

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

AVALON AT SEVEN MEADOWS, SEC. 1

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
AVALON AT SEVEN MEADOWS, SEC. I

This Declaration is made this _____ day of _____, 2004, by TAYLOR WOODROW COMMUNITIES AT SEVEN MEADOWS, LTD., a Texas limited partnership, hereinafter referred to as "Developer"

WITNESS:

WHEREAS, Developer and those entities joining herein as evidenced by their signature below are the owners of certain real property located in Fort Bend County, Texas, which is more particularly described in Exhibit "A" attached hereto and incorporated herein ("Avalon at Seven Meadows"), which property is part of a development known as "Seven Meadows," and Developer desires to create a residential site within Avalon at Seven Meadows to be known as Avalon at Seven Meadows, Sec. I which contains lots platted for single family residences and common area, and which is more particularly described on Exhibit "B" attached hereto and incorporated herein (the "Property"); and

WHEREAS, Developer desires to provide for the preservation and maintenance of the Property and improvements thereon by and through this Declaration Of Covenants, Conditions And Restrictions For Avalon at Seven Meadows, Sec. 1 ("Declaration"), as it may be amended and supplemented from time to time.

NOW, THEREFORE, Developer hereby declares that all of the Property, as described above, shall be held, sold and conveyed subject to this Declaration, including the following easements, restrictions, covenants and conditions which shall run with the Property, shall benefit the Owner(s) thereof and be binding on all Owner(s), their heirs, successors and assigns.

ARTICLE I
PLAN OF DEVELOPMENT

The Seven Meadows development is a master planned community by NNP-Seven Meadows, LP. Avalon at Seven Meadows, Sec. I is located within Seven Meadows and is one of several smaller designated residential areas. These sites are subject to the Declaration Of Covenants, Conditions And Restrictions For Seven Meadows, recorded under Clerk's File No. 2002076213 in the Official Records of Fort Bend County, Texas, as it may be amended and supplemented from time to time ("Community Declaration"). The Seven Meadows Community Association, Inc. ("Community Association") has been created to provide for preservation and maintenance of the appearance and amenities of Seven Meadows. Owners are members of the Community Association as well as the Association (as hereinafter defined). Members are obligated to pay charges and assessments for maintenance of the Common Areas (as hereinafter defined) in Seven Meadows. The

Community Declaration, the articles of incorporation, by-laws, design guidelines, use restrictions, any covenant to share costs, rules and regulations and any other applicable requirement or policy of the Community Association, all as may be amended or supplemented from time to time, shall be referred to as the "Governing Documents," and in the event of a conflict between the Governing Documents and the Association Documents (as hereinafter defined), the Governing Documents shall control, unless a covenant is more restrictive in an Association document, in which case the more restrictive covenant shall control. Nothing in this Section shall preclude any supplement or other recorded covenants applicable to any portion of the Property from containing additional restrictions, exceptions, modifications or provisions more restrictive than the Governing Documents. All provisions of the Governing Documents and the Association Documents shall apply to all Owners, and occupants, guests and invitees of Owner.

ARTICLE 2 DEFINITIONS

The terms used in this Declaration shall generally be given their natural, commonly accepted definitions unless otherwise specified. Those terms capitalized but not defined in this Declaration shall have the meanings ascribed to them in the Community Declaration.

2.1 "ARC" shall mean the Architectural Review Committee established under this Declaration.

2.2 "Articles of incorporation" or "Articles" shall mean and refer to the articles of incorporation of Avalon at Seven Meadows Community Association, Inc. filed with the Secretary of State of the state of Texas, as the same may be amended and supplemented from time to time.

2.3 "Assessments" shall mean a sum of money for common expenses provided for herein or by any subsequent amendment which shall be used for the purposes of operation of the Association, maintenance, replacement, repair and management of the Association and Association property, including the Avalon Common Area, promotion of recreation, common benefits and enjoyment for the Owners and occupants of Avalon at Seven Meadows, Sec. 1, and for other charges and/or fees imposed hereunder, all as may be authorized from time to time by the Board of Directors of the Association, which, if not paid by an Owner, can result in a lien against the Lot.

2.4 "Association" shall mean and refer to Avalon at Seven Meadows Community Association, Inc., a Texas nonprofit corporation, its successors and assigns, to administer the terms and provisions of the Declaration.

2.5 "Association Documents" shall mean this Declaration, the articles of incorporation of the Association, the by-laws of the Association, the rules and regulations of the Association and any other use restrictions, covenants, requirements or policy of the Association.

2.6 "Avalon Common Area" shall mean those portions of the Property which are common area exclusive and specific to Neighborhood 9, Neighborhood 10 or any other Neighborhood which Developer may designate within Avalon at Seven Meadows, and personal property, including easements, all of which the Association owns, leases or otherwise holds rights in for the common use and enjoyment of the Owners. The Developer's

ownership interest in Avalon Common Area shall be conveyed by Developer to the Association as hereafter provided. The Avalon Common Area shall specifically include, but shall not be limited to, private roads, landscape, drainage tracts and buffer tracts as shown on the plat for Avalon at Seven Meadows, Sec. 1, which by plat or separate instrument are dedicated to or conveyed to the Association.

2.7 "Board of Directors" or "Board" shall mean and refer to the representative body, which is responsible for the administration of the Association.

2.8 "By-laws" shall mean the by-laws adopted by the Association as the same may be amended and supplemented from time to time.

2.9 "Common Area" shall mean all real and personal property, including easements, which the Community Association owns, leases or otherwise holds rights in for the common use and enjoyment of all Owners within Seven Meadows.

2.10 "Community Declarant" shall mean and refer to NNP-Seven Meadows, LP, a Texas limited partnership, its successors and assigns. Community Declarant is the developer of Seven Meadows.

2.11 "Developer" shall mean and refer to Taylor Woodrow Communities at Seven Meadows, Ltd., which is also a "Builder" as that term is defined in the Community Declaration. It shall not include any person or entity who purchases a Lot unless such purchaser is specifically assigned some or all of Developer's rights by a recorded document.

2.12 "Gated Community" shall mean and refer to all Lots within a platted section of Avalon at Seven Meadows enclosed within a security fence and having controlled access gates.

2.13 "Guest" shall mean any person who is physically present in, or occupies a Lot at the invitation of the Owner without the payment or consideration of rent.

2.14 "Institutional Mortgagee" shall mean and refer to the holder of a first mortgage against a Lot which holder is a bank, savings and loan association, real estate or mortgage investment trust, pension or profit sharing trust, the Federal Housing Administration, the Veterans Administration or any agency of the United States of America, and their successors and assigns, or any entity recognized in the community as an institutional lender. The mortgage may be placed through and closed in the name of a mortgage broker.

2.15 "Lease" shall mean the grant by Owner of a temporary right of use of a Residence for a period of regular, exclusive occupancy of a Residence by any person, other than Owner, for which Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity or emolument.

2.16 "Lot" shall mean a portion of the Property, which has been platted for use as a residence for a single family, whether improved or unimproved.

2.17 "Member" shall mean every Owner owning a Lot in Avalon at Seven Meadows, Sec. 1; provided there shall be only one (1) membership in the Association per Lot. If a Lot is owned by more than one person, all co-Owners shall share the privileges of such membership subject to reasonable Board regulation. Membership rights of an Owner which is

not a natural person may be exercised by any officer, director, partner or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Association.

2.18 "Neighborhood" shall have the meaning ascribed to it in the Community Declaration. All of the Lots shall be assigned to Neighborhood 9. Developer may annex and assign additional property into Neighborhood 9 as provided hereinbelow and/or other Neighborhoods.

2.19 "Occupant" when used in connection with the Lot, means any person who is physically present in a Lot on two (2) or more consecutive days, including staying overnight.

2.20 "Owner" or "Lot Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of the fee simple title to any Lot, but shall not mean or refer to any mortgagee unless and until any such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

2.21 "Plans and Specifications" shall mean the documents designed to guide or control the construction or erection of any Residence or other improvements on a Lot, including but not limited to those indicating location, size, shape, configuration, materials, site plans, excavation and grading plans, foundation plans, drainage plans, landscaping and fencing plans, elevation drawings, floor plans, specifications on all building products and construction techniques, samples of exterior colors, plans for utility services, and all other documentation or information relevant to such improvements.

2.22 "Primary Occupant" shall mean the natural person approved for occupancy when title to the Lot is held in the name of a trustee or a corporation or other entity, which is not a natural person.

2.23 "Property" shall mean and refer to that certain real property described in Exhibit "B" attached hereto and incorporated herein, known as Avalon at Seven Meadows, Sec. 1, and such additions thereto as may hereafter be brought within the jurisdiction of the Association and submitted to this Declaration.

2.24 "Residence" shall mean and refer to a single-family residence and ancillary structures such as garages, decks, swimming pools, screen enclosures and outbuildings, if any.

2.25 "Single Family" shall mean (a) one or more persons related by blood, marriage, or adoption, which may include only parents, and their children (including foster children or wards), their dependent brothers or sisters, their parents, their grandparents, and their domestic servants; or no more than two unrelated persons living together as a single housekeeping unit and their children (including foster children or wards), their dependent brothers or sisters, their parents, their grandparents, and their domestic servants.

2.26 "Supplemental Declaration" shall mean an instrument filed in the Public Records of Fort Bend County, Texas which subjects additional property to this Declaration.

2.27 "Tenants" shall mean a lessee of Owner and the lessee's family within the first degree of relationship by blood, adoption or marriage.

2.28 "Turnover" shall mean that date when Developer transfers majority control of the Board to the Members other than Developer as provided in the By-Laws.

