

BYLAWS
OF
THE PARKSTONE HOMEOWNER'S ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the Corporation is THE PARKSTONE HOMEOWNER'S ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the Association shall be located at 304 Chama Dr. Victoria, Texas 77904, but meetings of Members and Directors may be held at such places within the State of Texas as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

The definitions for purposes of these Bylaws are the same as provided in the Declaration of Covenant, Conditions and Restrictions for PARKSTONE SUBDIVISION ("Declaration").

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members of the Association shall be held on the second Tuesday of September following the election of the First Board of Directors, and each subsequent regular annual meeting of the Members shall be held on the same day of each year thereafter. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first business day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to cast fifty percent (50%) of all of the votes of the Members.

Section 3. Notice of Meetings. Except as provided in the Declaration of Covenants, Conditions and Restrictions for PARKSTONE SUBDIVISION, recorded in the Official Public Records of Victoria County, Texas, written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. Except as provided in the Declaration of Covenants, Conditions and Restrictions for PARKSTONE SUBDIVISION, recorded in the Official Public Records of Victoria County, Texas, the presence at the meeting of Members entitled to cast, or of proxies entitled to cast, fifty percent (50%) of the votes of the Members shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 6. Unanimous Consent. Except as required by law, any action required to be or which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof and then delivered to the secretary of the Association for inclusion in the minute book of the Association.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) Directors, all of whom shall at all times be the persons directly owning or having an ownership interest in a Lot located in PARKSTONE SUBDIVISION.

Section 2. Term of Office. The First Board of Directors shall be elected on the date set out in the Articles of Incorporation. At that time, the Members shall elect one (1) Director for a term of one (1) year, one (1) Director for a term of two (2) years and one (1) Director for a term of three (3) years. These Directors collectively constitute the First Board of Directors. At each annual meeting thereafter the Members shall elect one (1) Director for a term of three (3) years.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation

or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action as approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two (2) or more Members of the Association who are not Directors. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members only.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot.

At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors may be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next business day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) days notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

- (A) Adopt and publish rules and regulations governing the use of any easement area, the Common Area and Limited Common Area and facilities, and the personal

conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

- (B) Suspend the voting rights and right to use of the recreational facilities, if any, of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association or failure to comply with the Association's request for designation of a voting Member as allowed in Article VI of the Articles of Incorporation. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
- (C) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;
- (D) Declare the office of a Member of the Board of Directors to be vacant in the event such Members shall be absent from three (3) regular meetings of the Board of Directors in any given year;
- (E) Employ a manager or such other employees as they deem necessary, and to prescribe their duties; and
- (F) Retain the services of an attorney, accountant, or such other independent professionals or contractors as they deem necessary.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- (A) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members

or at any special meeting when such statement is requested in writing by Members holding thirty-three percent (33%) of the votes entitled to be cast.

- (B) Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;
- (C) As more fully provided in the Declaration, to:
 - (1) Fix the amount of the annual assessment against each Lot at least fifteen (15) days in advance of each annual meeting;
 - (2) Bill a Lot Owner for an entire year's assessment in advance, if the Board determines that it is in the Association's best interest to do so, when such Lot has been late in paying assessments; and
 - (3) Foreclose the lien against any Lot for which assessments are not paid by the due date and/or to bring an action at law against the Owner personally obligated to pay the same.
- (D) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid and has been signed by an officer of the Association, such certificates shall be conclusive evidence of such payment;
- (E) Procure and maintain adequate liability and hazard insurance on all property owned by the Association;
- (F) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(G) Cause the Common Area and any easement areas to be improved and maintained.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President and Vice-President, who shall at all times be Members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointment. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. Any two (2) or more offices except President and Secretary may be held by the same person.

Section 8. Duties. The duties of the officers are as follows:

- (A) **President.** The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall have the power to co-sign all checks and promissory notes.
- (B) **Vice-President.** The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board. The Vice-President shall have the power to co-sign all checks.
- (C) **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.
- (D) **Treasurer.** The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account if determined by the Board to be necessary; cause an annual review of the Association books to be made at the

completion of each fiscal year by a public accountant who is not associated with the Association if it is deemed necessary and advisable by the Board; and shall, in coordination with the Board, prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX

COMMITTEES

The Board of Directors may appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE X

BOOKS AND RECORDS

The books, records, financial statements and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member, or the holders of first mortgages that are secured by a Lot. The Declaration, the Articles of Incorporation, the Bylaws and any other rules of the Association shall be available for inspection by any Member or the holders of first mortgages that are secured by Lots in the project at the principal office of the Association, where copies may be purchased at reasonable cost. In the event the Board has an audited statement of the Association, it shall make same available to all first mortgage holders who submit a written request of same and pay a reasonable cost therefor. Although the Board may not deem necessary an annual audit statement, any holder of a first mortgage shall be allowed to have an audited statement prepared at its own expense.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid by the due date shall be delinquent.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal as established by the Board of Directors. However, the use of such corporate seal is not necessary to validate any acts of, or documents, or legal instruments signed by, the Association.

XIII

AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by Members holding a majority of the votes entitled to be cast.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIV

FISCAL YEAR

The fiscal year of the Association shall be established by the Board of Directors.

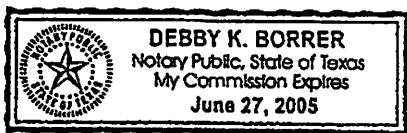
CERTIFICATION

We, the undersigned, do hereby certify:

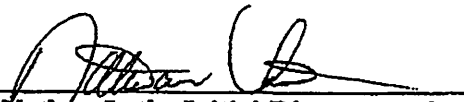
THAT we are the acting Initial Directors of THE PARKSTONE HOMEOWNER'S ASSOCIATION, INC., and we have all the powers of the corporate Secretary; and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by the Board of Directors thereof.

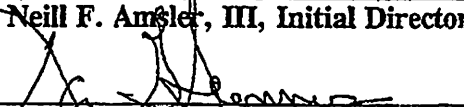
IN WITNESS WHEREOF, we have hereunto subscribed our names and affixed the seal of said Association this 31 day of October, 2003.



