DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

CHAPEL RUN

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CHAPEL RUN

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CHAPEL RUN (this "Declaration"), made as of the date hereinafter set forth by CHAPEL RUN DEVELOPMENT COMPANY, LLC, a Texas limited liability company (hereinafter referred to as "Declarant").

W I T N E S S E T H:

WHEREAS, Declarant is the owner of (i) the approximately 19.03 acre tract of land which has been platted as Chapel Run, Sec 1, a subdivision in Montgomery County, Texas according to the plat thereof recorded in Cabinet Z, Sheets 7989-7993 in the Map or Plat Records of Montgomery County, Texas and (ii) the approximately 21.90 acre tract of land which has been platted as Chapel Run, Sec 2, a subdivision in Montgomery County, Texas according to the plat thereof recorded in Cabinet Z, Sheets 7994-7998 in the Map or Plat Records of Montgomery County, Texas (collectively, the "Initial Subdivisions"); and

WHEREAS, it is the desire and intention of Declarant to provide a common plan as to the use, permissible construction, and common amenities of the property in the Initial Subdivisions and such other property as may hereafter be annexed into the jurisdiction of the HOA (as hereinafter defined) and, to this end to subject the Lots (hereinafter defined) within the Initial Subdivisions and within any other property which may hereafter be made subject to this Declaration to the covenants, conditions and restrictions hereinafter set forth for the benefit of all present and future owners thereof;

NOW, THEREFORE, Declarant hereby declares that the Lots within the Initial Subdivisions and within any other property which may hereafter be made subject to this Declaration shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which shall run with said Lots and shall be binding upon all parties having any right, title or interest in said Lots or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

The following words, when used in this Declaration, shall have the following meanings:

SECTION 1. "Accessory Structure" shall mean and refer to any building or structure constructed or installed on a Lot other than the Primary Residence, including without limitation, detached garages, guest houses, cabanas and childrens recreational buildings.

SECTION 2. "Area of Common Responsibility" shall mean the Common Area, together with those areas, if any, which by contract or agreement become the responsibility of the HOA. Road rights-of-ways and drainage areas within or adjacent to the Properties may be part of the Area of Common Responsibility.

SECTION 3. "Common Area" shall mean and refer to all properties and improvements, real or personal, owned, leased or used by the HOA for the common use and enjoyment of the Members (hereinafter defined) of the HOA, including without limitation an amenity center, if any.

SECTION 4. "Declarant" shall mean and refer to Chapel Run Development Company LLC, a Texas limited liability company, its successors or assigns, provided that an assign is designated in writing by the Declarant as an assign of all, or part, of the rights of the Declarant under this Declaration.

SECTION 5. "HOA" shall mean and refer to Chapel Run Homeowners Association, Inc., a Texas non-profit corporation, its successors and assigns.

SECTION 6. "Homebuilder" shall mean and refer to any person or entity undertaking the construction of a residence on a Lot for the purpose of selling or living in same.

SECTION 7. "Homeowner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, including contract sellers, but excluding any person or entity who holds an interest merely as security for the performance of an obligation or those owning an easement right, a mineral interest, or a royalty interest.

SECTION 8. "Home Occupation" means a business activity conducted in a Primary Residence on a Lot which is incidental to the principal residential use.

SECTION 9. "Homestead Plans" shall mean and refer to a Site Plan, an Exterior Elevations Plan, a Landscaping Plan and an Exterior Lighting Plan as described in the Residential Design Guidelines, as the same shall be submitted, revised, and/or resubmitted to the Residential Design Review Committee for approval.

SECTION 10. "Lot" shall mean and refer to any portion of the Properties, whether developed or undeveloped, upon which a Primary Residence has been constructed or it is intended that a Primary Residence be constructed, including Lots created by the platting of a reserve tract or the replatting of a Lot. "Lots" shall mean and refer to each Lot and all of them. In the case of a parcel of land within the Properties which has not yet been platted, the parcel shall be deemed to contain the number of Lots designated by the Declarant or other owner on the development plan for such parcel of land unless or until a different number of Lots is platted. The owner of one or more adjacent Lots shall have the right to consolidate such Lots into one Primary Residence building site, in which case any applicable side setback lines shall be measured from the resulting side property lines of such building site rather than from the lot lines shown on the recorded plat. However, such consolidated adjacent Lots shall be considered as a single Lot for purposes of assessments levied by the HOA pursuant to this Declaration and for voting purposes only if they are replatted as a single Lot.

SECTION 11. "Member" shall refer to every person or entity which holds a membership in the HOA.

SECTION 12. "Primary Residence" shall mean and refer to the dwelling constructed on a Lot which is intended to serve as a single family residence whose occupants reside in such dwelling the majority of the time.

SECTION 13. "Properties" shall mean and refer to the real property within the jurisdiction of the HOA including the Initial Subdivisions and any additional property hereafter added to the jurisdiction of the HOA as provided herein, if any.

After the Development Period (as hereinafter defined), the Declarant shall become a Class A Member with respect to the Lots it owns.

Class B. The Class B Member shall be the Declarant. The Class B membership shall cease and become converted to Class A membership when the Development Period expires.

Class A Members shall be entitled to one (1) vote for each Lot owned within the Properties and the Class B Member shall be entitled to five (5) votes for each Lot owned within the Properties. When two or more persons or entities hold undivided interests in any Lot, all such persons or entities shall be Members, and the vote for the Lot owned by such Members shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to each Lot in which such Members own undivided interests.

SECTION 5. DEVELOPMENT PERIOD. The Development Period shall mean the period after the recording of this Declaration until the earlier of:

(i) The date on which the Declarant has sold and conveyed all of the Lots it owns in the Properties and no longer owns any property adjacent to or in the vicinity of the Properties that it intends to develop for single family residential purposes and annex into the jurisdiction of the Association, it being contemplated that there may be a period or periods in which the Declarant owns no Lots in the Properties; or

(ii) December 31, 2035 or such earlier date as may be specified by Declarant in a written instrument recorded by Declarant in the Official Public Records of Real Property of Montgomery County, Texas.

During the period of time prior to the expiration of the Development Period, the Declarant shall, except as otherwise required by law, be entitled to appoint and remove any or all of the members of the Board of Directors and disapprove any action, policy or program of the HOA, the Board or any committee which, in the sole judgment of the Declarant, would tend to

SECTION 14. "Residential Design Guidelines" has the meaning specified in Section 2(a) of Article VI hereof.

SECTION 15. "Residential Design Review Committee" shall mean and refer to the Chapel Run Residential Design Review Committee created in Article VI hereof.

SECTION 16. "Road" shall refer to any publicly dedicated or private street, drive, boulevard, road, alley, lane, avenue, or thoroughfare within or adjacent to the Properties.

SECTION 17. "Supplemental Declaration" shall mean and refer to a separate declaration of covenants, conditions and restrictions which is imposed on a portion of the property within the jurisdiction of the HOA and which is administered by and may be enforced by the HOA.

ARTICLE II
CHAPEL RUN HOMEOWNERS ASSOCIATION, INC.

SECTION 1. ORGANIZATION. Declarant has caused the HOA to be organized and formed as a non-profit corporation under the laws of the State of Texas. The principal purposes of the HOA are the collection, expenditure, and management of the maintenance funds, enforcement of the restrictive covenants contained herein, and architectural control of the Lots.