ARTICLE 3
PROPERTY RIGHTS AND CONDITIONS

3.1 Every Owner shall have a right and easement of enjoyment in and to the Avalon Common Area for its intended purposes, together with a non-exclusive easement of ingress and egress over the private roadways in the Property, which right and easement of enjoyment shall be appurtenant to and shall pass with title to every Lot subject to the following provisions:

A. The right of the Association to charge all Owners reasonable fees and assessments for the upkeep, maintenance, repair and replacement of the Avalon Common Area, and equipment or structures situated upon the Avalon Common Area;

B. The right of the Association to dedicate, transfer or grant an easement or property rights to all or any part of the Avalon Common Area to any public agency, authority, or utility or to the Community Association;

C. The right of the Board to promulgate, modify, amend and enforce reasonable non-discriminatory rules and regulations relating to the use and enjoyment of the personal property owned by the Association, the amenities provided by the Association and the Avalon Common Area,

D. Easements for ingress and egress and right-of-way for pedestrian traffic over, through, on and across any part of the Avalon Common Area which are all sidewalks, paths, walkways, roadways and other areas installed for pedestrian traffic, as the same from time to time exist upon the Avalon Common Area, and for vehicular traffic over, through and across such portions of the Avalon Common Area as from time to time may be installed for such purposes;

E. There shall be an easement for encroachments in favor of the Community Declarant, Developer, Owners and the Association where any portion of the Avalon Common Area encroaches upon any Lot therein or adjacent property to Avalon at Seven Meadows, Sec. 1;

F. Any portion of the Property which is designated as open space, landscape, buffer, preserve area, or words of similar import on any plat, declaration, site plan, permit or other document shall be preserved and maintained by the owner of such land as such open space. If such land or an easement over such land has been conveyed or dedicated to the Association, the Association shall preserve and maintain such land. No development may occur on such land except structures and improvements, which promote the use and enjoyment thereof for open space purposes. The Association shall own and maintain all buffer areas dedicated or deeded to it as set forth on the plat or other development documentation.

3.2 Any Owner and Primary Occupant may delegate, in accordance with and subject to the By-laws and this Declaration, his right of enjoyment to the Avalon Common Area and facilities to the members of his family, Occupant, his Tenants, Guests and invitees who reside on the Property.

3.3 The Developer shall not be required to convey the legal and equitable title and ownership to the Avalon Common Area or any part thereof until Turnover. Any fee simple interest in property transferred to the Association by Developer shall be transferred to the Association by special warranty deed, free and clear of all monetary liens (other than any mortgage lien granted by Developer permitted by this Declaration or which will be paid in full by Developer on or before Turnover, and the lien for property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration, and any and all easements, rights-of-way, reservations, covenants, conditions, restrictions, equitable servitudes and other encumbrances of record or reserved by Developer in the instrument of conveyance. The property, or interest in property, transferred to the Association by Developer may impose special restrictions governing the uses of such property and special obligations of the Association with respect to the maintenance of such property. Developer may convey title, and the Association shall accept title at any time prior to Developer's conveyance of the last Lot owned by Developer, at Developer's sole option. No title insurance or title opinion shall be provided to the Association by the Developer, and any conveyance of real property shall be by special warranty deed.

THE ASSOCIATION SHALL ACCEPT "WHERE IS, AS IS" THE CONVEYANCE OF SUCH PROPERTY WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IN FACT OR BY LAW, WITH RESPECT THERETO, OR WITH RESPECT TO THE IMPROVEMENTS, INCLUDING, WITHOUT LIMITATION, REPRESENTATIONS OR WARRANTIES OF MERCHANTABILITY OR FITNESS FOR THE ORDINARY OR ANY PARTICULAR PURPOSE, AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES REGARDING THE CONDITION, CONSTRUCTION, ACCURACY, COMPLETENESS, DESIGN, ADEQUACY OF THE SIZE OR CAPACITY IN RELATION TO THE UTILIZATION, DATE OF COMPLETION OR THE FUTURE ECONOMIC PERFORMANCE OR OPERATION OF, OR THE MATERIALS, EQUIPMENT, FURNITURE OR FIXTURES WHICH HAVE BEEN OR WILL BE USED IN SUCH PROPERTY, EXCEPT AS SET FORTH HEREIN. BY ACCEPTANCE OF AN INTEREST IN ANY SUCH PROPERTY OR THE DEED TO THE REAL PROPERTY, THE ASSOCIATION AND ALL OWNERS RELEASE DEVELOPER FROM ANY CLAIMS AND WARRANT THAT NO CLAIM SHALL BE MADE BY THE ASSOCIATION NOR ANY OWNER RELATING TO THE CONSTRUCTION, CONDITION, ADEQUACY, SIZE, CAPACITY, DESIGN, FITNESS, ECONOMIC PERFORMANCE OR COMPLETENESS OF SUCH PROPERTY OR REPAIRS OR REPLACEMENTS THEREOF OR FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING THEREFROM. ASSOCIATION ASSUMES THE RISK OF ALL LOSS RESULTING FROM DEFECTS IN DESIGN, MATERIALS OR WORKMANSHIP AND WAIVES ALL CLAIMS, WHETHER IN CONTRACT, TORT OR OTHERWISE.

All costs and expenses of any conveyance of any property by Developer to the Association shall be paid for by the Association.

3.4 There shall be no judicial partition of the Avalon Common Area, nor shall Community Declarant, Association, Developer, or any Owner or any other person acquiring any interest in the Property or any part thereof seek judicial partition thereof.

3.5 Every Lot Owner shall have an easement over any portion of their driveway located beyond their Lot line.

3.6 Each Owner hereby expressly assumes all risk and responsibility for noise, personal injury or property damage caused by maintenance, operation or use of the Avalon

Common Area, including, without limitation: (a) noise from maintenance equipment, it being specifically understood that such maintenance may take place around sunrise or sunset, (b) noise caused by users of the Avalon Common Area, (c) use of pesticides, herbicides and fertilizers, (d) view restrictions caused by planting and maturation of trees, shrubbery and berms (whether planted or installed prior to the Owner's occupancy of a Lot or subsequently planted or installed), (e) reduction in privacy caused by constant traffic on the roadways or other Avalon Common Area or the removal or pruning of shrubbery or trees within the Avalon Common Area, (f) power lines and other utilities running through the Property, and (g) design or modification of the Avalon Common Area, and agrees that neither Developer, the Association nor any of Developer's affiliates or agents nor any other entity owning or managing the Avalon Common Area shall be liable to Owners or any other person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, trespass, loss of enjoyment or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of Owner's Lot to the Avalon Common Area, including, without limitation, any claim arising in whole or in part from the negligence of Developer, the Association or any other entity owning or managing the Avalon Common Area. Each Owner hereby agrees to indemnify and hold harmless Developer, Association and any other entity owning or managing the Avalon Common Area against any and all claims by Owner's family, Occupants, Tenants, Guests and others with respect to the proximity of such Owner's Lot to Avalon Common Area.

Without limiting the foregoing, all persons using the Avalon Common Area, including, without limitation, any lake area or area adjacent to a lake, do so at their own risk. BY ACCEPTANCE OF A DEED, EACH OWNER ACKNOWLEDGES THAT THE COMMON AREAS MAY CONTAIN WILDLIFE SUCH AS, BUT NOT LIMITED TO, ALLIGATORS AND SNAKES. DEVELOPER AND ASSOCIATION SHALL HAVE NO RESPONSIBILITY FOR MONITORING SUCH WILDLIFE OR NOTIFYING OWNERS OR OTHER PERSONS OF THE PRESENCE OF SUCH WILDLIFE. EACH OWNER AND HIS FAMILY, TENANTS, GUESTS AND INVITEES ARE RESPONSIBLE FOR THEIR OWN SAFETY.

Each Owner agrees to indemnify and hold harmless Developer, its officers, partners, agents, employees, affiliates, directors and attorneys (collectively, "Indemnified Parties") against all actions, injury, claims, loss, liability, damages, costs and expenses of any kind or nature whatsoever ("Losses") incurred by or asserted against any of the Indemnified Parties from and after the date hereof, whether direct, indirect or consequential, as a result of or in any way related to the Common Areas and the use of the lakes and other water bodies within Seven Meadows by Owners and their family, Tenants, Guests, invitees or agents, or the interpretation of this Declaration and/or exhibits attached hereto and/or from any act or omission of Developer or of any of the Indemnified Parties. Should any Owner bring suit against Developer or any of the Indemnified Parties for any claim or matter and fail to obtain judgment therein against such Indemnified Parties, such Owner shall be liable to such parties for all Losses, costs and expenses incurred by the Indemnified Parties in the defense of such suit, including legal fees.

3.7 Development of Avalon at Seven Meadows shall take place over an extended period of time. Each Owner, on behalf of such Owner's heirs, assigns, personal representatives, successors, mortgagees, lienors and assigns, does hereby waive all claims for interference with quiet enjoyment and use as a result of ongoing development and construction. Each Owner, on behalf of such Owner's heirs, personal representatives, successors, mortgagees, lienors and assigns, agrees that the development and construction

may interfere with Owner's original and existing views, light and air and diminish the same, and each Owner, on such Owner's behalf and on behalf of such Owner's heirs, assigns, personal representatives, successors, mortgagees, lienors and assigns, does hereby release Developer, its successors in interest and others involved, from all claims that they may have in connection therewith.

ARTICLE 4 MEMBERSHIP AND VOTING RIGHTS

4.1 Membership shall be appurtenant to, and may not be separated from, ownership of any Lot, which is subject to assessment. Except as noted in the lay-laws regarding voting rights of Developer, Members shall have one (1) equal vote for each Lot they hold and there shall be only one (1) vote per Lot. No vote shall be exercised for any Property exempt under Section 5.3. In any situation where a Member is entitled personally to exercise the vote for his Lot and there is more than one (1) Owner of such Lot, the vote for such Lot shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Lot's vote shall be suspended if more than one (1) person seeks to exercise it.

4.2 In elections for Directors of the Community Association, and all other votes of the Community Association as provided in the Community Declaration, votes attributable to Lot Owners in Avalon at Seven Meadows, Section One shall be cast by the Neighborhood 9 Voting Member (as defined in the Community Declaration).

ARTICLE 5 COVENANTS FOR ASSESSMENTS

5.1 Each Owner of any Lot (by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance) including any purchaser at a judicial sale, shall hereafter be deemed to covenant and agree to pay to the Association all Assessments or charges, and any special assessments to be fixed, established and collected from time to time as hereinafter provided. All Assessments, together with interest thereon from thirty (30) days after the due date at the highest rate as allowed by law, costs of collection and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot(s) against which the Assessments are made, and shall also be the personal obligation of the Owner. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Avalon Common Area or by abandonment or otherwise.

5.2 The Association shall include in the Assessments levied upon Lots located within a Gated Community an additional amount for the purpose of maintaining the gates and security fences encircling such community as well as the private streets within the same.

5.3 Upon every initial transfer of record title to a Lot after the date of recording of this Declaration, a contribution shall be made by, or on behalf of, the buyer, to the Association. The contribution shall be an amount equal to two (2) months' Annual Assessment applicable to a Lot for that year. The initial contribution shall, notwithstanding anything to the contrary in this Declaration, be utilized by the Association for operation, maintenance and acquisition of personal property in the year of receipt and succeeding years until exhausted. Such contribution shall be utilized solely to reduce the difference payable by Developer, if received prior to Turnover. Developer, its parent, subsidiaries, affiliates and assigns, shall be exempt

from payment of such initial contribution. The initial contribution required by this Section shall constitute an Assessment against the Lot and shall be subject to the same lien rights and other rights of collection applicable to other Assessments. No representation or warranty is made by Developer or the Association that, on the date of Turnover, any funds will be available as a result of such contributions.

