

Covenants, Restrictions, Easements, Charges and Liens of The Woodlands

The Woodlands Community Association

Administered by:

THE WOODLANDS TOWNSHIP

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EXHIBIT - "B"

Attached to and made a part of that certain Special Warranty Deed dated the ____ day of _____
_____ from The Woodlands Community Association, Inc., to The Woodlands Corporation covering the land
described therein.

**COVENANTS, RESTRICTIONS
EASEMENTS, CHARGES AND LIENS
OF
THE WOODLANDS**

WHEREAS, The Woodlands Corporation ("TWC"), the successor by merger and change of name to The Woodlands Development Corporation, is developing a new community known as "The Woodlands", on the land included in the "Property", as hereinafter defined, affording well-planned residential, commercial, industrial, recreational, open space and institutional buildings, facilities and areas; and

WHEREAS, The Woodlands Community Association, Inc. ("WCA") has been formed for the purpose of providing a non-profit civic organization to serve as the representative of the residents and property owners of The Woodlands with respect to the assessment, collection and application of all charges imposed hereunder, the enforcement of all covenants and restrictions contained herein and all liens created hereby, and the creation, operation, management and maintenance of the facilities and services referred to hereinafter; and

WHEREAS, the within instrument is the Covenants, Restrictions, Easements, Charges and Liens of The Woodlands (the "Covenants") referred to in the Articles of Incorporation of WCA; and

WHEREAS, TWC accepts title to the lands described in Exhibit "A" of the deed to which these Covenants are attached as Exhibit "B", subject to the covenants, restrictions, easements, charges and liens imposed hereby in order:

- (i) to provide funds for use as specified in Article IV hereof;
- (ii) to grant rights, easements and privileges relating to the use of certain facilities, subject to the conditions set forth herein; and
- (iii) to impose land use and design control criteria for the development of the Property; and

WHEREAS, the land described in Exhibit "A" of the deed to which these Covenants are attached as Exhibit "B" is and shall be a portion of the village designated in said Exhibit "A" for all purposes, including without limitation Section 9.02 of these Covenants and applicable provisions of the WCA By-Laws; and

WHEREAS, The Woodlands Development Corporation entered into that certain Project Agreement dated as of August 23, 1972, with the United States of America, represented by the Secretary of Housing and Urban Development (the "Secretary"), under which it agreed that the Secretary would have certain rights under the Covenants for the purpose of assuring that the Property would be used in accordance with the plan set out in the Project Agreement; and

WHEREAS, by mutual agreement of TWC and the Secretary, the Project Agreement has been terminated and the role of the Secretary under the Covenants has been eliminated; and

WHEREAS, these Covenants are the same Covenants set forth and contained in that certain General Warranty Deed dated January 11, 1974, from WCA to The Woodlands Development Corporation, recorded in Volume 841, Pages 297-352, of the Deeds Records of Montgomery County, Texas, covering 1937.2675 acres as therein described (the "January 11, 1974 Deed"), except that a) Section 10.03 of these Covenants has, with the

prior consent of the Secretary and in accordance with Section 6.01 of the Covenants attached to the January 11, 1974 Deed, been revised to read as hereinafter provided; and b) the rights and obligations of the Secretary under the Covenants have been deleted, except to the extent set out in Section 6.01 of these Covenants; and

WHEREAS, the lands described in Exhibit "A" attached to this Deed comprise a portion of the 17,455.2187 acres described in Attachment I to the Covenants as set forth and contained in the January 11, 1974 Deed; and

WHEREAS, pursuant to Article VI of the Covenants attached as Exhibit B to the January 11, 1974 Deed, it is the intention of the parties hereto, by this instrument, to annex the land described in Exhibit "A" attached to this Deed to the 1937.2675 acres covered by and described in the January 11, 1974 Deed, so that all references to the "Property" in the Covenants as set forth and contained in the January 11, 1974 Deed and as hereinafter set forth, shall include the lands described in Exhibit "A" attached to this Deed, as fully and to the same extent as if said lands had been originally described in and covered by the January 11, 1974 Deed; and

WHEREAS, it is the intention of the parties to cause the covenants, restrictions, easements, charges and liens herein set forth to burden, affect, bind and run with title to the lands described in Exhibit "A" of the Deed to which these Covenants are attached as Exhibit "B", so as to cause such covenants, restrictions, easements, charges and liens to be binding upon, inure to the benefit of and be enforceable by WCA and TWC and their successors and assigns; provided, however, that where the text of the Covenants indicates that it is the intention of the parties that either the burden or the benefit of a particular covenant is personal to one or more of the parties, the burden or benefit of that covenant shall not run with the title to the land;

NOW THEREFORE, the parties do hereby covenant and agree as follows:

**ARTICLE I
DEFINITIONS**

- Section 1.01:** “**Annual Assessment**” shall have the meaning specified in Section 2.03A.
- Section 1.02:** “**Assessable Property**” shall mean and refer to the surface of and aerial rights above the entire Property except such part or parts thereof as may from time to time constitute “Exempt Property”, as hereinafter defined.
- Section 1.03:** “**Board**” shall mean and refer to the Board of Directors of WCA.
- Section 1.04:** “**Community Facilities**” shall have the meaning specified in Section 5.01.
- Section 1.05:** “**Covenants**” shall mean and refer to these Covenants, Restrictions, Easements, Charges and Liens, as the same may from time to time be supplemented or amended in the manner provided herein.
- Section 1.06:** “**Deed**” shall mean and refer to a deed, assignment or other instrument conveying the fee simple or leasehold interest in a “Lot” as hereinafter defined.
- Section 1.07:** “**Development Standards Committee**” (herein referred to as D.S.C.) shall have the meaning specified in Article IX.
- Section 1.08:** “**Dwelling Unit**” shall mean and refer to any building or portion of a building situated upon the Property designed and intended for use and occupancy as a residence by a single person, a family or a family sized group of persons.
- Section 1.09:** “**Easement Area**”- shall have the meaning specified in Section 11.02.
- Section 1.10:** “**Exempt Property**” shall mean and refer to the following portions or parts of the Property:
- (i) all land and “Permanent Improvements”, as hereinafter defined, owned by the United States, the State of Texas, Montgomery County, or any instrumentality, political subdivision or agency of any such entity;
 - (ii) all land and Permanent Improvements owned by WCA (or a Successor Entity as defined in Section 18.03 hereof) for so long as WCA (or such Successor Entity) shall be the owner thereof;
 - (iii) all land and Permanent Improvements exempt from both Montgomery County and the State of Texas real property taxes by virtue of applicable law.
- Under no circumstances shall land used for residential, commercial, or industrial purposes be exempt from assessment.
- Section 1.11:** “**Improvement**” shall mean any physical change to a structure which alters the physical appearance of the structure, including by way of example, but not limited to, adding or removing square footage area space to or from a structure, painting or repainting a structure, or in any way altering the size, shape or physical appearance of any structure.
- Section 1.12:** “**Lot**” shall mean and refer to a portion of the Assessable Property, including any condominium unit, which is less than the whole thereof and which is platted, filed, and recorded in the Office

of the County Clerk of Montgomery County, Texas, and which is assessed by the appropriate public officials for the purpose of real estate taxes imposed by the State of Texas and Montgomery County, Texas.

Section 1.13: “**Members**” shall mean and refer to every person or entity who holds membership in WCA, as set forth in Article VII hereof.

Section 1.14: “**Notes**” shall mean and refer to all notes, bonds, debentures or other evidences of indebtedness issued and sold by WCA.

Section 1.15: “**Note Holder**” shall mean and refer to the holder of any Note and all trustees or other representatives of one or more such holders.

Section 1.16: “**Owner**” shall mean and refer to the holder of record title to the fee interest of any Lot whether or not such holder actually resides on any part of the Property.

Section 1.17: “**Permanent Improvements**” shall mean and refer to all buildings, structures and other matters and things which at the time of the assessment pursuant to Article II hereof, are taxable by the State of Texas or Montgomery County as real property under applicable law.

Section 1.18: “**Property**” as used in these Covenants shall mean and refer as follows:

- (i) The 1937.2675 acres of land, more or less, described in that certain Deed dated January 11, 1974, from The Woodlands Community Association, Inc. to The Woodlands Development Corporation, recorded in Volume 841, Pages 297-352, of The Deeds Records of Montgomery County, Texas, and all existing or subsequent Permanent Improvements built thereon;
- (ii) at the time of and following the execution hereof, the term “Property” shall mean all land described in Exhibit “A” attached to the deed from WCA to TWC to which these Covenants are attached as Exhibit “B” and all existing or subsequent Permanent Improvements built thereon;
- (iii) from and after each addition to the land subjected to the “Covenants”, (as herein defined in Section 1.05) pursuant to the provisions of Section 6.02 hereof, the term “Property” shall also include each new parcel of land and existing or subsequent Permanent Improvement built thereon.

Section 1.19: “**Resident**” shall mean and refer to:

- (i) each owner of a Unit within the Property. Unit shall mean and include:
 - (a) the fee simple title to any Lot within the Property;
 - (b) the fee simple title to a unit in any condominium development within the Property; and
 - (c) any share, membership or other interest in any cooperative or other entity organized and operated for the purpose of making residential dwelling units available to its shareholders, members or other beneficiaries which share, membership or other interest entitles the owner thereof to possession of any residential Dwelling unit within the Property.

Each of the above, (a, b, and c inclusive), shall include contract sellers, but exclude those persons having an interest merely as security for the performance of an obligation.

- (ii) each person domiciled on any part of the Assessable Property who is a lessee pursuant to a written or oral lease and has filed a statement of residency with WCA;
- (iii) persons domiciled in a Dwelling Unit, other than owners or lessees, described in (i) and (ii) above.

Section 1.20: “**Structure**” shall mean and refer to:

- (i) any thing or device, other than trees, shrubbery (less than two (2) feet high if in the form of hedge), and landscaping, the placement of which upon any Lot may affect the appearance of such Lot including but not limited to any building, garage, porch, shed, greenhouse or bathhouse, cabana, coop or cage, covered or uncovered patio, swimming pool, play apparatus, clothesline, fence, curbing, paving, wall or hedge more than two (2) feet in height, signboard or other temporary or permanent living quarters (including any house trailer) or any other temporary or permanent improvement to such Lot;
- (ii) any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across any Lot; and
- (iii) any change in the grade of any Lot of more than six (6) inches from that existing at the time of purchase by each Owner .

