

ARTICLE III.
PROPERTY SUBJECT TO RESTRICTIONS

A. Property Encumbered

The Property that is encumbered by this Declaration and is therefore a part of the Perfection Ranch Subdivision is more particularly described in the map or plat thereof, recorded in Cabinet _____, Sheet _____ of the Map Records of Montgomery County, Texas. All Owners of Lots are Members of the Association and have executed this Declaration.

ARTICLE IV.
PERFECTION RANCH PROPERTY OWNERS ASSOCIATION
MEMBERSHIP AND VOTING RIGHTS

A. Organization

The Association has been organized and formed as a non-profit corporation under the laws of the State of Texas.

B. Purposes

The principal purposes of the Association are, in addition to the other purposes and powers set out in this Declaration, the Articles of Incorporation of the Association or the Association's Bylaws, the collection, expenditure and management of the Assessments, enforcement of the covenants, conditions and restrictions set out in this Declaration, holding legal title to the Common Area, providing for the maintenance, preservation and architectural control of the Lots, Dwellings, buildings, structures and Common Area within the Subdivision, the repair, maintenance and upkeep of the drainage and detention facilities within the Subdivision, the general overall supervision of all of the affairs and well being of the Subdivision and the promotion of the health, safety and welfare of the residents within the Subdivision.

C. Board of Directors

The Association shall act through a Board of not less than three (3) nor more than seven (7) Directors, which shall manage the affairs of the Association as specified in the Bylaws of the Association.

D. Eligibility

Eligibility to vote or serve as a representative, director or officer, after the expiration of the term of the initial Board of Directors, shall be predicated upon a Member being in good standing with the Association. To be in good standing, the Member must have all assessments of every type and category paid up to date and have no outstanding financial obligations to the Association that are delinquent. Additionally, no Member shall be allowed to vote or hold office if that Member is noted of record (or within the records of) the Association to have a deed restriction violation on one or more Lots in Perfection Ranch.

E. Membership

The sole criteria to become a Member of the Association is to hold title to a Lot within Perfection Ranch. This is not to imply that any holder of a mere security interest (such as a mortgagee, or holder of any other lien against property) or the owner of a mineral interest only would be a Member, unless that holder of the security interest has foreclosed and thereby become the Owner of the Lot(s). Membership is appurtenant to and runs with the land. Membership is not severable as an individual right and cannot be separately conveyed to any party or entity. Multiple owners of any single Lot must vote in agreement (under any method they devise among themselves), but in no case shall such multiple Owners cast portions of votes.

All duties and obligations set forth in this Declaration are the responsibility of each Member. No waiver of use of rights of enjoyment created by this Declaration shall relieve Members or their successors or assigns of such duties or obligations. Mandatory membership shall begin with the execution of this Declaration and shall pass with title to the land (regardless of any method of conveyance) to any subsequent grantee, or successor in title of Members.

In consideration for payment of the Assessments, all Owners of Lots in Perfection Ranch shall have the right to the use and enjoyment of amenities and Common Area in Perfection Ranch.

F. Voting Rights

The Association shall have two classes of membership, Class A and Class B, as follows:

1. Class A Membership:

Class A Members shall be all Members with the exception of Class B Members. Each Class A Member's voting rights shall be based on the number of Lots and shall be determined as follows:

Class A Members shall have one (1) vote for each Lot owned.

2. Class B Membership:

The Class B Members shall be JPM and/or Declarant if JPM conveys to Declarant Lots for the purpose of resale and specifically assigns JPM's Class B Membership with respect to such Lots. The Class B Members' voting rights shall be based on the number of Lots owned, and shall be determined as follows:

The Class B Member shall have ten (10) votes for each Lot owned.

JPM and/or its assigns shall retain their Class B memberships and retain control and authority to appoint all members of the Board of Directors of the Association until the earlier to occur of the following:

1. The Class B Members have conveyed ninety percent (90%) of the Lots to retail purchasers, or
2. January 1, 2015.

At such time, any remaining Class B Members shall be converted to Class A Members and elections shall be held to elect the Members of the Board of Directors of the Association pursuant to the provisions of the Articles of Incorporation and the By-Laws of the Association.

G. Reversion

Notwithstanding anything to the contrary herein, in the event of any foreclosure, deed in lieu of foreclosure, bankruptcy, or other failure of the development, or the sale by JPM or Declarant of all or substantially all of its interest in the development, these Declarations may not be amended or modified by any means without the consent of two-thirds (2/3) of the retail lot owners which includes the approval of the Gobels, Depews, and the Beaches. Also in such event, the person(s) or entities which acquire JPM's and/or Declarant's interests in the development shall not take any action inconsistent with the development including assessments, conditions, covenants, easements, reservations, and restrictions designed to govern, control and preserve the values and amenities of the Property for the development, improvement, aesthetic considerations, sale, common welfare of the community, use and enjoyment of the Property as a residential subdivision, including Common Reserves.

H. Voting Procedures

Class A and Class B Members shall exercise their votes as set out in the By-Laws.

ARTICLE V.

EFFECTIVE DATE OF DECLARATION

This Declaration shall be effective as of the date this document is recorded in the Official Public Records of Real Property of Montgomery County, Texas.