Debby K Borrer

By: 
Nathan Loth, Initial Director and
Managing Director

By: 
Neill F. Amisler, III, Initial Director

By: 
Nancy Summers, Initial Director

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AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

PARKSTONE SUBDIVISION

THIS DECLARATION is made this 30th day of April, 2004, by TREONCO ENTERPRISES, INC., a Texas corporation, and shall be binding on its successors and assigns, hereinafter collectively referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant, is the owner of certain property in the County of Victoria, State of Texas, which is more particularly described as follows ("Property"), to-wit:

PARKSTONE SUBDIVISION - PHASE 1, a Subdivision of the City of Victoria, Texas, as shown by the map or plat thereof ("Plat") recorded in Volume 8, Pages 105A and 105B, Map Records of Victoria County, Texas, to which reference is here made for all pertinent purposes.

WHEREAS, Declarant desires to establish a uniform set of easements, restrictions, covenants and conditions under which the Property shall be held, sold and conveyed:

NOW THEREFORE Declarant hereby declares that all of the Property described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions ("Restrictions") which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described Property or any part thereof, its successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to THE PARKSTONE HOMEOWNER'S ASSOCIATION, INC., a Texas Non-Profit corporation, its successors and assigns.

Section 2. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property with the exception of the streets and Common Area. "Lot" may also be referred to as "building site".

"Corner Lot" shall mean and refer to a Lot that abuts on more than one street.

Each Lot, except a Corner Lot, shall be deemed to "front" upon the street which it abuts. A Corner Lot shall be deemed to front upon the street abutting its small dimension.

Section 3. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners. The Common Area to be unencumbered (save and except the construction lien) and owned by the Association upon conveyance from the Declarant is described as follows:

Lot A, Block One (1), Lot A, Block Two (2) and Lots A and B, Block Three (3), PARKSTONE SUBDIVISION – PHASE 1, a Subdivision of the City of Victoria, Texas, as shown by the map or plat thereof ("Plat") recorded in Volume 8, Pages 105A and 105B, Map Records of Victoria County, Texas.

Section 4. "Declarant" shall mean and refer to TREONCO ENTERPRISES, INC., a Texas corporation, its successors and assigns who are designated as such in writing by Declarant, and who consent in writing to assume the duties and obligations of the Declarant with respect to the Lots acquired by such successor or assign, and shall also include the owner of any of the annexed property, successors and assigns who are designated as such in writing by Declarant, and who consent in writing to assume the duties and obligation of the Declarant with respect to the Lots acquired by such successor or assign.

Section 5. "Home" shall refer to the improvements constructed upon any Lot (including the garage, if any), subject to this Declaration, for use as a single family dwelling, as that term is defined by local ordinance.

Section 6. "Member" shall mean a member of THE PARKSTONE HOMEOWNER'S ASSOCIATION, INC., a Texas Non-Profit Corporation.

Section 7. "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 Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 8. "Property" shall mean and refer to that certain real property hereinbefore described, and such additions hereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' 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 suspend the voting rights and right to use of the recreational facilities, if any, by an Owner for 1) any period during which any assessment against his Lot remains unpaid, and 2) a period not to exceed sixty (60) days for any infraction of its published rules and regulations; and
- (B) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3rds) of each class of members has been recorded.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

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

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each Lot owned. However, all voting rights for Class A members shall be suspended and not in effect until Class B membership has ceased. When more than one (1) 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 (1) vote be cast with respect to any Lot. As provided in the Articles of Incorporation for the Association, if requested by the Board of Directors, multiple owners must designate in writing one owner to exercise the single vote attributable to the jointly owned Lot.

Class B. The Class B member shall be the Declarant (or lienholder as provided in Article XII herein) and shall be entitled to one (1) vote for each Lot owned. For the purpose of voting rights, Declarant shall also be entitled to votes for the annexable property described as follows: Declarant shall be deemed to own all the Lots shown as Phases II, III and IV on the preliminary plat dated March 22, 2002, prepared by Urban Engineering and, providing Declarant or an Authorized Builder is the owner of said property, shall be entitled to one (1) vote for each Lot. Further, the votes are irrespective of whether the annexable property is actually annexed or not. 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 all land to which Declarant has obtained voting rights is either sold to bona fide third party purchasers; or
- (b) When Declarant files of record a written instrument terminating Class B membership; or
- (c) On December 31, 2011.

For clarification purposes, the provisions of this Article are intended to control, among other things, the number of votes that are attributable to Declarant prior to the time that the Class B membership ceases and is converted to Class A Membership. In the event that all or any part of the Lots shown as Phases II, III or IV on the preliminary plat dated March 22, 2002, prepared by Urban Engineering are no longer owned by Declarant or an Authorized Builder and are not intended for single family residential use, then, in that event, the owner of said property shall not be entitled to any votes in the Association.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments.

Each Owner of any Lot, save and except the Declarant, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. However, Declarant and an Authorized Builder shall be exempt from any such assessments and any Lot Declarant or an Authorized Builder owns shall be assessed such amounts only upon Declarant or an Authorized Builder conveying said Lot to a third party purchaser. In lieu of paying assessments, the Declarant for itself and for the benefit of an Authorized Builder agrees to pay for the difference between the actual cost of maintenance and the amount assessed to Lot Owners. The Owner of any Lot other than Declarant and an Authorized Builder, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The covenant in this section shall not constitute a guarantee, or promise of any kind by Declarant to pay any assessment, or any other obligation of any Owner other than Declarant, and Declarant shall have no assessment obligation beyond that set forth in this Article IV. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing vendor's lien upon the Lot against which each assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessment shall not pass to his successors in title unless expressly assumed by them. The Association will bill for and collect the annual assessment from each Owner annually.

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 Property and for the improvement and maintenance of the Common Area. The assessments shall be placed in an account ("Common Fund") for such purposes.

