

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
HERITAGE SQUARE, SECTION ONE (1)

THE STATE OF TEXAS)
)
COUNTY OF HARRIS)

02/17/92 00982297 N542226 \$ 55.00

This Declaration is made on the date hereinafter set forth by HERITAGE SQUARE VENTURE L. P., a Texas Limited Partnership comprised of FRIC, INC., a Texas corporation and TRAYLOR CORP. a Texas corporation, its general partners (hereinafter collectively referred to as "Declarant") acting herein by and through its hereunto duly authorized officers.

W I T N E S S E T H:

WHEREAS, Declarant is the owner of that certain property known as HERITAGE SQUARE, SECTION ONE (1), a subdivision in Harris County, Texas, according to the map or plat thereof recorded in Film Code No. 350028 of the Map Records of Harris County, Texas and described as follows:

- Lots 1 through 4, both inclusive in Block 1;
- Lots 1 through 33, both inclusive in Block 2; and
- Lots 1 through 75, both inclusive in Block 3

WHEREAS, it is the desire of Declarant to place certain restrictions, covenants, conditions, stipulations and reservations upon and against Heritage Square, Section One (1) in order to establish a uniform plan for the development, improvement and sale of such property, and to insure the preservation of such uniform plan for the benefit of both the present and future owners in said subdivision.

NOW THEREFORE, Declarant hereby adopts, establishes and imposes upon those above described lots in Heritage Square, Section One (1), the following reservations, easements, restrictions, covenants and conditions applicable thereto, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the property which reservations shall run with the said property and shall be binding upon all parties having or acquiring any right, title or interest therein, or any part thereof, and shall inure to the benefit of each owner thereof.

Definitions

Section 1. "Association" shall mean and refer to the HERITAGE SQUARE COMMUNITY ASSOCIATION, INC., a Texas non-profit corporation, its successors and assigns.

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

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, subject to the reservations set forth herein and/or in the subdivision plat, and any additional properties made subject to the terms hereof pursuant to the provisions set forth herein.

Section 4. "Lot" and/or "Lots" shall mean and refer to any plot of land as described above and all lots annexed pursuant to Section 11 of Article VI hereof, (exclusive of reserves and common area, if any).

Section 5. "Common Area" shall mean all property owned by the Association, if any, for the common use and benefit of the owners.

Section 6. "Declarant" shall mean and refer to HERITAGE SQUARE VENTURE, its successors and assigns, if such successors and assigns are so designated in writing by Declarant as the successors and assigns of all of Declarant's rights hereunder.

Section 7. "Subdivision" shall mean and refer to the Properties and any additional properties which may hereafter be brought within the scheme of this Declaration pursuant to the provisions set forth herein and hereafter brought within the jurisdiction of the Association.

Section 8. "Architectural Control Committee" shall mean and refer to Heritage Square Architectural Control Committee provided for in Article IV hereof.

Reservations, Exceptions, Easements and Dedications

Section 1. Recorded subdivision plat of the Properties.

The recorded subdivision plat of the Properties dedicate for use as such, subject to the limitations as set forth therein, the streets and easements shown thereon, and the restrictions applicable to the Properties, including without limitation, certain minimum setback lines. The dedications, limitations, restrictions and reservations shown on the recorded plat of the subdivision are incorporated herein and made a part hereof as if fully set forth herein, and shall be construed as being adopted in each and every contract, deed or conveyance executed or to be executed by or on behalf of Declarant, conveying said Properties or any part thereof, whether specifically referred to therein or not.

Section 2. Easements. Declarant reserves for the

public use, the easements and rights-of-way shown on the recorded subdivision plat of the Properties for the purpose of constructing, maintaining and repairing a system of electric lighting, electric power, telegraph and telephone line or lines, gas, water, sewers, cable television and any other utility Declarant sees fit to install or cause to be installed in, across, over and/or under the Properties. Declarant reserves the right to make changes in and additions to the above easements for the purpose of most efficiently and economically installing the improvements. Neither Declarant nor any utility company using the easements herein referred to shall be liable for any damages done by them or their assigns, their agents, employees, or servants, to fences, shrubbery, trees or flowers or any other property of the Owner of the Lot covered by said easements.

