

RESTRICTIVE COVENANT AGREEMENT

This Restrictive Covenant Agreement (the "**Agreement**") is made as of this 28th day of April, 2004, by and among the undersigned (the "**Parties**") whose names and mailing addresses are set forth below.

RECITALS

1. The Parties are the respective owners of the tracts described on Exhibit A, which is incorporated by reference.

2. Altogether these tracts constitute a neighborhood (the "**Neighborhood**" or the "**Property**") that the Parties desire to protect and safeguard. The Parties have devised a general plan for the Neighborhood as a whole, with specific provisions for particular parts of the Neighborhood. This plan provides a common scheme of development that will protect and safeguard the quality of life enjoyed in the Neighborhood by all of the Parties and maintain property values over a long period.

3. This common scheme of development will benefit the Neighborhood, in general, the tracts that constitute the Neighborhood, the Parties, and each successive owner of an interest in a tract in the Neighborhood.

4. Therefore, in furtherance of this mutually agreed general development plan and in accordance with the doctrines of restrictive covenants and implied equitable servitudes, the Parties desire to restrict the Neighborhood as a whole, as well as all the tracts that constitute the Neighborhood, according to these covenants, conditions, and restrictions.

NOW THEREFORE, in consideration of these mutual promises, covenants and agreements, the Parties, as both Covenantors and Covenantees, agree as follows:

ARTICLE I DEFINITIONS

1.01. Tract. "**Tract**" means any of the plots of land shown on the subdivision plats recorded in Volume 224 at Page 585 of the Deed Records of Waller County, Texas (the "**Mill Creek Map**"), in Volume 225 at Page 650 of the Deed Records of Waller County, Texas (the "**Pine Lake Map**"), and in Volume 226 at Page 272 on the Deed Records of Waller County, Texas (the "**Replat Map**") and which are part of the Property described on Exhibit "A" attached hereto. The Mill Creek Map, the Pine Lake Map and the Replat Map are collectively referred to herein as the "**Map**".

1.02. Owner. "**Owner**" means the record owner or owners of the fee simple title to any Tract or portion of a Tract in the Property. "Owner" includes contract sellers but excludes persons having only a security interest.

1.03 Common Area. "**Common Area**" means Reserve B and Pine Lake as set forth in the Pine Lake Map.

1.04. Association. "**Association**" means Pine Lake Estates Homeowners Association Inc., which is an incorporated non-profit corporation consisting of all Owners, which shall have the duty of maintaining, operating, and managing the Common Area as provided in this Agreement. Each Owner shall become a member of the Association contemporaneously with acquiring a Tract, without any further documentation of any kind.

1.05 Board. "**Board**" means the Board of Directors of the Association.

ARTICLE II ARCHITECTURAL CONTROL

2.01. Architectural Control Committee. The Board may designate and appoint an Architectural Control Committee consisting of not less than three (3) qualified persons, which shall serve at the pleasure of the Board or the Board may assume the rights and obligations of the Architectural Control Committee.

2.02. Approval of Plans and Specifications. The Board or the Architectural Control Committee must review and approve in writing all of the following projects on the Property:

- (a) Construction of any building, fence, wall, or other structure.
- (b) Any exterior addition, change, or alteration in any building, fence, wall, or other structure.
- (c) Any landscaping or grading of any Tract or Tracts.

2.03. Application for Approval. To obtain approval to do any of the work described in Paragraph 2.02, an Owner must submit an application to the Architectural Control Committee, or if one has not been designated by the Board, then to the Board, showing the plans and specifications for the proposed work. Such plans and specifications shall detail the nature, shape, height, materials, colors, and location of the proposed work. The Architectural Control Committee may require the Owner to bear any expenses incurred in reviewing said documentation, including expert and other consultant fees.