Section 1.21: “**TWC**” shall mean and refer to The Woodlands Corporation, and any successor thereto.

Section 1.22: “**WCA**” shall mean and refer to The Woodlands Community Association, or to a Successor Entity, as defined in Section 18.03 hereof.

Section 1.23: “**WCA Articles**” shall mean and refer to the Articles of Incorporation of WCA.

Section 1.24: “**WCA By-Laws**” shall mean and refer to the By-Laws of WCA as they may be amended from time to time according to their terms.

ARTICLE II ASSESSMENTS AND CHARGES

Section 2.01: **Creation of the Lien and Personal Obligation of Assessments.** TWC, for each Lot owned within the Property, hereby covenants and each Owner of any Lot by acceptance of a Deed therefor, whether or not it shall be so expressed in such Deed, is deemed to covenant and agree to pay to WCA such annual assessments as may be established pursuant to Section 2.03.

The annual assessments, together with interest, costs, and reasonable attorney fees incurred in the satisfaction of unpaid assessments, shall be a lien upon each Lot against which such assessments are made and shall continue until said lien is satisfied or paid.

TWC, for each Lot owned with the Property, hereby covenants to be personally liable for any and all assessments, assessed prior to purchase by another Owner, provided however, TWC will share pro-rata with the purchaser the burden of any assessment made during the year of

purchase. Each Owner of any Lot, by acceptance of a Deed to such Lot, shall have covenanted for good and valuable consideration, the sufficiency and receipt of which is acknowledged thereby, to be personally liable for any and all assessments, which are assessed subsequent to purchase and prior to purchase by another owner, and a pro-rata share of all assessments made in the year of purchase of said Lot by Owner. Any and all interest, costs, and reasonable attorney fees incurred in the satisfaction of unpaid assessments shall be a personal obligation of the Owner.

Section 2.02: Purpose of Assessments. WCA shall apply the Annual Assessments generally to promote the recreation, health, safety and welfare of the new community and its residents and, for the creation, improvement and maintenance of the Community Facilities.

Section 2.03: Annual Assessment.

A. For the purpose of providing funds for the uses specified in Article IV hereof, the Board shall in each year (for this Article II, year shall mean January 1 to December 31), commencing with the calendar year next succeeding after the Deed to which this Exhibit "B" is attached is filed for record with the County Clerk of Montgomery County, Texas, assess against the Assessable Property a charge which shall be uniform with respect to all Assessable Property equal to a specified number of cents (not in excess of seventy-five cents) for each One Hundred Dollars (\$100) of the then current "Assessed Valuation", as herein defined, of the Assessable Property. In making each such assessment, the Board shall separately assess each Lot, and each such Lot shall be charged with and subject to a lien for the amount of such separate assessment which shall be deemed the "Annual Assessment" with respect to such Lot. From and after January 1 of the year in which the first Annual Assessment is made by the Board, the dollar amount of the Annual Assessment of each Residential Lot may be increased above the limit specified in Section 2.03 hereof, if and when such is attained, when the following action is taken:

- (i) Board shall at the time of the Annual Assessment find and certify that the percent of change of the *Consumer Price Index - All items, 1967 equals 100*, as defined by the U. S. Department of Labor, Bureau of Labor Statistics for the year next preceding the year for which the Annual Assessment is being made has increased no less than four percent (4%) during said preceding year; and
- (ii) The Board shall make a determination and shall certify that a cost of living increase of up to, but not to exceed, the amount of the percentage increase over the preceding year of the *Consumer Price Index - All items, 1967 equals 100*, is necessary to meet the expenses, costs of operation and planned expansion of WCA.
- (iii) The Board by a majority vote of all Board members present in person and voting at a meeting called for the purpose of increasing the Annual Assessment above the limit specified in Section 2.03A hereof, may increase the Annual Assessment over and above the limitations specified in said Section; however, any such increase shall not be more than the percentage increase in the *Consumer Price Index -All items, 1967 equals 100*, for the year next preceding the year for which the assessment is being made. The Board shall not increase the Annual Assessment except pursuant to this Section 2.03 and shall not take formal action on or impose a cost of living increase in the Annual Assessment more than once in any calendar year .

- (iv) Any such cost of living increase in the Annual Assessment shall remain in effect; and any increase shall not be deemed to limit the Board's authority to increase the annual assessment in succeeding years provided, however, that increases are made in accordance with this Section 2.03.
- (v) If the U. S. Department of Labor, Bureau of Labor Statistics ceases to publish the *Consumer Price Index - All items, 1967 equals 100*, the Board shall select such other indices which in their judgement reflect the then broad range of economic factors represented in the said *Consumer Price Index - All Items, 1967 equals 100*.

B. As herein used, "Assessed Valuation" shall mean:

- (1) The highest value on land and Permanent Improvements based on the true market value. True market value shall be evidenced by sales price or bona fide appraisal or such other means in a manner satisfactory to the Board, until a value is determined, pursuant to (2) below, when Assessed Valuation shall become the assessed valuation made by Montgomery County, Texas.
- (2) The highest value placed on land and Permanent Improvements in accordance with Article 8, Section 20, of the Constitution of the State of Texas for Ad-Valorem or Real Property tax purposes in the next preceding year by Montgomery County, Texas, or by the State of Texas, whichever may be higher, as assessed or determined in such manner as may from time to time be provided by applicable law, without considering any adjustment which may be made to said value due to the application of the assessment ratio then employed by said County or State, and regardless of any decrease of such valuation during such year by reason of protest, appeal or otherwise;
- (3) If both Montgomery County and the State of Texas shall cease to impose real estate taxes, then "Assessed Valuation" shall mean in each year thereafter the highest assessed valuation placed on land and Permanent Improvements during the last year when either Montgomery County or the State of Texas shall have imposed a real property tax pursuant to Section 2.03B(2); provided, however, that if said provisions of this Section 2.03B(3) are unsatisfactory to the Board, the Board may adopt an alternative method of assessment which will provide a sufficient cash flow to meet the obligations of WCA, after proper notice and meeting of the Members, at which the Members ratify the use of such alternative pursuant to the voting procedure described in Article VII hereof and in the WCA By-Laws.

C. Prior to January 1 of each year, WCA shall send a written statement of assessment to each Owner or to his designee, or to the mortgage company holding a first lien upon the Lot, if the Owner has notified WCA in writing that the Annual Assessment is to be paid out of escrow funds established and collected by said mortgage company, for the purpose of paying the Annual Assessment, stating (i) the Assessed Valuation of each Lot owned by such Owner; (ii) the number of cents per One Hundred Dollars (\$100) of such valuation assessed by the Board as the rate of assessment for the year in question; (iii) the amount of the Annual Assessment assessed against each such Lot, stated in terms of the total sum due and owing as the Annual Assessment; and (iv) that unless the Owner shall pay the Annual Assessment within sixty (60) days following the

date for such payment specified in the statement the same shall be deemed delinquent and will bear interest at the rate of seven and one tenth percent (7.1%) per annum on the unpaid portion of the Annual Assessment until paid.

Section 2.04: User Fees and Charges.

- A. The Board, in addition to the Annual Assessment, by a majority vote, may levy and collect charges and fees for the operation and maintenance of facilities and services which the Board determines to be necessary for the advancement, benefit and welfare of the Property.
- B. In establishing user fees, the Board may formulate reasonable classifications of users. Such fees must be uniform within each class but need not be uniform from class to class.
- C. If a Resident shall fail to pay a charge or fee when due and payable, said unpaid charge or fee shall be delinquent and upon written notice mailed to said Resident by first class mail shall become a personal debt of said Resident.
- D. Failure of any Resident to pay said fee and charge when due and payable, in addition shall be a breach of these Covenants and shall result in suspension of said Resident's rights or privileges as set forth in Article V, provided, however, that upon request WCA shall refund the unused portion of any user fees such Resident may have paid for the use of other Community Facilities from which such Resident is barred while his rights and privileges are suspended.

Section 2.05: Rights of Enforcement of Lien. If the Owner of any Lot shall fail to pay the Annual Assessment within sixty (60) days following the date for such payment specified in the Annual Statement of Assessment, in addition to the right to sue the Owner individually, WCA shall have the right to enforce the lien hereinafter imposed to the same extent, including a foreclosure sale and deficiency decree, and (to the extent the appropriate court will accept jurisdiction) subject to the same procedures, as in the case of mortgages under the applicable law, and the amount due by such Owner shall include the Annual Assessment, as well as the cost of such proceedings, including reasonable attorney's fees and interest.

Section 2.06: Assessment by Board. The Board shall have the right to adopt procedures for the purpose of making the assessments provided herein and the billing and collection of the Annual Assessments, and user fees and charges, provided that the same are not inconsistent with the provisions hereof.

Section 2.07: Certification of Annual Assessment. Upon written request by an Owner, WCA shall within a reasonable period of time, issue to such Owner a written certificate stating that all Annual Assessments, (including interest and costs), and User Fees and Charges, have been paid with respect to any specified Lot; and if all assessments and charges have not been paid, setting forth the amount of such assessments and charges (including interest and costs, if any) due and payable as of the date of the certificate. WCA may make a reasonable charge for the issuance of such certificate. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with regard to any matter therein stated as between WCA and any bona fide purchaser, or lender, on the Lot specified in such certificate.

**ARTICLE III
IMPOSITION OF CHARGE AND LIEN UPON PROPERTY**

Section 3.01: Covenant to Pay Assessment and Conditions Creating Lien. TWC for itself, its executors, successors, administrators and assigns, and each Owner of any Lot by acceptance of a Deed therefor, or by entering into a contract of purchase with TWC whether or not it shall be expressed in any such Deed, contract of purchase, or other conveyance, hereby covenants and agrees:

- (1) That he will pay to WCA the Annual Assessment, and user fees and charges, if applicable, assessed by WCA in each year; and
- (2) That the Annual Assessment, together with the continuing obligation to pay all future Annual Assessments, assessed in all future years, shall be and remain a charge against, and a continuing lien upon the Assessable Property.

