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DECLARATION OF COVENANTS

THE STATE OF TEXAS            X  
COUNTY OF JEFFERSON         X

On this 15th day of March, 1982, North West Forest Joint Venture, a joint venture of Sabine Investment Company of Texas, Inc. and Lumbermen's Investment Corporation, herein called "Developer", hereby declares that the land described below shall be held, transferred, sold, conveyed and occupied subject to the following covenants, conditions, restrictions, easements, charges and liens, herein called "Covenants", by specifying and agreeing that this Declaration and the provisions hereof shall be and do constitute covenants to run with the land and shall be binding upon Developer, its successors and assigns, and all subsequent owners of each lot; and the owners, by their acceptance of their deeds, for themselves, their heirs, executors, administrators, successors and assigns, covenant and agree to abide by the terms and conditions of this Declaration:



## 1. LAND

Developer is the owner of Lots 7, 8, 18, 20, 21, 30, 31, 32, 33, 34, 40, 41, 44, 45, 46, and 47, Block 1 and Lots 6, 7, 8, 9, 10, 20, 21, 22, 23, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, and 38, Block 2 of North West Forest Village 1, Phase 1, Section 1, according to the Plat of such subdivision of record in Volume 12, Page 86, Map Records of Jefferson County, Texas, to which Plat and its record reference is here made for all purposes. Developer plans to create a residential community by selling the lots for the construction of single-family residence, duplex dwellings, townhouse-patio dwellings, planned unit developments, apartments and commercial buildings, pursuant to the Declaration of Restrictions and this Declaration of Covenants. The above described property will be subject to these Covenants as well as such additional property as may be brought under these Covenants by the Developer, its successors or assigns. Any other lot in the above referenced subdivision may be made subject

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to these Covenants at the election of the owner of such lots. Before such additional property is subject to these Covenants, an instrument in writing executed by the owner of the property in question must be placed of record in the Deed Records of Jefferson County, Texas, manifesting the intent to subject the additional property to these Covenants. The subjection of any lot by its owner to these Covenants shall survive future changes of ownership and shall be a covenant running with the land.

## 2. PURPOSE

The purpose of these covenants is to provide a method and agency to develop and maintain such parks, open spaces and other common areas and facilities as may be owned or controlled by the Association (as hereinafter defined) and to furnish services to the residential community for its common safety, welfare, health and recreation.

## 3. ASSOCIATION

Developer shall organize Northwest Forest Improvement Association (herein called "Association"), which shall be the agency to own

and improve any properties that may be conveyed to it for the common use of the community and its homeowners (herein called "Common Property"), to maintain any property dedicated to the public within the subdivision which is not, in the opinion of the Governing Body of the Association, being suitably maintained by a public entity, and to provide the services enumerated herein, and in general to carry out these covenants.

3.1 Organization. The Association may operate as an unincorporated association or the Association may be incorporated as a non-profit corporation, all at the sole discretion of the governing body of the Association.

3.2 Initial Governing Body. The initial governing body of the Association will be Horace G. Stubblefield, Jr., Rayford A. Faircloth, Jay Dalbey and Kenneth M. Jastrow, II. In the event of

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the death, resignation or refusal of any of the governing body to act, the remaining member/s of the governing body shall appoint a replacement for such member of the governing body who has died, resigned or refuses to act. If the Association is incorporated as a non-profit corporation the governing body shall be the directors of such corporation.

3.3 Powers of Governing body.

(a) Ownership of Property. If the Association is not incorporated, any property acquired by the Association will be acquired by the governing body as trustees for the Association. If the Association is incorporated, ownership of all property will be in the name of the corporation.

(b) Other Powers. The governing body shall have such other powers including the establishment of rules and by-laws for the operation of the Association, as the governing body may deem necessary or convenient to carry out the purpose of the Association.

(c) Insurance. The governing body shall have the right to purchase such insurance as the governing body deems necessary or desirable to protect the assets of the Association and to protect the members of the Association and/or the Governing Body from liability resulting from personal injuries or death.

4. MEMBERSHIP

The owner or owners of each lot, or any interest therein to which this Declaration applies shall be a member of the Association. Ownership shall be evidenced by owners of record, or evidence of ownership submitted to and satisfactory to the Association. The membership shall be appurtenant to and may not be separated from such ownership of any lot. Such ownership of a lot shall be the sole qualification for being a member of the Association.

