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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR THE LAKES AT CYPRESS HILL**

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This Declaration of Covenants, Conditions and Restrictions for the Lakes at Cypress Hill is made this 1st day of November, 1991, by Precision Properties, Inc., a Texas corporation (hereinafter referred to as "Declarant");

W I T N E S S E T H

Declarant intends by this Declaration to impose upon the property described in the Supplemental Declaration(s), mutually beneficial restrictions under a general plan of improvement and development for the benefit of all owners of property within the Lakes at Cypress Hill. Declarant desires to provide a flexible and reasonable procedure for the overall development of the property and the interrelationships of the component residential associations in other areas, and to establish a method for the administration, maintenance, preservation, use, and enjoyment of the property as is now or may hereafter be submitted to this Declaration.

**ARTICLE I.
Definitions**

Section 1. "Annexation" or "Annex" shall mean the process by which other real property is joined to the Lakes at Cypress Hill community and made subject, in their entirety, or as modified or amended, to the covenants, conditions and restrictions of this Declaration, in accordance with the procedures set out in Article V below.

Section 2. "Annual Assessment" shall mean the assessment created herein for the purpose of promoting the health, safety, security, welfare, common benefit, enjoyment and maintenance of the Lakes at Cypress Hill, and other real property annexed thereto, including the actual and estimated expenses, and reserves reasonably required for operating the association pursuant to this Declaration, and the Bylaws and Articles of Incorporation of the Association.

Section 3. "Association" shall mean and refer to the Lakes at Cypress Hill Owners Association, Inc., a Texas non-profit corporation, its successors and assigns, which has heretofore been formed by Declarant to enforce this Declaration.

Section 4. "Board" shall mean and refer to the appointed Board of Directors of the Association.

Section 5. "Builder" shall mean a person or entity engaged in the business of constructing and selling single family residences, and owning one or more lots within the Lakes at Cypress Hill upon which it has constructed, or is constructing, a residential unit for purposes of resale, rather than for Builder's personal use or occupancy.

Section 6. "Budget" shall mean the annual operating budget for accomplishing the purpose of the annual assessment and maintaining of the Lakes at Cypress Hill community, including, but not limited to, the common area, lakes and annexations.

Section 7. "Bylaws" shall mean the Bylaws of the Association.

Section 8. "Common Area" shall mean all real and personal property now or hereafter owned by the Association and utilized for the common use and enjoyment of its members, including, by way of example and not limitation, all public or private streets and roadways, street lights, fountains, clubhouses, green belt areas, lakes, strand and waterways, excluding, however, any lots and any portion of the Lakes at Cypress Hill owned by Declarant. The common area shall be designated and more particularly described in a supplemental declaration, and shall include all easement rights of Declarant therein. The common area shall include all property of the type described herein now owned or hereafter acquired by the Association, whether by purchase or otherwise, and such other real or personal property as Declarant may hereafter designate as common area by instrument recorded among the Official Public Records of the Real Property Records of Harris County, Texas.

Section 9. "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association and the Lakes at Cypress Hill community, including any reasonable reserve, all as may be imposed hereunder or found to be necessary and appropriate by the Board pursuant to this Declaration, the Bylaws and the Articles of Incorporation.

Section 10. "Lot" shall mean a portion of the properties, other than the common area, intended for any type of independent residential use and shall include water access lots and water view lots. Lots may be shown on the plats or survey filed with this Declaration or amendments thereto or may be further described in any other supplemental Declaration which may be made applicable to all or any portion of the properties.

Section 11. "Member" shall mean and refer to a person or entity entitled to membership in the association.

Section 12. "Mortgage" shall mean a conveyance of any interest in a lot from the owner to a third party to secure payment on a real estate lien note and shall include a deed of trust lien.

Section 13. "Mortgagee" shall mean the beneficiary or holder of the real estate lien note secured by a mortgage on any lot and shall include the beneficiary or holder of a deed of trust lien.

Section 14. "Mortgagor" shall mean an owner who shall convey any interest in his lot as security for a real estate lien note, and shall include a grantor of a deed of trust lien.

Section 15. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to a lot, but shall not include a mortgagee.

Section 16. "Person" shall mean an individual, a corporation, a partnership, trustee, or legal entity.

Section 17. "Properties" or "Property" shall mean and refer to the real property described in any Supplemental Declaration(s) and shall further refer to such annexed property as may hereafter be annexed by amendment to this Declaration, or which is owned in fee simple by the Association.

Section 18. "Residential Unit" shall mean any portion of the properties intended for use and occupancy as a residence by a single household. For the purposes of this Declaration, a newly constructed residential unit shall come into existence when substantially complete.

Section 19. "Section" shall mean the increments of property described and subjected to this Declaration by any amendment or Supplemental Declaration, each such described property being a separate section.

