

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
RIVERWALK SECTION TWO

STATE OF TEXAS |

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF MONTGOMERY |

This Declaration, made on the date hereinafter set forth by Riverwalk, Inc., a Texas corporation, duly authorized to do business in the State of Texas, hereinafter referred to as "Developer".

WITNESSETH:

Whereas, Developer is the owner of that certain tract of land known as "RIVERWALK SECTION TWO" being a subdivision of 498.56 acres of land situated in the George Mason Survey, Abstract 341, and the Thomas Vanhorn Survey, Abstract 587, Montgomery County, Texas according to the plat ("Plat") of said Riverwalk recorded in the office of the County Clerk of Montgomery County, Texas on the 19th day of March, 1997, after having been approved as provided by law, and being recorded in Cabinet I, Sheets 186 through 190 of the Map Records of Montgomery County, Texas) hereinafter referred to as the "Property" or the "Subdivision"); and

Whereas, it is the desire of Developer to place certain restrictions, easements, covenants, conditions, stipulations and reservations (herein sometimes referred to as "Restrictions") upon and against such Property in order to establish a uniform plan for the development, improvement and sale of the Property, and to insure the preservation of such uniform plan for the benefit of both the present and future owners of lots in said Subdivision;

NOW, THEREFORE, Developer hereby adopts, establishes and imposes upon Riverwalk Section Two, and declares the following reservations, easements, restrictions, covenants and conditions, applicable thereto, all of which are for the purposes of enhancing and protecting the value, desirability and attractiveness of said Property, which Restrictions shall run with said Property and title or interest therein, or any part thereof, except that no part of this Declaration or the Restrictions shall be deemed to apply in any manner to any area not included in the boundaries of said Plat. Developer also declares that this Subdivision shall be subject to the jurisdiction of the "Association" (as hereinafter defined).

ARTICLE I

DEFINITIONS

Section 1.01. "Annexable Area" shall mean and refer to any additional property made subject to the jurisdiction of the Association pursuant to the provisions set forth herein including, without limitation, any property adjacent to or in proximity of the Property, or any Subsequent Section or Sections of Riverwalk.

Section 1.02 "Association" shall mean and refer to the Riverwalk Property Owners Association, and its successors and assigns.

Section 1.03 "Board or Directors" shall mean and refer to the Board of Directors of the Association.

Section 1.04 "Building Envelope" shall mean and refer to that area or portion of each Lot wherein a single family dwelling together with attached or detached garage shall be constructed.

Section 1.05 "Owner" shall mean and refer to the record owner whether one or more persons or entities, of fee simple title to any Lot which is a part of the Subdivision, including (i) contract sellers (seller under a Contract for Deed), but excluding those having such interest merely as security for the performance of an obligation, (ii) Developer (except as otherwise provided herein), and (iii) Builders.

ARTICLE II

Dedications and Easements

Section 2.01 Recorded Subdivision Map. The plat ("Plat") of the Subdivision dedicates for use as such, subject to the limitations as set forth therein, the roads, streets and easements shown thereon. The Plat further establishes certain restrictions applicable to the Property. All dedications, restrictions and reservations created herein or shown on the Plat, replats, or amendments of the Plat of the Subdivision recorded or hereafter recorded shall be construed as being included in each contract, deed, or conveyance executed or to be executed by or on behalf of Developer, conveying said Property or any part thereof whether specifically referred to or not.

Section 2.02 Easements. Developer reserves for public use the utility easements shown on the Plat or that have been or hereafter may be created by separate instrument recorded in the Real Property Records of Montgomery County, Texas, for the purpose of constructing, maintaining and repairing a system or systems of electric power, telephone lines, gas lines, water lines, storm drainage (surface or underground), cable television, or any other utility the Developer sees fit to install in, across, and/or under the Property. All utility easements in the Subdivision may be used for the construction of drainage swales in order to provide improved surface drainage of the Reserves, Common Area and/or Lots. Any utility company serving the Subdivision and/or Developer shall have the right to enter upon any utility easement for the purpose of installation, repair and maintenance of their respective facilities. Such right shall include the right to remove all trees and shrubs within the easements and further the right to trim overhanging trees and shrubs located upon any Lot.