ARTICLE VI.
USE RESTRICTIONS; STREETS; EASEMENTS;
RESERVES; AND COMMON AREAS

A. Residential Uses Permitted

Homesites within Perfection Ranch shall be used exclusively for single-family residential purposes and agricultural, timber, and related uses. The term "Single Family" as used herein shall refer not only to the architectural design of the Dwelling but also to the permitted number of inhabitants, which shall be limited to a single family, as defined below. Single Family shall mean the use of, and improvement to, a Lot with no more than three (3) buildings designed for and/or containing facilities for living, sleeping, cooking, and eating therein. In no case may a Lot contain more than one (1) primary Dwelling, one (1) guesthouse and one (1) barn, together with such sheds, storage buildings, and other structures for agricultural use as may be specifically approved by the ARC. If a separate guest house or servant's quarters is constructed, it must be built at the same time, or after, the main residence has been constructed and contain not be less than one thousand (1,000) square feet of living space. A barn may include living quarters for use on a non-permanent basis or an apartment for employees and may be built and utilized prior to the main building. No multi-family Dwellings may be constructed on any Lot. No building, outbuilding or portion thereof shall be constructed for income property, such that tenants would occupy less than the entire Lot and/or Homesite. It is permitted for tenants to lease a residence in Perfection Ranch, so long as tenants are leasing the entire land and improvements comprising the Homesite.

No structure of a temporary character, mobile home, manufactured home, trailer, basement, tent, shack, garage or other out buildings shall be used on any tract at any time as a residence, either temporary or permanently.

No Dwelling shall be occupied by more than one (1) single family. A single family shall include and be limited to the Owner or the Owner's tenant and such Owner's or tenant's immediate family, i.e., any number of persons related by blood, adoption or marriage (and not more than one person not so related.)

It is not the intent of this provision to exclude from a lot any individual who is authorized to so remain by any state or federal law. If it is found that this definition is in

violation of any law, then this provision shall be interpreted to be as restrictive as possible to preserve as much of the original provision as allowed by law.

B. Non-Permitted Uses

No trade or business, other than approved agricultural uses, may be conducted in or from any Dwelling, building or Homesite, except such use within a Dwelling where (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Dwelling; (b) the business activity conforms to all zoning requirements and other restrictive covenants applicable to the Property; (c) the business activity does not involve visitation of the Dwelling or Homesite by clients, customers, suppliers or other business invitees or door-to-door solicitation of residents of Perfection Ranch; and (d) 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 other residents of Perfection Ranch, as may be determined in the sole discretion of the Board. Without limiting the generality of the foregoing prohibition, it is expressly provided that an auto repair facility, day-care facility, home day-care facility, church, nursery, pre-school, beauty parlor, or barber shop or other similar facility is prohibited.

C. Parking and Prohibited Vehicles

Except as provided below, no motor vehicles or non-motorized vehicles, including but not limited to boats, trailers, marine craft, recreational vehicles, camper rigs off of truck, hovercraft, machinery or equipment of any kind, may be parked or stored in the public street or drive right-of-way, driveways, easement or right-of-way. Such vehicle or object may only be parked on a Homesite if it is completely concealed from public view inside a garage, barn, shed, or enclosure approved by the ARC. Passenger automobiles, passenger vans, motorcycles, or pickup trucks that: (a) are in operating condition; (b) as qualified by current vehicle registration and inspection stickers; (c) are in daily use as motor vehicles on the streets and highways of the State of Texas; and (d) do not exceed six feet ten inches (6'10") in height, or eight feet (8') in width may be parked in the driveway on a Lot. Parking of any vehicles in a Street or Private Drive for more than twelve (12) hours in

any twenty-four (24) hour period or more than seven (7) twelve hour periods in a calendar month is prohibited.

Recreational vehicles, such as motor homes, campers, and boats are not considered vehicles incident to the residential use of a Homesite and therefore are not permitted to be stored on Homesites for any period of time greater than seventy-two (72) hours unless screened from view. Recreational vehicles may not be parked on the Streets or Private Drives.

Four wheelers and similar vehicles will not be allowed on any Streets, roads, Private Drives or common areas. Only street legal cars, trucks and motorcycles, golf carts, utility type carts, and non-motorized vehicles such as bicycles will be allowed on roads, Streets, Private Drives, and Common Areas within the Subdivision. No vehicles with an excessively loud or defective muffler will be allowed within the subdivision. Horses, bicycles, and pedestrians always have the right of way on all streets, roads, and private drives within the Subdivision.

D. Screening

The drying of clothes in public view is prohibited. All wells, yard equipment, woodpiles or storage piles shall be kept screened (as approved by the ARC) so as to conceal them from public view of neighboring Lots, Streets, Private Drives or other property. All screening designs, locations, and materials are subject to prior ARC approval. Any such screening installed must be maintained in a clean and neat condition at all times, and may not detract from the appearance of the Property.

E. Outside Storage and Trash Collection; Propane Tanks

No equipment, machinery, or building materials of any kind or nature shall be stored in public view on any Homesite unless the equipment, machinery or materials is being used temporarily and is incident to repair or construction of the Dwelling or Homesite. All equipment, machinery, and materials shall be properly stored out of sight of every other Homesite immediately after use of such item, and all trash, debris, excess, or unused materials or supplies shall likewise be disposed of immediately off of the Homesite, or stored out of view until trash collection occurs.

