

**Denton County
Juli Luke
County Clerk**

Instrument Number: 28850

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RESTRICTIVE COVENANTS

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**STATE OF TEXAS
COUNTY OF DENTON**

I hereby certify that this Instrument was FILED in the File Number sequence on the date/time
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Juli Luke
County Clerk
Denton County, TX

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MONARCH AT THE MEADOWS**

STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DENTON §

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR MONARCH AT THE MEADOWS (as may be amended, modified and/or supplemented from time to time, the "Declaration") is made by MM MEADOWS 200, LLC, a Texas limited liability company ("Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of the approximately 60.465 ± acres of real property described on Exhibit A attached hereto and incorporated herein by reference (the "Land"), to be developed in one or more sections or phases (each a "Phase") of a single-family home planned community known or to be known as "The Meadows" (the "Subdivision"), in the City of Krum (the "City"), Denton County (the "County"), Texas;

WHEREAS, Declarant, as the owner of the Land, desires, by recording this Declaration in the Official Public Records of Denton County, Texas, to create a general plan of development for the Subdivision. This Declaration provides for the overall development, administration, maintenance, and preservation of the real property now and hereafter comprising the Property (as hereinafter defined). An integral part of the development plan is the creation of Monarch at the Meadows Homeowners Association, Inc., a Texas non-profit corporation (the "Association"), whose members shall be all owners of real property subject to this Declaration, to own, operate, and/or maintain various common areas and community improvements and to administer and enforce the covenants, conditions, restrictions, and easements set forth in this Declaration.

NOW, THEREFORE, Declarant hereby declares that the Land, and any additional property which is subjected to this Declaration in the future in accordance with Article XIV of this Declaration, shall be owned, conveyed, used, occupied and otherwise encumbered subject to this Declaration, which shall run with the title to such property. This Declaration shall be binding upon all Persons having any right, title, or interest in any portion of the Property, their heirs, successors, successors-in-title, and assigns.

**ARTICLE I
DEFINITIONS**

The terms used in this Declaration are intended to have their normal, commonly understood definitions, unless otherwise specified. In order to minimize repetition, avoid confusion, and explain key concepts, some terms are capitalized to indicate they have special definitions. Whenever used in capitalized form, those terms have the following meanings:

(a) "Architectural Control Committee" and/or "ACC" shall mean and refer to the architectural review body for the Property, as described in Article III. During the Development Period (as defined below), Declarant reserves the right to appoint and remove members of the ACC, or to exercise the approval rights of the ACC directly or through their designee, as more specifically set forth in Article III hereof. Members of the ACC need not be Owners or residents, and may but need not include architects, engineers, and design professionals whose compensation, if any, may be established from time to time by the Board. After the period of Declarant control, a person may not be appointed or elected to serve on the ACC if the person is

(a) a current Board member, (b) a current Board member's spouse; or (3) a person residing in a current Board member's household.

(b) Assessments shall have the meaning ascribed to such terms in Section 10.1 below.

(c) Association shall mean and refer to Monarch at the Meadows Homeowners Association, Inc., a Texas non-profit corporation, whose Certificate of Formation and other Governing Documents are attached hereto as Exhibit B, and which shall have the right to enforce this Declaration.

(d) Board of Directors or Board shall mean and refer to the body selected as provided in the Bylaws, being responsible for the general governance and administration of the Association and this Declaration. The initial Board shall be those individuals set forth in the Certificate of Formation of the Association. ***During the Declarant Control Period, Declarant has the sole right to appoint and remove all Directors to the Board,*** provided that prior to the date which is the earlier of (i) one hundred-twenty (120) days after seventy-five (75%) of the Lots have been sold to non-Declarant Owners, or (ii) ten (10) years from the date on which the Declaration is recorded, at least 1/3 of the directors serving on the Board shall be person(s) elected by a majority vote of Class A Members at a meeting of the members at which quorum is present, as set forth in the Bylaws of the Association. Each Director, other than Directors appointed by Declarant, shall be a Member and resident, or in the case of corporate or partnership ownership of a Lot, a duly authorized agent or representative of the corporate or partnership Owner. The corporate, or partnership Owner shall be designated as the Director in all correspondence or other documentation setting forth the names of the Directors. **The duties of the Board during the Declarant Control Period may be limited by Declarant.**

(e) Builder shall mean and refer to any person or entity who has acquired a Lot or Lots for the purpose of constructing a residence thereon for later sale to consumers.

(f) Bylaws shall mean and refer to the Bylaws of Monarch at the Meadows Homeowners Association, Inc., approved by Declarant and Board of Directors and attached hereto as Exhibit B, as may be amended from time to time.

(g) City shall mean and refer to the City of Krum, Texas.

(h) Common Properties shall mean all real property (including improvements thereon) now or hereafter owned, leased or controlled by the Association, or to which the Association holds possessory or use rights, for the common use and enjoyment of the Owners (hereinafter defined) including, but not limited to such property which may be: (i) conveyed to the Association in fee simple title, (ii) leased to the Association, (iii) landscape or maintenance easements granted or dedicated to the Association by plat or other written instrument, (iv) owned or leased by the Association and restricted or dedicated for use as retention ponds within the Property or for surface drainage in support of the Subdivision and improvements therein, and (vi) any other real property or improvement the Association, at the sole discretion of the Board, decides to maintain. The Common Properties shall include any and all fixtures and improvements on the land constituting common areas, including, without limitation, landscaping, buffering, screening, irrigation, and associated improvements that are Common Properties next to public thoroughfares. Declarant is under no obligation to construct or provide common elements or amenities. **Membership in the Association and payment of Assessments are not contingent upon the provision of or construction of any common element or amenity. Membership for all Lot Owners and payment of Assessments is mandatory. Provisions for Declarant and any Initial Builders vary; see Article X, Section 10.7 and Section 10.18.**

(i) "Community-Wide Standard" means the standard of conduct, maintenance, or other activity generally prevailing throughout the Subdivision and Property. Such standard is expected to evolve over time as development progresses and may be more specifically determined by the Declarant, the Board of Directors and the Architectural Control Committee. For as long as Declarant or any Builder owns a Lot or expiration of the Development Period (whichever is later), Declarant may establish or cause the Board to establish additional Rules or modify the Rules to be consistent with the Community Standard in order to ensure the Community Standard is upheld, and the Board may uphold the Community Standard and related Rules so established by Declarant even after the Declarant Control Period ends and so long as Declarant or any Builder owns a Lot in the Subdivision and the Development Period has not expired. Once neither Declarant nor any Builder owns a Lot in the Subdivision and the Development Period has expired, the Board may adjust the Community Standard and related Rules for the Subdivision. Notwithstanding the foregoing or anything to the contrary contained in this Declaration, at a minimum, the Community Standard shall be a standard representing a "first class level of quality" and the specific minimum standards set forth as follows:

(1) Trash and recycling cans must be stored out of view except for pick-up days. No bulk trash may be left out more than 12-hours prior to scheduled bulk pickup. Owners may submit application for slabs on the side of the Residence but they must be screened with live screening tall enough to conceal the cans at time of planting or an L shaped wood fence stained to match the existing wood fence, if applicable, and if not, stained with a light to medium brown stain. Containers may not be seen from the front or side of a Lot when stored on the side of the Residence.

(2) Yards and flower beds must be always kept in good condition. Owners must keep lawns and flower beds weed free and aesthetically pleasing from the front and sides of an Owner's Lot.

(3) Owners may install flower bed and tree ring borders; however, prior written permission from the Architectural Control Committee is required. Borders must be uniform (mortared borders preferred) – no stacking of brick or stone haphazardly is permitted in construction of landscaping borders. Materials used for landscaping borders must match or compliment main Residence on a Lot. The Architectural Control Committee reserves the right to determine what is aesthetically pleasing and acceptable and what is not.

(4) Owners shall not allow any items such as, but not limited to, bikes, children's toys, BBQ grills, and other items to be in public view when not in use. Items must be always stored out of public view and may not be stored on porches, driveways, or other exterior portions of an Owner's Residence or Lot (i.e. porches and driveways) that are not screened from public view behind the fence on such Owner's Lot

(5) Owners shall not do or allow to be done anything that will detract from the overall aesthetics of the Residence and Lot. The Architectural Control Committee has the right to determine what is considered detracting or lacking the aesthetic appeal and harmony the Declarant strives for during the Development Period.

(6) "First class level of quality" shall mean the quality standard for a majority of first class residential homeowner associations in the metropolitan market area in which the Property is located with comparable assessments and facilities, and taking into account the particular agricultural or other unique features of the Property in question..

(j) "County" shall mean and refer to Denton County, Texas.

(k) "Declarant" shall mean and refer to MM Meadows 200, LLC, a Texas limited liability company, but also any successor, alternate or additional Declarant as appointed by Declarant as successor, alternate or additional Declarant by written instrument, filed of record in the office of the County Clerk, specifically setting forth that such successor, alternate or additional Declarant is to have, in whole or in part, together with MM Meadows 200, LLC, Declarant's rights, duties, obligations and responsibilities for all or a specific portion of the Property. The term "Declarant" shall not include any person or entity that purchases a Lot

from Declarant unless such purchaser is specifically assigned, by a separate recorded instrument, some or all of Declarant's rights under this Declaration as to the conveyed property.

(l) "Declarant Control Period" means the period of time commencing on the date of this Declaration and continuing through and including the earlier of (i) the date on which Declarant owns any portion of the Property, or (ii) the date which is seventy-five (75) years after recordation of this Declaration in the Official Public Records of Denton County, Texas, or (iii) the date of recording in the Official Public Records of Denton County, Texas, of a notice signed by Declarant terminating the Declarant Control Period.

(m) "Design Guidelines" shall mean and refer to the design standards and guidelines adopted by Declarant, as may be amended in accordance with Article III, representing in whole or in part, along with further or additional guidelines as they may be set forth in this Declaration, the minimum specifications for the construction of all residences, additions to such residences, and other improvements associated with each residence including, without limitation, other structures or improvements located on a residential Lot, and the minimum requirements for landscaping to be installed and maintained on each Lot. The Design Guidelines are an integral part of this Declaration and the development plan of The Subdivision. The initial Design Guidelines are attached hereto as Exhibit C. All Builders and prospective Owners or those desirous of constructing a residence on a Lot are strongly encouraged to obtain a current copy of the Design Guidelines prior to preparing plans and specifications for submission to the Reviewer for approval.

(n) "Development Period" shall be the period commencing on the date of this Declaration and ending on the earlier of (i) seventy-five (75) years after recordation of this Declaration in the Official Public Records of Denton County, Texas, or (ii) the date on which all Lots to be developed within the Property have been conveyed to persons other than Declarant or a Builder and have been improved with a residence for which a certificate of occupancy has been issued, or (iii) the date of recording in the Official Public Records of Denton County, Texas, of a notice signed by Declarant terminating the Development Period.

(o) "Final Plat" shall mean, initially, the map or plat of the Subdivision or any Phase thereof, including, without limitation, that certain **Final Plat of Monarch at the Meadows, Phase 1** filed as Document No. 2024-322 of the Official Public Records of the Denton County Texas, and any future recorded subdivision maps or plats covering any portion of the Property or additional real property made subject to this Declaration, as such Final Plats may be amended from time to time.

(p) "Governing Documents" shall mean and refer to, singly or collectively as the case may be, this Declaration, the Final Plat, the Bylaws, the Association's certificate of formation, and the rules of the Association, as any of these may be amended from time to time. An appendix, exhibit, schedule, or certification accompanying a Governing Document is a part of that Governing Document. All Governing Documents are to be recorded in every county in which all or a portion of the Property is located. The Governing Documents are Dedicatory Instruments as defined in Texas Property Code Section 202. Copies of the Association's Certificate of Formation, organizational consent of the initial directors, and Bylaws are attached hereto as Exhibit B.

(q) "Initial Builder(s)" shall mean and refer to the initial Builders within the Subdivision, being D.R. Horton, Inc. and/or its affiliates.

(r) "Lot" shall mean and refer to any one (1) of the enumerated plots or tracts of land shown upon a Final Plat, and "Lots" shall mean and refer to more than one (1) of same; provided, however, Common Properties shall in no event be treated as a Lot or Lots for purposes of this Declaration, and are hereby specifically excluded from the term "Lot" as used hereunder.

- (s) "Member" shall mean and refer to a member of the Association, as described in Article VIII.
- (t) "Owner" shall mean and refer to each and every person or business entity (whether one or more), including Declarant (so long as applicable), that is a record owner of a fee or undivided fee interest in any Lot; provided, however, that (i) the term "Owner" or "Owners" shall not include any person or entity who holds a bona fide lien or interest in a Lot as security merely for the performance of an obligation (specifically including, but not limited to, any mortgagee or trustee under a mortgage or deed of trust) unless and until such mortgagee, beneficiary or trustee has acquired title to such Lot pursuant to foreclosure or any proceeding in lieu thereof; and (ii) with respect to any matter requiring the vote, consent, approval or other action of an Owner, each Lot shall be entitled to only one (1) vote except as provided for in Section 8.2 and Section 15.6 herein.
- (u) "Phase" shall mean and refer to each separately developed residential area or addition as set forth and more fully described on a Final Plat depicting real property that has been subjected to the Declaration.
- (v) "Property" or "Subdivision" shall mean and refer to the real property described on Exhibit A-1 and Exhibit A-2, any improvements now or hereafter situated thereon, and any and all additional real property (and the improvements thereon) which Declarant hereafter subjects to this Declaration, in accordance with Article XIV hereof.
- (w) "Reviewer" shall mean and refer to the persons or entity having jurisdiction in a particular case to approve plans and/or specifications under Article III of this Declaration, whether Declarant or its designee or the ACC.
- (x) "Supplemental Declaration" shall mean a recorded instrument which accomplishes one or more of the following purposes: (i) subjects additional real property to this Declaration, or (ii) imposes, expressly or by reference, additional restrictions, covenants, easements and/or rights and obligations on the land described,

ARTICLE II

CONSTRUCTION OF IMPROVEMENTS AND USE OF LOTS

Section 2.1 Residential Use.

The Property shall be used for single-family residential purposes and home office only, and accessory uses. No building or other structure shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached single-family residence per Lot, which residence may not exceed three (3) stories in height, and a private garage as provided below. Any building or structure to be placed or constructed on a Lot is subject to approval in writing by the Reviewer under Article III.

Section 2.2 Single-Family Use.

Section 2.2.1 Generally.

Except as provided in Section 2.2.2 below, (a) each residence may be occupied only by persons living and cooking together as a single housekeeping unit, together with any household employees, and (ii) except for families consisting of persons related by blood, adoption, or marriage (a "Family Unit"), no more than two persons per bedroom may occupy the same residence on a regular and consistent basis.

Section 2.2.2 Leasing.

Each residence on a Lot is to be occupied by the Owner of such Lot or residence for a period of one (1) year from the date on which an Owner acquires or obtains a certificate of occupancy (or equivalent) for a residence (the "Owner Occupancy Period") and such Lot or residence shall not be made available as a rental property until after the Owner Occupancy Period has expired. The Owner Occupancy Period shall apply to each successive Owner of any Lot or residence based on the date on which such transferee Owner acquires or obtains a certificate of occupancy (or equivalent) for a residence. Any violation of this provision by an Owner shall be considered a violation of this Declaration, and in addition to other remedies available under the law, including but not limited to, injunctive relief, the Declarant, the Association or any other Owner shall be entitled to enforce specific performance under this provision. The Owner Occupancy Period shall not be applicable in the event and for as long as a Lot or residence is encumbered by a mortgage loan insured by the Federal Housing Administration (FHA), guaranteed by the U.S. Department of Veterans Affairs (VA), or a mortgage loan that has been sold to the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac). Following the Owner Occupancy Period applicable to an Owner (or if the Owner Occupancy Period does not apply pursuant to the immediately preceding sentence), an Owner may lease the residence on such Owner's Lot in accordance with and subject to the following:

- (a) No more than ten percent (10%) of the residences within the Subdivision may be leased to a non-Owner occupant at any given time without the express written consent and approval of the Board, which may be withheld in the Board's sole and absolute discretion. The Board may grant a variance of this use restriction on a case by case basis at the sole and absolute discretion of the Board. Declarant and Builder owned Lots shall not be included in calculation of the ten percent (10%) cap on leased residences on Lots in the Subdivision. The Board may reject any proposed lease that would result in more than ten percent (10%) of the residences in the Subdivision being leased to non-Owner occupants or which fail to include the Required Lease Terms (as defined below).
- (b) Owners who rent or lease their residence are required to execute a written lease agreement, signed by the tenant and a copy provided to the Association prior to the tenant's possession of the residence.
- (c) The lease shall contain, at minimum, the following (the "Required Lease Terms"):
 - (i) Term of Lease. Initial term of the lease shall not be less than one (1) year without express written permission of the Board. In no event may any Owner lease its residence or Lot, or any portion thereof, through Air BnB, VRBO or other similar service for short term rentals.
 - (ii) Entire Residence. The property leased includes the entire residence.
 - (iii) Single Family. Lease is restricted to single family per Section 2.2.1 above. Owner shall provide to the Association or its managing agent the names and contact information for the tenants.
 - (iv) Abide by Rules. The Owner must make available to the tenant copies of the CCR's, Rules and Regulations, and all amendments thereto. Tenant must agree to abide by all Association's rules and must acknowledge that failure to do so may constitute a default under the lease terms and agreement. Owner must obtain a signed acknowledgment from the tenant that this section of the CCR's has been explained in detail and provide a

copy of same signed by tenant to the Association or its managing agent. The Tenant shall not be allowed access to any secured areas of the Association's website or other official social media platforms. Owner shall not allow tenant to use their secure log in information to access information on any secured platform established for homeowner use only or owned and/or operated by the Association or its managing agent.

- (v) Restrictions on Subleasing or Assignment. No assignment or sub leasing is allowed.
- (vi) Renters Insurance Required. Tenant must carry renters insurance.
- (vii) Maintenance. Owner shall be responsible at all times for his tenant and the maintenance and upkeep of the home and lot. Should the tenant violate a rule and a violation notice is sent, the Owner shall be responsible for ensuring the tenant complies with the rules and the violation noted is immediately abated. Should a fine for non-compliance result, the Owner shall be responsible for payment to the Association for all fines or any monetary expense the Association may incur for the enforcement and abatement of a violation.

An Owner is responsible for providing its tenant with copies of this Declaration, and any and all rules, regulations, design guidelines or other Documents promulgated hereunder, and notifying its tenant of changes thereto. Failure by the tenant or his invitees to comply with this Declaration and any rules, regulations, design guidelines or other Documents promulgated hereunder, or any federal or state law, or local ordinance or other Governmental Requirements is deemed to be a default by the Owner of the leased Lot or Residence, and shall be a default under the terms of the lease. When the Association notifies an Owner of its tenant's violation, the Owner will promptly obtain his tenant's compliance or exercise its rights as a landlord for tenant's breach of lease. If the tenant's violation continues or is repeated, and if the Owner is unable, unwilling, or unavailable to obtain his tenant's compliance, then the Association has the power and right (but is not obligated) to pursue the remedies available under this Declaration, at law or in equity. THE OWNER OF A LEASED LOT IS LIABLE TO THE ASSOCIATION FOR ANY EXPENSES INCURRED BY THE ASSOCIATION IN CONNECTION WITH ENFORCEMENT OF THIS DECLARATION, AND ANY AND ALL RULES, REGULATIONS, DESIGN GUIDELINES OR OTHER DOCUMENTS PROMULGATED HEREUNDER AND/OR ANY GOVERNMENTAL REQUIREMENTS AGAINST HIS TENANT.

