

RESTRICTIONS

'7901052 WALDEN ON LAKE CONROE, SECTION FOURTEEN

DEEDS

THE STATE OF TEXAS
COUNTY OF MONTGOMERY

This Declaration, made on the date hereinafter set forth by JERRY H. DEUTSER, TRUSTEE, and S. CONRAD WEIL, JR., TRUSTEE, hereinafter referred to as "Declarants".

WITNESSETH:

Whereas, Declarants are the owners of that certain property known as WALDEN ON LAKE CONROE, SECTION FOURTEEN, a subdivision in Montgomery County, Texas, according to the map or plat thereof recorded in Cabinet C Sheet 4 Incl., of the Map Records of Montgomery County, Texas; and

Whereas, it is the desire of Declarants to place certain restrictions, covenants conditions, stipulations and reservations upon and against such property in order to establish a uniform plan for the development, improvement and sale of such property, and to insure the preservation of such uniform plan for the benefit of both the present and future owners of lots in said subdivision:

NOW, THEREFORE, Declarants hereby adopt, establish and impose upon WALDEN ON LAKE CONROE, SECTION FOURTEEN, and declare the following reservations, easements, restrictions, covenants and conditions, applicable thereto all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the land, which reservations, easements, covenants, restrictions and conditions shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest therein, or any part thereof, and shall inure to the benefit of each owner thereof; save and except Unrestricted Reserve "A", which is not subject to these Restrictions, Covenants and Conditions.

ARTICLE I

Definitions

Section 1. "Association" shall mean and refer to the Walden on Lake Conroe Community Improvement Association, its successors and assigns, provided for in Article V hereof.

Section 2. "Section Fourteen Association" shall mean and refer to Walden's Section Fourteen Association, its successors and assigns, provided for in Article VI. hereof.

Section 3. "Properties" shall mean and refer to WALDEN ON LAKE CONROE SECTION FOURTEEN, and any additional properties made subject to the terms hereof pursuant to the provisions set forth herein; save and except Unrestricted Reserve "A", which is not subject to these Restrictions, Covenants and Conditions.

Section 4. "Lot" and/or "Lots" shall mean and refer to the Lots shown upon the Subdivision Plat which are restricted hereby to use for single family residential dwellings only, save and except as to "A" Lots upon which no structure shall be erected, altered, placed or permitted to remain and save and except Unrestricted Reserve "A", which is not subject to these Restrictions, Covenants and Conditions.

Section 5. "Waterfront Lot" shall mean the following Lots: Lots 15 through 25 in Block 2, Lots 32 through 38 in Block 2, Lots 48 through 53 in Block 2 and Lots 55 through 58 in Block 2.

Section 6. "Interior Lot" shall mean a Lot other than a Waterfront Lot or an "A" Lot

Section 7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities of fee simple title to any Lot which is a part of the Properties, but in the event of the execution of a contract for sale covering any Lot, the "Owner" shall be the purchaser named in the contract, but excluding those having such interest merely as security for the performance of an obligation and those having only an interest in the mineral estate.

Section 8. "Subdivision Plat" shall mean and refer to the map or plat of WALDEN ON LAKE CONROE, SECTION FOURTEEN, recorded in Cabinet 2 Sheet 4 inclusive, of the Map Records of Montgomery County, Texas.

Section 9. "Architectural Control Committee" shall mean and refer to the WALDEN ON LAKE CONROE, SECTION FOURTEEN, Architectural Control Committee provided for in Article IV hereof.

Section 10. "Builder-Owners" shall be any person who acquires a Lot or Lots for the purpose of engaging in the business of construction of single-family residential dwellings for the purpose of resale.

Section 11. "A" Lot shall mean Lots 16A through 24A in Block 2, Lots 33A through 37A in Block 2, Lots 49A through 53A in Block 2 and Lots 55A through 58A in Block 2. The rights in connection with an "A" Lot are limited to a perpetual easement therein and, in addition to being subject to the terms hereof, are subject to a perpetual easement recorded in Volume 828, Page 6 of the Deed Records of Montgomery County, Texas, as corrected by instrument executed by San Jacinto River Authority dated November 21, 1977 and filed for record under File No. 7742616 in the Records of the County Clerk of Montgomery County, Texas. For the purposes hereof, an "A" Lot and the Waterfront Lot to which it is adjacent shall be considered as a single Lot, save and except that the same shall not be construed to allow any structure to be erected, altered, placed or permitted to remain on any "A" Lot.

ARTICLE IIReservations, Exceptions and Dedications

Section 1. The Subdivision Plat dedicates for use as such, subject to the limitations set forth therein, the streets and easements shown thereon and such Subdivision Plat, further establishes certain restrictions applicable to the Properties including, without limitation, certain minimum setback lines. All dedications, limitations, restrictions and reservations shown on the Subdivision Plat are incorporated herein and made a part hereof as if fully set forth herein, and shall be construed as being adopted in each and every contract, deed, or conveyance executed or to be executed by or on behalf of Declarants, conveying said property or any part thereof, whether specifically referred to therein or not.

