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DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR NORTHMEAD VILLAGE, SECTION ONE
A SUBDIVISION IN HARRIS COUNTY, TEXAS

132-83-2532

STATE OF TEXAS |
COUNTY OF HARRIS |

THIS DECLARATION, is made on the date hereinafter set forth by FRIENDSWOOD DEVELOPMENT COMPANY, an Arizona corporation, hereinafter referred to as "Declarant";

W I T N E S S E T H :

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WHEREAS, Declarant is the owner of certain property heretofore platted and subdivided into that certain subdivision known as Northmead Village, Section One, (the "Property"), according to the plat recorded in Volume 288, Page 74, of the Map Records of Harris County, Texas;

WHEREAS, Declarant desires to develop the Property as a residential and commercial subdivision, together with any other land which Declarant at its sole discretion may hereafter add thereto, and to provide and adopt a uniform plan of development including assessments, conditions, covenants, easements, reservations, and restrictions designed to govern, control and preserve the values and amenities of the Property for the development, improvement, sale, use and enjoyment of the Property as a residential and commercial subdivision; and

WHEREAS, Declarant desires to subject the Property, together with additional land as may hereafter be made subject hereto, to the assessments, conditions, covenants, easements, reservations, and restrictions hereinafter set forth, for the benefit of the Property, additions thereto, and each owner of any part thereof; and

WHEREAS, Declarant has deemed it desirable, for the efficient preservation of the values and amenities in said subdivision, to create an Association (hereinafter defined) to which shall be delegated and assigned the powers of administering and enforcing these assessments, conditions, covenants, easements, reservations and restrictions, including levying, collecting and disbursing the assessments; and

WHEREAS, there has been incorporated the Northmead Village Community Association, Inc., a non-profit corporation created under the laws of the State of Texas, whose directors have established By-Laws by which said Association shall be governed through its Board of Directors, for the purpose of exercising the functions aforesaid; and

NOW, THEREFORE, Declarant hereby declares that the Property shall be developed, improved, sold, used and enjoyed in accordance with, and subject to the following plan of development, including the assessments, conditions, covenants, easements, reservations, and restrictions hereinafter set forth, all of which are hereby adopted for, and placed upon said Property and shall run with the Property and be binding on all parties, now and at any time hereafter, having or claiming any right, title or interest in the Property or any part thereof, their heirs, executors, administrators, successors and assigns, regardless of the source of, or the manner in which any such right, title or interest is or may be acquired, and shall inure to the benefit of each owner of any part of the Property.

ARTICLE I
DEFINITIONS

Section 1. "ARC" shall mean and refer to the Architectural Review Committee established for the Property as hereinafter set forth.

Section 2. "Association" shall mean and refer to the Northmead Village Community Association, Inc., a nonprofit corporation, incorporated under the laws of the State of Texas, its successors and assigns.

Section 3. "Board" shall mean and refer to the duly elected Board of Directors of the Association.

Section 4. "Commercial Unit" shall include all land areas and reserves other than Lots (see Section 6) and shall contain ten thousand (10,000) square feet of commercial land which shall be the equivalent of one "Lot" or proportional fraction thereof for purposes of membership, voting rights and assessment in and by the Association.

Section 5. "Common Area" shall mean all real property owned in fee or held in easement by the Association for exclusive common use and enjoyment of the Owners and shall include areas designated by Declarant to be conveyed by deed or easement to the Association.

Section 6. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map upon which there has been or will be constructed a single-family residence, but shall not mean or include any Common Area.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in the Articles of Incorporation of the Association.

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to the surface estate in any Lot or Commercial Unit which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 9. "Property" shall mean and refer to Northmead Village, Section One, and any other lands which may hereafter be made subject to this Declaration.

ARTICLE II
PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have the right to an easement of enjoyment in and to any Common Area which right shall be appurtenant to and shall pass with the title of every Lot or Commercial Unit, subject to the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency or authority for such purposes and subject to such conditions as may be approved by a two-thirds (2/3) vote of the Members. Dedication of easements for public utility purposes can be approved by the Board and does not require the approval of the Members.

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Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the Property.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

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

Section 2. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners except Declarant, and shall be entitled to one vote for each Lot or Commercial Unit owned. When more than one person holds an interest in any Lot or Commercial Unit, all such persons shall be Members. The vote of such Lot or Commercial Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to each Lot or Commercial Unit.