The Association has the right to request each Owner leasing a residence or Lot in the Subdivision subject to this Declaration provide the Association with the following regarding the lease or tenant thereunder:

- (i) The contact information, including name, mailing address, phone number, and e-mail address of each person who will reside on the Owner's Residence or Lot under the terms of such lease; and
- (ii) The commencement date and term of such lease.

Notwithstanding any inconsistent or contrary provision in this Declaration, if there are any FHA, VA, Fannie Mae or Freddie Mac insured loans affecting a Lot, and only for so long as any such loans affect such Lot, any restrictions in this Section 2.2 or other rules regarding renting, subleasing, or reconveyance that violate any FHA, VA Fannie Mae or Freddie Mac requirements will not apply to a Lot affected by any FHA, VA, Fannie Mae or Freddie Mac insured loans or such Lot's Owner. The foregoing provisions of

this paragraph shall not be modified or amended by the Declarant during the Development Period without approval of each Builder owning a Lot subject to this Declaration.

Section 2.3 Garage Required.

Each residence shall have an enclosed garage and shall conform to the requirements set forth in the Design Guidelines. The garage shall conform in design and materials with the main structure. No garage shall be used for a living quarters at any time or for business purposes (other than as a sales office in a model home operated by a Builder within the Subdivision, which shall be permitted hereunder provided that such garage is restored to its intended use and design prior to the sale of a Builder of such model home an end-use homebuyer). Garage doors should remain shut at all times when not in use.

Section 2.4 Driveways.

All driveways shall be surfaced with concrete. No designs, painting or staining of driveways is allowed within the express written consent of the Reviewer. No driveway extension or widening of the driveway shall be allowed without the prior written approval of the Reviewer under Article III.

Section 2.5 Uses Specifically Prohibited.

(a) No temporary dwelling, shop, storage building, trailer or mobile home of any kind or any improvement of a temporary character shall be permitted on any Lot except (i) children's playhouses and playsets (which may not exceed more than two feet (2') above the fence line), dog houses, greenhouses (which may not be visible over the fence line), gazebos which may be subject to height restrictions, and buildings for storage of lawn maintenance equipment (which may not exceed more than two feet (2') above the fence line), which may be placed on a Lot only after approval from the Reviewer in accordance with Article III has been obtained, and (ii) the Builder or contractor may have temporary improvements (such as a sales office and/or construction trailer) on a given Lot during construction of the residence on that Lot or on a different Lot as agreed to between the Builder or contractor and Declarant and/or as otherwise set out in the Design Guidelines. Declarant agrees that each Builder may place a sales office and/or construction trailer on any Lot owned by a Builder during construction and no further approvals or agreements as contemplated by this Section 2.5(a) are required; provided, however, a Builder may not place a sales office or construction trailer on any Lot which is within 100 yards of the main entryways to the Subdivision from F.M. Road 156 or US Highway 380. No building material of any kind or character shall be placed or stored upon the Property until the Owner thereof is ready to commence construction of improvements, and then such material shall be placed within the property lines of the Lot upon which the improvements are to be erected. Portable basketball goals may be allowed by written consent of the Reviewer. Goals must be kept in good repair at all times and may not use unsightly weights such as tires, sand bags, or rocks unless the Owner can provide written proof from the manufacturer that such weights are the recommended means of weighing down the goal. Portable basketball goals may not be kept in the street, may not block a sidewalk at any time, and may not be played in the grass area located between the sidewalk and street. Goals must be kept in the driveway when in use and stored out of public view when not in use.

(b) Except as otherwise provided in this Section, every owner will be limited to a maximum of four (4) vehicles per home. No vehicle may be parked or left upon any portion of a Lot except in a garage or on a driveway. Except as provided below, the following vehicles may not be parked on any street within the Subdivision except for occasions of twenty-four hours or less and no more than one time per month: recreational vehicles, mobile homes, trailers, and campers. Trucks with tonnage in excess of one (1) ton including semi-trucks and/or trailers, tow trucks, commercial vehicles (including all vehicles with commercial lettering or logos), unlicensed or inoperable vehicles, trailers, boats, and jet skis are prohibited; provided however, notwithstanding the foregoing, boats and jet skis may be parked for a period not to exceed twenty-

four hours so long as they are on a trailer and attached to the vehicle. "Sports utility vehicles" and "mini-vans" (as such vehicles are commonly referred to, as determined in the Board's discretion) and pick-up trucks without commercial writing or logos shall be treated as automobiles and may be parked outside of enclosed garages. This Section shall not apply to parking, for purposes of emergency vehicle repairs or to construction, service, and delivery vehicles for periods necessary to perform the services or make a delivery. **Declarant and the Board of Directors expressly reserve the right to review, and consider parking requests, restrictions and violations within the community on a case by case basis. Excessive on street parking or parking abused by an owner which causes a nuisance to another owner or creates a safety hazard on the street or to residents, may result in vehicles being towed or fines for non-compliance being assessed.**

Notwithstanding the above, for purposes of cleaning, loading, unloading for a period of 24 hours prior to departure and upon return from a trip, and short-term and visitor parking, any vehicle may be parked outside of an enclosed garage temporarily and irregularly to accommodate such use. The Board, in its discretion, may enact additional rules governing such temporary, irregular use or, in the absence of specific rules, shall have discretion in determining what constitutes permissible parking under such circumstances.

As used in this Section, the term "vehicles" includes, without limitation, automobiles, trucks, boats, trailers, motorcycles, campers, vans, and recreational vehicles.

(c) No vehicle of any size which transports flammable or explosive cargo may be kept or parked on the Property at any time, except for use by or on behalf of Declarant in connection with the development of the Property or by a Builder or its contractor in connection with the construction of improvements on a Lot.

(d) No animals or livestock including but, not limited to pigs, pot bellied pigs, chickens, snakes, rats, or skunks shall be raised, bred or kept on the Property for commercial purposes or for food. Domesticated animals such as dogs, cats or other small domesticated household pets may be kept for the purpose of providing companionship for the private family; however, those pets which are permitted to roam free, or, in the sole discretion of the Board, constitute a nuisance or safety concern to the occupants of other Lots shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may, at its sole discretion, remove or otherwise provide for the removal of the pet. Notwithstanding anything contained herein to the contrary, the Board in its sole discretion and without incurring any further duty or obligation to owners and occupants within the Property may decide to take no action and refer complaining parties to the appropriate municipal or governmental authorities for handling and final disposition. Pets shall be kept on a leash or otherwise confined inside a fenced area whenever outside the residence. Pets shall be registered, licensed and inoculated as required by law and must be properly tagged for identification. It is the Owner's responsibility to keep the front of their Lot clean and free of pet debris and to pick up and properly dispose of their pet's waste wherever deposited. Each Owner is solely liable and responsible for picking up after their pet(s). If an issue or dispute arises between Owners regarding the removal of pet waste from the Property, the Association has no liability or obligation to involve itself in any such dispute between Owners. The Association may levy fines up to \$300.00 per occurrence for any Owner who violates this section and does not comply with the rules as set forth herein. The Association is only required to deliver notice of this fine to a violating Owner pursuant to the terms and requirements of this Declaration and under applicable law via certified mail prior to levying any fine or charges against such Owner under this Section 2.5(d) and such fine shall be due and payable immediately upon receipt of such certified mail notice. The Board may determine whether any additional rules or policies regarding pets, including, without limitation, limiting the number of household pets per residence, shall be adopted with respect to Property.

(e) No Lot or other area on the Property shall be used as a dumping ground for rubbish or a site for the accumulation of unsightly materials of any kind, including, without limitation broken or rusty

equipment, disassembled or inoperative cars, other vehicles or discarded appliances and furniture. Trash, garbage or other waste shall be kept in sanitary containers. Owners shall not allow their lots to be littered with trash or debris of any kind. All incinerators or other equipment for the storage or other disposal of such material shall be kept in clean and sanitary condition. Materials incident to construction of improvements may be stored on Lots during construction so long as construction progresses without undue delay.

(f) No air-conditioning apparatus shall be installed on the ground in front of a residence. No air-conditioning apparatus shall be attached to any wall or window of a residence. All air-conditioning equipment must be installed in the rear yard or on the side yard.

(g) The erection, construction, placement or installation of any television, radio or other electronic tower, serial, antenna, satellite dish or device of any type for the reception or transmission of radio or television broadcast signals or other means of communication upon a Lot or upon any improvement thereon is prohibited, except that this prohibition shall not apply to those antennae specifically covered by 47 C.F.R. Part 1, Subpart S, Section 1.4000 (or any successor provision) promulgated under the Telecommunications Act of 1996, as amended from time to time. The Board shall be empowered to adopt rules governing the types of antennae that are permissible hereunder and establishing reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae. To the extent that reception of an acceptable signal would not be impaired or the cost of installation would not be unreasonably increased, an antenna permissible pursuant to the Declaration or the rules of the Association may only be installed in a side or rear yard location, not visible from the street or neighboring property, and integrated with the residence and surrounding landscape. Antennae shall be installed in compliance with all state and local laws and regulations, including zoning, land-use and building regulations.

(h) No Lot or improvement thereon shall be used for commercial or manufacturing purposes of any kind other than a small home office. Nothing in this subparagraph shall prohibit a Builder's use of a residence as a sales office until such Builder's last residence on the Property is sold and closed. Nothing in this subparagraph shall prohibit an Owner's use of a residence for quiet, inoffensive activities such as a small home office, tutoring or giving lessons such as art or music, so long as such activities are consistent with the residential character of the Property, do not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of others within the Property, as determined in the Board's discretion, and do not materially increase the number of cars parked on the street.

(i) No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between three feet (3') and six feet (6') above the roadway shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street right-of-way lines and a line connecting them at points ten feet (10') from the intersection of the street right-of-way lines, or, in the case of a rounded property corner, from the intersection of the street right-of-way lines as extended. The same sight-line limitations shall apply on any Lot within ten (10) feet from the intersection of a street right-of-way line with the edge of a private driveway or alley pavement. No tree shall be permitted to remain within such distance of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

(j) Except for children's playhouses, dog houses, greenhouses, gazebos and buildings for storage of lawn maintenance equipment which specifically conform with the Design Guidelines and the requirements of Section 2.5 (a) herein, no building previously constructed elsewhere shall be moved onto any Lot, it being the intention that only new construction be placed and erected thereon.

(k) No sign of any kind shall be displayed to the public view on any Lot, except: (i) political signs which may be placed on the Lot no earlier than six (6) weeks prior to an election and which must be removed within two (2) weeks after the election for which such sign is displayed and which otherwise comply

with the requirements of Texas Election Code Section 259.002 and local ordinances, as modified and amended from time to time; (ii) one (1) professional security service sign of not more than one square foot; (iii) one (1) sign of not more than five square feet advertising the property for rent or sale during any period that the Lot actually is for rent or sale; (iv) signs used by a Builder to advertise the Property during the construction and sales period, or (v) school spirit signs or other similar signs displaying school related activities, each of which shall, in any event, comply with all statutes, laws or ordinances governing same. All signs displayed on a Lot or residence or improvements on a Lot shall comply with Design Guidelines then in effect. The Board of Directors or its agents shall have the right to remove any sign, billboard or other advertising structure that does not comply with the above, and in so doing shall not be subject to any liability for trespass or otherwise in connection with such removal.

- (l) The drying of clothes in public view is prohibited. Clothes lines are prohibited.
- (m) Wood used for fireplace, barbeque, or other use must be stacked neatly and screened from public view. The Owner is responsible for ensuring that such wood stack is kept free of rodents.
- (n) No Owner shall perform, fail to perform, or permit anything to be done or not done on such Owner's Lot which would violate any laws, statutes, ordinances or regulations of any kind or character. No Owner shall perform or permit anything to be done that can be considered a nuisance or safety hazard to the surrounding neighbors or the community. If an Owner leases his home, the occupant / tenant shall be required to adhere to all governing documents, rules and regulations. It shall be the responsibility of the Owner to ensure the occupant / tenant is aware of all restrictions, rules and regulations. Violation infractions committed by an occupant / tenant, resident, guest or invitee will be the responsibility of the Owner to cure / abate. If a fine for non-compliance is levied, the Owner will be responsible for the payment in full of all fines, self help remedies, or cost of repairs which may be incurred by the Association.
- (o) No Owner or resident may make verbal or physical threats against any member of the Board, any managing agent for the Association, or their inspectors, agents, representatives or employees. No Lot or Common Properties may be used in any way that: (1) may reasonably be considered annoying to neighbors; (2) may be calculated to reduce the desirability of the Property as a residential neighborhood; (3) may endanger the health or safety of residents of other Lots; (4) may result in the cancellation of insurance on the Property; or (5) violates any law or Governmental Requirement

Section 2.6 Minimum Floor Area.

The total air-conditioned living area of the main residential structure constructed on each Lot, as measured to the outside of exterior walls but exclusive of open porches, garages, patios and detached accessory buildings, shall be not less than 1,200 square feet.

Section 2.7 Fences and Walls.

Any fence or wall must be constructed of masonry, brick, wood, ornamental metal, or other material approved by Declarant or the ACC. No vinyl or chain link fences are permitted except on the Common Properties or any school property which may be located within the Subdivision. No fence or wall shall be permitted to extend nearer to any street than the front of any residence. However, all side yard fencing on corner Lots shall run parallel to the curb and may be placed no nearer than five feet (5') inside the side Lot line and shall not extend beyond a point of five feet (5') behind the front of the residence on that side. Fences or walls erected by Declarant shall become the property of the Association for all fences or walls located on or within Common Properties boundaries. The Association shall be responsible for the maintenance of the fence or wall only as may be situated along the perimeter of the Property or on the rear

lot line of Lots adjacent to Common Properties. The Association assumes no responsibility for fencing or walls otherwise located on an Owner's Lot or located on the common boundary of the Common Properties and the side or front boundary lines of such Owner's Lot, which fencing and walls shall be maintained by the Lot Owner. Each Owner shall be responsible for all side and front yard fencing located on their Lot. Any fence or portion thereof that faces a public street shall be so constructed so that all structural members and posts will be on the side of the fence facing away from the street so that they are not visible from any street. No portion of any fence shall extend more than six feet (6') in height measured from grade. Owners of Lots that share fencing or walls on common property lines of such Owners' Lots shall be liable and responsible for the costs and expenses to maintain, repair or replace such fencing on the common boundary line based upon the total linear feet of fencing that is on the common boundary line shared between two Owners and the aggregate total linear feet of fencing being replaced. Any approval of the Declarant or ACC of fence design on an Owner's Lot to be placed, constructed or installed on a common boundary shared with one or more other Owners shall not be effective without the written consent and approval of the other Owner(s) sharing the common property line on which such fence is to be placed, constructed or installed. In the event of conflict or disagreement between Owners regarding fencing constructed or installed on a common boundary between two or more Owners, the Association has no liability or responsibility for resolving such conflict or disagreement and Owners.

Section 2.8 Building Materials.

The building materials to be used for each residence and other structure must conform to the requirements set out in the Design Guidelines. Allowed roofing materials shall be set forth exclusively in the Design Guidelines. The color of roofing shall be consistent throughout the Subdivision and shall otherwise conform to the Design Guidelines.

Section 2.9 Mailboxes and Address Blocks.

Mailboxes shall be cluster mailboxes of a standardized design for all Lots throughout the Subdivision and shall be constructed in accordance with the Design Guidelines. An address block shall be installed on the front facade of each residence.

In the event that any cluster mailbox installed in the Subdivision requires maintenance, replacement or repairs, such maintenance, replacement and/or repairs shall be performed by the Association and the costs and expenses incurred by the Association in connection therewith shall be charged on a pro rata basis (based on the total number of mailbox units within such cluster mailbox) as a Special Individual Assessment to the Owners with mailbox units within the cluster mailbox that has been maintained, repaired and/or replaced.

Section 2.10 Landscaping.

Each Builder of a residence upon each Lot shall, upon or before the first occupancy of a house, sod grass in the front and side yards, plant the minimum size and number of shrubs in the front yard against the foundation of the house as required by the Design Guidelines. Thereafter, each Owner of a Lot shall have the responsibility to properly maintain such trees and landscaping and, if necessary, shall replace such trees or landscaping. Declarant and/or the Association shall have the right but not the obligation, to be exercised at its sole option, to remove and replace dead trees and landscaping and charge the costs thereof to the Owner's account as a Special Individual Assessment under Section 10.6 below. No synthetic turf of any kind is allowed in the front, back or side portions of any yard area of a Lot; provided, however, an Owner may request approval from the Reviewer to allow an Owner to install and locate synthetic turf in small portions of yard areas not visible from any Street that are used as dog runs or in other small yard areas not

visible from any Street for limited purposes, which approval of the Reviewer must be in writing and may be withheld in the Reviewer's sole and absolute discretion.

Section 2.11 Design Guidelines.

In addition to any requirements set forth in this Declaration, all Owners are required to comply with the Design Guidelines in the construction of improvements within the Property with respect to the installation, maintenance and replacement of trees and landscaping within the Property.

Section 2.12 Governmental Requirements. Each Owner, occupant or other user of any portion of the Property, shall at all times comply with this Declaration and all laws, ordinances, policies, rules, regulations and orders of all federal, state, county and municipal governments, and other agencies having jurisdictional control over the Property, specifically including, but not limited to, applicable zoning placed upon the Property, as they exist from time to time (collectively "Governmental Requirements"). IN SOME INSTANCES REQUIREMENTS UNDER THE GOVERNMENTAL REQUIREMENTS MAY BE MORE OR LESS RESTRICTIVE THAN THE PROVISIONS OF THIS DECLARATION. IN THE EVENT A CONFLICT EXISTS BETWEEN ANY SUCH REQUIREMENTS UNDER ANY GOVERNMENTAL REQUIREMENT AND ANY REQUIREMENT OF THIS DECLARATION, THE MOST RESTRICTIVE REQUIREMENT SHALL PREVAIL, EXCEPT IN CIRCUMSTANCES WHERE COMPLIANCE WITH A MORE RESTRICTIVE PROVISION WOULD RESULT IN A VIOLATION OF MANDATORY APPLICABLE GOVERNMENTAL REQUIREMENTS, IN WHICH EVENT THOSE GOVERNMENTAL REQUIREMENTS SHALL APPLY. COMPLIANCE WITH MANDATORY GOVERNMENTAL REQUIREMENTS WILL NOT RESULT IN THE BREACH OF THIS DECLARATION EVEN THOUGH SUCH COMPLIANCE MAY RESULT IN NON-COMPLIANCE WITH PROVISIONS OF THIS DECLARATION. WHERE A GOVERNMENTAL REQUIREMENT DOES NOT CLEARLY CONFLICT WITH THE PROVISIONS OF THIS DECLARATION BUT PERMITS ACTION THAT IS DIFFERENT FROM THAT REQUIRED BY THIS DECLARATION, THE PROVISIONS THIS DECLARATION (IN ORDER OF PRIORITY) SHALL PREVAIL AND CONTROL. The Property and all Lots therein shall be developed in accordance with this Declaration, as this Declaration may be amended or modified from time to time as herein provided.

