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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
PHEASANT CREEK, SECTION TWO (2)

THE STATE OF TEXAS
COUNTY OF FORT BEND

THIS DECLARATION made on this day by Homecraft Land Development, acting herein by and through its duly authorized officers, hereinafter referred to as "Declarant":

W I T N E S S E T H:

WHEREAS, Declarant is the owner of those certain lots in PHEASANT CREEK, SECTION TWO (2), a subdivision of Fort Bend County, Texas, as recorded in Volume 31, Page 2, according to the Map Records of Fort Bend County, Texas, described in Exhibit "A" hereto and made a part hereof by reference.

NOW THEREFORE, Declarant hereby declares that all of the Lots in PHEASANT CREEK, SECTION TWO (2), subdivision shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall constitute covenants running with the real property, shall be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to PHEASANT CREEK HOMEOWNERS ASSOCIATION, INC., its successors and assigns. The Association has the power to collect and disburse those maintenance assessments as described in Article IV.

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Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to: (a) that certain real property first hercinabove described, and (b) such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Lot" shall mean and refer to the platted lots in Pheasant Creek, Section Two (2), (excluding reserves and common areas), as well as building sites resulting from resubdivision or consolidation of platted lots pursuant hereto.

Section 5. "Common Area" shall mean all real property if any, together with any improvements thereon owned by the Association for the common use and benefit of the Owners.

Section 6. "Declarant" shall mean and refer to not only Homecraft Land Development, Inc., but also to such of their successors or assigns (whether immediate or remote), as successor developer of all or a substantial portion of the lots in the undeveloped state, but shall not include any purchaser of one or more developed lots. For the purposes of this Declaration, "developed Lot" shall mean a Lot with the street on which it faces opened and improved and with utilities installed and ready to furnish utility service to such Lot, and "undeveloped Lot" is any Lot which is not a developed Lot.

ARTICLE II

USE RESTRICTIONS

Section 1. Single Family Residential Construction. No building shall be erected, altered or permitted to remain on any Lot other than one single-family residential dwelling not to exceed two and one-half (2-1/2) stories in height, which may have a private garage or carport for not more than three (3) cars and bona fide servants' quarters which structures shall not

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exceed the main dwelling in height and which structure may be occupied only by a member of the family occupying the main residence on the building site or by domestic servants employed on the premises and no room(s) in the dwelling and no space in any other structure shall be let or rented. This shall not preclude the main residential structure from being leased or rented in its entirety as a single residence to one family or person.

Section 2. Architectural Control. No buildings or improvements of any character shall be erected or placed or the erection thereof begun, or changes made in the design thereof after original construction, on any lot until the construction plans and specifications and a plan showing the location of the structure or improvements have been submitted to and approved in writing by the Architectural Control Committee, or its duly authorized representative, as to compliance with these restrictions, quality of material, harmony of external design with existing and proposed structures and as to location with respect to topography and finish grade elevation. The initial members of the Architectural Control Committee, shall be Bob Pearson, Jim Fiocco and Ken Caffoy. If there exists at any time one or more vacancies in the Architectural Control Committee, the remaining member or members of such Committee may designate successors member(s) to fill such vacancy or vacancies provided that Declarant may from time to time, without liability of any character for so doing, remove and replace any such members of the Architectural Control Committee as it may in its sole discretion determine. The Declarant, Architectural Control Committee and the individual members thereof shall not be liable for any act or omission in performing or purporting to perform the functions delegated hereunder. In the event the committee fails to indicate its approval or disapproval within thirty (30)

