such time, then the Owner may apply for a "hardship" extension to the operation of-this restriction to be submitted to the Board within sixty (60) days from the date of such

destruction or damage. The Board shall rule on the Owner's application for a "hardship" extension within thirty (30) days from the date of submission. In no event shall the granting of a "hardship" extension in a particular case be deemed a waiver of the right to enforce this restriction thereafter. If a hardship extension is granted, the Owner thereafter immediately shall cause the damaged or destroyed improvement to be demolished and the Lot to be suitably landscaped, subject to the approval of the Architectural Committee, so as to present a pleasing and attractive appearance.

Section 19. Treatment Facilities. Except as shall be otherwise prohibited or authorized by State law, no Lot shall be used for the operation of a boarding or rooming house, a residence for transients, a "group home," "family home," "community home," "halfway house," day-care center, rehabilitation center, treatment facility, or residence of unrelated individuals who are engaging in, undertaking, or participating in any group living, rehabilitation, treatment, therapy, or training with respect to previous or continuing criminal activities or convictions, alleged criminal activities, alcohol or drug dependency, physical or mental handicaps or illness, or other similar matters.

Section 20. Dish Antennae. No electronic radio or television dish antennae or any other type of receiving or transmitting equipment shall be permitted on any Lot unless it is erected, placed, or mounted in such a manner that such antennae or other equipment are concealed completely from view from public or private streets or courtyards, and are otherwise acceptable to the Architectural Review Committee.

Section 21. Interference. No radio or television signals or any other form of electromagnetic radiation shall be permitted to originate from any Lot that unreasonably interferes with the reception of television or radio signals upon any other Lot .

Section 22. Sound Devices. No horns, whistles, bells, or other sound devices, except for security systems used exclusively to protect the dwelling unit, shall be placed or used on any Lot or Improvements. This paragraph shall not preclude the use of outdoor speakers for hi-fis, stereos, or radios if the sound level is maintained at a reasonably low level with respect to adjoining property.

Section 23. No Hazardous Activities. No activity shall be conducted on and no improvements shall be construed on any Property within the Subdivision that is or might be unsafe or hazardous to any person or Property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Property and no open fires shall be lighted or permitted on any Property except in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior or exterior fireplace.

Section 24. Restrictions on Garbage and Trash. No refuse, garbage, trash, lumber, grass, shrub or tree clippings, plant waste, compost, metal, bulk materials, scrap, refuse, or debris of any kind shall be kept, stored, or allowed to accumulate on any Lot except within an enclosed structure or appropriately screened from view, except that any such container may be placed in a designated area for garbage or trash pickup no earlier than 6:00 pm. on the

day preceding trash pickup of such garbage and trash and shall be returned to an enclosed structure or an area appropriately screened from view no later than 8:00 pm. on the day following the pickup of such garbage and trash.

ARTICLE VII. ARCHITECTURAL REVIEW

Section 1. Requirement. No exterior additions to or change in any structure may be made, and no building, outbuilding, fence, wall, room addition, residence, structure, antenna or other projection from a structure (whether of a temporary or permanent nature, and whether or not such structure shall be affixed to the ground) may be commenced, erected, maintained, improve or altered, nor may any grading, excavation, tree removal, landscaping, planting, change of exterior color or other work which in any way alters the exterior appearance of any Lot or improvement be done on any Lot owned by a Class A Member, (except such Lots as are owned by the Declarant), until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted in writing and approved in writing by the Board of Directors or Architectural Review Committee, as applicable, regarding (a) the harmony of its exterior design and location in relation to, and its effect upon, surrounding structures, vegetation, topography, and the overall community design of the Properties, (b) the type and quality of the exterior materials, (c) the quality of the exterior workmanship, and (d) compliance with the terms of the Declaration and guidelines adopted by the Declarant or Board of Directors and compliance with governmental rules, regulations and ordinances.