5. VOTING

The Association shall have five classes of voting membership:

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(a) Class A Members shall be the owners of lots on which single family, patio or townhouse residences are to be or have been constructed. Class A members shall be entitled to one vote for each lot owned or, once a living unit or units have been readied for occupancy, one vote for each living unit occupied or ready for occupancy. When more than one person owns a lot or living unit, all are members of the Association and the one vote for each lot shall be cast as the owners determine among themselves.

(b) Class B Members shall be owners of a lot on which a duplex dwelling is to be or has been constructed. Class B members shall be entitled to one vote for each lot owned. When more than one person owns a lot, all are members of the Association and one vote for such lot shall be cast as the owners determine among themselves.

(c) Class C Members shall be the owners of commercial properties which have become subject to this Declaration of Covenants. Class C members shall be entitled to one vote for each building used for commercial purposes, up to 10,000 square feet under enclosed roof, and one additional vote for each additional 5,000 square feet or any part thereof, in the same structure under enclosed roof. When more than one person owns a building or structure, all owners shall be considered members of the Association and the votes allocable to the building or structures shall be cast as the owners determine among themselves. Class C Members shall not vote until such time as

a commercial building is constructed and ready for occupancy.

(d) Class D Members shall be the owners of a lot or portion thereof which has become subject to this Declaration of Covenants on which an apartment unit or units have actually been constructed and occupied. The Class D member shall be entitled to one whole vote for each four apartment units constructed and occupied at the time of such vote and no fractions of votes. When more than one person owns such units, all are members of the Association and one vote for each four units shall be cast as the owners determine among themselves.

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(e) Class E Members shall be the Developer. The Class E Member shall be entitled to four (4) votes for each platted lot owned by Developer in the above described subdivision or in any other subdivision made subject to these Declaration of Covenants. In addition, if Developer shall subject additional adjacent (but not necessarily contiguous) property to the terms of this Declaration of Covenants but such land has not been subdivided or platted, Developer shall be entitled to four (4) votes for each acre of such land so added.

#### 6. EASEMENTS

(a) Member's Easements of Enjoyment. Subject to the terms hereof, every member shall have a non-exclusive right and easement of enjoyment in and to the Common Property which shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

(1) The right of the Association to charge reasonable admission and other fees for the use of any recreational facilities situated upon the Common Property;

(2) The right of the Association to suspend the voting rights and the right to use the recreational facilities by a member for any period during which any assessment against his lot or unit remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(3) The right of the Association to dedicate or transfer all or any part of the Common Property to any public agency, authority or utility for the purposes and subject to the conditions as may be agreed to by the Governing Body.

(b) Delegation of Use. Any member may delegate, in accordance with rules and regulations as may be established by the Association, his right of enjoyment to the Common Property and facilities to the members of his family, tenants, or contract purchasers who reside on the property. Provided, however, neither Class C or D Members nor their tenants may use the recreational facilities.

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#### 7. ASSESSMENTS

(a) Obligation. Developer, for all lots owned, and each other owner of a lot or living unit subject hereto, by acceptance of a deed therefor hereby covenants and agrees to pay the Association such (i) annual assessments, and, (ii) capital assessments as are fixed and established as provided herein. The assessments, together with interest as herein specified and cost of collection shall be the personal obligation of the record owner of a lot or unit at the time the assessments become due and shall be a charge on the lot or unit constituting a lien thereon.

(b) Purpose. The assessments shall be used exclusively to promote the recreation, health, safety and welfare of the lot and unit owners and, in particular, to acquire, improve and maintain common properties and facilities and to provide essential services, including without limitation improving and maintaining recreation facilities, parks, parkways, esplanades, gates, walls, fences and streets, caring for vacant lots, providing security, and providing such services as in the Governing Body's opinion are needed to maintain the subdivision as a first-class residential community; paying of legal and other expenses incurred in connection with the collection, enforcement and administration of assessments; enforcing of all covenants and restrictions for the subdivision. Provided, however, neither the Developer, its successors or assigns, the Governing Body nor the Association shall be liable should the services provided by the Association fail to meet the expectations of any lot owner. Further, if security service is provided, there is no warranty or representation by the Developer, its successors or assigns, the Governing Body or the Association that such security service will prevent bodily injury or death or prevent the loss or destruction of property. Developer, its successors and assigns, the Governing Body and the Association shall not be liable for any injury to persons or property

or liable for any diminished property value as a result of providing or not providing any particular service.