Class B. The Class B Members shall be the Declarant and shall be entitled to three (3) votes for each Lot or Commercial Unit owned. 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) fifteen (15) years from the date hereof

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant hereby covenants, and the Owner of any Lot or Commercial Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- (a) annual assessments or charges, and
- (b) special assessments for capital improvements.

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

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Section 2. Purpose of Assessments. Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the members of the Association and, in particular, maintenance of any Common Area, parkways, esplanades and entryways, negotiation of garbage and trash collection contracts, police and security service, fire protection, emergency medical service, street cleaning, street lighting, mosquito control and other services as may be in the community's interest. It is specifically understood in regard to garbage and trash collection that the Board of Directors shall determine from time to time the desirability of including collection fees in the annual assessment or requiring separate payment whether to the Association or direct to the trash collector, the basis for which determination shall be efficiency and negotiated rates.

Section 3. Rate of Annual Assessment. Assessments shall commence with recording of the subdivision plat and are due and payable in advance. Until January 1 of the year immediately following the recording of the subdivision plat, the maximum annual assessment shall be One Hundred Twenty and No/100 Dollars (\$120.00) per residential lot and Two Hundred and No/100 Dollars (\$200.00) per commercial unit or proportional fraction thereof.

All Lots and Commercial Units in each platted section of the Property shall commence by section to bear their applicable assessments simultaneously including Lots and Commercial Units owned by Declarant. Any Lots or Commercial Units upon which no structures have been begun shall be assessed at the rate of one-half (1/2) of the annual assessment rate. The rate of assessment for an individual Lot or Commercial Unit, within a calendar year, may change as its character changes. The applicable assessment for such a Lot or Commercial Unit shall be prorated on a monthly basis according to the applicable rate set forth herein.

The Board may determine and certify that the then current annual assessment is sufficient, insufficient, or excessive to reasonably meet the expenses of the Association and, at a meeting called for such purpose at least 30 days in advance of the assessment period, by majority vote, may increase or decrease the annual assessment by an amount not to exceed fifteen percent (15%) of the previous annual assessment. The annual assessment shall not be increased or decreased more than once in any calendar year and any increases shall not take effect retroactively. In the event that the Board decides to include the cost of trash and garbage collection in the annual assessment as provided in Section 2 hereof, then that amount will be considered additive to the fifteen percent (15%) increase provision set forth above.

Section 4. Special Assessments for Capital Improvements. 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 in the Common Area, provided that any such assessment shall have the approval of two-thirds (2/3) of the Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Section 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 hereof shall be sent to all Owners not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At such called meeting, the presence of Owners or of proxies entitled to cast sixty percent (60%) of all the votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same

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notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Notice of Annual Assessments: The Board shall fix the amount of the annual assessment at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto including the due dates also established by the Board. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessment on a specified Lot or Commercial Unit has been paid.

Section 7. Effect of Nonpayment of Assessments: Remedies of the Association. To any assessment not paid within thirty (30) days after the due date shall be added a late charge calculated from the due date at the rate of six percent (6%) per annum. The Association may bring an action at law against the Owner personally obligated to pay any assessment, or foreclose a lien against the property. No Owner may waive or otherwise escape liability for the assessment by reason of non-use or abandonment.

Section 8. Subordination of the Lien to Mortgages. The assessment lien shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot or Commercial Unit shall not affect the assessment lien. However, the sale or transfer of any Lot or Commercial Unit pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer, but only to that extent, and otherwise the lien shall survive such foreclosure or other proceedings. No sale or transfer shall relieve such Lot or Commercial Unit from liability of any assessments thereafter becoming due or from the lien thereof.

Section 9. Exempt Properties. All properties dedicated to and accepted by a municipal authority and all properties owned by charitable or non-profit organizations, which are exempt from taxation by the laws of the State of Texas shall be exempt from the assessments created herein. The Board may make other exceptions where in its determination there is a beneficial result to the development plan for the Property.

Section 10. Addition to the Property: Declarant may from time to time at Declarant's sole discretion add or annex additional land into the Association and thereby subject such land to this Declaration including the assessments, conditions, covenants, easements, reservations, and restrictions contained herein as if said land had been a part of the original Property. Such addition or annexation shall be accomplished by the execution by Declarant and filing for record of an instrument setting forth the land being added or annexed provided that said land is all or part of a recorded plat that has been duly filed for record in the Map Records of Harris County, Texas, and that said land is a part of the area designated by Declarant as Northmead Village.