SECTION 2. BOARD OF DIRECTORS. The HOA shall act through a Board of Directors (the "Board") initially having three (3) members. The Board shall manage the affairs of the HOA as specified in this Declaration and the By-Laws of the HOA.

SECTION 3. MEMBERSHIP. Every owner of a Lot, including the Declarant, shall be a Member of the HOA. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the HOA.

SECTION 4. VOTING RIGHTS. The HOA shall initially have two (2) classes of membership as follows:

Class A. Class A Members shall be all persons or entities who own a Lot with the exception of the Declarant.

impair rights of the Declarant or Homebuilders or interfere with the development, construction or marketing of any portion of the Properties, or diminish the level of services being provided by the HOA.

SECTION 6. RULES AND REGULATIONS. The Board may adopt, amend, repeal and enforce rules and regulations ("Rules"), fines and levies as may be deemed necessary or desirable with respect to the implementation of this Declaration, the operation of the HOA, the use and enjoyment of the Common Area, and the use of any other property, facilities or improvements owned or operated by the HOA.

SECTION 7. TERMINATION OF MEMBERSHIP. The membership of a person or entity in the HOA shall terminate automatically whenever such person or entity ceases to be a Homeowner, except that such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the HOA or this Declaration during the period of ownership, nor impair any rights or remedies which the HOA or any other Homeowner has with regard to such former Homeowner.

ARTICLE III
COVENANT FOR MAINTENANCE ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS. The Declarant, for each Lot which is subject to this Declaration, hereby covenants and each owner of any such Lot, by acceptance of a deed therefor, whether or not it shall be expressed in the deed or other evidence of the conveyance, is deemed to covenant and agree to pay the HOA the following:

(i) annual assessments or charges; and

(ii) special assessments for capital improvements,

such assessments or charges to be fixed, established and collected as hereinafter provided. These assessments and charges, together with interest thereon as hereinafter provided, costs of collection, and reasonable attorney's fees, shall be a charge on the land and shall be secured by a continuing lien upon the Lot against which such assessments or charges are made. Each such assessment or charge, together with such interest, late charges, costs of collection, and reasonable attorney's fees shall also

be and remain the personal obligation of the owner of the particular Lot at the time the assessment or charge fell due notwithstanding any subsequent transfer of title of such property. The personal obligation for delinquent assessments and charges shall not pass to successors in title unless expressly assumed by them. However, successors in title shall nonetheless acquire title to the land subject to the lien securing the assessments and charges.

SECTION 2. PURPOSE OF ANNUAL ASSESSMENTS. The annual assessments levied by the HOA shall be used for carrying out the purposes of the HOA as stated in its Certificate of Formation and this Declaration. The judgment of the Board of Directors of the HOA in determining the functions to be performed by the HOA, in determining the amount of annual assessments, and in the expenditure of funds shall be final and conclusive so long as its judgment is exercised in good faith. Such funds may be used to finance all or any of the following:

(i) Operation, maintenance, repair, and improvement of the Area of Common Responsibility, including funding of appropriate reserves for future repair, replacement and improvement of same;

(ii) Payment of taxes and premiums for insurance coverage in connection with the Common Area and for directors and officers liability insurance;

(iii) Paying the cost of labor, equipment (including expense of leasing any equipment), material, and any associated management or supervisory services and fees required for management and supervision of the Common Area;

(iv) Paying the cost and fees of a manager or firm retained to carry out the duties of the HOA or to manage the affairs and property of the HOA;

(v) Installing, maintaining and replacing landscaping and fencing in the Area of Common Responsibility;

(vi) Designing, purchasing and installing any improvements to the Area of Common Responsibility;

(vii) Maintenance of the Area of Common Responsibility;

(viii) Contracting for services beneficial to the Properties including, without limitation, street lights and insect and pest control services;

(ix) Collecting and disposing of trash, garbage, ashes, rubbish and other similar materials;

(x) Payment of legal fees and expenses incurred to collect assessments and enforce this Declaration;

(xi) Employing watchmen and/or a security service;

(xii) Carrying out the duties of the Board of Directors of the HOA; and

(xiii) Carrying out such purposes of the HOA as generally benefit the Members of the HOA.

As stated hereinabove, the HOA shall not be obligated to perform all of the foregoing functions or any particular function listed. The judgment of the Board of Directors of the HOA in establishing annual assessments and in the expenditure of said funds shall be final and conclusive so long as said judgment is exercised in good faith.

SECTION 3. INITIAL ANNUAL ASSESSMENTS. The initial annual assessment shall not be more than $_____ per Lot. Each year thereafter, the annual assessment may be increased by the Board of Directors of the HOA at its sole discretion. After consideration of current maintenance costs and future needs of the HOA, the Board of Directors may fix the annual assessment at the amount it determines to be appropriate and necessary.

SECTION 4. SPECIAL ASSESSMENT FOR CAPITAL IMPROVEMENTS. In addition to the annual assessment authorized above, the HOA 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, or repair or replacement of a capital improvement located upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of the votes of the Members who are present

in person or by proxy at a meeting duly called for this purpose. Special assessments may be collected on a monthly basis at the Board's election.

SECTION 5. NOTICE AND QUORUM. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 above shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast ten percent (10%) of the eligible votes of the HOA's membership shall constitute a quorum. If the required quorum is not present or represented, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (l/2) of the required quorum at the preceding meetings. No subsequent meeting shall be held more than 60 days following the preceding meeting.

SECTION 6. CAPITALIZATION OF HOA. Upon acquisition of record title to a Lot by the first owner thereof (who is not a Homebuilder), a capitalization fee shall be paid to the HOA by or on behalf of the purchaser in an amount equal to fifty percent (50%) of the HOA's annual assessment for that year. This amount shall be in addition to, not in lieu of, the annual assessment and shall not be considered an advance payment of annual assessments. This amount shall be disbursed from the purchase and sales escrow to the HOA.

SECTION 7. RATES OF ASSESSMENT. Both annual and special assessments on all Lots shall be fixed at uniform rates; provided, however, the rate applicable to Lots owned by the Declarant or a Homebuilder shall be equal to one-half (½) of the assessment on Lots owned by other owners and there shall be no assessment on unplatted Lots owned by Declarant. The rate of assessment for a Lot shall change upon its conveyance by the Declarant (to an owner other than a Homebuilder) or by a Homebuilder, with an appropriate proration of the annual assessment based on different assessment rates for the year of the ownership change. Notwithstanding the foregoing to the contrary, the Declarant may elect on an annual basis to make subsidy payments to the HOA (in lieu of paying annual assessments) equal to the difference between the amount of assessments collected on all Lots subject to assessment other than the Lots owned by the Declarant and the amount of the actual expenditures incurred to operate the HOA during the year. The Board is specifically authorized to enter into subsidy agreements with the Declarant. Under no circumstances shall the Declarant be obligated to pay a subsidy in any year unless it elects to do so.

SECTION 8. DATE OF COMMENCEMENT AND DETERMINATION OF ANNUAL ASSESSMENTS. The initial annual assessment shall commence as to all Lots on such date as may be determined by the Board of Directors of the HOA (the "Board"), shall be prorated according to the number of months remaining in the calendar year, and shall be due and payable thirty (30) days after notice of the assessment is sent to every Homeowner whose Lot is subject to assessment. Thereafter, on or before the 30th day of November in each year, the Board of Directors of the HOA shall fix the amount of the annual assessment to be levied against each Lot in the next calendar year. Notice of the rate at which the Board of Directors of the HOA has set the annual assessment shall be given to every Homeowner whose Lot is subject to the payment thereof. Each annual assessment shall be due and payable in advance on the first day of January of each calendar year. The HOA shall, upon demand, and for reasonable charge, furnish a certificate signed by an officer or authorized representative of the HOA setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the HOA as to the status of assessments on a particular Lot is binding upon the HOA as of the date of its issuance.