Trash placed outside for collection must be contained to protect from animals or spillage and trashcans must be removed from sight within a reasonable time after collection.

Propane tanks are permitted provided that they are located below ground.

F. Streets, Easements, Reserves and Common Areas

1. Utilities and General

There is reserved on Lots along Perfection Drive, Ranch Top Court and Lakeview Way a sixteen (16) foot wide public utility easement adjacent and parallel to the Lot line along the Street. A sixteen (16) foot wide public utility easement is reserved along the perimeter of the Subdivision. All Lots along a designated "Private Drive" are subject to a sixteen (16) foot wide public utility easement located twenty-one (21) feet from and parallel to the Private Drive centerline and extending an additional sixteen (16) feet into the Lot.

There are hereby reserved unto Declarant, so long as the Declarant or JPM owns any Property, the Association, and the designees of each (which may include, without limitation, Montgomery County and any utility) easements upon, across, over, and under all of the Property to the extent reasonably necessary for the purpose of installing, replacing, repairing, and maintaining any or all of the following which may exist now or in the future: cable television systems, master television antenna systems, monitoring and similar systems, roads, drives, entrances, dams, walkways, fences, bicycle pathways, Pedestrian/Equestrian Easements, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, meter boxes, telephone, gas, and electricity, and for the purpose of installing any of the foregoing on Property that Declarant owns or within easements designated for such purposes on recorded plats of the Property. Notwithstanding anything to the contrary herein, the easements shall not entitle the holders to construct or install any of the foregoing systems, facilities, or utilities over, under or through any existing Dwelling; any damage to a Homesite resulting from the exercise of the easement rights shall promptly be repaired by, and at the expense of, the person or entity exercising the easement. The exercise of the easement rights shall not unreasonably interfere with the use of any Homesite.

Without limiting the generality of the foregoing, there are hereby reserved for the local water supplier, electric company, telephone company, cable company and natural gas supplier easements across all the Property for ingress, egress, installation, reading, replacing, repairing and maintaining utility meter, boxes, installation equipment, service equipment, and any other device, machinery or equipment necessary for the proper functioning of the utility; however, the exercise of these easement rights shall not extend to unauthorized entry into the Dwelling on any Homesite, except in an emergency. Notwithstanding anything to the contrary contained in this Section, no electrical lines, water lines, or other utilities may be installed or relocated on the Property, except as may be approved by the Board of Directors or Declarant.

2. Easements for Perfection Lake and Perfection Park (Reserve C), Use, Maintenance, Flood Water and Other Landscape Reserves, Common Areas

There currently exists on certain of the Lots within the Subdivision a lake and various tributary creeks depicted as Perfection Lake on the recorded plat of the Subdivision. There is expressly reserved for the use and benefit of Declarant, the Association, all Owners, and their respective successors, assigns and designees, the right and easement to keep, maintain, repair and replace Perfection Lake, including the dam, spillway and tributary creeks, in the areas depicted on the recorded plat of the Subdivision and the right and easement to go upon and use the surface area of Perfection Lake and the tributary creeks; provided, however, except as otherwise provided in this Declaration, this easement shall not include the right to use or go upon any portion of any of the affected Lots that are not inundated with the waters of Perfection Lake or the tributary creeks.

Declarant and Association reserve for themselves and their successors, assigns and designees the non-exclusive right and easement, but not the obligation, to enter upon the Perfection Lake, including the dam, spillway, and tributary creeks, and Perfection Park and other landscape reserves, Common Area, creeks, and other bodies of water located within the Property (a) to install, keep, maintain and replace pumps or wells in order to obtain water for the irrigation of any of the Common Area, (b) to construct, maintain and repair any fountain, wall, dam, or other structure retaining water therein, and (c) to remove trash and other debris and fulfill their maintenance responsibilities as provided in this Declaration. Declarant's rights and easements hereunder shall be transferred to the

Association at such time as Declarant shall cease to own Property subject to the Declaration, or such earlier time as Declarant may decide, in its sole discretion, and transfer such rights by a written instrument. The Declarant, the Association, and their designees shall have an access easement over and across any of the Properties abutting or containing any portion of Perfection Lake and Perfection Park to the extent reasonably necessary to exercise their rights and responsibilities under this Section.

All Owners of Lots abutting Perfection Lake and any tributary creek at Perfection Ranch will allow the Association reasonable access to the lake and creeks for maintenance purposes including: to dredge, deepen, clean, fertilize, dye and generally maintain these waters and the shoreline. All Owners of Lots bordering Perfection Lake and Perfection Ranch creeks will keep all shorelines free of trash and prevent livestock from entering and/or polluting these waters or damaging the banks. If a fence is required to prevent livestock from entering these waters or damaging the banks, then the property owner will be responsible for installing a three board white, wood fence, or other type of fence as approved by the ARC, not closer than fifty feet (50') to the waters edge. All Owners of Lots bordering Perfection Lake and Perfection Ranch creeks may fence their side property lines (approximately perpendicular to the shoreline) to the water's edge, but may not fence along the water-front nearer than fifty feet to the water's edge. Nothing herein shall be construed to make Declarant or any other person or entity liable for damage resulting from flood due to hurricanes, heavy rainfall, or other natural disasters.

