

DECLARATION OF RESERVATIONS, EASEMENTS, RESTRICTIONS, COVENANTS AND CONDITIONS FOR LAKE VILLAGE SUBDIVISION, SECTION ONE

THE STATE OF TEXAS

COUNTY OF GALVESTON

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This Declaration of Reservations, Easements, Restrictions, Covenants and Conditions for Lake Village Subdivision, Section One ("Declaration") is made as of the GM day of February, 2010, by HESGM, LLC, a Texas limited liability company, having its principal offices at 1051 Marina Bay Drive, Kemah, Texas 77565 ("Declarant").

WITNESSETH:

Declarant, is the sole owner of that certain property (the "Property") known as Lake Village Subdivision, Section One, a subdivision in the City of Kemah, Galveston County, Texas, as more fully shown on and according to the map or plat thereof recorded in the Plat Records of Galveston County, Texas, County Clerk's File No. 2009013553 (the "Subdivision Plat").

It is the desire of Declarant to place certain reservations, easements, restrictions, covenants and conditions upon and against the Property in order to establish a uniform plan for the development, improvement and sale of the Property and to insure the preservation of such uniform plan for the benefit of both the present and the future owners of the lots in the Property.

ARTICLE I. DEFINITIONS

Whenever used in this Declaration, the following words and phrases shall have the following stated meanings, unless expressly provided otherwise in this Declaration, or the context or use in this Declaration clearly requires otherwise.

- "Lot" shall mean and refer to an individual lot shown upon the Subdivision Plat, excluding the "Common Area" (as herein defined). "Lots" shall mean and refer to more than one individual Lot, but not necessarily to each and every Lot in the Property cumulatively. "Block" shall mean a group of Lots, as depicted on the Subdivision Plat.
- "Owner" shall mean and refer to the record owner, whether one or more persons, or entities, of fee simple title to a Lot, including purchasers and sellers under contracts for deed, but excluding those persons having an ownership interest merely as security for the performance of an obligation, and excluding those persons having any interest in the mineral estate.

- 1.3 "ACC" shall mean and refer to the Architectural Control Committee, its successors and assigns as provided for in Article IV below.
- 1.4 "Association" shall mean and refer to The Lake Village Property Owners Association, a Texas non-profit corporation, its successors and assigns as provided for in Article V below.
- 1.5 "Common Area" shall mean and refer to all areas in the Property, excepting only the Lots and the public roadways shown on the Subdivision Plat, but, and notwithstanding anything herein seemingly to the contrary, including: all parcels designated on the Subdivision Plat as Reserve; the area designated on the Subdivision Plat as the Lake; the private road which traverses Lots One (1) through Seven (7) in Block Three (3) as shown on the Subdivision Plat; and, all other real property as Declarant may, at any time or from time to time, acquire by purchase or otherwise and add and annex into the Property and declare as Common Area; subject, however, to the reservations, easements, restrictions, covenants and conditions applicable thereto by virtue of this Declaration, the Subdivision Plat, and any other matters applicable thereto of record in the Real Property Records. Common Area also includes any pipeline easements, drainage easements and utility easements not within Lots or the public roadways shown on the Subdivision Plat.
- 1.6 "Common Facilities" shall mean and refer to all existing and subsequently provided improvements upon or within the Common Area, excepting only those as may be expressly excluded herein. Also, in some instances, Common Facilities may consist of improvements for the use and benefit of Owners constructed on portions of one or more Lots or on acreage owned by Declarant (or Declarant and others) which has not been brought within the scheme of this Declaration. By way of illustration, Common Facilities may include, but not necessarily be limited to, the following: structures for recreation, storage or protection of equipment; fountains; statuary; sidewalks; gates; common driveways; landscaping; and, other similar and appurtenant improvements.
- 1.7 "Real Property Records" shall mean and refer to those records of the County Clerk in which conveyances of real property which are part of the Property are recorded. In the event that all or part of the Property is situated in one or more counties, "Real Property Records" shall mean and refer to the applicable records of the County Clerk for each county in which all or part of the Property is situated unless the context of the specific use of the term refers to only one such County Clerk.
- 1.8 "Board of Directors" shall mean and refer to the board of directors of the Association.
 - 1.9 "Lake" shall mean the area designated as "Lake" on the Subdivision Plat.