Section 2. Committee.- Subject to the provisions of Section 10 below, the Board of Directors of the Association may appoint an Architectural Review Committee (some-times herein referred to as the "Committee") to assist in performing the functions called for in this Article VII. The Board of Directors shall delegate to the Architectural Review Committee the responsibility set forth herein. The persons serving on the Architectural Review Committee or their successors may serve at the discretion of the Board of Directors of the Association. No person serving on the Architectural Review Committee shall be entitled to compensation for services performed pursuant to this Article VII. However, the Committee with the approval of the Board of Directors may employ one or more architects, engineers, attorneys, or other consultants to assist the Committee in carrying out its duties hereunder; and the Association shall pay such consultants for such services as they render to the Committee.

Section 3. Purpose. The Board of Directors (or the Architectural Review Committee if established by the Board of Directors) shall regulate the external design, appearance and location of the Properties and of improvements thereon in such a manner as (a) to promote those qualities in the environmental which bring value to the Properties and (b) to foster the attractiveness and functional utility of the community as a place to live, including a harmonious relationship among structures, vegetation and topography.

Section 4. Submission of Plans. All location plans or plot plans, as well as construction or design plans and specifications for Lots subject to this Article III shall be submitted on three (3) India-inked tracings or blueprints, all legends, captions and specifications being typed or legibly printed, with specifications on plain white paper sequentially numbered. Renderings on plans shall be in conformity with generally accepted architectural techniques. All plans, specifications, and architectural control forms submitted may be retained in the permanent files of the Architectural Review Committee.

Section 5. Inspection. The Committee or its duly authorized representative shall have the right to inspect any improvement constructed on a Lot before, during or after completion.

Section 6. Correction of Noncompliance. If the Board of Directors determines that a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date of receipt by the Owner of the ruling of the Board of Directors. If the Owner does not comply with the Board of Directors ruling within such period, the Board of Directors may, at its option, record a notice of noncompliance against the real Property on which the noncompliance exists, may remove the noncomplying improvement to Property, or otherwise may remedy the noncompliance (including, if applicable, completion of the improvement in question), and the Owner shall reimburse the Association, upon demand, for all expenses incurred therewith. If such expenses are not promptly repaid by the Owner to the Association, the Board of Directors may levy a Reimbursement Assessment for such costs and expenses against the Owner of the Lot in question. The rights of the Association to remedy or remove any noncompliance shall be in addition to all other rights and remedies that the Association may have at law, in equity, under this Declaration, or otherwise.

Section 7. No Implied Waiver or Estoppel. No action or failure to act by the Committee or by the Board of Directors shall constitute a waiver or estoppel with respect to future action by the Committee or the Board of Directors with respect to any improvement. Specifically, the approval by the Committee of any improvements to the Properties shall not be deemed a waiver of any right or an estoppel against withholding approval or consent for any similar improvement or any similar proposals, plans, specifications, or other materials submitted with respect to any other improvement by such person or otherwise.

Section 8. Power to Grant Variances. The Board, or if delegated by the Board, the Committee may authorize variances from compliance with any of the provisions of this Declaration, including, but not limited to, restrictions upon height, size, floor area, or placement of structures, the time for completion of construction of improvements, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic, environmental, or other relevant considerations may require. Such variances must be evidenced in writing and shall become effective when signed by at least a majority of the members of the Board or Committee if so delegated. If any such variance is granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted; provided, however, that the granting of a

variance shall not operate to waive any of the provisions of this Declaration for any' purpose except as to the particular Property and particular provision hereof covered by the variance, nor shall the granting of any variance affect the jurisdiction of the Board or Committee other than with respect to the subject matter of the variance, nor shall the granting of a variance affect in any way the Owner's obligation to comply with all " existing building codes, governmental laws and regulations affecting the Property concerned.