3. Recreation Reserves

Owners of Lots within the Property are advised that there exists Reserves "A" (the "Riding Field"), Reserve "B" (the "Indoor Arena" and parking and related areas), and Reserve "C" ("Perfection Lake" and "Perfection Park") (hereinafter, collectively, the "Recreation Reserves"), which reserves are restricted in their use to recreation areas and/or open space. Owners of Lots within the Property hereby agree to hold harmless the Declarant and the Association, and their successors and assigns, and release them from any liability for the placement, construction, design, operation, maintenance and replacement of any recreational facility, including parking areas in said Recreation Reserves, and agree to indemnify the parties released from any damages they may sustain. Owners further grant an easement to the Declarant and the Association for any incidental noise, lighting, odors, parking and/or traffic which may occur in the normal

operation of the Recreation Reserves or recreational facilities which is or may be placed within the Recreation Reserve. The Declarant, its successors and assigns, and/or the Association has the right to promulgate rules and regulations governing the use of the Recreation Reserves and a recreational facility, if, as, and when such facility is built.

Owners whose lots are adjacent to or abut the Recreation Reserves shall take care and shall not permit any trash, fertilizers, chemicals, petroleum products, environmental hazards or any other foreign matters or livestock to infiltrate the Recreation Reserves. Any owner permitting or causing such infiltration shall indemnify and hold harmless the Association for all costs of clean up and remediation necessary to restore the Recreation Reserves to its condition immediately prior to said infiltration.

No common stable facilities other than those existing on February 1, 2005 at the Perfection Ranch barn/arena will be built at Perfection Ranch. Except as provided in paragraph "V" below ("Declarant's Special Use") the Perfection Ranch barn/arena and/or adjacent common property shall never be utilized for any commercial or other public purpose including but not limited to: riding school(s); churches or meetings of groups, religious or charitable organizations; public playdays, officially sanctioned horse or other livestock shows, carnivals, or other group events open to non-property owners at Perfection Ranch. Any private parties held at the Perfection Ranch barn/arena and/or adjacent common property shall not create a nuisance, cause undue noise, or interfere with the peace of adjacent land owners in Perfection Ranch. The provisions of this paragraph are permanent and run with the land and may not be amended at any time by any means without the express written consent of Craig V. Depew and Eileen C. Depew, or the assigns to their interests in Lot 41, Perfection Ranch.

4. Entrance Reserves

Owners of Lots within the Property are advised that there exists Reserve "D" (hereinafter the "Entrance Reserve") shown on the recorded plat for the Property, which is dedicated for use as an entrance to the Subdivision and shall be maintained by the Association. Owners of Lots within the Subdivision hereby agree to hold harmless the Declarant and the Association, and their successors and assigns, and release them from any liability for the placement, construction, design, operation, maintenance and replacement of any improvements on the Entrance Reserve, and agree to indemnify the parties released from any damages they may sustain. Owners further grant an easement

to the Declarant and the Association for any incidental noise, lighting, odors, parking and/or traffic which may occur in the normal maintenance of the Entrance Reserve.

Owners whose Lots are adjacent to or abut any Entrance Reserve shall take care and shall not permit any trash, fertilizers, chemicals, petroleum products, environmental hazards or any other foreign matters to infiltrate a Reserve. Any owner permitting or causing such infiltration shall indemnify and hold harmless the Association for all costs of clean up and remediation necessary to restore a Reserve to its condition immediately prior to said infiltration.

5. Dam Maintenance Easement

Owners of Lots 37, 58, and 59 are advised that Declarant and the Association reserve for themselves and their successors, assigns and designees the nonexclusive right and easement, including a one hundred foot (100') easement along the dam side of said Lots, to enter upon said Lots to construct, maintain and repair any wall, dam or other structure retaining water within the Subdivision, and further to remove trash and other debris and fulfill their maintenance responsibilities as provided in this Declaration. Declarant's rights and easements hereunder shall be transferred to the Association at such time as JPM shall cease to own Property subject to the Declaration, or such earlier time as Declarant may decide, in its sole discretion, and transfer such rights by a written instrument. The Declarant, the Association, and their designees shall have an access easement over and across any of the Properties abutting or containing any portion of the dam to the extent reasonably necessary to exercise their rights and responsibilities under this Section.

The dam shall not be permanently modified so as to raise or lower the level of Perfection Lake without the written consent of all owners of property adjoining the lake and its creeks and tributaries.

6. Pipeline Easement

Located within the Subdivision, as shown on the recorded plat of the Property, there exists a pipeline easement described in more detail in Volume 709, Page 888 of the Deed Records of Montgomery County, Texas ("Pipeline Easement"). Owners hereby agree to hold harmless the Declarant, JPM, and the Association, and their successors and assigns and release them from any liability for the existence, placement, and/or maintenance of the pipeline/Pipeline Easement and agree to indemnify the parties released from any damages

they may sustain. Owners hereby acknowledge that the Association, its directors, officers, managers, agents, or employees, the Declarant or any successor Declarant have made no representations or warranties nor has any Owner, occupant, tenant, guest or invitee relied upon any representations or warranties, expressed or implied, relative to any future change in use of the Pipeline Easement.