Section 20. "Special Assessments" shall mean an assessment, in addition to any other assessment authorized herein, which the Board may levy against each lot owner for the purpose of providing funds for, and the proceeds of which shall only be used for construction, reconstruction, replacement, major repair or other expenses of a capital nature upon any portion of the Lakes at Cypress Hill, including, without limitation, any of the common areas or any improvements, fixtures, machinery, or other personal property constructed or located upon or within, or attached to, or used by the Association in connection with the common areas.

Section 21. "Lake" or "Ski Lake" shall mean and include any body of water, all or a portion of which is contained within the Lakes at Cypress Hill, up to the shore line, along such lake, together with any adjacent areas contained within the boundaries of any drainage easement applicable to such lake, and shall include both the water contained within such lake, the ground or bottom thereunder, and any structures now or hereafter located upon or within the boundaries of such lake.

Section 22. "Water Access Assessment" shall mean an assessment levied only against the water access lots, the proceeds of which shall be used to repair, maintain, rebuild, restore, and style or otherwise service any portion of the lake, personal property on the lake or water ski tournament facilities.

Section 23. "Water Access Lots" shall mean those lots so designated by the Declarant. Owners of water access lots shall have use of the common area, lake, and any water ski activities and tournament facilities.

Section 24. "Water View Lots" shall mean those lots so designated by Declarant. Owners of water view lots shall not have use of the lakes, including any water ski or similar activities, but shall have use of any other common areas.

ARTICLE II.
Property Rights

Section 1. "General"

Every owner, to the extent authorized by the Association, shall have a right to use and enjoy the common area subject to any restrictions, limitations, or provisions contained in this Declaration, Supplemental Declaration, or any deed conveying to the Association such property. Such right may be delegated to the members of the owner's family and his or her tenants and invitees, subject to such regulations or procedures as may be adopted by the Board. The aforementioned right of enjoyment shall be appurtenant to and shall pass with the title to every lot, subject to the following reservations, rights and provisions:

- a. the right of the Association to suspend an owner's voting rights and right to use the facilities as may be located on the common area for any period during which any assessment of the Association against said owner's lot or property remains unpaid, and for any infraction of the Association's rules and regulations for the duration of the infraction and for an additional period thereafter not to exceed thirty (30) days;
- b. the right of the Association to dedicate, transfer, or grant permits, licenses and easements in and to the common area for utilities, roads and other purposes reasonably necessary or useful for the proper development, maintenance or operation of the Lakes at Cypress Hill community, all as benefit annexed property or the properties or any portions thereof;
- c. the right of the Association to borrow money for the purpose of (1) improving the properties or any portion thereof; (2) acquiring additional common area, or (3) repairing or improving any facility located or to be located on the properties, and to give as security for the payment of such loan, a mortgage or deed of trust conveying all or any portion of the common area; provided, however, the lien and encumbrance of any such mortgage or deed of trust given by the Association shall be subject and subordinate to any and all rights, interests, options, easements and privileges herein reserved or established for the benefit of Declarant, any owner, any other person, or

the holder of any mortgage or deed of trust, irrespective of when executed, given by Declarant or any owner encumbering any lot, residential unit, or other property located within the Lakes at Cypress Hill;

- d. the easement right of Declarant and its successors and assigns to enter and travel upon, over, and across the common area for the purpose of completion and repair of the improvements within the properties or annexed property for all reasonable purposes to further assist and enhance the marketing of property, lots, or residential units located or to be located on the properties or annexed property;
- e. the reserved easement, permit, license and right in Declarant, invitees and guests of Declarant, present and future, to enter and travel upon, over, and across the common area for the purpose of accommodating the use of the Lakes at Cypress Hill community by such person; and
- f. the right of the Association to charge reasonable admission fees and other fees, including tenant registration fees, for the use of any recreational facilities, as may be located on the common area.

Section 2. "Owner's Right to Ingress and Egress"

Every owner shall have the right of ingress and egress over, upon, and across the common area necessary for access to his or her lot or residential unit.

Section 3. "Use of Common Area"

The owners are hereby prohibited and restricted, except for approved dock, deck, pier and boathouse, from using any of the common area outside their respective lots and residential units, except as may be allowed by the Association's Board of Directors or as may be expressly permitted in this Declaration or any amendment or Supplemental Declaration applicable to all or a portion of the properties. By way of explanation and not limitation, no planting or gardening shall be done upon the common area, and no fences, hedges or walls shall be erected or maintained upon the common area, except as are installed by Declarant, Association or a builder/owner in accordance with the construction of the improvements located thereon or as approved by the Association's Board of Directors or their designated representatives.

Section 4. "Delegation of Use"

Any owner may delegate the right to the use and enjoyment of the common area and facilities which constitute the common area, to members of an owner's family who reside with owner upon a lot, and to tenants or contract purchasers who reside on a lot, all in accordance with the Bylaws, or rules and regulations adopted by the Association.