Section 3. Title subject to easements. It is expressly

agreed and understood that the title conveyed by Declarant to any of the Properties by Contract, Deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, water, gas, storm sewer, electric lighting, electric power,

telephone, telegraph or other utility purposes. The Owner of the respective Lot(s) shall not be deemed to separately own pipes, wires, conduits or other service lines running through its property which are utilized for or service other Lots, but each Owner shall have an easement in and to the aforesaid facilities as shall be necessary for use, maintenance and enjoyment of his Lot.

ARTICLE III.

Use Restrictions

Section 1. Single family residential construction. No building shall be erected, altered, or permitted to remain on any Lot other than one detached, single-family dwelling used for residential purposes only, and not to exceed two and one-half (2 1/2) stories in height. Each such dwelling on a Lot shall have an attached or detached garage for two (2) or more cars, but not more than three (3) cars, provided that the Architectural Control Committee may, in its discretion, permit the construction of a garage for more than three (3) cars, such permission to be granted in writing as hereinafter provided. As used herein, the term "residential purposes" shall (except as provided in Article III, Section 8) be construed to prohibit mobile homes or trailers being placed on the Lots, or the use of said Lots for garage apartments, or apartment houses; and no Lot shall be used for business or professional purposes of any kind, nor for any commercial or manufacturing purposes. No building of any kind, with the exception of lawn storage or children's playhouses, not to exceed eight (8) feet in height, shall ever be moved onto any Lot within said subdivision, it being the intention that only new construction shall be placed and erected thereon, except with the prior written consent of the Architectural Control Committee.

Section 2. Minimum square footage within improvements.

The living area on the ground floor of the main residential structure (exclusive of porches, garages and servants' quarters) shall be not less than 1000 square feet for one-story dwellings.

The total living area for a multi-story dwelling shall be not less than 1200 square feet. The Architectural Control Committee, at its sole discretion, is hereby permitted to approve deviations in any building area herein prescribed in instances, which in its sole judgment, such deviation would result in a more common beneficial use. Such approvals must be granted in writing and when given will become part of this Declaration of Covenants, Conditions and Restrictions to the extent of the particular Lot involved.

Section 3. Exterior materials. The exterior materials of the main residential structure and any attached garage and servants' quarters shall be not less than fifty-one (51%) percent masonry on the ground floor, unless otherwise approved in writing by the Architectural Control Committee.

Section 4. Sidewalks. Upon completion of construction of a house on a Lot, a concrete sidewalk four (4) feet wide shall be constructed parallel to the curb two (2) feet from the property line along the entire front of the Lot. In addition thereto, a concrete sidewalk four (4) feet wide shall be constructed parallel to the curb two (2) feet from the property line along the entire side of any corner Lot. The plans for each residential building on each Lot shall include plans and specifications for such sidewalks and same shall be constructed and completed before the main residence is occupied.

Section 5. Location of the improvements upon the Lot. No structure shall be located on any Lot nearer to the front property line or nearer to the side property line than the building line shown on the recorded plat; however, in no instance shall a building be located nearer to the front property line than twenty-five (25) feet unless approved in writing by the Architectural Control Committee. Subject to the provisions of Section 6 below, no part of any residence building, or garage shall be located nearer than five (5) feet to an interior side lot

line or ten (10) feet to any exterior lot line on a corner Lot, except that a garage or other permitted accessory building located sixty (60) feet or more from the front lot line may be a minimum distance of three (3) feet from an interior lot line. For the purposes of this section, 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 building on any Lot to encroach upon another Lot. Unless otherwise approved in writing by the Architectural Control Committee, each main residence building shall face the front building line.