SECTION 9. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE HOA. Any assessments which are not paid in full by the date specified by the Board shall be delinquent. Any delinquent assessment shall commence to bear interest on the due date (or such later date as the Board may determine) at the rate of 18% per annum or such other interest rate as the Board may from time to time determine which is not in excess of the maximum lawful rate of interest. If the assessment is not paid when due, the lien herein retained and created against the affected Lot shall secure the assessment due, interest thereon as specified above, all costs of collection, including court costs and attorney's fees, and any other amount provided or permitted by law. In the event that the assessment remains unpaid after ninety (90) days, the HOA may, as the Board shall determine, institute suit for collection against the Homeowner personally obligated to pay the assessment or foreclose the lien created and reserved hereby against the Lot of such Homeowner.

The HOA's lien is created by recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of lien shall be or is required. By acquiring his Lot, the Homeowner grants to the HOA a power of sale in connection with the HOA's lien. By written resolution, the Board of Directors of the HOA may

appoint, from time to time, an officer, agent, trustee, or attorney of the HOA to exercise the power of sale on behalf of the HOA. The HOA shall exercise its power of sale pursuant to Section 51.002 of the Texas Property Code, and any applicable revision(s), amendment(s), or recodifications thereof in effect at the time of the exercise of such power of sale. The HOA has the right to foreclose its lien judicially or, if permitted by law, by nonjudicial foreclosure pursuant to the power of sale created hereby. Costs of foreclosure may be added to the amount owed by the owner to the HOA. An owner may not petition a court to set aside a sale solely because the purchase price at the foreclosure sale was insufficient to fully satisfy the Homeowner's debt. The HOA may bid for and purchase the Lot at the foreclosure sale utilizing funds of the HOA. The HOA may own, lease, encumber, exchange, sell, or convey a Lot. The purchaser at any such foreclosure sale shall be entitled to sue for recovery of possession of the Lot by an action of forcible detainer without the necessity of giving any notice to the former Homeowner or Homeowners of the Lot sold at foreclosure. Nothing herein shall prohibit the HOA from taking a deed in lieu of foreclosure or from filing suit to recover a money judgment for sums that may be secured by the lien. At any time before a nonjudicial foreclosure sale, an owner of a Lot may avoid foreclosure by paying all amounts due the HOA. Foreclosure of a tax lien attaching against a Lot shall not discharge the HOA's lien under this paragraph for amounts becoming due to the HOA after the date of foreclosure of the tax lien.

No Homeowner may waive or otherwise exempt himself or herself from liability for the assessments provided for herein by non-use of Common Area or abandonment of the property owned by such Homeowner. No diminution or abatement of assessment shall be claimed or allowed by reason of any alleged failure of the HOA or Board to take some action or perform some function required to be taken or performed by the HOA or Board under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the HOA, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay assessments being a separate and independent covenant on the part of each Homeowner.

All payments shall be applied first to costs and attorney's fees, then to interest, and then to delinquent assessments unless otherwise required by law.

SECTION 10. SUBORDINATION OF THE LIEN TO MORTGAGES. As herein above provided, the title to each Lot shall be subject to a lien securing the payment of all assessments and charges due the HOA, but the lien shall be subordinate to the lien of any mortgage or deed of trust. Sale or transfer of any Lot shall not affect the lien in favor of the HOA provided, however, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien securing such assessment or charge as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot or the owner thereof from liability for any charges or assessments thereafter becoming due or from the lien thereof. In addition to the automatic subordination provided for hereinabove, the HOA, in the sole discretion of its Board of Directors, may subordinate the lien securing any assessment provided for herein to any other mortgage lien or encumbrance, subject to such limitations, if any, as the Board of Directors may determine.

ARTICLE IV
RIGHTS IN THE COMMON AREA

SECTION 1. MEMBER'S RIGHTS OF ENJOYMENT. Subject to the further provisions hereof, every Member shall have a right of enjoyment in the Common Area, and such right shall be appurtenant to and shall pass with the title to every Lot, subject to the following rights of the HOA:

(a) The HOA shall have the right to charge reasonable admission and other fees for the use of any amenity situated upon the Common Area.

(b) The HOA shall have the right to borrow money and to mortgage, pledge, deed in trust, or hypothecate any or all of the Common Area as security for money borrowed or debts incurred.

(c) The HOA shall have the right to take such steps as are reasonably necessary to protect the Common Area against foreclosure of any such mortgage.

(d) To the extent permitted by applicable law, the HOA shall have the right to suspend the voting rights and enjoyment rights of any Member for any period during which any assessment or

other amount owed by such Member to the HOA remains unpaid in excess of thirty (30) days.

(e) The HOA shall have the right to establish reasonable rules and regulations governing the use and enjoyment of the Common Area by Member and their permitted guests, and to suspend the usage rights of any Member for a period not to exceed sixty (60) days for any infraction of such rules and regulations.

(f) The HOA shall have the right to sell or convey all or any part of the Common Area and the right to grant or dedicate easements in portions of the Common Area to public or private utility companies or governmental entities.

(g) The HOA shall have the right to enter into agreements pursuant to which individuals who are not Members of the HOA are granted the right to use the Common Area and the facilities located thereupon.

SECTION 2. DELEGATION OF USE. Each Member shall have the right to extend his or her right of enjoyment to the Common Area to the members of his or her family and to such other persons as may be permitted by the HOA. An owner of a Lot shall be deemed to have made a delegation of all such rights to the tenant of any leased residence and such owner shall not have the right to use the Common Area during such tenancy.

ARTICLE V
USE RESTRICTIONS

SECTION 1. RESIDENTIAL USE. Each and every Lot subject to this Declaration is hereby restricted to residential uses only. Except as otherwise hereinafter specified, no business, professional, commercial or manufacturing use shall be made of any Lot. No structure other than one (1) Primary Residence and Accessory Structures approved by the Residential Design Review Committee shall be constructed, placed on, or permitted to remain on any Lot.

Notwithstanding the foregoing, a residence on a Lot may be used for a Home Occupation provided that:

(i) no person other than a full time occupant of the residence shall be engaged or employed in the Home Occupation at the residence;

(ii) there shall be no visible storage or display of occupational materials or products;

(iii) there shall be no exterior evidence of the conduct of a Home Occupation, such as deliveries, pickups or other work related activities, and no Home Occupation shall be conducted on the Lot outside of the residence or an approved Accessory Structure;

(iv) no additional parking shall be provided or required for the Home Occupation; and

(v) there is no loading or unloading of materials at the residence which requires transportation in a truck larger than a ½ to 1-ton pickup truck or stepvan.

SECTION 2. ANIMALS AND LIVESTOCK. No animals, livestock, or poultry of any kind shall be raised, bred, or kept for commercial purposes on any Lot. Consistent with its use as a residence, dogs, cats, other common household pets and such other animals as may be specifically approved by the Board may be kept in the Primary Residence or any Accessory Structure on a Lot, provided, however, there shall not be more than two (2) dogs and two (2) cats kept anywhere on a Lot the majority of the time, which shall include without limitation, nighttime. Dogs shall at all times whenever they are outside a Lot be on a leash or otherwise confined in a manner acceptable to the Board. Without prejudice to the Board's right to remove any such household pets, no household pet that had caused damage or injury may be walked in the Properties. Animal control authorities shall be permitted to enter the Properties to patrol and remove pets. Pets shall be registered, licensed and inoculated as required by law. All dogs and cats must be of a recognized domestic variety.