ARTICLE III

Use Restrictions

Section 3.01 Single Family Residential Construction. No building shall be erected, altered, placed or permitted to remain within the building envelope on any Lot other than one single family dwelling unit per Lot to be used for residential purposes only except that one garage attached or detached, and one guest/servants house may be built (provided said guest/servants house must contain a minimum of 500 square feet and be built after or while the main dwelling is being built and be approved in writing by the Architectural Control Committee. Detached garages, work shops, out buildings and barns may be built on any Lot outside the building envelope prior to the main dwelling being built, so long as they are of good construction, kept in good repair, and are not used for residential purposes provided, however, the construction of the main dwelling must begin within two (2) years of completion of any non residential buildings. Save and except that no such detached garages, work shops, out buildings and barns shall be built on any Lot

facing on a Subdivision Boulevard Street or Right - of - Way until after completion of construction of the residential dwelling or at the same time the residential dwelling is being constructed.

(i) All dwellings, detached garages, work shops, out buildings, barns, fences and driveways must be approved in writing by the Architectural Control Committee prior to being erected, altered or placed on the property. The terms dwelling and/or main dwelling does not include single or double wide manufactured homes, mobile homes or trailers, or any old or used houses to be moved on the Lot and said manufactured, mobile homes, trailer, and used houses are not permitted within the Subdivision. All dwellings constructed on Lots facing a subdivision boulevard shall have at least 2000 square feet of living area, excluding porches or exterior covered areas. All dwellings constructed of Lots that do not face a subdivision boulevard shall have at least 1800 square feet of living area, excluding porches or exterior covered areas, and shall be built with new construction materials. Any building, structure or improvement commenced on any Lot shall be completed as to exterior finish and appearance within twelve (12) months from the commencement date.

(ii) As used herein, the term "residential purposes" shall be construed to prohibit mobile homes or trailers being placed on said Lots, or the use of said Lots for duplex homes, condominiums, townhouses, garage apartments, or apartment houses; and no Lot shall be used for business, educational, religious or professional purposes of any kind whatsoever, nor for any commercial or manufacturing purposes.

Section 3.02 Location of Improvements upon the Lot and Residential Foundation Requirements. All Lots shall have a front building setback line 100 feet and side building setback lines of 15 feet that are located on the Plat of the Subdivision. All dwellings are to be constructed behind the front building setback line, within the side building set back lines, and with the total dwelling located within 50 feet of the front building setback line, unless a variance, of this distance, is approved in writing, by the Architectural Control Committee. This area or portion of the Lot is known as the Building Envelope. Any dwelling placed on a Lot must be equipped with septic tank or other sewage disposal system meeting all applicable laws rules, standards and specifications. The main residential structure on any Lot shall face the front of the Lot unless a deviation is approved in writing by the Architectural Control Committee. All residential building foundations shall consist of concrete slabs, unless the Architectural Control Committee approves a different type of foundation when circumstances such as topography of the Lot make it impractical to use a concrete slab for all or any portion of the foundation of the residential building improvements constructed on the Lot.

Section 3.03 Composite Building Site. Any owner of one or more adjoining Lots (or portions thereof) may, with the prior written approval of the Architectural Control Committee, may consolidate such Lots of portions into one building site, with the privilege of placing or constructing improvements on such resulting site, in which case the side building set-back lines shall be measured from the resulting side property lines rather than from the center adjacent Lot lines as indicated on the Plat. Any such composite building site must have a frontage at the front building set-back line of not less than the minimum frontage of all Lots in the same block. No Lot in this Subdivision shall be resubdivided without the express written permission of the Developer.