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ARTICLE II. RESERVATIONS, EXCEPTIONS AND DEDICATIONS

- 2.1 The Subdivision Plat dedicates for use as such, subject to the limitations set forth therein, the roadways and easements shown thereon, and the Subdivision Plat further establishes certain restrictions applicable to the Property, including, without limitation, certain minimum setback lines. All easements, dedications, limitations, restrictions and reservations shown on the Subdivision Plat are incorporated herein and made a part hereof as if fully set forth herein, and shall be construed as being adopted in each and every contract, deed and other instrument conveying or affecting all or part of the Property, including a leasehold or other possessory interest, whether or not specifically referred to therein. To the extent of any inconsistency between the Subdivision Plat and this Declaration, the Subdivision Plat shall prevail. To the extent of any inconsistency between: (i) the provisions of this Declaration or the matters reflected on the Subdivision Plat; and, (ii) the codes of any city or county in which any portion of the Property is located (the "Codes"), the Codes shall prevail.
- 2.2 Declarant further reserves the easements shown on the Subdivision Plat for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line or lines, water, gas, sewers, cable and any other utility Declarant sees fit to install in, across, over or under the Property. All or any portion of the rights reserved by Declarant in this Declaration, including, but not limited to, those specified in this Section 2.2, may be assigned to the Association.
- 2.3 Neither Declarant nor any utility company, nor their respective employees, agents, representatives, successors, assigns and contractors, using the easements shown on the Subdivision Plat or that may otherwise be granted or conveyed covering the Property or any portion thereof shall be liable for any damages done to the real property, or any structures, shrubbery, trees, flowers, other vegetation, or other property situated on the real property, encumbered by any of such easements.
- 2.4 It is expressly agreed and understood that the use of and title to any Lot or other parcel of real property within the Property shall be subject to an easement for roadways, drainage, water, gas, sewers, electric lighting, electric power, telegraph and telephone line or lines, cable and any other utility purposes Declarant sees fit to install in, across, over or under the Property as set forth in the Subdivision Plat, and no contract, deed or other instrument shall convey any interest in any pipes, lines, poles or conduits, or in any utility facility or appurtenances thereto constructed by or under Declarant or any utility company or easement owner, or their respective employees, agents, representatives, successors, assigns or contractors, in, across, over or under the real property affected thereby or any part thereof. The right to maintain, repair, sell, lease or otherwise convey same to any municipality or other governmental agency, any public service corporation or to any other party as hereby expressly reserved to Declarant.

ARTICLE III. USE RESTRICTIONS

- 3.1 <u>Land Use and Building Type</u> All Lots shall be used for single-family residential purposes only, and, except as otherwise provided in this Declaration, no building shall be erected, placed or permitted to remain on any Lot other than one single-family dwelling with a detached or attached garage capable of housing not less than two automobiles. As used herein, the term "single-family residential purposes" shall be construed to prohibit the use of Lots for mobile homes or duplex houses; and no Lot shall be used for any commercial or manufacturing purposes. Only new construction shall be erected or placed on any Lot, and no structure or other improvement of any kind shall ever be moved onto any Lot except for temporary structures as may be allowed under Section 3.7 below and outbuildings as may be allowed under Subsection 3.1(a) below. The following further specific restrictions and requirements shall apply to all Lots:
- (a) <u>Outbuildings</u>. One lawn storage building and one children's playhouse, each limited to a maximum height of eight feet (8') from ground to highest point of structure, may be erected or placed on a Lot.
- (b) Exterior Walls. Each residence on a Lot shall have one hundred percent (100%) stucco, stucco veneer, or equivalent masonry construction on its exterior wall area. Detached garages may have siding of a type and design approved by the ACC or the Designated Representative (as that term is defined below).
- (c) <u>Roof Materials</u>. The roof materials of all buildings on the Property must be approved in writing by the ACC prior to installation. The roof of all buildings on the Property shall be constructed or covered with asphalt composition shingles of 235 pound or heavier weight, or cement or clay tile.
- (d) <u>Air Conditioners</u>. No window, wall-type or rooftop heating or air conditioning equipment shall be erected, placed or permitted to remain on any Lot except that such equipment shall be permitted in the following instances: (1) in temporary structures as provided in Section 3.7 below; (2) in the wall of a garage (other than a garage wall facing the front property line); or, (3) if the equipment is completely hidden by fencing or landscaping.
- 3.2 <u>Minimum Square Footage Within Improvements</u>. Each residence located on Lots One (1) through Four (4) in Block One (1) shall contain a minimum of two thousand (2,000) square feet of livable area. Each other residence shall contain a minimum of one thousand five hundred square feet of livable area. As used herein, the term "livable area" shall be exclusive of garages, open porches and patios.
- 3.3 <u>Landscaping</u>. The Owner of, or builder on, each Lot shall, at a minimum and prior to completion of the construction of a residence thereon: (i) solid sod with grass the area between the residence and the abutting roadway(s); (ii) plant no less than two