2.13 Drones and Unmanned Aircraft. Any Owner operating or using a drone or unmanned aircraft within the Property and related airspace must register such drone or unmanned aircraft with the Federal Aviation Administration ("FAA"), to the extent required under applicable FAA rules and regulations, and mark such drone or unmanned aircraft prominently with the serial number or registration number on the drone or unmanned aircraft for identification purposes. BY ACCEPTANCE OF TITLE TO ANY PORTION OF THE PROPERTY, EACH OWNER ACKNOWLEDGES THAT USE OF A DRONE OR UNMANNED AIRCRAFT TO TAKE IMAGES OF PRIVATE PROPERTY OR PERSONS WITHOUT CONSENT MAY BE A VIOLATION OF TEXAS LAW AND CLASS C MISDEMEANOR SUBJECT TO LEGAL ACTION AND FINES UP TO \$10,000. IT IS YOUR RESPONSIBILITY TO KNOW AND COMPLY WITH ALL LAWS APPLICABLE TO YOUR DRONE AND/OR UNMANNED AIRCRAFT USE.

Section 2.14 Lightning Rods. An Owner may not construct a lightning rod and related systems ("Lightning Rod") on a residence except in compliance with the following: (a) the Lightning Rod must meet standards of the National Fire Protection Association ("NFPA") equal to or greater than NFPA's lightning Protection Standard NFPA 780, Underwriters Laboratories ("UL") UL 96A, and Lightning Protection Institute ("LPI") LPI-175, (b) any Lightning Rod must be installed by a contractor licensed in the State in which the Residence is located, and (c) any part of the Lightning Rod that becomes non-functional must be immediately repaired, replaced, or removed from the Residence by the Owner at such Owner's costs and expense. Each Owner acknowledges and agrees that an Owner is solely liable and

responsible for the safety, upkeep, and use of the Lightning Rods. Furthermore, each Owner acknowledges that the installation of a Lightning Rod on a residence may void or adversely warranties on such Owner's residence, including without limitation, any roof warranties. EACH OWNER BY ACCEPTANCE OF TITLE TO ITS LOT HEREBY RELEASES AND WAIVES THE ASSOCIATION, DECLARANT, THE BOARD AND/OR ITS MANAGING AGENT AND THEIR RESPECTIVE MEMBERS, EMPLOYEES, DESIGNEES, ADMINISTRATORS, INSPECTORS, CONTRACTORS, AND AGENTS, AND AGREES TO INDEMNIFY AND DEFEND SAME AND HOLD THEM HARMLESS FROM AND AGAINST ANY CLAIMS, LIABILITIES, LOSS, DAMAGE, COSTS AND EXPENSES, INCLUDING BUT NOT LIMITED TO ATTORNEYS' FEES, IN CONNECTION WITH OR ARISING OUT OF THE INSTALLATION, OPERATION, LOCATION, REPAIR, MAINTENANCE, AND/OR REMOVAL OF ANY LIGHTNING ROD OR RELATED SYSTEMS ON AN OWNER'S RESIDENCE..

ARTICLE III ARCHITECTURAL CONTROL

Section 3.1 Review Authority.

(a) General. The Property is located within the jurisdiction of the City. In addition to any inspection process implemented by the City in connection with the City's permit process, the Declarant and the Association will, in all likelihood engage the services of third-party professionals including architects, engineers, or other persons to perform and administer the submission, review and inspection process which may be required or necessary under this Article. Declarant reserves the right to implement and enforce additional application, permitting, review, testing and inspection requirements and procedures not contained herein relating to national or uniform codes pertaining to building, electrical, plumbing and any other aspect of construction or development as deemed necessary by Declarant.

(b) Declarant as ACC During Development Period. Declarant, as provided below, shall have exclusive authority to act as the Reviewer and administer, review and act upon all applications for architectural and other improvements within the Property during the Development Period, unless Declarant earlier terminates its rights under a recorded instrument. Declarant may designate or engage one or more persons or entities to act on its behalf with respect to some or all matters coming within the purview of this Article III. In reviewing and acting upon any request for approval, Declarant or its designee shall act solely in Declarant's interest and owe no duty to any other person. Declarant is not required to hold meetings or keep minutes relating to its review under this Article. Declarant may, at its sole discretion, issue variances when doing so seems to agree with the continued aesthetic harmony of the community or for any other reason. Additionally, Declarant may from time to time delegate or assign all or any portion of its rights under this Article as Reviewer for a Phase to any other person, entity or committee, including the Architectural Control Committee. Any such delegation shall be in writing, shall specify the delegated responsibilities, and shall be subject to (i) Declarant's right to revoke such delegation at any time and reassume its prior jurisdiction, and (ii) Declarant's right to veto any decision which it determines, in its discretion, to be inappropriate or inadvisable for any reason. So long as Declarant has any rights under this Article, the jurisdiction of other entities shall be limited to such matters as Declarant specifically delegates.

(c) Architectural Control Committee. Upon Declarant's delegation or upon expiration or termination of Declarant's rights under this Article, the Association, acting through the ACC, shall assume jurisdiction over architectural matters as the "Reviewer" hereunder. After the period of Declarant control, a person may not be appointed or elected to serve on the ACC if the person is (a) a current Board member, (b) a current Board member's spouse; or (3) a person residing in a current Board member's household. The ACC shall consist of at least three persons. Members of the ACC need not be Members of the Association

or representatives of Members, and may, but need not, include architects, engineers, or similar professionals, who may be compensated in such manner and amount, if any, as the Board may establish. The ACC members shall be designated, shall serve, and may be removed and replaced in the Board's discretion.

(i) For so long as Declarant owns any portion of the Property, and unless Declarant notifies the ACC in writing to the contrary, the ACC shall notify Declarant in writing, no less than thirteen (13) business days prior to communicating any action (*i.e.*, approval, partial approval, or disapproval) it intends to take under this Article. A copy of the application and any additional information that Declarant may require shall accompany the notice. During such time, Declarant shall have the right, in its sole and absolute discretion, to veto such ACC action; provided, Declarant's right to veto must be exercised within ten (10) business days after it receives notice of the ACC's proposed action and may only be exercised with respect to its applicable portion of the Property. The party submitting the plans for approval shall not be notified of the ACC's proposed action until after Declarant's right to veto has expired.

(ii) The Board may create and appoint subcommittees of the ACC. Subcommittees may be established to preside over particular areas of review (e.g., landscape plans) and shall be governed by procedures the Board or the ACC may establish. Any subcommittee's actions are subject to review and approval by Declarant, for as long as Declarant may review the ACC's decisions, and the ACC. Notwithstanding the above, neither the ACC nor Declarant shall be obligated to review all actions of any subcommittee, and the failure to take action in any instance shall not be a waiver of the right to act in the future.

(iii) Unless and until such time as Declarant delegates any of its reserved rights to the ACC or Declarant's rights under this Article expire or terminate, the Association shall have no jurisdiction over architectural matters.

(d) Reviewer. The entity having jurisdiction in a particular case, whether Declarant or its designee or the ACC, shall be referred to as the "Reviewer".

(e) Fees; Assistance. The Reviewer may establish and charge reasonable fees for its review of applications and shall require that such fees be paid in advance. If such fees or charges, including those set forth under Section 3.3 below, are not paid in advance, the Reviewer shall have no obligation whatsoever to review any such related application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers, or other professionals. The Board may include the compensation of such persons in the Association's annual operating budget. Notwithstanding the foregoing, no fees for the Reviewer's review of applications as set forth in this Article 3 will be due or payable with respect to any Lots owned by a Builder; provided, however, the ACC or its designee (which may be the Association's property manager or representatives thereof), may charge at each Closing of a Lot to a Builder a fee of One Hundred Twenty-Five and No/100 Dollars (\$125.00) (the "New Build Inspection Fee") in addition to any transfer fees, Resale Certificate fees or other fees charged by the Association or its managing agent in connection with the closing of the transfer or conveyance of a Lot to a Builder.

Section 3.2 Review Requirements.

No building, wall, pool or other structure (except fences) shall be commenced, erected, installed, placed, or substantially altered on any Lot, nor shall any exterior painting (other than repainting a structure the same or similar color) of, exterior addition to, or substantial alteration of, such items be made until all plans and specifications and a plot plan have been submitted to and approved in writing by the Reviewer.

The Reviewer is authorized and empowered to consider and review any and all aspects of construction and landscaping which may, in the reasonable opinion of the Reviewer, adversely affect the living enjoyment of one (1) or more Owners or the general value of the Property. The Reviewer shall have the right to render decisions based solely on aesthetic considerations.

In reviewing each submission, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of the proposed exterior design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that aesthetic determinations are purely subjective and that opinions may vary as to the desirability and/or attractiveness of particular improvements. The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment and such determinations are not subject to judicial review so long as they are made in good faith and in accordance with the required procedures.

Section 3.3 Procedure for Approval.

PRIOR TO THE COMMENCEMENT OF ANY CONSTRUCTION BY ANY PERSON OR ENTITY, THE BUILDER SHALL OBTAIN FROM THE CITY AND THE REVIEWER A BUILDING PERMIT AND SHALL PAY, IN ADVANCE, ANY RELATED INSPECTION FEES AND FEES OWING OR TO BE OWED TO THE DENTON COUNTY FRESHWATER SUPPLY DISTRICT AS DETERMINED BY THE REVIEWER. THIS REQUIREMENT NOT ONLY APPLIES TO ORIGINAL CONSTRUCTION BUT TO POOL INSTALLATIONS, MODIFICATIONS OR ADDITIONS TO EXISTING STRUCTURES OF IMPROVEMENTS. FAILURE TO OBTAIN SUCH PERMITS FROM THE CITY AND/OR THE REVIEWER OR PAY SUCH FEES PRIOR TO INITIATION OF CONSTRUCTION SHALL BE CAUSE FOR THE REVIEWER OR THE ASSOCIATION TO REQUEST AND OBTAIN EMERGENCY TEMPORARY RELIEF TO RESTRAIN ALL ASPECTS OF CONSTRUCTION. ABOVE GROUND POOLS ARE PROHIBITED AT ALL TIMES.

In addition to the foregoing requirement, final plans and specifications shall be submitted in duplicate by certified mail, return receipt requested or hand delivery to the Reviewer. The plans and specifications shall show the nature, kind, shape, height, materials and location of all landscaping and improvements. The application shall specify in writing any requested variances from the requirements set forth in this Declaration, the Design Guidelines or any Community-Wide Standard. **The City shall be the sole authority for issuing variances for any City zoning or other requirements applicable to the Property and/or any Lot or improvements constructed therein, and no action by the Reviewer hereunder shall modify or substitute any requirement under any applicable zoning or development requirements of the City.** The Reviewer is authorized to request the submission of samples of proposed construction materials and such other information as they reasonably deem necessary to make their determination. At such time as the plans and specifications meet the approval of the Reviewer, one complete set of plans and specifications will be retained by the Association, for up to three (3) years only, and the other complete set of plans shall be marked "Approved", signed by a representative of the Reviewer and returned to the Lot Owner or his designated representative. If disapproved by the Reviewer, one set of such plans shall be returned marked "Disapproved" and shall be accompanied by a reasonable statement of the reasons for disapproval, which statement shall be signed by a representative of the Reviewer. Any modification of the approved set of plans and specifications must again be submitted to the Reviewer for its approval, The Reviewer's approval or disapproval, as required herein, shall be in writing. The Reviewer will return one set of plans and specifications to the applicant marked with the Reviewer's response, such as "Approved," "Denied," or "More Information Required." Written notice of the determination of the Reviewer shall be provided to an applying Owner via certified mail, hand delivery or electronic delivery to the contact address of such Owner registered with the Association. Denials of the Reviewer must described the basis for denial in reasonable detail and changes, if any, in the application or improvements required as a condition to approval, and

inform the Owner that the Owner may request a hearing under Section 209.00505(e) of the Texas Property Code on or before the 30th day after the date the notice was delivered by the Reviewer to the Owner. A determination of the Reviewer may be appealed to the Board of the Association in accordance with Section 209.00505 of the Texas Property Code, and the Board shall hold a hearing within 30 days after an Owner's request for a hearing. Any reliance upon a verbal approval of any plans by the Reviewer shall be wholly unjustified, at the risk of the Lot Owner and subject to any subsequent or otherwise conflicting written response by the Reviewer.

If the Reviewer fails to approve or disapprove any such plans and specifications or modification thereto within thirty (30) business days after the date of submission of all information the Reviewer requires, the submission shall be deemed to have been denied. Any Builder who is constructing residences on multiple Lots shall have the option of submitting a master set of final plans and specifications for all of the residences it intends to construct within the Property to the Reviewer in accordance with the provisions of this paragraph. Once the master set of plans has been approved, the Builder shall be allowed to construct residences in accordance with such approved plans and no further submittals shall be required unless material deviations have been made to such approved plans.

The Reviewer may, but is not obligated to, permit or require that plans be submitted or considered in stages, in which case, a final decision shall not be required until after the final, required submission stage. **If the Reviewer fails to approve or disapprove any other plans and specifications or modification thereto excluding Builders plans, within thirty (30) business days after the date of receipt, then the plan is deemed disapproved.**

As part of any approval, the Reviewer may require that construction in accordance with approved plans commence within a specified time period. If construction does not commence within the required period, the approval shall expire and the Owner must reapply for approval before commencing any activities. Once commenced, construction must be diligently pursued to completion. All construction work shall be completed within six (6) months of commencement unless otherwise specified in the notice of approval or the Design Guidelines, or unless the Reviewer, in its discretion, grants an extension in writing. If approved work is not completed within the required time, it shall be in violation of this Article and shall be subject to enforcement action.

Also as a part of the review process, the Reviewer may require that the construction of any improvement be inspected on a periodic basis prior to completion for compliance with the plans, codes adopted by Declarant and other matters relating to the quality or method of construction. The Association may conduct such inspections or, in the alternative, it may contract with third parties for such purposes. The Owner on whose Lot the construction is taking place shall be responsible for the payment of costs relating to any such inspection.

Notwithstanding the foregoing, upon approval of Declarant, as evidenced in writing delivered to a Builder, of the residential home plan set submitted by such Builder for construction of residences, structures or improvements of any type on Lots owned by such Builder and to be acquired from Declarant, no additional review or approval of such Builder's residential home plan set is required by the Reviewer or otherwise under this Declaration, and Declarant hereby waives any such requirement. Furthermore, no Builder shall be required to commence construction of residences pursuant to the approved residential home plan set within any specific time period after approval of same by Declarant, and the six (6) month construction completion requirement set forth in this Section 3.3 is waived so long as such Builder has commenced construction and is proceeding with reasonable diligence to completion of each residence constructed by it.

The Reviewer has the right but not the duty to evaluate and inspect every aspect of construction, landscaping, and property use that may adversely affect the general value or appearance of the Property. Failure of an Owner or Builder to comply with the building or construction requirements set forth in this Declaration or the Design Guidelines result in the Association levying a fine in an amount of at least \$1,000 and up to \$3,000.00 per occurrence of any act of non-compliance.

Section 3.4 Standards.

The Reviewer shall have sole discretion with respect to taste, design and all standards specified herein. One objective of the Reviewer is to prevent unusual, radical, curious, odd, bizarre, peculiar or irregular structures from being built on the Property. The Reviewer shall have the authority to interpret and amend the Design Guidelines, subject to Declarant's approval for so long as Declarant or any Builder owns any portion of the Property and, thereafter, subject to the approval of the Board. The Reviewer may from time to time publish and promulgate bulletins regarding architectural standards, which shall be fair, reasonable and uniformly applied and shall carry forward the spirit and intention of this Declaration. **To the extent that the Design Guidelines conflict with any development standards of the City, the development standards of the City shall govern and control. Only the City Council of the City has authority to amend the development standards applicable to the Property by City ordinance or resolution.**

Section 3.5 Requests for Variance.

Upon submission of a written narrative request for same, the Reviewer may, from time to time, in its sole discretion, permit Owners and Builders to construct, erect or install improvements which are in variance from the requirements of this Declaration or which may be contained in the Design Guidelines. In any case, however, such variances shall be in basic conformity and shall blend effectively with the general architectural style and design of the community. No member of the ACC or the Board, or the Association or Declarant shall be liable to any Owner or other person claiming by, through, or on behalf of any Owner, for any claims, causes of action, or damages arising out of the granting or denial of, or other action or failure to act upon, any variance request by any Owner or any person acting for or on behalf of any Owner. Each request for a variance submitted hereunder shall be reviewed separately and apart from other such requests and the grant of a variance to any Owner shall not constitute a waiver of the Reviewer's right to strictly enforce the Declaration or the Design Guidelines against any other Owner. Each such written request must identify and set forth in narrative detail the specific restriction or standard from which a variance is sought and describe in complete detail the exact nature of the variance sought. Any grant of a variance by the Reviewer must be in writing and must identify in narrative detail both the standard from which a variance is being sought and the specific variance being granted. Variances given by Declarant or ACC are perpetual, and future Reviewer(s) (which may include future members of the ACC, the Board or successors in interest to Declarant's rights hereunder) cannot revoke a prior variance granted unless required by applicable zoning or other applicable law or legal requirement.

The City shall be the sole authority for issuing variances for any City zoning, building codes or other development or construction requirements applicable to the Property and/or any Lot or improvements constructed therein, and no action or variance granted by the Reviewer, the ACC and/or the Board hereunder shall modify or substitute any requirement under any applicable zoning, building codes or development or construction requirements of the City

Section 3.6 Liability of Reviewer.

Neither Declarant, the Board of Directors, the Architectural Control Committee, nor any of their respective members, officers, employees, designees, contractors, administrators, inspectors and agents, shall have any liability whatsoever for decisions made in accordance with this Article so long as such decisions

are made in good faith and are not arbitrary or capricious. The plans or the site plan submitted to the Reviewer shall be the responsibility of the Owner of the Lot to which the improvements relate, and the Reviewer shall have no obligation to check for errors in or omissions from any such plans, or to check for such plans' compliance with the general provisions of this Declaration, or any codes, ordinances, regulations or other laws, whether statutory or not, and whether the same relate to Lot lines, building lines, easements or any other issue. Review and approval of any plans pursuant to this Article may be based on purely aesthetic considerations. The Reviewer is not responsible for the structural integrity or soundness of approved construction or modifications, for compliance with building codes and other governmental requirements, or for ensuring that every residence is of comparable quality, value, or size, of similar design, or aesthetically pleasing or otherwise acceptable to other Owners.