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days after the receipt of the required documents, approval will not be required and the related covenants set out herein shall be deemed to have been fully satisfied. Declarant hereby retains its rights to assign the duties, powers and responsibilities of the Architectural Control Committee to PHEASANT CREEK HOMEOWNERS ASSOCIATION, INC., when one hundred percent (100%) of all Lots are occupied by residents, and the term "Architectural Control Committee" herein shall include the Association, as such assignee. The approval or lack of disapproval by the Architectural Control Committee shall not be deemed to constitute any warranty or representation by such Committee including, without limitation, any warranty relating to fitness, design or adequacy or adequacy of the proposed construction or compliance with the applicable statutes, codes and regulations. Anything contained in this Paragraph 2 or elsewhere in this Declaration to the contrary notwithstanding, the Architectural Control Committee, and its duly authorized representative, is hereby authorized and empowered, at its sole and absolute discretion, to make and permit reasonable modifications of and deviations from any of the requirements of this Declaration relating to the type, kind, quantity or quality of the building materials to be used in the construction of any building or improvement on any Subdivision Lot and of the size and location of any such building or improvement when, in the sole and final judgment and opinion of the committee, or its duly authorized representative, such modifications and deviations in such improvements will be in harmony with existing structures and will not materially detract from the aesthetic appearance of the Subdivision and its improvements as a whole.

The Architectural Control Committee may require the submission to it of such documents and items (including as examples, but without limitation, written request for any

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description of the variances requested, plans, specifications, plot plans and samples of materials) as it shall deem appropriate, in connection with its consideration of a request for a variance. If the Architectural Control Committee shall approve such request for a variance, the Architectural Control Committee may evidence such approval, and grant its permission for such variance, only by written instrument, addressed to the Owner of the Lot(s) relative to which such variance has been requested, describing the applicable restrictive covenant(s) and the particular variance requested, expressing the decision of the Architectural Control Committee to permit the variance, describing (when applicable) the conditions on which the variance has been approved (including as examples but without limitation, the type of alternate materials to be permitted, and alternate fence height approved or specifying the location, plans and specifications applicable to an approved out building), and signed by a majority of the then members of the Architectural Control Committee (or by the Committee's duly authorized representative). Any request for a variance shall be deemed to have been disapproved for the purposes hereof in the event of either (a) written notice of disapproval from the Architectural Control Committee; or (b) failure by the Architectural Control Committee to respond to the request for variance. In the event the Architectural Control Committee or any successor to the authority thereof shall not then be functioning and/or the term of the Architectural Control Committee shall have expired and the Board of Directors of the Association shall not have succeeded to the authority thereof as herein provided, no variances from the covenants of this Declaration shall be permitted it being the intention of Declarant that no variances be available except at the discretion of the Architectural Control Committee, or if it shall have succeeded to the authority of the Architectural

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Control Committee in the manner provided herein, the Board of Directors of the Association. The Architectural Control Committee shall have authority to approve any variance except as expressly provided in this Declaration.

Section 3. Minimum Square Footage Within Improvements. The living area of the main residential structure (exclusive of porches and garages) shall not be less than Eight Hundred (800) square feet.

Section 4. Location of the Improvements Upon the Lot.

A. No building or other improvements shall be located on any lot nearer to the front lot in or nearer to the street sideline than the minimum building setback line shown on the recorded plat. No building shall be located on any lot nearer than ten (10) feet to any side street line. Subject to Paragraph B of this Section, no building shall be located nearer than five (5) feet to any interior lot line, except that a garage or other permitted accessory building located sixty (60) feet or more from the front lot line may be located within three (3) feet of an interior lot line; provided, however, that a dwelling may be located as near as three (3) feet to any interior lot line so long as the distance between any adjacent dwelling and the dwelling situated as close as three (3) feet to an interior lot line is not less than ten (10) feet and neither dwelling is closer than three (3) feet to any easement containing water and/or sanitary sewer lines; provided, however, in no event shall the sum of the side yard widths on any lot be less than fifteen (15) percent of the width of the lot (except in the case of a garage or other permitted accessory building set back sixty (60) feet as above prescribed). This distance shall be measured (to the nearest foot) along the front set back line shown on the recorded plat. For the purposes of this covenant or restriction, caves, steps and unroofed terraces shall not be considered as

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part of a building, provided, however, that this shall not be construed to permit any portion of the construction on a Lot to encroach upon another Lot.