- (2) palm trees at least four inches (4") in diameter between the residence and the abutting roadway(s); and, (iii) solid sod with St. Augustine grass the bank (the area from the Lake back to at least ten feet (10') of the Lot), and take such other measures as reasonably necessary to limit the erosion of the soil from the Lot into the Lake.
- building, children's playhouse or fence), sidewalk, walkway, improved pathway, deck, patio, driveway or other improvement shall be erected, placed or permitted to remain on any Lot unless and until the plans and specifications therefor are submitted to and approved by the ACC as provided in Article IV below. Every such improvement shall thereafter be erected or placed on the Lot, and thereafter maintained, in accordance with such plans and specifications. Each Owner may build one dock from the bank of that Owner's Lot out into the Lake. Each such dock may extend no more than twenty-five feet (25') from the high bank line of the Lot into the Lake. Otherwise, a dock will be considered to be an improvement to the Lot to which it is appurtenant, and will be subject to the remaining provisions of this Declaration, including this Section 3.4, pertaining to improvements on a Lot.
- 3.5 Location of the Improvements Upon the Lot. No building shall be located on any Lot nearer to either the front property line or the street side property line than the minimum building setback line shown on the Subdivision Plat, however, in no instance shall a building be located nearer to the front property line than twenty feet (20'). No part of the residence or garage on a Lot shall be located nearer than five feet (5') to an interior side property line. Each residence shall face toward the front of the Lot. For the purpose of this Section 3.5, the term "front property line" shall mean the property line of a Lot that is adjacent and contiguous to a roadway shown on the Subdivision Plat. Each Owner shall be responsible for ensuring that all state and federal rules and regulations regarding drainage and runoff are met on that Owner's Lot. The rear property line setback is five feet (5') from the high bank line for improvements other than docks, which, subject to the provisions of Section 3.4 of this Declarations, may extend into the Lake.
- 3.6 <u>Prohibition of Offensive Activities</u>. No obnoxious or offensive activity of any sort shall be permitted on the Property, nor shall anything be done on the Property which may be or become an annoyance or a nuisance.
- 3.7 <u>Use of Temporary Structures</u>. No structure of a temporary character, including but not limited to a trailer, tent, shack, sales and construction offices and storage area, model unit, sign, portable toilet facility or other outbuilding, shall be erected, placed or permitted to remain on any Lot, except for a limited amount of time in connection with the construction of a residence on that Lot, excepting a lawn storage building and children's playhouse erected or placed on a Lot in accordance with Subsection 3.1(a) above.
- 3.8 Storage of Automobiles, Boats, Trailers and Other Vehicles. No vehicle, with or without a motor, may be parked or stored on any Lot unless such vehicle is

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concealed from the public behind a fence or inside a garage on which the doors may be closed and secured, excepting only passenger automobiles, vans or trucks that are in operating condition, have current license plates and inspection stickers, are in daily use as passenger motor vehicles on the streets and highways of the State of Texas, do not exceed six feet six inches (6'6") in height, seven feet six inches (7'6") in width, and twenty-one feet (21') in length, and are parked in the driveway on such Lot. No trailer, boat, marine craft, hovercraft, aircraft, machinery or equipment of any kind may be parked or stored on any Lot unless such object is concealed from public view behind a fence or inside a garage on which the doors may be closed and secured. If a complaint is received about a violation of any part of this Section 3.8, the ACC will be the final authority on the matter. The foregoing shall not apply to any vehicle, trailer, machinery or equipment temporarily parked and in use for the erection, repair or maintenance of structures in the immediate vicinity.

- 3.9 <u>Animal Husbandry</u>. No animals of any kind shall be raised, bred or kept on any Lot excepting common household pets such as dogs, cats and other common household pets that are not raised, bred or kept for commercial purposes. Household pets must be confined inside a fenced area behind the residence. All animals shall be kept on the Owner's Lot, and must be on a leash or lead when away from the Lot. The Owner shall keep his/her Lot clean and free of pet debris, and shall take such action as necessary to keep pet debris on his/her Lot out of the Lake.
- 3.10 Walls, Fences, and Hedges. Except as otherwise provided in this Section 3.10, no fence, wall (other than a wall of a building) or hedge shall be more than six feet (6') in height, and any fence erected or maintained on a Lot within fifteen feet (15') of the rear high bank line on such Lot shall be of wrought iron so as not to block views of the Lake from adjoining Lots. All fences and walls (other than a wall of a building) shall be of cedar construction, wrought iron or such other materials as determined by the ACC to be of equal or better quality.
- 3.11 <u>Visual Obstruction at the Intersections of Public Streets</u>. No object that obstructs sight lines at elevations between two feet (2') and eight feet (8') above the roadways within the triangular area formed by the intersecting street property lines and a line connecting them at points ten feet (10') from the intersection of the street property lines or extension thereof shall be erected, placed or permitted to remain on any corner Lots.
- 3.12 <u>Vegetation</u>. All trees, shrubs and other vegetation, including grass and weeds, on a Lot shall at all times be cut, pruned and otherwise maintained in a neat, sanitary, healthful and attractive condition, and no Lot shall ever be used for storage of materials and equipment except for normal residential requirements or incident to construction of improvements thereon as permitted in this Declaration. The drying of clothes in public view is prohibited. Similarly, all yard equipment, wood piles and storage piles shall kept so as concealing them from view of roadways and adjoining and neighboring Lots. No Lot or other part of the Property shall be used or maintained as a dumping ground for garbage, trash, rubbish, or other waste, nor shall the accumulation

of garbage, trash, rubbish or other waste be permitted on any Lot. Equipment for the storage or disposal of garbage, trash, rubbish and other waste generated in the construction or alteration of improvements on a Lot may be placed upon such Lot (in appropriate containers) at the time construction is commenced and may be maintained thereon until the completion of the work, so long as the construction progresses without undue delay, at which time the garbage, trash, rubbish and other waste shall be removed from the Lot.