Section 3.04 Use of Temporary Structures. No structure of a temporary character, whether trailer, basement, tent, shack, garage, work shop, outbuilding or barn shall be maintained at any time as a residence, either temporarily or permanently; provided, however, that developer reserves the exclusive right to erect, place maintain such facilities in or upon any portion of the Subdivision as in its sole discretion may be necessary or convenient while selling Lots. selling or constructing residences and constructing other improvements within the Subdivision.

Section 3.05 Water Supply. All residential dwellings in the Subdivision shall be equipped with and served by a fresh water system installed, operated and maintained in accordance with applicable governmental requirements. There shall be a minimum of a \$500.00 tap fee or such greater amount as may be established by the Association. No private wells shall be drilled, bored or any type or kind of private system installed or used except upon approval of the Architectural Control Committee and any required governmental authorities. Developer and/or the Association may drill wells for use in watering commons, filling ponds and furnishing water to subdivision features requiring water to operate and Owners may drill wells for use in filling of ponds, watering of animals or livestock, however under no circumstances shall any private well, drilled by an Owner, be used to provide water to any residence.

Section 3.06 Sanitary Sewer. No outside, open or pit type toilets will be permitted in this Subdivision. All dwellings constructed in this Subdivision prior to occupancy must have a sewage disposal system installed to comply with the requirements of the appropriate governing authority.

Section 3.07 Walls and Fences. All walls and fences, if any, must be approved prior to construction by the Architectural Control Committee and shall not be closer to front street property lines than the front building set-back line, except that decorative fencing may be installed between the street and the front building set-back line provided that same is approved prior to installation by the Architectural Control Committee. Any erection of any wall, fence or other improvements on any easement is prohibited. No electric barbed wire or temporary fences shall be allowed.

Section 3.08 Offensive Activities. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done or placed thereon which is or may become a nuisance or cause unreasonable embarrassment, disturbance, or annoyance to others. No exterior speakers, horns, whistles, bells or other sound devices, shall be permitted, other than security and fire devices used exclusively for security and fire protection. Without limitation, the discharge or use of firearms is expressly prohibited.

Section 3.09 Garbage and Trash Disposal. Garbage and trash or other refuse or debris of any kind (including building materials kept on any Lot after construction is completed), shall not be kept, stored, or allowed to accumulate on any Lot except within an enclosed structure or sanitary containers and shall be disposed of regularly. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

Section 3.10 Junked Motor Vehicles Prohibited: Recreational and Commercial Vehicles. No Lot shall be used as a depository for abandoned or junked motor vehicles. No maintenance, servicing, repair, dismantling, or repainting of any type of vehicle, boat, machine, or device may be carried on, except within a completely enclosed structure which screen the sight and sound of the activity from the street and from other Lots. No boat, camper, trailer, tractor, truck, industrial or commercial vehicle (both cabs or trailers), towed trailer unit, motorcycle, motor home, mobile home, recreational vehicle, or any other vehicle the primary purpose of which is recreational sporting, or commercial use, shall be parked or stored in, on, or about any Lot or street within the Subdivision, except in a garage or unless such vehicles are concealed from view and approved by the Architectural Control Committee. For purposes of this restriction, any 3/4 - ton or smaller vehicle, commonly known as a pickup truck, shall not be deemed a commercial vehicle or truck. No unlicensed go-cart, dirt bike, motorcycle, or recreational vehicle powered by an internal combustion engine may be operated on any roads, streets or rights - of - way within the Subdivision.

Section 3.11 No signs, advertisement, billboard or advertising structure of any kind may be erected or maintained on any Lot, except (1) signs, advertisement, billboard or advertising structures used by Developer in advertising the Subdivision and/or Lots for sale within the

Subdivision and (ii) one (1) sign not more than forty-eight inches (48") square used by a Builder to advertise the property for sale during the construction and sales phase. Developer or any member of the Architectural Control Committee shall have the right to remove any such sign, advertisement or billboard or structure which is placed on any Lot in violation of these restrictions, and in doing so, shall not be liable, and are hereby expressly relieved from any liability for trespass or other tort in connection therewith, or arising from such removal.