ARTICLE V RESTRICTIONS OF USE

Section 1. Single Family Residential Construction. Subject to Sections 4 and 5 below, no building shall be erected, altered or permitted to remain on any Lot other than one (1) detached single-family residential structure not to exceed two (2) stories in height, and a private garage for not more than three (3) cars, which garage shall not exceed the main residential structure in height or

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number of stories. No such residence shall be constructed on less than the equivalent of one full Lot as shown on the latest recorded subdivision plat. In no event shall any part of the main structure or garage be used as a second dwelling unit for rental purposes.

Section 2. ARC Approval Required. No buildings, additions or improvements shall be erected or placed on any Lot or Commercial Unit until the construction plans and specifications including, but not limited to, site layout, building location, building materials, colors, and elevations, have been submitted to and approved in writing by the ARC as hereinafter provided. Approval of plans and specifications shall not cover or include approval for any other purpose and specifically, but without limitation, shall not be construed as any representation as to or responsibility for the design of the improvement or the ultimate construction thereof. In the event ARC fails to approve or disapprove such plans and specifications within thirty (30) days after the receipt thereof, they shall be deemed to be approved and the related covenants set out herein shall be deemed to have been fully satisfied. If the ARC disapproves plans and specifications submitted by Owner and the ARC and Owner are not able to resolve their differences within thirty (30) days thereafter, then, following Owner's written request therefor, Declarant may at Declarant's option, repurchase the land from Owner, for the original purchase price in cash, and Owner shall thereupon reconvey the land to Declarant by special warranty deed free and clear of all liens and encumbrances other than those to which this Declaration is subject. The failure of Declarant to exercise said repurchase option shall in no way impair or alter the obligations of Owner as set forth in this Declaration. The ARC or its assignee, at its sole discretion, is hereby permitted to approve deviations in the general use restrictions set forth in Article V in instances where, in its judgment, such deviation will result in a more common beneficial use and enhance the overall development plan for the Property. Such approvals must be granted in writing and when given, will become a part of these restrictions.

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Section 3. Minimum Home Sizes. The minimum square footage of the main structure (as measured on the exterior) allowed on residential Lots for dwelling units exclusive of garage and patio areas is set forth as follows:

<u>1 Story</u>	<u>More than 1 Story</u>
1300	1600

Declarant reserves the right to modify these minimum size requirements for any additional land made subject to this Declaration.

Section 4. Location of Improvements Upon the Lot. Buildings shall not be located on any Lot nearer to the front, side, or rear property lines than as set forth below. In cases of conflict between these setback criteria and the recorded plat and/or recorded easements, the larger setback number shall be observed. The garage setback will not apply to garages in cases where the garage door is approximately perpendicular to the front curb line of the street. In such cases, the garage setback shall be governed by the house setback requirement.

	<u>Front Street Property Line</u>	<u>Side/Rear Street Property Line</u>	<u>Interior Property Line</u>
House	25 ft.	10 ft.	5 ft.
Garage	25 ft.	10 ft.	5 ft.
Garage Option	60 ft.	10 ft.	3 ft.

The ARC shall have the right to establish building set back criteria for each Commercial Unit on a case by case basis.

For the 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 any structure on a Lot to encroach upon another Lot. Declarant reserves the right to modify these minimum setback criteria for any additional land made subject to this Declaration.

Section 5. Composite Building Sites. Any Owner of one or more adjoining Lots (or portions thereof) may consolidate such Lots or portions into one single-family residence building site, with the privilege of 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 recorded plat. Any such composite building site must have a frontage at the building setback line of not less than the minimum frontage of Lots in the same block.

Section 6. Utility Easements. Easements for the installation and maintenance of underground utilities are reserved as shown on the recorded plat.

Such easements may be crossed by driveways and walkways subject to prior arrangements with the utility companies furnishing electric, gas and telephone service but shall be kept clear of all other improvements, including buildings, patios or other pavement. Neither Declarant nor any utility company using the easements shall be liable for any damage done by them or their assigns, agents, or employees to shrubbery, trees, flowers, or any other improvements located on the land covered by said easements.

In the event that audio and video communication services and utilities are made available to any of the Lots by means of an underground coaxial cable system, the company furnishing such services and facilities shall have a two foot (2') wide easement along and centered on the underground wire or cable when and as installed by said company from and at a right angle to the utility easement nearest to the point of connection on the house or garage, constructed or to be constructed upon said Lot, and in a direct line from said nearest utility easement to said point of connection.