- 3.13 <u>Outside Fixtures and Visible Improvements</u>. No wind generator, electronic antenna, or device of any type other than an antenna or satellite dish for receiving normal television signals and/or FM signals shall be erected, placed or permitted to remain on any Lot, shall be erected, placed or permitted to remain on any Lot as a free-standing structure or be supported by any type of guy wires.
- 3.14 <u>Noise</u>. Except in an emergency or when unusual circumstances exist, outside construction work or noisy interior construction work shall be permitted only after 7:00 a.m. and before 9:00 p.m.
- 3.15 Violations of Article III. In the event of any violation of any provision of this Article III, such violation continuing or not having been eliminated for three (3) or more calendar days after written notice thereof from the Association has been sent by certified mail, return receipt requested, to the offending person or the Owner of the applicable Lot, or both, as the case may be, at the address(as) reflected in the Association's address records, Declarant, its employees, representatives, agents, successors, assigns and contractors, or any or all of them, may, without liability or further notice to anyone, enter upon such Lot and take such action as necessary to eliminate such violation, including, but not limited to, cutting, pruning or otherwise maintaining trees, shrubs and other vegetation; removing improvements and personal property of any type; and, doing any other thing necessary to secure compliance with the provisions hereof or otherwise to place said Lot in a neat, sanitary, healthful and attractive condition. The offending person and the Owner of the applicable Lot shall, jointly and severally, be liable for all costs of that work and shall pay all such costs within three (3) calendar days of the day on which charges therefor are sent to them. In addition to any other remedy available to Declarant under law to collect such amounts, any amounts not so paid, including costs and reasonable attorneys' fees, shall constitute and become a lien against the affected Lot without further action or notice, including the filing of any notice or other document in the Real Property Records, and such amounts shall be collectable, and such lien foreclosed upon, in the same manner as unpaid regular and special assessments as set forth in Section 5.6 below.
- 3.16 <u>Deviations in Restrictions</u>. The Declarant, in its sole and absolute discretion, may approve variations from the reservations, easements restrictions, covenants and conditions set forth in this Declaration where, in their sole and absolute judgment, any such variation will result in a more common beneficial use. Such approvals must be granted in writing.

- 3.17 <u>Grading and Drainage</u>. Each Lot must conform to an approved drainage plan. All roofs must have gutters designed to drain directly into the Lake in such a manner as to prevent, as much as practicable, soil erosion and or incidental damage to banks or personal or real property due to defective grading or draining measures. Owner will be responsible for any such damage. Owners shall be responsible for ensuring that all local, state and federal rules and regulations regarding drainage and runoff are met.
- 3.18 <u>Lake Restrictions and Usage</u>. No motorized boats of any type will be allowed on the Lake. Row boats, canoes, paddle boats, and similar type boats will be allowed. Fishing by Owners and guests (accompanied by an Owner) is allowed only on a catch and release basis. Swimming and boating type activity on the Lake is prohibited before 7:00 a.m. and after sunset in the evening. Boating, swimming, and fishing will be allowed on the entire Lake, as it is part of the Common Area, available to all Lot Owners, provided that, nothing herein is intended to allow the use of a dock appurtenant to a Lot by the Owners of other Lots (or their guests). The Lake may be used only for recreational purposes as provided hereinabove. The use of water out of the Lake for the purpose of irrigation or watering of Lots is expressly prohibited.
- 3.19 <u>Docks</u>. No dock shall protrude into the Lake more than twenty-five feet (25') from a Lot's high bank line. All docks must be maintained in a safe and tidy condition at all times. A drawing of all proposed docks must be approved by the ACC.
- 3.20 <u>Lake Insurance</u>. The Association may, but is not obligated to, maintain such insurance as it deems appropriate for the benefit of the Owners and users of the Property. However, each Owner should acquire such insurance as the Owner deems appropriate. Specifically, and without waiving the generality of the foregoing, each Owner is liable for all matters pertaining to a dock appurtenant to that Owner's Lot.
- 3.21 <u>Variances</u>. The ACC may grant variances from any of the architectural provisions of this Declaration or building guidelines, unless prohibited by governing provisions of this Declaration. No variance shall set a precedent, and other Lot Owners may not assume that a request by them for the same or similar type of variance will be granted. Granting or denying a variance is a decision based expressly on one unique set of circumstances and need not be duplicated for any other request.

ARTICLE IV.