Section 3. Maximum Annual Assessment. Until January 1, 2005, the maximum annual assessment shall be as provided in Section 6 of this Article and such annual assessment may be increased as follows:

- (A) From and after January 1, 2005, the maximum annual assessment per Lot may be increased each fiscal year not more than ten percent (10%) above the maximum annual assessment for the previous year by action of the Board of Directors of the Association and without a vote of the membership.

- (B) From and after January 1, 2005, the maximum annual assessment per Lot may be increased above ten percent (10%) by a vote of two-thirds (2/3rds) of each class of members who are voting in person or by proxy, at a special meeting duly called for this purpose.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3rds) of the votes of each class of members who are voting in person or by proxy at a special 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 Section 3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be two-thirds (2/3) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments shall be fixed at a uniform rate for all Lots. The initial annual assessment for each Lot shall be \$150.00 and payable annually on January 1st of each year.

Section 7. Date of Commencement of Annual Assessments and Due Dates. Except as specifically provided in Section 1 of this Article concerning Declarant and an Authorized Builder, the annual assessments provided for herein shall commence as to all Lots on the day of the conveyance to a third party. The first annual assessment shall be adjusted according to the number of days remaining in the calendar year. The Board of Directors shall fix the amount of annual assessments against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The Association or its agent shall collect from the Owner of each Lot, the annual assessment for each Lot on or before January 1st of each year. Payments not received by January 15th of each year shall accrue interest at the rate of 10% per annum which shall be due and secured by the above referenced vendor's lien upon each respective Lot. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer, or the managing agent, if any, of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments and Remedies of the Association. THE ASSOCIATION SHALL BE BOUND BY AND SHALL FOLLOW ALL LAWS CONCERNING ENFORCEMENT OF REMEDIES FOR NONPAYMENT OF ASSESSMENTS INCLUDING THOSE CONTAINED IN TEXAS RESIDENTIAL PROPERTY OWNERS PROTECTION ACT OF THE TEXAS PROPERTY CODE. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, then it shall bear interest from the due date at the rate of eighteen percent (18%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area, or abandonment of his Lot, or by renunciation of membership in the Association.

Each such Owner, by acceptance of a deed to a Lot, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of liens against real property, including foreclosure by an action brought in the name of the Association in a like manner as a non-judicial foreclosure on real property and such Owner hereby expressly grants to the Association a power of sale in connection with the foreclosure of said lien.

One method of enforcement and foreclosure of such assessment liens, although not to the exclusion of other means of enforcement, shall be by the Association appointing, in writing, a Trustee, and upon requesting the Trustee to foreclose the lien, the Trustee shall do the following:

- (1) Advertise the time, place, and terms of sale and mail notices as required by Section 51.002, Texas Property Code, as then amended, and otherwise comply with that statute;
- (2) Sell all or part of the property to the purchaser with a general warranty binding the defaulting Owner; and
- (3) From the proceeds of the sale, pay, in this order:
 - (a) Expenses of foreclosure, including a reasonable commission to Trustee;
 - (b) To the Association, the full amount of principal, interest, attorney's fees, and other charges due and unpaid;
 - (c) Any amounts required by law to be paid before payment to the defaulting Owner; and
 - (d) To the defaulting Owner, any balance.

The Association, acting on behalf of the Owners shall have the power to bid for the interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same; and to subrogate so much of its right to such liens as may be necessary or expedient to an insurance company continuing to give total coverage notwithstanding nonpayment of such

defaulting Owner's portion of the premium for fire and other hazard insurance.

If any of the property is sold under this lien, the defaulting Owner shall immediately surrender possession to the purchaser. If the defaulting Owner fails to do so, the defaulting Owner shall become a tenant at will of the purchaser, subject to an action for forcible detainer. Recitals in any trustee's deed conveying the property will be presumed to be true. Notwithstanding anything contained herein to the contrary, an Owner may give to the Association, subject to acceptance thereof by the Association, a deed in lieu of foreclosure.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate and inferior to any mortgage, vendor's lien, deed of trust or other security instrument which secures any loan made by any lender to an Owner or Declarant for any part of the purchase price of any Lot and the improvements thereon, if improved, when the same is purchased, or for any part of the cost of constructing, repairing, adding to, or remodeling the residence and appurtenances situated on any Lot to be utilized for residential purposes, and which mortgage, vendor's lien, deed of trust or other security instrument is filed for record prior to the date on which payment of any such charges or assessments become due and payable. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure 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 the Owner of the Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. All property dedicated to, and accepted by, a local public municipality or authority, and the Common Area shall be exempt from the assessments created herein. However, no land or improvements devoted to single family occupancy shall be exempt from said assessments.

Section 11. Reserves and Surplus. The Association's Board of Directors may establish, from time to time, reserves for such lawful purposes as in its sole discretion it may determine necessary to be desirable for the greater financial security of the Association and the effectuation of its purpose. The Association shall not be obligated to spend in any fiscal year all of the sums collected in such year, and may carry forward, as surplus, any balances remaining; nor shall the Association be obligated to apply any such surplus to the reduction of the amount of the annual assessment in the succeeding year, but may carry forward same from year to year.

ARTICLE V

INSURANCE

Section 1. Public Liability Insurance. The Association shall obtain broad form public liability insurance protecting the Association, the Board of Directors, Officers, Employees and/or Agents of such Association, in a combined single limit amount of not less than One Million and No/100 Dollars (\$1,000,000.00), or such other comparable insurance as the Association deems desirable. The Association shall also include coverage for individual Owners for occurrences on the Common Area. Premiums for public liability insurance shall be part of the common expense payable out of annual assessments provided herein. Each Owner shall be responsible for his own personal liability insurance for areas within the exclusive use and occupancy of such Owner.

The Association may secure such other forms of insurance coverage as the Board of Directors may from time to time direct, to be paid as a common expense.

Section 2. Limitations on Hazards. Under no circumstance shall an Owner permit or suffer anything to be done or left in his Home which will increase the insurance rate on the Common Area, other than an endorsement for Tenant Occupancy or Vacancy.