Section 3.12 Animal Husbandry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot except that dogs, cats or other common household pets and two (2) horses per acre may be kept provided that they are not kept, bred or maintained for commercial purposes and do not become a nuisance or threat to other Owners. Provided, however, animals being raised for 4-H or FFA school sponsored programs will be permitted, except that no swine, pigs or hogs will be permitted under any circumstances or programs.

Section 3.13 Logging and Mineral Development. No commercial logging, oil drilling, oil exploration or development operations, oil refining, quarrying or mining operation of any kind shall be permitted upon or in any Lot, nor shall any wells, tanks, tunnels, mineral excavation, or shafts be permitted upon or in any Lot. Further no Lot Owner is permitted to cut any trees on his/her Lot until Developer has been paid in full for such Lot.

Section 3.14 Drainage. Natural established drainage patterns of streets, Lots or roadway ditches will not be impaired by any person or persons. driveway culverts will be of sufficient size to afford proper drainage of ditches without backing water up into ditch or diverting flow. Driveway culverts must be approved by the Architectural Control Committee as to location and size prior to the installation or construction of any improvements.

ARTICLE IV

Architectural Control Committee

Section 4.01 Basic Control. No building or other improvements of any character shall be erected or placed, or the erection or placing thereof commenced, or changes made in the design or exterior appearance thereof, or any addition or exterior alteration made thereto after original construction, or demolition or destruction by voluntary action made thereto after original construction, on any Lot in the Subdivision until the obtaining of the necessary approval from the Architectural Control Committee of the construction plans and specifications for the construction or alteration of such improvements. Approval shall be granted or withheld based on matters of compliance with the provisions of this instrument, quality and color of materials, drainage, harmony of external design and color with existing and proposed structures and location with respect to topography and finished grade elevation.

Section 4.02 Architectural Control Committee. The authority to grant or withhold architectural control approval as referred to above is initially vested in the developer; provided however, the authority of the developer shall cease and terminate upon the formation of the Association and election of the Architectural Control Committee of the Association, in which event such authority shall be vested in and exercised by the Architectural Control Committee, hereinafter referred to as the "Committee". Approval or disapproval as the Architectural control matters as set forth in the preceding provisions shall be in writing. In the event that the authority exercising the prerogative of approval or disapproval fails to approve or disapprove in writing plans and specification and plot plans received by it within thirty (30) days following submission, such plans and specifications and plot plans shall be deemed approved.

Section 4.03 Minimum Construction Standards. The Developer of the Committee may from time to time promulgate an outline of minimum acceptable construction standards; provided, however, that such outline will serve as a minimum only. However, unless approved by the Architectural Control Committee all residential dwellings shall have an exterior consisting of at least 51% brick or other approved masonry products.

ARTICLE V

Riverwalk Property Owners Association

Section 5.0 Non - Profit Corporation. A non-profit corporation may be formed by the Developer at any time, but in no event shall such corporation be formed later than twelve months after developer has sold at least 90% of the Lots in Riverwalk Section Two and/or 90% of the Lots in any Prior or Subsequent Section, Riverwalk Property Owners Association, a non-profit corporation, will be organized and it shall be governed by the Articles of Incorporation and Bylaws of said Association. The Association shall manage, operate, care for, maintain, and repair all Association properties and keep same in an attractive and desirable condition for the preservation, protection, and enhancement of the property value of the general health, safety, and welfare of the Members. The Association shall have the right to purchase, acquire common areas and to purchase the fresh water supply system at Developer's cost and to mortgage same to secure said purchase or acquisition.

Section 5.02 Membership. Every person or entity who is a record owner of any Lot, in Riverwalk One and any subsequent Section or Sections, shall be a "Member" of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance on an obligation. No Owner shall have more than one vote for each Lot owned by such Member, regardless of which Section or Sections a Lot or Lots is located. Membership in the Association, by an Owner, shall be appurtenant to and may not be separated from the ownership of Lots.