5.4 The Board shall prepare a budget covering the estimated common expenses of the Association during the coming year (the "Annual Budget") and a budget based on estimated common expenses which would be incurred, assuming all Avalon Common Area with amenities and Lots and Residences anticipated to be developed upon the Property were complete (the "Buildout Budget"). Prior to Turnover, the assessment ("Annual Assessment") to be levied for the coming year against each Lot shall be computed by dividing the Buildout Budget by the number of Lots within the Property as described on the plat of the Property. Prior to Turnover, the Annual Budget, Buildout Budget and Annual Assessment shall be determined by the Board in its sole and absolute discretion. After Turnover, the Annual Assessment to be levied for the coming year shall be computed by dividing the Annual Budget by the total number of Lots subject to assessment. After Turnover, no Buildout Budget shall be prepared, provided the Board shall reduce the Annual Assessment for Lots upon which no Residence has been completed for services not afforded to such Lot, such, as by way of example, landscape maintenance. Copies of the Buildout Budget (prior to Turnover) and the Annual Budget (both before and after Turnover) and notice of the amount of the Annual Assessment for the coming year shall be furnished or made available to each Member at least thirty (30) days prior to the beginning of the year by the Association.

5.5 Prior to Turnover, Developer shall have no obligation to pay Annual Assessments on Lots, which it owns. Rather, before Turnover Developer shall, unless Developer notifies Association otherwise prior to the start of a fiscal year, be deemed to elect to pay the difference between the amount of Annual, Special and Maintenance Assessments (whether collected or not) relative to all Lots subject to Annual, Special and Maintenance Assessments, other revenues of the Association and the amount of actual current expenses required to operate the Association from time to time, provided any unexpected cost of repair, replacement or approved capital improvement shall, notwithstanding the foregoing, be levied as a Special Assessment on benefited lands. Developer's financial obligations to the Association may be satisfied in the form of a cash subsidy or "in kind" contributions of services or materials or a combination of these. Prior to Turnover, Annual Assessments levied, which exceed actual expenditures in any year, shall be paid to Developer to repay advances made by Developer, including repayment of any difference previously funded by Developer. In no event shall Developer be required to provide any such subsidy so long as the Association has adequate cash to pay its current expenses. After Turnover, Developer shall be obligated to pay Annual Assessments in the same manner as any other Owner.

5.6 In the event the proposed Annual Budget is disapproved (as provided in Section 5.7, below) or the Board fails, for any reason, to determine the Annual Budget, Buildout Budget or Annual Assessment for any year, then and until such time as an Annual Budget and/or Buildout Budget shall be determined as provided herein, the Annual Budget and/or Buildout Budget in effect for the immediately preceding year shall continue; provided, however, upon adoption of a new Annual Budget and/or Buildout Budget, the same shall be deemed retroactive to the beginning of the current year and each Owner shall pay the increase, if any, in the Annual Assessment immediately upon notice from the Association.

5.7 After Turnover, the Annual Budget and Annual Assessment shall become effective unless disapproved by a vote of seventy-five percent (75%) of the Members. However, there shall be no obligation to call a meeting for the purpose of considering the budget, except upon petition of ten percent (10%) of the Members in the Neighborhood.

5.8 The Annual Budget may be revised by the Board at any time during the course of the year, subject to notice to the Members and Members' rights to disapprove the revised Annual Budget as set forth in Section 5.7 of this Article.

5.9 The Association may levy special assessments ("Special Assessments") to maintain the Property in a manner consistent with the Community-Wide Standard, as such term is defined in the Community Declaration, and to preserve and maintain the value and amenities in the Neighborhood,

5.10 All Annual Assessments and Special Assessments shall be at a uniform rate for each Lot, except as set forth herein. Provided, however, the Association may assess additional costs against any Lot as an individual assessment to correct maintenance deficiencies or to enforce the provisions of this Declaration, the Community Declaration or to perform additional maintenance on any Lot which contains special plantings or landscaping which require extra care, maintenance and expense by the Association. Such costs and expenses, together with an administrative charge of fifteen percent (15%) of such amounts shall have the same effect of a lien as other Assessments.

1 5.11 In addition to the Annual Assessments, the Association may levy in any assessment year a Special Assessment applicable to that year only, for reconstruction, unexpected repair or replacement or a capital improvement as approved by the Board, including the necessary fixtures and personal property related thereto, or for any other expenditure approved by the Board. Any such Special Assessment for a capital improvement (not a replacement of an existing improvement, provided a replacement which materially changes an existing improvement shall be deemed a capital improvement) shall require the affirmative vote or written consent of more than fifty percent (50%) of the Owners.

5.12 Annual Assessments for which provision is herein made shall be paid annually, in advance. The first Annual Assessment shall be prorated to the number of months remaining in the fiscal year.

5.13 The Board shall fix the date of commencement and the amount of the Assessments against each Lot for each Assessment at least thirty (30) days in advance of its effective date(s) and shall prepare a roster of the Owners and Assessments applicable thereto. The roster shall be kept in the office of the Association and shall be open to inspection by any Member. Not later than fourteen (14) days after fixing the date of commencement and amount of Assessments, the Association shall notify Owners by sending written notice of such commencement date and amount to said Owners at the address as shown on the current roster of Members, which notice shall be conclusive as to delivery to Owners. The Association shall, on demand, and for a reasonable charge, furnish to any Owner liable for said Assessments a certificate in writing signed by an officer of the Association, setting forth whether said Assessments have been paid. Such certificate shall be conclusive evidence of the Assessments therein stated to have been paid.

5.14 if any Assessment is not paid within thirty (30) days from its due date as determined by the Board pursuant to this Declaration, the Association may accelerate the due

date for any Assessment for the balance of the year and, at any time thereafter, record a lien in the Public Records of Fort Bend County, Texas, and bring an action to foreclose the lien in a like manner as foreclosure of a mortgage on real property and/or a suit on the personal obligation against the Owner(s) and there shall be added to the amount of such Assessment the costs of any such action (including reasonable attorney's fees), and in the event a judgment is obtained, such judgment shall include interest on the Assessment as above provided, reasonable attorneys' fees to be fixed by the Court, and costs of the action.

5.15 Liens for delinquent Assessments shall be recorded in the Public Records of Fort Bend County, Texas, and shall, to the extent permitted by law, be prior to and superior to the creation of any homestead status on the property and shall relate back to the date of recording of this Declaration.

5.16 The lien of the assessments in this Section as well as in any other Section of this Declaration shall be subordinate to the lien of any first mortgage to an Institutional Mortgagee unless the claim of lien is recorded prior to the mortgage. This subordination shall not be construed to release any Lot from liability for any Assessments, which continue to accrue or become due, or from the lien of any subsequent Assessment. With respect to any unpaid Assessments that have been extinguished in a foreclosure by an Institutional Mortgagee, such unpaid Assessments shall be deemed to be common expenses collectible from Owners of all the Lots, including the Owner acquiring title to a foreclosed Lot.

5.17 The following Property subject to this Declaration shall be exempt from the Assessments and charges and liens created herein:

A. All Property to the extent of any easement or other interest therein dedicated and accepted by Fort Bend County and devoted to public use;

B. All Avalon Common Area.

5.18 At no time before Turnover shall Developer be responsible for payment of any Special Assessments or any reserves, including, but not limited to, reserves for replacements, operating reserves, depreciation reserves and capital expenditures.

5.19 Nothing in this Article or this Declaration shall require the Association to collect or assess for reserves. If reserves are collected, no representation is made that the amounts collected will be sufficient for any or all replacements or repairs or that any amount will remain at Turnover.

5.20 Any additional properties brought within the jurisdiction of the Association and submitted to this Declaration shall be subject to assessments hereunder thirty (30) days after such annexation.

ARTICLE 6 OBLIGATION FOR MAINTENANCE

6.1 The Association and all Owners shall perform their maintenance responsibilities hereunder in a manner consistent with the Community-Wide Standards established pursuant to the Community Declaration. The obligations of the Association include:

A. Improvements, maintenance and repair of the Avalon Common Area and portions of the Common Area (as described in (6), below), including, but not limited to:

(1) All roadways, driveways, parking areas and sidewalks to the extent that such improvements are a part of the Avalon Common Area;

(2) All landscaped areas including lawns, shrubs, trees and other plantings located on a Lot or Avalon Common Area; provided certain costs and expenses of landscaping on Lots, such as, by way of example, removal of diseased, dying or dead lawns, shrubs and/or trees may be a Maintenance Assessment assessed against Owner (as hereafter provided);

(3) All equipment and facilities owned or acquired by the Association, used or located on or in the Avalon Common Area or recreation areas, if any;

(4) All improvements conveyed or dedicated to the Association and walls, fences, signs, streetlights, entry features, planters and fountains located upon the Avalon Common Area, as well as all lakes and waterways, whether owned or leased by the Association;

(5) Maintenance and irrigation of landscape upon those portions of the Common Area adjacent to the Avalon Common Area and the edge of any pavement, water's edge or Conservation Area.

B. Maintenance or repair of electrical lighting, and other necessary utility services for the Avalon Common Area and the sprinkler/irrigation system in the Avalon Common Area and maintenance of the irrigation system on Lots damaged as a result of Association landscape maintenance functions, provided all maintenance and repairs of irrigation systems on Lots caused by acts or omissions of persons other than the Association or normal wear and tear, and other events or causes shall be charged to the Owner as a Maintenance Assessment. The Board's decision shall be final, binding and the conclusive determination whether such maintenance is related to landscape maintenance or due to other causes.