Section 3. Common Area. The Association shall also procure and maintain fire and extended coverage for any improvements located on Common Area in an amount sufficient to cover the full replacement cost thereof.

Section 4. Other Insurance. The Association shall have the authority to procure whatever other forms of types of insurance, including Fidelity Bonds, as it deems desirable.

ARTICLE VI

EASEMENTS

All Lots in this subdivision are subject to certain easements over and across portions of each Lot, as shown by the map of said subdivision, such easements being deemed appropriate or necessary for the purpose of installing, using, repairing and maintaining public utilities, including water lines, sewer lines, electric lighting and telephone poles or cables, pipelines and drainage ditches or structures, television cable, and/or equipment necessary for the performance of any public or quasi- public utility service and function, with the right of access thereto for the purpose of further construction, maintenance and repairs. Such right of access shall include the right, without liability on the part of any or all of the owners or operators of such utilities, to remove any obstructions on said easement right-of-way as in its or their opinion may interfere with the installation or operation of its or their circuits, lines, pipes, drainage ditches, or structures. Such easements shall be for the general benefit of the subdivision and the property owners thereof, and are reserved and created in favor of any and all utility companies entering into and upon said subdivision, except that nothing set out above shall prohibit the use of such easements or rights-of-way by

abutting owners for the construction of fences, walks or drives, provided no permanent structures are built thereon, and provided no damages shall accrue to the City of Victoria or any utility company because of the removal and non-replacement of all or any portion of such improvements for the purpose of satisfactorily operating utilities in such easements or rights-of-way.

ARTICLE VII

ARCHITECTURAL CONTROL COMMITTEE

Section 1. Architectural Control Committee. Except as to those improvements constructed by Declarant or Declarant's Authorized Builders (as hereinafter defined in Section 3 of Article VIII) no building shall be erected, placed, or altered on any lot until the plans, specifications for all improvements, and the plot plan showing the location of all improvements, have been approved, in writing, by the Architectural Control Committee (also called the "Committee") as to conformity and harmony of external design with existing structures in the Subdivision, and, as to location of the improvements, with respect to the topography and finished ground elevations, and, as to compliance with this Declaration. The Architectural Control Committee shall be initially composed of Neill F. Amsler, III and Nathan Loth. In the event of death or resignation of any member of said Committee, until a replacement is properly appointed, and the Declarant shall have the authority to name another person or persons to fill the vacancy on such Committee. In the absence of action to appoint a replacement by Declarant for 30 days after a vacancy occurs, the remaining member or members of the Architectural Control Committee shall continue to function as the Architectural Control Committee and have the power to exercise such appointment. In the absence of such an action, the Board of Directors of the Parkstone Homeowner's Association, Inc. shall have the power to exercise such appointment. No member of the Architectural Control Committee shall be entitled to any compensation for services performed. The Architectural Control Committee shall also be authorized to approve deviations from these restrictions, when, in the opinion of the Architectural Control Committee, such deviation will not detract from the intent of this Declaration. A written approval of the Architectural Control Committee, mailed to the Lot owner, shall be sufficient evidence of this finding. A denial shall be communicated to the Lot Owner by sending a notice of the denial by United States Mail, certified, return receipt requested, with a copy sent to the Parkstone Homeowner's Association, Inc., to be kept as a permanent part of its records. Said requested deviation shall be approved or denied by the Architectural Control Committee within forty-five (45) days from the date the request is received. A majority of the Architectural Control Committee may designate any one of its members to exercise any and all of the powers herein granted.

On the date of conveyance by recorded document of the last Lot owned by Declarant in the Subdivision (including the annexable Phases II, III and IV), or on December 31, 2011, whichever occurs first, all terms of the then serving members of the Architectural Control Committee shall terminate automatically, and their successors may be appointed by a written instrument

signed by the Owners of fee simple title to not less than fifty-one percent (51%) of the Lots in the Subdivision, such appointment to be effective on the date that such instrument is recorded in the Office of the County Clerk of Victoria County, Texas. Thereafter, any vacancies in the Architectural Control Committee shall be filled by a written instrument signed by the Owners of not less than fifty-one percent (51%) of the Lots in the Subdivision.

Section 2. Approval Process. Final plans and specifications must be submitted in duplicate to the Committee for approval or disapproval prior to the start of any construction. At such time as the plans and specifications meet the approval of the Committee, one complete set of such plans and specifications will be retained by the Committee and the other complete set will be marked "Approved", and returned to the Lot owner. Any modification or change to the approved set of plans and specifications must again be submitted to the Committee for its inspection and approval. In the event such plans and specifications are not submitted, or in the event construction is not in conformity with approved plans and specifications, the owner, contractor and/or builder of said Lot and/or improvements agrees and covenants to conform such construction to the requirements of these RESTRICTIVE COVENANTS and the Architectural Control Committee.

The Committee's approval or disapproval as required in these covenants shall be in writing. In the event the Committee, or its designated representative, fails to approve or disapprove such plans and specifications within thirty (30) days after they have been submitted to it, and if no suit to rejoin the construction is commenced prior to the completion of such construction, then approval is presumed.

Section 3. No Liability. Neither the Committee nor any individual member or members thereof shall have any liability to any party for any reason by virtue of any action taken pursuant to these Restrictions, and all owners of all Lots within said subdivision hereby expressly waive and relinquish all claims of action against said Committee and its members.

ARTICLE VIII

USE COVENANTS

Section 1. Estate. Each Lot shall be conveyed as a separately designated and legal described freehold estate subject to the terms, conditions and provisions hereof.

Section 2. Single Family Residential Construction. Except for those construction and sales activities permitted hereunder, no owner shall occupy or use his Lot or building thereon, or permit the same or any part thereof to be occupied or used for any purpose other than as a private single family residence for the owner, his family, guests and single-family tenants. No such residence shall be constructed on less than the equivalent of one full Lot, as defined on the Recorded Plat or any recorded replat thereof approved by the Declarant. Each residence located upon a Lot shall be required to have a minimum of a two-car garage which shall not be converted to a living area or other use.