2.04. Standard for Review. The Board or the Architectural Control Committee shall review applications for proposed work in order to (1) ensure conformity of the proposal with these covenants, conditions, and restrictions and (2) ensure harmony of external design in relation to surrounding structures and topography. An application can be rejected for providing insufficient information. The Board or the Committee shall have broad, discretionary authority to interpret and apply these standards. In rejecting an application, the Board or the Committee should detail the reasons for rejection and suggest how the applicant could remedy the deficiencies.

2.05. Variance. The Architectural Control Committee or the Board may allow a variance from the applicable architectural standards and review procedures where, in the opinion

of the Architectural Control Committee or the Board, such action is necessary for the advantage and best appearance of the Neighborhood, as follows:

- (a) more than one Tract is used for building a single-family residence;
- (b) Tracts are unusual in size or shape; or
- (c) changing circumstances arise from either advances in technology or other unforeseen developments that support a variance in order to accomplish the original purposes of this Agreement or allow a result consistent with the goals of this Agreement.

2.06. Failure of Committee to Act. If the Board or the Architectural Control Committee fails either to approve or reject an application for proposed work within 60 days after submission, then such approval shall not be required, and the applicant shall be deemed to have fully complied with this Article.

ARTICLE III EXTERIOR MAINTENANCE

3.01. If an Owner of any Tract fails to maintain the premises in a neat and orderly manner, the Association or the Architectural Control Committee shall have the right, but not the obligation, through its agents and employees, to enter the Tract in order to repair, maintain, and restore the Tract, including landscaping, and the exterior of any buildings and other improvements located on the Tract, all at the expense of the Owner.

ARTICLE IV USE RESTRICTIONS AND ARCHITECTURAL STANDARDS

4.01. Residential Use Only. All Tracts shall be used for single-family residential purposes only. Single-family use consists of use as a dwelling by two or more natural persons who are related by marriage or kinship or by not more than four natural persons who are not related by marriage or kinship.

4.02. Type of Buildings Permitted. No building shall be erected, altered or permitted on any Tract other than (1) one single-family dwelling not to exceed two stories in height, with a private garage for at least two (2) automobiles but not more than four (4) automobiles and (2) a barn or such other outbuilding as may be approved by the Architectural Control Committee. However, no mobile home, modular home or manufactured home shall ever be allowed to be placed on a Tract.

4.03. Design, Minimum Floor Area, and Exterior Walls. Any residence constructed on a Tract must have a floor area of not less than 1,800 square feet, exclusive of open or screened porches, terraces, patios, driveways, carports, and garages. The exterior of the residence shall be finished during construction and if wood siding is used, other than rough cedar, it shall be painted with at least two (2) coats of paint. No tent, mobile home, modular home, manufactured home, travel trailers, basement, shack, barn or other outbuildings shall at any time be used as a residence, either temporarily or permanently. All outbuildings shall be located to the rear of the residence except the garages may be attached to the residence. When construction of any

improvement is begun it shall be completed within eighteen (18) months and no construction material or equipment shall be stored on the property except as construction is begun and continued.

4.04. Setbacks. A residence shall be built at least 25 feet away from any road in the Neighborhood and not closer than 5 feet from the side or rear boundaries of a Tract. For purposes of this covenant, eaves, steps, and open porches shall not be considered as a part of the building; provided, however, that this shall not be construed to permit any portion of the building on any Tract to encroach upon another Tract.

4.05. Resubdivision or Consolidation. No Tract shall be resubdivided or split except as follows. Any person owning two or more adjoining Tracts may subdivide or consolidate those Tracts into building sites, with the privilege of constructing improvements, as permitted by this Agreement, on each resulting building site, provided that such subdivision or consolidation does not result in any building site having a front Tract line of less than sixty (60) feet.

4.06. Easements. Easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the Map. No utility company, water district, political subdivision, or other authorized entity using these easements shall be liable for any damage done by them or their assigns, agents, employees, or contractors, to shrubbery, trees, flowers, or to the other property of the Owner situated in the easement.