SECTION 3. NUISANCES. No noxious or offensive trade or activity shall be carried on upon any Lot nor shall anything be done thereon which

in the opinion of the Board may be or become an annoyance or nuisance to residents of the Properties.

SECTION 4. CONSTRUCTION ACTIVITIES. During the course of construction on a Lot, the Homebuilder shall comply with the construction requirements established by the Residential Design Review Committee regarding excavation, enclosure and protection of the construction site, storage of building materials, vehicle parking, temporary buildings, chemical toilets, clean up, signage, dust, noise, construction hours and days, odors and similar conditions. Homebuilders shall take reasonable precautions to minimize interference with traffic and to protect the general public, and residents of Properties in particular, from injury from the movement of vehicular traffic in connection with construction on the Lots. In addition to and without limiting the generality of the foregoing, Homebuilders shall comply with the following requirements:

(i) Storage of Building Materials. Building materials stored to be used to construct a house or any other improvements on a Lot shall be kept in a neat condition so as not to detract from the appearance of the neighborhood and so as to give the visual impression from adjacent streets of a clean, orderly work site;

(ii) Scrap Materials and Trash. Homebuilders shall keep scrap materials and trash produced in connection with the construction of a house or any other improvements on a Lot confined to a particular area of such Lot, preferably to the side or behind the house. Trash will be placed in a wire mesh or solid container within such area at the end of each work day and removed from the Lot frequently enough so that trash does not overflow from such container;

(iii) Clean Roads and Utilities. Homebuilders shall protect pavements, curbs, gutters, swales or drainage courses, landscape areas, walls/fences, Roads, shoulders, utility structures and other property located on or adjacent to a Lot from damage and shall keep Road rights-of-way clean and clear of equipment, building materials, dirt, debris and similar materials. Any damage caused by a Homebuilder or a Homebuilder's agents, employees or contractors to the items set forth in this Subsection (iii) which are located within the

Properties may be repaired or replaced by Declarant at the applicable Homebuilder's sole cost and expense. Such Homebuilder shall reimburse Declarant for all costs and expenses associated with such repair or replacement within five (5) days after written notice from Declarant;

(iv) Maintenance. Homebuilders shall keep the interior and exterior of all improvements constructed on a Lot in good working condition and repair. Without limiting the generality of the foregoing, Homebuilders shall promptly replace any glass, paint, roof materials, bricks, stone or other exterior building materials on any house which are damaged; and

(v) Noise. Except in an emergency or when other unusual circumstances exist, as determined by the Board of Directors of the HOA, outside construction work or noisy interior construction work shall be permitted only between the hours of 7:00 A.M. and 7:00 P.M. on Monday through Saturday.

(vi) Tree Protection. Prior to commencing construction on a Lot, the Homebuilder shall install protective fencing around each tree that will remain on the Lot after construction of the residence in accordance with the requirements of the Residential Design Guidelines. Homebuilders must take precautions to prevent the parking of construction vehicles and equipment under the canopies of trees.

SECTION 5. DISPOSAL OF TRASH. No trash, rubbish, garbage, manure, debris, or offensive material of any kind shall be kept or allowed to remain on any Lot, nor shall any Lot be used or maintained as a dumping ground for such materials. All such matter shall be placed in sanitary refuse containers constructed of metal, plastic or masonry materials with tight fitting sanitary covers or lids and placed in an area adequately screened by planting or fencing. Equipment used for the temporary storage and/or disposal of such material prior to removal shall be kept in a clean and sanitary condition and shall comply with all current laws and regulations and those which may be promulgated in the future by any federal, state, county, municipal or other governmental body with regard to environmental quality and waste disposal. In a manner consistent with good housekeeping, the owner of each Lot shall remove such prohibited matter from his or her Lot at regular intervals at his or her expense.

SECTION 6. DISPOSAL OF HAZARDOUS SUBSTANCES. Gasoline, motor oil, paint, paint thinner, pesticides, and other product considered to be a contaminant or a hazardous substance under applicable federal or state laws and regulations shall not be disposed of on any Lot nor shall any such material be deposited into a storm sewer, sanitary sewer manhole, drainage channel or other drainage facility, or any creek, lake or waterway within the Properties, but rather all such materials shall be handled and disposed of in compliance with all applicable laws and regulations and the recommendations of the manufacturer of the applicable product or a governmental entity with jurisdiction.

SECTION 7. BUILDING MATERIALS. Unless otherwise approved by the Residential Design Review Committee, no Lot shall be used for the storage of any materials whatsoever, except that material used in the construction of improvements upon any Lot may be placed upon such Lot during construction by Homebuilders. Building materials may remain on Lots for a reasonable time, so long as the construction progresses without undue delay after which time these materials shall either be removed from the Lot or stored in a suitable enclosure on the Lot. Under no circumstances shall building materials be placed or stored on or within a Common Area or Road right-of-way, within a drainage easement or within five (5) feet from the side and rear boundary lines of a Lot.

SECTION 8. MINERAL PRODUCTION. No oil drilling, oil development operations, refining, quarrying or mining operations of any kind shall be permitted upon any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be permitted upon any Lot.

ARTICLE VI
ARCHITECTURAL STANDARDS

SECTION 1. PURPOSE. In order to preserve the natural setting and beauty of the Properties, to establish and preserve a harmonious and aesthetically pleasing design for the Chapel Run project and to protect and promote the value of the Properties, the Lots in the Initial Subdivision and within any other tract of land which may hereafter be made subject to this Declaration shall be subject to the restrictions set forth in this Article VI. Every grantee of any interest in a Lot within the Initial Subdivision and any

other tract of land which may hereafter be made subject to this Declaration by acceptance of a deed or other conveyance of such interest, agrees to be bound by the provisions of this Article.

SECTION 2. RESIDENTIAL DESIGN REVIEW COMMITTEE.

(a) Residential Design Review Committee. There is hereby established the Chapel Run Residential Design Review Committee (herein called the "Residential Design Review Committee"), which shall have exclusive jurisdiction over all original construction on the Lots and over modifications, additions, or alterations made on or to improvements on the Lots within the Properties. The Residential Design Review Committee may (i) adopt such standards and guidelines for the construction or alteration of improvements in the Properties ("Residential Design Guidelines") and (ii) establish application procedures for its review of Homestead Plans. The Residential Design Review Committee shall make such guidelines available to Homeowners and Homebuilders who seek to engage in construction or modification of improvements upon a Lot and who shall conduct their operations strictly in accordance therewith. The Residential Design Guidelines may impose different requirements for different portions of the Properties.

(b) Members of Residential Design Review Committee. The Residential Design Review Committee shall initially consist of three (3) members. Until the date on which it no longer owns any Lot within the Properties, the Declarant shall have the right to appoint all members of the Residential Design Review Committee as well as the right to remove any member. There shall be no surrender of this right prior to that time, except by a written instrument executed by Declarant and recorded in the real property records of Montgomery County, Texas. Upon the expiration of such right, the Board of Directors shall have the power to appoint and remove the members of the Residential Design Review Committee. The Declarant, during the period it is entitled to appoint the members of the Residential Design Review Committee, shall have the right to increase the size of the Residential Design Review Committee. Thereafter, the Board of Directors shall have the right to increase the size of the Residential Design Review Committee. The Residential Design Review Committee is authorized, but not obligated, to retain the services of consulting architects, landscape architects, urban designers, engineers, inspectors, and/or attorneys in order to advise and assist them in performing their respective functions set forth herein.