Section 2. Declarants reserve the easements and right-of-ways as shown on the Subdivision Plat for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line or lines, gas, sewers or any other utility Declarants see fit to install in, across and/or under the Properties.

Section 3. Declarants reserve the right to make changes in and additions to the above easements for the purpose of most efficiently and economically installing the improvements.

Section 4. Declarants reserve the right, during installation of concrete paving, of the streets as shown on the Subdivision Plat, to enter onto any Lot or Lots for the purpose of disposing of street excavation, including the removal of any trees, if necessary, whether or not the Lot or Lots have been conveyed to and/or contracted for to any other Owner or Owners.

Section 5. Neither Declarants nor any utility company using the easements herein referred to, shall be liable for any damages done by them or their assigns, their agents, employees or servants, to fences, shrubbery, trees or flowers or any other property of the Owner situated on the land covered by said easements.

Section 6. It is expressly agreed and understood that the title conveyed by Declarants to any Lot or parcel of land within the Properties by contract, deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, water, gas, sewer, storm sewer, electric light, electric power, telegraph or telephone purposes and shall convey no interest in any pipes, lines, poles or conduits, or in any utility facility or appurtenances, thereto constructed by or under Declarants or any easement

owner, or their agents through, along, or upon the premises affected thereby, or any part thereof, to serve said land or any other portion of the Properties, and where not affected, the right to maintain, repair, sell or lease such appurtenances to any municipality, or other governmental agency or to any public service corporation or to any other party, and such right is hereby expressly reserved.

ARTICLE III

Use Restrictions

Section 1. Land Use and Building Type. All Lots other than "A" Lots shall be known and described as Lots for single family residential dwellings only (hereinafter sometimes referred to as "Residential Lots"), and no structure shall be erected, altered, placed or permitted to remain on any Residential Lot other than one (1) single family dwelling, a detached or an attached garage for not less than two (2) nor more than four (4) cars, with detached garages not to exceed one (1) story in height, and bona fide servants' quarters. Such detached or attached garage and servants' quarters shall not exceed the main dwelling in height or number of stories and which structure may be occupied only by a member of the family occupying the main residence on the building site or by domestic servants employed on the premises. The dwellings shall not exceed a height of thirty-five (35) feet. As used herein, the term "Residential Purposes" shall be construed to prohibit the use of said Lots for duplex houses, garage apartments, or apartment houses; and no Lot shall be used for business or professional purposes of any kind, nor for any commercial or manufacturing purpose. No building of any kind or character shall ever be moved onto any Lot within said Subdivision without written permission of the Architectural Control Committee. No structure shall be erected, altered, placed or permitted to remain on any "A" Lot.

Section 2. Architectural Control. No building shall be erected, placed or altered on any Lot until the construction plans and specifications and a plot plan showing the location of the structures thereon have been approved by the Architectural Control Committee as to harmony with existing structures with respect to exterior design and color with existing structures, as to location with respect to topography and finished grade elevation, and as to compliance with minimum construction standards more fully provided for in Article IV hereof.

Section 3. Dwelling Size. The total living area of the main residential structure of any Waterfront Lot, exclusive of open porches, garages and servants' quarters, shall not be less than 1,700 square feet. The total living area of the main residential structure of all other lots shall not be less than 1,600 square feet exclusive of open porches, garages and servants' quarters. The total living area of the main residential structure of a one and one-half (1½) or a two (2) story dwelling shall not be less than 1,800 square feet.

Section 4. Type of Construction, Materials and Landscaping.

(a) No residence shall have less than 25 percent masonry construction or its equivalent on its exterior wall area, unless approved in writing by the Architectural Control Committee, except that detached garages may have wood siding of a type and design approved by the Architectural Control Committee.

(b) No external roofing material other than wood shingles, built-up tar and gravel or asphalt shingles which are no lighter than 340 pounds per square and which are applied in accordance with the manufacturers specifications and which are installed on a roof which has no greater than a five in twelve pitch, shall be used on any building in any part of the properties without the written approval of the Architectural Control Committee.

(c) No window or wall type air conditioners shall be permitted to be used, erected, placed, or maintained on or in any building in any part of the Properties.

(d) Each kitchen in each dwelling or living quarters situated on any Lot shall be equipped with a garbage disposal unit, which garbage disposal unit shall at all times be kept in a serviceable condition.

(e) Before any landscaping shall be done in the front of any newly constructed dwelling, the landscape layout and plans shall have been first approved by the Architectural Control Committee. Such landscaping is to be done in the parkway area and on the front of the Lot at the time the dwelling is being completed and before occupancy.