4.07. Noxious or Offensive Activities Prohibited. No noxious or offensive activity shall be conducted on any Tract that may be or may become an annoyance or nuisance to the Neighborhood. No Tract shall be used or occupied for any vicious or immoral purpose, nor for any use or purpose in violation of the law of the local, state or federal governments. No animals, except household pets and horses and/or cows shall be raised or maintained on a Tract, and they shall not be maintained in such manner or with such lack of care as to cause offensive odors or noises or so as to otherwise be a nuisance or annoyance to persons of ordinary sensitivity. Horses and cows shall be limited to two animals per acre. The foregoing restriction is not intended to prohibit the raising of not more than eight (8) animals in connection with a project sponsored by Future Farmers of America or 4-H so long as such animals are maintained in the manner previously specified.

4.08. Prohibited Residential Uses. No structure not approved for residential use by the Architectural Control Committee, including but not limited to trailers, mobile homes, motor homes, basements, tents, shacks, garages, and other outbuildings and accessory structures, shall be used on any Tract at any time as a residence, either temporarily or permanently.

4.09. Signs. No signs of any type shall be allowed on any Tract except one sign of not more than five square feet advertising the property for sale or rent. However, any person engaged in the construction and sale of residences on the Property shall have the right, during the construction and sales period, to construct and maintain signs advertising the construction and sale.

4.10. Oil Development and Mining Prohibited. No oil well drilling, development, or refining, and no mineral quarrying or mining operations of any kind shall be permitted on any Tract. No oil well, tank, tunnel, mineral excavation, or shaft shall be permitted on any Tract. No derrick or other structure designed for use in boring for oil, natural gas, or other minerals shall be erected, maintained, or permitted on any Tract.

4.11. Rubbish, Trash and Garbage. No Tract shall be used or maintained as a dumping ground for rubbish or trash. All garbage and other waste shall be kept in sanitary containers.

4.12. Sewage Disposal. No individual sewage-disposal system shall be permitted on any Tract unless the system is designed, located, and constructed in accordance with the requirements, standards, and recommendations of Waller County, Texas. Approval of the system as installed shall be obtained from that authority.

4.13. Water Supply. No individual water-supply system shall be permitted on any Tract unless the system is located, constructed, and equipped in accordance with the requirements, standards, and recommendations of Waller County, Texas. Approval of the system as installed shall be obtained from that authority.

4.14. Sight Distance at Intersections. No fence, wall, hedge, or shrub planting that obstructs sight lines at elevations between two and six feet above the roadway shall be placed or permitted to remain on any corner Tract in the triangular area formed by the street property lines and a line connecting them at points 25 feet from the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines as extended. The same sightline limitations shall apply on any Tract within 10 feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of intersections unless the foliage line is maintained to meet the sight line requirements set forth above.

4.15. Land Near Parks and Water Courses. No building shall be placed, nor shall any material or refuse be placed or stored, on any Tract within 20 feet of the property line of any park or edge of any open water course, identified on the Map. However, clean fill may be placed in that setback area if the natural water course is not altered or blocked by the fill.

4.16. Fences, Walls, Hedges, and Utility Meters. No fence, wall, hedge, or utility meter shall be placed, or permitted to remain, on any Tract nearer to the street or streets adjoining such Tract than is permitted for the main residence on such Tract, except for decorative subdivision entry fences.

4.17. Trucks, Buses, and Trailers. No truck or bus (except a passenger van for personal use) or trailer shall be left parked in the street in front of any Tract, except for construction and repair equipment while a residence or residences are being built or repaired in the immediate vicinity. No truck containing more than two (2) axles or more than 10,000 pounds shall be operated on the streets of the Neighborhood except as may be necessary during the construction of any improvement on a Tract which has been approved in accordance with Article IV of this Agreement.

4.18. Prohibited Activities. No professional, business, or commercial activity to which the general public is invited shall be conducted on any Tract.