SECTION 3. ARCHITECTURAL APPROVAL. To preserve the architectural and aesthetic appearance of the Chapel Run project, no construction of improvements, or modifications, additions, or alterations to existing improvements, shall be commenced or maintained by an owner with respect to any of the Lots in the Properties, including, without limitation, the construction or installation of sidewalks, driveways, parking areas, drainage facilities, mail boxes, decks, patios, courtyards, swimming pool related facilities that are located above ground, greenhouses, playhouses, awnings, walls, fences, exterior lights, garages, guest or servants' quarters, or other Accessory Structures, nor shall any exterior addition to or change or alteration be made to any improvements (including, without limitation, painting or staining of any exterior surface), unless and until two (2) copies of the Homestead Plans therefor shall have been submitted to and approved in writing by the Residential Design Review Committee as to the compliance of such Homestead Plans with this Declaration and the Residential Design Guidelines promulgated hereunder and as to the harmony of external design, location, and appearance in relation to surrounding structures and topography. One copy of the Homestead Plans submitted shall be retained in the records of the Residential Design Review Committee, and the other copy shall be returned to the owner marked with an indication of the applicable approval status. The Residential Design Review Committee may establish a reasonable fee sufficient to cover the expense of reviewing Homestead Plans to compensate any consulting architects, landscape architects, planners, inspectors, agents or attorneys retained in accordance with the terms hereof. Nothing contained herein shall be construed to limit the right of an owner to remodel the interior of his or her improvements, or to paint the interior of the improvements on his property any color desired. The Residential Design Review Committee shall have the sole discretion to determine whether Homestead Plans submitted for approval are acceptable to the HOA on a case-by-case basis, and shall not be deemed to approve any plans based on prior approvals.

Upon approval of Homestead Plans by the Residential Design Review Committee, no further approval under this Article VI shall be required with respect thereto, unless construction has not commenced within six (6) months of the approval of such plans and specifications or unless such Homestead Plans are altered or changed. Disapproval of Homestead Plans may be based by the Residential Design Review Committee upon any ground which is consistent with the objects and purposes of this

Declaration as determined by the Residential Design Review Committee from time to time, including purely aesthetic considerations, so long as such grounds are not arbitrary or capricious.

SECTION 4. LANDSCAPING APPROVAL. To preserve the aesthetic appearance of the Chapel Run project, no landscaping, grading, excavation, or filling of any nature whatsoever shall be implemented and installed on a Lot subject to this Declaration unless and until the Landscaping Plan which is part of the Homestead Plans has been submitted to and approved in writing by the Residential Design Review Committee. The landscaping of Lots and the removal of trees must comply with the requirements of the City of Conroe's tree ordinance.

SECTION 5. APPROVAL NOT A GUARANTEE OR VARIANCE. The review and approval of Homestead Plans pursuant to this Article is made on the basis of aesthetic considerations only and no approval of Homestead Plans shall be construed as representing or implying that such Homestead Plans will, if followed, result in properly designed improvements. Such approval shall in no event be construed as representing or guaranteeing that any improvements built in accordance therewith will be built in a good and workmanlike manner. Neither Declarant, the HOA, the Residential Design Review Committee, nor any of their respective officers, members, directors or members, shall be responsible or liable in damages or otherwise to any Homeowner who submits Homestead Plans for approval by reason of mistake of judgment or negligence arising out of the approval or disapproval of any Homestead Plans, any loss or damage arising from the noncompliance of such Homestead Plans with any governmental ordinances and regulations, nor any defects in construction undertaken pursuant to such Homestead Plans. The purpose of such reviews primarily seeks to conform the aesthetic appearances of development within the Properties. The owner of each Lot shall be responsible for complying with the specific restrictions of this Declaration and the approval of Homestead Plans pursuant to this Article shall not be deemed to be a variance from the specific restrictions of this Declaration or from the standards and guidelines adopted by the Residential Design Review Committee. All variances must be issued in accordance with the provisions of Section 8 of this Article.

SECTION 6. RIGHT TO INSPECT. Any member of the Board of Directors or the Residential Design Review Committee and their representatives shall have the right, but not the obligation during reasonable hours to enter upon and inspect any Lot with respect to which construction is underway to determine whether or not the Homestead Plans therefor have been approved and are being complied with. Such person or persons shall not be deemed guilty of trespass by reason of such entry. In the event the Residential Design Review Committee shall determine that such Homestead Plans have not been approved or are not being complied with, such Residential Design Review Committee shall be entitled to enjoin further construction and to require the removal or correction of any work in place which does not comply with approved Homestead Plans. In addition to any other remedies available to the HOA, the Board may record in the appropriate land records a notice of violation naming the violating Homeowner.

SECTION 7. NO WAIVER OF FUTURE APPROVALS. The approval by the Residential Design Review Committee of any Homestead Plans for any work done or proposed, or in connection with any other matter requiring the approval and consent of the Residential Design Review Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

SECTION 8. VARIANCES. The Residential Design Review Committee may grant variances from compliance with the restrictions of this Declaration, Supplemental Declarations, and from its respective standards and guidelines when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, when the Residential Design Review Committee determines, in its sole discretion, that a variance is in the best interest of the Properties. Such variances may only be granted, however, when unique circumstances dictate and no variance shall be effective unless in writing or estop the Residential Design Review Committee from denying a variance in other circumstances. For purposes of this Section, the terms of any financing, shall not be considered a hardship warranting a variance.

SECTION 9. MEETINGS OF THE RESIDENTIAL DESIGN REVIEW COMMITTEE. The Residential Design Review Committee shall meet from time to time as necessary to perform its respective duties, and may from time to time, by resolution unanimously adopted in writing, designate a

representative to take an action or perform any duties for and on behalf of the Residential Design Review Committee. In the absence of such designation of a representative, the vote of the majority of the members of the Residential Design Review Committee, or the written consent of the majority of the members of the Residential Design Review Committee taken without a meeting, shall constitute an act of the Residential Design Review Committee.

ARTICLE VII
ARCHITECTURAL RESTRICTIONS

Each and every Lot shall be subject to the following specific restrictions:

SECTION 1. PRIMARY RESIDENCES. Only one (1) Primary Residence and Accessory Structures approved by the Residential Design Review Committee which complement the residence in color, materials and architectural style shall be built or permitted on a Lot. All structures shall be of new construction and no structure shall be moved from another location onto any Lot.

SECTION 2. LIVING AREA REQUIREMENTS. The total living area of the Primary Residence on each Lot in the Properties, exclusive of porches and garages, shall be not less than 1,000 square feet or more than 2,350 square feet for 40' wide Lots, or less than 1,675 square feet or more than 3,600 square feet for 50' wide Lots, or such lesser or greater number of square feet as may be specified in a Supplemental Declaration applicable to the particular Lot.