Section 9. Nonliability for Committee Action. No member of the Committee, any Committee representative, the Association, any member of the Board of Directors, or Declarant shall be liable for any loss, damage, or injury arising out of or in any way connected with the performance of the duties of the Committee, except to the extent caused by the willful misconduct or bad faith of the party to be held liable. In reviewing any matter, the committee shall not be responsible for reviewing, nor shall its approval of an improvement be deemed approval of, the improvement from the standpoint of safety, whether structural or otherwise, or conformance with this Declaration, building codes, or other governmental laws or regulations; provided, however, the Owner shall be obligated to construct any improvement in accordance with the requirements of all building codes, governmental laws and regulations, including, without limitation, the requirements of the City of Friendswood and Galveston County, Texas.

Section 10. Procedures. (a) Membership of the Architectural Review Committee shall consist of three (3) persons. Its officers shall consist of a Chairman and a Secretary, elected by majority vote of qualified and serving members of the Committee. The Committee may adopt and amend Bylaws from time to time for the governance of its meetings and internal operation consistent with this Declaration, by majority vote of the qualified and serving members. A majority of the Committee may designate a representative to sit for it. Such designation shall be recorded in the Minutes of the committee. In the event of the death, resignation, inability or refusal to serve of any member of the Committee, the Board of Directors shall designate a successor. In case a Committee vacancy occurs, it shall be the duty of the Board of Directors to immediately select a successor or successors. Neither the members of the Committee, nor its designated representative, if any, shall be entitled to any compensation for services performed pursuant to this covenant.

Notwithstanding anything contained in Section 2 of this Article VII or this Section 10 to the contrary, the Declarant shall have the continuing right to appoint all three members until the earlier of (a) the date the last Lot owned by Declarant is sold (except in connection with a conveyance to another party that is a successor as Declarant), or (b) such date as the Declarant elects to discontinue such right of appointment by written notice to the Board. Thereafter, the Board shall have "the right to appoint all members. Members of the Architectural Committee may but need not be members of the Association. "As "long" as the Declarant has the right to appoint members of the Committee, all Committee members appointed by the Declarant may be removed and replaced at any time by the Declarant. The Committee shall initially consist of the following representatives of Declarant: James R. Rex, Tony Stancik and Gene Atkinson. All submissions to the Committee shall be sent to the

following address unless and until termination of Declarant control of the Committee:

Falcon Ridge Architectural Review Committee

c/o Centex Real Estate Corporation

10303 N.W. Freeway, Suite 100

Houston , Texas 77092

(b) The Committee's approval or disapproval of plans and specifications as required in this Declaration shall be in writing and, if disapproved, shall specify the reasons for disapproval. In the event the Committee or its designated representative, if any, fails to approve or disapprove within thirty (30) days after full and complete plans and specifications have been submitted to it, or in any event, if no suit to enjoin the construction or remodeling has been filed in a court of competent jurisdiction prior to the completion thereof, approval will not be required and the requisite covenant shall be deemed to have been fully complied with; provided, however, that no such deemed approval shall operate to permit any Owner to construct or maintain any improvement that violates any provision of this Declaration or any applicable legal requirement, the Committee at all times retaining the right to object to any improvement that violates this Declaration or any applicable legal requirement.

(c) The following minimum construction standards shall apply to all structures in the Subdivision:

(1) The main residence shall be constructed of quality material in keeping with the wet weather conditions-of the Gulf Coast . The exterior of the main residence shall be of at least 50% brick, stone, glass or other masonry material (masonry material does not include concrete block as either an internal or external surface).

(2) Swimming pools constructed at any residence shall be to the rear of the residence and shall be enclosed by a fence with a minimum height of forty-eight (48) inches unless state law or local ordinance requires a fence of higher dimension. All accessible openings shall be closed by self-closing and latching gates.

(3) All private driveways shall be constructed of concrete, or other types of masonry material affixed together by concrete to be of a permanent nature. This includes all driving or parking areas connecting the garage to the main street. Specifications for driveways shall be submitted with building plans to the Architectural Review Committee, as hereinafter described, for approval.