Section 6. Composite building site. The Owner of one or more adjoining Lots (or portions thereof) may consolidate these Lots or portions into one residence building site, with the privilege of constructing improvements on the resulting composite building site. Setback lines for the resulting composite building site shall be measured from the resulting interior property lines rather than from the lot lines shown on the recorded plat. The frontage of each composite building site at the building setback line shall not be less than the minimum frontage of the other Lots in the same block. Each composite building site shall be assessed as though it were one Lot.

Section 7. Prohibition of offensive activities. No activity, whether for profit or not, shall be carried on on any Lot which is not related to single family residential purposes. No noxious or offensive activity of any sort shall be permitted nor shall anything be done on any Lot which may be, or may become, an annoyance or a nuisance to the neighborhood. This restriction is waived in regard to the normal sales activities required to sell homes in the Subdivision and the lighting effects utilized to display sales offices or model homes.

Section 8. Use of temporary structures. No structure of a temporary character, whether trailer, tent, shack, garage, barn or other outbuilding shall be maintained or used on any Lot at any time as a residence, or for any other purpose, with the exception of lawn storage or children's playhouses; provided,

however, that Declarant reserves the exclusive right to erect, place and maintain such facilities or allow to be erected, placed or maintained such facilities in or upon any portions of the Properties as in its sole discretion may be necessary or convenient while selling Lots, selling or constructing residences and constructing other improvements upon the Properties or upon properties located in additional, future platted sections contiguous to this section. Such facilities may include, but not necessarily be limited to, sales and construction offices, storage areas, model units, signs and portable toilet facilities.

Section 9. Storage of automobiles, boats, trailers, recreational vehicles and other vehicles. No motor vehicle may be parked or stored on any part of any Lot, easement, right-of-way, or common area or in the street adjacent to any Lot, easement, right-of-way or common area unless such vehicle does not exceed either six feet six inches in height, and/or seven feet six inches in width and/or twenty-one feet in length and is concealed from public view inside a garage or other approved enclosure, except passenger automobiles, passenger vans (the term "passenger vans" specifically excludes motor homes and recreational vehicles), motorcycles, pick-up trucks, or pick-up trucks with attached-bed campers, that are in operating condition, have current license plates and inspection stickers, and are in daily use as motor vehicles on the streets and highways of the State of Texas and which do not exceed six feet six inches in height, and/or seven feet six inches in width and/or twenty-one feet in length.

No non-motorized vehicle, trailer, boat, marine craft, hovercraft, aircraft, machinery or equipment of any kind may be parked or stored, on any part of any Lot, easement, right-of-way, or common area or in the street adjacent to such Lot, easement, right-of-way, or Common Area unless such object is concealed from public view inside a garage or other approved enclosure. The

phrase "approved enclosure" as used in this paragraph shall mean any fence, structure, or other improvement approved in writing by the Architectural Control Committee. If a complaint is received about a violation of any part of this Section, the Architectural Control Committee will be the final authority on the matter. This restriction shall not apply to any vehicle, machinery, or maintenance equipment temporarily parked and in use for the construction, repair or maintenance of a house or houses in the immediate vicinity.

Section 10. Mineral operation. No oil drilling, oil 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. No derrick or other structures designed for the use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

Section 11. Animal husbandry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other common household pets may be kept, provided that they are not kept, bred or maintained for commercial purposes. No more than three (3) of each specie of pet will be permitted on each Lot. If common household pets are kept, they must be confined to a fenced backyard (such fence shall encompass the entire backyard) or within the house. When away from the Lot, the pet must be on a leash at all times.

Section 12. Walls, fences and hedges. No hedge in excess of three (3) feet in height, walls or fence shall be erected or maintained nearer to the front Lot line than the plane of the front exterior wall of the residential structure on such Lot. No side or rear fence, wall, or hedge shall be more than eight (8) feet high. All fences must be constructed of ornamental iron, wood, or masonry, and no chain link fence shall be placed on any Lot without the express prior approval, in writing, of the

Architectural Control Committee, such approval to be granted as hereinafter provided, except to enclose a swimming pool or tennis court, if such chain link fence is not visible from any street.