Section 5. Building Location. No building shall be located on any Lot nearer to the front Lot line or nearer to the side street line than the minimum building set-back lines shown on the recorded plat. No building shall be located nearer than five (5) feet to any interior Lot line, except that a garage or other permitted accessory building located sixty-five (65) feet or more from the front Lot line may be located within three (3) feet of an interior Lot line. No main residence building nor any part thereof shall be located on any interior Lot or on Waterfront Lots 15, 25, 32, 38 and 48 in Block 2 nearer than fifteen (15) feet to the rear lot line. For the purpose 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 a building on any Lot to encroach upon another Lot. For the purpose of these restrictions, the front of each Lot shall coincide with and be the property line having the smallest or shortest dimension abutting a street. Unless otherwise approved in writing by the Architectural Control Committee, each main residence building will face the front of the Lot, and each detached garage will face and be located at least sixty-five (65) feet from the front of the Lot on which it is situated and will be provided with the driveway access from the front of the Lot only.

Section 6. Minimum Lot Area. No Lot shall be resubdivided without the express written approval of the Architectural Control Committee, nor shall any building be erected or placed on any Lot having an area of less than 5,500 square feet; provided, however, that nothing contained herein shall be construed to prohibit the resubdivision of any Lot or Lots within the Properties if such resubdivision results in each resubdivided Lot containing not less than the minimum Lot area aforesaid; it being the intention of this restriction that no building plot within the Properties contain less than the aforesaid minimum area. Each "A" Lot is conveyed in conjunction with the Waterfront Lot to which it is adjacent and neither may be transferred or conveyed independent of the other. In the event the Waterfront Lot to which an "A" Lot is adjacent is resubdivided, the minimum area referred to herein shall refer only to the Waterfront Lot and the "A" Lot adjacent thereto must likewise be resubdivided.

Section 7. Annoyance or Nuisances. No noxious or offensive activity shall be carried on upon any Lot nor shall anything be done thereon which may become an annoyance to the neighborhood. The display or shooting of firearms, fireworks, or firecrackers is expressly forbidden.

Section 8. Temporary Structures. No structure of a temporary character, whether trailer, basement, tent, shack, garage, barn or other outbuilding shall be maintained or used on any Lot at any time as a residence, or for any other purpose, either temporarily or permanently; provided, however, that Declarants reserve the exclusive right to erect, place and maintain such facilities in or upon any portions of the Properties as in its sole discretion may be necessary or convenient while selling Lots, selling or construction residences and constructing other improvements upon the Properties. Such facilities may include, but not necessarily be limited to sales and construction offices, storage area, model units, signs and portable toilet facilities. The Declarants and Builder Owners may use a residence as a temporary sales office. No garage, servants' quarters or other permitted accessory structure shall be erected, placed or maintained on any Lot until construction of main residential dwelling has commenced. Any structure on which construction has commenced must be completed within a reasonable length of time. No boat trailers, boats, travel trailers, inoperative automobiles, campers, vehicles of any kind, or portable buildings are to be permanently or semi-permanently stored in the public street right-of-way or on driveways. Permanent and semi-permanent storage of such items and vehicles must be screened from public view, either within the garbage or behind a fence which encloses the rear of the Lot.

Section 9. Signs and Billboards. No signs, billboards, posters, or advertising devices of any character shall be erected, permitted or maintained on any Lot or plot without the express prior written consent of the Declarants; except for a Builder Owner who may place on each Lot owned by such Builder Owner, during the construction and sales period of improvements, not more than one sign of not more than five square feet of sign space. Declarants or their agents shall have the right to remove any sign not complying with the above restriction, and, in so doing, shall not be liable and are expressly relieved from any liability for trespass or other tort in connection therewith, or arising from such removal. The right is reserved by Declarants to construct and maintain such signs, billboards or advertising devices as is customary in connection with the general sale of property.

Section 10. Oil and Mining Operations. No oil drilling or development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon nor in any Lot nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

Section 11. Storage and Disposal of Garbage and Refuse. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste materials shall not be kept except in sanitary containers constructed of metal, plastic or masonry materials with sanitary covers or lids. Equipment for the storage or disposal of such waste materials shall be kept in clean and sanitary condition. No Lot shall be used for the open storage of any materials whatsoever, which storage is visible from the street, except that new building materials used in the construction of improvements erected upon any Lot may be placed upon such Lot at the time construction is commenced and may be maintained thereon for a reasonable time, so long as the construction progresses without undue delay, until the completion of the improvements, after which these materials shall either be removed from the Lot or stored in a suitable enclosure on the Lot.

Section 12. Electric Distribution System. The type of electric service supplied to Owners will be alternating current at approximately 60 cycles per second, single phase, three wire, 120/240 volts and metered at 240 volts. It is understood and agreed that only electrical service of the characteristics described above, will be furnished by Gulf States Utilities Company in WALDEN ON LAKE CONROE, SECTION FOURTEEN, and that such service will be from the electric distribution system to be installed by Gulf State Utilities Company and Owners agree that only electric service at 120/240 volts, single phase, three wire, will be available for Lots; and the locked rotor current of any motor connected to this service will be limited in accordance with the standard service practices of Gulf

States Utilities Company. The utility easement dedicated and shown on the recorded map of WALDEN ON LAKE CONROE, SECTION FOURTEEN, may be cleared and kept clear by any utility of all trees, bushes and other growth, including overhanging branches from trees or protrusions from structures located upon adjacent Property, without payment to Owners by such utility for such clearance, cutting or trimming. The provisions of this paragraph shall constitute a covenant running with the land as to each Lot and Owner in this subdivision.