4.1 <u>Architectural Control Committee</u>. The initial members of the ACC shall consist of Hugh E. Seeds and Steve G. McCree. Until the "Turnover Date" (herein defined), in the event of the death, resignation or removal of any initial or subsequent member of the ACC, Declarant shall have the power to appoint successor member(s) to the ACC. Any member of the ACC may be removed, with or without cause, by Declarant. The ACC may from time to time appoint a Designated Representative to act on its behalf. Any Designated Representative may be removed with or without cause by

the vote of a majority of the members of the ACC. The initial Designated Representative of the ACC shall be Hugh E. Seeds. After such time as there has been constructed on seventy-five percent (75%) or more of the Lots a completely habitable residence (the "Turnover Date"), all rights and powers of the Declarant with respect to the ACC shall be assigned to, and all duties and obligations of Declarant with respect to the ACC shall be assumed by, the Board of Directors, such assignment to be evidenced by an instrument executed and acknowledged by the members of the ACC or its Designated Representative and filed of record in the Real Property Records.

4.2 Approval of Building Plans. No structure (whether residence, garage, dock, lawn storage building, children's playhouse or fence) shall be erected, placed or permitted to remain on any Lot (or, as permitted by this Declaration into the Lake), or the outside thereof altered in any way, until the construction plans and specifications, and a plot plan showing the location of the structure, have been approved in writing by the ACC. A copy of the construction plans and specifications and a plot plan, together with such other documentation and information required by the ACC, the content and form of which as the ACC, in its sole and absolute discretion, deems appropriate, shall be submitted to the ACC or the Designated Representative for approval prior to commencement of work. In the event the ACC fails to approve or disapprove such plans and specifications within thirty (30) calendar days after the receipt of the required documents and information, approval will not be required and the requirements of this Section 4.2 will be deemed to have been fully satisfied as long as such improvement or alteration is completed in accordance with such plans and specifications and plot plan, and in compliance with this Declaration and any minimum construction standards of the ACC. Should any such work be commenced without complying with this Declaration, the Owner of the Lot on which such work has commenced shall, upon written demand of the ACC sent by certified mail, return receipt requested, to the street address of the applicable Lot, or to such other address of the Owner as on file with the Association, immediately cease all such work and submit to the ACC all of the foregoing plans and specifications, plot plan and other information and documentation required by the ACC within ten (10) calendar days of receipt of the foregoing written demand. If the ACC thereafter disapproves or otherwise does not approve of the proposed work within thirty (30) calendar days of receiving the required documents and information, or if any work is not completed in accordance with the plans and specifications and plot plan approved by the ACC and in compliance with this Declaration and any minimum construction standards of the ACC, whether or not construction began without such approval, all improvements that have been erected or placed, and all alternations made, on the Lot shall be removed and the Lot shall be restored to its condition immediately preceding commencement of such work. Upon any failure by the Owner to complete such removal and restoration work within thirty (30) calendar days of written demand by the ACC, the Association, its employees, representatives, agents, successors, assigns and contractors, or any or all of them, may, without liability or further notice to anyone, enter upon said Lot and perform such work, and the Owner shall be liable for all costs of that work and shall pay all such costs within three (3) calendar days of the charges therefor being sent to Owner. In addition to any other remedy available to the Association under law to collect such amounts, any amounts not so paid, including costs and reasonable

attorneys' fees, shall constitute and become a lien against the affected Lot without further action or notice, including filing of any notice or other document in the Real Property Records, and such amounts shall be collectable and such lien foreclosed upon in the same manner as unpaid regular and special assessments as set forth in Section 5.6 below. Notwithstanding anything in this Declaration to the contrary, the Association has the right to pursue all legal processes and remedies, including restraining orders and injunctions, to terminate or halt work in progress and to direct the immediate removal of any improvement that has been erected, placed or altered without approval of the ACC. The ACC shall have full and complete authority to approve or disapprove any improvement or alteration on any Lot, and its judgment shall be final. There shall be no right to appeal or in any way challenge or dispute any decisions or action of the ACC. The Association shall recover from an Owner all enforcement costs, including reasonable attorneys' fees, in any exercise by the Association of its foregoing rights so long as the Association is the prevailing party therein.

- 4.3 <u>Minimum Construction Standards</u>. The ACC may from time to time promulgate an outline of minimum acceptable construction standards, provided, however, such outline shall serve only as a minimum guideline and the ACC shall not be bound thereby or prohibited from imposing additional (even more stringent) requirements or adopting amendments thereto to relax, reduce or otherwise modify such standards form time to time.
- 4.4 Remodeling, Renovation and Redecoration of Exterior of Structures. No remodeling, renovation or redecoration of the exterior of any structure on a Lot which in any manner changes the visual appearance of such exterior (including but not limited to changing the color, appearance, texture or reflective character of any exterior surface) shall be allowed until the plans and specifications describing the work to be performed have been approved in writing by the ACC as provided in Section 4.2 above. Such remodeling, renovation or redecoration shall be deemed to constitute an alteration of the building subject to the provisions of this Article IV.