SECTION 3. LOCATION OF RESIDENCE ON LOT. The location of each residence on a Lot will be approved by the Residential Design Review Committee with its approval of the Homestead Plans for such residence. In some instances, a mandatory building line for the front wall of the residence on a Lot may be specified in a Supplemental Declaration or by the Residential Design Review Committee. No building shall be located on any Lot nearer to a Road than the minimum building setback line shown on the applicable plat, specified in a Supplemental Declaration, or established by the Residential Design Review Committee. In addition, the front wall of the residence on each Lot where a mandatory building line is established by a Supplemental Declaration or by the Residential Design Review Committee shall be placed on such building line. No building shall be located on any

easement (i) identified on the plat of the subdivision in which the applicable Lot is located, (ii) specified in a Supplemental Declaration, or (iii) set forth in any other instrument recorded in the public records of Montgomery County, Texas.

SECTION 4. TYPE OF CONSTRUCTION. The exterior wall area of all residences, exclusive of doors and windows, shall be of masonry, brick veneer or such other material as may be approved by the Residential Design Review Committee. The primary roof of each residence shall be constructed of composite shingles, slate or simulated slate, unless otherwise approved by the Residential Design Review Committee. The Residential Design Guidelines shall describe requirements for exterior materials and roofs in greater detail.

SECTION 5. TEMPORARY BUILDINGS. Unless otherwise approved by the Residential Design Review Committee, temporary buildings or structures such as storage sheds shall not be permitted on any Lot. Declarant may permit temporary toilet facilities, sales and construction offices and storage areas to be used by Homebuilders in connection with the construction and sale of residences.

SECTION 6. SIDEWALKS. (Intentionally Omitted)

SECTION 7. DRIVEWAYS. On each Lot the Homebuilder shall construct and the Owner shall maintain at his or her expense a driveway to the Road at the front of the Lot, including the portion of the driveway in the Road right-of-way, and the Homebuilder shall repair at his expense any damage to the Road occasioned by connecting the driveway thereto. Driveways must be constructed in accordance with the Residential Design Guidelines, provide for proper drainage and be free of ponding areas.

SECTION 8. FENCES. The erection of chain link fences on any Lot is prohibited except for dog kennels located behind the residence and screened with landscaping approved by the Residential Design Review Committee. Owners shall construct and maintain a fence or other suitable enclosure approved by the Residential Design Review Committee to screen from public view outside yard equipment and other equipment which the Residential Design Review Committee requires to be screened from view. The Residential Design Guidelines will include guidelines for fencing. Any Supplemental Declaration may, at Declarant's election, require the installation of fences along certain Lot lines or setbacks in accordance with

prescribed specifications (which specifications may differ for different portions of the Properties), prohibit the installation of fences at certain locations, and designate other areas for fences as optional. Each owner shall construct all fencing required by the Supplemental Declaration on his or her Lot, if any, and otherwise comply with the Residential Design Guidelines.

SECTION 9. SIGNS. No sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Primary Residence, fence or other improvement upon such Lot, or on the mailbox on or adjacent to the Lot, so as to be visible from public view except the following:

(a) **For Sale Signs**. The owner of a Lot may install one (1) sign on the Lot pertaining to the resale of the Primary Residence located thereon. Unless otherwise approved by the Declarant, an owner may not install a sign for the resale of an unimproved Lot. Signs for the resale of residences as permitted hereby shall not exceed 2' by 3' in size. Open house signs are permitted only on the Lot where the open house is being held and may be placed on the Lot only on the day of the open house.

(b) **Declarant's Signs**. Declarant may erect and maintain a sign or signs it deems to be reasonable and necessary for the construction, development, operation, promotion, leasing and sale of the Lots and spec homes constructed by approved home building companies.

(c) **Homebuilders' Signs**. A Homebuilder may utilize one or more professional signs on a Lot which comply with the specifications provided by the Declarant for advertising and sales promotion of the residence on such Lot.

(d) **Political Signs**. Political signs may be erected upon a Lot by the owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal, provided that such signs shall not be erected more than ninety (90) days in advance of the election to which they pertain and shall be removed within ten (10) days after such election.

(e) **School Spirit Signs**. Signs containing information about one or more children residing in the Primary Residence on a Lot and the school they attend shall be permitted so long as the sign is not more than 36" x 36". There shall be no more than one sign for each child under the age of eighteen (18), residing in the Primary Residence. Banners are not permitted.

(f) **Security Signs/Stickers**. Signs or stickers provided to an owner by a commercial security or alarm company providing service to the Chapel Run community shall be permitted so long as the sign is not more than 12" x 12" or the sticker is no more than 12" x 12" in size. There shall be no more than one sign per Lot and stickers on no more than fifty percent (50%) of the windows and one on the front door or front entry area.

In addition to the foregoing, unless otherwise approved by the Declarant or the Board, signs may not be placed within Road right-of-ways in the Chapel Run project or on Common Areas. The Declarant and the HOA shall have the right to erect identifying signs and monuments within Road rights-of-way within the Chapel Run project and directional signs throughout the project. In addition to any other remedies provided for in this Declaration, the Board of Directors or its duly authorized agent shall have the power to remove any sign which violates this Section. All costs of self-help, including reasonable attorney's fees actually incurred, shall be assessed against the violating owner and shall be collected as provided for herein for the collection of Assessments. Notwithstanding the foregoing, any sign placed on a Lot shall comply with all applicable codes, rules and ordinances of the governmental authorities with jurisdiction over the Chapel Run project.

SECTION 10. TRAFFIC SIGHT AREAS. No fence, wall, or planting which obstructs sight lines at elevations between two and six feet above the Road shall be permitted to remain on any corner Lot within fifteen (I5) feet of the point formed by the intersection of the building set back lines of such Lot.

SECTION 11. EXTERIOR ANTENNAE. No television, radio, or other electronic towers, aerials, antennae, satellite dishes or device of any type for the reception or transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon, except that this

prohibition shall not apply to those antennae specifically covered by the regulations promulgated under the Telecommunications Act of 1996, as amended from time to time. The Board is empowered to adopt rules governing the types of antennae that are permissible in the Properties and to establish reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae. To the extent that receipt of an acceptable signal would not be impaired, an antenna permissible pursuant to the rules of the Board may only be installed in a side or rear yard location, not visible from the Road, and integrated with the dwelling and surrounding landscape. Antennae shall be installed in compliance with all state and local laws and regulations.

SECTION 12. AIR CONDITIONERS. No window or wall type air conditioners shall be permitted in any residence, but the Residential Design Review Committee, at its discretion, may permit window or wall type air conditioners to be installed if such unit or units will not be visible from a Road or adjacent Lot. All compressors and other exterior HVAC equipment shall be screened from view from Roads and adjacent Lots with fencing or landscaping.

SECTION 13. PRIVATE UTILITY LINES. All electrical, telephone, and other utility lines and facilities which are located on a Lot and are not owned by a governmental entity or a public utility company shall be installed in underground conduits or other underground facilities unless otherwise approved in writing by the Residential Design Review Committee or the Board.

SECTION 14. CLOTHES LINES. No exterior clothes lines shall be placed on any Lot unless otherwise approved by the Residential Design Review Committee.