Declarants do hereby require that individual underground electrical service drops be installed to each residence. The Owners of each residence will therefore comply with Gulf States Utilities Company's policy regarding such underground service installations, and the Owners do hereby agree to pay any charges which might be incurred for the installation of the underground service as set forth in the Company policy. Gulf States Utilities Company's policy is subject to change from time to time without notice. The Owners shall ascertain the location of said service drops and keep the area over the route of said service drops free of excavations and clear of structures, trees and other obstructions; and Gulf States Utilities Company may install, maintain, repair, replace and remove said underground service drops, and open the ground for any such purpose or purposes; and no payment will be due or made by any utility for such use or activity.

Section 13. Walls, Fences, Hedges, Piers and Bulkheads. No walls or fences shall be erected or maintained nearer to the front of any Lot than the front building line. The rear yards of waterfront lots may not be fenced unless such fence is used to enclose a small patio which is an integral part of the house structure. All walls and fences on any lot must be at least six feet tall and must be of ornamental iron, wood or masonry construction. All fences must be approved by the Architectural Control Committee. The Architectural Control Committee may approve the installation of chain link fences to enclose swimming pools located anywhere on a lot provided the fence is not visible from the street.

Any wall, fence or hedge erected as a protective screening on a Lot by Declarants shall pass ownership with title to the property and it shall be the Owner's responsibility to maintain said protective screening thereafter. In the event of default on the part of the Owner or occupant of any Lot in maintaining said protective screening and such failure continuing after ten (10) days written notice thereof, Declarants or their assigns may, at their option, without liability to the Owner or occupant in trespass or otherwise, enter upon said Lot and cause said protective screening to be repaired or maintained or to do any other thing necessary to secure compliance with these restrictions, so as to place said

protective screening in a satisfactory condition and may charge the Owner or occupant of such Lot for the cost of such work. The Owner or occupant, as the case may be, agrees by the purchase or occupancy of the property to pay such statement immediately upon receipt thereof.

No pier, bulkhead, deck, boat lift, ramp or any structure that projects into the water shall be constructed on any Lot without approval of the Architectural Control Committee. No bulkhead, boat lift, ramp or any structure may be higher than an elevation of 203 msl. The Committee will only consider plans and proposals presented to it in writing and will immediately reject any plans for a "homemade" type deck such as one floating on barrels. Should the Committee grant permission for a floating deck or ramp, the Owner thereof agrees to maintain and keep it in a sightly manner, free of litter, fishing poles, buckets etc. The above structures are also subject to the approval of the San Jacinto River Authority.

No bulkheading shall be permitted on any Waterfront Lot or "A" Lot except by written consent of the Architectural Control Committee and the San Jacinto River Authority. No "homemade" type bulkheading will be allowed. Should permission for the construction of bulkheading be given, the Owner agrees to maintain the bulkheading and to keep it in a sightly manner. Request and permission shall be given in writing.

Section 14. Lot Maintenance. The Owners or occupants of all Lots shall at all times keep all weeds and grass thereon cut in a sanitary, healthful and attractive manner and shall in no event use any Lot for storage of materials and equipment except for normal residential requirements or incident to construction of improvements thereon as herein permitted or permit the accumulation of garbage, trash, or rubbish of any kind thereon and shall not burn anything (except by use of an incinerator and then only during such hours as permitted by law). The drying of clothes in full public view is prohibited and the Owners or occupants of any Lots at the intersection of streets or adjacent to parks, playgrounds, or other facilities where the rear yard or portion of the Lot is visible to full public view shall construct and maintain a drying yard or other suitable enclosure to screen the following from public view; the drying of clothes, yard equipment, wood piles or storage piles which are incident to the normal residential requirements of a typical family. In the event of default on the part of the Owner or occupant of any Lot in observing the above requirements or any of them such default continuing after ten (10) days written notice thereof Declarants or their assigns may, at their option, without liability to the Owner or occupant in trespass or otherwise enter upon said Lot and cause to be cut such weeds and grass and remove or cause to be removed such garbage, trash and

rubbish or do any other thing necessary to secure compliance with these restrictions so as to place said Lot in a neat, attractive, healthful and sanitary condition and may charge the owner or occupant of such Lot for the cost of such work. The Owner or occupant, as the case may be, agrees by the purchase or occupancy of the property to pay such statement immediately upon receipt thereof.

Section 15. Motor Vehicles. No unlicensed motor vehicles shall be allowed within the subdivision. No motor bikes, motorcycles, motor scooters or other vehicles of that type shall be permitted in the subdivision, if they are a nuisance by reason of noise or manner of use in sole judgement of the Walden on Lake Conroe Community Improvement Association.