Section 5. "Emergency and Service Vehicles"

An easement is hereby granted to all police, fire protection, ambulance and other emergency vehicles, and to garbage and trash collection vehicles, postal service employees and vehicles, and other service vehicles to enter upon the properties in the performance of their duties. Further, an easement is hereby granted to the Association, its officers, agents, employees and management personnel to enter the properties to render any service.

Section 6. "Acknowledgement of Rights of Use"

Each owner and member of the Association, by acceptance of a deed or contract for deed to any lot is deemed to accept the reservations, rights of use, licenses, easements and permits existing in, through and over the common area.

Section 7. "Conveyance of Common Area"

The Declarant covenants to convey title to all or portions of the common area to the Association.

Section 8. "Rules and Regulations"

The Board may establish reasonable rules and regulations concerning the use of the common area, lakes and improvements thereon. No rule or regulation shall, however, diminish, alter, or affect the rights of use, easements, permits, or licenses existing in Declarant, or its successors and assigns. Furthermore, no rule or regulation shall affect or treat Declarant, or its successors and assigns, or the invitees of Declarant in a manner differently than the Association's rules may affect or treat its Class "A" members. Copies of such regulations and amendments thereto shall be furnished by the Association to all owners, and Declarant, prior to the rule's effective date. Such regulations shall be binding upon the owners and users, their families, tenants, guests, invitees, and agents, until and unless such regulation, rule, or requirement is specifically overruled, cancelled or modified by the Board. The Board shall have the authority to impose reasonable monetary fines and other sanctions for violations of its rules and monetary fines may be collected by lien and foreclosure, as provided in Article III hereof. In addition, the Board shall have the right to suspend boats and the right to use the common area (other than for access to one's lot) for violation of its rules, as well as to proceed judicially to enjoin and abate violations of such rules if such rules were use restrictions contained herein as covenants on the properties.

Section 9. "Construction and Sale"

Despite any provisions contained in this Declaration to the contrary, it shall be expressly permissible for Declarant and all builder/owners to maintain and carry on upon such portion of the properties as may be owned by Declarant or the common area, such facilities and activities, as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to construction or sale, including, without limitation, business offices, signs, model homes, and sales offices, so long as construction on or original offering for sale of all or a portion of the properties or annexed property continues. The right to maintain and carry on such

facilities and activities shall include specifically the right to use lots and residential units owned by Declarant or builders/owners as models and sales offices and to authorize sales and construction personnel to travel upon and enter the common area. Furthermore, Declarant reserves the right, during installation of any lakes, or streets, as shown on any Lakes at Cypress Hill plat or plat of any section, to enter onto any lot or lots for the purpose of disposing of lake or street excavation, whether or not the lot or lots have been conveyed to and/or contracted for by any other owner or owners.

Section 10. "No Partition"

Except as is permitted in this Declaration, there shall be no partition of the common area, or any part thereof, nor shall any person acquiring any interest in any of the properties, or any part thereof, seek any such partition, judicial or otherwise, unless the affected area has been removed from the provisions of this Declaration. This Section shall not be construed to prohibit the Board from acquiring and disposing of tangible personal property, nor from acquiring title to real property which may or may not be subject to this Declaration.

Section 11. "Easements for Utilities, Etc."

Declarant, and its successors and assigns, reserves the easements and the rights-of-way, as shown on any Lakes at Cypress Hill plat or the plat of any section for the purpose of constructing, maintaining, and repairing a system or systems of electric lighting, electric power, telegraph and telephone line(s), gas line, sewers, or any other utility Declarant determines to install, across and/or under the properties. Neither Declarant, Association, nor any utility company using the easements referred to in this Declaration shall be liable for any damages done by them or their assigns, agents, employees, or servants to any fences, shrubbery, trees, flowers, or any other property of the owner situated on the property covered by said easements.

Section 12. "Assignment of Declarant Rights"

Declarant may assign its rights as Declarant to all or any portion of the properties or annexed property to any party or parties who take title to all or any portion of the property or annexed properties for the purpose of development and sale.

Section 13. "Type Lots"

Declarant shall, at its sole option, designate lots in this Section or in future Sections as water access or water view lots at initial sale, provided, however, Declarant shall not designate more than twenty-two (22) lots as water access lots.