ARTICLE V. THE LAKE VILLAGE PROPERTY OWNERS ASSOCIATION

- 5.1 <u>Property Owner's Association</u>. There is hereby provided for the Property a property owner's association to be known as The Lake Village Property Owners Association, a non-profit corporation organized pursuant to the Texas Non-Profit Corporation Act. The Association shall be governed by the Texas Non-Profit Corporation Act and its Articles of Incorporation and By-laws, and shall have all such powers, rights and privileges allowed it under the Texas Non-Profit Corporation Act, its Articles of Incorporation and By-Laws, and that it may otherwise have under applicable law, including:
 - (1) adopt and amend by-laws:

- (2) adopt and amend budgets for revenues, expenditures and reserves, and assess and collect regular assessments and special assessments for common expenses from the Owners;
- (3) hire and terminate managing agents and other employees, agents and independent contractors;
- (4) institute, defend, intervene in, settle or compromise litigation or administrative proceedings on matters affecting the Property;
- (5) make contracts and incur liabilities relating to the operation of the Lake and the Association;
- (6) regulate the use, maintenance, repair, replacement, modification and appearance of the Property, including, but not necessarily limited to, the Lake and the road which traverses Lots One (1) through Seven (7) of Block Three (3) of the Property;
- (7) make additional improvements to be included as a part of the Common Facilities including, but not necessarily limited to, docks and street lights;
- (8) grant easements, leases, licenses and concessions through or over the Common Area;
- (9) impose and receive payments, fees or charges for the use, rental or operation of the Common Area and for any services provided to Owners;
- (10) impose interest, late charges and, if applicable, returned check charges for non-payment of regular assessments, special assessments and any other charges;
- (11) collect attorney's fees and costs incurred by the Association relating to violations of this Declaration or the Association's Articles of Incorporation, By-laws or other rules;
- (12) charge costs to an Owners' assessment account and collect the costs in any manner provided in this Declaration or under law for the collection of assessments;
- (13) adopt and amend rules regulating the collection of delinquent assessments and the application of payments;
- (14) impose reasonable charges for preparing, recording or copying this Declaration, any Supplemental Declaration, resale certificates or statements of unpaid assessments;

- (15) purchase insurance and fidelity bonds, including any increases therein, consistent with this Declaration and the Articles of Incorporation and By-Laws of the Association;
- (16) assess any regular and special assessments, including any increases therein, consistent with this Declaration and the Articles of Incorporation and By-Laws of the Association;
- (17) subject to the requirements of the Texas Non-Profit Corporation Act, indemnify a director or officer of the Association who was, is or may be made a named defendant or respondent in a proceeding because the person is or was a director;
- (18) exercise other powers conferred by this Declaration or the Articles of Incorporation and By-laws of the Association;
- (19) exercise other powers that may be exercised in this state by a corporation of the same type as the Association; and
- (20) exercise other powers necessary and proper for its governance and operation.
- 5.2 <u>Membership</u>. The membership of the Association consists of the Owners. Membership is mandatory and shall be appurtenant to, and may not be separated from, ownership of the Lot upon which such membership is based.
- 5.3 Voting. Owners shall consist of two classes. Class A members shall be all Owners except for Class B members. In the instance of Class A members, when more than one person is an Owner of a Lot, all of such Owners shall be members and the vote with respect to such Lot shall be exercised as the Owners of such Lot among themselves determine, but in no event shall there be more than one vote with respect to any one Lot. The sole Class B member shall be Declarant or its assigns, who shall be entitled to all votes for as long as there exists any Class B membership. The Class B membership shall cease and be converted to Class A membership on the happening of the earliest of the following events, (a) when at least seventy-five percent (75%) of the Lots are owned by someone other than Declarant; (b) thirty (30) years from the date this Declaration is recorded in the Real Property Records; or (c) such earlier date as the Class B member agrees thereto; except that the Class B membership and the concomitant exclusive voting rights by the Class B membership shall be reinstated upon each event of addition and annexations as provided in paragraph 7.1 below. Except as provided herein, the voting rights of the members shall be governed by the Articles of Incorporation and the By-laws of the Association as may be amended from time to time.
- 5.4 Address Records. Each Owner is required to provide the Association with proper mailing information should it differ from the street address of the Lot owned, and shall also provide the Association with the name of any tenant(s) or property

management agent(s) concerning the Lot owned by such Owner. Each Owner has the obligation to ensure that all such information maintained by the Association is current at all times.