Section 16. Septic Tanks. No septic tank may be installed on any Lot which is served by a central sanitary sewer system. If a central sanitary sewer system is not available to a Lot, a septic tank may be installed as a temporary measure, but must tie into the central system as soon as it becomes available to the Lot. No septic tank may be installed unless approved by the Montgomery County Health Unit and all governmental agencies or authorities having jurisdiction. No septic tank may drain into road ditches, either directly or indirectly.

Section 17. Pets. No horses, cows, hogs, poultry, or livestock of any kind other than house pets of reasonable kind and number may be kept on any Lot. Should such house pets become a nuisance in the opinion of the Declarants, they must be removed from the premises and the subdivision. No pets are to run at large.

Section 18. Drainage. Natural drainage of streets, Lots or roadway ditches will not be impaired by any person or persons. Driveway culverts will be of sufficient size to afford proper drainage of ditches without backing water up into ditch or diverting flow. In no event shall culvert be less than fifteen inches (15"). Declarant may remove any culvert that obstructs the flow of water through the street ditches. The breaking of curbs for drive installations will be accomplished in a good and workmanship-like manner and such break will be recemented without hindrance to drainage and such work is subject to the inspection and approval of the Architectural Control Committee.

ARTICLE IV

Architectural Control Committee

Section 1. Approval of Building Plans. No building shall be erected, placed, or altered on any Lot until the construction plans and specifications and a plot plan showing the location of the structure, have been approved in writing as to harmony of exterior design and color with existing structures, as to location with respect to topography and

finished ground elevation, and as to compliance with maximum construction standards by WALDEN ON LAKE CONROE, SECTION FOURTEEN, Architectural Control Committee. A copy of the construction plans and specifications and a plot plan, together with such information as may be deemed pertinent, shall be submitted to the Architectural Control Committee, or its designated representative prior to commencement of construction. The Architectural Control Committee may require the submission of such plans, specifications, and plot plans, together with such other documents as it deems appropriate, in such form and detail as it may elect at its entire discretion. In the event the Architectural Control Committee fails to approve or disapprove such plans and specifications within thirty (30) days after the same are submitted to it, approval will not be required and the requirements of this Section will be deemed to have been fully complied with.

Section 2. Committee Membership. The Architectural Control Committee shall be initially composed of Jerry H. Deutser, S. Conrad Weil, Jr., and William Schmuck, who by majority vote may designate a representative to act for them.

Section 3. Replacement. In the event of death or resignation of any member or members of said committee, the remaining member or members shall appoint a successor member or members, and until such successor member or members shall have been so appointed, the remaining member or members shall have full authority to approve or disapprove plans, specifications and plot plans submitted or to designate a representative with like authority.

Section 4. Minimum Construction Standards. The Architectural Control Committee may from time to time promulgate an outline of minimum acceptable construction standards; provided, however, that such outline will serve as a minimum guideline and such Architectural Control Committee shall not be bound thereby.

Section 5. Term. The duties and powers of the Architectural Control Committee and of the designated representative shall cease on and after fifteen (15) years from the date of this instrument. Thereafter, the approval described in this covenant, and all power vested in said Committee by this covenant shall automatically pass to the Walden on Lake Conroe Community Improvement Association.

ARTICLE V

Walden on Lake Conroe Community Improvement Association

Section 1. Membership. Every person or entity who is an Owner of any of the Properties which are subject to maintenance charge assessment by the Association, shall be a member of the Walden on Lake Conroe Community Improvement Association. The

foregoing does not include persons or entity who hold an interest merely as security for the performance of an obligation or those having only an interest in the mineral estate. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of the land which is subject to assessment by the Association. Ownership of such land shall be the sole qualification for membership.

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

Class A. Class A members shall be all those Owners as defined in Section 1, with the exception of the Declarants. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Section 1. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B members shall be Jerry H. Deutser, Trustee, and S. Conrad Weil, Jr., Trustee, the Declarants as defined in the Declaration. The Class B members shall be entitled to three (3) votes for each Lot in which they hold the interest required for membership by Section 1; provided, however, that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership.

(b) On January 1, 1987.

The Class A and Class B members shall have no rights as such to vote as a class, except as required by the Texas Non-Profit Corporation Act, and both classes shall vote together upon all matters as one group.

Section 3. Non-Profit Corporation. Walden on Lake Conroe Community Improvement Association, is a non-profit corporation; and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

Section 4. By-Laws. The Association may make whatever rules or by-laws it may choose to govern the organization, provided that same are not in conflict with the terms and provisions hereof.

Section 5. Inspection of Records. The members of the Association shall have the right to inspect the books and records of the Association at reasonable times during the normal business hours.

ARTICLE VI

Walden's Section Fourteen Association

Section 1. Membership. Every person or entity who is an Owner of any of the Properties which are subject to maintenance charge assessment by Walden's Section Fourteen Association, shall be a member of Walden's Section Fourteen Association.

The foregoing does not include persons or entities who hold an interest merely as security for the performance of an obligation or those having only an interest in the mineral estate. No owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of the land which is subject to assessment by Walden's Section Fourteen Association. Ownership of such land shall be the sole qualification for membership.