ARTICLE III.
Assessments

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Section 1. "Creation of the Lien and Personal Obligation of Assessments"

A. Each owner of a lot owned within in the Lakes at Cypress Hill, shall be subject to assessment as hereinafter provided, and, by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay the Association such assessments as may be fixed, established and corrected from time to time, as hereinafter provided, all of which shall be a charge against and secured by a continuing lien upon the lot. The lien for the payment of assessments shall be for the benefit of the Association and all owners, although the Association shall have the exclusive right to collect all assessments and exercise remedies in the event of non-payment, and shall be prior and superior to all other liens, except (i) all liens or taxes for special assessments levied by the county and state governments or any political subdivision or special district thereof; (ii) all liens securing amounts due or to become due under any mortgage, vendor's lien or deed of trust filed for record prior to the date payment of any such assessments become due and payable; and (iii) all liens, including, but not limited to, vendor's liens, deeds of trusts and other security instruments which secure any loan for all or a part of the purchase price of a lot when the same is purchased from a builder. Any foreclosure of any such prior or superior lien under the power of sale of any mortgage, deed of trust or other security instrument, or through court proceedings to which the Association has been made a party, shall extinguish the lien securing an assessment which becomes due and payable prior to such foreclosure date, but no such foreclosure shall free any lot from the lien securing an assessment thereafter becoming due and payable, nor shall the personal obligations of the owner be extinguished by any foreclosure. Each assessment, together with the interest thereon and costs of collection, as hereinafter provided, shall also be and remain the personal obligation of the owner of such lot at the time the assessment becomes due and payable, notwithstanding any subsequent transfer of title of same. Such personal obligation shall not pass to such owner's successors in title, unless expressly assumed by them, but shall be secured by the continuing lien referred to above.

B. It is specifically stated and agreed that any lots sold to persons or entities by the Declarant by contract for sale of land, deed with lien and note, or other instrument and the purchaser defaults in contract or note payment in any manner and said lot is repossessed, foreclosed, or such contract cancelled by Declarant, their successors or assigns, the Association will release its right to collect the past due maintenance charges, assessments, and penalties on such lots from Declarant. Nothing herein contained shall relieve the purchaser in default from whom the lot was repossessed from his personal obligation to pay such delinquent charges, assessments and penalties to the Association.

Section 2. "Effect of Non-Payment of Assessment"

If any assessment is not paid within thirty (30) days from the date due, the same shall bear interest from the due date until paid at the maximum non-usurious rate of interest allowed by applicable local, state and/or federal laws, and if placed in the hands of any attorney for collection, or if suit is brought thereon, or if same is collected through probate or other judicial proceedings, there shall be paid to the Association an additional reasonable amount, but not less than fifteen percent (15%) of the amount owing, as attorney's fees. The Association, as a common expense of all owners, may institute and maintain an action in law or in equity against any defaulting owner to enforce collection and/or for foreclosure of the liens against his lot. All such action may be instituted and brought in the name of the Association and may be maintained and prosecuted by the Association in a like manner as an action to foreclose the liens of a mortgage or deed of trust on real property. The Declarant or Association shall have the right to publish a monthly list of all owners delinquent in payment of their respective assessment charges, which list shall be made available for inspection to any owner upon reasonable request.

Section 3. "Collection and Enforcement"

Each owner, by his assertion of title or claim of ownership or by his acceptance of a deed to a lot, whether or not it shall be so recited in such deed, shall be conclusively deemed to have expressly vested in the Association, and its officers and agents, the right, power and authority to take all action which the Association shall deem proper for the collection of assessments and/or the enforcement and foreclosure of the lien securing same, as well as any other action.

Section 4. "Purpose of Assessments"

*(Revised
Comm. 2)*
The assessments levied by the Association (other than special assessments and water access assessments) shall be used for the purpose of providing funds to or for the Association to carry out any of its duties, rights, or privileges under this Declaration or any document referred to or incorporated herein, including, without limitation: (i) the improvement, beautification, management, operation, repair, restoration, modification and maintenance of the common area, including all real and personal property which constitutes or is located upon or used in connection with the common area including the payment of all expenses, and employment and payment of all personnel reasonably required for the Association to carry out its duties hereunder; (ii) the enforcement of this declaration and any amendments or supplements hereto or additional covenants contained in any declaration of annexation; (iii) the payment of taxes and other assessments upon the common areas and premiums for insurance applicable to, or covering, the common areas, the architectural control committee, the Association, the Board, or their officers, directors, members or owners; and (iv) for any and all other uses and purposes, in the sole discretion of the Board as shall benefit, promote or enhance the health, safety, convenience and welfare of owners, for the beauty, use, enjoyment and operation, maintenance for value of the Lakes at Cypress Hill, or parts thereof,

including but not limited to, garbage removal (except during residential unit construction), mosquito fogging, and such other items as for the benefit of the Lakes at Cypress Hill community.

5. "Annual Assessment"

The annual assessment shall be set from time to time by a majority vote of the Board in accordance with the provisions and limitations, if any, of this Declaration and the bylaws.

6. "Special Assessments"

In addition to the annual assessment authorized above, the Association may levy a special assessment in any year, upon recommendation or vote of majority of the Board, provided that such assessment is proved or consented to upon the affirmative vote of two-thirds of the votes cast by the combined classes of all members voting in person or by proxy at a meeting duly called for this purpose in accordance with the voting rights and provisions of this Declaration, or the bylaws.