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(c) Basic Annual Assessment. The total basic annual assessment for each year shall be set by the Governing Body of the Association, based on the estimated costs of performing such of the services set forth in Sub-paragraph (b) above as the Governing Body, shall in its discretion, determine to provide during the coming year to the property subject to these Covenants. For purposes of this paragraph, all property subject to these Covenants shall be considered as being one of five types of properties listed as follows:

(i) Type A being lots on which single-family, patio or townhouse residences are to be or have been constructed;

(ii) Type B being lots on which a duplex is to be or has been constructed;

(iii) Type C being land restricted in their use to commercial purposes; and,

(iv) Type D being land or portions thereof which are restricted in their use to apartment sites;

(v) Type E being unplatted acreage that has been made subject to these Covenants.

The total estimated cost shall be allocated to the property of each type as provided in (f) below. The amount thus estimated and allocated shall be the basic annual assessment. The estimated total cost shall be allocated among the different types of properties based upon the estimate of the Governing Body as to the cost of providing the services to the property within each type and a determination by such Governing Body as to the benefit conferred on the property in each type by the services to be rendered. After the allocation is made by the Governing Body, any aggrieved owner may, within thirty (30) days thereafter, appeal such allocation to the District Court of Jefferson County, Texas, and the standard on appeal shall be whether or not the allocation is arbitrary, unreasonable or capricious. Pending any such appeal, the allocation shall stand and payment shall be based thereon. If it should appear that the basic annual assessment estimated by the Governing Body is insufficient to cover the cost of the services to be rendered, the Governing Body may increase such assessment by an amount up to 10% thereof at any time after July 1 of a year, without approval of the members.

(d) Special Annual Assessment. A special annual assessment may be made for services in addition to those set forth under Sub-paragraph (b) above which are provided solely to property of one particular type and not to all property subject to these Covenants. This assessment shall be made only if and when owners, including the Developer, possessing 2/3 of the votes allocated to owners of the type of property requesting the special assessment, petition the Association to provide a particular service and have agreed to pay the resulting special annual assessment; and the Governing Body has agreed to provide such service. When these conditions are met, the Governing Body shall estimate the cost of providing such service for the coming year and allocate the cost among the owners of the type of property receiving such service. In the event that the estimate by the Governing Body is insufficient to cover the cost of the services to be rendered, the Governing Body may increase such special assessment by an amount up to 10% thereof at any time after July 1 of a year, without approval of the members subject to such special assessment. The special annual assessment shall be borne only by the property owners receiving such additional service.

(e) Overpayment. Any overpayment of the basic annual assessment or of any special annual assessment shall be retained by the Association to be applied against the following year's operating expense.

(f) Allocation of Assessment. The basic annual assessment and any special annual assessment will be paid, by each owner, on the lots and/or units thereon owned by him. No assessments will be due until Developer has completed development of 86 residential lots, at which time recreational facilities will be constructed. Subject to adjustment as hereinafter specified, the basic annual assessment and any special annual assessment shall be divided among the owners of a particular type of property on the following basis:



- (1) Type A - Lots restricted to single family, patio or townhouse residence.

All single-family residence lots without completed, occupied improvements as of January 1 of a year shall bear an annual charge not in excess of 1/2 the charge for an improved lot and all single-family lots with completed improvements as of January 1 shall bear the balance of the assessment equally, except that the charge shall not exceed four times the charge for an unimproved lot.

- (2) Type B - Lots restricted to duplex residences

All land in this category without completed, occupied improvements as of January 1 of a year shall bear an annual charge not in excess of 1/2 the charge for a completed living unit for each lot; completed living units shall bear the balance of the assessment within the type on a per living unit basis equally, except that the charge shall not exceed four times the charge for an unimproved lot.

- (3) Type C - Property restricted to commercial development

All land of this type without completed, occupied improvements as of January 1 of a year shall bear an annual charge equal to the Type A unimproved lot assessment for each 10,000 square feet of area or fraction thereof; commercial property with completed improvements as of January 1 of a year shall bear an assessment equal to the Type A improved lot assessment for each 5,000 square feet under air conditioning.

- (4) Type D - Property restricted to apartment use

All land of this type without completed, occupied improvements as of January 1 of a year shall bear an annual charge equal to the Type A unimproved lot assessment for each 10,000 square feet of area or fraction thereof; all land of this type with completed, occupied improvements shall bear an assessment equal to one Type A improved lot assessment for each four (4) living units.