Said charge and lien shall be superior to any and all other charges, liens or encumbrances which may hereafter in any manner arise or be imposed upon the Assessable Property (or the Exempt Property to the extent that the same may later become Assessable Property) whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage or other instrument, excepting only mortgages insured by the Federal Housing Administration, the Veterans Administration or any successor to said agencies, unless with such agencies prior approval, and such liens for taxes or other public charges as are by applicable law made superior; provided, however, that such subordination to purchase money mortgages shall apply only to the Annual Assessment which has become due and payable prior to a sale or transfer of any Lot on account of the foreclosure of any such purchase money mortgage, or on account of any other proceeding in lieu of foreclosure. Such sale or transfer at foreclosure or in lieu of foreclosure shall not relieve any Lot from liability for any Annual Assessment thereafter becoming due. Nothing in the above is to be construed so as to constrain or impair the payment to the proper parties of the proceeds of any subordinated lien, to the extent of any funds remaining, after foreclosure and sale.

Section 3.02: Owner's Liability for Payment of Assessments. In addition to taking subject to the charge and lien imposed by Section 3.01 hereof, each Owner of each Lot by the acceptance of a Deed therefor or by entering into a contract of purchase with TWC, whether or not it shall be so expressed in such Deed or contract for purchase as part of the consideration of said Deed, shall be deemed to have covenanted, bargained and agreed to be personally liable for the payment of each Annual Assessment, which is assessed by WCA during any year in which Owner holds title to said Lot.

**ARTICLE IV
USE OF FUNDS**

Section 4.01: Purposes for Which Funds May Be Used. WCA shall apply all funds received by it pursuant to these Covenants and all other funds and property received by it from any source, including the proceeds of the loans referred to in Section 4.02 and the surplus funds referred to in Section 4.03, to the following *pro tanto* and in the order stated:

- (1) the payment of all principal and interest when due, on all loans made to WCA, to the extent required under any agreement with Note Holders referred to in Section 4.02 hereof;
- (2) the operating costs and expenses of WCA; and
- (3) for the benefit of the Property devoting the same to the acquisition, construction, reconstruction, conduct, alteration, enlargement, laying, renewal, replacement, repair, maintenance, operation and subsidizing of such of the following as the Board, in its discretion, may from time to time establish or provide:

any or all projects, services, facilities, studies, programs, systems and properties relating to: parks, recreational facilities or services; drainage systems; streets, roads, highways, walkways, curbing, gutters, sidewalks, trees, flowers and landscaping, fountains, benches, shelters, directional and informational signs, walkways, and bridges, and street, road and highway lighting facilities; facilities for the collection, treatment and disposal of garbage and refuse, mass transit systems, stations and terminals, airfields, airports, air terminals, and associated facilities; facilities for the fighting and prevention of fires; public utility systems; communication systems and facilities including all buildings, systems, facilities or properties used or useful in connection with the operation of communication networks and facilities, towers, stations, cables, lines, ducts, equipment and appurtenances and all properties, rights, easements and franchises relating thereto; office buildings, buildings, storage and maintenance yards, garages and other buildings and facilities deemed necessary or desirable by the Board in connection with the administration, management, control and operation of WCA; auditoriums, galleries; halls, amphitheaters, theaters, arenas and stadia, facilities, including equipment, supplies and accessories in connection therewith, educational buildings, libraries, including books, supplies and accessories in connection therewith; hospitals and clinics, including equipment, medicines, supplies and accessories in connection therewith; traffic engineering programs and parking facilities; facilities for animal rescue, marinas, equestrian centers and facilities, skeet, trap and rifle ranges, bowling alleys, and other related or unrelated recreational facilities; and any and all other improvements, facilities and services that the Board shall find to be necessary, desirable or beneficial for the advancement and in the best interest of the Property.

Section 4.02: Handling of Funds. In order to secure the repayment of any and all sums borrowed by it from time to time, the Board is hereby granted the right and power:

- (1) to assign and pledge revenues received, and to be received by it, under any provision of these Covenants, including, but not limited to, the proceeds of the Annual Assessments payable hereunder;
- (2) to enter into agreement with Note Holders with respect to the collection and disbursements of funds, including, but not limited to, agreements wherein WCA covenants:
 - (a) to assess the Annual Assessments on a given day in each year and, subject to the limitation on amount specified in Article II, to assess the same at a particular rate or rates;

- (b) to establish sinking funds and/or other security deposits;
- (c) to apply funds received by WCA to the payment of all principal and interest, when due, on such loans, or to apply the same to such purpose after providing for costs of collection;
- (d) to establish such procedures as may be required by the Note Holders, but not inconsistent with these Covenants;
- (e) to provide for the custody and safeguarding of all funds received by WCA.

The amount, terms, rate or rates of all borrowing and the provisions of all agreements with Note Holders, except as provided for in Section 4.05, shall be subject to the decision of the Board; provided, however that (i) the interest rate of any borrowing from TWC shall be determined in accordance with the provisions of Section 4.05, and (ii) the amount and schedule of repayment of any borrowing shall be such as will, in the opinion of the Board, assure that such repayments will not at any time impair the ability of WCA to carry out its functions in a satisfactory manner.

Section 4.03: Accumulation of Funds Permitted. WCA shall not be obligated to spend in any calendar year all the sums collected in such year by way of Annual Assessment or otherwise, and may carry forward as surplus any balances remaining; nor shall WCA be obligated to apply any such surpluses to the reduction of the amount of the Annual Assessments in the succeeding year, but may carry forward from year to year such surplus as the Board may determine to be desirable for the greater financial security of WCA, and the effectuation of its purposes.

Section 4.04: Bonding. WCA, acting through its Board, may require that all persons or entities who handle WCA funds or monies post bond sufficient in amount to indemnify WCA from any loss.

Section 4.05: Advances by TWC. Advances by TWC shall be made in cash, or services at their “fair market value”, or by means of the conveyance of personal property at cost to WCA. Cash advances will be made by TWC to WCA in amounts required to make up for any cash deficit. In the computation of cash deficit, all amounts paid by WCA on account of principal for long term obligations shall be a deduction. All such advances shall be evidenced by promissory notes of WCA to bear interest at TWC’s cost of borrowing, either the lesser of: (1) the prime interest rate charged by Bank One, Texas, National Association, Houston, Texas, at the time the advance is made, if such funds are available, or (2) eight and 25/100 per cent (8.25%) per annum.

The obligation of TWC to make advances to the Association pursuant to the foregoing shall continue to the close of the second fiscal year of WCA in which the Class A Members have the right to elect a majority of the Board.

The burden of this covenant is personal to TWC, whereas the benefit runs with the title to the land.

Section 4.06: Mortgaging of Community Facilities. Except as set forth below, WCA may mortgage any Community Facility; provided, however, that so long as TWC has the right to elect a majority of the Board, any such mortgage shall be subject to the approval of two-thirds (2/3) of the Class A Members present and voting at a duly constituted meeting of WCA, pursuant to the WCA By-laws; thereafter, such mortgages shall be subject to the approval of two-thirds (2/3) majority of the Board.

WCA shall not mortgage any Community Facility to TWC or to any other entity or person to secure any conveyance, loan, or advance made to WCA by or on behalf of TWC.

TWC shall not take any action the result of which may be to subject any Community Facility to a judgment lien or otherwise risk any Community Facility to satisfy a debt of TWC.

Section 4.07: **WCA Budget.** WCA shall cause to be prepared an annual operating budget in accordance with the provisions of the WCA By-Laws.

ARTICLE V RIGHTS OF ENJOYMENT IN COMMUNITY FACILITIES

Section 5.01: **Establishment and Use of Community Facilities.** TWC will convey to WCA, subsequent to the recordation of these Covenants, a certain tract or tracts of land within the Property with appropriate restrictions and assurances that said tract(s) will be used for park, recreational or other community purposes. Said tract(s) together with other land identified as common property in plats recorded with the County Clerk of Montgomery County, Texas, are collectively referred to as "Community Facilities". Subject to the other provisions of this section, TWC shall have the right to convey any land intended to be used for "Community Facilities", except that the Board may in its absolute discretion refuse to accept by written notification to TWC any such conveyance of land from TWC. TWC may convey such land either by gift, or if improved, for a consideration equal to the cost of the facilities or improvements situated thereon at the time of conveyance. Such consideration may be cash or in any other form of consideration which WCA and TWC shall mutually agree upon. For the purpose of this section, cost shall mean the actual amounts expended to construct or complete the Community Facilities or improvement situated upon such land (excluding the cost of land devoted to such facilities or improvements).

Every Owner, by reason of such ownership, shall have a right and easement of enjoyment in and to all Community Facilities, and such easement shall be appurtenant to and shall pass with every Lot upon transfer. All Residents (other than Owners) shall have a non-transferable privilege to use and enjoy all Community Facilities for so long as they are Residents. All such rights, easements and privileges, however, shall be subject to the right of WCA to adopt and promulgate reasonable rules and regulations pertaining to the use of Community Facilities which shall enhance the preservation of such facilities, the safety and convenience of the users thereof, or which, in the discretion of the Board, shall serve to promote the best interests of the Residents, including the making available of certain Community Facilities to school children, with or without charge. WCA shall have the right to borrow money for the purpose of developing or improving any Community Facility and in aid thereof, and in accordance with Section 4.06, to mortgage the same and the rights of any such mortgagee shall be superior to the easements herein granted and assured.

Section 5.02: **Suspension of Rights.** WCA shall have the right to suspend the right or privilege under this Article V of any Resident, for any reasonable period during which the Annual Assessment, or User Fees and Charges assessed under Article II hereof remain delinquent or may suspend said right or privilege in connection with the enforcement of any rules and regulations relating to Community Facilities in accordance with the provisions of this Article V.

Section 5.03: **Right to Enjoyment of Land.** Any guest, or invitee of an Owner or a Resident shall be entitled to a right or privilege of enjoyment of Community Facilities subject to such regulations as may be promulgated by the WCA Board.