Section 3. Commercial Use. No part of the Property shall ever be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or other non-residential purposes, except that Declarant, and such single family homebuilders as may be selected and approved by the Declarant, which includes, but may not be limited to Hogan Homes, Inc., Hogan Building Company No. 1, L.P., and other building companies that are affiliated with Hogan Homes, Inc. (the "Authorized Builders"), in Declarant's sole discretion, may use a Lot or Lots for model home sites, display and sales offices, temporary storage of construction trailers and equipment.

Section 4. Building Sizes and Construction. The living area of the main house or residential structure constructed as a one-story or two-story residence on any Building Plot, exclusive of porches, balconies and garages, shall not be less than 1,000 square feet. No residence may exceed two and one-half stories in height above grade.

Section 5. Building Materials. The outer portion of the walls of the principal residence building and the attached garage shall be composed of wood (natural or manufactured), stucco, synthetic stucco, rock, brick or stone masonry. This provision shall not apply to detached garages situated no nearer than forty feet (40') from the minimum Building Set-Back Lines as shown on the Recorded Plat of the Subdivision. Under no circumstances shall concrete or hollow-tile blocks, metallic panels, or asbestos siding be utilized as, or cover, the exterior walls of the residence or any garage. Composition shingle (minimum 20 year warranty, 3 tab shingles) roofs must be used on single family dwellings in the Subdivision, and the color of such shingles must be weatherwood.

Section 6. Facing of Residence and Garages. Except as provided herein, houses or residences on corner Lots shall face the street from which the greater Building Set-Back Line is shown on the Recorded Plat, unless alternate facing is authorized by the Architectural Control Committee. Front turn-in garages are permitted. Garages on corner Lots shall not open directly toward and have driveway entrances from the side street. Notwithstanding the foregoing, no driveway openings are permitted on Larkspur Street unless approved by City of Victoria Traffic and Engineering Departments.

Section 7. Location of Improvements Upon the Lot. No building shall be located on any Lot nearer to the front Lot line or side street Lot line than the minimum Building Set-Back Lines shown on the Recorded Plat. If a Building Plot consists of more than one Lot then the ownership boundary lines shall be considered the exterior Lot lines as referred to herein.

Section 8. Signs, Advertisements, Billboards. Except as herein provided, no sign, advertisement, billboard or advertising structure of any kind shall be displayed to the public view on any portion of the Properties or any Lot, except one sign on each Building Plot of not more than five square feet (5 sq. ft.), for the purpose of advertising same for sale. However, the Declarant, its agents and assigns, and/or Authorized Builders, may erect and maintain such signs and other advertising devices or structures as Declarant may deem necessary or proper in connection with the conduct of operations of the development, improvement, subdivision and sale of the Property.

Section 9. Prohibition of Offensive Activities. No obnoxious or offensive activity shall be conducted on any Lot.

No activity, which may become an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of any owner, or which shall in any way increase the cost of insurance to an owner, or which will degrade Property values, or distract from the aesthetic beauty of the Subdivision, shall be conducted.

Section 10. Other Structures. Except for construction and sales purposes, no structure of a temporary character or house trailer, mobile home, basement, pre-manufactured home, modular home (except for wall panels and roof trusses), tent, shower, garage, barn or other outbuilding shall be constructed, erected, altered, placed or permitted to remain on any Lot at any time as a residence or other use, either temporarily or permanently except that a small manufactured storage building with a peak roof height of no more than six feet shall be allowed on a Lot. If one is to be added, it must be put in the rear yard behind a fence that shields it from view from the street and the adjoining Lots.

Section 11. Animal Husbandry. Dogs, cats or usual and ordinary household pets only may be kept in any home upon a Lot, provided they are not kept, bred or maintained for a commercial purpose. Specifically, horses, pigs, hogs, sheep, goats, cattle, chickens and other poultry are prohibited, even if the owner regards same as pets.

Section 12. Storage of Automobiles, Boats, Trailers, Other Vehicles and Equipment. No mobile home, trailer, camper, boat or truck larger than a three-quarter (3/4) ton pickup, or similar equipment shall be parked or stored permanently or semi-permanently on any public street, right-of-way or in driveways. All permanent or semi-permanent storage on a Lot of such vehicles or items must be screened from public view. No motor vehicle or any type may be constructed, reconstructed or repaired upon any Subdivision street or a Lot in any manner that will be visible from any other Lot or the streets.

Section 13. Fences. No fences shall be constructed forward of the front wall of any residence in violation of the traffic safety sight lines regulated by the City of Victoria. Only fences constructed of cedar, brick or similar materials are allowed, and chain-link fences of any type are prohibited. Fences facing the street, whether on the front of a residence or on corner Lots facing the side street, must be constructed with the pickets or other finished surface facing the street. Corner fences facing the side street must be located on the building line for the side street so as not to obstruct visibility at the intersection. Any fence located within nine (9) inches of the property line of any Lot shall be presumed to be located within a reciprocal easement hereby created between the Owners of such adjacent Lots, regardless of which Owner constructed such fence, and such fence in no way shall be construed as an encroachment upon either Lot within such area.

Section 14. Oil and Mining Operations. No oil drilling or development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

Section 15. Visual Screening on Lots. The drying of clothes in public view is prohibited. Similarly, all yard maintenance equipment, woodpiles, or storage piles shall be kept screened by a service yard or other similar facility, in order to conceal them from view of neighboring Lots or the streets.

Section 16. Lot Maintenance. All Lots shall be kept at all times in a sanitary, healthful and attractive condition, and the owner or occupants of all Lots shall keep all weeds and grass thereon and shall in no event use any Lot for storage of material and equipment except for normal residential requirements, or permit the accumulation of garbage, trash or rubbish of any kind thereon, and shall not burn any garbage, trash or rubbish thereon.

Section 17. Attachments. No permanent flag poles, satellite dishes over eighteen inches (18") shortwave or radio antennas of any sort shall be placed, allowed or maintained on any Lot or upon any structure situated upon any Lot. Satellite dishes may not be mounted on the front facing of the home or that portion of the roof that faces the street.