7. Pedestrian/Equestrian Easement

Located within the Subdivision and depicted on the recorded plat there are non-exclusive easements for pedestrian and equestrian purposes. In addition to the easements shown on the recorded plat, there are hereby reserved for pedestrian and equestrian purposes additional non-exclusive easements of twenty (20) feet in width, being ten (10) feet on either side of the common boundary lines of lots 39 and 47, 40 and 46, 42 and 45, 24 and 26, 23 and 26, 23 and 22, 21 and 26, and 20 and 26. Segments of these easements run in or along creeks and may not be usable at all times. Said easements, whether depicted on the recorded plat or provided for herein, are hereinafter referred to as the "Pedestrian/Equestrian Easements". Owners shall not install or erect any fences or other impediments to the Pedestrian/Equestrian Easement. Owners hereby agree to hold harmless the Declarant and the Association, and their successors and assigns and release them from any liability for the existence, placement, and/or maintenance of the Pedestrian/Equestrian Easement and agree to indemnify the parties released from any damages they may sustain. Owners further grant an easement to the Declarant and the Association for any incidental noise, odors, and visibility of the Pedestrian/Equestrian Easement, and/or traffic which may occur due to the existence of the Pedestrian/Equestrian Easement.

8. Monuments and Fences

Except as otherwise provided below, there are, or will be, installed a white three (3) board wood fence to be located adjacent to property lines along all Street and Private Drive frontages, hereinafter referred to as the "Perimeter Fence". Said Perimeter Fence may have been installed over a period of years. Neither Declarant nor JPM makes any representations as to the condition or quality of said Perimeter Fence. Owners are responsible for the maintenance, upkeep, cleaning, repair and replacement of the portion of the Perimeter Fence which is located on or adjacent to their Lot. Additionally, Owners are responsible for repainting the Perimeter Fence white as needed. Any repairs or

replacement of the Perimeter Fence must be of the same specifications and be painted white. Ornamental or wrought iron fences (instead of the white 3-board wood fence required above) shall be allowed on Lots 54, 55 and 56.

All other fences, except as set forth below, must be built to the same specifications and color of the Perimeter Fence, unless approved in advance by the ARC.

An ornamental iron fence, which must be approved by the ARC and must meet Montgomery County or other applicable governmental entities' specifications, may be constructed to enclose a swimming pool or yard. A dog run may be constructed with chain link fencing as long as it is screened from public view. Chain link fencing may also be used to enclose a tennis court.

Corrals and other animal enclosures may be constructed with the white three (3) board fencing. Fencing materials may be attached to the corral board fence to fence smaller approved animals with prior ARC approval.

Owners shall be responsible for the maintenance, repair and/or replacement of all fences in existence at the time of transfer from Declarant to Owner. The maintenance of any portion of a fence which lies between Lots shall be the joint responsibility of each Lot owner on whose property the fence lies between. In the event an Owner fails to repair, replace or maintain said fence in a manner consistent with the Subdivision in the sole discretion of the Board of Directors, the Association shall have the right, but not the obligation, to enter such property for the repair and/or replacement of such fence after notice to the Owner. Any expense incurred by the Association in effectuating such repairs/replacement shall be the responsibility of the Owner and shall be secured by the continuing lien on the Lot as provided in Article XI, Section A of this Declaration.

9. Central Water

The Lots in Perfection Ranch may be served by a water system installed, operated and continuously maintained in accordance with applicable utility company and governmental requirements. The Declarant and/or the Association shall have the exclusive right to cancel such service in the event the utility company, its successor, assigns or replacements, fails to construct, operate, repair and maintain a high-quality public water system with adequate water pressure.

10. Electrical Easement

There is hereby reserved unto Declarant, so long as the Declarant or JPM owns any of the Property, the Association, and the designees of each (which may include, without limitation, Montgomery County and any electric service provider) access and maintenance easements upon, across, over, and under all of the Property to the extent reasonably necessary for the purpose of installing, replacing, repairing, and maintaining any or all electrical lines (the "Electrical Easement") which may exist now or in the future for the purpose of providing electric service to Lots and the Subdivision. This Electrical Easement shall additionally extend for ten feet (10') from both sides of each side Lot line; provided however, if two or more Lots are combined as provided herein, unless the electric line is already installed, the Electric Easement shall no longer exist at the Lot line between the combined Lots but shall be measured from the side Lot lines on the consolidated Lots. Notwithstanding anything to the contrary herein, this Electrical Easement shall not entitle the holders to construct or install any systems, facilities, or utilities over, under or through any existing Dwelling; and any damage to a Homesite resulting from the exercise of this Electrical Easement shall promptly be repaired by, and at the expense of, the person or entity exercising the Electrical Easement. The exercise of this Electrical Easement shall not unreasonably interfere with the use of any Homesite. Notwithstanding anything to the contrary contained in this Section 9, no electrical lines may be installed or relocated on the Property, except as may be approved by the Board of Directors or Declarant.

11. Streets and Private Drives

The Streets in the Subdivision are dedicated as private streets for the use and benefit of the Owners and occupants of the Subdivision. Additionally, the Private Drives are dedicated as access easements for the use and benefit of the Owners and occupants of the Subdivision. The Association shall be responsible for the repair and maintenance of the Streets and Private Drives.