Section 5.04: Right to Convey Property to Public Body. Notwithstanding the rights, easements and privileges granted under this Article V, WCA shall have the right and power to convey any property referred to in Section 5.01 hereof free and clear of all such rights, easements and privileges if such conveyance is to a public body for public use; provided, however, that during the period prior to the time that the Class A Members have the right to elect a majority of the Board any such conveyance shall be subject to approval by a vote of three-fifths (3/5ths) of the Class A Members of WCA present and voting in person or by proxy and the Class B Member, voting pursuant to the provisions of the By-Laws of WCA, and thereafter such conveyance shall be subject to the approval of a three-fifths (3/5ths) vote of the Board, providing that no such conveyance shall be made in violation of any restrictions affecting the property so conveyed.

**ARTICLE VI
THE PROPERTY SUBJECT TO THE COVENANTS
AND AGREEMENT ANNEXATION OF ADDITIONAL LANDS**

Section 6.01: Covenants of Property. The Property described in Exhibit “A” attached to the deed to which these Covenants are attached as Exhibit “B”, is a portion of a larger area of land, owned by TWC, described in Attachment I, attached hereto and made a part hereof for all purposes. Prior to August 22, 1992, TWC intends to annex additional portions of such larger area of land and subject the same to the terms of these Covenants in the manner prescribed in Section 6.02 hereof. Each Resident, by the act of becoming such, shall be taken to have acknowledged and agreed:

- (1) that the Property described in Exhibit “A” attached to the deed to which these Covenants are attached as Exhibit “B”, and such property as may be annexed pursuant to Section 6.02 hereof shall be the only Property subject to the Covenants;
- (2) subject to the last paragraph of this Section 6.01 neither anything contained in these Covenants nor in any other recorded or unrecorded plat, map, picture, drawing, brochure or other representation of a scheme of development, shall be construed as subjecting, or requiring TWC or any successor or assignee to subject, to these Covenants any property or land now or hereafter owned by it other than that described in Exhibit “A” attached to the deed to which these Covenants are attached as Exhibit “B”;
- (3) that the only manner in which any additional land can be subjected to these Covenants shall be by and in accordance with the procedure set forth in Section 6.02 hereof.

Prior to selling land outside the Property but within the boundaries of the land described in Attachment I, hereto, TWC will cause such land to become subject to the terms of these Covenants or record a new set of covenants on such land which are approved by the Secretary of the Department of Housing and Urban Development or any authorized representative.

Any land described in Attachment I, attached hereto, which is conveyed to the State of Texas or political subdivisions thereof or Montgomery County, Texas, shall not be subjected to the provisions of these Covenants.

Section 6.02: Annexation of and Recording of Additional Land. Subject to the provisions of Section 6.01, TWC may, from time to time, annex additional lands to the Property, and thereby subject the same to these Covenants by the execution and filing for recordation in the Office of the County Clerk of Montgomery County, Texas, of an instrument expressly stating intentions so to annex and describing such additional lands to be so annexed and the Covenants, Restrictions,

Easements, Charges and Liens applicable thereto.

**ARTICLE VII
THE WOODLANDS COMMUNITY ASSOCIATION**

Section 7.01: Members. WCA shall have two classes of Members, Class A and Class B.

Class A Members shall be:

- (1) all Owners other than TWC; and
- (2) all other Residents.

Class B Member shall be TWC.

After the Class A members elect a majority of the Board of Directors of WCA, the Class B membership, for all purposes except that of electing the Board of Directors, shall terminate and TWC shall become a Class A Member and continue as such, so long as it shall remain an Owner.

Section 7.02: Voting Rights. There shall be two classes of voting Members, Class A and Class B until the later to occur of August 22, 1992 or the date when there are 39,000 Dwelling Units occupied by Residents.

Class A. Each Class A Member eighteen (18) years of age or over shall be entitled to one (1) vote, provided that:

- (1) Any Class A Member who is in violation of the Restrictions, as determined by the majority of the Board, pursuant to the provisions of these Covenants, shall not be entitled to vote during any period in which such violation continues. Any Member who is delinquent in the payment of any Annual Assessment, or other fees or charges (other than user fees as defined in Article II hereof or charges for services or facilities whose use is voluntary), and levied pursuant to the provisions of these Covenants, shall not be entitled to vote during any period in which any such fees or assessments are delinquent.
- (2) The Board may make such regulations, consistent with the terms of the Covenants and the WCA By-Laws as it deems advisable for any meeting of members, in regard to proof of membership in WCA, evidence of right to vote, the appointment and duties of inspectors of votes, registration of Members for voting purposes, and such other matters concerning the conduct of meeting and voting as it shall deem fit.

Class B. The Class B Member (TWC) shall have one (1) vote.

Section 7.03: Board of Directors. The affairs of WCA shall be managed initially by a board of three (3), elected by the Class B Member, until the first annual meeting of Members. Beginning with such meeting the Board shall consist of nine (9) director positions, eight (8) of whom shall be elected by the Class B Member and one (1) of whom shall be elected by the Class A Members, increasing to a total number of fifteen (15) director positions. The directors need not be Members of WCA.

Except for the Initial Directors, Directors shall be elected for two (2) year terms of office and shall serve until their respective successors are elected and qualified. Any vacancy which occurs in the initial or any subsequent Board, by reason of death, resignation, removal, or otherwise, may be filled at any meeting of the Board by the affirmative vote of a majority of the remaining Directors representing the same class of Members who elected the Director whose position has become vacant; provided, however, that until there are three or more Class A Directors, any such vacancy in a Class A Director position shall be filled at a special meeting of the Class A Members. Any Director elected to fill a vacancy shall serve as such until the expiration of the term of the Director whose position he was elected to fill.

Director Position 1 shall be elected only by Class A Members, beginning with the first annual meeting of Members.

When there are 1500 Dwelling Units occupied by Residents, then, and in such event, at the next succeeding annual meeting of Members, and thereafter Director Position 2 shall be elected only by Class A Members.

When there are 6500 Dwelling Units occupied by Residents, then, and in such an event, at the next succeeding annual meeting of Members, and thereafter Director Position 3 shall be elected only by Class A Members.

When there are 11,500 Dwelling Units occupied by Residents, then, and in such event, at the next succeeding annual meeting of Members, and thereafter Director Position 4 shall be elected only by Class A Members.

When there are 16,500 Dwelling Units occupied by Residents, then, and in such event, at the next succeeding annual meeting of Members, and thereafter Director Position 5 shall be elected only by Class A Members.

When there are 21,500 Dwelling Units occupied by Residents, then, and in such event, at the next succeeding annual meeting of Members, and thereafter Director Position 6 shall be elected only by Class A Members.

When there are 26,500 Dwelling Units occupied by Residents, then, and in such event, at the next succeeding annual meeting of Members, and thereafter Director Position 7 shall be elected only by Class A Members.

Director Position 8 shall be elected by the Class B Member until there are 39,000 Dwelling Units occupied by Residents. Then, and in such an event, at the next succeeding annual meeting of Members and thereafter, Director Position 8 shall be elected only by Class A Members.

Director Position 9 through 15 inclusive shall be elected by the Class B Member until the annual meeting of Members in 1992, after which Director Positions 9 through 15 inclusive shall be elected by Class A Members.

The Board, no later than 45 days prior to the annual meeting of the Members to elect directors to the Board, shall file with WCA and the Members by mail, to the last known address of the member on file with WCA, a Certification of Dwelling Units. Said Certification shall be posted in prominent places throughout the Property. Such Certification of Dwelling Units shall state the number of Dwelling Units occupied by Residents and the Directors to be elected by Class A Members and Directors to be elected by the Class B Member. Said Directors to be elected in accordance with the provisions of the WCA By-Laws.

**ARTICLE VIII
COVENANTS FOR MAINTENANCE**

Section 8.01: Maintenance Required by Owner. Each Owner shall keep all Lots owned by him, and all improvements therein or thereon, in good order and repair, including but not limited to, the seeding, watering and mowing of all lawns, the pruning and cutting of all trees and shrubbery and the painting, (or other appropriate external care), of all buildings and other improvements, all in a manner and with such frequency as is consistent with safety and good property management. The Development Standards Committee (herein referred to as the D.S.C.) or WCA, and their agents, during normal business hours, shall have the right (after 15 days written notice to the Owner of any Lot involved, setting forth the specific violation or breach of this covenant and the action required to be taken, and if at the end of such time reasonable steps to accomplish such action have not been taken by the Owner), to take the action(s) specified in the notice to remedy or abate said violation(s) or breach(es). The cost of such remedy or abatement will be paid to the D.S.C. upon demand and if not paid within thirty (30) days thereof, shall become a lien upon the Lot affected. The D.S.C., or its agent, shall further have the right, (upon like notice and conditions), to trim or prune, at the expense of the Owner, any hedge, tree or any other planting that, in the written opinion of the D.S.C., by reason of its location on the Lot, or the height to, or the manner in which it is permitted to grow, is detrimental to the adjoining Lots or is unattractive in appearance. The lien provided under this section shall not be valid against a bona fide purchaser (or bona fide mortgagee) of the Lot in question unless a suit to enforce such lien shall have been filed in the court of record, or notice thereof shall have been filed in the Office of the County Clerk of Montgomery County, Texas, prior to the recordation among the Deed & Deed of Trust Records of Montgomery County, Texas, of the deed, (or mortgage), conveying the Lot in question to such purchaser, (or subjecting the same to such mortgage). In all other matters, this charge will constitute a lien retained against such property with the same force and effect as the lien for assessment set forth in these Covenants.

**ARTICLE IX
DEVELOPMENT STANDARDS COMMITTEE**

Section 9.01: Organization of Development Standards Committee. The Development Standards Committee (hereinafter referred to as the D.S.C.), shall be comprised of seven (7), individuals, at least five (5), of whom shall have experience in architecture, engineering, contracting, building code enforcement, or a related field. Prior to August 22, 1992 the members of the D.S.C. shall be appointed from time to time by TWC, and the D.S.C. shall be a function of TWC, with TWC paying all costs of the D.S.C. From and after August 22, 1992, the members of the D.S.C. shall be appointed from time to time by WCA, and the D.S.C. shall be a function of WCA, with WCA paying all costs of the D.S.C.