7. "Water Access Assessments"

In addition to the annual assessment and special assessments authorized above, the Association may levy a water access assessment which shall be assessed against, and shall only be applicable to, water access lots, and shall be subject to the following conditions and limitations:

- (a) the amount of the water access assessment applicable to any water access lot can be assessed against such lot under the provisions of section 5 above.
- (b) the water access assessment shall be assessed against each water access lot in proportion to, and based upon, the number of water access lots in the Lakes at Cypress Hill.
- (c) the actual amount of any water access assessment shall be set by the Board, upon majority vote, provided that it does not exceed the maximum authorized herein.
- (d) the proceeds of any water access assessment shall be used by the Association to repair, maintain, restore, rebuild, replace, secure, preserve or improve, in any way, any lake, shoreline, or other boundary of a lake and its adjoining property, including, but without limitation, Association, personal or water ski facilities which support or are ancillary to any lake.

8. "Meetings"

The Association shall have regular meetings at consistent and convenient times for owners to attend as determined by the Board. Said meeting shall occur not less than bi-monthly.

9. "Due Date of Assessment"

Assessment shall become due and payable at such times, and in such installments as the Board may determine from time to time. Unless, or until, the Board provides otherwise, all assessments shall become due and payable for the year, on the first day of each year and shall be payable annually, in advance, unless otherwise determined by the Board. Assessments or increases in assessments which first become effective, as to a particular lot, at any time after January 1 of a calendar year, shall be prorated on the basis of the number of days remaining from the date such assessment or increase rate of assessment, first became effective, until the end of the then-calendar year and shall be due and payable, in advance, on the date which such assessment or increased rate of assessment, becomes effective. The Board shall furnish written notice of the amount of each assessment to each owner within a reasonable time after the determination or setting of such assessment and shall, upon request and for a reasonable charge, furnish certificates signed by an officer of the Association setting forth whether the assessments applicable to a particular lot had been paid. A properly executed certificate of the Association evidencing the payment of any assessment applicable to a lot shall be binding upon the Association as of the date of its issuance.

10. "Unimproved Lots"

Declarant, beginning with calendar year 1993, and builders, from date of purchase, shall pay 50% of the then existing full annual assessment for each lot owned by them until a residential unit has been permitted to be occupied or one year has elapsed since the substantial completion date of such residential unit, whichever occurs first. It shall be the duty of each builder to notify the Association at the time a residential unit has been substantially completed or permitted to be occupied. Owners of unimproved lots other than Declarant and builders shall pay existing full pro rated annual, special and water access assessments for each lot owned by them. Owners of lots selling lot(s) to a builder for construction purposes, shall be responsible for assessments in full during this period.

11. "Exemptions"

A. The common area and all portions of the property owned or otherwise dedicated to any political subdivision shall be exempt from the assessments and the liens created herein.

B. Notwithstanding anything herein to the contrary, any lot owned by Declarant or any builder shall be exempt from the payment of any special or water access assessment which might otherwise be assessed against any lot owned by the Declarant or any builder. This exemption shall continue on any lot owned by any builder for a period of one (1) year from the time of recordation of the deed of conveyance of such a lot to a builder (or acceptance of a contract

for deed) upon the initial occupancy of a dwelling constructed on the lot or upon the conveyance by a builder of the lot to another, whichever event occurs first. Thereafter, every lot owned by any builder shall pay the full assessment rate applicable to any other lot.

ARTICLE IV.
The Association

Section 1. "Organization"

The Declarant has caused the Association to be organized and formed as a non-profit corporation under the laws of the State of Texas.

Section 2. "Purpose"

The purpose of the Association shall, in general, be to provide for and promote the health, safety and welfare of the residence of the Lakes at Cypress Hill, to collect the assessments and to administer such funds, to provide for the maintenance, repair, preservation, upkeep and protection of a common area, lakes and to exercise all rights authorized and perform all duties imposed by, and to achieve any and all other purposes as are stated in this Declaration, any supplemental declaration, the articles of incorporation or bylaws of the Association.

Section 3. "Voting Rights"

The Association shall have two classes of voting membership:

A. Class A

Class A members shall be all owners of a lot, with the exception of Declarant and shall be entitled to one vote for each lot owned. When more than one person or entity holds an interest a lot, all such persons or entity shall be members, and the vote for such lot shall be exercised as they may determine, but in no event shall more than one vote be cast with respect to any lot. There shall be no fractional votes.

B. Class B

The Class B member shall be declarant and Declarant shall be entitled to two votes for each lot owned by it in any property now or hereafter annexed and made subject to this Declaration. The Class B membership shall cease and be converted to a Class A membership on the happening of any of the following events, whichever occurs first (such date being herein called the "equalization date"):

- (a) when the total votes outstanding in the Class A equals or exceeds the total votes outstanding in the Class B membership, taking into consideration all lots owned by Declarant within the Lakes at Cypress Hill, and within any property that has been annexed hereto;
- (b) January 1, 1996; or
- (c) when, in its sole discretion, Declarant so determines.