Notwithstanding the fact that all Streets and Private Drives are not dedicated to the public but that each Owner has an appurtenant easement of ingress and egress and use of said Streets and Private Drives, it is specifically provided that the law enforcement officers of Montgomery County, Texas, the State of Texas and other official law enforcement bodies, together with fire trucks and other emergency vehicles and school busses shall have access to the Streets and Private Drives in the exercise of their official duties.

G. Signs

No sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Dwelling, fence or other improvement upon such Lot so as to be visible from public view except the following:

An Owner may erect one (1) sign on his Lot identifying the Lot by name, subject to prior ARC approval. By way of example, but not limitation, a sign naming the owner's Lot such as "The Jones" may be installed at the entry to the Lot subject to prior ARC approval.

The Declarant may place certain information and advertising signs on Lots or Reserves without the prior permission of the ARC.

If any sign is placed within Perfection Ranch in violation of this Declaration, the Association or its agents shall be authorized to enter upon any Lot or Homesite and remove and/or dispose of any such sign violation, and in doing so shall not be subject to any liability for trespass, other tort or damages in connection with or arising from such entry, removal and/or disposal nor in any way shall the Association or its agent be liable for any accounting or other claim for such action.

H. Common Areas

The Association, subject to the rights of the Members set forth in this Declaration and any amendments or supplemental amendments, shall be responsible for the exclusive maintenance, management and control of the Common Area and all improvements thereon and shall keep it in good, clean, attractive and sanitary condition. Any Member or his or her guests, family or invitees that causes damage to the Common Area shall be financially responsible for said damage. No Member may appropriate any portion of the Common Areas or any improvement thereon for his or her own use (exclusive or common) unless approved by the Association. The cost of repair, if not timely paid by the Member (within thirty [30] days of notice from the Association) shall be assessed against the Member's Homesite and secured by the continuous lien set forth in Article XI, Section A of this Declaration. The Association will make rules and guidelines for the use of the Common Areas including parties, weddings and other special events that one or more property owners may wish to hold.

I. Deed Restriction Enforcement

1. Authority to Promulgate Rules and Regulations

The Board of Directors has the authority to promulgate reasonable rules and regulations concerning enforcement of the covenants and restrictions contained in this Declaration, any supplemental amendment, and/or amendments concerning the use and enjoyment of Common Areas.

2. Attorney's Fees and Fines

In addition to all other remedies that may be available, after notice and an opportunity to be heard as required by §209 of the Texas Property Code as same may be amended, the Association has the right to collect attorney fees and/or fines as set by the Board from any Owner that is in violation of this Declaration, any applicable supplemental amendment or amendments, any Architectural Guidelines or any other rule or regulation promulgated by the Association.

3. Remedies

Every Owner shall comply with all provisions of this Declaration, the By-Laws, and the rules and regulations of the Association, all other dedicatory instruments of the Association and any amendments or supplements to any of the foregoing. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, maintainable by the Association. In addition, the Association may avail itself of any and all remedies provided in this Declaration, any amendment, supplemental restriction, the By-Laws or any other dedicatory instruments. Additionally, any Owner shall have the authority to enforce the restrictive covenants set out in this Declaration.

J. Antennas

No exterior antennas, aerials, satellite dishes, or other apparatus for the reception or transmission of television, radio, satellite or other signals of any kind shall be placed, allowed, or maintained upon any portion of the Property, including any Homesite, which is visible from any street, common area or other Lot unless it is impossible to receive/send signals from a non-visible location. In that event the receiving/sending 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. In no event will any device be allowed that creates interference with other reception/transmission devices or as determined to be a potential health risk. The Declarant and/or the Association shall have the right, without obligation, to erect or install an aerial, satellite dish, master antenna, cable system, or other apparatus for the transmission/reception of television, radio, satellite or other signals for the benefit of all or a portion of the Property. No satellite dishes shall be permitted which are larger than one (1) meter in diameter.

No broadcast antenna mast may exceed the height of the center ridge of the roofline. No Multichannel Multipoint Distribution Service ("MMDS") antenna mast may exceed the height of twelve feet (12') above the center ridge of the roofline. The Declarant by promulgating this Section is not attempting to violate the Telecommunications Act of 1996 ("the 1996 Act"), as may be amended from time to time. This Section shall be interpreted to be as restrictive as possible while not violating the 1996 Act.

In the event that it is impossible to send or receive a signal from a non-visible location, the installation of antennas shall be subject to rules and regulations which may be promulgated by the Association setting out preferred alternate locations for antennas.

K. General Nuisances

No portion of the Property shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any portion of the Property that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding Homesites, Recreational Sites, or Common Areas.

No noxious, illegal, or offensive activity shall be carried on upon any portion of the Property, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any portion of the Property. There shall not be maintained any plants, animals, device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Property. No speaker, horn, whistle, bell or other sound device, except alarm devices used exclusively for residential monitoring purposes, shall be

installed or operated on the Property, unless required by federal, state or local regulation. The use and discharge of firecrackers and other fireworks is prohibited within the Property.