Section 9.02: Organization of Residential Design Review Committee. The Property will be developed and divided into three or more villages, each such village having an incorporated village association meeting the standards of organization and membership prescribed by the Board. Upon either determination by WCA, or upon presentation of a petition of fifty (50) Members of a village to WCA, a Residential Design Review Committee (hereinafter referred to as an RDRC) shall be established. Each RDRC shall consist of three (3) or more individuals elected for a term of one year by the Members of the village. The election shall be held at such time and in such manner as determined by the Director(s) elected by the Class A Members, or in the event that an incorporated village association, controlled by the Members of a village, is formed, then at such time and in such manner as determined by such association. The costs of an RDRC, reasonable and necessary to perform its functions hereunder, shall be approved and paid by

WCA. As used herein, "Member of a village" means a Member who is either domiciled in or who owns a Lot in a village.

Section 9.03: Establishment and Amendment of Rules and Policies. The D.S.C. shall promulgate rules and regulations governing the improvement of Lots including, but not limited to, the form and content of plans and specifications for specific Structures or Improvements. The D.S.C. may also issue statements of policy with respect to the approval or disapproval of the architectural style, details of construction or other aspects of Structures or Improvements which may be presented for approval. Such rules and regulations and such statements of policy may be amended or revoked by the D.S.C.

It shall be the responsibility of an RDRC to inform its members of such amendment or revocation and to receive comments thereon. If substantial public comment is made, an open meeting shall be held by each RDRC concerned. It shall further be the responsibility of an RDRC to convey the substance of such comments to the D.S.C.

It shall be the responsibility of each applicant to inform himself of the current rules and regulations and statements of policy promulgated by the D.S.C. and all amendments thereto and revocations thereof, as of the date of application for D.S.C. consideration. Failure by the applicant to so inform himself shall not bind the D.S.C. to approve or disapprove any feature or matter submitted to it, or to waive the exercise of the D.S.C.'s discretion as to any such matter. No change of policy shall affect the finality of any approval granted prior to such change. Approval for use on any Lot of any plans or specifications shall not be deemed a waiver of the D.S.C.'s right to disapprove such plans or specifications, or any of the features, or elements included therein, if such plans, specifications, features, or elements are subsequently submitted for use on any other Lot or Lots. Approval of any such plans and specifications relating to any Lot, however, shall be final as to that Lot and such approval may not be revoked or rescinded thereafter, provided:

- (1) that the Structures or uses shown or described on or in such plans and specifications do not violate any specific prohibition contained in this Declaration; and
- (2) that the plans and specifications, as approved, and any condition attached to any such plans and specifications have been adhered to and complied with in regard to all Structures on, and uses of, the Lot.

All such rules and regulations and statements of policy shall be in the best interest of the Property. Copies of rules and regulations and statements of policy shall be made available to Class A Members and other interested parties.

Section 9.04: Building Codes. Unless and until a political subdivision of the State of Texas regulates such matters by law in the Woodlands, the rules and regulations promulgated by the D.S.C. pursuant to Section 9.03 shall include building codes governing all types of construction on the Property, a fire code, a housing code, and other similar codes as the D.S.C. deems necessary and desirable. To the extent possible, these codes shall (1) be performance based, (2) encourage the use of new technologies, techniques and materials, and (3) be compatible with the codes of the City of Houston to the extent that is consistent with (1) and (2) of this section. The adoption of a nationally recognized, model code shall be deemed to comply with these criteria. These building codes and other codes shall be printed and made available for inspection or purchase to all interested parties at the principal office of the D.S.C. After such building codes and other codes have been published, submissions to the D.S.C. may incorporate them by reference.

Section 9.05: Operations of the D.S.C. The D.S.C. shall hold regular meetings at least every three months or more often as may be determined by the members of the D.S.C. Special meetings of the D.S.C. may be called by the Chairman of the D.S.C., and shall be called by the Chairman upon the written request of a majority of the members of the D.S.C., then in office. Regular and Special meetings of the D.S.C. shall be held at such time and at such place as the members of the D.S.C. shall specify, on the Property. Notice of each meeting of the D.S.C. shall be mailed to each member thereof at his residence, or his usual place of business at least three days before the meeting is to be held. Such notices need not specify the purpose or purposes for which the meeting has been called. At each meeting of the D.S.C., the presence of a majority of the members then in office shall be necessary to constitute a quorum for the transaction of business.

In the absence of a quorum, a majority of the members present, at any meeting, may adjourn the meeting until a quorum is obtained. Any business which might have been transacted at a meeting so adjourned may be transacted at the next meeting at which a quorum is present.

Except as hereinafter provided, the affirmative vote of a majority of the D.S.C. members present and voting shall be required:

- (1) to adopt or promulgate any rule or regulation;
- (2) to make any finding, determination, ruling or order; or
- (3) to issue any permit, authorization or approval pursuant to directives or authorizations contained herein; and
- (4) to act upon any other business properly before the D.S.C.

With regard to review of plans and specifications as set forth in this Article IX, each member of the D.S.C. shall be authorized to exercise the full authority granted herein to the D.S.C., so long as such authority does not conflict with any rules, regulations, directions, or other rules and regulations promulgated by the D.S.C. Each member of the D.S.C. exercising the full authority of the D.S.C. shall cause complete and accurate records of his exercise of this authority to be inserted as soon as reasonably practicable, into the official minutes and records of the D.S.C. The granting of any approval, permit, or authorization by one such member in accordance with the terms hereof, shall be final and binding. Any disapproval, or approval based upon specified conditions, or a modification of submitted plans and specifications by one such member shall also be final and binding, provided however, that in any such case, any applicant for such approval, permit or authorization may within ten (10) days after receipt of notice of any such adverse decision, modification or specified conditions, file a written request to have the matter in question reviewed by the entire D.S.C. Upon the filing of any such request, the matter with respect to which such request was filed shall be submitted to and reviewed, as soon as possible by the entire D.S.C. Thereafter, the decision of a majority of the members of the D.S.C. with respect to such matter shall be final and binding.

The D.S.C. shall maintain both minutes and a record of votes for each of its meetings. The D.S.C. shall make such minutes and records available for inspection by members of WCA at its offices during regular business hours.

Section 9.06: Operations of Residential Design Review Committees. Each RDRC shall hold regular meetings at least monthly, or more often as may be determined by its members. Regular meetings shall be open to all Members. Notice of the time and place of such meetings shall be posted at appropriate places throughout the village involved. Special meetings of such a Committee

may be called by the Chairman upon three days written notice mailed to the residence or usual place of business of each member of the Committee, and of each person having business with the Committee. The presence of a majority of a Committee's members shall be necessary to constitute a quorum for the transaction of business. The act of a majority of members present at any meeting shall be required for action of a Committee on any matter before it.

Each RDRC shall maintain both minutes and a record of votes for each of its meetings and shall make such records and minutes available for inspection by Members, the D.S.C., or other interested parties at the offices of the appropriate incorporated village association.

Section 9.07: Land Use Designation. From time to time, on plats prepared in accordance with local law and filed with the appropriate public body or bodies, TWC shall designate the particular land use for each parcel or Lot owned by TWC. After a parcel or Lot shall no longer be owned by TWC, there shall be no change in the designation of such parcel or Lot except with the mutual consent of the Owner thereof and the D.S.C., in addition to such governmental approvals as may be required.

Section 9.08: Construction and Alteration of Improvements. No Structure shall be commenced, moved, erected, placed, moved onto, or permitted to remain on any Lot, nor shall any existing Structure upon any Lot be altered in any way which materially changes the exterior appearance thereof, nor shall any new use be commenced on any Lot, unless a complete set of plans and specifications, (including a full description of any new use), satisfactory to the D.S.C., shall have been submitted to and approved in writing by the D.S.C. Such plans and specifications shall be in the form and contain the information required by the D.S.C., but in any event shall include:

- (1) a complete set of construction plans and specifications, or plans and specifications satisfactory to the D.S.C.;
- (2) a site plan of the Lot showing the nature, exterior color scheme, kind, shape, height proposed construction and landscaping, materials, and location with respect to the particular Lot, (including proposed front, rear and side set-back and free spaces, if any are proposed) of all Structures, the location thereof with respect to Structures on adjoining portions of the Property, and the number and location of all parking spaces and driveways on the Lot;
- (3) a grading plan for the particular Lot; and
- (4) a full and complete description of the intended use of the Lot.

Section 9.09: Improvements to Existing Residential Standards. In sections of the Property for which RDRCs have been established, no Structure shall be commenced, erected, placed, moved onto, or permitted to remain on and no Improvement shall be made on any Lot designated for residential use on which there is a Structure which has been issued a Certificate of Compliance pursuant to Section 9.14 of this Article unless a complete set of plans and specifications in the form prescribed by the D.S.C. pursuant to Section 9.08 of this Article shall have been submitted to and approved in writing by the appropriate RDRC instead of the D.S.C. An RDRC shall not review and approve plans and specifications involving alterations or improvements to Lots designated for commercial or industrial use. An RDRC shall further, perform such additional functions as may be assigned to it from time to time by the D.S.C. In such cases the D.S.C. shall not act except on appeals from RDRC decisions pursuant to Section 9.11 hereof. Approval by an RDRC shall constitute approval by the D.S.C. pursuant to Section 9.08 of this Article. No approval by any RDRC shall be given in violation of any rule, regulation, finding, determination or order promulgated by the D.S.C., nor shall the same be given in conflict with any permit, authorization or approval issued by the D.S.C.

Section 9.10: Disapproval of the Plans by D.S.C. The D.S.C. or, in cases within its jurisdiction under Section 9.09 of this Article, an RDRC shall have the right to disapprove any plans and specifications submitted pursuant to this Article for the following reasons, among others:

- (1) the failure of such plans or specifications to comply with any of the restrictions or provisions of these Covenants;
- (2) failure to include such information as may reasonably have been requested by the D.S.C. or an RDRC;
- (3) failure to comply with any of the rules and regulations promulgated pursuant to this Article;
- (4) objection to the exterior design, appearance or materials of any proposed Structure or Improvement;
- (5) incompatibility of any proposed Structure or Improvement or use with existing Structures or uses upon other Lots in the Property;
- (6) objection to the location of any proposed Structure upon any Lot or with reference to other Lots in the Property;
- (7) objection to the grading plan for any Lot;
- (8) objection to the color scheme, finish, proportions, style of architecture, height, bulk, safety or appropriateness of any proposed Structure of Improvement;
- (9) objection to the parking areas proposed for any Lot on the grounds of:
 - (a) incompatibility with proposed uses and Structures on the Lot; or
 - (b) insufficiency of the size of the parking area in relation to the proposed use of the Lot.
- (10) any other matter which, in the judgment of the D.S.C. or, in cases within its jurisdiction under Section 9.09 of this Article, an RDRC would render the proposed Structure or Structures, Improvement or Improvements, or uses incompatible with the general plan of improvement of the Property or with Structures or uses upon other Lots in the vicinity.
- (11) any matter not included in the rules or regulations, or an amendment to or revocation of such rules and regulations, if in the judgment of the D.S.C., such matter would not be in the best interest of the Property.