C. Hiring professional advisors, management companies and payment of management fees and charges;

D. Hazard insurance covering the full insurable replacement value of the personal property of the Association and the improvements located in the Avalon Common Area with extended coverage to the extent available at a reasonable cost, subject to any deductible under such policy;

E. Liability insurance insuring the Association against any and all liability to the public, Owners, Primary Occupants, their family members, Guest, Tenants and invitees arising out of their occupation or use of the Avalon Common Area. The policy limits shall be set by the Association, and shall be reviewed at least annually and increased or decreased in the discretion of the Association;

F. Worker's compensation insurance to the extent necessary to comply with the Texas Statues, and any other insurance deemed necessary by the Board (prior to Turnover, the insurance policies described in Sections D, E and F may be an allocation of policies of Developer covering the Association, in which event a share of the cost of such policies shall be allocated to the Association by Developer);

G. Acquisition of equipment and employment of personnel for maintenance of the Avalon Common Area as may be determined by the Board;

H. Any other materials, supplies, equipment, labor, management, supervision, services, personnel, repairs, structural alterations, insurance, taxes or assessments which the Association is required to secure or pay pursuant to the terms of this Declaration or by law, or which shall be necessary or proper in the opinion of the Board for maintenance of the Property and operation of the Association;

I. Establishment of reserve accounts for capital expenditures and deferred maintenance for the Avalon Common Area (provided (i) no such reserve shall be established prior to Turnover without the consent of Developer; (ii) there shall be no obligation for the Developer to fund such reserve accounts; and (iii) no reserve account funds shall be used to initiate or defend any lawsuits;

J. Payment of real property taxes, personal property taxes and other assessments levied against the Avalon Common Area.

In addition, the Association shall have the authority, but not the obligation, to enter into a lawn maintenance contract with a third party contractor, whereby basic lawn maintenance service will be provided to the front, side and back yards of all Lots. In no event, however, shall such contract include any additional services, including but not limited to the pruning of tress, weeding of flowerbeds or landscaping on any Lots.

6.2 Lot Owners shall be responsible for the cleaning and general maintenance, repair and painting of the exterior and interior of their residence and all improvements on the Lot. Lot Owners shall also be responsible for cleaning and repairs to the swimming pool, if any, on their Lot and any pool enclosures, driveways, decks, patios, boat docks, any bulkhead along property line, planters or walkways in the rear or side yards of their Lot. Lot Owners shall be responsible for irrigation of their Lots and all costs associated with the operation, maintenance, repair and replacement of the irrigation system on their Lot, except as noted otherwise herein. Lot Owners shall irrigate those portions of Common Area adjacent to their Lots to the edge of any pavement, water's edge or Conservation Area.

6.3 The Association shall be responsible for maintenance of the Avalon Common Area, for maintenance of the lawns and landscaping on the Lots, except irrigation as noted herein, and other maintenance responsibilities determined by the Board. The Association shall also be responsible for maintaining and irrigating the landscaping of those portions of Common Area adjacent to the Avalon Common Area to the edge of any pavement, water's edge or Conservation Area.

6.4 In addition to maintenance of the Avalon Common Area and lawns and landscaping on the Lots, the Association may provide upon any Lot and Residence requiring same, when necessary in the opinion of the Board of Directors, to preserve the beauty, quality and value of the Neighborhood, any maintenance, repair or replacement that is otherwise the

responsibility of the Owner hereunder and which the Owner fails to replace, restore, repair or perform after thirty (30) day's written notice to the Owner of the need of such replacement, restoration, repair or maintenance.

The cost of such maintenance shall be assessed against the Lot(s) upon which such maintenance is performed, or, at the option of the Board of Directors, against the Lot or Lots benefiting from the maintenance, together with a fifteen percent (15%) administrative charge ("Maintenance Assessment"). The Maintenance Assessment shall be apportioned among the Lots involved in the manner reasonably determined to be appropriate by the Board. Maintenance Assessments shall not be considered a part of the Annual Assessments or Special Assessments. Maintenance Assessments shall be a lien on the Lots affected and the personal obligation of the Owners and shall become due and payable in all respects, together with interest, reasonable attorneys fees and cost of collection, in the same manner and under the same conditions as provided for the other Assessments of the Association.

6.5 In the event that any of the improvements located on any Lot are destroyed or damaged as a result of any cause, including, but not limited to, aging, fire, windstorm or flood, the Owner shall make or cause repair or replacement of such improvements to be commenced within thirty (30) days from the date of insurance settlement or within sixty (60) days if the insurance settlement is delayed or disputed, and, subject to force majeure, to complete the repair or replacement within six (6) months thereafter. All such repairs or replacement must be performed in accordance with standards promulgated pursuant to Article 7 below.

6.6 In the event that the Owner of any Lot fails to commence or complete construction to repair or replace any damaged or destroyed improvements within the time periods provided for herein, then in that event, the Association shall be deemed to have been granted the right, but not the obligation, by the Owner to commence and/or complete the repairs sufficient to substantially restore the improvements to their original condition, according to the plans and specifications of the original improvements. The Association shall in no event be liable to Owner as a result of exercising its rights under this Section.

6.7 In the event that the Association exercises the rights afforded to it in this Article, the Owner of the subject Lot shall be deemed to have assigned to the Association any right the Owner may have to insurance proceeds that may be available to the Owner arising from the damage or destruction of the improvements. The Association shall in no event be liable to Owner as a result of exercising its rights under this Section.

For this purpose, the Owners of the Lots agree to provide for the Association to be named as an additional insured under any hazard and flood insurance policies relating to their Lots and the improvements constructed thereon. Further, the Association may require that all such policies be in an amount sufficient to finance the repair or replacement of the improvements provided for above, taking into account local construction costs and property values as they may, from time to time, exist. In the event that an Owner refuses to increase such insurance coverage deemed reasonably necessary to replace the Residence by the Association, or if the Owner allows the required insurance coverage to lapse, or for some other reason, causes the same to become null and void, the Association may purchase whatever coverage it deems reasonably necessary for the Association's benefit. The costs so incurred by the Association shall become due and payable in all respects, together with interest, reasonable attorneys' fees and cost of collection, as provided for in connection with and under the same terms and conditions as the other Assessments of the Association.

6.8 The Association shall charge an administrative fee in connection with such matters in an amount not to exceed fifteen percent (15%) of the cost of repairs. All Association costs of repair and the administrative fee shall be paid by the Owner. Any and all costs incurred by the Association in effectuating the repair or replacement of damaged or destroyed improvements shall become due and payable in all respects, together with interest, reasonable attorneys' fees and costs of collection, as provided for in connection with and under the same terms and conditions as other Assessments of the Association.

6.9 In addition to the remedies available to the Association, the Community Association may, in its sole discretion, enforce the provisions of this Declaration and assess any costs and expenses incurred by it against the Association or the Owners, as it deems appropriate.

6.10 Notwithstanding the fact that Developer may initially retain ownership of the Avalon Common Area, the Association shall, pursuant to this Declaration, be responsible for the management, maintenance and operation of the Avalon Common Area, including, without limitation, all property taxes and other assessments which are liens against such common area, from and after the date of recordation of this Declaration. The Association will indemnify, defend and hold harmless Developer, its successors and assigns, and their affiliates, partners, employees and agents against, in respect of, and reimburse the same on demand for, any and all claims, demands, losses, costs, expenses, settlements, obligations, liabilities, damages, recoveries and deficiencies, including, but not limited to, interest, penalties, attorneys' and paralegals' fees and disbursements (even if incident of any appeals), the Developer, its successors or assigns, and their partners, affiliates, officers, stockholders, directors, employees, or agents incur or suffer, which arise, result from, or relate to, the ownership, operation or management of the Avalon Common Area or any other activities of the Association after the date of this Declaration, other than any act resulting from the gross negligence or willful misconduct by Developer. To the extent necessary, the Association shall levy a Special Assessment against Owners (other than Developer) to cover the costs of indemnity.

ARTICLE 7 ARCHITECTURAL CONTROL AND RECONSTRUCTION

7.1 No improvements, additions, deletions or alterations of any kind, including, without limitation, any building, fence, wall, screen enclosure, awning, pools, decks, boat docks, play structures, drainage system, disposal system, painting nor other improvement shall be commenced, erected, placed or maintained upon any Lot, nor shall any addition, change, alteration, repair or replacement therein or thereof be made unless or until the plans and specifications for same have been approved by the Architectural Review Committee pursuant to the Declaration.

7.2 All improvements upon any Lot shall be in accordance with the Design Guidelines of the Community Association, as they may be amended or supplemented from time to time.

7.3 The Design Guidelines of the Community Association shall take priority over any conflicting architectural planning criteria adopted by the Board. The Board may adopt and enforce standards that are more restrictive than those of the Design Guidelines.

7.4 The ARC shall consist of not more than three (3) voting members ("Voting Members") and such additional nonvoting members serving in an advisory capacity ("Advisory Members") as Declarant deems appropriate. All Members shall be appointed by Declarant.

7.5 Items presented to the ARC shall be decided by a majority vote of the Voting Members. The ARC may appoint an agent to act on behalf of the ARC, and the ARC may delegate any duties, powers and/or functions to the agent. Any such appointment and delegation shall be in writing. In the absence of such designation, the vote of a majority of all Voting Members, which may be taken without a meeting, shall constitute an act of the Architectural Control Committee.

7.6 Each Voting Member shall hold office until such time as he or she has resigned or has been removed or his or her successor has been appointed, as provided herein. Each Advisory member shall hold office at the discretion of and may be removed at any time by Declarant.

7.7 The ARC may adopt such procedural and substantive rules, standards, polices and development guidelines, not in conflict with this Declaration, as it may deem necessary or proper for the performance of its duties and the orderly development of the Property, including but not limited to a building code, a fire code, a housing code, architectural guidelines, landscaping guidelines, and other similar codes or guidelines as it may deem necessary and desirable. Such rules, standards, policies, procedures and development guidelines shall be binding and enforceable against each Owner in the same manner as any other restriction set forth herein. Nothing contained herein shall be deemed to affect any approval granted by the ARC in accordance with the terms of this Declaration prior to the amendment of such rules, standards, policies procedures or development guidelines.