ARTICLE VI

MAINTENANCE FUND

Section 6.01 Each Owner of a lot by acceptance of a deed or contract for deed is deemed to covenant and agree to pay to the Developer or Association a Maintenance Assessment, payable monthly, quarterly or annually in advance. Until January 1, 1999, the maximum annual Maintenance Assessment shall be as follows: The sum of \$15.00 per acre or pro-rata portion of an acre per month; (for example if a lot is purchased containing 1.5 acres the maintenance assessment would be the sum of \$22.50 per month or \$270.00 annually). From and after January 1, 1999 the maximum annual Maintenance Assessment may be increased each year (beginning with the year January 1, 1999), by a vote of the Board of Directors of the Association, by an amount not in excess of ten percent (10%) of the maximum annual Maintenance Assessment for the previous year. Notwithstanding the foregoing, Developer and all Lots owned by Developer, including Lots subsequently reacquired by developer, shall be exempt for the Maintenance Assessment charged to Owners, delinquent Maintenance Assessments charge to prior Owners on any reacquired Lots, and any lien created thereby so long as Developer shall own such Lot, and if Developer reacquires any Lot, any existing Lien, Notice of Lien, Judgment, or Judgment lien for delinquent maintenance, interest, attorney's fees and/or court costs is automatically terminated and null and void at the time of such reacquisition by Developer, by whatever means such reacquisition occurs.

Section 6.02 Creation of Lien and Personal Obligation. In order to secure the payment of the Maintenance Assessment, a vendor's lien for the benefit of the Developer or Association,

shall be and is hereby reserved in the deed from Developer to purchaser of each Lot or portion thereof, which lien shall be enforceable through appropriate judicial proceedings by the Developer or Association. In addition to the right of the Association to enforce the Maintenance Assessment, the Association may file a claim or lien against the Lot of the delinquent Owner by recording a Notice of Lien.

Section 6.03 Liens Subordinate to Mortgages. The liens described in the declaration and the superior title herein reserved shall be deemed subordinate to a first lien or other liens of any bank, insurance company, savings and loan association, or other bona fide, third party lender, including Developer, including any renewal, extension, rearrangement or refinancing thereof.

Section 6.04 Purpose of the Maintenance Assessment. The Maintenance Assessment (sometimes called the "Maintenance Fund") may be expended by the Developer or the Association for any purposes which, in the judgment of the developer or Association, will tend to maintain the property values in the Subdivision, including, but not limited to, providing funds for the actual cost to the Association of all taxes, insurance, repairs, energy charges, replacement, purchase, acquisition, and maintenance of Common Areas, water plant and distribution systems, subdivision amenities.

Section 6.05 Handling of Maintenance Assessment. The collection and management of the Maintenance Assessment, shall be performed by the Developer until the control is passed to the Association, at which time the Developer shall deliver to the Association all funds on hand together with all books and records of receipt and disbursements. The Developer and upon transfer, the Association, shall maintain separate special accounts for the Maintenance Fund.

ARTICLE VII

General Provisions

Section 7.01 Term. The provisions hereof shall run with all property in the Subdivision and shall be binding upon all Owners and all persons claiming under them for a period of forty (40) years from the date this declaration is recorded, after which time said Declaration shall be automatically extended for successive periods of ten (10) years each, unless an instrument, signed by not less than one-half (1/2) of the then Owners, in Riverwalk, Section Two (including the Developer) of the Lots has been recorded agreeing to amend or change, in whole or in part, this declaration.