If the D.S.C. or, in cases within its jurisdiction under Section 9.09 of this Article, an RDRC disapproves a set of plans and specifications submitted hereunder or approves them as modified or subject to specific conditions, and if the applicant so requests in writing, the D.S.C. or, in cases within its jurisdiction under Section 9.09 of this Article, an RDRC shall give the applicant a written statement specifying the grounds for disapproval or qualified approval. If the applicant so requests, the D.S.C. or, in cases within its jurisdiction under Section 9.09 of this Article, an RDRC shall also make reasonable efforts to consult with and advise the applicant so that an acceptable proposal may be prepared and submitted.

Section 9.11: Appeals. Within ten (10) days of receipt of an adverse decision by an RDRC, an interested party may file a written appeal of such adverse decision with the D.S.C. Upon filing of an appeal, the D.S.C. shall hear and rule upon the appeal as promptly as possible. All decisions of the D.S.C., whether on appeals or on matters brought to it originally, shall be final and binding.

Section 9.12: Filing of Approved Plans. Upon approval by the D.S.C. or, in cases within its jurisdiction under Section 9.09 of this Article, an RDRC of any plans and specifications, a copy of such plans and specifications on which the approval is clearly marked shall be deposited with the D.S.C. as a permanent record. Such records shall be accessible to Members and other interested parties.

A copy of approved plans and specifications on which the approval is clearly marked shall be returned to the applicant.

Section 9.13: Inspection of Lots and Improvements. An agent of the D.S.C. or, in cases within its jurisdiction under Section 9.09 of this Article, an RDRC may enter upon and inspect any Lot and any Structures thereon during regular business hours and following reasonable notice for the purpose of ascertaining whether such Lot and the Structures thereon are in compliance with these Covenants. Neither WCA, the D.S.C., an RDRC, nor the agent of any of them shall be deemed to have committed a trespass by reason of such entry of inspection, provided such inspection is carried out in accordance with the terms of this section.

Section 9.14: Certificate of Compliance of a Structure or an Improvement. Upon completion of a Structure or Improvement approved by the D.S.C. or, in cases within its jurisdiction under Section 9.09 of this Article, an RDRC and upon written request by the Owner of the Lot, the D.S.C. shall issue a Certificate of Compliance in a form suitable for recordation with the D.S.C. The Certificate shall identify the Lot and the Structure or Improvement, the use or uses to be conducted thereon, and the plans and specifications on file with the D.S.C. pursuant to which the structure was erected or Improvement was made and, shall specify that the Structure or Improvement complies with the approved plans and specifications. The Certificate shall not be construed to certify the acceptability, sufficiency or approval by the D.S.C. of the actual construction of the Structure or Improvement or of the workmanship or materials thereof. The Owner is hereby notified, and shall again be so notified upon issuance of the Certificate, that the Certificate in no way warrants, except as set forth above, the sufficiency, acceptability, or approval by the D.S.C. or, in cases within its jurisdiction under Section 9.09 of this Article, an RDRC of the construction, workmanship, materials or equipment of the Structure or Improvement. Preparation and recordation of such a Certificate shall be at the expense of the Owner of the Improved Lot.

A Certificate of Compliance issued in accordance with this section shall be prima facie evidence of the facts stated therein and, as to any bona fide purchaser or encumbrancer in good faith and for value or as to any title insurer, such a Certificate shall be conclusive evidence that the Lot and all Structures, Improvements and uses described in the Certificate comply with these Covenants.

Section 9.15: Fees for Examination of Plans and Specifications. The D.S.C. or, in cases within its jurisdiction under Section 9.09 of this Article, an RDRC may charge and collect a reasonable fee for the examination of any plans and specifications submitted for approval pursuant to these Covenants. Such charges shall be payable at the time and place designated by the D.S.C. or, in cases within its jurisdiction under Section 9.09 of this Article, an RDRC and shall be subject to amendment without advance notice.

Section 9.16: Violation of Article IX. If any Structure shall be erected, placed or maintained or if any Improvement shall be made or any new use commenced on any Lot other than in accordance with plans and specifications approved by the D.S.C. or, in cases within its jurisdiction under Section 9.09 of this Article, an RDRC such Structure, Improvement or use shall constitute a violation of the covenants, easements and restrictions herein contained. Upon written notice from the WCA, the D.S.C., or an RDRC, as appropriate, any such improvement shall be removed or corrected and any such use shall be terminated so as to extinguish the violation. The D.S.C. or, in cases within its jurisdiction under Section 9.09 of this Article, an RDRC may cure a violation existing under the provisions of this section by issuing a written approval of the Structure, Improvement or use in question.

Section 9.17: Enforcement. If the Owner of a Lot upon which a violation exists has not taken reasonable steps to extinguish that violation fifteen (15) days subsequent to the mailing of written notice specifying the violation of these Covenants, the D.S.C. or, in cases within its jurisdiction under Section 9.09 of this Article, an RDRC shall have the right, through the agents or employees of either, to enter upon such Lot during regular business hours and to take such steps as were specified in the notice to extinguish the violation of these Covenants. The cost thereof shall be a binding, personal obligation of the Owner as well as a lien enforceable in the same manner as the lien for the Annual Assessments set forth in these Covenants.

The Lien provided for under this section shall not be enforceable against a bona fide purchaser or encumbrancer of the Lot in good faith and for value unless a suit to enforce the lien has been filed in the appropriate court and notice thereof has been filed in the Office of the County Clerk of Montgomery County, Texas, prior to the recordation of the interest of the purchaser or encumbrancer in that Office.

**ARTICLE X
GENERAL COVENANTS AND RESTRICTIONS**

Section 10.01: Appearance and Use Restrictions of Lots. Without the prior written approval of the D.S.C.:

- (1) no previously approved Structure shall be used for any purpose other than that for which it was originally approved;
- (2) no Lot shall be split, divided, or subdivided for sale, resale, gift, transfer or otherwise;
- (3) no facilities, including poles and wires, for the transmission of electricity, telephone messages and the like shall be placed or maintained above the surface of the ground on any Lot, and no external or outside antennas of any kind shall be maintained;
- (4) no well, pump, shaft, casing or other facilities for the removal of subsurface water shall be placed or maintained on any lot, and boring, drilling, removal of, or exploitation for, subsurface water shall be conducted on any lot, except by or with the permission of the D.S.C.

Section 10.02: Landscape Restrictions. No tree having a diameter of six (6) inches or more (measured from a point two (2) feet above ground level) shall be removed from any Lot without the express written authorization of the D.S.C. The D.S.C. may adopt and promulgate rules and regulations regarding the preservation of trees and other natural resources and wildlife to protect and encourage the preservation of the ecological balance of the Property. The D.S.C. may mark certain trees, regardless of size, as not removable without written authorization. In carrying out the provisions of this Section 10.02, the D.S.C., WCA and its agents or designees may come upon any Lot, (following reasonable notice), during reasonable hours for the purpose of inspecting and marking trees. The D.S.C., WCA, its agents or designees shall not be deemed to have committed a trespass or wrongful act solely by reason of any such entry or inspection, provided such inspection is carried out in accordance with the provisions of this section.

Section 10.03: Keeping of Animals on Lots. No animals, except customary household pets, shall be kept or maintained on any Lot except as specifically authorized by WCA. No animal shall be allowed or permitted on any portion of the Property except the Lot of its owner unless same shall be under the control of the owner or another person by leash, rope, chain, or other restraining device; provided, however, that no animal shall be allowed on any Lot without the permission of the owner of that Lot. WCA shall have authority to seize and impound any animal on the

Property in violation of this Section or the regulations established hereunder. WCA shall have authority to impose reasonable fees for animal registration or other animal control services, and to impose reasonable regulations setting forth the type and number of animals that may be kept on any Lot, and providing a method for disposing of animals which are unclaimed after a reasonable period of time. No dog or cat over six months of age shall be kept by any Resident unless such animal shall have a current rabies inoculation.