7.8 The ARC shall have the right whenever its approval is required under this Declaration to consider all of the Plans and Specifications for the Improvement or proposal in question and all other facts and information, which in its sole discretion are relevant. Except as otherwise specifically provided herein, prior to the commencement of any construction of any Improvement on the Property or any portion thereof, the Plans and Specifications therefor shall be submitted to the ARC, and construction thereof may not commence unless and until the ARC has approved such Plans and Specifications in writing. Notwithstanding anything to the contrary stated above, upon submission of the Plans and Specifications to ARC, the ARC shall have thirty (30) days after actual receipt of the Plans and Specifications in which to review the same. If the ARC fails to approve or to disapprove the Plans and Specifications within such thirty (30)-day period, then the ARC shall be deemed to have approved the Plans and Specifications and construction may commence at that time; provided, however, that such thirty (30)-day period shall not begin to run until all information required to be submitted to the ARC to assist in its review of any Plans and Specifications has been received by the ARC. Upon written request, the ARC may waive the requirement of such plans for any Lot if the builder uses plans previously approved by the ARC for another Lot. There shall be no revisions made to the approved plans without re-submittal to and approval by the ARC of the revised plans. The ARC shall consider and act upon any and all Plans and Specifications submitted for its approval pursuant to this Declaration, and perform such other duties assigned to it by this Declaration or from time to time assigned to it by the Board, including the inspection of construction in progress to assure its conformance with Plans and Specifications approved by the ARC. The ARC may postpone review of any Plans and Specifications submitted for approval pending its receipt of any information or document deemed necessary by it. The ARC shall have the authority to disapprove any proposed Improvement based upon

this Declaration, and the decision of the ARC shall be final and binding so long as it is made in good faith. The ARC shall not be responsible for reviewing any proposed Improvement, nor shall its approval of any Plans or Specifications be deemed approval thereof, from the standpoint of structural safety, engineering soundness, or conformance with building or other codes.

7.9 The ARC may grant variances from compliance with any of the provisions of this Declaration when, in its opinion and in its sole and absolute discretion, such variance will not impair or detract from the high quality development of the Property and/or is justified due to aesthetic considerations or unusual circumstances. All variances must be evidenced by a written instrument in recordable form, and must be signed by a majority of the Voting Members. The granting of such variance shall not operate to waive or amend any of the terms and provisions of the Restrictions applicable to the Lots for any purpose except as to the particular property and the particular matter covered by the variance, and such variance shall not be considered to establish a precedent or future waiver, modification or amendment of the terms and provisions hereof.

7.10 The approval or consent of the ARC to any Plans and Specifications shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any Plans and Specifications or other matter whatever subsequently or additionally submitted for approval or consent by the same or a different Person.

7.11 At its option, the ARC may inspect any work in progress to insure compliance with approved Plans and Specifications.

7.12 Neither the ARC nor any member thereof, nor the Board nor any member thereof, shall be liable to the Association or to any Owner or to any other Person for any loss, damage or injury arising out of or in any way connected with the performance of the ARC's or the Board's respective duties under this Declaration, unless due to the willful misconduct, gross negligence or bad faith of such Person. Neither the ARC nor any member thereof shall be liable to any owner due to the construction of any Improvement within the Property.

7.13 Plans and Specifications shall be submitted to the ARC at Principal Management Group of Houston, 4635 Southwest Freeway, Suite 425, Houston, Texas 77027, or such other address as may be designated by Declarant.

7.14 The ARC shall have the right to require a reasonable submission fee for each set of Plans and Specifications submitted for its review.

7.15 The existence of the ARC shall end and its authority hereunder shall terminate, on the later of the following: (i) the date on which the ARC has approved Plans and Specifications for the initial construction of homes on all Lots subject to the Declaration, or (ii) the date on which Developer ceases to own any portion of Avalon at Seven Meadows. Thereafter, the rights of architectural control shall revert back to the Architectural Review Committee established under the Community Declaration.

ARTICLE 8
USE RESTRICTIONS

In addition to any restrictions imposed upon the Property by the Community Declaration, the use of the Lots shall be in accordance with the following provision. In the event of any conflict between the following provisions and use restrictions contained in the Community Declaration, the more restrictive limitation shall be enforced.

8.1 The Property may be used for single-family residential living and for no other purpose. Business activities may be conducted in a Residence so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell outside the Residence; (ii) the business activity does not involve regular visitation upon the Property by clients, customers, suppliers or other business invitees or door-to-door solicitation within the Property; and (iii) the business activity is consistent with the residential character of the Property and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of others. The Association may restrict or prohibit any activity, in its sole discretion, that creates monetary costs for the Association or other Owners, that creates a danger to the health or safety of others, that generates excessive noise or traffic, that creates unsightly conditions visible outside any Residence or that creates an unreasonable source of annoyance or that adversely impacts the Property and improvements thereon.

8.2 No tents, trailers, shacks, tanks or temporary or accessory buildings or structures shall be erected or permitted to remain on any Lot or the Avalon Common Area without the written consent of Developer or of the Association after Developer has conveyed the last Lot which Developer owns in the Property.

8.3 No exterior antennas, aerials, satellite dishes, or other apparatus for the reception of television, radio, satellite or other signals of any kind shall be placed, allowed, or maintained upon any portion of the Property, including any Unit, which is visible from any street, common area or other Unit unless it is impossible to receive signals from said location. In that event the receiving device may be placed in a visible location as approved by the ARC. The ARC may require as much screening as possible while not substantially interfering with reception. No satellite dishes shall be permitted which are larger than one (1) meter in diameter. No antennas, aerials, satellite dishes, or other apparatus shall be permitted which transmit television, radio, satellite or other signals of any kind shall be placed, allowed, or maintained upon any portion of the Property. The Declarant by promulgating this section is not attempting to violate the Telecommunications Act of 1996 ("the Act"), as may be amended from time to time. This section shall be interpreted to be as restrictive as possible while not violating the Act.

8.4 No boats, commercial vehicles, commercial type vehicles (even if used for personal, non-business purposes), trailers, recreational vehicles or other motor vehicles, except four-wheel passenger automobiles and non-commercial trucks or vans, as determined by the Board, shall be placed, parked or stored upon any Lot (except in the garage) or in the Avalon Common Area for a period of more than eight hours unless such vehicle is necessary in the actual construction or repair of a structure or for ground maintenance, nor shall any maintenance or repair be performed upon any boat or motor vehicle not owned or controlled by the Association or the Developer in the Properties, except within a building where totally isolated from public view. All garage doors must remain closed except upon entering or exiting the garage.

8.5 All areas not covered by structures, roadway, driveway or paved parking facilities, or walkways shall be maintained as a lawn or landscape areas with underground sprinkler systems to the pavement edge of any abutting streets and to the water line of any abutting lakes, water management areas or Conservation Area. No stones, gravel or paving of any types shall be used as a lawn; provided, however, that the ARC may permit stone buffers along lake edge when rear yard is fenced along lake.

8.6 Nothing shall be done or maintained on any Lot or Avalon Common Area, which may be or become unsightly or a nuisance to Avalon at Seven Meadows, Sec. 1. In the event of a dispute or question as to what may be or become unsightly or a nuisance, such dispute or question shall be submitted in writing to the Board whose decision shall be final of such dispute or question.

8.7 Except for signs of Developer utilized in its marketing activities, no sign of any kind, including "For Sale" signs, shall be displayed to public view on any Lot or Common Area, including signs placed in windows, except signs identifying the Neighborhood, street or traffic control signs as placed by the Community Declarant or Developer or approved by the ARC or the Association, as the case may be. Only after Developer no longer owns any portion of the Properties may an Owner post one (1) "For Sale" sign, provided, such sign must be approved by the ARC.

8.8 No weed, underbrush or unsightly growth shall be permitted to grow or remain upon any Lot and no refuse or unsightly object shall be placed or allowed to remain on any Lot. Any property, structure, improvements and appurtenances shall be kept in a safe, clean, orderly and attractive condition and all structures shall be maintained in a finished, painted and attractive condition. All lawns and landscaping shall be installed and maintained in a neat, orderly and live condition.

8.9 No automobile garage shall be permanently enclosed or converted to other use without the written permission of the Board of Directors.

8.10 No rubbish, trash, garbage or other waste materials shall be kept or permitted at the driveway area of any Lot. Waste shall be kept in sanitary containers, which shall be kept in a neat condition and screened from view of neighboring Lots and the street. Sanitary containers may not be placed outside the driveway area of any Lot except for a reasonable period for refuse pickup to be accomplished.

8.11 No separate gas tanks for swimming pool heaters shall be permitted. All swimming pool backwash drains must be connected to the sanitary sewer system and may not discharge directly into streets or lakes.

8.12 No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot. The Owner of each Lot may keep pets of a normal domesticated household type such as a cat or dog. Pets must be quartered within the Residence and must be leashed at all times while outdoors, unless within a fenced area of Owner's Lot. No pets are permitted in any recreation areas. Each pet Owner shall be responsible for the removal and disposal of their pet's body waste. The Board is empowered to order and enforce removal of any pet, which becomes .a reasonable source of annoyance to other residents in the Property. No livestock may be kept in or on any Lot.

8.13 Within the easements for installation and maintenance of utilities and any drainage facilities, no structure, planting or other material shall be placed or permitted to remain which may damage or unreasonably interfere with the installation and maintenance of utilities, or which may damage, interfere with, or change the direction of flow of drainage facilities in the easements. Improvements located within easements other than sod and irrigation shall be removed and replaced at the expense of Owner should an easement holder require removal of same and the maintenance, repair or replacement of improvements shall be at the expense of Owner. Any private lot drainage systems must not penetrate the street curb or the lake bulkhead. All drainage pipes must discharge just prior to the curb or bulkhead.

8.14 All Lots and Avalon Common Areas located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem, as the same is determined by the Board or the ARC.

8.15 The air-conditioned portion of the primary dwelling structure erected on any Lot shall have a floor area of (a) not less than three thousand six hundred (3,600) square and not more than eight thousand (8,000) square feet; such area to be exclusive of all porches, carports, garages and other rooms which are not air-conditioned with the main living quarters.

8.16 No Lot shall be further divided or subdivided, and no easements or other interests therein less than the whole shall be conveyed by the Owner thereof, without the prior written approval of the Board; provided, however, that when Declarant is the Owner thereof, Declarant may further divide and subdivide any lot and convey any easement or other interest less than the whole, all without the approval of the Board.

8.17 Roofs shall be constructed of dimensional fiberglass asphalt or composition shingles having a guaranteed life of twenty-five (25) years. Any other type of roof must be approved by the ARC.

8.18 The construction of fences on any lot proposed for residential use shall be of ornamental metal or masonry construction, or a combination thereof, and shall be six feet (6') in height on all side yard and return fences between the side yard fence and the house. All lots that back or side onto the golf course are required to have a uniform ornamental metal fence with no gates or other openings and shall be forty-eight inches (48") in height. Lots backing to the lakes are not required to have a rear yard or side yard fence, however if desired must be a forty-eight inch high ornamental metal fence. A transition along the side yard fence from the six foot (6') fence down to the rear yard (48") fence shall take place within the rear twenty-five foot (25') of the side yard. Wood or Chain-link fences shall not be permitted. No fence erected on any Lot shall extend beyond not more than ten feet (10') from the front of the house on any Lot. A fencing plan for each Lot shall be submitted as part of the Plans and Specifications. Notwithstanding the foregoing, the ACC may in its discretion prohibit the construction of any proposed fence, specify the materials of which any proposed fence must be constructed, or require that any proposed fence be screened by vegetation or otherwise so as not to be visible from other portions of the Property. Reference is hereby made to the Architectural and Landscaping Guidelines for fencing requirements relating to Lots adjoining commercial reserves of the Subdivision.