Section 13. Visual obstruction at the intersections of public streets. No object or thing which obstructs site lines at elevations between two (2) feet and eight (8) feet above the roadway within the triangular area formed by the intersecting street property lines and a line connecting them at points ten (10) feet from the intersection of the street property lines or extension thereof shall be placed, planted or permitted to remain on any corner Lots.

Section 14. Lot maintenance. The Owners or occupants of all Lots shall at all times keep all weeds and grass thereon cut in a sanitary, healthful and attractive manner, and shall in no event use any Lot for storage of materials and equipment except for normal residential requirements as incident to construction of improvements thereon as herein permitted. All fences, if any, which have been erected on any Lot by Declarant or otherwise shall be maintained in good repair by Owner, and Owner shall promptly repair or replace the same in the event of partial or total destruction. The drying of clothes in full public view is prohibited and the Owner(s) or occupants of any Lots at the intersection of streets or adjacent to parks, playgrounds or other facilities where the rear yard or portion of the Lot is visible to public view shall construct and maintain a suitable enclosure to screen the following from public view: the drying of clothes, yard equipment, or storage piles which are incident to the normal residential requirements of a typical family. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste materials shall not be kept except in sanitary containers, constructed of metal, plastic or masonry materials with sanitary covers or lids. Containers for the storage of trash, garbage and other waste materials must be

stored out of public view. Equipment for storage or disposal of such waste materials shall be kept in a clean and sanitary condition and shall be stored out of public view. New building materials used in the construction of improvements erected upon any Lot may be placed upon such Lot at the time construction is commenced and may be maintained thereon for a reasonable time, so long as the construction progresses without undue delay, until the completion of the improvements, after which these materials shall either be removed from the Lot or stored in a suitable enclosure on the Lot.

In the event of a violation by the Owner or occupant of any Lot of any covenant, condition or restriction imposed upon the Owner or Lot in this Article III and the violation continues after ten (10) days written notice thereof, or in the event the Owner or occupant has not proceeded with due diligence to complete the appropriate repairs and maintenance after such notice, the Association shall have the right (but not the obligation), through its agents or employees, to repair, maintain or restore the Lot, the exterior of the residence, the fence and any other improvement located thereon. To the extent necessary to prevent rat infestation, diminish fire hazards and accomplish any of the above needed repairs, maintenance and/or restoration, the Association shall have the right, through its agents and employees, to enter any residence or improvements located upon such Lot. The Association may enter onto any Lot and/or improvement and cut the weeds and grass, edge the lawn around the curb, cause to be removed garbage, trash and rubbish or do any other thing necessary to secure compliance with this covenant. The Association may render a statement of charge to the Owner or occupant of such Lot for the cost of such work. The Owner and occupant agree by the purchase and occupation of the Lot to pay such statement immediately upon receipt. The cost of such work, plus interest thereon at the maximum rate permitted under the laws of the State of Texas, shall become a part of the assessment payable by said

Owner and payment thereof shall be secured by the maintenance lien hereinafter retained. The Association, its agents and employees, shall not be liable, and are hereby expressly relieved from any liability, for trespass or other tort in connection with the performance of the exterior maintenance and other work authorized herein.

Section 15. Signs, advertisements, billboards. Except for signs owned by Declarant or by builders advertising their homes during the period of original construction and home sales, no sign, poster, advertisement or billboard or advertising structure of any kind other than a normal "For Sale" sign not to exceed five (5) square feet in total size may be erected or maintained on any Lot in said Subdivision. Declarant, or its assigns, will have the right to remove any sign, advertisement, billboard, or advertising structure that does not comply with the above, and in so doing shall not be subject to any liability of trespass or other tort in the connection therewith or arising with such removal.

Section 16. Antennae. No electronic antenna or device of any type shall be erected, constructed, placed or permitted to remain on any Lot, house or building exterior.