Section 2. Voting Rights. The Walden's Section Fourteen Association shall have two classes of membership:

Class A. Class A members shall be all those Owners as defined in Section 1, with the exception of the Declarants. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Section 1. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B members shall be Jerry H. Deutser, Trustee, and S. Conrad Weil, Jr., Trustee, the Declarants as defined in the Declaration. The Class B members shall be entitled to three (3) votes for each Lot in which they hold the interest required for membership by Section 1; provided, however, that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) On January 1, 1993.

The Class A and Class B members shall have no rights as such to vote as a class, except as required by the Texas Non-Profit Corporation Act, and both classes shall vote together upon all matters as one group.

Section 3. Non-Profit Corporation. Walden's Section Fourteen Association, a non-profit corporation, has been organized; and all duties, obligations, benefits, liens and rights hereunder in favor of the Section Fourteen Association shall vest in said corporation.

Section 4. By-Laws. The Section Fourteen Association may make whatever rules or by-laws it may choose to govern the organization, provided that same are not in conflict with the terms and provisions hereof.

Section 5. Inspection of Records. The members of the Section Fourteen Association shall have the right to inspect the books and records of the Association at reasonable times during the normal business hours.

ARTICLE VII

Maintenance Charges

Section 1. WALDEN ON LAKE CONROE COMMUNITY IMPROVEMENT ASSOCIATION MAINTENANCE FUND. Each lot in WALDEN ON LAKE CONROE, SECTION FOURTEEN, is hereby subjected to an annual maintenance charge and assessment, for the purpose of creating a fund to be designated and known as the "maintenance fund", which maintenance charge and assessment will be paid by the Owner or Owners of each Lot within WALDEN ON LAKE CONROE, SECTION FOURTEEN, to the Walden on Lake Conroe Community Improvement Association. The maintenance charge is payable annually in advance (or at the option of the Declarants, monthly in advance) until a dwelling is erected on the Lot, at which time the maintenance is payable in advance annual installments.

The Declarants and Builder Owners shall pay twenty percent (20%) of the assessed rate. Every person or entity who is an owner of more than one Lot, except the Declarants and Builder Owners, shall pay the full assessed rate on one Lot and twenty percent (20%) of the assessed rate on all additional Lots owned; except that when a dwelling is erected on any Lot the full assessed rate will be paid for such Lot regardless of the number of Lots owned. The rate at which each Lot will be assessed will be determined annually, and may be adjusted from year to year by the Association as the needs of the subdivision, may in the judgement of the Association, require; provided that such assessment will be uniform.

The Association shall use the proceeds of said maintenance fund for the use and benefit of all residents of WALDEN ON LAKE CONROE, SECTION FOURTEEN, as well as all other Sections of Walden on Lake Conroe Subdivision; provided, however, that each Section of Walden on Lake Conroe, to be entitled to the benefit of this maintenance fund, must be impressed with and subject to the annual maintenance charge and assessment on a uniform (subject to the rates applicable to Declarants and Builder Owners as described herein), per Lot basis, equivalent to the maintenance charge and assessment imposed hereby; and further made subject to the jurisdiction of the Association. The uses and benefits to be provided by said Association shall include, by way of clarification and not

limitation and its sole option, and any and all of the following: maintaining and operating swimming pools, tennis courts, parks, parkways, boat ramps, both temporary and permanent, right-of-ways, easements, esplanades and other public areas, payment of all legal and other expenses incurred in connection with the enforcement of all charges and assessments, covenants, restrictions, and conditions affecting the Properties to which the maintenance fund applies, payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charge and assessment, employing policemen and watchmen, and doing any other thing or things necessary or desirable in the option of the Association to keep the Properties in the subdivision neat and in good order, or which is considered of general benefit to the Owners or occupants of the Properties, it being understood that the judgement of the Association in the expenditure of said funds shall be final and conclusive so long as such judgement is exercised in good faith.

Section 2. WALDEN'S SECTION FOURTEEN ASSOCIATION MAINTENANCE FUND.

Each lot in WALDEN ON LAKE CONROE, SECTION FOURTEEN, is hereby subjected to an annual maintenance charge and assessment, for the purpose of creating a fund to be designated and known as the "Maintenance Fund Section Fourteen", which maintenance charge and assessment will be paid by the Owner and Owners of each Lot within WALDEN ON LAKE CONROE, SECTION FOURTEEN. The maintenance charge is payable to the Walden's Section Fourteen Association annually in advance or, at the option of the Declarants, monthly in advance until a dwelling is erected on one Lot, at which time the maintenance is payable in advance annual installments. Every person or entity who is an owner of one or more Lots, shall pay the full assessed rate on each Lot. The rate at which each Lot will be assessed will be determined annually, and may be adjusted from year to year by the Section Fourteen Association as the needs of the subdivision may in the judgement of the Section Fourteen Association require; provided that such assessment will be uniform. The Section Fourteen Association shall use the proceeds of said maintenance fund for the use and benefit of all residents of WALDEN ON LAKE CONROE, SECTION FOURTEEN only.