8.19 It is the intent of this Declaration to recognize, utilize and supplement the existing landscape and visual resources and to permit and require a viable introduced

landscape, so as to ensure consistent quality and provide for visual harmony through color and textural variety within the Property.

A. The initial landscape requirements for each Lot shall be as established in the Architectural and Landscaping Guidelines. No playground equipment or basketball goals shall be situated in front of the front building setback line.

B. Existing trees shall be defined as those trees measuring six inches (6") caliper and above, eighteen inches (18") above grade

C. Demolition of existing trees shall mean any operation, including transplanting, which removes, uproots or renders the tree incapable of sustaining a healthy and thriving condition. Any tree that is deemed by the ARC to be unnecessarily demolished shall be replaced with a tree approved by the ARC according to the following chart:

<u>Existing Tree to be Demolished</u>	<u>Replacement Trees</u>
6" + cal. to 12" cal.	One 4" cal., 14' ht., 6' spr.
12" + cal. to 18" cal.	Two 4" cal., 14' ht., 6' spr.
18" + cal. to 24" cal.	Three 4" cal., 14' ht., 6' spr.
24" cal. and up	Four 4" cal., 14' ht., 6' spr.

Note: No existing hardwood tree shall be demolished prior to specific written approval of the Architectural Control Committee.

D. All introduced vegetation shall be trees, shrubs, vines, ground covers, and seasonal flowers or sodded grasses which are commonly used in the gulf coast region of Texas for landscaping purposes and which are approved by the ARC.

E. Landscaping shall mean any proposed modification to a Lot, including but not limited to any berming, irrigation systems, landscape subsurface drainage systems, paving, nonstructural retaining walls, and introduced vegetation according to the plans approved by the ARC. Landscaping in accordance with the approved plans shall be installed prior to issuance of the Certificate of Compliance. The approved plans shall include permanent sodded grass in all sodded areas, which shall consist of front, back and side yards. Winter rye shall be considered a temporary measure to reduce soil erosion through the winter season, and shall be completely demolished and replaced with sodded grass according to the approved plan.

F. All land users shall be required to landscape front yards, rear yards, side yards, and adjacent to building foundations. Trees, shrubs, ground covers, seasonal color and sodded grass shall be used in these areas to achieve the landscape intent for the land use according to the approved plans.

G. Landscaping, which has been installed on any Lot, including temporary landscaping, shall be properly maintained at all times. Recommendations by the ARC and the Association with respect to tree disease control must be followed immediately. Grasses and weeds shall at no time be allowed to exceed 6" in the Common Area and vacant developed lots.

8.20 The exterior of each structure built upon any interior Lot shall be of at least ninety-five percent (95%) masonry construction. The exterior of each structure built upon any corner Lot shall be of at least ninety-five percent (95%) masonry construction. Brick, stucco, cultured stone and/or natural stone, "hardi-plank", or other cement-based siding product, shall be considered to be masonry for purposes of this section. Combinations of materials and the proportion thereof shall aesthetically and architecturally blend with and enhance the Subdivision, and shall be subject to approval by the ARC.

8.21 No buildings or other Improvements shall be located on any Lot nearer to the front Lot line than twenty-five feet (25') or the building line designated on the recorded plat of the Lots, whichever is greater. The front of a primary dwelling structure shall face the front of a similar structure across the street whenever feasible, and the ARC shall resolve any conflicts arising from this requirement and make the final determination with regard to the orientation of the front of Improvements upon any Lot. No building shall be located on any Lot nearer than twenty-five feet (25') to any rear Lot line or the building line designated on the recorded plat of the Lots, whichever is greater. No building shall be located on any Lot nearer than ten feet (10') to any side Lot line adjacent to a street. No building shall be located nearer than seven and one half feet (7.5') to an interior Lot line. No accessory buildings are permitted. For the purposes of this Declaration, eaves, steps and unroofed terraces shall not be considered as 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. Notwithstanding the general guidelines herein set forth as to location of Improvements upon the Lot, it is the intention of Declarant to establish the importance of locating the Improvements so as to preserve existing natural trees, vegetation and topography to the extent reasonable and practical. The ARC shall be specifically empowered to require or to grant variances with respect to these guidelines, so long as the location of the Improvements will not encroach upon any other lot, utility easement, or public right-of-way or result in any building being located closer than fifteen feet (15') from the primary dwelling structure on another Lot.

8.22 Only new materials shall be utilized in constructing any structures situated upon a Lot, unless approved by the ARC.

8.23 No window or wall type air conditioner, which is visible from any street lake or golf course view in the Subdivision, shall be permitted to be used, placed or maintained on or in any building in any part of the Property.

8.24 No structure may exceed two (2) stories in height or may have a garage, which is intended to shelter more than four (4) cars.

8.25 The Owner of each Lot is hereby required to construct or cause to be constructed a concrete sidewalk in the street right-of-way adjacent to such Lot in accordance with the specifications set forth in the Plat, in conjunction with and at the time of construction of the primary dwelling structure on such Lot. Sidewalks shall be extended from Lot line to Lot line and shall follow the pattern of the incoming sidewalks (as proposed or built) on adjacent Lots. Owners of corner Lots shall install such sidewalks parallel to the front Lot line and the side street Lot line. If not otherwise provided, the Owners of corner Lots shall extend to a terminus at and with the street curb in accordance with all applicable Federal, State, County and City regulations respecting sidewalk construction and/or specifications. Any public utility

easements provided along front and side Lot lines may be used for construction of the sidewalks with the prior written approval of the ARC and of any utility companies furnishing utility service through such easements, Each Owner shall be responsible for the maintenance and repair of the sidewalk adjacent to such Owner's Lot after construction.

ARTICLE 9 EASEMENTS

9.1 Developer hereby reserves unto itself, and grants to its agents, employees, invitees and assigns, for the benefit of the Association, a non-exclusive easement for ingress and egress, construction, replacement, repair and maintenance (including an easement for maintenance of irrigation systems owned by the Association) over any Lot.

9.2 Each Lot and the Avalon Common Area shall be and hereby are made subject to easements for construction, development, repair and maintenance of utilities systems and facilities (including, but not limited to, fire and police protection, garbage and trash removal, water and sewer, electric, gas, cable and telephone service, irrigation and drainage, roadways and landscaping); the utilities and applicable governmental agencies having jurisdiction and their employees and agents shall have the right of access to any Lot or the Avalon Common Area in furtherance of such easement; provided, however, the easement shall not interfere with use and enjoyment of the Lot for its primary residential purposes. No structure, planting, fill or other material shall be placed or permitted to remain in areas in which may damage or interfere with the use of such easements.

9.3 Developer reserves the right, for itself and its designees (as long as Developer or said designee owns any Lot) and for the Board, without joinder or consent of any person or entity whatsoever, to create and/or grant such additional easements or to relocate any easement upon the Property as Developer, its designee or the Board shall deem necessary or desirable for the proper development, operation and maintenance of the Property, or any portion thereof, or for the general health or welfare of the Owners, provided that such additional easements or the relocation of existing easements will not prevent or unreasonably interfere with the use of any Lot for permitted purposes.

9.4 The Association and the Community Association shall have the right, but not the obligation, to enter upon any Lot and into any Residence for emergency, security or safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforcement of the Governing Documents, this Declaration and the Rules and Regulations. Such right may be exercised by a member of the Board and its duly authorized agents and assignees, and all emergency personnel in performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. No such entry shall be deemed a trespass or subject the Association to civil liability for damages or injury resulting from such entry, except to the extent caused by gross negligence or willful misconduct.

9.5 Each Owner hereby grants to the Association the right to access the yard of the residence constructed on a Lot for basic lawn maintenance in the event the Association enters into a contract for the providing of such services as permitted above. The Owners hereby release the Association and the members of the Board from liability for any intentional or negligent acts of the lawn service contractor in the performance of lawn maintenance service on and around the Lot. Each Owner hereby agrees to indemnify and hold the Association, its

officers and directors harmless from any damages incurred by the lawn contractor, its agents, employees and contractors in the performance of lawn maintenance services upon the Lot.

ARTICLE 10 ENFORCEMENT OF COVENANTS

10.1 Every Owner, Primary Occupant, Occupant, Tenant, Guest, and their respective invitees and agents shall comply with all of the terms and conditions of the Association Documents as same exist and as may be amended or adopted in the future.

10.2 Failure to comply with the terms and provisions of the Association Documents shall be grounds for immediate action, which may include, without limitation, an action to recover sums for damages, an action for injunctive relief, or any combination thereof.

10.3 The Association shall, to the broadest extent possible by applicable statute, indemnify and hold harmless every officer, director and committee member against any and all expenses, including counsel and paralegal fees, reasonably incurred by, or imposed upon, such officer, director or committee member in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the then Board Members) to which he or she may be a party by reason of being, or having been, an officer, director or committee member. The officers, directors and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director or committee member, or former officer, director or committee member may be entitled. The Association shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

10.4 As used in this Section, "Association" shall mean the Association and all Board Members, committee members, employees, agents, contractors (including management companies), subcontractors, successors and assigns of any of the foregoing.

NOTWITHSTANDING ANYTHING CONTAINED HEREIN OR IN THE ASSOCIATION DOCUMENTS, THE ASSOCIATION SHALL NOT BE LIABLE OR RESPONSIBLE FOR, OR IN ANY MANNER A GUARANTOR OR INSURER OF, THE HEALTH, SAFETY OR WELFARE OF ANY OWNER, MEMBER, OCCUPANT OR USER OF ANY PORTION OF AVALON AT SEVEN MEADOWS, SEC. 1, OR THEIR TENANTS, GUESTS, INVITEES, AGENTS, SERVANTS, CONTRACTORS OR SUBCONTRACTORS, OR FOR ANY PROPERTY OF ANY SUCH PERSONS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING:

IT IS THE EXPRESS INTENT OF THE ASSOCIATION DOCUMENTS THAT THE VARIOUS PROVISIONS THEREOF WHICH ARE ENFORCEABLE BY THE ASSOCIATION AND WHICH GOVERN OR REGULATE THE USES OF AVALON AT SEVEN MEADOWS, SEC. 1 HAVE BEEN WRITTEN, AND ARE TO BE INTERPRETED AND ENFORCED, FOR

THE SOLE PURPOSE OF ENHANCING AND MAINTAINING THE ENJOYMENT OF AVALON AT SEVEN MEADOWS, SEC. 1 AND THE VALUE THEREOF; AND,

THE ASSOCIATION IS NOT EMPOWERED AND HAS NOT BEEN CREATED TO ACT AS AN AGENCY WHICH ENFORCES OR ENSURES COMPLIANCE WITH THE LAWS OF THE STATE OF TEXAS OR FORT BEND COUNTY OR THE PREVENTION OF TORTIOUS ACTIVITIES.

