

RESTRICTIONS

WALDEN ON LAKE CONROE, SECTION TWO

THE STATE OF TEXAS 0

COUNTY OF MONTGOMERY 0

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 TWO, a subdivision in Montgomery County, Texas, according to the map or plat thereof recorded in Volume 10, Page 18, 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 TWO, 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 Reserves "A" and "B" which are 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. "Properties" shall mean and refer to WALDEN ON LAKE CONROE, SECTION TWO, and any additional properties made subject to the terms hereof pursuant to the provisions set forth herein; save and except Reserves "A" and "B" which are not subject to these Restrictions, Covenants and Conditions.

Section 3. "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.

Section 4. "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 5. "Subdivision Plat" shall mean and refer to the map or plat of WALDEN ON LAKE CONROE, SECTION TWO, recorded in Volume 10, Page 18, of the Map Records of Montgomery County, Texas.

Section 6. "Architectural Control Committee" shall mean and refer to the WALDEN ON LAKE CONROE, SECTION TWO, Architectural Control Committee provided for in Article IV hereof.

Section 7. "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.

ARTICLE II

Reservations, 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 rights-of-way 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 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 not to exceed two (2) stories in height, 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 which structures 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. Two story dwellings shall not exceed a height of thirty-five (35) feet. No carport may face on any street on which any Residential Lot fronts as defined in Section 5, hereof. 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, it being the intention that only new construction shall be placed or erected thereon.

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 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 on any waterfront Lot, exclusive of open porches, garages and servants' quarters, shall be not less than 2,000 square feet. The total living area of the main residential structure on any nonwaterfront Lot, exclusive of open porches, garages and servants' quarters, shall not be less than 1,800 square feet. The total living area of the main residential structure of a one and one-half (1 1-1/2) or a two story dwelling shall not be less than 2,000 square feet.

Section 4. Type of Construction, Materials and Landscape.

(a) No residence shall have less than 51 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 or built-up tar and gravel shall be constructed or 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 setback 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 nearer than fifteen (15) feet to the rear lot line. For the purpose of this covenant, javes, 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 7,000 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 that no building plot within the Properties contain less than the aforesaid minimum area.

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 portion of the Properties as in its sole discretion may be necessary or convenient while selling Lots, selling or constructing residences and constructing other improvements upon the Properties. Such facilities may include, but not necessarily be limited to sales and construction offices, storage areas, 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 garage 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 or 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. Underground 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 underground service (except for temporary overhead service for construction purposes), such to be of the characteristics described above, will be furnished by Gulf States Utilities Company in WALDEN ON LAKE CONROE, SECTION TWO, and that such service will be from the underground electric system to be installed by Gulf States Utilities Company, and Owners agree that only underground 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 services practices of Gulf States Utilities Company; and no above surface electric service wires will be installed outside of any structure. It is also understood and agreed that individual underground electric service drops will extend through and under Lots in order to serve the residence thereon at locations satisfactory to Gulf States Utilities Company; and 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 that 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. The utility easement areas dedicated and shown on the recorded map of WALDEN ON LAKE CONROE, SECTION TWO, 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.

Section 13. Walls, Fences, Hedges, Piers and Bulkheads. No walls, fences or hedges shall be erected or maintained nearer to the front lot line than the walls of the dwelling existing on such Lot. All side or rear fences and walls must be at least six (6) feet in height unless otherwise approved in writing by the Architectural Control Committee.

Fences must be of ornamental iron, wood or masonry construction. No chain link fences are permitted, except to enclose swimming pools and only then if they are 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, boat lift, ramps, or any other structure that projects into the water shall be constructed on any Lot without approval of the Architectural Control Committee. 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 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 judgment 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 onto 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 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 minimum construction standards by WALDEN ON LAKE CONROE, SECTION TWO, 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 representatives with like authority.

Section 4. Minimum Construction Standards. The Architectural Control Committee 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 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 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 Nonprofit Corporation Act, and both classes shall vote together upon all matters as one group.

Section 3. Nonprofit Corporation. Walden on Lake Conroe Community Improvement Association, a nonprofit corporation, will be organized; and all duties, obligations, benefits, liens, and rights hereunder in favor of the Association shall vest in said corporation.

Section 4. Bylaws. The Association may make whatever rules or bylaws 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

Maintenance Charge

Section 1. Each Lot in WALDEN ON LAKE CONROE, SECTION TWO, 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 TWO, to the Walden on Lake Conroe Community Improvement Association. The maintenance charge is payable in advance monthly installments 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 judgment 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 TWO, 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 at its sole option, any and all of the following: maintaining and operating swimming pools, tennis courts, parks, parkways, boat ramps, both temporary and permanent, rights-of-way, easements, esplanades and other public areas, payment of all legal and other expenses incurred in connection with the enforcement of all recorded 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 opinion 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 judgment of the Association in the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith.

Section 2. An initial monthly charge of fifty cents (50¢) will be made upon each monthly bill to the Owner of each Lot to cover the cost of electric energy to operate the street lighting system to be installed in and upon WALDEN ON LAKE CONROE, SECTION TWO, as outlined in Gulf States Utility Rate Schedule RLU. Rate Schedule RLU is subject to change without notice and such monthly charge will be adjusted in accordance therewith.

Section 3. To secure the payment of the maintenance fund established hereby and to be levied on individual residential 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 Association, said lien to be enforceable through appropriate proceedings at law by such beneficiary; provided, however, that each such 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 said purpose or purposes, the Association shall give the holder of such first mortgage lien sixty (60) days' written notice 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 4. The above maintenance charge and assessment will remain effective for the full term (and extended term if applicable) of the within covenants.

Section 5. 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 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 Association.

ARTICLE VII

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 each, 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 any 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 judgment or other court order shall in no wise affect any of the other provisions which shall remain in full force and effect.

Section 3. Approval of Lienholder. Gibraltar Savings Association, chartered under the laws of the State of Texas, the holder of a lien or liens on WALDEN ON LAKE CONROE, SECTION TWO, a subdivision in Montgomery County, Texas, joins in the execution hereof to evidence its consent hereto, and hereby subordinates its lien or liens to the provisions hereof.

EXECUTED this 24th day of April, A. D., 1972.

/s/ Jerry H. Deutser, Trustee
JERRY H. DEUTSER, TRUSTEE "Declarant"

/s/ S. Conrad Weil, Jr., Trustee
S. CONRAD WEIL, JR., TRUSTEE "Declarant"

GIBRALTAR SAVINGS ASSOCIATION, "Lienholder"

ATTEST:

/s/ Nita Chessher
Assistant Secretary.

By /s/ Milton W. Cowden
Milton W. Cowden, Vice President

These restrictions are recorded in Volume 772, Page 889, of the Deed Records of Montgomery County, Texas.