It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Homesite. The pursuit of hobbies or other visible activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, that might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Property. Notwithstanding the above, the disassembly and assembly of motor vehicles to perform repair work shall be permitted provided such activities are not conducted on a regular or frequent basis, and are either conducted entirely within an enclosed garage or, if conducted outside, are begun and completed within twelve (12) consecutive hours.

Additionally, it shall be the responsibility of each Owner to maintain all building and vehicle security systems in good working order. Malfunctioning security systems which create undue noise in the Subdivision are declared to be a nuisance for the purpose of this covenant.

L. Tree Removal

No trees greater than six (6) inches in diameter measured at a point six (6) inches above the ground shall be removed, except for diseased or dead trees and trees needing to be removed to promote the growth of other trees or for safety reasons, unless approved by the ARC. In the event of an intentional or unintentional violation of this Section, the violator may be required to replace the removed tree with one (1) or more comparable trees of such size and number, and in such locations, as the Association may determine necessary, in its sole discretion, to mitigate the damage.

This paragraph (L) does not apply to pine trees subject to a timber management plan pursuant to which an Owner has or in good faith seeks a timber exemption from any taxing entity.

M. Animals, Pets, Agricultural Use

For purposes hereof, the term "agricultural use" shall be limited as follows:

1. Raising of cattle and horses shall be permitted; however, the raising and/or penning of wild game, feedlot operations and commercial operations of any type whatsoever are strictly prohibited. No dangerous exotic pets shall be allowed. This exclusion includes, but is not limited to, lions, tigers, cougars, leopards, pumas, ocelots, hyenas, any and all poisonous snakes or reptiles, large non-native mammals such as elephants, camels, bears, water buffaloes, hippos, warthogs, javelina, etc. Raising, housing, or training any animals other than horses on a commercial basis is not allowed. All horses entering or maintained upon any portion of The Property shall have an equine infectious anemia laboratory (coggins) test dated within the previous twelve (12) months and showing a negative test result.

2. Horses, cows, sheep, and alpacas shall be limited to one (1) animal unit for every one (1) acre contained within the Homesite.

3. Any animal with unweaned offspring shall be deemed and considered to be a single animal unit. Otherwise each head of cattle or other livestock shall be deemed to be a single animal unit.

4. Where a combination of types of animals are kept on a lot, the total number allowed shall be determined by allocating one (1) acre per animal unit, regardless of kind.

5. Poultry, goats, and swine shall be permitted for 4-H, FFA Club, or similar organization projects and limited to one (1) poultry per acre and two (2) swine or two (2) goats per Lot. Guinea fowl and other noisy fowl are prohibited.

6. Dogs, cats, or other common household pets (collectively, "Pets") are excluded from the term "livestock" and "Animal Unit", provided they are kept for non-commercial purposes. Pets shall not be permitted to roam freely. The Association has the right to adopt rules and regulations concerning the keeping of animals and the means to enforce such. At all times, Owners of dogs and cats must be able to exhibit current rabies vaccinations from a licensed veterinarian.

7. All lots, pens, and other areas where any animals kept or raised shall be maintained in a neat and clean condition reasonably free from odors and shall be periodically sprayed to restrict and minimize flies and other insects so as not to become a nuisance to Owners of Lots.

N. Hunting

No hunting is allowed on the Property. No pistol, rifle, shotgun or any other firearms or fireworks or any other device capable of killing or injuring or causing property damage shall be discharged on any part of the Property.

The Association has the right to adopt rules and regulations concerning the use of firearms on the Property.

O. Swimming Pools/Spas

No above ground swimming pools are permitted. All swimming pools and spas require architectural approval as set out in Article VII herein.

P. Barns, Out Buildings/Accessory Buildings

No living structure, Dwelling, out building and/or accessory building (including, but not limited to barns, greenhouses, sheds, gazebos, play houses, shade trellis) shall be constructed, modified, or placed on a Lot within Perfection Ranch without the prior written approval of the Association. Any and all improvements, including but not limited to: living structure, Dwelling, out building and/or accessory building (including, but not limited to barns, greenhouses, sheds, gazebos, play houses, shade trellis) must be constructed and/or modified to be compatible with the "Country Setting" as same is set out herein and the design and materials must be compatible to the main dwelling. The Association shall have the right without the obligation to promulgate rules, regulations and guidelines regarding the size, quality, location and type of these structures.

Q. Window Air Conditioning Units

No window or wall type air conditioners shall be permitted to be used, placed or maintained on or in any building on the Lots, with the exception that window or wall type air conditioners shall be permitted for the benefit of a garage, barn, or outbuilding if such air conditioning unit is located at the rear of the garage unit, is screened from public view, and is screened from view by any other Lot, Common Area or Dwelling unless otherwise approved by the ARC. All window air conditioning units require architectural approval as set out in Article VII herein.