Section 18. Front Yard Grass. Prior to initial occupancy of any dwelling, the front yard shall be sodded in solid grass to the front corners of the improvements.

Section 19. ACC Approval. The Architectural Control Committee must approve the initial construction exterior colors of any portion of the improvements.

Section 20. Zero Lot Line Property. As to Lots in the Subdivision shown as zero building line lots, in addition to the other provisions of this Article, the following use restrictions shall apply:

- a) Each lot owner, his heirs, assigns, employees or contractees, hereby grants and each shall own as easement for temporary access to the adjacent lot located on the zero lot line side of a lot, if applicable, as may be reasonable and necessary to facilitate and complete the construction, painting, repairing or otherwise maintaining of an owner's improvements. Any damages to property or injury to person resulting from the exercise of these easements by any property owner within the subdivision shall be promptly paid to the injured party by such responsible adjoining property owner.
- b) The homes constructed on these Lots shall be known and designated as "garden homes" and as stated in Paragraph 15, shall be known and designated as zero (0) building lots; the zero (0) building line of each lot has been shown and indicated on the established map and plat, and no windows, doors or other openings shall be constructed, installed or allowed on the zero (0) building line. Unproved Glass block or similar approved synthetic glass block may be installed in conjunction with brick for light purposes. Any cul-de-sac lot with sufficient width to maintain a ten foot (10') building line and six foot (6') non-combustible easement as per plot plan and a five foot (5') building line on the opposite side of the same lot may be utilized as a center lot home placement. If this is applied standard windows could be utilized on the "zero"

side of a zero lot home product.

- c) Every home on any lot covered hereby shall be erected and located in accordance with the building and setback lines set forth on the established map and plat of the Subdivision, which lines shall be strictly adhered to.
- d) The minimum air conditioned floor area of residence structures, exclusive of open porches, garages, patios and walk shall be one thousand (1,000) square feet.
- e) Roof systems may be designed so that water will drain from the roof onto the neighbor's lot, so long as such drainage does not unreasonably interfere with said adjoining owners' use and enjoyment of their property.
- f) Each Lot and its Owner within the zero building lot properties is hereby declared to have an easement not to exceed one foot in width, over the adjoining Lot on the zero building line side for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, or any other cause. There shall be easements for the maintenance of said encroachment, settling or shifting; provided, however, that in no event shall an easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to willful misconduct of said Owner or Owners. In the event a structure on any Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots shall be permitted and there shall be easements for the maintenance of said encroachments so long as they shall exist. In addition, each Lot within the Properties is hereby declared to have a five foot (5') wide easement for overhanging roofs and eaves as originally constructed over each adjoining Lot and for the maintenance thereof.
- g) Each garden home shall and must have a concrete pavement driveway extending from the garage to the street, and required parking spaces must be constructed in compliance with the ordinances of the City of Victoria.
- h) No fence, wall or hedge shall be built or maintained forward of the front wall of the respective house, and the front line of any fence built parallel, or approximately so, to the front wall line must be constructed as near to the front wall line as is practical. Furthermore, no fence wall or hedge shall be built or maintained along the adjoining lot which has the zero lot line lot. Each lot and its owner is hereby declared to have an easement to allow construction and maintenance of fencing or hedges to run even with the side of the improvements on such lot, from the rear edge of the improvements to the back of the lot. Such fencing or hedges, if any, shall not encroach more than one foot (1') from the side of such improvements. All fences

on such lot shall consist of a six foot (6') high cedar board fence, with the face of such fence being toward the street on which the Lot fronts, and any fence constructed on a corner Lot must additionally have a six foot (6') high cedar board fence not nearer to the side street than the twenty foot (20') set-back line, which fence shall face toward the side street.

- i) In the event of a conflict between these use restrictions which are specific to zero building line lots and the other use restrictions contained in this document, the restrictions in this Section 20 shall control.

Section 21. Modification. No modification of any kind to the exterior of the Home, either to the structure or the appearance thereof, including, but not limited to, the walls, roof, windows and doors, the color of exterior walls, roof, windows, doors, trim, awnings, mechanical devices, flags, or storage structures (other than those addressed in Section 10) shall be made without first obtaining the express written consent of the Association's Board of Directors, upon due written application made. The Board of Directors shall adopt such rules and regulations to enforce this Section as it, from time to time, deem necessary.

Section 22. Other Rules. The Board of Directors may, from time to time, adopt additional rules and regulations governing the use of the Common Area and the conduct of all residents and guests on the Property. No action shall be taken by the Association or its Board of Directors which in any manner would discriminate against any Owner in favor of the other Owners.

Section 23. Zoning and Specific Restrictions. This Declaration shall not be taken as permitting any action or thing prohibited by the applicable zoning laws, or the laws, rules or regulations of any governmental authority, or by specific restrictions of record. In the event of any conflict, the most restrictive provisions of such laws, rules, regulations, restrictions of record, or this Declaration shall be taken to govern and control.

ARTICLE IX

ANNEXATION

Additional Lots and Common Area may be annexed to the Property with the consent of two-thirds (2/3rds) of each class of members, unless otherwise provided herein.

The Declarant may annex Lots and Common Area without the consent of members within eight (8) years from the date of this instrument or when Class B membership ceases, whichever occurs first. Declarant intends to annex Phases II, III and IV as shown on the preliminary plat described above, however, Declarant is in no way bound to annex this additional property and/or Declarant may annex the property with different lot sizes or configurations.

In the event of an annexation by Declarant, it is agreed that 1) all infrastructure improvements to the annexed property will be substantially completed prior to annexation; 2) all Owners shall be assessed based on the same methodology used to

obtain assessment rates in this Declaration and each Lot shall have one association vote; and 3) the annexation shall be evidenced by recordation in the Victoria County Clerk's Office of an "Annexation Certificate" executed by the Declarant and duly acknowledged and notarized.