4.19. Poles, Masts, and Antennas. No poles, masts, antennas, or satellite dishes of any type, size, or height shall be installed on any Tract unless within the envelope of a building approved by the Architectural Control Committee or the Board.

ARTICLE V EASEMENTS

5.01. Reservation of Easements. All easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the Map. No shrubbery, fence, or other obstruction shall be placed in any easement. Right of use for ingress and egress shall be available at all times over any dedicated easement for purposes of installing, operating, maintaining, repairing, or removing any utility or any obstruction placed in such easement that would interfere with the installation, maintenance, operation, or removal of such utility.

ARTICLE VI ASSOCIATION

6.01. Creation. The Owners shall constitute the Association. Each Owner of a Tract shall automatically be a member of the Association. Association membership shall be appurtenant to ownership of a Tract. Ownership of a Tract is the sole criterion for membership in the Association.

6.02. Transfer of Membership. Association membership can be transferred to the grantee of a conveyance of a Tract in fee. Membership shall not be assigned, pledged, or transferred in any other way. Any attempt to make a prohibited transfer shall be void.

6.03. Management of Association. The Association shall be incorporated as a nonprofit corporation. The Association shall be managed by the Board pursuant to the procedures set forth in the Association's articles of incorporation and bylaws, subject to this Agreement.

6.04. Membership Voting, Elections, and Meetings. Each Tract, including a Tract which may be created by subdivision or consolidation in accordance with the terms of this Agreement, shall have one vote. There shall be at least one meeting of the membership each year. At that meeting, the Owners shall elect a Board consisting of three (3) directors, vote on any other matters the Board chooses to place before the membership, and discuss any matter of Association business that the Board or any Owner wishes to bring before the entire membership. The Board shall receive no compensation but may be reimbursed for reasonable expenses.

6.05. Duties and Powers of Board. Through the Board, the Association shall have the following powers and duties:

- (a) To adopt rules and regulations to implement this Agreement and the Association's bylaws.
- (b) To enforce this Agreement, the bylaws, its rules and regulations.
- (c) To elect officers of the Board and select members of the Architectural Control Committee.
- (d) To delegate its powers to committees, officers, or employees.
- (e) To prepare a balance sheet and operating income statement for the Association and deliver a report to the membership at its annual meeting.
- (f) To establish and collect regular assessments to defray expenses attributable to the Association's duties, to be levied against each Owner.
- (g) To establish and collect special assessments for capital improvements or other purposes.
- (h) To file liens against unit owners because of nonpayment of assessments duly levied and to foreclose on those liens.
- (i) To receive complaints regarding violations of this Agreement, the bylaws, or the rules and regulations.
- (j) To hold hearings to determine whether to discipline Owners who violate this Agreement, the bylaws, or the rules and regulations.
- (k) To give reasonable notice to all Owners of all annual meetings of the membership and all discipline hearings.
- (l) To hold regular meetings of the Board at least quarter-annually.
- (m) To manage and maintain all of the Common Area in a state of high quality and in good repair.
- (n) To pay taxes and assessments that are or could become a lien on the Common Area.
- (o) To pay the costs of any liability insurance and fire insurance on the Common Area and any liability insurance for members of the Board.

6.06. Liability of the Board. To the maximum extent allowed by law, the Association shall indemnify the Board from liability relating to actions taken by the Board in good faith in its official capacity for the Association. The Owners intend that directors have no personal liability for any action taken in good faith in their capacity as a member of the Board, except for gross negligence or willful misconduct. The Association shall, if reasonably available, purchase directors and officers liability insurance for the benefit of the Board.