Section 7.02 Amendments. This declaration may be amended or changed, in whole or in part, at any time by the written agreement or signed ballot of Owners (including the Developer) entitled to cast not less than one-half (1/2) of the votes of all of the Owners, in Riverwalk, Section Two. If the declaration is amended by a written instrument signed by those Owners entitled to cast not less than one-half (1/2) of all of the votes of the Owners, such amendment must be approved by said Owners within three hundred sixty-five days (365) of the date the first Owner executes such amendment. The date an Owner's signature is acknowledged shall constitute prima facie evidence of the date of execution of said amendment by such Owner.

Section 7.03 Severability. Each of the provisions of this declaration shall be deemed independent and severable and the invalidity or unenforceability or partial invalidity or partial unenforceability of any provision or portion hereof shall not affect the validity or enforceability of any other provision.

Section 7.04 Liberal Interpretation. The provisions of this declaration shall be liberally construed as a whole to effectuate the purpose of this declaration.

Section 7.05 Successors and Assigns. The provisions hereof shall be binding upon and inure to the benefit of the Owners, the developer and the Association, and their respective heirs, legal representatives, executors, administrators, successors and assigns.

Section 7.06 Effect of Violations on Mortgages. No violation of the provisions herein contained, or any portion thereof, shall affect the lien of any mortgage or deed of trust presently or hereafter placed of record or otherwise affect the rights or the mortgagee under any such deed of trust; and any such mortgage, lien, or deed of trust may nevertheless, be enforced in accordance with its terms, subject, nevertheless, to the provisions herein contained.

Section 7.07 Effect on Annexable Area. The provisions of this declaration do not impose any restrictions whatsoever or otherwise encumber the Annexable Area, unless and until portions of the Annexable Area are made subject to the jurisdiction of this Declaration by a separate instrument executed solely by Developer or its successors and assigns and any lienholders, which instrument is recorded in the Real Property Records of Montgomery County, Texas.

Section 7.08 Developer's Rights and Prerogatives. Prior to a transfer date, the Developer may file a statement in the Real Property records of Montgomery County, Texas, which expressly provided for the developer's (i) discontinuance of the exercise of any right or prerogative provided for in this Declaration to be exercised by developer or (ii) assignment to any third party one or more of Developer's specific rights and prerogatives provided in this Declaration to be exercised by developer.

Section 7.09 Electric Utility Service. Prior to beginning any construction on a lot, each Owner, at his expense, shall be required to install electric service lines from the transformer or source of feed to the meter location of said lot. Further, each lot Owner may expect to pay a charge for connection to such electric utility service, and the Owner is obligated to contact Gulf States Utility Company to determine such charge and make arrangements for the installation of said service lines and connection to the electrical distribution system. Owner shall also be responsible for all charges for all utility services furnished to Owner's lot.

IN WITNESS WHEREOF, the undersigned, being the developer herein, has hereunto set it hand as of this the 19th day of March, 1997.

Riverwalk, Inc.

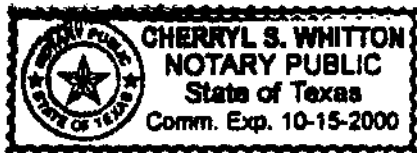
By Don Knobloch
Don Knobloch, President

State of Texas |

County of Montgomery |

This instrument was acknowledged before me on the 19TH day of March, 1997, by Don Knobloch, President of Riverwalk, Inc., a Texas corporation, on behalf of said corporation.

Notary Public in and for the State of Texas



A:\WPDOCS\RESTRICTIONS RIVERWALK SECTION TWO\RESSEC2:

Return TO:
DON KNOBLOCH
P.O. Box 670613
Houston TX 77267

FILED FOR RECORD
97 MAR 19 PM 3:09
MARK TURNBULL, CO. CLERK
MONTGOMERY COUNTY, TEXAS
 DEPUTY

STATE OF TEXAS
COUNTY OF MONTGOMERY
I hereby certify that this instrument was filed in File Number Sequence on the date and at the time stamped herein by me and was duly RECORDED in the official Public Records of Real Property of Montgomery County, Texas.

MAR 19 1997



COUNTY CLERK
MONTGOMERY COUNTY, TEXAS