R. Perfection Lake and Perfection Creeks

All Lot Owners, in good standing, may use the surface areas of Perfection Lake and the tributary creeks. Access to the Lake and creeks is allowed only from Perfection Park and the dam spillway, except for Lot Owners adjoining the Lake or tributary creeks. Only boats with sails, oars or paddles, paddle boats, or boats with electric trolling motors may be used on Perfection Lake and the tributary creeks. No gasoline or diesel motors of any type are allowed except for lake maintenance approved by the Association. Swimming shall not be permitted in Perfection Lake or the tributary creeks. All fishing and fishermen on Perfection Lake or the tributary creeks must be in compliance with Texas Parks and Wildlife safety regulations. All fishing and fishermen on Perfection Lake or the tributary creeks must be in compliance with rules and regulations established for Perfection Lake and the tributary creeks by the Declarant and/or the Association. No Owner may grant any non-Owner permission to fish Perfection Lake or the tributary creeks unless accompanied by Owner at all times. All fishing in Perfection Lake or the tributary creeks shall be catch and release unless expressly permitted by the Association for the purposes of game management or procuring a limited number of trophies. No one may trespass onto the Lots adjoining Perfection Lake or the tributary creeks.

With the approval of the ARC, the Owners of Lots 4, 33, 34, 36, 37, 59 and 60 may build a simple pier which projects no more than twenty-five (25) feet into Perfection Lake. Covered piers or boat houses will be allowed with approval of the ARC. No more than one vessel shall be berthed at such piers at any time. Any vessels berthed at such piers shall be properly secured and maintained at all times in a good and seaworthy condition, clean, and free from any visible mold or mildew above the water line.

No Lot Owner in Perfection Ranch may draw or pump water from Perfection Lake or the tributary creeks for any purpose.

Notwithstanding the foregoing, the Association, and the Declarant (for so long as the Declarant or JPM owns property that is or may be subjected to this Declaration) may use and regulate the use of Perfection Lake and the tributary creeks for the irrigation of the Common Areas or any other purpose deemed appropriate by the Board or Declarant.

S. Ponds and Other Water Bodies

Individual ponds may be constructed, subject to prior ARC approval, on a Lot so long as they are maintained so as not to become stagnant and do not interfere with the existing or planned drainage of the Property. No dam or embankment may be constructed on natural drainage, outfall, or waterways that result in backwater effect across existing or proposed public rights of way. Motorized boats, except boats with electric trolling motors, and jet skis are not permitted on any lake or pond within Perfection Ranch.

The Board of Directors has the right to promulgate rules and regulations governing the use of the ponds, and other bodies of water. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of ponds, or other bodies of water within or adjacent to Subdivision.

T. Outdoor Lighting

Outdoor lighting shall be permitted subject to prior ARC approval. Mercury vapor, halogen, sodium vapor, or quartz iodine type lights are generally prohibited. Incandescent, reflector, down-directed or flood lights are preferred over the radial light style. Outdoor lighting must be installed so as to minimize the amount of spill light that shines on adjacent properties, homes or streets. Lighting installed to delineate the perimeter of a Lot is specifically prohibited. In no event shall the lighting be directed to shine in a manner which disturbs a neighbor or directed to shine upward. Decorative up-lighting of trees, Dwellings and entrances may be approved by the ARC.

The Board shall have the authority to require the removal or modification of any lighting which it reasonably determines to be annoying to Owners within Perfection Ranch.

U. Combining/Subdividing of Lots

No lots may be subdivided other than Lots 33 and 36. Lots 33 and 36 may be divided into two (2) Lots. No Lot may be less than three (3) acres in size. Lots 33 and 36 may not be subdivided except as set out below. The combining of Lots, or portions of Lots, is permitted subject to the following provisions.

1. All governmental requirements must be complied with as to combining one Lot with a portion of another Lot. If Lots are combined, the side setback requirements are moved to the resulting perimeter Lot lines after the combination.

2. A Lot may be divided, and a portion of that Lot may be purchased by each of the adjacent Lot owners, so long as the entire Lot is purchased by the adjoining Lot Owners. By way of example, and not limitation, if a Lot is divided between two adjoining Lot Owners, where Owner "A" purchases one-third of the subdivided Lot, then Owner "B" must purchase the remaining two-thirds of the subdivided Lot. Owner "B" may not purchase less than the entire remainder of the subdivided Lot.

3. If any Lot is divided between adjacent Lot Owners, that Lot shall be subject to Annual Assessments in an amount equal to one-half of the regular assessment prorated, however, between the respective Owners of the subdivided Lot based on the proportionate size of each part of the subdivided Lot. Special assessments shall be at the full rate per lot, proportionally.

4. The Annual and Special Assessment lien created herein shall be a charge and continuing lien upon each portion of the subdivided Lot, and it shall be the personal obligation of the persons or entities who were the Owners of such portion of the Lot at the time when the Assessment became due.

5. A purchaser of two (2) or more contiguous lots will pay the full Annual Assessment and the full amount of any Special Assessment for the first Lot and one-half the Annual Assessment and the full amount of any Special Assessments for the additional Lot(s) owned. If the second or any additional Lot is conveyed, the full Annual Assessment and any Special Assessment will be assessed against the second or additional Lot from the time of conveyance.

V. Declarant's Special Use

It is specifically agreed by each Owner and stipulated herein that the Declarant, its successors and assigns will have the right of use of all Common Areas. Such use will be allowed for the purposes of promotion and sale of property by the Declarant and will include the right to issue passes and permits to guests or prospective purchasers of property and Declarant's agents or employees to use and enjoy, for limited periods, such Common Area facilities and services. This right is reserved unto the Declarant, its successors and assigns, for so long as the Declarant or JPM own land in the Subdivision and is marketing same.