The Architectural Review Committee may from time to time promulgate an outline of minimum acceptable construction standards; provided, however, that such outline will serve

as a minimum guideline and such Architectural Review Committee shall not be bound thereby. The front elevation of all homes must be at least 75% masonry, or other material approved by the Architectural Review Committee. The Architectural Review Committee may establish uniform Architectural Review Fees to cover the cost of reviewing plans and inspecting construction.

ARTICLE VIII. GENERAL PROVISIONS

Section 1. Enforcement. The Association, Declarant or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges and Rules and Regulations now or hereafter imposed by the provisions of this Declaration, including the right of the Association to recover reasonable attorney's fees in connection with the enforcement hereof. 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.

The Association shall first notify the Owner, in writing, of the violation of this Declaration which has occurred and provide said Owner a reasonable opportunity (not less than fifteen [15] days except in the case of an emergency) to remove or correct such violation. If, after being provided adequate notice and a reasonable time to cure the violation, the Owner shall fail or refuse to do so the Association may proceed with appropriate legal action or the self-help action authorized hereunder. If the violation is cured voluntarily or mandatorily after the Association has incurred any reasonable expenses for attorney's fees or other costs of pursuing the matter to completion, such Association expenses as are reasonably related to the resolution of the dispute, including, but, not limited to, fees for consultation, counseling, inspection and correspondence shall become a charge against the Lot to attach as a lien in the same manner as provided in Article IV hereof unless paid by the Owner on demand.

Section 2. Severability. Invalidation of anyone of these covenants or restrictions by judgment or court order shall in no wise affect any other provision which shall remain in full force and effect.

Section 3. Right to Entry; Enforcement by self Help. The Association shall have the right, in addition to and not in limitation of all the rights it may have under this Declaration, to enter upon any Lot, including any improvements located thereon, for emergency, security, or safety purposes, which right may be exercised by the Board of Directors, officers, agents, employees, managers, and all police officers, firefighters, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall be only during reasonable hours and after reasonable notice to the Owner or occupant of the Lot or Improvements.

In addition to any other remedies provided for herein, the Association or, its duly authorized agent shall have the power to enter upon any unauthorized improvements placed or constructed upon a Lot to abate or remove any such improvement, other structure, or thing or condition that violates this Declaration, the Bylaws, the Rules and Regulations, or any zoning laws. Unless an emergency situation exists, such self-help shall be preceded by a notice and a reasonable opportunity to cure the violation or default. 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 Reimbursement Assessments.

Section 4. Term and Amendment of this Declaration. Unless amended as provided herein, the covenants and restrictions of this Restated Declaration shall run with the Properties, for the term of twenty (20) years from date the original Declaration was recorded (January II, 1991), after which time they shall be automatically extended for successive periods of ten (10) years. This Restated Declaration may be amended in whole or in part during the first twenty (20) year period by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners and thereafter by an instrument signed by not less than sixty percent (60%) of the Lot Owners. Any amendment must be recorded to be effective.

Until the first Lot subject to this Restated Declaration has been conveyed by Declarant by deed recorded in the Official Records of Real Property of Galveston County, Texas, any of the provisions, covenants, conditions, restrictions, and equitable servitudes contained in this Restated Declaration may be amended or terminated by Declarant, without the joinder of any other Owner, by the recordation of a written instrument, executed by Declarant, setting forth such amendment or termination.

Declarant also reserves and shall have the continuing right until January 1, 1998, without the consent of other Owners or the representatives of any mortgagee, to amend this Restated Declaration or the Bylaws for the purpose of clarifying or resolving any ambiguities or conflicts herein, or correcting any inadvertent misstatements, errors, or omissions herein; provided, however, that no such amendment shall change the voting rights of the Declarant or other members, annexation rights of Declarant, any Owner's proportionate share of assessments, or the Property description of any Owner and such Owner's mortgagee who do not join in the execution of such correction instrument.