- Section 10.04: Placement of Signs on Property.** No sign or other advertising device of any nature shall be placed upon any Lot except as provided herein. The D.S.C. may adopt and promulgate rules and regulations relating to signs which may be used within the Property. If approved by the D.S.C., as to color, location, nature, size, and other characteristics of such signs or devices, signs and other advertising devices may be erected and maintained upon any portion of the Property intended for industrial or commercial uses.
- Section 10.05: Temporary Buildings Restrictions.** No temporary buildings, trailer, tent, garage, or building in the course of construction shall be used, temporarily or permanently, as a residence on any Lot.
- Section 10.06: Disposition of Trash and Other Debris.** No lumber, metals, bulk materials, refuse or trash shall be kept, stored or allowed to accumulate on any Lot, except building materials during the course of construction for a period not to exceed 180 days (commencing from day one of the first delivery of such materials) for any approved Structure, unless such materials are visually screened in a manner approved by the D.S.C. During the course of construction, it shall be the responsibility of each Owner to insure that construction sites are kept free of unsightly accumulations of rubbish and scrap materials, and that construction materials, trailers, shacks and the like are kept in a neat and orderly manner. No burning of any trash and no accumulation or storage of litter or trash of any kind shall be permitted on any Lot. If trash or other refuse is to be disposed of by being picked up and carried away on a regular and recurring basis, containers may be placed in the open, on any day that a pick-up is to be made at such place on the Lot so as to provide access to persons making such pick-up. At all other times such containers shall be stored in such a manner so that they cannot be seen from adjacent and surrounding property. The D.S.C. may adopt and promulgate reasonable rules and regulations relating to the size, shape, color and type of containers permitted and the manner of storage of the same on the Property.
- Section 10.07: Placement of Pipelines.** No water pipe, gas pipe, sewer pipe, or drainage pipe shall be installed or maintained on any Lot above the surface of the ground, except at the point of connection of such pipe to house service and except for hoses and movable pipes used for irrigation purposes.
- Section 10.08: Chemical Fertilizers, Pesticides, or Herbicides.** No commercial chemical fertilizers, pesticides, or herbicides other than those approved by the D.S.C. shall be used on any of the Property. This provision in no way limits the use of those products which are readily available for consumer use and approved by an agency, such as the Food and Drug Administration, for the purpose intended.
- Section 10.09: Mining.** No Lot or portion thereof shall be used for any mining, boring, quarrying, drilling, removal of, or any other exploitation of subsurface natural resources, with the sole exception of subsurface water, except for areas specifically designated for such purposes by the D.S.C.
- Section 10.10: Air and Water Pollution.** No use of any Lot, (other than the normal use of residential fireplaces and residential chimneys), will be permitted which emits pollutants into the atmosphere, or discharges liquid or solid wastes of other harmful matter into any waterway in excess of

environmental standards, applicable thereto, to be established by the D.S.C. which standards shall at a minimum meet the requirements of Federal and State law and any regulations thereunder applicable to the Property. No waste or any substance or materials of any kind shall be discharged into any private or public sewer serving the Property, or any part thereof, in violation of any regulations of Montgomery County or any private or public body having jurisdiction. No person shall dump garbage, trash or other refuse into any waterway on or immediately adjacent to the Property.

Section 10.11: Trailer Parking. No trailer, trailer house, recreational vehicle, mobile home, or boat shall be brought upon or habitually parked on any Lot in front of any residence or attached garage, or between any residence or garage and an abutting side street, or upon any street abutting any Lot. This shall not be construed to prohibit a mere temporary standing or parking of a trailer, boat, or trailer house, recreational vehicle, or mobile home for short periods preparatory to taking same to some other location for use or storage. No such vehicle shall be openly stored in any area other than that designated by the D.S.C. for the purpose of storage. While nothing contained herein shall be considered to prohibit the use of portable or temporary buildings or trailers as field offices by contractors during actual construction in The Woodlands, the use and appearance of such a building or trailer must be specifically approved by the D.S.C. prior to its being moved on site.

Section 10.12: Penalties for Violation of Article X. If the D.S.C. determines that provisions of this Article have been violated, the D.S.C. may, in its discretion seek appropriate relief at law, to assure that the purposes of this Article are fulfilled.

Section 10.13: Fireworks and Use of Firearms. The sale and use of fireworks, of any kind whatsoever, on the Property is prohibited. The use of or discharge of firearms of any kind whatsoever is prohibited, except by permit granted to individuals by WCA, for the purposes of target practice and trap or skeet shooting. WCA will set aside certain areas for this use, if in its sole discretion it deems such action appropriate and desirable. Hunting of any kind, and by any method, including but not limited to firearms, traps, snares, bow and arrows, or manually propelled missiles is prohibited, except by permit granted to individuals by WCA. If such permits are granted, WCA will set aside certain specifically delineated areas for these activities, which must be conducted in accordance with all applicable federal, state and local laws.

Section 10.14: Electric Service. TWC will cause underground electric service at 120/240 volts, single phase, 3-wire only, to be provided to all Lots.

ARTICLE XI EASEMENTS

Section 11.01: Rights Concerning Easements and Rights-of-Way. Easements and rights-of-way are hereby expressly reserved to TWC, its designees, successors and assigns, in, on, over and under the Easement Area, as hereafter defined in Section 11.02, of each Lot for the following purposes, among others:

- (1) for the installation, construction and maintenance of:
 - (a) wires, lines and conduits, and the necessary or proper attachments in connection with the transmission of electricity, telephone, community antenna television cables and other utilities and other similar facilities; and
 - (b) storm-water drains, land drains, public and private sewers, pipe lines for

- supplying gas, water and heat, and for any other public or quasi-public utility facility, service or function, whether above ground or underground; and
- (2) for slope control purposes, including the right to grade and plant slopes and prevent the doing of any activity which might interfere with slope ratios approved by TWC, its successors and assigns, or which might create erosion or sliding problems or change, obstruct, or retard drainage flow.

TWC and/or the D.S.C. and their respective agents, successors and assigns, after reasonable written notice has been given, shall have the right at reasonable times to enter upon all parts of the Easement Area of each Lot for any of the purposes for which said easements and rights-of-way are reserved. TWC and its respective agents, successors and assigns shall be responsible for leaving each Lot in good condition and repair following any work or activity undertaken in an Easement Area pursuant to the provisions of this section.

Except with the written approval of the D.S.C., nothing shall exist or be placed on, or above any easement, or right-of-way, held by TWC or Easement Area (as defined in Section 11.02). If in the judgment of the D.S.C., anything hinders any easement, right-of-way, or Easement Area, the D.S.C. may invoke the provisions of Sections 9.08 and 9.09.

Section 11.02: Definition of “Easement Area”. The term “Easement Area” as used herein, shall mean and refer:

- (1) to those areas on each Lot with respect to which easements are shown on a recorded subdivision plat relating thereto; and to the extent not inconsistent with any other easements shown on any such plat, to a strip of land within the Lot lines of each Lot ten (10) feet in width in the front and rear of the Lot and five (5) feet in width on each side; except for the common property lines of certain Lots, which will be designated and described in writing by TWC. Said easements shall terminate at the exterior building lines of Lots so designated. Said distance being measured in each case from the Lot line toward the center of the Lot, including easements for underground electric service lines which will extend through and under each Lot in order to service the structure thereon, and the area above said underground electric service lines, extending two and one half (2-1/2) feet to each side of said underground electric service lines which areas shall be subject to excavation, refilling and ingress and egress for the installation, inspection, repair, replacement and removal of said underground facilities by the utility company, and said Purchaser shall ascertain the location of said lines and keep the area over the route of said lines free of excavation and clear of structures, trees, or other obstructions. The utility easement area dedicated and shown on the recorded map of the Subdivision may be cleared, and kept clear by any utility company of all structures, trees, bushes and other growth, including any overhanging branches from trees, or protrusions from structures located upon adjacent property.

Section 11.03: Reservations of Rights for Utilities. TWC, its successors and assigns, reserves the right to build, maintain, repair, sell, grant, or lease, all utilities in all easements and streets, and to grant or deny connections to areas outside of The Woodlands.

Section 11.04: Right of Entry. The right of entry to any easement or street area for the purpose of building, maintaining, or repairing, utility lines is expressly reserved. TWC and its respective agents, successors and assigns shall be responsible for leaving such Easement Area in good condition and repair following such work or activity in said easement or street area, provided, however, that the obligation set forth above shall not extend to Structures not approved by the D.S.C. Title to any Lot or portion thereof shall not include title to any utility lines in, under, or on, any easement or street area. TWC expressly reserves the right for itself, its successors and

assigns to construct and operate, maintain, repair, remove and replace utility lines on the easement or street area, and it is expressly provided that erection and installation of any such lines and appurtenances in such easement or street area under any rights granted by TWC shall not constitute a dedication of such lines and appurtenances, either private or public, and that conveyance of a Lot shall not convey any right to any utility lines located in any easement crossing or abutting such Lot. TWC and its respective agents, successors and assigns shall be responsible for leaving each Lot in good condition and repair following any work or activity undertaken in an Easement Area pursuant to the provisions of this section.

ARTICLE XII SPECIFIC COVENANTS

Section 12.01: Controls Do Not Supersede Law or Governmental Authority. The Covenants set forth herein shall not be taken as permitting any action or thing prohibited by the applicable building codes law, or laws, rules or regulations of any governmental authority. In the event of any conflict, the most restrictive provision of such building codes, laws, rules, regulations, deeds, leases or the Covenants shall be taken to govern and control.

ARTICLE XIII RESIDENTIAL PROTECTIVE COVENANTS AND RESTRICTIONS

Section 13.01: Residential Provisions. The provisions of this Article XIII shall relate solely to Lots designated for residential purposes.

Section 13.02: Restrictions for Residential Lots. No profession or home industry shall be conducted in or on any part of a Lot or in any Improvement thereon on the Property without the specific written approval of the D.S.C. The D.S.C., in its discretion, upon consideration of the circumstances in each case, and particularly the effect on surrounding Property, may permit a Lot or any Improvement thereon to be used in whole or in part for the conduct of a profession or home industry. No profession or home industry shall be permitted, however, unless it is considered by the D.S.C. to be compatible with the neighborhood.

Section 13.03: Lot Use for Model Home or Real Estate Office. All else herein to the contrary notwithstanding, with the written approval of the D.S.C. any residential Lot may be used for a model home or for a real estate office, provided such use shall not interfere with the right of quiet enjoyment of any Resident.

Section 13.04: Use of Clothes Hanging Devices and Machinery. No clothing or any other household fabrics shall be hung in the open on any Lot unless the same are hung from an umbrella or retractable clothes hanging device which is removed from view when not in use or unless the same are enclosed by a fence or other enclosure at least six (6) inches higher than such hanging articles, provided such fence or other enclosure is approved by the D.S.C. No machinery shall be placed or operated upon any Lot (saving such machinery as is usual in the operation or maintenance of a private residence) except with the written approval of the D.S.C.

**ARTICLE XIV
WATERFRONT AREAS AND WATERWAYS**

Section 14.01: Restrictions for Waterfront Lots. Any Lot which shall abut upon any lake, stream, river, canal or other waterway (hereinafter collectively referred to as “Waterways”) shall be subject to the following additional restrictions:

- (1) no wharf, pier, bulkhead, or other structure or obstruction shall be built or maintained upon any waterfront site or into or upon any Waterway on the Property or adjacent thereto except with the specific written approval of the D.S.C. No structure or obstruction shall be permitted if it offers any threat whatsoever to safe navigation upon such Waterway or to the safe and convenient use of such Waterway as a recreation facility.
- (2) except as approved by the D.S.C., no boat canal shall be constructed or installed upon any Lot nor shall any facility or device be constructed or installed upon any Lot which shall in any way alter the course of or natural boundaries of any Waterway, or which shall involve or result in the removal of water from any Waterway.
- (3) except as approved by the D.S.C., no boats, hoists, launching facilities or any similar type of structures or equipment shall be installed, constructed or maintained upon any Lot, nor shall any boat trailer be stored on any Lot in such manner as to violate the regulations of the D.S.C.