The uses and benefits to be provided by said Section Fourteen Association shall include, by way of clarification and not limitation and as its sole option, any and all of the following: maintaining and operating swimming pools, parks, parkways, right-of-ways, easements, esplanades and other public areas, payment of all legal and other expenses incurred in connection with the enforcement of all charges and assessments, covenants, restrictions, and conditions affecting the Properties to which the maintenance fund

applies, payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charge and assessment, and doing any other thing or things necessary or desirable in the option of the Association to keep the Properties in the subdivision neat and in good order, or which is considered of general benefit to the Owners or occupants of the Properties, it being understood that the judgement of the Section Fourteen Association in the expenditure of said funds shall be final and conclusive so long as such judgement is exercised in good faith.

Section 3. A charge on each monthly bill to the owner of each Lot to which electrical service is provided will be made to cover the cost of electrical energy to operate the street lighting system to be installed in and upon the Properties as outlined under the provisions of Gulf States Utilities Rate Schedule RLU. Rate Schedule RLU is subject to change without notice. This charge is in addition to all other charges the owners of such Lot may incur for electrical service.

Section 4. To secure the payment of the maintenance funds established hereby and to be levied on individual lots, there shall be reserved in each Deed (whether specifically stated therein or not) by which the Declarants shall convey such Lots, the Vendor's Lien for benefit of the Associations' said lien to be enforceable through appropriate proceedings by law by such beneficiary; provided, however, that each lien shall be secondary, subordinate, and inferior to all liens, present and future, given, granted and created by or at the instance and request of the Owner of any such Lot to secure the payment of monies advanced or to be advanced on account of the purchase price and/or the construction of improvements on any such Lot to the extent of any such maintenance fund charge accrued and unpaid prior to foreclosure of any such purchase money lien or construction lien; and further provided that as a condition precedent to any proceeding to enforce such lien upon any Lot upon which there is an outstanding valid and subsisting first mortgage lien, for the foresaid purpose or purposes, the Association shall give the holder of such proposed action, which notice shall be sent to the nearest office of such first mortgage holder by prepaid U. S. Certified Mail, and shall contain a statement of the delinquent maintenance charges upon which the proposed action is based. Upon the request of any such first mortgage lienholder, the Association shall acknowledge in writing its obligation to give the foregoing notice with respect to the particular Lot covered by such first mortgage lien to the holder thereof.

Section 5. The above maintenance charges and assessments will remain effective for the full term (and extended term, if applicable) of the within covenants.

Section 6. It is specifically stated and agreed that any Lot sold to persons or entities by the Declarants by contract for sale of land, or deed with lien and note, or other instrument and the purchaser defaults in the contract or note payments in any manner and said Lot is repossessed, foreclosed or such contract cancelled by Declarants, their successors or assigns, the Association will release its right to collect the past due maintenance charges, assessments and penalties on such Lots from the Declarants. Nothing herein contained shall relieve the purchaser in default from whom the Lot was repossessed from his obligation to pay such delinquent charges, assessments and penalties to the Associations.

ARTICLE VIII

Utility Stand-By Charge

Section 1. Each Lot is hereby subjected to a "stand-by charge" in the amount of \$72.00 per year, for the benefit of the entity created to furnish water and sewer service to the Properties. Such charge shall be due and payable on the first day of the first month after the date upon which such entity or its representative notifies the respective Lot owner that water and sewer service is available at the property line of the Lots then subject to such charge, such amount to be payable at the option of the party collecting the same either annually in advance or in monthly installments of \$6.00 each, due and payable the first day of each month, and ending on the first day of the month preceding the date upon which water and sewer use charges become due and payable for water and sewer service supplied to such Lots.

Section 2. To secure the payment of such "stand-by charge" established hereby, a lien upon each Lot is hereby granted to the entity collecting the charge imposed hereby, as determined pursuant to Section 3 below. Such lien shall be enforceable through appropriate proceedings in law by such beneficiary; provided, however, that each such lien shall be second, subordinate and inferior to all liens, present and future, given, granted and created by or at the instance and request of the owner of any such Lots to secure the payment of monies advanced or to be advanced on account of the purchase price and/or the improvement of any such Lot; and further provided that, as a condition precedent to any proceeding to enforce such lien upon any lot upon which there is an outstanding valid and subsisting first mortgage lien, such beneficiary shall give the holder of such first mortgage lien sixty (60) days written notice of such proposed action. Such notice, which shall be sent to the nearest office of such first mortgage holder by prepaid U. S. Registered or Certified Mail, shall contain the statement of the delinquency stand-by charges upon which the proposed action is based. Upon the request of any such first mortgage lien holder, said beneficiary will acknowledge in writing its obligation to give the foreclosing notice of such holder with respect to the particular property covered by

such first mortgage lien. The lien referred to herein shall be deemed to have been reserved in favor of the appropriate beneficiary in any Deed to any Lot or any part thereof, whether or not the same shall be specifically reserved.

Section 3. Party to Whom Charges Payable.