Section 5. Books and Records. The books, records and papers of the Association shall, during normal business hours on working days by appointment, be subject to inspection and copying (at a reasonable cost) by any member. The Articles of Incorporation, Bylaws of the Association and this Declaration shall be available for inspection during normal business hours on working days by appointment by any member at the principal office of the Association where copies may be purchased at a reasonable cost.

Section 6. Notices. Any notice permitted or required to be given under this Declaration shall be in writing and may be given either personally or by mail, telephone, or telecopy. If served

by mail, each notice shall be sent postage prepaid, certified mail if notice is sent pursuant to Article IV, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the Lot of such person if no address has been given to the Association and shall be deemed given, if not actually received earlier, at 5:00 pm. on the second business day after it is deposited in a regular depository of the United States Postal Service. Such address may be changed from time to time by notice in writing to the Association.

Section 7. Violations of Law. Any violation of any federal, state, municipal, or local law, ordinance, rule, or regulation, pertaining to the ownership, occupation, or use of any Property within the Subdivision hereby is declared to be a violation of this Restated Declaration and shall be subject to any and all of the enforcement procedures set forth in this Restated Declaration.

Section 8. Rules and Regulations. The Association may adopt, amend, repeal, and enforce rules and regulations ("Rules and Regulations"), including fines, levies, and enforcement provisions, as it deems necessary or desirable with respect to the interpretation and implementation of this Restated Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other Property within the Subdivision, including Lots. Any such Rules and Regulations shall be reasonable and uniformly applied (as to all Owners, if applicable, and to Owners of similarly restricted Lots). Such Rules and Regulations shall be effective only upon adoption by resolution of the Board of Directors. Notice of the adoption, amendment or repeal of any Rule and Regulation shall be given by depositing in the mail to each Owner. A copy of such Rule or Regulation shall be made available for inspection and copying for thirty (30) days after the date of adoption in the Association office, and copies of the currently effective Rules and Regulations shall be made available to each Member upon request and payment of the reasonable expense of copying the same. Each Member shall comply with such Rules and Regulations and shall see that persons claiming through such member comply with such Rules and Regulations. Such Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Restated Declaration. In the event of conflict between the Rules and Regulations and the provisions of this Restated Declaration, the provisions of this Restated Declaration shall prevail.

Section 9. Limitation on Liability. Neither the Association, the Board of Directors, Declarant, or any officer, agent, or employee of any of the same acting within the scope of their respective duties described in this Restated Declaration shall be liable to any person for any reason or for any failure to act if the action or failure to act was in good faith and without malice.

Section 10. Delay in Enforcement. No delay in enforcing the provisions of this Restated Declaration as to any breach or violation thereof shall impair, damage, or waive the right of any party entitled to enforce the same to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation thereof at any

later time or times.

Section 11. Annexation of Annexable Area. Additional Property restricted to single family residential dwellings and common Area within the Annexable Area may, at any time and from time to time, be annexed by the Declarant into the real Property which becomes subject to the jurisdiction and benefit of the Association and the Architectural Review Committee, without the consent of the Owners or any other party. The Owners of Lots in such annexed Property shall be entitled to the use and benefit of all Common Areas that are or may be subject to the jurisdiction of the Association and to the Recreational Parcel, if applicable, provided that such annexed Property is impressed with and subject to at least the assessments (annual assessments, special assessments and Reimbursement Assessments) imposed pursuant to this Restated Declaration and the Recreational Assessments, if applicable.

Section 12. Effect on Annexable Area. The provisions of this Restated Declaration do not impose any restrictions whatsoever or otherwise encumber the Annexable Area, unless and until portions of the Annexable Area are made subject to the jurisdiction of the Association by separate instrument executed by the Declarant or its successors and assigns, any other owners of any portion of the Annexable Area and any lienholders, which instrument is recorded in the Official Public Records of Real Property of Galveston County, Texas.