THE ASSOCIATION HEREBY UNCONDITIONALLY AND PERPETUALLY INDEMNIFIES AND HOLDS DECLARANT, THE BOARD, THE ARCHITECTURAL CONTROL COMMITTEE, THE REVIEWER, AND THEIR RESPECTIVE MEMBERS, EMPLOYEES, DESIGNEES, ADMINISTRATORS, INSPECTORS, CONTRACTORS, AND AGENTS HARMLESS FROM AND AGAINST ANY CLAIMS, LIABILITIES, LOSS, DAMAGE, COSTS AND EXPENSES, INCLUDING BUT NOT LIMITED TO ATTORNEYS' FEES, IN CONNECTION WITH OR ARISING OUT OF ANY ACTIONS OR INACTIONS TAKEN HEREUNDER BY THE REVIEWER, IRRESPECTIVE OF WHETHER OR NOT THE REVIEWER, ITS EMPLOYEES, CONTRACTORS, AGENTS AND OTHER INDIVIDUALS OR ENTITIES TO OR EMPLOYED BY THE REVIEWER ACTED NEGLIGENTLY OR WITH WILLFUL MISCONDUCT.

Section 3.7 Special Rights of Declarant.

Notwithstanding anything to the contrary contained herein, any Lot owned by Declarant shall not be subject to the provisions of this Article III and Declarant shall not be required to submit plans and specifications, etc. to the Architectural Control Committee or to obtain the consent, permission or approval of the Architectural Control Committee for the matters otherwise required pursuant to this Article III, and the consent, permission or approval of the Architectural Control Committee shall be deemed given for plans and specifications, plot plans and the like to be used by Declarant, or Declarant's assigns, in the construction of any residence on any Lot owned or sold to a Builder by Declarant. **DECLARANT ALSO RETAINS SPECIAL AND UNIQUE RIGHTS AND PRIVILEGES IN ARTICLE XII THAT TAKE PRECEDENCE OVER ALL OTHER ARTICLES OR SECTIONS IN THIS DECLARATION.** This Article III shall not be modified or amended during the Development Period without the express written consent of Declarant.

**ARTICLE IV
SPECIAL FENCING AND LANDSCAPING**

Section 4.1 Fences, Walls and Screening Landscaping.

Declarant and/or the Association shall have the right, but not the obligation, to erect, install, maintain, repair and/or replace fences, walls and/or screening landscaping within that portion of any Lot situated along the perimeter of the Property or on Lots adjacent to Common Properties, as shown on a Final Plat, including, without limitation, open space area for screening or buffering. As described in Article II, Section 2.7, the Association shall be responsible for the maintenance of the fence or wall only as may be situated along the perimeter of the Property or on the rear lot line of Lots adjacent to Common Properties, notwithstanding, any such fence, wall or sprinkler system shall be subject to the easements and rights of Declarant and the Association set forth below. With respect to any fencing installed within a Lot that is adjacent to a thoroughfare, the Association shall have the exclusive right to stain or otherwise maintain the

exterior of such fence facing the thoroughfare whenever, in the Board's sole and absolute discretion, it deems necessary. The Design Guidelines shall contain all construction and materials requirements for the walls adjacent to the Common Properties and any thoroughfare. The Association may include costs for maintenance, repairs and/or replacement required by this Section 4.1 in the expenses of the Association to be paid by levying Assessments hereunder.

Section 4.2 Landscaping.

Declarant and/or the Association shall have the right to grade, plant and/or landscape and maintain, repair, replace and/or change such grading, planting and landscaping on any portion of the Property not comprising any portion of a Lot and to maintain all landscaping, buffering, screening, irrigation, and associated improvements adjacent to the Property along public rights-of-way as may be required by the City (and including, without limitation, open space area for screening or buffering), without limitation whatsoever, to do all things necessary within the Property to obtain full compliance with any applicable ordinances, laws, rules or regulations promulgated by the City or other applicable governmental authority. The Association may include costs for maintenance, repairs and/or replacement required by this Section 4.2 in the expenses of the Association to be paid by levying Assessments hereunder.

Section 4.3 Easement.

Declarant and the Association shall have, and hereby reserve, the right and easement to enter upon the Common Properties and those Lots which are situated along the perimeter of the Property and/or the Common Properties, as shown on a Final Plat, or the Lots adjacent to a thoroughfare, for the purpose of exercising the discretionary rights set forth in this Article IV.

Section 4.4 Declarant's and the Association's Discretion.

Notwithstanding any provisions herein to the contrary, neither Declarant nor the Association shall ever be obligated to erect, install, maintain, repair or replace any fences, walls, sprinkler systems, grading, planting or landscaping on the Property.

Section 4.5 Development Period Limitation.

The provisions of this Article IV regarding Declarant's rights shall terminate and be of no further force and effect from and after the expiration of the Development Period. The rights of the Association shall continue throughout the term hereof.

ARTICLE V LOT MAINTENANCE BY OWNERS

Section 5.1 Lot Maintenance.

After the installation of the landscaping on a Lot by a Builder, the Owner of the Lot shall thereafter maintain the yard in a sanitary and attractive manner, including adequate watering and immediate replacement of dead vegetation and trees (provided, however, the Owner may receive an extension for the replacement of trees and shrubs if favorable planting conditions do not exist), and shall edge the street curbs that run along the Lot boundary lines. Yards must be kept mowed and trimmed at regular intervals so as to maintain the Lot in a neat and attractive manner and in accordance with the Community-Wide Standard. No vegetables shall be grown in any portion of a Lot yard that faces a street or is not screened by fencing built in accordance with the terms hereof. Grass shall not be permitted to grow to a height of greater than four inches (4") upon any Lot. Any synthetic turf that is expressly permitted by the Reviewer to be installed and

located within the yard areas not visible from any Street pursuant to Section 2.10 must be kept and continually maintained by the Owner of such Lot in good, neat and orderly condition and repair.

Section 5.2 Maintenance of Improvements.

Each Owner shall maintain the exterior of all buildings, fences, walls and other improvements on his Lot in good condition and repair at all times and in accordance with the Community-Wide Standard, and shall replace worn and rotten parts, and shall regularly repaint all painted surfaces and shall not permit the roofs, rain gutters, down spouts, exterior walls, windows, doors, walks, driveways, parking areas or other exterior portions of the improvements to deteriorate in an unattractive manner. All fences shall be kept neat, clean and in good repair. Any fence which is broken, including fallen panels, damaged, leaning, or otherwise not in good repair shall be immediately repaired.

Section 5.3 Maintenance During Construction. During the initial construction of a Residence on a Lot by Builder or any subsequent construction by Owner, the Builder or Owner (as the case may be) must keep and maintain the Lot during construction of the Residence or other improvements thereon free of trash and debris, and keep the Streets, alleys and other rights-of-way within the Subdivision clean and free of hazardous debris related to such construction activity on such Builder's or Owner's Lot, failing which the constructing Builder or Owner shall be subject to a fine in an amount of at least \$1,000 and up to \$3,000.00 per occurrence of any act of non-compliance. The Architectural Control Committee is the arbitrator of acceptable appearance standards of Lots, residences and related improvements, and acceptable cleanliness and debris management standards applicable to Lots, residences and other improvements, streets, alleys or other rights-of-way in connection with construction activities on a Lot.

**ARTICLE VI
ENFORCEMENT**

Section 6.1 Special Enforcement Rights of the Board of the Association.

In the event an Owner or such Owner's guest, invitee, or tenant, fails to comply with any provision of this Declaration or the Design Guidelines, including but not limited to any requirement contained in Article V, then, prior to the Board or the Association enforcing the compliance of such failure or seeking against such Owner remedies in accordance with this Declaration (or such other remedies as may be available to the Board and/or the Association at law or in equity), the Board shall first be obligated to give such Owner a minimum of one (1) notice of such failure and a reasonable time of not less than five (5) days after the date of such notice in which to cure such violation or failure. If the Owner shall not have corrected such failure within the time given, the Board of Directors shall have the right but not the obligation, to assess monetary fines and enter upon the Lot and to bring the Lot, and any improvements thereon, into full compliance with this Declaration or the Design Guidelines. All costs and expenses incurred by the Association in connection with correcting any such failure shall be borne by the Owner. If any Owner does not promptly reimburse the Association for all such costs, expenses and violation fines assessed after receipt of written request for same, the Board shall have the right to assess the Owner for same plus interest, such Assessment, interest and fines being a Special Individual Assessment under the provisions of Section 10.6 below. Monetary fines may be levied in lump sums or in increments notwithstanding, there shall be a maximum fine of \$750.00 levied for each individual violation and a minimum fine of not less than \$50.00 regardless of whether the fine is levied in a lump sum or in increments. Each occurrence shall constitute a new violation regardless of whether it is a repeat violation or not.

Section 6.2 Enforcement.

In addition to but not in lieu of the enforcement rights set forth in Section 6.1, the Board of Directors may impose sanctions for violation of this Declaration (including any rules, guidelines or standards adopted pursuant to the Declaration) in accordance with the applicable procedures set forth in any policy or procedure adopted by the Board. Such sanctions may include all remedies available at law and/or in equity and all remedies herein, including, without limitation, the following:

(a) Fines. The Board of Directors may impose monetary fines up to \$750.00 per violation occurrence which shall constitute a lien upon the Owner of the Lot related to or connected with the alleged violation. The Owner shall be liable for the actions of any occupant, guest, or invitee of the Owner of such Lot. The Board may send a violation notice to an Occupant or Tenant if they deem it in the best interest to do so and may impose monetary fines upon an Occupant or Tenant notwithstanding, if the Occupant or Tenant does not pay the fine within thirty (30) days of notice of fine, the Owner will be responsible for the payment of the fine imposed upon its Occupant or Tenant. The Association must notice an Owner via certified mail prior to levying any fine or charges against such Owner under this Section.

(b) Suspension of Voting Rights. The Board of Directors may suspend an Owner's right to vote to the maximum extent permitted under applicable law. A suspension does not constitute a waiver or discharge of the Owner's obligations under the Declaration or other Governing Documents. The Association must notice an Owner via certified mail prior to suspending an Owners or rights under this Section 6.2(b).

(c) Suspension of Rights to Use the Common Properties. The Board of Directors may suspend any person's or entity's right to use any recreational facilities within the Common Properties; provided, however, nothing herein shall authorize the Board of Directors to limit ingress or egress to or from a Lot. A suspension does not constitute a waiver or discharge of the Owner's obligations under the Declaration or other Governing Documents. The Association must notice an Owner via certified mail prior to suspending an Owners or rights under this Section 6.2(c).

(d) Right to Require Removal. The Board of Directors may require an Owner, at the Owner's expense, to remove any dead tree or landscaping from an Owner's Lot and to restore or install the necessary trees or landscaping and, upon failure of the Owner to do so, the Board of Directors or its designee shall have the right to enter the Lot, remove and cure the violation without such action being deemed a trespass and charge the costs thereof to the Owner's account as a Special Individual Assessment in accordance with Section 10.6 below.

(e) Levy Special Individual Assessment. The Board of Directors may levy a Special Individual Assessment in accordance with Section 10.6 as a violation fine and/or to cover costs incurred by the Association in bringing a Lot into compliance with this Declaration or the Design Guidelines. Owners leasing or renting their residences shall be responsible for their occupants/tenants. All fines shall be the responsibility of Owner to pay.

(f) Lawsuit; Injunction or Damages. The Board of Directors may bring a suit at law or in equity to enjoin any violation or to recover monetary damages, or both.

Failure by Declarant or the Board of Directors, to enforce any covenant, condition, agreement or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In addition to the Association's enforcement rights, this Declaration may be enforced by any aggrieved Owner.

The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case: (i) the Association's position is not strong enough to justify taking any or further action; (ii) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law; (iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or (iv) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

ARTICLE VII AMENDMENT AND TERMINATION

Section 7.1 Amendment.

This Declaration may be amended by Declarant at any time during the Development Period, for any reason, without the consent or joinder the Board, the Association, the other Owners, or any other party, and without the need to call a meeting of the Association. In addition to the foregoing, the Declaration may be amended by an instrument containing such amendment(s) and recorded in the Official Public Records of the County, provided, that (i) during the period Declarant owns at least one Lot, no such amendment shall be valid or effective without the joinder and consent of Declarant and (ii) such amendment shall first be approved by the affirmative vote or written consent of the Association's Members representing at least 67% of the votes in the Association voting, in person or by proxy, at a duly convened meeting of the Association. Furthermore, Declarant or the Board may, at its sole discretion and without a vote or the consent of any other party, modify, amend, or repeal this Declaration:

- (a) as necessary to bring any provision into compliance with or to satisfy the requirements of any applicable statute, governmental rule, regulation, or judicial determination;
- (b) to enable a reputable title insurance company to issue title insurance coverage on the Lots;
- (c) as necessary to comply with the requirements of VA, or HUD (Federal Housing Administration), FHLMC or FNMA or any other applicable governmental agency or secondary mortgage market entity; or
- (d) as necessary for clarification or to correct technical, typographical or scrivener's errors;

provided, however, any amendment pursuant to clause (a), (b) and/or (c) immediately above must not have a material adverse effect upon any right of any Owner unless consent of such adversely affected Owner(s) is obtained in writing. Any amendment to this Declaration must be recorded in the Real Property Records of the County.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class B Member without the written consent of Declarant or the Class B Members, respectively (or the assignee of such right or privilege). If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that the Owner has the authority to consent, and no contrary provision in any mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Section 7.2 Termination.

At any time, the Owners may terminate and extinguish this Declaration in its entirety by executing an instrument terminating this Declaration and recording same in the Official Public Records of the County, provided, however, that (i) for the period in which Declarant owns at least one Lot, no such termination shall be valid or effective without the joinder and consent of Declarant and (ii) such termination and extinguishment shall first be approved by the affirmative vote or written consent of the Association's Members representing at least 75% of the votes in the Association.

**ARTICLE VIII
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION**

Section 8.1 Membership.

Every Owner of a Lot shall automatically be a Member of the Association. Membership shall be appurtenant to each Lot, shall run with title to each Lot, and may not be separated from ownership of any Lot which is subject to Assessment hereunder. Membership is mandatory and is not contingent upon the existence of or construction of any common element or amenity.

Section 8.2 Classes of Membership.

The Association shall have two (2) classes of voting membership:

(a) CLASS A. Class A Members shall all be Members with the exception of the Class B Members. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership; provided, however, that in the event that more than one (1) person holds such interest or interests in any Lot, even though all such persons shall be Members, there shall be only one (1) vote for such Lot, which shall be exercised as they, among themselves, determine (but in no event shall more than one (1) vote be cast with respect to any such Lot).

(b) CLASS B. The Class B Member shall be Declarant. Until such time as 95% of the maximum number of Lots planned or approved for the Property have been conveyed to Class A Members other than Declarant or Builders who purchase Lots for development and sale, the Class B Members shall determine or may limit the responsibilities of the Board and Class B Members shall have twenty (20) votes for each Lot such Class B Member owns until such time as control of the Association vests in the Class A Members. Class B Members shall convert into Class A Members upon the sale of more than 95% of the maximum number of Lots planned or approved for the Property to Owners other than Declarant. After such time, the Class B Members shall be a Class A Member entitled to one (1) vote for each Lot it owns. In determining the number of Lots owned by Declarant for the purpose of Class B membership status hereunder, the total number of Lots covered by this Declaration, including all Lots added to the Property as additional land in accordance with Article XIV hereof shall be considered. In the event the Class B membership has previously lapsed as provided above, but inclusion of additional property into the Property subject to this Declaration restores the ratio of Lots owned by Declarant to the number required for Class B membership status, such Class B membership shall be reinstated until it expires pursuant to the terms hereof.

Section 8.3 Quorum and Notice Requirements.

(a) Except as expressly provided herein to the contrary, any action of the Members shall require the assent of a majority of the votes of those Association Members who are present at a meeting, in

person or by proxy, written notice of which shall be given to all Members not less than ten (10) days nor more than forty-five (45) days in advance of such meeting.

(b) A quorum is required for any action referred to in Section 8.3(a) and, unless otherwise provided, for any action for which a percentage vote at a meeting is required. A quorum shall be determined as set forth in this Section 8.3(b). The first time a meeting is called, whether regular or special, the presence at the meeting of Members, in person or by proxies, entitled to cast at least ten percent (10%) of all of the votes of the Association's Members, without regard to class, shall constitute a quorum. If the required quorum is not present at the initial meeting, additional meetings may be called, subject to the notice requirement hereinabove set forth, and the required quorum at such subsequent meeting(s) shall be one-half (1/2) of the quorum requirement for such prior meeting. The Association may call as many subsequent meetings as may be required to achieve a quorum (although the quorum requirement shall be reduced for each such meeting, in no event shall a quorum be less than one-tenth (1/10) of the aggregate number of votes of Members, both classes taken together, of the Association). At such adjourned or subsequent meeting at which a quorum shall be present or represented, any business may be transacted which may have been transacted at the meeting as originally notified.

(c) Except as specifically set forth in this Declaration, notice, voting and quorum requirements of any action to be taken by the Association shall be set forth in its Bylaws, as same may be amended from time to time.

Section 8.4 Right of Inspection.

Each Owner shall have the right to inspect the financial records and books of the Association, during normal business hours and at the place where such books are kept, upon reasonable prior written notice to the Association stating a proper purpose in accordance with Section 209.005 of the Texas Property Code, as amended, and pursuant to any open records policy established by the Association.

ARTICLE IX THE COMMON PROPERTIES

Section 9.1 Initial Common Properties.

The Common Properties may include but are not limited to, and by way of illustration only, all aspects of the entry features, entry monuments and walls, landscaping, irrigation for same and the land on which such entry features are situated, retention ponds, screening walls, pocket parks, a clubhouse and associated recreational amenity, gates, fences, fountains and other structures, whether or not shown on a Final Plat, or as deemed necessary by Declarant, each as may be leased, maintained or owned by the Association. The foregoing list is intended to illustrate examples of Common Properties and under no circumstance shall such list impose any obligation on Declarant or the Association to purchase, install or construct any such features or amenities. The Common Properties may hereafter include any neighborhood parks or other improvements or land conveyed to or leased by the Association for the use and benefit of the Owners. **Membership in the Association and payment of Assessments are not contingent upon the existence of or the building or supplying of Common Properties by Declarant or the Association.** Membership is mandatory.

Section 9.2 Additional Common Properties.

Additional property may be added to the Common Properties hereunder upon the sole discretion of Declarant during such time as Declarant owns at least one (1) Lot. Thereafter, additional property may be added to the Common Properties hereunder upon the affirmative vote of sixty percent (60%) of the votes

of those Association Members who are voting, in person or by proxy, at a meeting duly called for such purpose.

Section 9.3 Acceptance and Control of Common Properties.

Declarant, or any third-party at the request of Declarant, may transfer to the Association, and the Association shall accept as Common Properties upon such conveyance and/or transfer from Declarant, personal property and/or fee title or other property interests in any improved or unimproved real property included within the property described in Exhibit A-1, Exhibit A-2 or any other real property made subject to this Declaration and included in the Property now or in the future. Upon Declarant's written request, the Association shall transfer back to Declarant any unimproved real property originally conveyed to the Association for no payment, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines.

Section 9.4 Extent of Members' Easement in the Common Properties.