- (5) Type E - Unplatted acreage

All land of this type shall bear a charge, for each full acre, equal to the Type A unimproved lot assessment.

For the purposes hereof, lots platted of record and owned by Developer shall be considered to be a part of the type to which it would otherwise belong and shall bear its appropriate charge as other land in the same category, except that Developer's charges shall be assessed on property in Developer's inventory and subject to these Covenants at the end of each calendar year.

For purposes of allocating assessments between unimproved and improved tracts of a particular type, it is expressly understood that after the initial completion and occupancy, occasional vacancies shall not be considered in the determination of the amount of assessment due.

(g) Capital Assessments. In addition to annual assessments, the Association may levy a capital assessment for capital improvements to the Common Property which are approved by members of the Association possessing a majority of the votes.

(h) Due Date. An individual lot owner's liability for the annual assessments shall commence upon the date of conveyance to such lot owner of any property subject to such assessment. The annual assessment then accruing shall be prorated for the number of complete months remaining in the balance of the calendar year in which such conveyance is made and shall become due on the date of the conveyance. Should any lot owner, other than the Developer, elect to subject his lot to these covenants, liability for annual assessments will commence upon the date such lot is subjected to these Covenants. The annual assessment in effect for the year in which such lot is subjected to these covenants shall be prorated for the balance of the calendar year and the amount of such assessments shall be due and payable in accordance with the rules established by the Governing Body. Commencing January 1 of the year following the year in which these Covenants are placed of record, the assessment shall be made as of January 1 of a year on a calendar year basis and shall be paid in accordance with the rules established by the Governing Body. Capital assessments shall be due and payable thirty (30) days after notice thereof is given by the Governing Body or the Association.

(i) Change in Assessments. The Governing Body may change the specified amount and the manner of calculating assessments, without regard to the limitations of sub-paragraph (f) above, upon the favorable vote of a majority of the votes cast by the members of the Association present and voting at an annual or special meeting if notice of such change has been given in connection with the notice of the meeting.

(j) Non-Payment of Assessment. An assessment is the personal obligation of the owner of the land or unit at the time the assessment becomes due and payable and shall become a continuing lien on the land or unit, which shall bind such property in the hands of the then owner, his heirs, devisees, personal representatives, and assigns. The personal obligation of the owner shall not pass to his successors in title unless expressly assumed, but such transfer shall not extinguish the lien. All unpaid assessments shall bear interest

from due date at the rate of 10% per annum, and if the Association refers an unpaid assessment to an attorney for collection purposes, there shall be added the cost of collection, to include Court costs and a reasonable attorney's fee and such interest and costs of collection shall become part of the assessment. If an assessment is not paid when due, the Association may bring an action against the owner personally obligated to pay the same or to foreclose the lien against the lot or unit which shall be foreclosed as a recorded vendor's lien. To evidence the unpaid amount secured by such lien, the Association may, at any time after an assessment is not timely paid, cause to be filed of record an affidavit setting forth the amount of unpaid assessment. As additional unpaid assessments accrue, additional affidavits may be filed showing the total unpaid assessments. Upon payment in full of any past due assessments, proof of payment, in recordable form, will be delivered to the property owner for recording.

(k) Subordination. The lien of an assessment hereunder shall be subordinate and inferior to any purchase money lien or construction lien.

#### 8. EXTERIOR MAINTENANCE

(a) Obligation. Each owner of a lot or part thereof, with or without an improvement thereon, shall be responsible to keep the same in good repair and perform such maintenance as will not cause the lot or improvements to detract from the appearance or value of the subdivision. If the Governing Body of the Association considers that an owner is not in compliance with this provision, it may give him notice of such non-compliance. If such owner is not in compliance within thirty (30) days after such notice, the Association may provide exterior maintenance to the extent of paint, repair or replacing of roofs, gutters, downspouts, repair of exterior building surfaces, trees, shrubs, grass and mowing, walks and other exterior improvements.

(b) Assessment. The cost of such exterior maintenance shall be assessed against the lot or living unit upon which such maintenance is done and shall be added to and become a part of the annual assess-

ment applicable to such lot or living unit and shall be a lien and obligation of the owner and become due and payable in all respects as any other assessment.