B. "Zero Lot Line Detached". Upon prior written approval of the Architectural Control Committee, improvements may be constructed so as to have one outside wall abutting the side property line designated as the "zero setback line" for that Lot, except in the case of corner lots or unless a different layout is authorized in writing by the Architectural Control Committee. Corner lots may have a "zero setback line" opposite the side street. To provide for uniformity and proper utilization of the building area within the Lots, dwellings or appurtenant structures on a Lot shall not be less than six (6) feet from the dwelling or appurtenant structure on any contiguous Lot(s). No windows, doors or other openings may be placed in the wall built on or parallel to the zero setback line unless the wall is a minimum of three (3) feet from the zero setback line except that walls on the zero setback line may have openings if such wall faces onto a reserve or easement.

The side wall of the dwelling or appurtenant structure built on the zero setback line shall be constructed using permanent low-maintenance material as approved by the Architectural Control Committee. The Owner of any adjacent Lot shall not attach anything to a side wall or fence located upon the zero setback line; nor shall the Owner of any adjacent Lot alter in any manner, i.e. structure, color, material or otherwise, a side wall or fence located upon the zero setback line without the (i) written approval of the Architectural Control Committee and (ii) written consent of the adjoining Lot Owners.

C. "Zero Lot Line - Attached". Upon prior written approval of the Architectural Control Committee, improvements may be constructed on two adjoining lots each abutting the common "zero

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lot line⁴. The two owners of each building shall be responsible for the maintenance of the exterior of their building. No change of paint or roof color will be permitted without approval by the Architectural Control Committee. No maintenance, repairs or painting shall be done by one owner without the consent of the other owner. Each owner (unit) shall have one vote in all matters of exterior maintenance, repairs and painting, and the cost of these repairs. If the two owners (units) cannot agree on the maintenance, repairs, and painting then the owner (unit) that deems that the work needs to be accomplished shall prepare a written description and cost of the work to be accomplished to the Architectural Control Committee. The Architectural Control Committee shall rule on the need for accomplishing the work and shall set the time frame to accomplish the work if the work is required. Their ruling shall be binding on both owners. In the event an owner of any lot in the Properties shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors of the Association after approval by two-thirds (2/3) vote of the Board of Directors, shall have the right, within sixty (60) days of the written notification to said owner, through the Association's agents and employees, to enter upon said parcel and to repair, maintain, and restore the lot and the exterior of the buildings and any other improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such lot is subject.

Each wall and roof which is built as a part of the original construction of the zero lot line attached building upon the Properties and placed on the dividing line between the lots shall constitute a common wall and roof, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding common walls and roofs and liability for

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property damage due to negligence or willful acts or omissions shall apply thereto, Sharing of Repair and Maintenance: The cost of reasonable repair and maintenance of a common wall or roof shall be shared by the Owners who make use of the wall and roof equally. Destruction by Fire or Other Casualty: If a party wall or roof is destroyed or damaged by fire or other casualty, any owner who has used the wall or roof may restore it, and if the other owner thereafter makes use of the wall or roof, he shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such owner to call for a larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omissions. In addition, for attached zero lot line buildings, the total exterior of both properties must be completely restored to their original condition before the destruction that resulted from fire or other casualty. Weatherproofing: Notwithstanding any other provisions of this Article, an owner who, by his negligence or willful act, causes the common wall or roof to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements. Right to Contribution Runs with Land: The right of any owner to contribution from any other owner under this Section shall be appurtenant to the land and shall pass to such owner's successors in title. Arbitration: In the event of any dispute arising concerning a common wall or roof, or under the provisions of this Section, the Architectural Control Committee, as set forth under Article IV herein, shall have full and complete authority in handling said dispute and the decision of the Architectural Control Committee must be rendered on or before sixty (60) days following written notification of the Architectural Control Committee by one or both property owners involved.

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No electrical lines or plumbing shall be placed into the common wall between the attached residences (being the wall situated on the lot line) which connect or serve both residences, provided, however, that electrical outlets may be located on said wall provided they service the residence in which they open.