- 5.5 <u>By-Laws</u>. The Association may make and establish such rules and by-laws as it may choose to govern the organization and administration of the Association; provided, however, that such rules and by-laws are not in conflict with the terms and provisions hereof.
- 5.6 Assessments. Each Lot shall be assessed, and the Owners thereof shall pay, an annual maintenance charge to be used by the Association for the benefit of the Property. The Board of Directors shall determine the amount of such regular assessment annually upon majority vote of the Board of Directors, and shall specify the date on which such regular assessment is to be paid. All such assessments shall be paid in advance and in accordance with the schedule set by the Board of Directors. Additionally, upon the affirmative vote of a majority of the Board of Directors, each Lot may be assessed, and the Owners thereof shall pay, a special assessment for the purpose of paying for capital improvements to the Common Area and Common Facilities that are incurred or will be incurred by the Association during the fiscal year. A special assessment may be assessed before or after the Association incurs the capital improvements cost. The Board of Directors shall specify the date on which such special assessment is to be paid. Notwithstanding the foregoing, however, in no event shall Declarant or any designated builder be subject to paying any regular or special assessment on any Lot, nor shall any Lot be subject to a regular or special assessment for any period of time while owned by Declarant or any designated builder. A Lot shall first, and at all times thereafter, be subject to assessment for the foregoing regular and special assessments at such time as legal title thereto has been conveyed by a designated builder. The regular assessment for the year in which such Lot is first conveyed shall be the amount to which the Lot would otherwise be subject for a regular assessment for that year, but prorated for the remainder of such year commencing on the date of such conveyance. In the event payment for any regular or special assessment is not received by the Association in accordance with the schedule set by the Board of Directors, the Association may exercise any and all rights and remedies available under law to collect such amount and, so long as it is the prevailing party, have and recover interest, costs and reasonable attorneys' fees in addition to the amount of the claim. Additionally, in the event payment for any regular or special assessment is not received by the Association in accordance with the schedule set by the Board of Directors, any amounts not so paid, including interest, late charges, costs and reasonable attorneys' fees, shall constitute and become a lien against the Lot upon which the assessment was assessed without further action or notice, including filing of any notice or other document in the Real Property Records. The Association shall have the right to foreclose such lien in accordance with the provisions under law for nonjudicial foreclosure of a deed of trust on real property, and by this Declaration each Owner hereby grants to the Association a power of sale to sell such Owner's Lot and all of the Owners' right, title and interest therein for the purpose of effecting such right of

- sale. Each Owner agrees that the Association shall have the right to designate the trustee, substitute trustee, or other person who shall conduct such sale.
- 5.7 <u>Limited, Subordination or Purchase Money Mortgage(s)</u>. Notwithstanding the provisions of this Article V to the contrary, the foregoing lien for unpaid assessments on a Lot shall be subordinated to the lien of any purchase money mortgages on or purchase money security interests in such Lot.

ARTICLE VI. PROPERTY RIGHTS

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

ARTICLE VII. ADDITION TO AND ANNEXATION OF PROPERTY

- 7.1 Right to Add and Annex Property. Declarant shall, during the initial term of this Declaration, have the right to add and annex additional real property into the boundaries of the property covered by this Declaration, thereby subjecting such additional property to the provisions of this Declaration and the authority of the Association and the ACC and entitling the additional property and the Owners thereof to the rights and privileges of this Declaration, the Association, and the ACC. Such right to add and annex real property may be exercised by Declarant as Declarant desires, acting in its sole and absolute discretion. Any such addition and annexation shall not require the consent of any of the members or directors of the Association, and each such addition and annexation, regardless of number of Lots involved or the frequency of request, shall be approved and completed by the Board of Directors upon the written request of Declarant. There is no limit on the number or frequency of such additions and annexations. The Association, ACC, and all Owners of Lots in the Property authorize Declarant to undertake all actions necessary to accomplish every such addition and annexation, including executing any and all documents necessary to reflect every such addition and annexation and filing such documents in the Real Property Records, and further grant Declarant a power of attorney for the purpose of authorizing and approving every such addition and annexation and undertaking such actions as may be necessary to effect every such addition and authorization.
- 7.2 <u>Lake as Detention Pond</u>. Declarant has the right to use the Lake as a detention pond for the development of the five-acre tract adjacent to and northeast of the Lake.