Declarant hereby reserves, for itself and its successors and assigns, a three foot (3') wide unobstructed drainage easement adjacent and parallel to each of the side lot lines of all lots, together with the right of ingress and egress for the purpose, without liability to Owner, of excavating to the extent reasonably necessary, and constructing, maintaining, repairing and reconstructing drainage swales as part of the surface water drainage system. Such drainage easements shall remain unobstructed of any structures, pavement, or landscaping plantings that impede the free flow of surface water drainage.

Declarant hereby reserves, for itself and its successors and assigns, a six foot (6') wide maintenance easement, adjacent and parallel to each of the rear lot lines of all Lots that abut a landscape reserve or major thoroughfare in cases where Declarant has constructed or intends to construct a fence within the landscape reserve or major thoroughfare public right of way, together with the right of ingress and egress for the purposes, without liability to Owner of constructing, repairing, and/or reconstructing said fence. The easement area shall remain unobstructed of any structures or plantings that would prohibit access to the fence for the purposes set forth herein.

Section 7. Prohibition of Certain Activities. No activity, whether for profit or not, shall be carried on on any Lot which is not related to single-family residential purposes, except on those Lots which may be designated by Declarant, its successors or assigns, to be used for sales offices, construction offices and storage facilities for a period of time commensurate with its home construction/sales program. Except for this temporary useage of selected Lots, 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 nuisance to the neighborhood.

Section 8. Temporary Structures. No structure of a temporary character, recreation vehicle, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot at any time as a residence. Outbuildings or structures, temporary or permanent, other than the main residence and garage shall be limited to eight (8) feet in height and must be approved in accordance with Section 2. Temporary structures may be used as building offices and for other related purposes as provided in Section 7 hereof.

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Section 9. Animal Husbandry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot except dogs, cats, or other common household pets, provided they are not kept, bred or maintained for commercial purposes or in unreasonable numbers.

Section 10. Fences, Walls, Hedges. No wall, fence, planter or hedge in excess of two (2) feet in height shall be erected or maintained on any Lot nearer to the front Lot line than the front line of the main structure. No side or rear fence, wall or hedge shall be more than six (6) feet high. Side yard fences on corner lots shall not be located nearer to the property line than the building line setback shown on the recorded plat for the subdivision. Fences of wire or chain link construction are prohibited.

Section 11. Visual Obstruction at Intersections. No object shall be placed or located on corner lots which obstructs sight lines at elevations between two (2) and six (6) feet above the top of the street curb within the triangular area formed by the junction of street curb lines and a line connecting them at points twenty-five (25) feet from said junction.

Section 12. Visual Screening on Lots. The drying of clothes in public view is prohibited, and the Owner or occupant of any Lot at the intersection of streets or adjacent to parks, playgrounds or other facilities shall screen clothes drying from public view.

Section 13. Lot Maintenance. All Lots and Commercial Units shall be kept in a sanitary, healthful, safe and attractive condition at all times, including cutting of weeds and grass. The Owner or occupant of all Lots or Commercial Units shall not store material and equipment except for normal residential and/or commercial requirements and those requirements incident to construction of initial improvements, or permit the accumulation of garbage, trash or rubbish of any kind, and shall not burn any garbage, trash, or rubbish except by use of an incinerator approved by the ARC, and then only as permitted by law. All yard equipment, woodpiles, storage piles, and trash containers shall be screened so as not to be visible from any public street.

In the event of default on the part of the Owner or occupant of any lot or Commercial Unit in observing the above requirements and if such default continues after ten (10) days' written notice thereof, Declarant or its assignee may without liability to the Owner or occupant in trespass or otherwise, enter the premises and cut, or cause to be cut, such weeds and grass, and remove or cause to be removed such garbage, trash and rubbish or do any other

thing necessary to secure compliance with these restrictions, so as to place the premises in an attractive, healthful, safe and sanitary condition, and may charge the Owner or occupant for the cost of such work. The Owner or occupant as the case may be, agrees by the purchase or occupation of the Lot or Commercial Unit to pay such statement immediately upon receipt thereof. To secure the payment of such charges in the event of nonpayment, a continuing lien is hereby retained in favor of Declarant or its assignee identical to the assessment lien set forth in Article IV, Section 1.