(a) If by the time the charge imposed on each Lot hereby becomes payable the entity which shall furnish such water and sewer service is not operational and able to collect such sums, the charge imposed on Lots shall be paid to Declarants until such entity is able to collect such sums, and shall be held in escrow by Declarants and paid to such entity at the time it is operational. Once such entity is operational the charge imposed hereby on Lots shall be paid directly to such entity.

(b) No interest shall accrue on the amounts held by Declarants under the terms hereof. Declarants shall be obligated only to deposit such monies in a special account, disburse same in accordance with the terms hereof and maintain records showing the amount received relative to each Lot, the amount disbursed relative to each Lot and to whom disbursed. Declarants shall not be obligated to make any disbursement of monies held by them under the terms hereof until Declarants shall have been furnished proof satisfactory to them evidencing that such entity is operational and capable of collecting such sums. Specifically, but without limitation, Declarants shall have no obligation (but shall have the right) to enforce the collections, or foreclose the lien securing the payment, of such charge.

Section 4. Default by Purchaser. It is specifically stated and agreed that any Lot sold to persons or entities by the Declarants by contract for sale of land, or deed with lien and note, or other instrument and the purchaser defaults in the contract or note payments in any manner and said Lot is repossessed, foreclosed or such contract cancelled by Declarants, its successors or assigns, the entity will release its right to collect the past due "stand-by charges", assessments and penalties on such Lots from the Declarants. Nothing herein contained shall relieve the purchaser in default from whom the Lot was repossessed from his obligation to pay such delinquent charges, assessments and penalties to the entity.

ARTICLE IX

General Provisions

Section 1. Term. These covenants 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 these covenants are recorded after which time said covenants shall be automatically extended for successive periods of ten (10) years such, unless at the end of the 40 years, or

anytime thereafter an instrument signed by a majority of the then Owners of the Lots has been recorded agreeing to change or terminate said covenants in whole or in part. Upon any violation or attempt to violate any of the covenants herein, it shall be lawful for the Association or any other Lot owner to prosecute the proceedings at law or in equity against the person or persons violating or attempting to violate any such covenants and either to prevent him or them from doing so or to recover damages or other dues for such violations. The Declarants reserve the right to enforce these restrictions.

Section 2. Severability. Invalidation of any one of these covenants by judgement or further court order shall in no way affect any of the other provisions.

Section 3. Approval of Lienholder. Gibraltar Savings Association, chartered under the laws of the State of Texas, the holder of lien covering WALDEN ON LAKE CONROE, SECTION FOURTEEN, a subdivision in Montgomery County, Texas, join in the execution hereof to evidence consent hereto and hereby subordinate the respective lien or liens held by each of them to the provisions hereof.

EXECUTED THIS 3rd day of January, A. D., 1979

Jerry H. Deutser, Trustee
Jerry H. Deutser, Trustee "Declarant"

S. Conrad Weil, Jr., Trustee
S. Conrad Weil, Jr., Trustee "Declarant"

Michael P. Miller
Assistant Secretary

GIBRALTAR SAVINGS ASSOCIATION
By Charles L. Anderson
Vice President

THE STATE OF TEXAS
COUNTY OF HARRIS

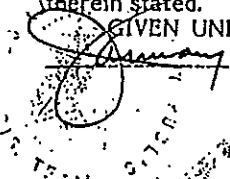
BEFORE ME, the undersigned authority, on this day personally appeared JERRY H. DEUTSER, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity therein stated.
GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 2nd day of



January, 1978, A.D.
Alvin Keeres
Notary Public in and for Harris County, Texas

THE STATE OF TEXAS
COUNTY OF HARRIS

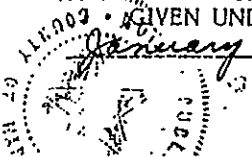
BEFORE ME, the undersigned authority, on this day personally appeared S. CONRAD WEIL, JR., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity therein stated.



GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 2nd day of January, 1978, A.D.
Alvin Keeres
Notary Public in and for Harris County, Texas

THE STATE OF TEXAS
COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared Charles K. Ackerman, known to me to be the person whose name is subscribed to the foregoing instrument, as Vice President, of GIBRALTAR SAVINGS ASSOCIATION, a corporation and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, as the act and deed of said corporation.



GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 2nd day of January, 1978, A.D.
Carmen Wallis
Notary Public in and for Harris County, Texas

THE STATE OF TEXAS
COUNTY OF MONTGOMERY

CARMEN WALLIS
Notary Public in and for Harris County, Texas
My Commission Expires June 22, 1980

I, Roy Harris, Clerk of the County Court in and for Montgomery County, Texas, do hereby certify that this instrument was FILED FOR RECORD and RECORDED in the volume and page of the named record and at the time and date as stamped hereon by me.



Roy Harris
County Clerk of Montgomery Co., Texas

JAN 8 1979 11 O'clock A.M.
ROY HARRIS, Clerk
County Court, Montgomery Co., Tx
By *Alvin Keeres*