Section 17. Private utility lines. All electrical, telephone, and other utility lines and facilities which are located on a Lot and are not owned by a governmental entity or a public utility company shall be installed in underground conduits unless otherwise approved in writing by the Architectural Control Committee.

Section 18. Underground electric service. An underground electric distribution system will be installed in that part of Heritage Square, Section One (1) designated Underground Residential Subdivision, which underground service area shall embrace all Lots in Heritage Square, Section One (1). The Owner of each Lot in the Underground Residential Subdivision shall, at

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

The electric company has installed the underground electric distribution system in the Underground Residential Subdivision at no cost to Declarant (except for certain conduits, where applicable) upon Declarant's representation that the Underground Residential Subdivision is being developed for single-family dwellings and/or townhouses of the usual and customary type, constructed upon the premises, designed to be permanently located upon the Lot where originally constructed and built for sale to bona fide purchasers (such category of dwelling and/or townhouses expressly excludes, without limitation, mobile homes and duplexes). Therefore, should the plans of Lot Owners in the Underground Residential Subdivision be changed so that dwellings of a different type will be permitted in such Subdivision, the

company shall not be obligated to provide electric service to a Lot where a dwelling of a different type is located unless (a) Owner has paid to the company an amount representing the excess in cost, for the entire Underground Residential Subdivision, of the underground distribution system over the cost of equivalent overhead facilities to serve such Subdivision, or (b) the Owner of such Lot, or the applicant for service, shall pay to the electric company the sum of (1) \$1.75 per front lot foot, it having been agreed that such amount reasonably represents the excess in cost of the underground distribution system to service such Lot, plus (2) the cost of rearranging and adding any electric facilities serving such Lot, which rearrangement and/or addition is determined by the company to be necessary.

ARTICLE IV.

Architectural Control Committee

Section 1. Approval of building plans. No building, fence, wall, or other structure shall be commenced, erected, placed, or altered on any Lot, nor shall any exterior addition to or change or alteration therein be made until the construction plans and specifications describing the nature, kind, shape, height, materials and a plot plan showing the location of same, have been approved in writing as to harmony of exterior design and color with existing structure and location with respect to topography and finished grade elevation, by the Architectural Control Committee. A copy of the construction plans and specifications and a plot plan, together with such information as may be deemed pertinent, shall be submitted to the Architectural Control Committee, or its designated representative, prior to commencement of construction. The Architectural Control Committee may require the submission of such plans, specifications, and plot plans, together with such other documents as it deems appropriate, in such form and detail as it may elect, at its entire discretion. The Architectural Control Committee shall have full

and complete authority to approve construction of any improvement on any Lot, and its judgment shall be final and conclusive. Further, the Architectural Control Committee shall have no liability in connection with approval or rejection of plans or specifications, and approval or plans or lack of disapproval of plans shall never be construed or deemed as a warranty or representation concerning improvements constructed pursuant to such plans.

Section 2. Committee membership. Declarant shall establish the Architectural Control Committee by appointing three (3) individuals as members. The choice of these individuals shall be at the sole discretion of Declarant. Subsequent to the establishment of the Architectural Control Committee, the members may, by majority vote, designate a representative to act for them. Declarant may from time to time, without liability of any character for so doing, remove or replace any members of the Architectural Control Committee as it may in its sole discretion determine. The address of this committee is One Riverway, Suite 1800, Houston, Texas 77056.

Section 3. Replacement. In the event of death or resignation of any member of said Committee, the remaining member or members shall appoint a successor member or members, and until such member or members shall have been so appointed, the remaining member or members shall have authority to approve or disapprove plans, specifications, and plot plans submitted or to designate a representative with like authority. Declarant hereby retains its rights to assign the duties, powers and responsibilities of the Architectural Control Committee to the Association when one hundred percent (100%) of all Lots in Heritage Square, Section One and all subsequent sections of Heritage Square are occupied by residents.