Section 14. Signs, Advertisements, Billboards. No sign, advertisement, billboard or advertising structure of any kind shall be displayed to public view on any Lot except for one sign for each Lot, which sign may not exceed six (6) square feet for the purpose of advertising the property for sale or rent, except signs used by Declarant, its successors or assigns, for a period of time commensurate with its home construction/sales program. Declarant or its assignee shall have the right to remove any sign, advertisement, billboard, or advertising structure which is in violation of the foregoing and in so doing shall not be subject to any liability for trespass in connection therewith or arising from such removal. Any signs for Commercial Units shall be subject to the prior review and approval of the ARC.

Section 15. Removal of Dirt and Trees. The digging or removal of dirt from any Lot is expressly prohibited except as necessary in conjunction with the initial construction and subsequent landscaping of improvements on the Lot. No trees shall be cut without the prior approval of the ARC except to remove dead or unsightly trees.

Section 16. Antennae. Devices for transmitting or receiving radio, television or other electronic signals shall not be permitted on any lots or commercial units unless located to the rear of the roof ridge line and/or gable of the main structure and shall not extend above the highest point of such structure, so as not to be visible from any public street.

Section 17. Roof Ventilators. All roof ventilators (other than ridge ventilators) shall be located to the rear of the roof ridge line and/or gable of any structure and shall not extend above the highest point of such structure, so as not to be visible from any public street. The ARC shall have the right to approve exceptions to the foregoing in cases where energy conservation and heating/cooling efficiency require ventilators that, because of a particular roof design, cannot be hidden from public view.

Section 18. Roofing Material. The roof of any building shall be constructed or covered with asphalt or composition type shingles in earth tone colors, which must first be approved by the ARC, wood shingles, crushed marble, slag or pea gravel set in a built up type roof on roof surfaces not visible from the fronting street, concrete or clay tile, slate, or aluminum shingles in earth tone colors as approved by the ARC. Any other type roofing material shall be permitted only at the sole discretion of the ARC.

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Section 19. Storage of Automobiles, Boats, Trailers, Other Vehicles and Equipment. No automobiles, boats, trailers, campers, motorcycles, buses, trucks, tractors, recreational vehicles, in-operative vehicles, equipment or machinery of any kind, camp rigs off truck, boat rigging, or any item deemed offensive by the ARC, shall be stored permanently or semipermanently on any public street, right-of-way or driveway. Permanent or semipermanent storage of such vehicles or items must be screened from public view either within the garage or behind a solid fence. Semipermanent storage is defined as the storage without movement for a period not exceeding forty-eight (48) hours.

Section 20. Architectural Review Committee. The ARC shall be composed of three or more individuals designated by Declarant, its successors and assigns, and Declarant reserves the right to appoint replacements as necessary by reason of resignation, removal, and incapacity. Declarant hereby agrees to relinquish all ARC authority on or before ten (10) years from the date hereof, at which time full authority will become vested in the Association. The ARC may at any time appoint members to act in its behalf for matters other than new construction.

Section 21. Building Materials. All building materials, whether for initial or subsequent construction, shall be of high quality as determined by the ARC guided by industry standards. The ARC shall establish and promulgate Minimum Construction Standards which shall include standards for both workmanship and materials, and which shall be binding on and enforceable against each Owner in the same manner as any other restriction set forth herein.

Section 22. Declarant reserves the right to modify and change the conditions contained in Article V for any additional land made subject to the Declaration if such modifications and changes in Declarant's judgment will result in a more common beneficial use and enhance the overall development plan for the Property.

ARTICLE VI

GENERAL PROVISIONS

Section 1. Enforcement. The Association or any Owner shall have the right to enforce, by any proceedings at law or in equity, all assessments (including liens or charges), conditions, covenants, easements, reservations, and restrictions now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any provision of this Declaration does not constitute a waiver of the right to do so thereafter.

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

Section 3. Amendment. The covenants, conditions and restrictions of this Declaration shall run with, and bind the Property, for a term of twenty (20) years from the date hereof, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than seventy-five percent (75%) of the Owners, and thereafter by an instrument signed by not less than fifty percent (50%) of the Owners.

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Section 4. Books and Records. The books, records and papers of the Association shall, during reasonable business hours, be subject to inspection by any members. The Articles of Incorporation, By-Laws, and this Declaration shall likewise be available for inspection by any Member at the office of the Association.