Section 13. Mortgagee Provisions. The following provisions are for the benefit of holders, insurers or guarantors of first mortgages recorded against Lots within the Properties, including but not limited to the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Governmental National Mortgage Association, the Federal National Mortgage Association or any similar entity ("Government Mortgage Agency"). The provisions of this Section 13 apply to both this Restated Declaration and to the Articles of Incorporation and Bylaws of the Association, notwithstanding any other provisions to the contrary contained therein.

(1) Notices of Action. An institutional holder, insurer, or guarantor of a first mortgage, who provides written request to the Association (such request to state the name and address of such holder, insurer, guarantor and the residence number, therefore, becoming an "eligible holder"), will be entitled to timely written notice of:

(A) any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Lot on which there is a first mortgage held, insured, or guaranteed by such eligible holder;

(B) any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first mortgage, upon request, is entitled to written notice from the Association of any default in the performance by an Owner of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days;

(C) any lapse, cancellation or material modification of any insurance policy maintained by the Association; or

(D) any proposed action which would require the consent of a specified percentage of eligible mortgagees.

(2) Special Governmental Mortgage Agency Provisions. So long as required by a Governmental Mortgage Agency, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least two-thirds (2/3) of the total Members of the Association entitled to vote thereon consent, the Association shall not:

(A) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

(B) change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner of a Lot ;

(C) by act or omission change, waive or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Residences; Lots and of the Common Area (The issuance and amendment of architectural standards, procedures, rules and regulations or use restrictions shall not constitute a change, waiver or abandonment within the meaning of this provision.);

(D) fail to maintain insurance as required by this Declaration; or

(E) use hazard insurance proceeds for any Common Area losses for other than the repair, replacement or reconstruction of such property.

(3) Right to. Pay Delinquent Charges. First mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

(4) No Priority. No provision of this Restated Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first mortgagee of any Lot in the cases of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

(5) Amendment by Board. Should any Governmental Mortgage Agency subsequently delete any of their respective requirements which necessitate the provisions of this Section or make any such requirements less stringent, the Board of Directors, without approval of the Owners, may cause an amendment to this Section to be recorded to reflect such changes

(6) Department of Veterans Affairs Approval. As long as the Declarant has an option unilaterally to subject property to this Restated Declaration as provided in Article VIII, Section 11, the following actions shall require the prior approval of the Department of Veterans Affairs (the "DVA") so long as the DVA is guaranteeing any mortgage in the Development: annexation of additional property to the Development, except for annexation by Declarant in accordance with Article VIII, Section 11, pursuant to a plan of annexation previously approved by the DVA dedication of Common Areas to any public entity; and material amendment of the Restated Declaration, Bylaws or Articles of Incorporation.

(7) Failure of Mortgagee to Respond. Any mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the mortgagee within thirty (30) days of the date of the Association's request.

(8) Association Books and Records. The Association shall make available to first mortgagees of Lots, and insurers or guarantors of any such first mortgage, current copies of this Restated Declaration and the Articles of Incorporation, Bylaws, rules and regulations, books, records and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances.

(9) Mortgagee Provision Re: Breach. A breach by an Owner of any of the covenants, conditions and restrictions contained herein shall not affect, impair, defeat or render invalid the lien, charges or encumbrance of any first mortgage. made for value which may then exist on any Lot; provided, however, that in the event of a foreclosure of any such first mortgage, or if the holder of the note secured by such first mortgage acquires title to a Lot in any manner whatsoever in satisfaction of the indebtedness, then the purchaser at the foreclosure sale or note holder acquiring title in lieu thereof shall, upon acquiring title, become subject to each and all of the covenants, conditions and restrictions contained herein, but' free from the effects of any breach occurring prior thereto.

(10) Professional Management. In the event that Declarant or the Association enters into any contract with any person or entity to provide management or maintenance services to the Project, such contract shall not exceed a reasonable term and shall provide that the Association shall have the right to terminate the contract for cause upon five (5) days written notice and without cause upon thirty (30) days written notice, without payment of a termination fee or penalty.