ARTICLE VII GENERAL PROVISIONS

7.01. Enforcement. The Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, and reservations imposed by this Agreement. Failure to enforce any covenant or restriction shall not be deemed a waiver of the right of enforcement either with respect to the violation in question or any other violation. All waivers must be in writing and signed by the Party to be bound. No individual member of the Board has the authority to waive, modify or terminate any provision of this Agreement. However the Board may interpret the scope of prohibitions and the meaning of terms in this Agreement as part of its discretionary authority. No violation of this Agreement shall invalidate

the lien of any mortgagee made in good faith and for value. After notice and hearing, the Association may cure any violation of a restrictive covenant at the expense of the violating Owner. The violating Owner shall immediately reimburse the Association for such expense. Should the Association desire to exercise its right to cure any violation, the Association shall provide at least two written notices to the violating Owner at least seven (7) days apart. The first written notice shall notify the violating Owner that the Association may or will cure the violation and the second notice shall state that the Association will cure the violation should the violating Owner fail to do so within the time period stated in the notice. Each Owner authorizes the Association to enter onto their Tract for the purpose of curing any violation of a restrictive covenant, provided such authority does not extend to entering into a locked structure or fenced and locked yard, except in an emergency.

7.02. Personal Liability for Assessments. All annual and special assessments are the personal obligations of the Owner of the Tract (jointly and severally, if more than one) at the time the assessment is due. Each assessment shall bear interest at the rate of the lesser of ten percent (10%) per annum or the maximum rate allowed by applicable law from the date due until paid. The Association intends to comply with applicable usury laws. In the event the interest contracted for, charged, or received exceeds the maximum legal rate, the excess interest shall be refunded, spread and/or applied to principal to the maximum extent allowed by applicable law in order to avoid usury. The Owner is also personally liable for all costs, including attorney's fees, in collecting past due assessments.

7.03. Lien for Assessments. Assessments are secured by a lien against the property and any tracts. The lien may only be foreclosed by a judicial proceeding to foreclose the lien. The Association does not have the power to foreclose a lien non-judicially.

7.04. Notice. Any notice to an Owner may be provided by certified mail, return receipt requested, addressed to the Owner at the Owner's last known address according to the records of the Board, or by hand delivery to the Tract if the Tract contains an occupied residence (even if no one is home when delivery is made).

7.05. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision, and all other provisions shall remain in full force and effect.

7.06. Covenants Running with the Land. These easements, restrictions, covenants, and conditions are for the purpose of protecting the value and desirability of the Property. Consequently, they shall run with the real property and shall be binding on all Parties having any right, title, or interest in the Property in whole or in part, and their heirs, successors, and assigns. These easements, covenants, conditions, and restrictions shall be for the benefit of the Property, each Tract, and each Tract Owner.

7.07. Duration and Amendment. The covenants, conditions, and restrictions of this Agreement shall be effective for a term of 20 years from the date this Agreement is recorded, after which period the covenants, conditions, and restrictions shall be automatically extended for successive periods of 5 years subject to termination by an instrument signed by the Owners of at

least 75 percent of the Tracts. The covenants, conditions, and restrictions of this Agreement may be amended by an instrument signed by the Owners of at least 50 percent of the Tracts. Neither any amendment nor any termination shall be effective until recorded in the Deed Records of Waller County, Texas, and all requisite governmental approvals, if any, have been obtained.

7.08. Attorneys' Fees. If any controversy, claim, or dispute arises relating to this instrument, its breach, or enforcement, the Association shall be entitled to recover all reasonable expenses, reasonable attorneys' fees, and costs.

7.09. Liberal Interpretation. This Agreement shall be liberally construed to effectuate its purpose of creating a uniform plan for the Property.

7.10. Counterparts. This Agreement contains multiple signature pages and will be executed in multiple originals without all signatures on any one original. Separate signature pages may be attached to the copy of the restrictions recorded in order to eliminate unnecessary costs of filing multiple copies of this Agreement.

7.11. Effective Date. This Agreement shall not be binding on any Party unless this document has been executed by that Party. This Agreement will be effective upon recording in the Real Property Records of Waller County, Texas.

7.12. Entire Agreement. This instrument contains the entire agreement between the Parties relating to its subject matter. Any oral representations or modifications concerning this instrument shall be of no force and effect.

[Signatures appear on the following pages.]