SECTION 15. VEHICLES AND PARKING. The term "vehicles", as used herein, shall refer to all motorized vehicles including, without limitation, automobiles, trucks, tractors, motor homes, boats, trailers, motorcycles, minibikes, scooters, ATV's, golf carts, go-carts, campers, buses, and vans. No vehicle may be parked or left upon any Lot in the Properties, except in the garage or behind the residence or another screened area; provided however, notwithstanding the foregoing, automobiles and trucks not in excess of a one ton rating may be parked on the driveway on the Lot. Any vehicle parked or left not in accordance with this section shall be considered a nuisance and may be removed by the Board at the owner's

expense. No motorized vehicles shall be permitted on the Common Area, including trails and conservation areas except for public safety vehicles and vehicles authorized by the Board. Notwithstanding the foregoing, automobiles, trucks, motorcycles and other vehicles approved by the Board shall be permitted to park in designated parking areas of Common Area improvements. All vehicles within the Properties must be in a condition which meets the requirements of all state and local governmental authorities as to licensing, safety and equipment standards. The parking of vehicles on sidewalks or the areas between sidewalks and adjacent Roads at any time is prohibited.

SECTION 16. WEAPONS AND FIREWORKS. The use of fireworks, firearms and other weapons within the Properties is prohibited. The term "firearms" includes pellet guns, bows and firearms of all types. Nothing contained in this Declaration shall be construed to require the HOA to take action to enforce this Section.

SECTION 17. MAILBOXES AND ADDRESS MARKERS. Each Lot shall have a uniform mailbox and a marker identifying its street address of a style prescribed in the Residential Design Guidelines in keeping with the overall character and aesthetics of the community, unless provisions are made by the Declarant for the installation of cluster boxes in accordance with U.S. Postal Service requirements. No owner of a Lot served by a cluster mailbox shall install a mailbox on his or her Lot.

SECTION 18. GAS TANKS. The use of propane, butane or any other non-liquid gas tanks within the Properties is prohibited, except for small tanks incidental to outdoor kitchens and grills. Nothing contained in this Declaration shall be construed to require the HOA to take action to enforce this Section.

SECTION 19. ROOFTOP ELEMENTS. Whenever reasonably possible, stack vents and attic ventilators shall be located on the rear slopes of roofs and mounted perpendicular to the ground plate. All exposed roof stack vents, flashings, attic ventilators, etc. on each residence must be painted to match the color of the roof of the residence unless otherwise approved by the Residential Design Review Committee. No solar collectors shall be allowed on any roof slope visible from a Road or Common Area.

SECTION 20. DECORATIONS. No decorative appurtenances such as sculptures, birdbaths and birdhouses, fountains, or other decorative

embellishments shall be placed on the residence or on the front yard or on any other portion of a Lot which is visible from any Road, unless such specific items are expressly permitted by the Residential Design Guidelines or are approved in writing by the Board of Directors. Customary seasonal decorations for national holidays are permitted for a maximum of fifteen (15) days or forty-five (45) days, in the case of Christmas, without approval by the Board of Directors of the HOA. In addition, one (1) flagpole may be placed on a Lot provided it is not in excess of twenty-five (25) feet in height and is located within thirty (30) feet of the residence.

SECTION 21. PLAYGROUND EQUIPMENT. Unless otherwise approved by the Residential Design Review Committee, all playground equipment on a Lot must be placed in the backyard of the Lot.

SECTION 22. WINDOW COVERINGS. Temporary or disposable window coverings not consistent with the aesthetics of the Properties, such as reflective materials, sheets, newspaper, shower curtains, fabric not sewn into finished curtains or draperies, paper, plastic, cardboard, or other materials not expressly made for or commonly used by the general public for permanent window coverings in a development of the same caliber as the Properties are prohibited.

SECTION 23. ENFORCEMENT OF LOT MAINTENANCE. In the event of the violation of any covenant herein by any Homeowner or occupant of any Lot and the continuance of such violation after ten (I0) days written notice thereof, or in the event the owner or occupant has not proceeded with due diligence to complete appropriate repairs and maintenance after such notice, the HOA shall have the right (but not the obligation), through its agents or employees, to enter upon such Lot and to secure compliance with these restrictions and restore such Lot to a neat, attractive, healthful and sanitary condition. The HOA may render a statement of charge to the owner or occupant of such Lot for the cost of such work. The owner or occupant agrees by the purchase or occupation of the Lot to pay such statement immediately upon receipt. In the event of the failure to pay for such work, the amount of such statement may be added to the annual maintenance charge provided for herein and shall be secured by a lien on the Lot in the same manner as such annual charge. The HOA, or their agents and employees shall not be liable, and are hereby expressly relieved from any liability, for trespass or other tort in connection with the performance of the maintenance and other work authorized herein.

ARTICLE VIII
EASEMENTS

SECTION 1. GENERAL. Easements for drainageways and the installation and maintenance of utilities are reserved as shown and provided for on the plats of the Properties and/or as dedicated by separate instruments, including without limitation a Supplemental Declaration. Neither Declarant nor any utility company or authorized political subdivision using the easements referred to herein shall be liable for any damages done by them or their assigns, agents, employees or servants, to fences, shrubbery, trees, flowers, improvements or other property of the Homeowner situated on the land covered by such easements as a result of construction, maintenance or repair work conducted by such parties or their assigns, agents, employees or servants. It may be necessary in the development of the Chapel Run project for a Lot to have any combination of a rear lot drainage easement, a side lot drainage easement, a rear lot utility easement and/or a side lot utility easement. Such easements, as well as front, side and rear setbacks on a Lot, shall be (i) identified on the plat of the subdivision in which the applicable Lot is located, (ii) specified in a Supplemental Declaration, or (iii) set forth in any other instrument recorded in the public records of Montgomery County, Texas.

SECTION 2. EASEMENTS FOR UTILITIES AND PUBLIC SERVICES.

(a) Declarant hereby reserves for itself and grants to the HOA and to Montgomery County and to any other public authority or agency, utility district, or public or private utility company, a perpetual easement upon, over, under, and across the Common Area for the purpose of installing, replacing, repairing, maintaining, and using master television antenna and/or cable systems, security and similar systems, and all utilities, including, but not limited to, storm sewers, electrical, gas, telephone, water, and sewer lines, street lights, street signs and traffic signs.

(b) There is also hereby granted to Montgomery County and or such other governmental authority or agency as shall from time to time have jurisdiction over the Properties (or any portion thereof) with respect to law enforcement and fire protection, the perpetual, non-exclusive right and easement upon, over and across all of the Properties for purposes of performing such duties and activities related to law enforcement and fire protection in the Properties as shall be required or appropriate from time to time by such governmental authorities under applicable law.

SECTION 3. EASEMENTS FOR HOA. There is hereby granted a general right and easement to the HOA, its directors, officers, agents, and employees, including, but not limited to, any manager employed by the HOA and any employees of such manager, to enter upon any Lot or any portion thereof in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to and with permission of the Homeowner or tenant of the residence directly affected thereby.

ARTICLE IX
INSURANCE OBLIGATIONS OF HOMEOWNERS

SECTION 1. OBLIGATION TO REPAIR AND RESTORE. Each owner shall maintain, at his or her expense, casualty insurance on his or her residence in an amount not less than the replacement cost. In the event a residence shall be partially or entirely destroyed by fire or other casualty, such residence shall either be repaired and restored within a reasonable period of time or demolished and the Lot landscaped so that no damaged portion of the former structure remains visible. Subject only to the rights of an institutional holder of a first mortgage lien on a damaged or destroyed residence, the insurance proceeds from any insurance policy covering a damaged or destroyed residence shall be first applied to such repair, restoration or replacement of such residence, or to the demolition of such residence and landscaping of such Lot. Each owner shall be responsible for the repair, restoration, replacement or demolition of the residence owned by such owner pursuant to the terms of this Declaration. Any such repair, restoration or replacement shall (subject to advances and changes in construction techniques and materials generally used in such construction and then current generally accepted design criteria) be generally harmonious with the other residences in the Properties and reconstruction must be consistent with plans and specifications approved by the Residential Design Review Committee.