Each Member shall have a right and easement of access, use and enjoyment in and to the Common Properties which is subject to the following:

- (a) The right of the Association to prescribe regulations governing the use, operation and maintenance of the Common Properties;
- (b) The right of the Association to take such steps as are reasonably necessary to protect the Common Properties against foreclosure;
- (c) The right of the Association to (i) suspend the voting rights of any Member to the maximum extent permitted under applicable law, and/or (ii) to suspend the right of any individual to use any of the Common Properties and/or common facilities/amenities, for any period during which any Assessment against a Lot resided upon or owned by such individual remains unpaid, and for any period for an infraction of the rules and regulations of the Association, the Declaration, the Design Guidelines and/or other Governing Documents; and
- (d) The right of the Association to charge reasonable admission and other fees for the use of recreational facilities on the Common Properties, if any such recreational facilities are ever constructed.

Section 9.5 Dedication of the Common Properties.

The Board of Directors shall have the right at any time to dedicate or transfer all or any part of the Common Properties to any public agency, authority or utility for such purposes and upon such conditions as the Board of Directors may determine.

Section 9.6 Maintenance of Common Properties.

The Association shall be obligated to maintain the Common Properties and other amenities and improvements thereon and which are a part thereof in accordance with the terms of this Declaration and/or the Governing Documents. In no event shall Declarant be obligated to erect, install, maintain, repair or replace any Common Properties and other amenities and improvements thereon and which are a part thereof after initial construction thereof by Declarant.

Section 9.7 Encroachment of Improvements in Common Properties.

The encroachment of any improvements which are part of the Common Properties hereunder within the boundary of any Lot is hereby permitted so long as such encroachment does not unreasonably interfere with the primary use of any affected Lot for location and use as a le-family residence.

ARTICLE X COVENANT FOR ASSESSMENTS

Section 10.1 Creation of the Lien and Personal Obligation of Assessments.

Each Owner hereby covenants and agrees, and each purchaser of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association (or to a mortgage company or other collection agency designated by the Association) the following: (a) annual assessments or charges (the "Annual Assessments"); (b) acquisition assessments levied and charged upon the acquisition of a Lot by an Owner, other than Declarant, for working capital reserves (the "Working Capital Contributions"); (c) special assessments for capital improvements (the "Special Assessments"); (d) individual special assessments (including, without limitation interest and fines) levied against individual Owners for violations of the Declaration, Design Guidelines or the Community-Wide Standard or to reimburse the Association for extra costs for maintenance and repairs caused by the willful or negligent acts of the individual Owner, his tenant(s) occupying his Lot, if applicable, and their respective family, agents, guests and invitees, or for costs incurred by the Association resulting from any Owner failing to comply with the terms and provisions hereof ("Individual Special Assessments"). The Annual Assessments, Working Capital Contributions, Special Assessments and Individual Special Assessments are herein generally referred to as an "Assessment" and collectively (whether two or more) as the "Assessments." All such Assessments shall be fixed, established and collected as hereinafter provided. Furthermore, each Owner hereby covenants and agrees to pay the Association (or to a mortgage company or other collection agency designated by the Association) the Assessments due or owing hereunder, and the payment of such Assessments is not contingent upon the existence of or the building or promise of amenities or common elements.

The Assessments, together with such interest thereon, from time to time, and at the sole discretion of the Board, and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon each Lot against which each such Assessment is made. Each such Assessment, together with late charges, collection costs, such interest thereon and cost of collection thereof, including attorneys' fees, as hereinafter provided, shall also be the continuing personal obligation of the person who was the Owner of such property at the time when the Assessment fell due.

Fines, not to exceed \$100.00 per day, per violation occurrence, shall be assessed upon the expiration of a reasonable time after the date notice of such violation was sent to the violating Owner. In all instances of violations, the Owner shall be responsible for correcting such violation within five (5) days notwithstanding, the Board or the Association's managing agent may extend additional time on a case by case basis, depending on the nature and/or extremity of the violation. Such notice, regardless as to whether the residence is occupied by the Owner or a tenant shall be sent by regular U.S. Mail to the address on file. It is the Owners responsibility to ensure the Association is provided with up to date mailing address information at all times. The lien provided for herein shall secure payment of fines not timely paid and the Owner shall also have personal liability for the payment of same.

Section 10.2 Purpose of Assessments.

The Assessments levied by the Association shall be used as follows: (a) for the purpose of promoting the interests of the Association and the recreation, health and welfare of the residents of the

Property, and in particular for the improvement and maintenance of all Common Properties, and/or amenities or common elements which are a part thereof, including but, not limited to: the entry ways or any other properties, services and facilities devoted to this purpose and comprising or directly relating to the use and enjoyment of the Common Properties, including, but not limited, to the payment of taxes on and insurance in connection with the Common Properties, and the repair, replacement and additions thereto; (b) for paying the cost of labor, equipment (including the expense of leasing any equipment) and materials required for, and management and supervision of, the Common Properties; (c) for carrying out the duties of the Board of Directors of the Association as set forth in Article XI hereafter including, but not limited to, the payment by the Association of all Assessments and charges payable in connection with sewer, water and garbage pickup services and the installation and maintenance of lighting (if any) of the Common Properties; (d) for paying the cost of maintenance of the monument sign for the Property, if any, in the event the appropriate governmental authority refuses to maintain the same; or (e) for carrying out the purposes of the Association as stated in its Certificate of Formation. *The list above is not intended to be construed as an all inclusive list, but is provided for informational purposes based on the most common expenses incurred by property owners' associations similar to the Association.*

Section 10.3 Basis and Amount of Annual Assessments.

(a) The Board of Directors may fix the Annual Assessment at any amount equal to or less than the maximum Annual Assessment for that year, as herein below provided. The maximum Annual Assessment for each Lot for the years 2025 shall be **Four Hundred Fifty and No/100 Dollars (\$450.00)**. Commencing with the year 2026 and each year thereafter, the Board of Directors may set the amount of the maximum Annual Assessment for that year (and for following years) for each Lot provided that the maximum Annual Assessment may not be increased more than twenty-five percent (25%) above the maximum Annual Assessment for the previous year without a vote of the membership taken in accordance with the provisions of Section 10.3(b); provided that as long as an Initial Builder owns any Lot within the Subdivision, the amount of Annual Assessments will not be increased by more than twenty percent (20%) per annum without the prior written consent of such Initial Builder, which may be granted, denied or conditioned in an Initial Builder's sole and absolute discretion.

(b) Subject to approval by an Initial Builder as provided in Section 10.3(a), commencing with the year 2026, and in each year thereafter, the Board of Directors may set the maximum annual assessment for the following year for each Lot at an amount more than twenty-five percent (25%) above the maximum Annual Assessment for the previous year; provided that any such increased assessment shall be approved by the affirmative vote of fifty-one (51%) of the votes of those Association Members who are voting, in person or by proxy, at a meeting duly called for such purpose.

Section 10.4 Working Capital Contributions; Transfer Fees.

(a) At any time record title is transferred to an Owner (excluding Declarant or a Builder), a Working Capital Contribution shall be paid to the Association by such Owner at closing in the amount of **Three Hundred and No Dollars (\$300.00)** for each Lot acquired. Working Capital Contributions shall be in addition to, not in lieu of, any other Assessment provided for herein. Working Capital Contributions are not refundable and shall be available for all necessary expenditures of the Association as determined by the Board, including, without limitation, operating expenses of the Association and/or capital expenses. As long as an Initial Builder owns any Lot within the Property, the amount of Working Capital Contribution will not be increased by more than twenty percent (20%) per annum without the prior written consent of such Initial Builder, which may be granted, denied or conditioned in such Initial Builder's sole and absolute discretion.

(b) In addition to the foregoing, and as part of and an additional Assessment hereunder, the Association or its managing agent may charge (in addition to any transfer fee) a reasonable and necessary fee

to assemble, copy and deliver the Resale Certificate and documents of the Association as required under the Texas Property Code, which Resale Certificate fee shall be in an amount not to exceed \$375.00 to cover its administrative costs or otherwise, and may charge a reasonable and necessary fee in connection with preparation of any update to the Resale Certificate not to exceed \$75.00, which fee(s), as applicable, must be paid upon the earlier of (i) delivery of the Resale Certificate to an Owner, or (ii) the Owner's closing of the sale or transfer of his/her residence or Lot. Declarant is exempt from any and all Resale Certificate fees. Resale Certificates shall be delivered by the Association or managing agent in any event within five (5) days after the second request delivered by an Owner to the Association via certified mail, return receipt requested, or via hand delivery with evidence of receipt by the Association. Transfer fees, other than the fees for the issuance of a Resale Certificate, shall in no event exceed the current annual rate of Regular Assessments applicable at the time of the transfer/sale for each residence being conveyed. Such transfer fees to be paid no later than closing of the sale of any Lot to a new Owner (excluding Builders). For the purpose of clarity, be it known that if the Association employs a managing agent, the Association does not pay the managing agent for transfer fees or for the production of a Resale Certificate, and these fees shall be directly due and owing to the managing agent by each transferring Owner. The production of a Resale Certificate and the transfer of an estate from one Owner to another is a time consuming and tedious process; therefore; the Association or its managing agent may, and probably will, charge such fees. Transfer fees and Resale Certificate fees are not refundable and may not be regarded as a prepayment of credit against any other Assessments, and are in addition to the Working Capital Contribution due under Section 10.4(a) above.

Section 10.5 Special Assessments.

The Association may also levy in any calendar year a Special Assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the costs of any construction or reconstruction, maintenance, unexpected repair or replacement of a described capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto; provided that during the Declarant Control Period, no Member may veto any Special Assessment levied by the Board, and from and after the expiration of the Declarant Control Period, any such Special Assessment in excess of the then current Annual Assessment shall be approved by the affirmative vote of fifty-one percent (51%) of the votes of those Association Members who are voting, in person or by proxy, at a meeting duly called for such purpose.

Section 10.6 Special Individual Assessments, Interest and Fines.

In the event that any Owner fails to comply with the provisions of this Declaration, the Design Guidelines or the Community-Wide Standard and/or the Association incurs any cost or expense in either enforcing said provisions against any such Owner or in carrying out the obligations of any such Owner, the Association shall have the right to assess against such Owner and the Lot of such Owner a special individual assessment in the amount of all such costs incurred by the Association plus interest and/or in the amount of any violation fine(s) levied by the Board. Special Individual Assessment, interest which may be charged from time to time and at the sole discretion of the Board, and fines charged hereunder are to be paid by the applicable Owner upon demand by the Association.

Section 10.7 Uniform Rate of Assessments.

Both Annual Assessments and Special Assessments (excepting therefrom Special Individual Assessments) shall be fixed at a uniform rate for all Lots; provided, however, that Lots owned by an Initial Builder will only be subject to fifty percent (50%) of the Annual Assessment rate and Special Assessment rate, if applicable, established for each Lot owned by an Initial Builder, until such Lot is transferred to an Owner who is an end-use homebuyer.

Section 10.8 Date of Commencement and Due Dates of Assessments.

The obligation to pay Assessments commences as to each Lot: (a) upon acquisition of record title to a Lot by the first Owner thereof other than Declarant; or (b) the month in which the Board first determines a budget and levies Assessments pursuant to this Article, whichever is later. The Board will prepare and approve an estimated annual budget for each fiscal year at an open meeting of the Board held in accordance with requirements under Section 209.0051 of the Texas Property Code and the Bylaws. The initial Annual Assessment levied on each Lot shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Lot. Annual Assessments shall be payable in advance on the first (1st) business day of each January; provided, if the Board so elects, annual assessments may be paid in monthly, quarterly, or semi-annual installments. The Board may require advance payment of all or any portion of the Annual Assessment at closing of the transfer of title to a Lot. The due date or dates, if it is to be paid in installments, of any Special Assessment under Section 10.5 shall be fixed in the respective resolution authorizing such Special Assessment.

Section 10.9 Duties of the Board of Directors with Respect to Assessments.

(a) 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 and shall, at that time, prepare a roster of the Lots and Assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by any Owner.

(b) Only if such Assessment is an amount different from that charged for the previous year, written notice of the Assessment shall thereupon be delivered or mailed to every Owner subject thereto (according the Association's then current records).

(c) The Board of Directors shall, upon demand, cause to be furnished to any Owner liable for said Assessments a certificate in writing signed by an officer or agent of the Association, setting forth whether said Assessment has been paid. Such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid. A reasonable charge may be made by the Board or the Association's managing agent for the issuance of such certificates.

Section 10.10 Assessment Lien to Secure Charges and Assessments.

All Assessments, interest, which may be charged from time to time, at the sole discretion of the Board, late charges, collection fees and attorneys' fees, as provided for herein, shall constitute and be secured by a separate and valid and subsisting assessment lien, hereby created and fixed, and which shall exist upon and against each Lot and all improvements and fixtures thereon, for the benefit of the Association. Notwithstanding any other provision hereof, the lien to secure the payment of Assessments or any other sums due hereunder and any other lien which the Association may have on any Lot pursuant to this Declaration shall be subordinate to the lien or equivalent security interest of any first lien mortgage or deed of trust on any Lot. Any foreclosure of any such superior lien under the power of sale of any mortgage, deed of trust or other security instrument, or through court proceedings in which the Association has been made a party, shall extinguish the liens securing maintenance charges or Assessments or any other sums due hereunder which became due and payable prior to such foreclosure date, but no such foreclosure shall free any Lot from the liens securing Assessments thereafter becoming due and payable, nor shall the liability of any Member personally obligated to pay maintenance charges or Assessments which become due prior to such foreclosure be extinguished by any foreclosure, nor shall the lien for future Assessments or charges be affected in any manner.

Section 10.11 Effect of Nonpayment of Assessment.

If any Assessment is not paid within thirty (30) days from the due date thereof, the same shall bear interest from time to time, at the sole discretion of the Board, from the due date until paid at the highest nonusurious rate allowed under the laws of the State of Texas, or other applicable law, or if no such limitation imposed then at the rate of fifteen percent (15%) per annum, and if placed in the hands of an attorney for collection or if collected through probate or other judicial proceedings, there shall be reimbursed to the Association its reasonable attorneys' fees. Should any Assessment provided for herein be payable in installments, the Association may accelerate the entire Assessment and demand immediate payment thereof. In addition, a late charge shall be assessed against the non-paying Owner for each month that any Assessment remains unpaid. The late charge shall be in the amount determined by the Association or its managing agent and shall serve to reimburse the Association and/or its managing agent, as applicable, for administrative expenses and time involved in collecting and processing delinquent Assessments. The Association's managing agent shall be entitled to charge an Owner a monthly collection fee in such amount determined by the managing agent in accordance with its contract with the Association to compensate managing agent for its efforts in collecting delinquent Assessments. Bank fees charged to the Association for insufficient funds or for any other reason shall be billed back to the Owner's account in full and shall be payable to the Association immediately upon request. The Association, in the Board's sole discretion, shall have the right to waive any part of or all of such interest and/or fees owed only to the Association. Late charges, collection fees and other costs of collections may be reviewed by the Board and are subject to increase and/or change periodically based on the costs involved with such collection efforts. All fees and other charges of managing agent shall be pursuant to the then current contract between the managing agent and the Association. The Association through its Board may establish its own fees and charges. Subject to prior written notice delivered to the delinquent Owner via certified mail, the Association thorough Declarant, the managing agent, or its Board, or any managing agent, may report delinquent Owners to any credit reporting agency only if:

- (a) The delinquency is not the subject of a pending dispute between the Owner and the Association; and
- (b) at least thirty (30) business days before reporting to a credit reporting service, the Association sends, via certified mail, hand delivery, electronic delivery, or by other delivery means acceptable between the delinquent Owner and the Association, a detailed report of all delinquent charges owed; and
- (c) the delinquent Owner has been given the opportunity to enter into a payment plan.

The Association may not charge a fee for the reporting of an Owner to any credit reporting agency of the delinquent payment history of assessments, fines, and fees of such Owner to a credit reporting service. However, the Association or its managing agent shall be entitled to reimbursement for collection efforts such as but, not limited to demand letters, routine monthly collection actions, payment plan set up and monthly monitoring, and processing and handling of certified or certified, return receipt mailings. The Association, in the Board's discretion, shall have the right to waive any part of or all of such interest and/or fees owed only to the Association.

Section 10.12 Collection and Enforcement.

The Association shall have a lien on each Lot securing payment of any Assessment, together with interest thereon as provided herein, reasonable attorneys' fees, late charges, collection fees and costs incurred in the collection of same and the enforcement of said lien. The Board of Directors shall take such

action as it deems necessary to collect Assessments and may settle and compromise the same if deemed appropriate in the exercise of the Board's business judgment. Such liens shall be effective as and in the manner provided for herein and shall have the priorities established in this Declaration.

The Board of Directors may bring an action at law against any Owner personally obligated to pay an Assessment or foreclose the lien against such Owner's Lot, or both, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such Assessment. Each Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Board of Directors of the Association or its agent the right and power to bring all actions against such Owner personally for the collection of such Assessments as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including, but not limited to, nonjudicial foreclosure pursuant to Texas Property Code Section 51.002 in force and effect on the date of this Declaration, or in accordance with the prescribed manner for foreclosure of deed of trust liens provided by any future amendment to such Section 51.002 or any other statute or article enacted in substitution therefore, and such Owner hereby expressly grants to the Board of Directors a private power of sale in connection with said lien. The Board is hereby appointed trustee, unless and until the Board of Directors shall designate a substitute or successor trustee, as hereinafter provided, to post the required notices as provided by law and conduct such foreclosure sale. The lien provided for in this Section shall be in favor of the Association and shall have the same effect as though each Owner had expressly granted to the Association a deed of trust lien as well as a security interest in said Lot to secure the payment of the Assessments provided for herein. In addition to such notices as required by the aforesaid statute, the trustee shall mail to the Owner of a Lot for which the Assessment has not been paid, a copy of the notice of Assessment lien prior to the date any notice of sale is posted, by certified, return receipt requested, at the Lot or such other address as the Board has been advised in writing for receipt of notices under this Declaration. Notwithstanding the foregoing, any mandatory foreclosure requirements of Section 209 of the Texas Property Code shall be adhered to by the foreclosing entity.

At any foreclosure, judicial or nonjudicial, the Association shall be entitled to bid up to the amount of its lien, together with costs and attorneys' fees, and to apply as cash credit against its bid all sums due the Association covered by the lien foreclosed. All foreclosure sales provided for herein shall be subject to any then existing statutory right of redemption in favor of the former Owner. From and after any such foreclosure, the former Owner or Owners, their heirs and assigns, shall forthwith upon the making of such sale surrender and deliver possession of the property so sold to the purchaser at such sale, and in the event of their failure to surrender possession of said property upon demand, the purchaser, or his heirs or assigns, shall be entitled to institute and maintain an action for forcible detainer of said property in the Justice of the Peace Court in the Justice Precinct in which such Lot, or any part thereof, is situated. The Board of Directors in any event is hereby authorized to appoint a substitute trustee, or a successor trustee, to act in the place of the trustee without any formality other than the designation in writing of a substitute or successor trustee; and the authority hereby conferred by the Board of Directors shall extend to the appointment of other successor and substitute trustees successively until the delinquent Assessment or Assessments have been paid in full, or until said property is sold, and each substitute and successor trustee shall succeed to all the rights and powers of the original trustee appointed by the Board of Directors or its agents.

Section 10.13 Homestead.