ARTICLE VIII. GENERAL PROVISIONS

- 8.1 <u>Term</u>. The covenants and restrictions of this Declaration shall run with and bind all land subject hereto, and shall inure to the benefit of and be enforceable by Declarant, ACC, the Association and the Owner of any such land or such Owner's legal representative, heirs, successors and assigns, as the case may be, for an initial term of thirty (30) years from the date this Declaration is recorded in the Real Property Records.
- 8.2 No Liability. Neither Declarant nor their employees, agents, representatives, successors, assigns or contractors, nor the ACC, its members or the Designated Representative, or any or all of them, shall be liable to any Owner or any other person for any loss, claim or demand asserted on account of the enactment or administration of this Declaration, the performance of any rights or duties hereunder, or for any failure or defect in such enactment, administration or performance. This Declaration can be altered or amended only as provided herein, and no person is authorized to grant exceptions or make representations contrary to the spirit and intent of this Declaration. No approval of plans and specifications, and no publication of minimum construction standards, shall ever be construed as representing that such plans, specifications or standards will, if followed, result in a properly designed residence, garage or other Such approvals and standards shall in no event be construed as improvement. representing or guaranteeing any residence, garage or other improvement will be built in a good and workmanlike manner. The acceptance of a deed to a Lot shall be deemed a covenant and agreement on the part of the Owner and the Owner's heirs, representatives, executors, successors and assigns that Declarant and their employees, agents, representatives, successors, assigns and contractors, the ACC, its members and the Designated Representative, and any and all of them, shall have no liability to anyone for any reason by, under or by reason of this Declaration.
- 8.3 Waiver, Termination, Addition and Modification. Except for rights provided to Declarant in this Declaration, the provisions of this Declaration may, during the initial term of this Declaration, be (a) waived or terminated only by an instrument executed by the then-Owners of seventy-five percent (75%) of all the Lots and properly recorded in the Real Property Records, and (b) added to or modified only by an instrument executed by the then-Owners of seventy-five percent (75%) of all the Lots and properly recorded in the Real Property Records. Upon the expiration of such initial term, unless terminated as below provided, said covenants and restrictions and the enforcement rights relative thereto shall be automatically extended for successive periods of ten (10) years each. During any such ten-year automatic extension periods, the provisions of this Declaration may be: (a) waived or terminated only by an instrument executed by the then-Owners of not less than fifty percent (50%) of all the Lots and properly recorded in the Real Property Records and (b) added to or modified only by an instrument executed by the then-Owners of not less than seventy-four percent (74%) of all the Lots and properly recorded in the Real Property Records. Notwithstanding anything to the contrary in this Declaration, the Board of Directors may amend this Declaration or waive any provisions of this Declaration for the limited purpose of

- complying with U.S. Department of Housing and Urban Development and U.S. Department of Veterans Affairs requirements for the subdivision of property to qualify for insured or guaranteed mortgage loans. Any such amendment must indicate that it is being adopted therefor, be signed by a majority of the members of the Board of Directors, and be filed in the Real Property Records.
- 8.4 Enforcement. Declarant, the Association, and each Owner shall have the right to enforce all reservations, easements, restrictions, covenants and conditions now or hereafter imposed by the provisions of this Declaration, and in connection therewith shall be entitled to recover all reasonable costs and attorneys' fees. Failure to enforce any provision hereof shall in no event be deemed a waiver of the right to do so thereafter. It is hereby stipulated that any violation or threatened violation of this Declaration, or any failure or refusal, or threatened failure or refusal, to comply with the terms and provisions of this Declaration, will result in irreparable harm to Declarant, the ACC, the Association and each Owner, and that injunctive relief is appropriate and should be granted to prevent further violations and threatened violations and further failure or refusal, and threatened failure and refusal, to comply with the terms and provisions hereof. Thus, the reservations, easements, restrictions, covenants and conditions of this Declaration may be enforced both by an action for damages and by injunctive and other equitable relief, including but not limited to restraining orders and mandatory and prohibitory injunctions, upon proof of the existence of any violation or threatened violation.
- 8.5 <u>Severability</u>. Invalidation of any one provision of this Declaration shall in no way affect any other provision of this Declaration, all of which provisions shall remain in full force and effect.
- 8.6 <u>Interpretation</u>. If this Declaration, or any word, clause, sentence, paragraph or other part hereof, shall be susceptible of conflicting interpretations, then the interpretation which is most nearly in accord with the general purposes and objectives of this Declaration shall govern, and this Declaration may be corrected or clarified by Declarant to eliminate such conflicting interpretation.
- 8.7 <u>Omissions</u>. If any punctuation, word, clause, sentence or provision necessary to give meaning, validity or effect to any other word, clause, sentence or provision appearing in this Declaration shall be omitted herefrom, then it is hereby declared that such omission as unintentional and that the omitted punctuation, word, clause, sentence or provision shall be supplied by inference.

EXECUTED this 9th day of February, 2010.

DECLARANT:

HESGM, LLC, a Texas limited liability company

Hugh F Seeds Member

Steve G. McCroo Mombos

Acknowledgment

STATE OF TEXAS

8

COUNTY OF HARRIS

8

This instrument was acknowledged before me on the day of Fobruary 2010 by Hugh E. Seeds, Member of HESGM, LLC, a Texas limited liability company, on behalf of said company.

DONNA R. SELF
Notary Public
State of Texas
Comm. Expires 09-24-2011

Notary Public, in and for the

State of Texas

My Commission Expires: 4-24-2011

Acknowledgment

STATE OF TEXAS

COUNTY OF HARRIS

Galveston

This instrument was acknowledged before me on the given day of february, 2010 by Steve G. McCree, Member of HESGM, LLC, a Texas limited liability company, on behalf of said company.

DONNA R. SELF

Notary Public

State of Texas

Comm. Expires 09-24-2011

Notary Public, in and for the

State of Texas

My Commission Expires: 4-14-2011

AFTER RECORDING, RETURN TO:

HEGSM, LLC 1051 Marina Bay Drive Kemah, Texas 77565

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

2010006086

February 09, 2010 01:57:01 PM

FEE: \$84.00

Mary Ann Daigle, County Clerk Galveston County, TEXAS