Section 4. "Title to Common Area"

The Association shall hold title to the common area as Declarant may convey to the Association, or otherwise designate, by document recorded among the appropriate real property records, as, Common Area and all of which conveyances and designations shall be subject to any and all easements prescribed or granted herein, and any and all other liens, claims, encumbrances, easements, restrictions or reservations applicable to such property.

Section 5. "Owner's Responsibility"

The maintenance responsibility of an owner shall be as follows:

- (a) All maintenance of lots, residential units, decks, docks, piers or boat houses unless specifically identified hereunder as being the responsibility of the Association or another party, shall be the responsibility of the owner of such lot or residential unit.
- (b) In the event the board of directors of the Association determines that (i) any owner failed or refused to discharge properly his or her obligations with regard to the maintenance, repair or replacement of items for which he or she is responsible hereunder; or (ii) that the need for maintenance, repair or replacement which is the responsibility of the Association hereunder is caused through the willful or negligence act of an owner, his or her family, guests, lessees, or invitees, the Association, except in the event of an emergency situation, shall give the owner written notice of the Association's intent to provide such necessary maintenance, repair, or replacement, at their sole cost and expense; the notice shall set forth with reasonable particularity the maintenance, repair, or replacement necessary and the costs thereof. The noticed party shall have fifteen (15) days within which to pay such amount claimed; or, in the event such maintenance or repair is to the owner's residential unit or lot, to complete said maintenance, repair or replacement; or, in the event that such maintenance, repair, or replacement is not capable of completion within said fifteen (15) day period, to commence such work which shall be completed in a reasonable time. If any owner does not comply with the provisions hereof, the Association may provide such maintenance, repair or replacement at such owner's sole cost and expense, then the cost shall be added to and become a part of the assessments to which such party is subject and shall become a lien against the lot of such party.
- (c) By virtue of taking title to a lot, each owner of a lot covenants and agrees with all other owners and with the Association to carry all risk casualty insurance. Each owner further covenants and agrees that in the event of a partial loss or damage of any structure located on the lot, he or she shall proceed promptly to repair or reconstruct the damaged structure in a manner consistent with the

original construction. In the event that an owner of a residential unit or structure is totally destroyed or rendered uninhabitable or unusable and the owner thereof determines not to reveal or reconstruct, then that owner shall clear that lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction. The obligation of a lot owner hereunder specified, shall not be applicable to any owner whose lot is insured under a casualty insurance policy obtained by an association of owners his behalf.

Section 6. "Authority of Association"

The Association shall be the custodian of, and shall have the sole right to administer funds collected from assessments, for such purposes and in such manner, as the Board, in the exercise of their reasonable business judgment, may determine. No individual person, as an officer or director of the Association or of Declarant, or as a member of the Architectural Control Committee shall be liable to any owner, builder, or other person or entity as a result of the performance of his duties, or the exercise of his discretion of judgment on behalf, or in such individual capacity as officer, director, or member, of the Association, of Declarant or the Architectural Control Committee. The purposes for which assessments may be expended, and the rights and privileges granted to the Association herein are permissive only, and shall not create nor imply any obligation or affirmative duty on the part of the Association or Declarant, its officers or directors.

Section 7. "Indemnification"

The Association shall indemnify its Board, and each of its officers and directors, and shall further indemnify the Architectural Control Committee, and each of its members (including any advisory members or directors), against any and all expenses, including reasonable attorney's fees incurred by or imposed upon such individual or entity in connection with any suit, claim or other proceeding (including settlement of any such claim, suit or proceeding if such settlement is approved by the Board) to which such individual may be a party by reason of being, or having been an officer or director of the Association, or member of the Architectural Control Committee unless, and only unless, such individual is found (by final judgment which cannot be further appealed) to have acted in bad faith or with malice, or to have been grossly negligent. No such officer, director or committee member shall be liable to the Association, the committee, any owner, or any other person or entity for any mistake of judgment, whether negligent or otherwise, nor for the exercise of such individual's judgment except in the event of such judicially determined bad faith, malice or gross negligence. No officer or director of the Association, nor any member of the Architectural Control Committee, shall have personal liability with respect to any contract or any commitment made by them on behalf of the Association or Architectural Control Committee, and the Association shall indemnify and hold harmless each such officer and director and committee member from any and all liability in connection with any such contract or commitment.

ARTICLE V.

Extension Of Declaration To Additional Land*Year 2016*Section 1. "Annexation of Additional Property"

Notwithstanding any provision of this Declaration, Declarant shall have the unilateral right and option, at any time and from time to time for a period of twenty-five (25) years after the date of recordation of this Declaration to subject portions of the property, or other real property now owned, or hereafter acquired, by Declarant subject to such modification or amendments thereto as Declarant may provide for in the Supplement Declaration thereof by the execution and recordation of a Supplemental Declaration which:

- (a) refers to and incorporates this Declaration;
- (b) names or creates a section or otherwise describes real property subjected thereto and designates the same to be annexed to the Lakes at Cypress Hill;
- (c) contains such amendments, modifications, or alterations to this Declaration as Declarant may desire for the property described in such Supplemental Declaration(s) and/or contains such additional restrictions, covenants, conditions or assessments as Declarant may desire.