Section 3. A. Composite Building Site. Any Owner of one or more adjoining lots (or portions thereof) may consolidate such lots or portions into one single-family residence building site, with the privilege of placing or constructing improvements on such site, in which case setback lines shall be measured from the resulting side property lines rather than from the lot lines shown on the recorded plat. Any such proposed composite building site(s) must be approved by the Architectural Control Committee.

B. Resubdivision of Lots. No Lot shall be resubdivided, nor shall any building be erected or placed on any such resubdivided lot, unless each building site resulting from such resubdivision shall be approved by the Federal Housing Administration and/or the Veterans Administration; provided however, that nothing contained herein shall be construed to prohibit the resubdivision of any lot or lots within the Properties by the Owner thereof prior to construction of residence(s) thereon if such resubdivision is so approved.

Lots or building sites resulting from composition or resubdivision of platted lots which have not been replatted of record may be described by metes and bounds, provided that the Federal Housing Administration and/or the Veterans Administration consent thereto.

Section 4. Easements. Easements for installation and maintenance of utilities are reserved as shown and provided for

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on the recorded plat and no structure of any kind shall be erected upon any of said easements. Neither Declarant nor any utility company using the easements shall be liable for any damage done by either of them or their assigns, their agents, employees or servants to shrubbery, trees, flowers or improvements of the owner located on the land within or affected by said easements.

Further as to Lots and the Common Area adjoining Lots with improvements situated on the zero setback line shall be subject to a three (3) foot access easement for the construction, repair and maintenance of improvements located upon any adjacent Lot where said improvements are located on the "zero setback line" of the adjacent Lot. The zero setback line owner must replace any fencing, landscaping or other items on the adjoining Lot that he may disturb during the construction, repair or maintenance. Additionally, this easement, when used, must be left clean and unobstructed unless the easement is actively being utilized and any items removed must be replaced. Except in the event of an emergency, the zero setback line owner must notify the Owner of the adjacent Lot of his intent to do any construction or maintenance upon the zero setback line wall at least twenty-four (24) hours before any work is started, with the hours that such access easement may be utilized being restricted to between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, and 9:00 a.m. to 4:00 p.m. on Saturdays. In the event of an emergency, no such notice is necessary.

Section 7. Prohibition of Trade and Offensive Activities.

No activity, whether for profit or not, shall be carried on on any Lot which is not related to single family residential purposes. No noxious or offensive activity of any sort shall be permitted nor shall anything be done on any Lot which may be or become an annoyance or a nuisance to the neighborhood.

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Section 8. Use of Temporary Structures. No structures of a temporary character, mobile home, camper, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any lot at any time as a residence. Portable buildings used for accessory or storage purposes shall be limited to not more than eight (8) feet in height and one hundred twenty (120) square feet of floor space and shall be subject to approval of the Architectural Control Committee. Temporary structure may be used as building offices and for related purposes during the construction period. Such structures shall be inconspicuous and slightly and shall be removed immediately after completion of construction and shall be subject to approval of the Architectural Control Committee.

Section 9. Storage of Automobiles, Boats, Trailers and Other Vehicles. No boat trailer, boats, travel trailers, inoperative automobiles, campers, or vehicles of any kind shall be semi-permanently or permanently stored in the public street right-of-way or forward of the front building line. Storage of such items and vehicles must be screened from public view, either within the garage or behind a fence which encloses the rear of the Lot.

Section 10. Mineral Operation. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall any wells, tanks, tunnels, mineral excavation, or shafts be permitted upon or in any Lot. No derrick or other structures designed for the use of boring for oil or natural gas shall be erected, maintained, or permitted upon any Lot.

Section 11. Animal Husbandry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot except that dogs, cats or other common household pets of the domestic variety may be kept provided that they are not kept,

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bred or maintained for commercial purposes and provided that no more than two (2) of each type animal is kept.

Section 12. Walls, Fences and Hedges. No wall, fence or hedge shall be erected or maintained nearer to the front lot line than the front building line on such lot, nor on corner lots nearer to the side lot line than the building set back line parallel to the side street. No side or rear fence, wall or hedge shall be more than six (6) feet in height. No chain link fence type construction will be permitted on any lot. Any wall, fence or hedge erected on a lot by Declarant or its assigns, shall pass ownership with title to the lot and it shall be owner's responsibility to maintain said wall, fence or hedge thereafter.