By acceptance of a deed thereto, the Owner and spouse thereof, if married at the time of the conveyance or subsequently married, of a Lot shall be deemed to have waived any exemption from liens created by this Declaration or the enforcement thereof by foreclosure or otherwise, which may other be available by reason of the homestead exemption provisions of Texas law, if for any reason such are applicable. This Section is not intended to limit or restrict in any way the lien or rights granted to the Association by this Declaration, but construed in its favor.

Section 10.14 Omission of Assessments.

The omission of the Board of Directors, before the expiration of any calendar period, to fix the Assessments hereunder for that or the next calendar period, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay the Assessments, or any installment thereof for that or any subsequent calendar period, but the Assessment fixed for the preceding calendar period shall continue until a new Assessment is fixed or levied by the Board.

Section 10.15 Maintenance Fund; Working Capital Fund.

(a) The Association may, but is not obligated to, establish and maintain a reserve fund for the periodic maintenance of the Common Properties and/or for operation and administration of the Association. Subject to the provisions of Section 10.3 above, the Board may at any time ratably increase or decrease the amounts of regular Annual Assessments in accordance with this Declaration to such level as shall be reasonably necessary in the judgment of the Board to cover obligations of the Association under this Declaration, including provisions for reasonable reserves. So long as the Board exercises business judgment in determining the amount or necessity of the reserve fund, the amount held in reserves shall be considered adequate. Notwithstanding anything to the contrary contained in this Declaration, the establishment of reserves or a reserve fund during the Development Period is not required, however, from and after the expiration of the Development Period, the Board shall establish a reserve fund to be funded from Annual Assessments or by way of Special Assessments should the circumstances warrant. The Association shall have the unrestricted right to the use of any reserve funds for any and all costs and expenses of the Association, including, without limitation, (i) operating and/or administrative expenses of the Association, (ii) costs and expenses for the maintenance and upkeep of any area of the grounds and/or Common Properties, or (iii) costs and expenses for any portion of the Subdivision or Property, at any time and from time to time.

(b) From and after the expiration of the Development Period, the Association through its Board may establish a working capital fund for the initial operation of the Common Properties in such amount as the Board shall determine.

Section 10.16 Exempt Property.

The following property subject to this Declaration shall be exempted from the assessments, charges and liens created herein:

(a) All properties within the Property dedicated and accepted by the local public authority and devoted to public use; and

(b) During the Development Period, all Lots and other portions of the Property owned by Declarant; and

(c) All Common Properties.

Section 10.17 Declarant Subsidy.

Declarant may, but shall not be obligated to, pay a subsidy to the Association (in addition to any amounts paid by Declarant under Section 10.18 below) in order to reduce or meet the expenses of the Association. Notwithstanding the foregoing, any such subsidy shall be disclosed as a line item in the income portion of the budget. The subsidy may be treated by Declarant, in its sole discretion, as a loan from

Declarant to the Association or as an advance against future Assessments due or as a contribution. Declarant has the right to demand and the Association has the obligation to use funds available to the Association from other sources such as the reserve fund or Working Capital Contributions collected to repay or reimburse Declarant for any such loans or subsidies made.

Section 10.18 Declarant's Assessment.

Notwithstanding any provision of this Declaration or the Certificate of Formation, Bylaws or other Governing Documents to the contrary, during the Development Period Declarant may, on an annual basis, elect either to pay one half (1/2) of the amount of Annual Assessments on Declarant's unsold Lots or pay as a subsidy or loan by Declarant to the Association in accordance with Section 10.17 above, the difference between: (a) the Association's operating expenses otherwise to be funded by Annual Assessments (after applying all income received by the Association from other sources), and (b) the sum of the revenues of the Association from all sources.

Upon sixty (60) days notice to the Association, Declarant may change its election hereunder during the fiscal year. "All sources" includes, but is not limited to, revenues from the operation of Common Properties, capital contributions, accounting service fees, property management fees, guest fees, user fees, and the Assessments levied against the owners of Lots, other than Declarant. Such difference, herein called the "deficiency", shall not include any reserve for replacements, operating reserves, depreciation reserves, capital expenditures or Special Assessments, and Declarant shall not be responsible, in any event, for any reserve for replacements, operating reserves, depreciation reserves, capital expenditures or special assessments. Any sums paid by Declarant to the Association to fund the "deficiency" or any sums paid by Declarant to the Association in excess of the annual assessment otherwise due on Declarant's unsold Lots may be considered by Declarant to be the payment of a subsidy to the Association pursuant to Section 10.17 of this Article. Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" consideration of services or materials, or by a combination of these. After termination of the Development Period, Declarant shall pay Assessments on its unsold Lots in the same manner as any other Owner.

**ARTICLE XI
GENERAL POWERS OF THE
BOARD OF DIRECTORS OF THE ASSOCIATION**

Section 11.1 Power and Duties.

Except as provided in Article XII below, the Board, for the benefit of the Association, the Property and the Owners shall have the right to do all things which are necessary or advisable in connection with enforcing the provisions of this Declaration. Such powers shall include, but shall not be limited to, the following:

(a) Paying assessments and charges for sewer, water and garbage pickup services for the Properties, if any, the installation and maintenance charges for street lighting for the Property, if any, and taxes, assessments and other charges which shall properly be assessed or charged against the Common Properties.

(b) Performing maintenance on the Common Properties which may include, without limitation, the following: (i) maintenance of any driveways, private roadways, jogging paths, walkways and sidewalks; (ii) maintenance of grounds, including care of trees, shrubs and grass, lighting systems, sprinkler systems (if installed) and similar facilities on the Common Properties; and (iii) maintenance of the entry monument(s) and any screening walls or fences constructed around the perimeter of the Property; provided, further, that in the event that the need for maintenance or repair is caused through the willful or negligent

act of any Owner, his family, his guests or invitees, or tenants or occupants, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject.

(c) Managing and maintaining the Common Properties and full maintenance of a utility service for the Common Properties; the furnishing and upkeep of any desired personal property for use in the Common Properties.

(d) Purchasing a policy or policies of insurance insuring the Association against any liability to the public or to the Owners (and/or invitees or tenants) incident to the operation of the Association, in an amount not less than \$250,000.00 to indemnify against the claim of one person, \$500,000.00 against the claims of two or more persons in any one occurrence, and property damage insurance in an amount not less than \$50,000.00 per occurrence; which policy or policies shall contain an endorsement providing that the rights of the named insured shall not be prejudiced with respect to actions against other named insured's; provided, that under no circumstances shall the Board be authorized to provide or pay for fire, casualty, or other insurance insuring the interest of any Owner in his Lot. Declarant and the Association's managing agent, if any, shall be named as "additional insured" on any policies of insurance obtained by the Association.

(e) Executing all replats of the Property and all declarations of ownership for tax assessment purposes with regard to the Common Properties on behalf of all Owners.

(f) Borrowing funds to pay costs of operation, secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit.

(g) Entering into contracts, maintaining one or more bank accounts, and generally exercising all the powers necessary or incidental to the operation and management of the Association, expressly including the power to enter into management and maintenance contracts. Contracts entered into by Declarant may have stricter or differing termination clauses. The Board may not terminate any contract during the Declarant Control Period without the express written consent of Declarant.

(h) Protecting or defending the Common Properties from loss or damage by suit or otherwise, and to provide adequate reserves for replacements.

(i) Making reasonable rules and regulations for the operation of the Common Properties and amend them from time to time, provided that any rule or regulation may be amended or repealed by a majority vote of those Members present, in person or by proxy, at a meeting called for such purpose (without limiting the generality of the foregoing language, the rules and regulations may provide for limitations on use of the Common Properties during certain periods by youthful persons, visitors or otherwise).

(j) Adjusting the amount, collecting and using any insurance proceeds to repair damage or replace lost property, and if proceeds are insufficient to repair damage or replace lost property, assessing the Members in proportionate amounts to cover the deficiency.

(k) Enforcing the provisions of this Declaration, the Design Guidelines, any Community-Wide Standard, and any rules made hereunder, including any supplement or amendment hereto, and to enjoining and seeking damages from any Owner for violation of such provisions or rules.

(l) Exercising the rights granted to the Association in this Declaration, including, without limitation, all rights of the Board, the Association, and the ACC relating to architecture, design, and construction review and inspections under Article III.

The Association may exercise any right or privilege given to it expressly or by reasonable implication by this Declaration, the Bylaws, or the Certificate of Formation, and may take action reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in such documents or by law, all of the Association's rights and powers may be exercised by the Board without a vote of the membership.

The Board may institute, defend, settle, or intervene on the Association's behalf in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Common Properties, enforcement of this Declaration, or any other civil claim or action. However, the Board shall exercise business judgment in determining whether to take any such action under particular circumstance and shall have no legal duty to institute litigation under any circumstances on behalf of or in the name of the Association or the Members.

Section 11.2 Board Power, Exclusive.

The Board shall have the exclusive right to contract for all goods, services and insurance, payment for which is to be made from the maintenance fund, and the exclusive right and obligation to perform the functions of the Board, except as otherwise provided herein. Declarant and the Association's managing agent, if any, shall be named as "additional insured" on any policies of insurance obtained by the Board on behalf of the Association.

Section 11.3 Owner's Obligations to Repair.

Except for those portions of each Lot constituting the Common Properties, each Owner shall at his sole cost and expense, maintain and repair his Lot and the improvements situated thereon, keeping the same in good condition and repair. In the event that any Owner shall fail to maintain and repair his Lot and such improvements as required hereunder, the Association, in addition to all other remedies available to it hereunder or by law, and without waiving any of said alternative remedies, shall have the right but not the obligation, subject to the notice and cure provisions of Section 6.1 above, through its agents and employees, to enter upon said Lot and to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon; and each Owner (by acceptance of a deed for his Lot) hereby covenants and agrees to repay to the Association the cost thereof immediately upon demand, and the failure of any such Owner to pay the same shall carry with it the same consequences as the failure to pay any Assessments hereunder when due.

Section 11.4 Maintenance Contracts with Owners.

The Board, on behalf of the Association, shall have full power and authority to contract with any Owner for the performance by or for the Association of services pursuant to the terms hereof (including, but not limited to, the maintenance and repair of fences owned by any such Owner), such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and to the best interest of the Association; provided, however, that same must be commercially reasonable in all circumstances.

Section 11.5 Liability of the Board of Directors and other Persons.

The Association, as a common expense of the Association, shall indemnify every officer, director, and committee member, the Reviewer, Declarant, and any managing agent of the Association, for from and against all damages and expenses, including attorneys' fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding if approved by the Board of Directors at the time of such settlement) to which he or she

may be a party by reason of being or having been an officer, director, or committee member, Declarant or managing agent.

OFFICERS, DIRECTORS, THE REVIEWER, AND COMMITTEE MEMBERS SHALL NOT BE LIABLE FOR ANY MISTAKE OF JUDGMENT, NEGLIGENCE OR OTHERWISE, EXCEPT FOR THEIR OWN INDIVIDUAL WILLFUL MISFEASANCE, MALFEASANCE, MISCONDUCT, OR BAD FAITH. The Association's officers, directors, committee members, and managing agents, the Reviewer, and Declarant, and its officers, directors, managers, members or other constituent parties (the "Indemnified Parties") shall have no personal liability with respect to any contract or other commitment made or action taken or not taken in good faith on behalf of the Association. The Association, as a common expense of the Association, shall indemnify and forever hold each such Indemnified Party harmless for, from and against any and all liability to others on account of any such contract, commitment, inaction or action. This right to indemnification shall not be exclusive of any other rights to which any present or former Indemnified Party may be entitled. The Association shall, as an Association expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available. Declarant and the Association's managing agent, if any, shall be named as "additional insured" on any such policies of insurance obtained by the Association.

This Section 11.5 may not be modified or amended without the express written consent of Declarant.

Section 11.6 Notice and Hearing Procedures Prior to the Initiation of Certain Types of Actions by the Association.

Except as set forth in paragraph (c) below, prior to filing suit to enforce the provisions of this Declaration, the Design Guidelines, any Community-Wide Standard or rules promulgated hereunder, the Association shall comply with the notice and hearing procedures set forth in Chapter 209 of the Texas Property Code and subsections (a) and (b) below.

(a) Notice. The Association shall serve the alleged violator with a only one (1) notice with an opportunity of at least five (5) days to cure such failure for most violations (no second or additional notices shall be required), which notice shall describe (i) the nature of the alleged violation, (ii) the action which the Association proposes or intends to take unless the violation is corrected within a reasonable time (reasonable time being not less than five (5) days and not more than twenty (20) days) after the date of the written notice, and (iii) a period of not less than thirty (30) calendar days within which the alleged violator may present a written request for a hearing. The Association may proceed with the action which may include the Association's right to initiate self help actions wherein the Association shall make the necessary repairs to correct the violation and all charges incurred by the Association in abating the violation shall be assessed to the Owner's account notwithstanding, if Owner presents a request for a hearing within the thirty (30) day time allotted, all fines for non-compliance shall be placed on hold and any further enforcement action shall be placed on hold until after the hearing date and the rendering of decision. Prior notice is not required with respect to entry onto a Lot by the Association to cure violations that are an emergency or hazardous in nature or pose a threat or nuisance to the Association or another Owner and no cure period shall be required for (1) any violations that are incurable, or (2) a violation for which an Owner has been previously given notice of and the opportunity to cure in the preceding six (6) months. Uncurable violations include shooting fireworks, an act constituting a threat to health or safety; a noise violation that is not ongoing; property damage, including the removal or alteration of landscape; and holding a garage sale or other event prohibited by a dedicatory instrument. Examples of curable violations include a parking violation; a maintenance violation; the failure to construct improvements or modifications in accordance with approved plans and specifications; and an ongoing noise violation such as a barking dog. No notice

to an Owner shall be required (A) if a suit is filed by the Association against an Owner seeking temporary restraining order or temporary injunctive relief, or if the Association files a suit against an Owner including foreclosure as a cause of action, or (B) with regard to a temporary suspension of a person's right to use Common Areas if the temporary suspension is the result of a violation that occurred in a Common Area and involved a significant and immediate risk of harm to others in the Subdivision. Not later than ten (10) days before the Association holds a hearing under Chapter 209 of the Texas Property Code, the Association shall provide to an Owner a packet containing all documents, photographs, and communications relating to the matter the Association intends to introduce at the hearing; failing which the Owner is entitled to a fifteen (15) day postponement of the hearing. Non-Payment of fines for non-compliance or charges assessed by the Association for self help remedies will be collected according to applicable law and per current Texas Property Code regulations. Charges will be subject to possible late and/or collection charges when applicable. If the violation is abated within the time period set forth in the written notice, the Association shall suspend the proposed action unless a similar violation occurs within six (6) months from the date of the written notice. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Owner. If Owner does not make the necessary corrections, the Association may begin fines or initiate self help action without further notice required. The Board will make reasonable efforts to give the violating Owner at least one notice at least 72- hours prior of its intent to exercise self-help; subject to any open Board meeting requirements under applicable laws with respect to such violation and enforcement action. The notice may be given in any manner likely to be received by the Owner. Prior notice is not required (1) in the case of emergencies, (2) to remove violative signs, (3) to remove violative debris, or (4) to remove any other violative item or to abate any other violative condition that is easily removed or abated and that is considered a nuisance, dangerous, health hazard, or an eyesore to the Subdivision.

(b) Hearing. If a hearing is requested within the allotted thirty (30) day period (as may be extended pursuant to Section 11.6(a) above), the hearing shall be held before a committee appointed by the Board consisting of at least three (3) persons, all of whom shall be Owners or residents of the Subdivision or representatives of Declarant. A representative of the Association shall be afforded a reasonable opportunity to make a statement describing the alleged violation and to present any evidence or witnesses to support its statement. During the hearing, the Association (through a member of the Board of designated representative) shall first present the Association's case against the alleged violating Owner. The alleged violating Owner or its designated representative is then entitled to present such Owner's information and issues relevant to the appeal or dispute, including to present any evidence or witnesses on his or her behalf. At the conclusion of all statements and presentations, the committee may close the hearing and retire to discuss the evidence and to render a judgment as to whether, in fact, a violation has occurred. The committee shall notify the Association and the alleged violator in writing of its determination within ten (10) days after the hearing. If the committee determines that a violation has occurred, the Association may pursue any and all remedies described in its original notice of the violation. The alleged violator shall have the opportunity to appeal the decision of the committee to the Board in accordance with Section 209.007 of the Texas Residential Property Owners Act, Texas Property Code, as it may be amended. The Board's decision shall be final. In the absence of a Committee, the Board shall reside at the hearing and the Board's decision shall be final.

(c) Applicability. The notice and hearing procedures set forth in this Section shall not apply to any claim: (i) upon which the Board deems it necessary to obtain emergency injunctive relief; (ii) pertaining to the collection of Assessments; or (iii) where the Association decides to exercise its right of self-help to cure the violation after written notice to the Owner and an opportunity to cure.

ARTICLE XII AUTHORITY AND CONTROL BY DECLARANT

Section 12.1 Declarant Rights.

Notwithstanding anything herein to the contrary, during the Development Period, Declarant shall have the sole right, but not the obligation, in its sole discretion, at any time, effective as of the date hereof, to control, perform and/or conduct the following:

- (1) amend this Declaration, the Design Guidelines and the Community-Wide Standard, or any other Governing Documents, in whole or in part for any reason as Declarant in its discretion, deems necessary for the completion of the development of the Subdivision or any Phase thereof, without consent or joinder of the Board or any Owner;
- (2) enforce the provisions of this Declaration;
- (3) enter into contracts;
- (4) review, determine and enforce the architectural control of the Lots, except as limited as set forth in this Declaration with respect to any Initial Builder; and
- (5) assign its rights and obligations under this Declaration to any entity at any time, in whole or in part.

Declarant's rights set forth above are absolute in its sole discretion and do not require the approval, consent, or joinder of (i) any Owner, (ii) the Association, (iii) the Board of Directors, or (iv) any committees or other parties which may be established with respect hereto. At such time as Declarant no longer owns a Lot within the Property, all of such rights of enforcement shall be automatically vested in the Board of Directors of the Association. Declarant may, but is not obligated to, limit the powers of the Board during the Development Period.

In the event any other provision in this Declaration is in contradiction to this Article XII, in whole or in part, this Article XII shall prevail.

Section 12.2 Easement to Inspect and Right to Correct.

Declarant reserves for itself and others it may designate the right, but not the obligation, to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the Property, including Lots, and a nonexclusive easement of access throughout the Property to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Lot shall be only after reasonable notice to the Owner and no entry into a residence or other structure on a Lot shall be permitted without the Owner's consent, which consent shall not unreasonably be withheld, conditioned, or delayed. The failure or refusal to permit reasonable access to the Lot for the purposes contemplated under this paragraph shall excuse Declarant or its designee from responsibility for repairs or damages relating to defective workmanship or materials.

Section 12.3 Right to Develop.

During the Development Period, Declarant and its respective employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Property for the purpose of making, constructing, and installing such improvements to the Property, as Declarant deems appropriate in its discretion, and otherwise as reasonably necessary to affect Declarant's rights hereunder.

Section 12.4 Construction Activities.