ARTICLE X

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Damages shall not be deemed adequate relief for any breach or violation of any provisions hereof. Any person or entity entitled to enforce any provision hereof shall be entitled to relief by way of injunction as well as any other available relief either at law or in equity. Any party to a proceeding who succeeds in enforcing any provision herein or enjoining the violation of any provision herein against an Owner shall be awarded a reasonable attorney's fee and court costs against such Owner.

Section 2. Right to Abate. Violation or breach of any provision herein contained shall give Declarant, or the Association, their respective legal representatives, heirs, successors and assigns, in addition to all other remedies, the right to enter upon the land upon or as to which such violation or breach exist and summarily to abate and remove, at the expense of the Owner thereof, any erection, thing or condition that may be or exist thereon contrary to the intent and meaning of the provisions hereof; and the said parties shall not thereby be deemed guilty of any manner of trespass for such entry, abatement or removal. Nothing herein contained shall be deemed to affect or limit the rights of the Owners of the Lot within the Property to enforce this Declaration by appropriate judicial proceeding.

Section 3. No Waiver. The failure of Declarant, the Association or the Owner of any Lot included in the Property, their respective legal representatives, heirs, successors and assigns, to enforce any provision herein contained shall in no event be considered a waiver of the right to do so thereafter, as to the same violations or breach or as to such a violation or breach occurring prior or subsequent thereto.

Section 4. Severability. The determination by a court that any provision hereof is invalid for any reason shall not affect the validity of any other provision hereof.

Section 5. Authorization of Board. The Association shall be entitled to contract with any corporation, firm, person or other entity for the performance of the various duties imposed on the Association hereunder and the performance by any such entity shall be deemed the performance of the Association hereunder.

The Association's Board of Directors where specifically authorized herein to act, shall have the right to construe and interpret the provisions of this Declaration, and in the absence of an adjudication by a court of competent jurisdiction to the contrary, its construction or interpretation shall be final and binding as to all persons or property benefited or bound by the provisions hereof. Any conflict between any construction or interpretation of the Association's Board of Directors or any other person or entity entitled to enforce the provisions hereof shall be resolved in favor of the construction or interpretation of the Association's Board of Directors.

The Association's Board of Directors, to the extent specifically provided herein, may adopt and promulgate reasonable rules and regulations regarding the administration, interpretation and enforcement of the provisions of this Declaration. In so adopting and promulgating such rules and regulations, and in making any finding, determination, ruling or order or in carrying out any directive contained herein relating to the issuance of permits, authorizations, approvals, rules or regulations, the Association's Board of Directors shall take into consideration the best interests of the Owners and of the Property to the end that the Property shall be preserved and maintained as a high quality community.

In granting any permit, authorization, or approval, as herein provided, the Association's Board of Directors may impose any conditions or limitations thereon as it shall deem advisable under the circumstances in each case in light of the considerations set forth in the immediately preceding paragraph hereof.

The Association shall indemnify and hold harmless its Board of Directors, Officers, Employees and/or Agents from any and all liability in connection with such capacities, so long as the causes of liability were fraud or gross negligence.

Section 6. Observance Hereof. Each grantee accepting a deed, lease or other instrument conveying any interest in any Lot, whether or not the same incorporates or refers to this Declaration, covenants for himself, his heirs, successors and assigns to observe, perform and be bound by this Declaration and to incorporate the same by reference in any deed or other conveyance of all or any portion of his interest in any real property subject hereto.

Section 7. Duration. The covenants and restrictions of this Declaration shall run with and bind the Property, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless terminated upon a vote of not less than 75% of all votes entitled to be cast.

Section 8. Regulatory Requirements. Declarant hereby reserves the right, without the necessity of joining any Owner or Mortgagee, to further amend this Declaration to meet any requirement of the Federal Housing Administration, Veteran's Administration, Federal Home Loan Mortgage Corporation, or Federal National Mortgage Association so long as Declarant is the Owner of any Class B Membership as set forth herein, and each Owner, by accepting conveyance of any Lot subject to this Declaration does hereby grant to Declarant a specific irrevocable power of attorney, which power is coupled with an interest, to execute and file for record any such amendments to this Declaration as may hereafter be necessary to meet

the requirements of the said Federal Housing Administration, Veteran's Administration, Federal Home Loan Mortgage Corporation or Federal National Mortgage Association.

ARTICLE XI

LIENHOLDER

The owners and holders of the only liens covering the Property, have executed this Declaration to evidence their joinder in, consent to, and ratification of the imposition of the foregoing covenants, conditions and restrictions. However, the joinder of the lienholder is not to be construed as a representation by the lienholder as to the adequacy of this Declaration or the Property in general, but instead their joinder is merely to evidence their consent to this Declaration. No violation of any restrictions or covenants herein shall defeat or render invalid the lien of any mortgage made in good faith and for value upon any portion of the Property; provided however, that any mortgage in actual possession, or any purchaser at any mortgagee's foreclosure sale, shall be bound by and subject to this Declaration as fully as any Owner of any portion of the Property.

ARTICLE XII

AMENDMENT

Section 1. Material Amendments. The consent of the Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated shall be required to add or amend any material provisions to this Declaration or to the Bylaws including those provisions which provide for, govern or regulate any of the following:

- (a) Voting;
- (b) Assessments, assessment liens or subordinations of such liens;
- (c) Reserves for maintenance, repair and replacement of the Common Area;
- (d) Insurance or fidelity bonds;
- (e) Rights to use of the Common Area;
- (f) Responsibility for maintenance and repair of the Common Area;
- (g) Annexation; provided, however, that Declarant's right to annex to the Property additional Lots or Common Area shall not be modified by amendment without Declarant's written consent;
- (h) Boundaries of any Lot;
- (i) Convertibility of Homes into Common Area or Common Area into Lots;
- (j) Leasing of Homes;
- (k) Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his Lot;
- (l) A decision by the Association to establish self-management when professional management had been required previously by an eligible mortgage holder;

- (m) Restoration or repair of the improvements on the Common Area (after a hazard damage or partial condemnation) in a manner other than that specified in the Declaration;
- (n) Any action to terminate the legal status of the Property, in a manner other than that specified in this Declaration, after substantial destruction or condemnation occurs;
- (o) Any provisions which are for the express benefit of First Mortgage holders, insurers, or guarantors of First Mortgages;
- (p) Partition or subdivision of any Lot; and
- (q) By act or omission, seek to abandon, partition, subdivide, encumber, or transfer the Common Area, other than the granting of easements for public utilities or other public uses.