EACH MEMBER (BY VIRTUE OF HIS ACQUISITION OF A LOT) AND EACH OTHER PERSON HAVING AN INTEREST IN OR LIEN UPON, OR MAKING ANY USE OF, ANY PORTION OF AVALON AT SEVEN MEADOWS, SEC. 1 (BY VIRTUE OF ACCEPTING SUCH INTEREST OR LIEN OR MAKING SUCH USE) SHALL BE BOUND BY THIS SECTION AND SHALL BE DEEMED TO HAVE AUTOMATICALLY WAIVED ANY AND ALL RIGHTS, CLAIMS, DEMANDS AND CAUSES OF ACTION AGAINST WHICH THE LIABILITY OF THE ASSOCIATION HAS BEEN DISCLAIMED IN THIS ARTICLE. EACH MEMBER DOES HEREBY RELEASE DEVELOPER AND THE ASSOCIATION FROM ALL LIABILITY FROM INJURY AND/OR ACCIDENTAL DEATH DUE TO ADVERSE WEATHER AND ALL EFFECTS AND RESULTS THEREOF.

ARTICLE 11
TRANSFER OF OWNERSHIP AND LEASING OF LOTS

11.1 In order to maintain a community of congenial, financially responsible residents with the objectives of protecting the value of Avalon at Seven Meadows, sec. 1 and facilitating the development of a stable, quiet community and peace of mind for all residents, the transfer of ownership and leasing of a Lot by an Owner shall be subject to the following provisions, which provisions each Owner covenants to observe,

11.2 Forms of Ownership.

A. A Lot may be owned by an individual person.

B. Co-ownership of Lots is permitted, but all Owners must be members of a single family or living together as a single-family housekeeping unit. If co-ownership is to be by more than two (2) persons, Owner must designate one (1) natural person as Primary Occupant, and the use of the Lot by other persons shall be as if the Primary Occupant is the actual Owner.

C. A Lot may be owned in trust or by a corporation, partnership or other entity, which is not a natural person. However, the intent of this provision is to allow flexibility in estate or tax planning, and not to create circumstances in which the Lot may be used as short-term transient accommodations for several individuals or families or a time-share type of arrangement. Said corporation, trustee or any entity which is not a natural person shall designate one (1) natural person to be the Primary Occupant, and the use of the Lot by other persons shall be as lessees and as if the Primary Occupant is the only actual Owner.

D. A Lot may become subject to a life estate, either by operation of law or by approved voluntary conveyance. In that event, during said life estate the life tenant shall be the only Member in the Association from such Lot and occupancy of the Lot shall be as if the life tenant was the only Owner. The life tenant and remaindermen

shall be jointly and severally liable for all assessments and charges against the Lot. The life tenant may, by signed agreement, transfer the right to vote in all Association matters to any one remainderman, subject to approval by the Association of such arrangement. If there is more than one life tenant, they shall be treated as if they were co-Owners for purposes of voting and occupancy rights.

11.3 There shall be no restrictions on transfers of Lots; however, the Association must be notified of any transfer of title to a Lot as provided by the By-laws and the transfer shall be subject to the transfer fee assessed under the Community Declaration.

11.4 Any residential Lease shall be subject to the following:

A. All leases of Lots must be in writing and a copy of any lease shall be delivered to the Board within ten (10) days of execution of the lease or prior to occupancy, whichever occurs first. The Board may charge a lease fee, which shall also be due and payable within the same time period. The lease fee shall be an Assessment that Owner shall liable for pursuant to Article 5 of this Declaration.

B. No Lot may be leased for a period of less than thirty (30) days, nor more than three (3) times per year. No subleasing or assignment of lease rights is allowed unless approved by the Board. No individual rooms may be rented.

C. Transient Tenants are not allowed. If a Lot is leased, the Tenants must be the lessee, his family within the first degree of relationship by blood, adoption or marriage, and their guests.

D. Any Lease shall provide that the Tenants shall be bound by the terms of the Governing Documents and the Association Documents. Owner must make available to Tenants copies of the Community Declaration, this Declaration, the By-laws and Rules and Regulations of the Community Association and the Association.

ARTICLE 12 RIGHTS OF DEVELOPER

12.1 Developer and the successors or assigns of Developer will undertake the work of constructing buildings, dwellings and improvements related thereto. The completion of Developer's work and the sale and other disposition of Lots is essential to the establishment and welfare of Avalon at Seven Meadows, Sec. 1 as a neighborhood and part of Seven Meadows. As used in this Section and its subparagraphs, the words "its successor or assigns" specifically do not include purchasers of completed Lots unless specifically designated in the instrument as the successor of Developer's rights in and to this Section or the Declaration. In order that said work may be completed and Avalon at Seven Meadows, Sec. 1 established as a fully occupied community as rapidly as possible, no Owner shall do anything to interfere with Community Declarant's or Developer's activities. Without limiting the generality of the foregoing, nothing in this Declaration or the Articles or By-Laws shall be understood or construed to:

A. Prevent Developer, its successors or assigns, or their contractors or subcontractors from doing on any Property owned by them whatever they determine to be necessary or advisable in connection with the completion of said work, including, without limitation, the alteration of construction plans and designs as Developer deems

advisable in the course of development (all models or sketches showing plans for future development of the Property may be modified by Developer at any time and from time to time, without notice); or

B. Prevent Developer, its successors or assigns or their contractors, subcontractors or representatives from erecting, constructing and maintaining on any property owned or controlled by Developer, or its successors or assigns or their contractors or subcontractors, such structures as may be reasonably necessary for the conduct of their business of completing said work and establishing Avalon at Seven Meadows, Sec. 1 as a community and disposition of the same by sale, lease or otherwise; or

C. Prevent Developer, its successors or assigns or their contractors or subcontractors from conducting on any property owned or controlled by Developer or its successors or assigns, their business of developing, subdividing, grading and constructing improvements on the Property and of disposition of Lots therein by sale, lease or otherwise; or

D. Prevent Developer, its successors or assigns, from determining in its sole discretion the nature of any type of improvements to be constructed as part of Avalon at Seven Meadows, Sec. 1.

12.2 Developer expressly reserves the right to grant or cause the Association to grant easements and rights-of-way over, under and through the Avalon Common Area so long as Developer owns any portion of the Property primarily for development and/or resale; provided, no such easement shall adversely interfere in a material manner with the use of the Avalon Common Area for its intended purposes. In addition to the rights reserved elsewhere herein, Developer reserves an easement for itself, its nominees and Community Declarant, over, upon, across and under Avalon at Seven Meadows, Sec. 1 as may be required or deemed reasonable by Developer in connection with development and to promote or otherwise facilitate the development, construction and sale and/or leasing of Residences to be constructed upon the Lots and development of any portion of Seven Meadows and other lands designated by Community Declarant. Without limiting the foregoing, Developer specifically reserves for itself and the Community Declarant the right to use all paved roads and rights-of-way within Avalon at Seven Meadows, Sec. 1 for vehicular and pedestrian ingress and egress to and from construction sites and for the construction and maintenance of any central cable, telecommunication services and electronic monitoring system provided by Developer or Community Declarant. Specifically, each Owner acknowledges that construction vehicles and trucks may use portions of the Avalon Common Area. Developer shall have no liability or obligation to repave, restore or repair any portion of the Avalon Common Area or the Common Area as a result of the use of the same by construction traffic, and all maintenance and repair of such Common Areas shall be deemed ordinary maintenance of the Community Association or Association, as appropriate. Without limiting the foregoing, at no time shall Developer be obligated to pay any amount to the Association on account of Developer's use of the Avalon Common Area for construction purposes. Developer intends to use the Avalon Common Area for sales of new and used Residences. Developer has the right to use all portions of the Avalon Common Area in connection with its marketing activities, including, without limitation, allowing members of the general public to inspect model Residences, installing signs and displays, holding promotional parties and picnics, and using the Avalon Common Area and vacant Lots for every other type of promotional or sales activity that may be employed in the marketing of new and used residential property. The easements

created by this Section and the rights reserved herein in favor of Developer and Community Declarant shall be construed as broadly as possible and supplement the rights of Developer and Community Declarant set forth in this Section. At no time shall Developer and Community Declarant incur any expense whatsoever in connection with their use and enjoyment of such rights and easements.

12.3 Any or all of the special rights and obligations of Developer may be transferred to other persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by Developer and duly recorded in the Public Records. Nothing in this Declaration shall be construed to require Developer or any successor to develop any of the Property in any manner whatsoever.

12.4 Notwithstanding any provisions contained in the Declaration to the contrary, so long as construction and initial sale of Lots shall continue, it shall be expressly permissible for Developer to maintain and carry on upon portions of the Avalon Common Area and Lots owned by Developer such facilities and activities as, in the sole opinion of Developer, may be reasonably required, convenient or incidental to the construction or sale of Lots, including, but not limited to, business offices, sales offices, parking areas, model lots, signs and the Developer shall have an easement for access to such facilities.

12.5 So long as Developer continues to have rights under this Section, no person shall record any declaration of covenants, conditions and restrictions or similar instrument affecting any portion of the Property without Developer's review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of covenants, conditions and restrictions, or similar instrument being void and of no force and effect unless subsequently approved by recorded consent signed by Developer.

12.6 Unless otherwise provided herein, the Association agrees that any taxes, fees or other charges paid by Developer to any governmental authority, utility company or any other entity which at a later date are refunded, in whole or in part, shall be returned to Developer in the event such refund is received by the Association.