All Owners, occupants, and users of Lots are hereby placed on notice that Declarant, and/or its agents, contractors, subcontractors, licensees, and other designees, shall conduct development and construction activities within the Property and that such activities shall be

conducted in phases and may cause disturbance and disruption which impact the use and enjoyment of a Lot.

By the acceptance of a deed or other conveyance or mortgage, leasehold, license, or other interest, and by using any portion of a Lot or the Property generally, the Owners and all occupants and users of Lots acknowledge, stipulate, and agree: (a) that such activities shall not be deemed nuisances, or noxious or offensive activities, under any applicable covenants or at law generally; (b) not to enter upon, or allow their children or other persons under their control or direction to enter upon, or allow their children or other persons under their control or direction to enter upon (regardless of whether such entry is a trespass or otherwise) any property within or in proximity to the Lot where such activities are being conducted (even if not being actively conducted at the time of entry, such as at night or otherwise during non-working hours); (c) that Declarant and all of its agents, contractors, subcontractors, licensees, and other designees, shall not be liable but, rather, shall be held harmless for any and all losses, damages (compensatory, consequential, punitive, or otherwise), injuries, or deaths arising from or relating to the aforesaid activities; (d) that any purchase or use of any portion of a Lot has been and will be made with full knowledge of the foregoing; and (e) this acknowledgment and agreement is a material inducement to Declarant to sell, convey, lease, and/or allow the use of Lots within the Property.

Section 12.5 Changes in Master Plan; Replatting.

(a) Each Owner acknowledges that the Subdivision is a planned community, the development of which is likely to extend over many years, and agrees that the Association shall not engage in, or use Association funds to support any protest, challenge, or other form of objection to (a) changes in uses or density of property within the Property, or (b) changes in the master plan of the Subdivision, including, without limitation, the enlargement of the master plan and the acquisition or revision of regulatory approvals to reflect the annexation of real property, without Declarant's prior written consent, which consent may be granted or withheld in Declarant's discretion.

(b) From time to time, Declarant reserves the right to replat its Property or to amend or modify any Final Plat in order to assure harmonious and orderly development of the Property as herein provided. Declarant may exercise such rights at any time during the Development Period and no joinder of any other Owner shall be required to give effect to such rights, each Owner consenting to Declarant's execution of any replat on such Owner's behalf, provided that in no circumstance may the replat adversely affect a Lot without the Owner's prior consent, which may be granted or denied in such Owner's sole and absolute discretion. Furthermore, any such replatting or amendment of a Final Plat shall be with the purpose of efficiently and economically developing the Property for the purposes herein provided or for compliance with any applicable governmental regulation. Declarant's rights under this Section 12.5 shall expire upon expiration of the Development Period.

(c) Further, and without regard to whether or not Declarant has been released from obligations and duties to the Association, during the Development Period or so long as Declarant holds record title to at least one (1) Lot and holds same for sale in the ordinary course of business, neither the Association nor its Board, nor any member of the Association shall take any action that will impair or adversely affect the rights of Declarant or cause Declarant to suffer any financial, legal or other detriment, including but not limited to, any direct or indirect interference with the sale of Lots. In the event there is a breach of this Section, it is acknowledged that any monetary award which may be available would be an insufficient remedy and therefore, in addition to all other remedies, Declarant shall be entitled to injunctive relief restraining the Association, its Board or any member of the Association from further breach of this Section.

(d) Each Owner acknowledges and agrees that the present plans and themes for the Property's development may change and that it has not relied on any representation, warranty, or assurance by any person: (a) that any Lots, or other property or facilities will or will not be added, modified, or eliminated within the Property; or (b) as to the financial or other impact of such action on any Owner. Each Owner acknowledges and agrees that it is not entitled to rely upon and has not received or relied upon any representations, warranties, or guarantees whatsoever as to: (a) the design, construction, completion, development, use, benefits, or value of the Property; or (b) the number, types, sizes, prices, or designs of any residential structures or improvements built or to be built in any part of the Property.

Section 12.6 Dispute Resolution Involving Declarant.

(a) Right to Correct. Prior to the Association or any Member commencing any proceeding to which Declarant is a party, including but not limited to an alleged defect of any improvement, Declarant shall have the right to be heard by the Members, or the particular Member, and to access, inspect, correct the condition of, or redesign any portion of any improvement as to which a defect is alleged or otherwise correct the alleged dispute.

(b) Alternative Method for Resolving Disputes. Declarant, its officers, directors, employees and agents; the Association, its officers, directors and committee members; all persons subject to this Declaration; any Builder, its officers, directors, employees and agents; and any person not otherwise subject to this Declaration who agrees to submit to this Section 12.6 (each such entity being referred to as a "Bound Party") agree to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to submit those claims, grievances or disputes described in Section 12.6 (c) (collectively, the "Claims") to the mandatory procedures set forth in Section 12.6 (d).

(c) Claims. Those Claims between any of the Bound Parties, regardless of how the same might have arisen, relating to the quality of design or construction of improvements within the Property including the Common Properties or based upon any statements, representations, promises, or warranties made by or on behalf of any Bound Party, shall be subject to the provisions of this Section 12.6.

(d) Mandatory Procedures. A Claimant (as defined below) may not initiate any proceeding before any administrative tribunal or court seeking redress or resolution of its Claim until Claimant has complied with the procedures of this Section 12.6. As provided in this Section 12.6, a Claim will be resolved by binding arbitration. A Claimant, whether Owner or the Association, may not consolidate any Claims or bring a Claim on behalf of any class; provided however, a Respondent (as defined below) may join or add additional parties to a Claim as may be allegedly responsible in whole or in any part for matters which are the subject of such Claims. Claims shall be addressed in accordance with the following procedures:

(i) Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (the Claimant and Respondent referred to herein being individually, as a "Party", or, collectively, as the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

(a) the nature of the Claim, including the persons involved and Respondent's role in the Claim;

(b) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises;

(c) the proposed remedy; and

(d) the fact that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

(ii) Negotiations and Mediation.

(A) The parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in negotiation.

(B) If the parties do not resolve the Claim within thirty (30) days after the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have two (2) days to submit the Claim to mediation under the auspices of the American Arbitration Association ("AAA") in accordance with the AAA's Commercial or Construction Industry Mediation Rules, as appropriate.

(C) If Claimant does not submit the Claim to mediation within such time, or does not appear for mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

(D) Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation, or within such other time as determined by the mediator or agreed to by the Parties, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation Notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

(E) Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator. If the Parties agree to a resolution of any Claim through negotiations or mediation in accordance with this Section and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate arbitration proceedings to enforce such agreement, without the need to again comply with the procedures set forth in this Section. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.

(iii) Binding Arbitration.

(A) Upon Termination of Mediation, Claimant shall thereafter be entitled to initial final, binding arbitration of the Claim under the auspices of the AAA in accordance with the AAA's Commercial or Construction Industry Arbitration Rules, as appropriate. Such Claims shall not be decided by or in a court of law. Any judgment upon the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction

over such Claim, if the claimed amount exceeds \$250,000, the dispute shall be heard and determined by three (3) arbitrators. Otherwise, unless mutually agreed to by the Parties, there shall be one (1) arbitrator. Arbitrators shall have expertise in the area(s) of dispute, which may include legal expertise if legal issues are involved.

(B) Each Party shall bear its own costs and expenses and an equal share of the arbitrator's and administrative fees or arbitration. Notwithstanding the foregoing, if a Party unsuccessfully contests the validity or scope of arbitration in a court of law, the non-contesting Party shall be awarded reasonable attorneys' fees and expenses incurred in defending such contest. All decisions respecting the arbitrability of any Claim shall be decided by the arbitrator(s).

(C) The award of the arbitrator(s) shall be accompanied by detailed written findings of fact and conclusions of law. Except as may be required by law or for confirmation of an award, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Parties

(D) All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding under this Section 12.6.

(e) Claim Affecting Common Properties. In accordance with Section 12.6(d), the Association does not have the power or right to institute, defend, intervene in, settle, or compromise litigation or administrative proceedings: (1) in the name of or on behalf of or against any Owner (whether one or more); or (2) pertaining to a Claim, relating to the design or construction of improvements on a Lot (whether one or more), including residences. In the event the Association or an Owner asserts a Claim related to the Common Properties, as a precondition to providing the Notice defined in Section 12.6(d)(i), initiating the mandatory dispute resolution procedures set forth in this Section 12.6, or taking any other action to prosecute a Claim related to the Common Properties, the Association or Owner, as applicable, must:

(i) *Independent Report on the Condition of the Common Properties.* Obtain an independent third-party report (the "Common Properties Report") from a licensed professional engineer which: (1) identifies the Common Properties subject to the Claim including the present physical condition of the Common Properties; (2) describes any modification, maintenance, or repairs to the Common Properties performed by the Owner(s) and/or the Association; (3) provides specific and detailed recommendations regarding remediation and/or repair of the Common Properties subject to the Claim. For the purposes of this Section, an independent third-party report is a report obtained directly by the Association or an Owner and paid for by the Association or Owner, as applicable, and not prepared by a person employed by or otherwise affiliated with the attorney or law firm that represents or will represent the Association or Owner in the Claim. As a precondition to providing the Notice described in Section 12.6(d)(i), the Association or Owner must provide at least ten (10) days prior written notice of the inspection, calculated from the date of receipt of such notice, to each party subject to a Claim which notice shall identify the independent third-party engaged to prepare the Common Properties Report, the specific Common Properties to be inspected, and the date and time the inspection will occur. Each party subject to a Claim may attend the inspection, personally or through an agent. Upon completion, the Common Properties Report shall be provided to each party subject to a Claim. In addition, before providing the Notice described in Section 12.6(d)(i), the Association or the Owner, as applicable, shall have permitted each party subject to a Claim the right, for a period of ninety (90) days, to inspect and correct, any condition identified in the Common Properties Report.

(ii) *Claim by the Association - Owner Meeting and Approval.* If the Claim is prosecuted by the Association, the Association must first obtain approval from Members holding sixty-seven percent (67%) of the votes in the Association to provide the Notice described in Section 12.6(d)(i), initiate the mandatory dispute resolution procedures set forth in this Section 12.6, or take any other action to prosecute a Claim, which approval from Members must be obtained at a special meeting of Members called in accordance with the Bylaws. The notice of meeting required hereunder will be provided pursuant to the Bylaws but the notice must also include: (1) the nature of the Claim, the relief sought, the anticipated duration of prosecuting the Claim, and the likelihood of success; (2) a copy of the Common Properties Report; (3) a copy of any proposed engagement letter, with the terms of such engagement between the Association and an attorney to be engaged by the Association to assert or provide assistance with the claim (the "Engagement Letter"); (4) a description of the attorney fees, consultant fees, expert witness fees, and court costs, whether incurred by the Association directly or for which it may be liable if it is not the prevailing party or that the Association will be required, pursuant to the Engagement Letter or otherwise, to pay if the Association elects to not proceed with the Claim; (5) a summary of the steps previously taken, and proposed to be taken, to resolve the Claim; (6) an estimate of the impact on the value of each residence if the Claim is prosecuted and an estimate of the impact on the value of each residence after resolution of the Claim; (7) an estimate of the impact on the marketability of each residence if the Claim is prosecuted and during prosecution of the Claim, and an estimate of the impact on the value of each residence during and after resolution of the Claim; (8) the manner in which the Association proposes to fund the cost of prosecuting the Claim; and (9) the impact on the finances of the Association, including the impact on present and projected reserves, in the event the Association is not the prevailing party. The notice required by this paragraph must be prepared and signed by a person other than, and not employed by or otherwise affiliated with, the attorney or law firm that represents or will represent the Association or Owner, as applicable, in the Claim. In the event Members approve providing the Notice described in Section 12.6(d)(i), or taking any other action to prosecute a Claim, the Members holding a Majority of the votes in the Association, at a special meeting called in accordance with the Bylaws, may elect to discontinue prosecution or pursuit of the Claim

ARTICLE XIII OBLIGATIONS OF BOARD OF DIRECTORS

Section 13.1 Obligations of Board of Directors.

Notwithstanding anything herein to the contrary, and so long as Declarant is acting on behalf of the Board of Directors as further described in Section 13.2 below, the sole responsibility and obligation of the Board of Directors shall be to maintain the corporation books of the Association and maintain the Association in good corporate standing with Secretary of State of the State of Texas and in good standing with the Office of the Comptroller of Public Accounts of the State of Texas.

Section 13.2 Liability for Association Operations.

The Association shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless Declarant and any managing agent of the Association (including their respective officers, directors, managers, member or other constituent parties, and their respective successors, and assigns) from and against any and all losses, claims, demands, damages, costs, and expenses of whatever kind or nature (including, without limitation, reasonable attorneys' fees and costs at all tribunal levels and whether or not suit is instituted, including those incurred in establishing the right to be indemnified, defended, and held harmless pursuant hereto), which relate to or arise out of Association management

and operations, including, without limitation, improvement, maintenance, and operation of amenities and other portions of the Common Properties and the collection of Assessments.

Section 13.3 No Liability for Acts of Third Party.

OWNERS AND OCCUPANTS OF LOTS, AND THEIR RESPECTIVE GUESTS AND INVITEES, OCCUPANTS OR TENANTS, ARE RESPONSIBLE FOR THEIR OWN PERSONAL SAFETY AND FOR THEIR PROPERTY WITHIN THE PROPERTY. THE ASSOCIATION MAY BUT IS NOT OBLIGATED TO MAINTAIN OR SUPPORT CERTAIN ACTIVITIES WITHIN THE PROPERTY WHICH PROMOTE OR ENHANCE SAFETY OR SECURITY WITHIN THE PROPERTY. HOWEVER, THE ASSOCIATION, AND DECLARANT SHALL NOT IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SAFETY OR SECURITY WITHIN THE PROPERTY, NOR SHALL THEY BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. Each Owner and resident acknowledges and agrees, for himself and his guests, that Declarant, the Association, the managing agent (if any) and their respective directors, officers, committees, agents, and employees are not providers, insurers, or guarantors of security within the Property and serve no law enforcement function. The Association serves no law enforcement function and strongly encourages Owners to report any suspected or alleged violations of laws by any other Owner or occupant or guest on the Property to the appropriate law enforcement agency(ies).

NO REPRESENTATION OR WARRANTY IS MADE THAT ANY SYSTEMS OR MEASURES, INCLUDING FIRE PROTECTION, BURGLAR ALARM, OR OTHER SECURITY MONITORING SYSTEMS, OR ANY MECHANISM OR SYSTEM FOR LIMITING ACCESS TO THE PROPERTY, CANNOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR MEASURES UNDERTAKEN WILL IN ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER ACKNOWLEDGES, UNDERSTANDS, AND SHALL BE RESPONSIBLE FOR INFORMING ITS TENANTS AND ALL OCCUPANTS OF ITS LOT THAT THE ASSOCIATION, THE BOARD AND ITS COMMITTEES, AND DECLARANT ARE NOT INSURERS OR GUARANTORS OF SECURITY OR SAFETY AND THAT EACH PERSON WITHIN THE PROPERTY ASSUMES ALL RISKS OF PERSONAL INJURY AND LOSS OR DAMAGE TO PROPERTY, INCLUDING LOTS AND THE CONTENTS OF LOTS, RESULTING FROM ACTS OF THIRD PARTIES.

The provisions of this Section 13.3 may not be modified or amended without the express written consent of Declarant.

Section 13.4 Risk. Each Owner, Owners' immediate family, guests, agents, permittees, licensees and residents shall use all Common Properties at his/her own risk. All Common Properties are unattended and unsupervised. Each Owner, Owners' immediate family, guests, agents, permittees, licensees and residents is solely responsible for his/her own safety, and assumes all risk of loss in connection with the use of Common Properties and related amenities and improvements within the Subdivision. Neither the Association nor the Declarant, nor any managing agent engaged by the Association or Declarant, shall have any liability to any Owner or their family members or guests, or to any other person or entity, arising out of or in connection with the use, in any manner whatsoever, of the Common Properties or any improvements comprising a part thereof from time to time, and the Association, Declarant and managing agent disclaims any and all liability or responsibility for injury or death occurring from use of the Common Properties.

**ARTICLE XIV
EXPANSION OF THE PROPERTY**

Section 14.1 Expansion of the Property.

Declarant, in its sole discretion and without the approval of any other party, may from time to time subject additional real property to this Declaration by recording in the Real Property Records of the County, a Supplemental Declaration describing the additional real property to be subjected to this Declaration. Any such Supplemental Declaration which is executed by Declarant and the owner of such additional property, if other than Declarant, and recorded in the Real Property Records of the County shall not require the consent or approval of any other Owner or other person in order to be fully enforceable and effective to cause such additional real property to be incorporated herein. Nothing in this Declaration shall be construed to require Declarant to subject additional real property to this Declaration.

Section 14.2 Additional Covenants and Easements.

Declarant, in its sole discretion and without the approval of any other party, may from time to time subject the Property, whether now or hereafter a part of this Declaration, to additional covenants and easements, including, without limitation, covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through the Assessments, as described in Article X hereof. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting such property to this Declaration or in a separate Supplemental Declaration referencing property previously subjected to this Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the Property, whether now or hereafter a part of this Declaration, in order to reflect the different character and intended use of such Property. Any such Supplemental Declaration which is executed by Declarant and recorded in the Real Property Records of the County shall not require the consent or approval of any other Owner or other person in order to be fully enforceable and effective to cause such additional covenants and easements to be incorporated herein.

Section 14.3 Effect of Recording Supplemental Declaration.

A Supplemental Declaration shall be effective upon the recording of same in the Real Property Records of the County unless otherwise specified in such Supplemental Declaration. On the effective date of the Supplemental Declaration, any additional property subjected to this Declaration shall be assigned voting rights in the Association and Assessment liability in accordance with the provisions of this Declaration.

**ARTICLE XV
GENERAL PROVISIONS**

Section 15.1 Mortgages.

It is expressly provided that the breach of any of the conditions contained herein shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value, as to the same premises or any part thereof encumbered by such mortgage or deed of trust, but said conditions shall be binding thereto as to Lots acquired by foreclosure, trustee's sale or otherwise, as to any breach occurring after such acquisition of title.

Section 15.2 Term.

This Declaration shall be enforceable by Declarant, the Association, any aggrieved Owner, and their respective legal representatives, heirs, successors, and assigns until December 31, 2050, after which time this Declaration shall extend automatically for successive 10-year periods unless at least sixty-seven percent (67%) of the then Owners have signed, within a six month period preceding the end of the initial term or any extension, an instrument which terminates this Declaration and such instrument is recorded in the Real Property Records of the County prior to the end of the term.

Section 15.3 Severability.

If any provision herein contained shall be invalid, which invalidity shall not be presumed until the same is determined by the final (*i.e.*, non-appealable) judgment or order of a court of competent jurisdiction, such invalidity shall in no way affect any other provision hereof, each of which shall remain in full force and effect.

Section 15.4 Binding Effect.

This Declaration is for the mutual benefit of, and shall be binding upon, each and every person acquiring any part of the Property, it being understood that the covenants, conditions, restrictions, easements, and other provisions contained in this Declaration are not for the benefit of the owner of any land except that which is a part of the Property. This Declaration, when executed, shall be filed of record in the Real Property Records of the County, so that each and every Owner or purchaser of any portion of the Property is on notice of the covenants, conditions, restrictions, easements, and other provisions herein contained.