Section 4. Minimum construction standards. The Architectural Control Committee may from time to time promulgate an outline of minimum acceptable construction standards; provided,

however, that such outline will serve as a minimum guideline and such Architectural Control Committee shall not be bound thereby.

Section 5. Variances. Article III of this Declaration contains a number of provisions wherein the Architectural Control Committee is expressly granted the authority, in its discretion, to permit variances from the effect of a particular restrictive covenant. The Architectural Control Committee may require the submission to it of such documents and items (including, as examples but without limitation, written request for and description of the variances requested, plans, and specifications, plot plans and samples of materials) as it shall deem appropriate, in connection with its consideration of a request for a variance. If the Architectural Control Committee shall approve such request for a variance, the Architectural Control Committee may evidence such approval, and grant its permission for such variance, only by written instrument, addressed to the Owner of the Lot(s) relative to which such variance has been requested, describing the applicable restrictive covenant(s) and the particular variance requested, expressing the decision of the Architectural Control Committee to permit the variance, describing (when applicable) the conditions on which the variance has been approved (including, as examples but without limitation, the type of alternate materials to be permitted, or the alternate fence height approved), and signed by a majority of the current members of the Architectural Control Committee (or by the Committee's designated representative if one has been designated under the authority contained in Section 2 above). Any request for a variance shall be deemed to have been disapproved for the purposes hereof in the event of either (a) written notice of disapproval from the Architectural Control Committee; or (b) failure by the Architectural Control Committee to respond within 20 days to the request for variance. In the event the Architectural Control Committee or any successor to the authority thereof shall not then be functioning, and/or the terms of the Architectural Control Committee shall not have

succeeded to the authority thereof as herein provided, no variance from the covenants of this Declaration of Covenants, Conditions and Restrictions shall be permitted, it being the intention of Declarant that no variances be available except in the discretion of the Architectural Control Committee or, if it shall have succeeded to the authority of the Architectural Control Committee in the manner provided herein, the Board of Directors of the Association.

ARTICLE V.

HERITAGE SQUARE COMMUNITY ASSOCIATION, INC.

Section 1. Membership and voting rights. Every Owner of a Lot subject to a maintenance charge assessment by the Association shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

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

Class A. Class A members shall be Owners as defined in Section 1 of Article V (with the exception of the Declarant) and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

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

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the

(b) on January 1, 2000.

The Class A and Class B members shall have no rights as such to vote as a class, except as required by the Texas Non-Profit Corporation Act, and both classes shall vote together upon all matters as one group.

Section 3. Non-Profit corporation. HERITAGE SQUARE COMMUNITY ASSOCIATION, INC., a non-profit corporation, has been organized; and it shall be governed by the Articles of Incorporation of said Association; and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

Section 4. By-Laws. The Association may make whatever rules or bylaws it may choose to govern the organization; provided, however, that same are not in conflict with the terms and provisions hereof.

Section 5. Inspection of records. The members of the Association shall have the right to inspect the books and records of the Association at reasonable times during normal business hours.

ARTICLE VI.

Maintenance Assessments

Section 1. Creation of the lien and personal obligation of assessments. Declarant, in the case of each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, shall be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements or for repayment of funds borrowed and used in payment of capital improvements. Such assessments shall be established and collected as hereinafter provided. The annual and special assessments, together with interest and reasonable attorney's fees shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each

interest, and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of the Lot at the time when the assessment became due. Mere acceptance of a deed to a Lot by an Owner shall impose a vendor's lien by Declarant for the purpose of securing payment of said charge and said vendor's lien shall be assigned to the Association without recourse on Declarant in any manner for the payment of said charge and indebtedness.