Section 13. Visual Obstruction at the Intersection of Public Streets. No object or thing which obstructs sight lines at elevations between two (2) and six (6) feet above the surface of the streets within the triangular area formed by the curb lines of the streets involved and a line running from curb line to curb line at points twenty-five (25) feet from the junction of the street curb lines shall be placed, planted or permitted to remain on any corner lots.

Section 14. Lot Maintenance. The Owner or occupants of all lots shall at all times keep all weeds and grass thereon cut in a sanitary, healthful and attractive manner and shall in no event use any lot for storage of material and equipment except for normal residential requirements or incident to construction of improvements thereon as herein permitted. The accumulation of garbage, trash or rubbish of any kind or the burning (except as permitted by law) of any such materials is prohibited. In the event of default on the part of the Owner or occupant of any lot in observing the above requirements or any of them, such default continuing after ten (10) days' written notice thereof, Declarant

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or its assigns, may without being under any duty to, so do, in trespass or otherwise, enter upon said Lot, cut, or cause to be cut, such weeds and grass and remove or cause to be removed, such garbage, trash and rubbish or do any other thing necessary to secure compliance with these restrictions and to place said Lot in a neat, attractive, healthful and sanitary condition, and may charge the Owner or occupant of such Lot for the cost of such work. The Owner or occupant, as the case may be, agrees by the purchase or occupation of the Lot to pay such statements immediately upon receipt thereof.

Section 13. Visual Screening on Lots. The drying of clothes in public view is prohibited, and the Owner or occupants of any Lots at the intersection of streets or adjacent to parks, playground or other facilities where the rear yard or portion of the Lot is visible to the public shall construct and maintain a drying yard or other suitable enclosure to screen drying clothes from public view. Similarly, all yard equipment, woodpiles or storage piles shall be kept screened by a service yard or other similar facility so as to conceal them from view of neighboring Lots, streets or other property.

Section 14. Signs, Advertisements, Billboards. No sign, advertisement, billboard or advertising structure of any kind shall be placed, maintained or displayed to the public view on any Lot except one sign for each building site, of not more than five (5) square feet, advertising the property for sale or rent. Declarant, or its assigns, shall have the right to remove any such sign, advertisement, bill board or structure which is placed on said Lots, and in doing so shall not be subject to any liability for trespass or other tort in connection therewith or arising from such removal. Declarant or its assigns, may maintain, as long as its owns property in PLEASANT CREEK, SECTION TWO (2), in or upon such portion of the Properties as Declarant

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may determine such facilities as in its sole discretion may be necessary or convenient, including, but without limitation to offices, storage areas, model units and signs, and Declarant may use, and permit such builders (who are at the relevant time building and selling houses in PHEASANT CREEK), to use residential structure, garages or accessory buildings for sales offices and display purposes but all rights of Declarant and of any builder acting with Declarant's permission under this sentence shall be operative and in effect only during the construction and initial sales period within the area composed of PHEASANT CREEK, SECTION TWO (2).

Section 17. Roofing Material. The roof of any building (including any garage or servant's quarters) shall be constructed or covered with (1) wood shingles or (2) asphalt or composition type shingles comparable in color to wood shingles. The decision of such comparison shall rest exclusively with the Architectural Control Committee. Any other type of roofing material shall be permitted only at the sole discretion of the Architectural Control Committee upon written request.

Section 18. Maximum Height of Antennae. No electronic antenna or device of any type other than an antenna for receiving normal television signals shall be erected, constructed, placed or permitted to remain on any lot, houses or buildings. Television antenna must be located to the rear of the roof ridge line, gable or center line of the principal dwelling. Freestanding antennae must be attached to and located behind the rear wall of the main residential structure. No antennae, either freestanding or attached, shall be permitted to extend more than ten (10) feet above the roof of the main residential structure on the lot, or shall be erected on a wooden pile.