Section 15.5 Notices.

Any notices or correspondence to an Owner shall be addressed to the street address of the Lot or to such other address as is specified by any such Owner in writing to the Association. The burden shall be on the Owner to prove that such written notification was duly given and delivered to the Association as provided below. Any notices or correspondence to the Association shall be addressed to the registered office of the Association as shown by the records of the Secretary of State for the State of Texas or to such other address as is specified by the Association in writing to the Owners.

Except as this Declaration or the Bylaws otherwise provide, all notices, demands, bills, statements, or other communications under this Declaration or the Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or by private carrier; if sent by United States mail; or, if the intended recipient has given its prior written authorization to use such method of delivery, by facsimile or electronic mail with written confirmation of transmission.

Notices sent in accordance with this Declaration shall be deemed to have been duly given and effective:

- (i) sent by United States mail, when deposited with the U.S. Postal Service, correctly addressed, with first class postage prepaid;
- (ii) if delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery; or

(iii) if sent by facsimile or electronic mail, upon transmission, as evidenced by a printed confirmation.

Section 15.6 Transfer Under Deed of Trust.

Upon any transfer of Declarant's interest in and to the Property, or any part thereof, under the terms of any deed of trust lien upon the Property, whether voluntary or involuntary, by foreclosure, deed in lieu of foreclosure or otherwise, all rights, title and interests of Declarant under this Declaration, shall be transferred to and devolve upon the party to whom the Property or any part thereof, is thereby conveyed.

Section 15.7 Notice of Transfer.

If at any time a Lot is sold, the new Owner shall have the sole obligation to promptly notify the Association of the name and address of the new Owner and shall be responsible for any cost, charge or expense added to the account of such Owner which may have otherwise been avoided if the above information was promptly delivered to the Association.

Section 15.8 No Liability for Trespass.

Whenever the Association, the Board of Directors or Declarant exercises any right hereunder and in connection therewith enters upon any Lot, such parties shall not be liable for trespass upon such Lot.

Section 15.9 Lien Priority.

Notwithstanding any other provision of the Declaration, the lien to secure the payment of Assessments and any other lien which the Association may have on any Lot pursuant to the Declaration for (a) Assessments or other charges becoming payable on or after the date of recordation of the first mortgage or deed of trust on any Lot, or (b) any fees, late charges, fines or interest that may be levied by the Association in connection with unpaid Assessments, shall be subordinate to the lien or equivalent security interest of any legitimate third-party first lien mortgage or deed of trust on any Lot, if any. Any foreclosure of any such superior lien under the power of sale of any mortgage, deed of trust or other security instrument, or through court proceedings in which the Association has been made a party, shall extinguish the liens securing maintenance charges or Assessments which became due and payable prior to such foreclosure date, but no such foreclosure shall free any Lot from the liens securing Assessments thereafter becoming due and payable, nor shall the liability of any Owner personally obligated to pay maintenance charges or Assessments which become due prior to such foreclosure be extinguished by any foreclosure, nor shall the lien for future Assessments or charges be affected in any manner. Any such maintenance charges or Assessments which are extinguished pursuant to the foregoing provision shall be reallocated and assessed to all Lots as a common expense.

Section 15.10 Use of Recreational Facilities and Other Common Properties.

The property made subject to this Declaration will contain common recreational facilities available for the use and enjoyment of Owners of Lot or any other portion of the Property, including lots and homes, within the Subdivision, their families, tenants and other occupants of their property, and the guests of any such persons. EACH OWNER, BY ACCEPTANCE OF A DEED TO ANY PORTION OF THE PROPERTY MADE SUBJECT TO THIS DECLARATION, ACKNOWLEDGES THAT THE USE AND ENJOYMENT OF ANY RECREATIONAL FACILITY OR ANY OTHER PORTION OF THE COMMON PROPERTIES INVOLVES RISK OF PERSONAL INJURY OR DAMAGE TO PROPERTY.

Each Owner acknowledges, understands, and covenants to inform his or her family members, and tenants and other occupants of Owner's property that Declarant, the Association, the Board and any committees, and Builders constructing homes and other improvements within the Subdivision are not insurers of personal safety. EACH PERSON USING SUCH RECREATIONAL FACILITIES OR ANY OTHER PORTION OF THE COMMON PROPERTIES ASSUMES ALL RISKS OF PERSONAL INJURY, DEATH, AND LOSS OR DAMAGE TO PROPERTY, RESULTING FROM THE USE AND ENJOYMENT OF ANY RECREATIONAL FACILITY OR OTHER PORTION OF THE COMMON PROPERTIES. Each Owner agrees that Declarant, the Association, the Board and committees, or its agents, and Builders within the Property shall not be liable to any person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury or death, destruction of property, trespass, loss of enjoyment, or any other wrong or entitlement to remedy based upon, due to, arising from, or otherwise relating to the use of any recreational facility or other portions of the Common Properties, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, the Association, or any Builder within the Property. THE FOREGOING RELEASE IS INTENDED TO RELEASE THE SPECIFIED PARTIES FROM LIABILITY FOR THEIR OWN NEGLIGENCE. EACH OWNER ACKNOWLEDGES AND AGREES THAT THE ABOVE RELEASE FROM LIABILITY IS CONSIDERATION FOR, AND A CONDITION TO, THE USE AND ENJOYMENT OF THE RECREATIONAL FACILITIES AND OTHER COMMON PROPERTIES WITHIN THE SUBDIVISION AND THAT THIS ACKNOWLEDGMENT AND AGREEMENT IS A MATERIAL INDUCEMENT TO DECLARANT AND BUILDERS TO SELL, CONVEY, LEASE, AND/OR ALLOW THE USE OF LOTS WITHIN THE SUBDIVISION. ANY VIOLATION OF THIS RELEASE AGREEMENT BY AN OWNER, OR ANY OF OWNER'S FAMILY MEMBERS, TENANTS AND OTHER OCCUPANTS OF OWNER'S PROPERTY, OR THEIR RESPECTIVE GUESTS SHALL BE GROUNDS FOR THE SUSPENSION OR TERMINATION OF ALL OF SUCH PERSONS' USE PRIVILEGES IN SUCH FACILITIES.

Section 15.11 Use of Association and Subdivision Name. The use of the name of the Association or the Subdivision, or any variation thereof, in any capacity without the express written consent of the Declarant during the Declarant Control Period, and thereafter the Board, is strictly prohibited. Additionally, the use of any logo adopted by the Association or the Subdivision, or use of any photographs of the entryway signage or other Subdivision signs or monuments or Common Areas without the express written consent of the Declarant during the Declarant Control Period, and thereafter the Board, is strictly prohibited.

Section 15.12 Construction of Declaration and All Association Documents.

The provisions of this Declaration and all other documents of the Association shall be liberally construed to give effect to its intended purpose. All doubts regarding the meaning, significance or effect of a provision in this Declaration or other documents of the Association, shall be resolved in favor of the operation of the Association and its enforcement of the Declaration.

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EXECUTED this 20 day of March, 2025.

DECLARANT:

MM Meadows 200, LLC,
A Texas limited liability company

By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: [Signature]
Name: Mehrdad Moayed
Its: Manager

STATE OF TEXAS

§
§
§

COUNTY OF Dallas

Before me, Matthew Dawson, a Notary Public, on this day personally appeared Mehrdad Moayed, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same as the act of 2M Ventures, LLC, manager of MMM Ventures, LLC, Manager of MM Meadows 200, LLC, a Texas limited liability company, for the purposes and consideration therein expressed.

Given under my hand and seal of office this 20th day of March, 2025.

[SEAL]

[Signature]
Notary Public
Matthew Dawson
Printed name of Notary

My Commission Expires: 7-5-2026

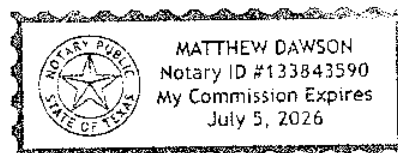


EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

STATE OF TEXAS §

COUNTY OF DENTON §

WHEREAS MM MEADOWS 200, LLC, is the rightful owner of a tract of land situated in the B. B. B & C. RR. Co. Survey, Abstract No. 188, Denton County, Texas, and being a portion of a called 135.882-acre tract of land described in a Special Warranty Deed with Vendor's Lien to MM Meadows 200, LLC, recorded in Instrument No. 2022-40782 of the Official Records of Denton County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2-inch iron rod found in an asphalt road, known as Old Stoney Road, an apparent public use roadway, no record found, for the southwest corner of said 135.882-acre tract, common to the southeast corner of a called 540.954-acre tract of land described as Tract 2 in a Special Warranty Deed to J. Young Land & Cattle, Ltd, recorded in Instrument No. 2003-203076 of the Official Records of Denton County, Texas;

THENCE North 00°02'12" West, departing said Old Stoney Road, along the westerly line of said 135.882-acre tract and along the easterly line of said 540.954-acre tract, a distance of 32.50 feet to a 5/8-inch iron rod with plastic cap stamped "KHA" set for the southwest corner of a called 5.000-acre tract of land described in a Special Warranty Deed to Alan Heard (Undivided 20% Interest), recorded in Instrument No. 2020-184607, a Special warranty Deed to Kenneth Williamson (Undivided 20% Interest), recorded in Instrument No. 2020-184608, a Special Warranty Deed to Phillip Wilson (Undivided 20% Interest), recorded in Instrument No. 2020-184609, a Special Warranty Deed Benjamin Raef (Undivided 20% Interest), recorded in Instrument No. 2020-184610 and a Special Warranty Deed to James Hogan Jr. (Undivided 20% Interest), recorded in Instrument No. 2020-1894611, all of the Official Records of Denton County, Texas;

THENCE North 89°39'42" East, departing the easterly line of said 540.954-acre tract, along the westerly line of said 135.882-acre tract and along the southerly line of said 5.000 acre tract, and crossing said 135.882-acre tract, a distance of 1,086.20 feet to a 5/8-inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE continuing across said 135.882-acre tract, the following courses and distances:

North 44°49'51" East, a distance of 28.37 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 00°00'00" East, a distance of 37.01 feet to a 5/8" iron rod with plastic cap stamped "KHA" set at the beginning of a tangent curve to the left with a radius of 367.50 feet, a central angle of 57°04'46", and a chord bearing and distance of North 28°32'23" West, 351.16 feet;

In a northerly direction, with said tangent curve to the left, an arc distance of 366.11 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 32°55'14" East, a distance of 62.99 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

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South 63°50'30" East, a distance of 7.52 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 77°29'20" East, a distance of 23.42 feet to a 5/8" iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the left with a radius of 467.50 feet, a central angle of 08°03'24", and a chord bearing and distance of North 33°52'12" East, 65.68 feet;

In a northerly direction, with said non-tangent curve to the left, an arc distance of 65.74 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 29°50'29" East, a distance of 60.38 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 60°09'31" West, a distance of 10.01 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 62°26'16" West, a distance of 43.19 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 71°03'31" West, a distance of 109.96 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 79°15'00" West, a distance of 74.38 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 86°44'38" West, a distance of 79.55 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 89°26'13" West, a distance of 39.31 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 01°33'41" West, a distance of 120.99 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 88°07'10" West, a distance of 14.09 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 02°01'49" West, a distance of 55.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 87°58'28" East, a distance of 7.69 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 44°09'37" East, a distance of 14.34 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 00°02'12" West, a distance of 17.48 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 89°57'48" West, a distance of 120.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 00°02'12" West, a distance of 500.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 03°40'42" East, a distance of 50.11 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 04°25'02" East, a distance of 50.15 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 06°08'38" East, a distance of 50.29 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 07°51'10" East, a distance of 50.48 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 24°51'02" East, a distance of 60.63 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 73°57'42" East, a distance of 127.75 feet to a 5/8" iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the right with a radius of 827.50 feet, a central angle of 06°46'41", and a chord bearing and distance of North 22°54'48" East, 97.84 feet;

In a northerly direction, with said non-tangent curve to the right, an arc distance of 97.89 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 16°45'19" West, a distance of 14.53 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 60°09'31" West, a distance of 9.02 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 29°50'29" East, a distance of 55.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 60°09'31" East, a distance of 8.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 74°50'29" East, a distance of 14.14 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 29°50'29" East, a distance of 111.14 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 62°06'24" West, a distance of 77.46 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 69°05'31" West, a distance of 47.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

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North 74°43'14" West, a distance of 47.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 82°33'26" West, a distance of 47.01 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 88°15'05" West, a distance of 48.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 89°57'48" West, a distance of 250.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 00°02'12" West, a distance of 120.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 89°57'48" West, a distance of 100.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 00°02'12" West, a distance of 55.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 89°57'48" East, a distance of 10.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 00°02'12" West, a distance of 310.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 89°57'48" East, a distance of 120.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 00°02'12" West, a distance of 10.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 89°57'48" East, a distance of 55.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 00°02'12" East, a distance of 15.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 45°02'12" East, a distance of 14.14 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 89°57'48" East, a distance of 174.49 feet to a 5/8" iron rod with plastic cap stamped "KHA" set at the beginning of a tangent curve to the right with a radius of 856.90 feet, a central angle of 03°02'45", and a chord bearing and distance of South 88°30'50" East, 45.55 feet;

In an easterly direction, with said tangent curve to the right, an arc distance of 45.55 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 46°39'11" East, a distance of 13.72 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 00°02'12" West, a distance of 8.35 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 89°57'48" East, a distance of 55.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 00°00'00" East, a distance of 13.71 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 41°11'23" East, a distance of 15.07 feet to a 5/8" iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the right with a radius of 856.90 feet, a central angle of 14°13'49", and a chord bearing and distance of South 74°50'34" East, 212.28 feet;

In an easterly direction, with said non-tangent curve to the right, an arc distance of 212.82 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 68°37'52" East, a distance of 14.39 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 24°39'20" East, a distance of 7.45 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 65°20'40" East, a distance of 55.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 24°39'20" East, a distance of 9.09 feet to a 5/8" iron rod with plastic cap stamped "KHA" set at the beginning of a tangent curve to the left with a radius of 327.50 feet, a central angle of 24°41'33", and a chord bearing and distance of North 12°18'34" East, 140.05 feet;

In a northerly direction, with said tangent curve to the left, an arc distance of 141.14 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 00°02'12" West, a distance of 263.31 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 65°45'46" East, a distance of 21.93 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

THENCE along the easterly line of said 135.882-acre tract, the following courses and distances:

North 90°00'00" East, a distance of 336.24 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 00°00'00" East, a distance of 203.11 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 45°00'00" East, a distance of 113.14 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

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North 90°00'00" East, a distance of 298.90 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 00°00'00" East, a distance of 218.59 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 29°50'29" West, a distance of 44.21 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 60°09'31" East, a distance of 41.63 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 29°50'29" West, a distance of 108.50 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 60°09'31" East, a distance of 24.91 feet to a 5/8" iron rod with plastic cap stamped "KHA" set at the beginning of a tangent curve to the right with a radius of 52.50 feet, a central angle of 49°37'34", and a chord bearing and distance of South 35°20'44" East, 44.06 feet;

In a southerly direction, with said tangent curve to the right, an arc distance of 45.47 feet to a 5/8" iron rod with plastic cap stamped "KHA" set at the beginning of a reverse curve to the left with a radius of 71.00 feet, a central angle of 14°29'38", and a chord bearing and distance of South 17°46'46" East, 17.91 feet;

In a southerly direction, with said reverse curve to the left, an arc distance of 17.96 feet to a 5/8" iron rod with plastic cap stamped "KHA" set at the beginning of a reverse curve to the right with a radius of 86.50 feet, a central angle of 52°39'06", and a chord bearing and distance of South 01°17'58" West, 76.72 feet;

In a southerly direction, with said reverse curve to the right, an arc distance of 79.49 feet to a 5/8" iron rod with plastic cap stamped "KHA" set at the beginning of a compound curve to the right with a radius of 267.50 feet, a central angle of 02°12'59", and a chord bearing and distance of South 28°44'00" West, 10.35 feet;

In a southerly direction, with said compound curve to the right, an arc distance of 10.35 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 29°50'29" West, a distance of 518.87 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 60°09'31" East, a distance of 65.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 29°50'29" West, a distance of 12.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 15°09'31" East, a distance of 21.21 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 60°09'31" East, a distance of 765.94 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 76°12'16" East, a distance of 28.95 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for the easternmost corner of said 135.882-acre tract, same being on the northwesterly right-of-way line of Farm-to-Market Road No. 156, a variable width public right-of-way;

THENCE South 32°34'02" West, along the easterly line of said 135.882-acre tract and the northwesterly right-of-way line of said Farm-to-Market Road No. 156, a distance of 135.13 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

THENCE departing the northwesterly right-of-way line of said Farm-to-Market Road No. 156 and continuing along the easterly line of said 135.882-acre tract, the following courses and distances:

North 60°09'31" West, a distance of 142.96 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 29°50'29" West, a distance of 625.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 60°09'31" West, a distance of 390.00 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 74°50'29" West, a distance of 14.14 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 29°50'29" West, a distance of 143.26 feet to a 5/8" iron rod with plastic cap stamped "KHA" set at the beginning of a tangent curve to the left with a radius of 222.50 feet, a central angle of 29°50'29", and a chord bearing and distance of South 14°55'15" West, 114.58 feet;

In a southerly direction, with said tangent curve to the left, an arc distance of 115.89 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 00°00'00" East, a distance of 28.79 feet to a 5/8" iron rod with plastic cap stamped "KHA" set at the beginning of a tangent curve to the right with a radius of 63.00 feet, a central angle of 90°00'00", and a chord bearing and distance of South 45°00'00" West, 89.10 feet;

In a southerly direction, with said tangent curve to the right, an arc distance of 98.96 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 90°00'00" West, a distance of 47.87 feet to a 5/8" iron rod with plastic cap stamped "KHA" set at the beginning of a tangent curve to the left with a radius of 222.50 feet, a central angle of 08°18'19", and a chord bearing and distance of South 85°50'51" West, 32.22 feet;

In a westerly direction, with said tangent curve to the left, an arc distance of 32.25 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

South 00°00'00" West, a distance of 249.62 feet to a 5/8" iron rod with plastic cap stamped "KHA" set for corner;

North 89°39'42" East, a distance of 501.24 feet to a 5/8" iron rod with plastic cap stamped "KHA" set on the easterly line of said 135.882-acre tract, being on the northwesterly right-of-way line of said Farm-to-Market Road No. 156, same being at the beginning of a non-tangent curve to the left with a radius of

2,924.79 feet, a central angle of 00°42'48", and a chord bearing and distance of South 26°27'35" West, 36.41 feet;

THENCE in a southerly direction, continuing along the easterly line of said 135.882-acre tract and along the northwesterly right-of-way line of said Farm-to-Market Road No. 156, with said non-tangent curve to the left, an arc distance of 36.41 feet to a point for corner;

THENCE South 89°39'42" West, departing the northwesterly right-of-way line of said Farm-to-Market Road No. 156, along the southerly line of said 135.882-acre tract a distance of 1,706.19 feet to the **POINT OF BEGINNING** and containing 2,633,862 square feet or 60.465 acres of land, more or less.