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

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

Section 7. Mergers. Upon a merger or consolidation of the Association with another association as provided in its Articles of Incorporation, its properties, assets, rights and obligations may be transferred to another surviving or consolidated association or, alternatively, the properties, assets, rights and obligations of another association may be transferred to the Association as a surviving corporation. The surviving or consolidated association shall administer any Restrictions together with any Declarations of Covenants, Conditions and Restrictions governing these and any other properties, under one administration. No such merger or consolidation shall cause any revocation, change or addition to this Declaration.

Section 8. Conflict With Deeds of Conveyance. If any part of this Declaration shall be in conflict with any covenant, condition or restriction within a previously recorded deed of conveyance to any portion of the Property, the covenants, conditions or restrictions within the prior deed of conveyance shall govern but only to the extent of such conflict.

Section 9. Reservation of Minerals. The Property, and any future land made subject to this Declaration, are hereby subjected to the following reservation and exception: Declarant hereby reserves unto itself and its successors, assigns and predecessors in title in accordance with their respective interests of record all oil, gas and other minerals in, on and under said land, but Declarant hereby waives the right to use the surface of the land, other than that land or easements owned by Declarant, for exploring, drilling for, producing and mining oil, gas and other minerals, provided that Declarant hereby retains and reserves the right to pool the land with other lands for development of oil, gas and other minerals and the right to drill under and through the subsurface of the land below the depth of one hundred feet (100') by means of wells located on the surface of the land outside this subdivision or on land or easements owned by Declarant. Such exceptions, retained rights and reservations shall inure to the benefit of Declarant, its predecessors in title and its successors and assigns in accordance with their respective interests of record.

Section 10. Initial Construction Period. Owner shall commence construction of initial improvements on or before six (6) months from the date of conveyance from Declarant, its successors and assigns and diligently thereafter proceed to final completion (meaning ready for occupancy) within six (6) additional months (plus a period of time equal to the duration of delays caused by reason of fire, act of God, shortage of labor or material, strike, lockout, casualty, or other condition/occurrence beyond Owner's control). In the event that Owner should fail to perform as set forth above,

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Owner will, upon request of Declarant, its successors and assigns, and upon tender to Owner in cash of a sum equal to ninety percent (90%) of the purchase price paid by Owner to Declarant for the Lot or Commercial Unit reconvey same to Declarant, its successors and assigns, by Special Warranty Deed free and clear of any liens and encumbrances other than those to which the original conveyance was subject and any express lien created for the purpose of financing the improvements, if any, referred to above. This conditional repurchase option, as reserved, shall terminate upon substantial completion of the improvements on the Lot or Commercial Unit, if any, or on or before fifteen (15) months from the date of conveyance (plus a period of time beyond Owner's control heretofore described) whichever shall first occur. If Owner should execute a deed of trust to secure a construction loan made to Owner and shall inform Declarant in writing of the name and identity of such mortgagee, then at any time when Declarant considers Owner to be in default under the terms of this paragraph Declarant shall give written notice thereof to mortgagee at the address furnished, and mortgagee shall thereupon have a reasonable time within which to foreclose its lien, acquire title to and possession of the Lot or Commercial Unit and comply with the provisions of this paragraph. While mortgagee is attempting in good faith to accomplish the foregoing, Declarant will not exercise its conditional repurchase option.

Mellon Bank, N.A., a national banking association with offices in Pittsburgh, Pennsylvania as lienholder of the hereinabove described Property, has caused its name to be signed and its seal to be affixed, and the same to be done and attested by the signature of its duly authorized officer for the purpose of consenting to and ratifying, confirming and adopting this Declaration of Covenants, Conditions and Restrictions and for the purpose of subordinating its lien to the same.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 11th day of June, 1979.

FRIENDSWOOD DEVELOPMENT COMPANY

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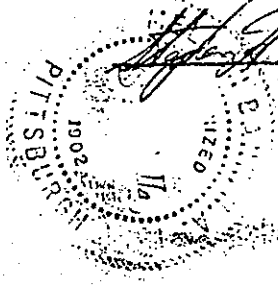
ATTEST:

B. B. Pierce
Secretary
B. B. Pierce

By R. D. Leonhard
Vice President
R. D. Leonhard

MELLON BANK, N.A.

ATTEST:



Stephen H. McKnight
SECRETARY

By Paul J. Brown
ASST. VICE PRESIDENT

RECORDER'S MEMORANDUM
ALL BLACKOUTS, ADDITIONS AND CHANGES
WERE PRESENT AT THE TIME THE INSTRUMENT
WAS FILED AND RECORDED.