12.7 This Article may not be amended without the prior written consent of Developer.

ARTICLE 13 AMENDMENT

13.1 Developer reserves the right unilaterally to amend or supplement this Declaration and to do so at any time or times upon such conditions, in such form and for such purposes as it shall, in its sole discretion, deem appropriate by preparing and recording amendments hereto, provided however, that this right of unilateral amendment shall expire after the Developer has turned over control of the Association to Owners other than the Developer. Developer's rights shall include, without limitation, the right to amend this instrument in order to correct any errors or omissions, or the dimensions of any Lots or Avalon Common Area not previously conveyed, so long as any such amendment(s) does not purport to limit or alter the rights afforded any Owners then holding title to Lots, purport to change the dimensions of any Lot, or Avalon Common Area previously conveyed or purport to restrict the integrity of the lien of any institutional lender who holds a mortgage on any previously

conveyed Lot. Any amendment shall relate back to and become effective as of the date of recording of this Declaration.

13.2 After Turnover, this Declaration may be amended at any time upon the execution and recordation of an instrument evidencing the adoption of the amendment by Owners holding not less than seventy-five percent (75%) of the voting interest of the membership.

ARTICLE 14 TURNOVER

14.1 Turnover shall occur pursuant to this Declaration and the provisions of the By-laws.

14.2 At the time of Turnover, Developer shall convey all its right, title and interest in and to the real and personal property acquired or developed on behalf of the Association to the Association not previously conveyed.

ARTICLE 15 GENERAL PROVISIONS

15.1 The covenants and restrictions of this Declaration shall run with and bind the Property and shall inure to the benefit of and be enforceable by the Community Declarant, the Developer, the Association or the Owner of any property subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time said covenants and restrictions shall automatically be extended for successive periods of ten (10) years, unless an instrument signed by the then Owners of seventy-five percent (75%) of the Lots has been recorded, agreeing to change or terminate said covenants and restrictions in whole or in part. Nothing in this Section shall be construed to permit termination of any easement created by this Declaration without the consent of the holder of such easement.

15.2 Violation or breach of any conditions, covenants or restrictions herein contained shall give the Community Declarant, Developer, Association and Owner(s), in addition to all other remedies, the right to proceed at law or in equity to compel a compliance with the terms of said conditions, covenants or restrictions and to prevent the violation or breach of any of them, and the expense of such litigation shall be borne by the then Owner or Owners of the subject property, provided such proceeding results in a finding that such Owner was in violation of said covenants and restrictions. Expenses of litigation shall include reasonable attorneys' fees incurred by Community Declarant, Developer and the Association in seeking such enforcement and all costs associated with litigation.

15.3 Any awards for the taking of all or any part of the Avalon Common Area by condemnation or eminent domain shall be used to make the remaining portion of the Avalon Common Area usable in the manner approved by the Board, The balance of such awards, if any, shall be distributed to the Owners equally.

15.4 Any notices required to be sent under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage paid, to the address of the party to which the notice is directed.

15.5 Invalidation of any one or more of these covenants and restrictions by judgment or court order shall in no way affect any other provisions, which remain in full force and effect.

15.6 Notwithstanding any of the provisions contained in this Declaration, Developer, its successors or assigns, shall not be obligated to develop all of the Property submitted to this Declaration, and Developer may, in its sole discretion, release any of the Property submitted in this Declaration from the terms and conditions hereof, except any properties conveyed to the Association or Owners. Such deletions shall be made by Developer filing in the Public Records of Fort Bend County, an amendment to this Declaration providing for such release. Such amendment shall include any provisions necessary to assure that the portion of the Property being released from this Declaration shall be entitled to use the roads, water, sewer, irrigation, telephone, cable television, water management and other infrastructure serving Avalon at Seven Meadows, Sec. 1 which Developer determines is necessary for the development of the portion of the Property removed from the Declaration, Such amendment need only to be executed by Developer, consented to by the Community Declarant, and shall not require joinder or the consent of the Association or its Members.

15.7 Whenever the singular is used it shall include the plural and the singular, and the use of any gender shall include all genders.

15.8 Except as provided in this Section, the Association shall not commence a judicial or administrative proceeding unless authorized to do so by at least seventy-five percent (75%) of the Members entitled to vote in favor of bringing or prosecuting any such proceeding. This shall not apply, however, to (a) actions brought by the Association to enforce the Association Documents (including, without limitation, the foreclosure of liens); (b) collection of Assessments against Lots owned by persons other than Developer; (c) proceedings involving challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless at least seventy-five percent (75%) of the Members entitled to vote cause amendment.

In the event there is a dispute concerning the rights, obligations or remedies of an Owner or Developer under this Declaration, such matter will be submitted to a court of competent jurisdiction.

DEVELOPER AND ALL OWNERS HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT THEY MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY DISPUTE CONCERNING THE RIGHTS, OBLIGATIONS OR REMEDIES OF DEVELOPER OR ANY OWNER UNDER THIS DECLARATION OR ANY LITIGATION (INCLUDING BUT NOT LIMITED TO ANY COUNTERCLAIMS, CROSS CLAIMS OR THIRD PARTY CLAIMS) BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS DECLARATION, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER, PARTY. DEVELOPER HEREBY CERTIFIES THAT NEITHER ANY REPRESENTATIVE NOR AGENT OF DEVELOPER NOR DEVELOPER'S COUNSEL HAS REPRESENTED, EXPRESSLY OR IMPLICITLY, THAT DEVELOPER WOULD NOT, IN THE EVENT OF SUCH LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER.

15.9 AS A FURTHER MATERIAL INDUCEMENT FOR DEVELOPER TO SUBJECT AVALON AT SEVEN MEADOWS, SEC. 1 TO THIS DECLARATION, EACH OWNER DOES,

TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY RELEASE, WAIVE, DISCHARGE, COVENANT NOT TO SUE, ACQUIT, SATISFY AND FOREVER DISCHARGE DEVELOPER, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS AND ITS AFFILIATES AND ASSIGNS FROM ANY AND ALL LIABILITY, CLAIMS, COUNTERCLAIMS, DEFENSES, ACTIONS, CAUSES OF ACTION, SUITS, CONTROVERSIES, AGREEMENTS, PROMISES AND DEMANDS WHATSOEVER IN LAW OR IN EQUITY WHICH AN OWNER MAY HAVE IN THE FUTURE, OR HEREAFTER CAN, SHALL OR MAY HAVE AGAINST DEVELOPER, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, AND ITS AFFILIATES AND ASSIGNS, FOR, UPON OR BY REASON OF ANY MATTER, CAUSE OR THING WHATSOEVER REGARDING THIS DECLARATION, OR THE EXHIBITS HERETO. THIS RELEASE AND WAIVER IS INTENDED TO BE AS BROAD AND INCLUSIVE AS PERMITTED BY THE LAWS OF THE STATE OF TEXAS.

15.10 The covenants, restrictions and provisions of this Declaration shall be cumulative with those of the Community Declaration, and the Association may, but shall not be required to, enforce the latter. In the event of a conflict between this Declaration, the Articles of Incorporation for the Association and the By-laws for the Association and the Community Declaration, the Articles of Incorporation for the Community Association and the By-laws of the Community Association, the Community Declaration, Articles of Incorporation of the Community Association or the By-laws for the Community Association, in that order, shall prevail. The foregoing priorities shall not prevent enforcement by the Association of provisions or rules, which are stricter than those of the Community Association. The foregoing priorities shall apply, but not be limited to, the liens for Assessments created in favor of the Community Association.

15.11 The Association shall not be dissolved, nor shall it dispose of any real property contained within the Avalon Common Area by sale or otherwise (except to an entity organized for the purpose of owning and maintaining such common areas), without the prior approval of all Owners, their mortgagees and any governmental agencies having jurisdiction over the Lots and Avalon Common Area. In the event the Association is terminated, shall no longer continue to exist or is unable to perform its functions hereunder, the Community Association shall have the right to assume the maintenance responsibilities of the Association and is hereby authorized to assess Lot Owners for the costs of such maintenance. In the event of dissolution by the Association and the inability of the Community Association to assume responsibility for maintenance, any Owner may petition the state district courts in Fort Bend County, Texas for appointment of a receiver to manage the affairs of the Association and to make provision for continuing management and operation of affairs of the dissolved Association.

15.12 The provisions of this Declaration, as well as those of the Articles of Incorporation, By-laws and the Rules and Regulations of the Association shall be interpreted by the Board. Any such interpretation of the Board which is rendered in good faith shall be final, binding and conclusive, if the Board receives a written opinion of legal counsel to the Association or the counsel having drafted this Declaration or other applicable document that the interpretation is not unreasonable, which opinion may be rendered before or after the interpretation is adopted by the Board. Notwithstanding any rule of law to the contrary, the provisions of this Declaration and the Articles of Incorporation, By-laws and the Rules and Regulations of the Association shall be liberally construed so as to effectuate the purposes herein expressed; provided, no such interpretation made by the Board after the Turnover Date

shall adversely affect Developer or its ability to develop and market property in the same manner prior to Turnover.

15.13 This Declaration shall become effective upon its recording in the Public Records of Fort Bend County, Texas.

ARTICLE 16.
ANNEXATION OF ADDITIONAL PROPERTY

16.1 The Declarant, as the owner thereof or, if not the owner, with the consent of the owner thereof, shall have the unilateral right, privilege, and option at any time to subject all or any portion of the real property described in Exhibits "A" and "A-1" attached hereto and by reference made a part hereof, as well as any other property Declarant may own or subsequently acquire within Seven Meadows, to the provisions of this Declaration and the jurisdiction of the Association by filing for record one or more Supplemental Declarations in respect to the property being annexed. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided therein.

The rights reserved unto Declarant to subject additional land to this Declaration shall not and shall not be implied or construed so as to impose any obligation upon Declarant to subject any of such land to this Declaration or to the jurisdiction of the Association. If such additional land is not subjected to this Declaration, Declarant's reserved rights shall not impose any obligation on Declarant to impose any covenants and restrictions similar to those contained herein upon such land nor shall such rights in any manner limit or restrict the use to which such land may be put by Declarant or by any subsequent owner thereof, whether such uses are consistent with the covenants and restrictions imposed hereby or not.

16.2 Annexation shall be accomplished by filing of record in the public records of Fort Bend County, Texas, a Supplemental Declaration describing the property being annexed. Any such Supplemental Declaration shall be signed by the owner of the property being annexed; any such annexation shall be effective upon filing unless otherwise provided therein.

16.3 The owners of land in annexed property shall become Owners pursuant to the terms hereof, and shall be entitled to use the Common Area in the same manner and to the same extent of the Owners of the property subject to the jurisdiction of the Association prior to the annexation. Annexed property shall be impressed with and subject to Assessments imposed hereby on a uniform bases, consistent with provisions of this Declaration.