Section 19. Underground Electric Service. An underground electric distribution system will be installed in that part of

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PHEASANT CREEK, SECTION TWO (2), designated Underground Residential Subdivision, which underground service area shall embrace all Lots in PHEASANT CREEK, SECTION TWO (2). The Owner of each Lot in the Underground Residential Subdivision shall, at his own cost, furnish, install, own and maintain (all in accordance with the requirement of local governing authorities and the National Electrical Code) the underground service cable and appurtenances from the point of the electric company's metering on customer's structure to the point of attachment at such company's installed transformers or energized secondary junction boxes, such points of attachment to be made available by the electric company at a point designated by such company at the property line of each lot. The electric company furnishing service shall make the necessary connections at said point of attachment and at the meter. In addition, the Owner of each such Lot shall, at his own cost, furnish, install, own and maintain a meter loop (in accordance with then current standards and specifications of the electric company furnishing service) for the location and installation of the meter of such electric company for the residence constructed on such Owner's Lot. For so long as underground service is maintained in the Underground Residential Subdivision, the electric service to each Lot therein shall be underground, uniform in character and exclusively of the type known as single phase, 120/140 volt, three wire, 60 cycle, alternating current.

The electric company has installed the underground electric distribution system in the Underground Residential Subdivision at no cost to Developer (except for certain conduits, where applicable) upon Developer's representation that the Underground Residential Subdivision is being developed for single-family dwellings and/or townhouses of the usual and customary type, constructed upon the premises, designed to be permanently located

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upon the Lot where originally constructed and built for sale to bona fide purchasers (such category of dwelling and/or townhouses expressly excluded, without limitation, mobile homes and duplexes). Therefore, should the plans of Lot owners in the Underground Residential Subdivision be changed so that dwellings of a different type will be permitted in such Subdivision, the company shall not be obligated to provide electric service to a Lot where a dwelling of a different type is located unless (a) Developer has paid to the company an amount representing the excess in cost, for the entire Underground Residential Subdivision, of the underground distribution system over the cost of equivalent overhead facilities to serve such Subdivision, or (b) the Owner of such Lot, or the applicant for service, shall pay to the electric company the sum of (1) \$1.75 per front lot foot, if having been agreed that such amount reasonably represents the excess in cost of the underground distribution system to serve such Lot, plus (2) the cost of rearranging and adding any electric facilities servicing such Lot, which rearrangement and/or addition is determined by the company to be necessary.

ARTICLE III

PHEASANT CREEK HOMEOWNERS ASSOCIATION, INC.

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

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

Class A. Class A members shall be all Owners, with the exception of Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in

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any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. Holders of future interests not entitled to present possession shall not be considered as Owners for the purposes of voting hereunder.

Class B. The Class B member(s) shall be Declarant or its successors or assigns and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(1) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership including duly annexed areas;

(2) on January 1, 1990.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Declarant, in the case of each Lot owned within the Properties, 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, shall be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements or for repayment of funds borrowed and used in payment of capital improvements. Such assessments shall be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the Lots and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interests, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of the Lot at the time when the

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assessment fell due. Appropriate recitations in the deed conveying each Lot will evidence the retention of a vendor's lien by Declarant for the purpose of securing payment of said charge assigned to the PHEASANT CREEK HOMEOWNERS ASSOCIATION, INC., without recourse on Declarant in any manner for the payment of said charge and indebtedness.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties.

Section 3. Maximum Annual Assessments. Until January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment shall be One Hundred Eighty Dollars (\$180.00) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year by an amount equal to not more than ten percent (10%) above the maximum annual assessment which could have been made without a vote of the membership in the case of the previous year.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased to an amount in excess of ten percent (10%) of the maximum assessment for the previous year by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for such purpose.

(c) The Board of Directors of the Association may fix the annual assessment at an amount not in excess of the maximum.

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Section 4. Special Assessments for Capital Improvements.