Immediately upon recordation of a Supplemental Declaration as described above, the real property described in such Supplemental Declaration, shall be annexed to the Lakes at Cypress Hill and shall thereafter be deemed to be a part of the Lakes at Cypress Hill. Except to the extent otherwise expressly provided in the Supplemental Declaration, all rights, privileges, easements and obligations hereof shall automatically extend to the property described in the Supplemental Declaration, and to the owners thereof.

Section 2. "Modification of Restrictions"

As to any real property described in a Supplemental Declaration, Declarant shall have the right to provide for such reservations, covenants, obligations, assessments, liens, and other terms and provisions for the property described in such supplemental declaration, as Declarant may, in its sole discretion, determine and decide, which shall be similar to, or consistent with, the terms of this Declaration. Without limiting the generality of the foregoing, it is specifically understood that Declarant shall have the right to make said provisions as Declarant may deem desirable, in such Supplemental Declaration, for the construction, development or maintenance of single family residences; patio homes, townhomes or other residential developments; athletic, entertainment, amusement or club facilities; and educational, governmental or public structures, facilities or developments; provided, however, that no such annexation shall change the character of the property in any section to which these restrictions have become applicable prior to such annexation.

Section 3. "Non-owned Property"

Declarant shall have the right to annex additional property to the Lakes at Cypress Hill upon property not owned by Declarant, provided such Supplemental Declaration is executed by the owner of such real property and joined in by Declarant.

Section 4. "No Obligation to Annex"

Nothing contained herein and no development of the Lakes at Cypress Hill nor any portion of the property shall obligate the Declarant to include, annex or incorporate any additional portion of the Property or any other real property, now or hereafter owned by Declarant into the Lakes at Cypress Hill and neither dimension nor description of the Property nor Declarant's expressed intent to develop the Property according to a uniform plan a scheme of development shall obligate Declarant to include any portion of the Property in any such a development, nor obligate Declarant to impose any restriction, encumbrance or condition, of any kind or character, upon any portion of the Property other than the Lakes at Cypress Hill. Declarant shall have the right to create other subdivisions out of the Property which are not annexed to or made a part of the Lakes at Cypress Hill, and are not subject to any of the conditions, covenants or restrictions hereof, and nothing contained herein, nor applied hereby, shall limit, encumber or otherwise impair or effect in any way, Declarant's right to use, convey or otherwise deal with any portion of the Property other than that specifically included within the Lakes at Cypress Hill.

ARTICLE VI.
Time Sharing

Section 1. "Definitions"

- (a) a "time share plan," for purposes of this Declaration shall mean any arrangement, plan, scheme, idea or other similar device, whether by membership, agreement, tenancy in common, sale, lease, deed, rental agreement, license, right to use agreement or by any other means whereby a purchaser or other consumer, in exchange for consideration, receives a right to use property, lakes, accommodations or facilities, for a period less than three (3) months.
- (b) "accommodation," for purposes of this Declaration shall mean any apartment, condominium or co-operative unit, townhouse, cabin, lodge, hotel or motel room, single family detached home, or other private or commercial structure designed for occupancy of one or more individuals.

Section 2. "Regulation of Time Share Plans"

No time share plan shall exist or be arranged, offered for sale, planned, instituted or implemented in any way within the Lakes at Cypress Hill.

ARTICLE VII.
General Provisions

Section 1. "Enforcement"

Representatives
The Association, or any owner, shall have the right to enforce, by any proceeding at law or in equity, all charges now or hereafter imposed by the provision of this Declaration. Failure by the Association or by any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. "Attorney's Fees"

In the event Declarant, the Association or the Architectural Control Committee shall retain an attorney to enforce any provision of this Declaration, then the owner of the lot as to which enforcement is sought shall pay, in addition to all other relief, all reasonable attorney's fees, court costs and other expenses incurred by Declarant, the Association, the Architectural Control Committee or their agents or representatives, in the enforcement of this Declaration.

Section 3. "Severability"

Invalidation of one of these provisions by judgment or a court order shall not effect any other provision which shall all remain in full force and effect.

Section 4. "Term"

2031
The covenants, conditions and restrictions of this Declaration and any Supplemental Declaration shall run the land and shall be binding upon all owners of land within the Lakes at Cypress Hill, their successors and assigns and all persons or parties claiming under them for a period of forty (40) years from the date hereof, at which time this Declaration shall be automatically extended for successive periods of ten (10) years each, unless during the six month period prior to the expiration of such initial forty (40) year period or of any successive ten (10) year period, the then owners of at least sixty-seven (67%) percent of the lots in the Lakes at Cypress Hill shall have executed and recorded an instrument which terminates this Declaration.