Section 2. Time Limit for Mortgage Disapproval. Any eligible mortgage holder which receives a written request to approve additions or amendments to the Declaration or Bylaws, and which does not deliver or post to the requesting party a response within thirty (30) days after the written proposal was mailed via certified mail-return receipt requested, shall be deemed to have approved such request.

Section 3. General Amendments. Except as provided in Section 1 of this Article, and in Article XI, Section 8, this Declaration may be amended by an instrument signed by Owners representing sixty-seven percent (67%) of the votes of the Association. Any amendment must be recorded. The Declarant shall have and reserves the right at any time, and from time to time, without the joinder or consent of any other party, to amend this Declaration by an instrument in writing, duly signed, acknowledged, and filed for record for the purpose of correcting any typographical or grammatical error, ambiguity, or inconsistency appearing herein, provided that any such amendment shall be consistent with and in conformity with the general plan of development as evidenced by this Declaration and shall not impair or affect the vested Property or other rights of any Owner or his mortgagee.

Section 4. Environmental Covenants. No Owner of any interest of any Property in the Subdivision subject to this Declaration will engage in, or permit any other party to engage in, any activity on the Owner's Property which will violate, or create liability of either the Owner or the Property, under any environmental law, statute, regulation, ordinance or ruling, including, but not limited to, the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Section 6901, et seq., as amended, the Texas Solid Waste Disposal Act ("TSWDA"), Chapter 361 Texas Health and Safety Code (Vernon's) as amended, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), 42 U.S.C. Section 9601, et seq., as amended, the Federal Water Pollution Control Act, 33 U.S.C. Section 1251, et seq., or the Clean Air Act, 42 U.S.C. Section 7401, et seq. In the event the Property subject to this Declaration is used in any way which is in violation of the terms and conditions of any applicable environmental law, statute, regulation, ordinance or ruling, the Owner of the Property which engaged in, or permitted, such

activity shall indemnify and hold harmless all other owners of Property in the Subdivision from any loss, drainage, or liability arising as a consequence of such improper use.

This Amended Declaration of Covenants, Conditions and Restrictions for Parkstone Subdivision is made in correction of and as replacement for that certain Declaration of Covenants, Conditions and Restrictions for Parkstone Subdivision dated October 31, 2003 recorded under Instrument Number 200318615 and also Ratification of Declaration dated December 31, 2002 recorded under Instrument Number 200400073 in the Official Records of Victoria County, Texas.

Hogan Building Company No. 1, L.P., a Texas Limited Partnership, being the owner of some of the Lots described in and affected hereby, The Parkstone Homeowner's Association, Inc., being the owner of some of the Lots described in and affected hereby, and FirstCapital Bank, ssb, lienholder, have executed this Amended Declaration of Covenants, Conditions and Restrictions for Parkstone Subdivision to ratify and confirm and evidence their consent to the same and all of the terms herein.

LIENHOLDER

FIRSTCAPITAL BANK, SSB

By: _____

Steve Hipes, President

DECLARANT

TREONCO ENTERPRISES, INC., a Texas Corporation

By: _____

Nancy G. Summers, Secretary/Treasurer

**THE PARKSTONE HOMEOWNER'S
ASSOCIATION, INC.**

By: _____

Nancy G. Summers, Secretary/Treasurer

**HOGAN BUILDING COMPANY NO. 1, L.P.
by HOGAN HOMES, INC., its General Partner**

By: _____

Nancy G. Summers, Executive Vice President

STATE OF TEXAS §
COUNTY OF Victoria §

This instrument was acknowledged before me on this 30 day of April, 2004, by Nancy G. Summers, Secretary/Treasurer of TREONCO ENTERPRISES, INC., a Texas Corporation in said capacity and on behalf of said corporation.



Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF Victoria §

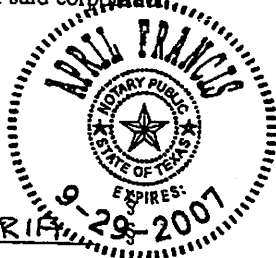
This instrument was acknowledged before me on this 30 day of April, 2004, by Nancy G. Summers, Executive Vice President of HOGAN HOMES, INC., General Partner of HOGAN BUILDING COMPANY NO. 1, L.P. in said capacity and on behalf of said partnership.



Notary Public, State of Texas

STATE OF TEXAS §
COUNTY OF Victoria §

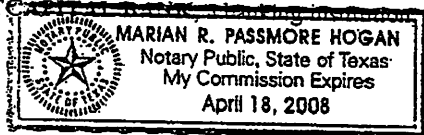
This instrument was acknowledged before me on this 30 day of April, 2004, by Nancy G. Summers, Secretary/Treasurer of THE PARKSTONE HOMEOWNER'S ASSOCIATION, INC., a Texas Corporation in said capacity and on behalf of said corporation.



[Signature]
Notary Public, State of Texas

STATE OF TEXAS
COUNTY OF VICTORIA

This instrument was acknowledged before me on this 3RD day of MAY, 2004, by Steve Hipes, President of FIRST [illegible] on behalf of said bank.



[Signature]
Notary Public, State of Texas

AFTER RECORDING RETURN TO:

Janis L. Scott
Anderson, Smith et al
One O'Connor Plaza, 7th Floor
Victoria, TX 77901
J:\LS\hogan\Parkstone\amended restrictions final.doc

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS

[Signature]

2004 MAY 05 03:18 PM 200405994
ARAYBURN \$49.00
VAL D. HUVAR, COUNTY CLERK
VICTORIA COUNTY, TEXAS