In addition to the annual assessment authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 3. Notice and Quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 4 shall be mailed (by U.S. first class mail) to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present at any such meeting, the meeting shall be adjourned but another meeting may be called subject to the same notice requirement, but the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum applicable in the case of the preceding meeting to each class of membership. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Rate of Assessment. All Lots in PHEASANT CREEK, SECTION TWO (2), shall commence to bear their applicable maintenance fund assessment simultaneously and Lots in PHEASANT CREEK, SECTION TWO (2), owned by Declarant are not exempt from Assessment. Lots which are occupied by residents shall be

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subject to the annual assessment determined by the Board of Directors in accordance with the provisions of Sections 3 and 7 hereof. Improved Lots in PHEASANT CREEK, SECTION TWO (2), which are not occupied by a resident and which are owned by Declarant, a builder, or a building company, shall be assessed at the rate of one-half (1/2) of the annual assessment above. The rate of assessment for an individual lot, within a calendar year, can change as the character of ownership and the status of occupancy by a resident changes, and the applicable assessment for such Lot shall be prorated according to the rate required during each type of ownership.

Section 7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots in PHEASANT CREEK, SECTION TWO (2), on the first day of January 1, 1983. The annual assessment shall be adjusted according to the number of months remaining in the then current calendar years. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be mailed (by U.S. first class mail) to every Owner subject thereto. The payment dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid and the amount of any delinquencies. The Association shall not be required to obtain a request for such certificate signed by the Owner but may deliver such certificate to any party who in the Association's judgment has a legitimate reason for requesting same.

Section 8. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days

DEED

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after the due date shall bear interest from the due date until paid at the rate of ten percent (10%) per annum. The Association may bring action at law against the Owner personally obligated to pay the assessment, or foreclose the lien against the Lot involved. No Owner may waive or otherwise escape liability for the assessments provided for herein by non use of the Common Area or abandonment of his lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage existing at any time upon the particular Lot involved. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure (whether by exercise of power of sale or otherwise) or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payment which became due prior to such sale or transfer. The Association is obligated to notify all holders of prior and superior liens before instituting an action to foreclosure its assessment lien. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but such lien shall exist as, and constitute, a separate and distinct charge and lien on each Lot.

ARTICLE V

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

DEED

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Section 3. Owner's Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area, if any, which shall be appurtenant to and shall pass with the title to every lot subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area, if any.

(b) The right of the Association to suspend the voting rights and right to use of the recreational facility by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for each infraction of its published rules and regulations.

(c) The right of the Association to dedicate or transfer all or any part of the Common Area, if any, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds(2/3) of each class of the members agreeing to such dedication or transfer has been recorded in the Public Records of Real Property of Fort Bend County, Texas.

(d) The right of the Association to collect and disburse those funds as set forth in Article IV.

Section 4. Delegation of Use. Any Owner may delegate in accordance with the By-laws of the PHEASANT CREEK HOMEOWNERS ASSOCIATION, INC., his right of enjoyment to the Common Area, if any, and facilities to the members of his family, his tenants or contract purchasers who reside on the property.

DEED
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Section 5. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first thirty (30) year period by an instrument signed by those Owners owning not less than seventy-five percent (75%) of the Lots within PHEASANT CREEK, SECTION TWO (2), and thereafter by an instrument signed by those Owners owning not less than sixty percent (60%) of the Lots within PHEASANT CREEK, SECTION TWO (2). No person shall be charged with notice of or inquiry with respect to any amendment until and unless it has been filed for record in the Official Public Records of Real Property of Port Bend County, Texas.

Section 6. Annexation. Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class of membership; however, upon submission to and approval by the Federal Housing Administration and/or the Veterans Administration of additional stage(s) or section(s) of PHEASANT CREEK, such stage(s) or section(s) will be annexed either (i) by the Board of Directors of the Association without such approval by the membership or (ii) unilaterally by Declarant by the filing of a Declaration of Covenants, Conditions and Restrictions for such additional stage(s) or section(s) vesting assessments rights in the Association.

Section 7. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administrations annexation of subsequent sections of PHEASANT CREEK, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 8. Books and Records. The books, records and papers of the Association shall, during reasonable business hours, be