Section 14.02: Use of Boats. No boat of any kind shall be operated upon any Waterway on the Property without the prior written approval of the Board and if such approval is granted, such operation shall conform to all rules and regulations promulgated by WCA and/or the D.S.C. concerning the use of boats.

**ARTICLE XV
DURATION AND AMENDMENT**

Section 15.01: Duration, Amendment or Termination of Covenants. The Covenants shall run with and bind the Property, shall inure to the benefit of and shall be enforceable by TWC, WCA, the Owner of any Lot included in the Property, their respective legal representatives, heirs, successors and assigns, until the 31st day of December in the year 2023 after which time said Covenants shall be automatically extended for successive periods of ten (10) years unless terminated effective the 31st day of December 2023 (or effective at the end of any such ten (10) year period) by affirmative vote of sixty-six and two thirds per cent (66-2/3%) of the Members entitled to vote, which vote has been held and completed within the six (6) months prior to 31st December, 2023 (or the end of any such ten (10) year extension period). Prior to termination as herein provided the Covenants may be amended but not terminated in any respect by an instrument signed by not less than sixty-six and two thirds per cent (66-2/3%) of the Members eligible to vote, which instrument shall be filed for recordation in such place of recording as may be appropriate at the time of the execution of such instrument.

**ARTICLE XVI
GENERAL**

- Section 16.01: Violation or Breach of Covenants.** Violation or breach of any Covenant herein contained shall give TWC or WCA, their respective legal representatives, successors and assigns, in addition to all other remedies, the right, (after the elapsing of 15 days from the time receipt is acknowledged of written notice to the Owner of any Lot involved setting forth in reasonable detail the nature of such violation or breach and the specific action or actions to be taken to remedy such violation or breach and if at the end of such time reasonable steps to accomplish such action have not been taken), at reasonable times to enter upon the land on which such violation or breach exists, and to take the actions specified in the notice to the Owner to remedy, abate and remove, at the expense of the Owner thereof, any structure, thing, or condition that may be or exist thereon contrary to the intent and meaning of the provisions hereof; and the said parties shall not thereby be deemed guilty of any manner of trespass for such entry, abatement or removal, provided that such remedy, abatement or removal is carried out in accordance with the provisions of this section. Nothing herein contained shall be deemed to affect or limit the rights of the Residents, WCA and TWC within the Property to enforce the Covenants by appropriate judicial proceedings.
- Section 16.01: Failure to Enforce Covenants.** The failure of TWC, WCA, the Owner of any Lot included in the Property, their respective legal representatives, heirs, successors and assigns, or any Resident (not an Owner), to enforce the Covenants or any portion thereof shall in no event be considered a waiver of the right to do so thereafter, as to the same violation or breach or as to such a violation or breach occurring prior or subsequent thereto.
- Section 16.03: Covenants Do Not Create Reversion.** No Covenant herein is intended to be, or shall be construed as, a condition subsequent or as creating a possibility of reverter.
- Section 16.04: Relief for Violation or Breach.** Damages shall not be deemed to be the exclusive remedy for any breach or violation of any provision hereof. Any person or entity entitled to enforce any provision hereof shall be entitled to relief by way of injunction, as well as any other available relief either at law or in equity.
- Section 16.05: Enforcement of Covenants.** Any party to a legal proceeding who succeeds in enforcing a Covenant or enjoining the violation of a Covenant against an Owner may be awarded a reasonable attorney's fee against such Owner.
- Section 16.06: Administration Pursuant to these Covenants.** WCA and the D.S.C. to the extent specifically provided herein, may adopt and promulgate reasonable rules and regulations regarding the administration, interpretation and enforcement of the provisions of these Covenants. In so adopting and promulgating such rules and regulations, and in making any finding, determination, ruling or order or in carrying out any directive contained herein relating to the issuance of permits, authorizations, approvals, rules or regulations. WCA and the D.S.C. shall take into consideration the best interests of the Owners and Residents of the Property, to the end that the Property shall be developed, preserved and maintained as a high quality community.
- Section 16.07: Effect of Violation of Covenants on Mortgage.** No violation of any of these Covenants shall defeat or render invalid the lien of any mortgage made in good faith and for value upon any portion of the Property; provided, however, that any mortgagee in possession, or any purchaser at any mortgagees' or foreclosure sale shall be bound by and subject to the Covenants as fully as any other Owner of any portion of the Property.

Section 16.08: Promise of Grantee to be Bound by Covenants. Each grantee accepting a Deed or other instrument conveying fee interest in any Lot, whether or not the same incorporates or refers to these Covenants, thereby agrees for himself, his heirs, successors and assigns to observe perform and be bound by the Covenants and to incorporate the same by reference in any Deed or other conveyance of his interest in any real property subject hereto.

**ARTICLE XVII
COVENANTS WITH RESPECT TO EQUAL HOUSING OPPORTUNITY**

Section 17.01: Covenants of Owners. Any person, when he becomes an Owner or Resident agrees that neither he nor anyone authorized to act for him will refuse to sell or rent, after the making of a bona fide offer, or refuse to negotiate for the sale or rental of, or otherwise make unavailable, or deny the property covered by the deed to any persons because of race, color, religion, sex or national origin.

This covenant shall run with the land and shall remain in effect without any limitation in time.

TWC shall be deemed a beneficiary of this covenant and the United States shall be deemed a beneficiary of this covenant, and this covenant shall run in favor of TWC or the United States for the entire period during which this covenant shall be in force and effect without regard for whether TWC or the United States is or becomes an owner of any land or interest therein to which this covenant relates. As such a beneficiary, TWC or the United States, in the event of any breach of any such covenant, shall have the right to exercise all the rights and remedies, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach, to which beneficiaries of this covenant may be entitled.

Any restrictive covenant on the property covered by the deed relating to race, color, religion, sex or national origin is recognized as being illegal and void and is specifically disclaimed.

Section 17.02: Covenants for Lessee. All Owners and Residents shall treat all applications for leasehold interests in a uniform manner and shall award leases according to objective standards. No decision on any applicant for a leasehold interest shall be made on the ground of the applicant's race, color, religion, sex or national origin. All lease agreements to prohibit discrimination in subleasing shall contain substantially the following clause:

“The tenant covenants and agrees that it will not sublet or assign the demised premises or any part thereof, or transfer possession of occupancy thereof in any manner whatsoever, without the prior written consent of the lessor.

“Further, the tenant covenants and agrees that when prior written consent of the lessor is obtained, or in the event the subletting or assignment is to be arranged through public advertisement or listing of any kind, the tenant will treat all applications for sublease or assignment interests in a uniform manner and will award leases according to objective standards. No decision on any application shall be made on the ground of the applicant's race, color, religion, sex or national origin.”

Section 17.03: Constitutional Safeguards. The following provisions shall apply notwithstanding anything in these Covenants which limits the liability of, or gives discretion to the D.S.C.

These Covenants do not empower the D.S.C. to take any action which if it were taken by a State, or the United States, would violate the Fifth or the Fourteenth Amendments to the Constitution of the United States of America.

ARTICLE XVIII MISCELLANEOUS

- Section 18.01: Alteration of these Covenants.** Except as provided in Article XV hereof, no change of conditions or circumstances shall operate to extinguish, terminate, or modify any of the provisions of these Covenants.
- Section 18.02: Severability of Provisions of these Covenants.** The determination by any court that any provision of these Covenants is unenforceable or void shall not affect the validity of any of the other provisions hereof.
- Section 18.03: Powers of WCA.** WCA shall be empowered to assign its rights, or any part thereof, to any successor public body, authority, agency, district, or non-profit membership corporation, (hereinafter referred to as the "Successor Entity"), and, upon such assignment of the Successor Entity shall have those rights and be subject to these duties of WCA assigned thereby, and shall be deemed to have agreed to be bound by the appropriate provisions hereof to the same extent as if the Successor Entity had been an original party to the Covenants and references herein to the "Board", shall refer to the Board of Directors, or equivalent body, of such Successor Entity. Any such assignment shall be accepted by the Successor Entity under a written agreement pursuant to which the Successor Entity expressly assumes the duties and obligations of WCA thereby assigned. If for any reason WCA shall cease to exist without having first assigned its rights hereunder to a Successor Entity, the covenants, restrictions, easements, charges and liens imposed hereunder shall nevertheless continue and any Owner or Resident may petition a court of competent jurisdiction to have a trustee appointed for the purpose of organizing a nonprofit membership corporation and assigning the rights of WCA hereunder with the same force and effect, and subject to the same conditions, as provided in this Section 18.03 with respect to an assignment and delegation of WCA to a Successor Entity.
- Section 18.04: Definition of "Titles".** All Titles or headings of the Articles and Sections herein are for the purpose of reference and shall not be deemed to limit, modify, or otherwise effect any of the provisions hereof. All references to singular terms shall include the plural where applicable, and all references to the masculine shall include the feminine and the neuter.
- Section 18.05: Notices.** Any notice given or required to be sent under the provisions of these Covenants shall be deemed to have been properly given when mailed, post paid, to the last known address of the person to whom notice is to be given.

ATTACHMENT I

A tract of land containing 17,455.2187 acres of land, more or less, described in that certain Indenture of Mortgage and Deed of Trust, dated August 23, 1972, from The Woodlands Development Corporation to Chase Manhattan Bank (National Association), Trustee, recorded in Volume 242, Page 318-545, of the Deed Records in the office of the County Clerk, Montgomery County, Texas, said acres described by metes and bounds in Schedule A - Part I attached to said Indenture of Mortgage and Deed of Trust, reference to which is here made for all purposes.

SIGNED FOR IDENTIFICATION:

THE WOODLANDS COMMUNITY ASSOCIATION, INC.

By: _____
President