Section 5. "Amendment"

to 75%
This Declaration or any supplemental declaration shall be amended during the initial forty (40) year term hereof by an instrument executed and acknowledged by the owners of seventy-five (75%) percent of the lots of the Lakes at Cypress Hill. After such initial term, this Declaration may be amended by an instrument executed by those members entitled to cast sixty (60%) percent of the total Class A and Class B votes of the Association.

Section 6. "Incorporation"

The terms and provisions of this Declaration shall be construed as being adopted in each and every contract, deed, or conveyance hereafter executed by Declarant, its successors or assigns conveying

all or any part of the property, whether or not referred to therein, and all estates conveyed therein and warranties of title contained therein shall be subject to the terms and provisions of this Declaration.

Section 7. "Gender and Grammar"

The singular wherever used herein shall be construed to mean and 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 8. "Titles"

The titles of this Declaration and of articles in sections contained herein are 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 9. "Minerals"

The Declarant hereby reserves unto itself, its successors and assigns, all of the mineral and/or royalty interest(s) in or effecting the property, which is presently, or in the future maybe invested in Declarant. However, the Declarant hereby waives any right to enter upon the property for any purpose exploration, mining and/or production of said minerals. The Declarant additionally waives any right or ingress and/or egress into or across the property for the purpose of mineral exploration, mining and/or production for any property owned by Declarant and situated adjacent to the property. Any exploration, mining and/or production of minerals from the property shall be accomplished without entry upon the property or any portion thereof and the Declarant hereby covenants and agrees that any and all leases or other agreements entered into by the Declarant, its assigns or successors concerning the exploration, mining and/or production of minerals for the property shall so reflect.

Section 10. "Successors and Title"

The terms and provisions shall apply to, be binding upon, and inure to the benefit of Declarant and the Association and all owners and occupants of any lot and their respective heirs, devisees, successors, legal representatives and assigns.

Section 11. "Easement of Encroachment"

- (a) Provided that no portion of a residential unit, garage or other structure erected upon a lot extends beyond the building setback line for such lot, each owner of a lot is granted an easement to allow roof overhangs, window boxes, eaves, gutters and other similar structures upon the exterior of a residential unit or garage to extend beyond the building setback line.

(b) The Architectural Control Committee shall have the right to grant a reciprocal easement of encroachment for any residential unit, garage or other improvement or structure, constructed, reconstructed, altered or placed upon a lot in such a manner that such structure encroaches upon the building setback line, an easement, a reserve, or the common area. If the Architectural Control Committee is reasonably satisfied that the placement of such structure was a result of inadvertence or mistake.

Section 12. "Omissions"

If any punctuation, word, clause, sentence, or provision necessary to give meaning, validity, or effect to any other word, clause, sentence, or provision appearing in this Declaration or any supplemental declaration shall be admitted herefrom, that it is hereby declared that such omission was unintentional and that the omitted punctuation, word, clause, sentence, or provision shall be applied by inference.

In witness whereof, the undersigned being the Declarant herein, has here unto set its hand and seal this 31st day of October, 1991.

DECLARANT:

PRECISION PROPERTIES, INC.

By: Brad A. Birdwell
Brad A. Birdwell
Vice President

LIEN HOLDER:

MONTE PENDLETON, TRUSTEE

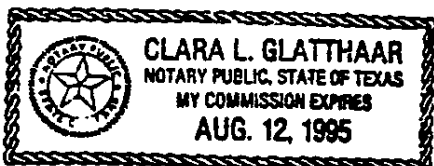
By: Monte Pendleton
Monte Pendleton
Date: 10/31/91

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

006-43-1683

This instrument was acknowledged before me on the 31st day of October, 1991, by Monte Pendleton, Trustee.

[S E A L]



Clara L. Glatthaar
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS
COMMISSION EXPIRES: 8-12-95
NAME: Clara L. Glatthaar

ACKNOWLEDGEMENT

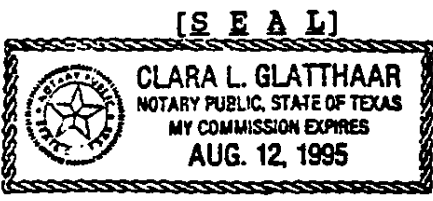
STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared Stephen Ray Smith, Secretary, Precision Properties, Inc., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

Stephen Ray Smith

Stephen Ray Smith, Secretary

SUBSCRIBED AND SWORN to before me on this the 4th day of November, 1991.



Clara L. Glatthaar

NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS
COMMISSION EXPIRES: 8-12-95
NAME: Clara L. Glatthaar

AFTER FILING RETURN TO:

Stephen Ray Smith
Krell, Torigian & Power
1600 Smith, Suite 3885
Houston, TX 77002
713/951-7600
713/951-7611 (FAX)

006-43-1684