(c) Access. For the purpose of performing the exterior maintenance required or authorized by this article, the Association, through its duly authorized agents or employees, shall have the right after reasonable notice to the owner to enter upon any lot or exterior of any living unit at reasonable hours on any day except Sunday.

#### 9. GENERAL PROVISIONS

(a) Additions. The Developer, or Developer's successors or assigns, may bring within the scheme of this Declaration additional properties through the execution and filing of a supplementary Declaration of Covenants, which shall extend the scheme of the Covenants and Restrictions of this Declaration to such property. The supplementary Declaration may contain any modifications of the Covenants which shall be applicable to the additional property.

(b) Duration. These Covenants are to run with the land and shall be binding on all parties and all persons claiming under them until December 31, 2000, at which time said Covenants shall be automatically extended for successive periods of ten years each unless an instrument, executed by the then owners of property subject to these Covenants possessing a majority of the votes that could be cast in an election of the Association, has been recorded agreeing to the change of these Covenants in whole or in part or to terminating same. Provided, however, the Association member may, at any time, by a majority of the eligible votes of the members of the Association (each member having the right to cast the number of votes as established in Paragraph 5 hereof), amend or terminate the within Declaration of Covenants which amendment or termination will be effective only upon the recording of such amendment or notice of termination in the Deed Records of Jefferson County, Texas.

(c) Enforcement. If the owners of any lot, or their heirs, executors, administrators, successors, assigns or tenants shall violate or attempt to violate any of the Covenants set forth in this

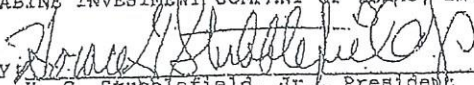
Declaration, it shall be lawful for the Association or the Developer, or if the Association or Developer shall fail to do so after sixty (60) days written notice from a person owning any lot encumbered by this Declaration, then for any such owner to prosecute any proceedings against the person or persons violating or attempting to violate any such Covenant. The failure of the owner or tenant to perform his obligation hereunder would result in irreparable damage to Developer and other owners of lots in the subdivision, thus the breach of any provision of this Declaration may not only give rise to an action for damages at law, but also may be enjoined by an action for specific performance in equity in any Court of competent jurisdiction. In the event enforcement actions are instituted and the enforcing party recovers, then, in addition to the remedies specified above, Court costs and reasonable attorney's fees shall be assessed against the violator. Provided, however, nothing contained herein shall be construed as requiring the Developer or the Association to bring suit to enforce these Covenants.

(d) Severance. In the event any of the foregoing Covenants, conditions, restrictions, reservations or charges is held invalid or unenforceable by a Court of competent jurisdiction, it shall not affect the validity and enforceability of the other Covenants, Restrictions, reservations or charges.

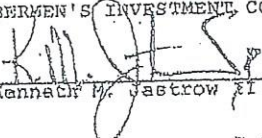
(e) Interpretation. In the event there is any question concerning the meaning of any word or phrase used herein, the Governing Body shall have the sole authority to interpret such word or phrase. However, if any of the foregoing Covenants is subject to more than one interpretation, the interpretation which more clearly reflects the purpose of these covenants shall be enforced.

NORTH WEST FOREST JOINT VENTURE

BY: SABINE INVESTMENT COMPANY OF TEXAS, INC.

BY:   
H. G. Stubblefield, Jr., President

BY: LUMBERMEN'S INVESTMENT CORPORATION

BY:   
Kenneth M. Gastrow II, President

P.O. Box 777  
Diboll, Texas 75941

THE STATE OF TEXAS X  
COUNTY OF ANGELINA X

This instrument was acknowledged before me on the 16th  
day of March, 1982 by H. G. Stubblefield, Jr.,  
President of Sabine Investment Company of Texas, Inc., a Texas  
Corporation, on behalf of said Corporation.

*Judy Eldred*  
NOTARY PUBLIC  
My Commission expires 3-3-85

THE STATE OF TEXAS X  
COUNTY OF TRAVIS X

This instrument was acknowledged before me on the 18th  
day of March, 1982 by Kenneth M. Jastrow, II,  
President of Lumbermen's Investment Corporation, a Texas Corpora-  
tion, on behalf of said Corporation.

*Donna Marks*  
NOTARY PUBLIC  
My Commission expires: 6-4-85

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FILED FOR RECORD  
*A. K. Barnd*  
COUNTY CLERK  
JEFFERSON COUNTY, TEXAS  
MAR 30 4 12 PM '82

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