Section 2. Purpose of assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area, if any. The responsibilities of the Association shall include, by way of example but without limitation, at its sole discretion, any and all of the following: maintaining parkways, repair of walkways, steps, entry gates, or fountain areas, if any; maintaining rights-of-way, easements, esplanades and other public areas, if any; construction and operation of all street lights; purchase and/or operating expenses of recreation areas, if any; payment of all legal and other expenses incurred in connection with the enforcement of all recorded charges and assessments, covenants, restrictions, and conditions affecting the Properties to which the maintenance fund applies; payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charge and assessment; employing policemen and watchmen; if desired, caring for vacant Lots and doing any other thing necessary or desirable in the opinion of the Association to keep the Properties in the Subdivision neat and in good order, or which is considered of general benefit to the Owners or occupants of the Properties. It is understood that the judgment of the Association in the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith.

Section 3. Maximum annual assessment. Until January 1 of the year immediately following the conveyance of the first Lot to a resident Owner, the maximum annual assessment shall be \$300.00 per Lot.

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

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

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

Section 4. Special assessments for capital improvements. In addition to the annual assessment authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, if any, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3rds) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and quorum for any action authorized under Section 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 4 shall be mailed (by U.S. first class mail) to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty (60%) percent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present at such meeting, the meeting shall be adjourned but another meeting may be called subject to the same notice requirement, but the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum applicable in the case of the preceding meeting to each class of membership. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Rate of assessment. All Lots in Heritage Square, Section One (1) shall commence to bear their applicable maintenance fund assessment simultaneously as provided in Section 7 of this Article and Lots in Heritage Square, Section One (1) owned by Declarant are not exempt from assessment. Lots which are owned and/or occupied by resident Owners shall be subject to the annual assessment determined by the Board of Directors in accordance with the provisions of Sections 3 and 7 hereof. Improved Lots in Heritage Square, Section One (1) which are not owned and/or occupied by a resident Owner and which are owned by Declarant, a builder, or a building company, shall be assessed at the rate of one-half (1/2) of the annual assessment above. The rate of assessment for an individual Lot, within a calendar year, can change as the character of ownership and the status of occupancy by a resident or occupant changes, and the applicable assessment for such Lot shall be prorated according to the rate required during each type of ownership.

Section 7. Date of commencement of annual assessments:

Due Date. The annual assessments provided for herein shall commence as to all Lots in Heritage Square, Section One (1) on June 1, 1992. The annual assessment shall be adjusted according to the number of months remaining in the then current calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be mailed (by U.S. first class mail) to every Owner subject thereto. The payment date shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an Officer of the Association setting forth whether the assessments on a specified Lot have been paid and the amount of any delinquencies. The Association shall not be required to obtain a request for such certificate signed by the Owner but may deliver such certificate to any party who in the Association's judgment has a legitimate reason for requesting same.

Section 8. Effect of nonpayment of assessments:

remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date until paid at the rate of ten (10%) percent per annum. The Association may bring action at law against the Owner personally obligated to pay the assessment, or foreclose the lien against the Lot involved. No Owner may waive or otherwise escape liability for the assessments provided for herein by non use of the Common Area, if any, or abandonment of his Lot.

Section 9. Subordination of the lien to mortgages.

The lien of the assessments provided for herein shall be subordinate to the lien of any institutional first mortgage existing at any time upon the particular Lot involved. Sale or

transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure (whether by exercise of power of sale or otherwise) or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but such lien shall exist as, and constitute, a separate and distinct charge and lien on each Lot.

Section 10. Owner's easements of enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

A. The right of the Association to charge reasonable admission and other fees for the use of any designated recreational facility, if any, situated upon the Association's Common Area, if any. Failure of Owner to pay such fees after having made such election shall give rise to the same liability and lien rights as set forth above, and shall be subject to the same subordination as set forth herein in the case of assessments.

B. The right of the Association to suspend the voting rights and right to use any recreational facilities, if any, situated on the Common Area, if any, by an Owner for any period during which any assessment against his Lot remains unpaid, and to publish rates and regulations for the use of the Common Area, if any, including the right of suspension of the right and easement for a period not to exceed sixty (60) days for an infraction of the Association's published rules and regulations.