SECTION 2. INSURANCE PROCEEDS. If the proceeds of the insurance available to the owner of a damaged residence are insufficient to pay for the cost of repair, restoration or replacement following a casualty (or demolition and landscaping if the residence is to be demolished), the owner of such residence shall be responsible for the payment of any such

deficiency necessary to complete the repair, restoration, replacement or demolition.

ARTICLE X
GENERAL PROVISIONS

SECTION 1. TERM. The provisions of this Declaration, as they may be amended in accordance with the provisions hereof, shall run with the land and shall be binding upon all parties and all persons claiming under them for a period of forty (40) years from the date this Declaration is recorded, after which time said provisions shall be automatically extended for successive periods of ten (l0) years each, unless an instrument signed by the owners of a majority of the Lots covered by this Declaration has been recorded, agreeing to terminate this Declaration.

SECTION 2. ENFORCEMENT. Each owner shall comply strictly with the covenants, conditions, and restrictions set forth in this Declaration, as may be amended from time to time, and with the Rules adopted by the Board. The Board may impose fines for the violation of its rules, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration or the Rules adopted by the Board shall be grounds for an action to recover sums due for damages, injunctive relief, or any other remedy available at law or in equity, maintainable by the Board on behalf of the HOA, or by any owner of a portion of the Properties. Failure of the Board or any owner to enforce any of the provisions herein contained shall in no event be deemed a waiver of the right to do so thereafter. The HOA shall also have the right to enforce, by any proceeding at law or in equity, the provisions of each Supplemental Declaration imposed upon any portion of the Properties which by the terms of the instrument creating same grant the HOA the power to enforce same, and failure of the HOA to enforce such provisions shall in no event be deemed a waiver of the right to do so thereafter.

In addition to any other remedies provided for herein, the HOA or its duly authorized agent shall have the power to enter upon a Lot to abate or remove, using such force as may be reasonably necessary, any erection, thing or condition which violates this Declaration, its rules and regulations, or the Residential Design Guidelines. Except in the case of emergency situations, and as otherwise specified herein, the HOA shall give the violating Homeowner ten (10) days' written notice of its intent to exercise self-help. All costs of self-help, including reasonable attorney's fees

actually incurred, shall be assessed against the violating owner and shall be collected as provided for herein for the collection of assessments.

SECTION 3. AMENDMENT.

A. By Declarant. This Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage HOA or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the property subject to this Declaration; (c) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the property subject to this Declaration; or (d) for any other purpose, provided that the amendment has no material adverse effect upon the title to any owner's property or upon any right of such Homeowner or the owner so affected has consented thereto.

B. By Owners. This Declaration may be amended at any time by an instrument executed or approved by the owners of a majority of the Lots encumbered by this Declaration; provided, however the consent of the Declarant is also required for any amendment during the Development Period. Any such amendment shall become effective when it is filed for record in the Official Public Records of Real Property of Montgomery County, Texas.

SECTION 4. SEVERABILITY. Invalidation of any one of these covenants by judgment or other court order shall in no wise affect any other provisions, which shall remain in full force and effect except as to any terms and provisions which are invalidated.

SECTION 5. GENDER AND GRAMMER. The singular wherever used herein shall be construed to mean or include the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations (or other entities) or individuals, male or female, shall in all cases be assumed as though in each case fully expressed.

SECTION 6. TITLES. The titles of this Declaration of Articles and Sections contained herein are included for convenience only and shall not be used to construe, interpret, or limit the meaning of any term or provision contained in this Declaration.

SECTION 7. REPLATTING. Declarant shall have the right to replat any Lots as well as the right to subdivide any reserve tracts contained within the Properties into single family residential lots, by recorded plat or in any lawful manner. Lots created by the subdivision of a reserve tract shall be subject to these restrictions as if such Lots were originally platted as lots. The replatting of any portion of the Properties by a Homeowner other than the Declarant prior to the expiration of the Development Period shall require the written consent of the Declarant.

SECTION 8. ANNEXATION.

A. By Declarant. The Declarant shall have the unilateral right, privilege, and option at any time to annex additional property to the jurisdiction of the HOA by filing for record a declaration of annexation in respect to the property being annexed. Any such annexation by the Declarant shall not require approval by the HOA or the Members and shall be effective upon the filing for record of such declaration. The rights reserved by Declarant herein to annex additional land shall not be implied or construed so as to impose any obligation upon Declarant to annex additional land it owns.

B. By Association. Upon request by an owner of land, the HOA may annex real property to its jurisdiction. Any such annexation shall require the approval by majority of the votes of the Members who are present in person or by proxy at a meeting duly called for such purpose and, as long as the Declarant owns any Lots within the Properties, the written consent of the Declarant. Annexation of land not owned by the Declarant shall be accomplished by filing of record in the public records of Montgomery County, Texas, an annexation agreement describing the property being annexed. Such annexation agreement shall be signed by the President and the Secretary of the HOA, by the owner of the property being annexed, and, as long as the Declarant owns any Lots within the Properties, by the Declarant.

C. Effect of Annexation. The owners of Lots in property annexed into the jurisdiction of the HOA shall be entitled to the use and benefit of all

Common Area of the HOA, provided that the annexed property shall be impressed with and subject to an annual maintenance assessment imposed by the HOA on a uniform, per Lot basis with the annual assessment on all other property within the jurisdiction of the HOA.

SECTION 9. MERGER; DISSOLUTION. The HOA may be merged with another non-profit corporation or dissolved only with (i) the assent of a majority of the votes of the Members who are present in person or by proxy at a meeting duly called for such purpose, and (ii) the Declarant, as long as the Declarant owns any Lots within the Properties. In the event of a merger of the HOA with another non-profit corporation organized for the same purposes, the HOA's properties, rights, and obligations may be transferred to the surviving association, or alternatively, the properties, rights and obligations of the other association may be added to the properties, rights and obligations of the HOA as a surviving corporation pursuant to a merger. The surviving association shall administer the covenants, conditions and restrictions established by this Declaration, together with the covenants, conditions and restrictions applicable to the properties of the other association as one scheme. In the event of the dissolution of the HOA, the assets of the HOA shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the HOA was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

IN WITNESS WHEREOF, this Declaration is executed effective as of the 20 day of April, 2022.

DECLARANT:

CHAPEL RUN DEVELOPMENT COMPANY, LLC,
a Texas limited liability company

By: _____
Daniel K. Signorelli, Manager

THE STATE OF TEXAS §
§
COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 20th day of April, 2022 by Daniel K. Signorelli, Manager of Chapel Run Development Company, LLC, a Texas limited liability company, on behalf of said limited liability company.

[SEAL]

JUANITA ORSAK
Notary ID #3285894
My Commission Expires
April 29, 2025

_____
Notary Public – State of Texas

Doc #: 2022050539
Pages 40

E-FILED FOR RECORD
04/20/2022 04:19PM

COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS,
COUNTY OF MONTGOMERY
I hereby certify that this instrument was e-filed in the file number sequence on the date and time stamped herein by me and was duly e-RECORDED in the Official Public Records of Montgomery County, Texas.

04/20/2022

County Clerk
Montgomery County, Texas