DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

SADDLE STAR

WITHIN

CITY OF ROCKWALL, ROCKWALL COUNTY

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

SADDLE STAR

WITHIN

CITY OF ROCKWALL, ROCKWALL COUNTY, TEXAS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SADDLE STAR is made this _____ day of November, 2020 (the "**Effective Date**"), by SADDLE STAR SOUTH HOLDINGS LLC, a Delaware limited liability company.

RECITALS:

A. Declarant is the owner of the Property (as defined herein).

B. Declarant desires to impose restrictive covenants which will impose a general plan for the development, maintenance, improvement, protection, use, occupancy and enjoyment of the Property, and to establish, adopt and impose covenants, conditions, restrictions and easements upon the Property for the purpose of enforcing, protecting and preserving the value, desirability and attractiveness of the Property.

C. This Declaration is intended to provide a flexible and reasonable procedure for the overall development, administration, maintenance, and preservation of the Property, and in furtherance of Declarant's general plan, Declarant has caused or intends to cause Saddle Star Homeowner's Association to be formed as a Texas nonprofit corporation to own, operate, and maintain the Common Maintenance Areas (as defined herein) and to administer and enforce the provisions of this Declaration.

NOW, THEREFORE, Declarant hereby declares that all of the Property is and shall be held, sold, used and conveyed subject to the easements, restrictions, covenants, and conditions contained in this Declaration, which shall run with the title to the Property. This Declaration shall be binding upon all parties having any right, title or interest in any portion of the Property, their heirs, successors, successors-in-title and assigns, and shall inure to the benefit of each owner of any portion of the Property.

ARTICLE I
GENERAL

1.1 Definitions. The following words, when used in this Declaration or any supplemental Declaration (unless the context shall otherwise clearly indicate or prohibit), shall have the following meanings:

"**ACA**" or "**Architectural Control Authority**" shall have the meaning provided such terms in Section 6.1 below.

"**ACA Standards**" means standards adopted by the ACA regarding architectural and related matters, including, without limitation, architectural design, placement of improvements, landscaping, color schemes, exterior finishes and materials and similar features which may be either recommended or required by the ACA for use within the Property. The initial ACA Standards are attached hereto as **Exhibit B**.

"**Affiliate**" means, as to any Person, any other Person that is in Control of, is Controlled by or is under common Control with such Person.

"**Adjustment Date**" shall mean each December 1st.

"**Alternative Payment Schedule**" shall have the meaning provided such term in Section 4.13 below.

"**Annual Assessment**" shall mean the Maintenance Assessment and HOA PID Assessment due for each Lot or Parcel.

"**Approved Builder**" shall mean those Builders who the Declarant, the ACA or the Board has approved as contemplated by Section 6.2 of this Declaration, and who shall be permitted to construct a Dwelling on a Lot. The following Builders and their Affiliates are Approved Builders on the date hereof: MHI and Highland.

"**Articles**" means the Certificate of Formation of the Association.

"**Assessment Notice**" shall have the meaning provided such term in Section 4.3 below.

"**Association**" means Saddle Star Homeowner's Association, a Texas nonprofit corporation, established for the purposes set forth in this Declaration.

"**Association Easement**" means that certain perpetual, non-exclusive easement for the purpose of placing, constructing and maintaining the Entry Signs, the HOA Private Improvements, the Association Maintenance Fencing, the Association Maintenance Retaining Walls, and landscaping located within or on a Lot or Parcel, such easement being upon, over and across the Common Areas, together with such other portions of the Property as are reasonably necessary to accomplish the foregoing purpose (including, without limitation, any Lot to access the Association Maintenance Retaining Walls).

"**Association Maintenance Fencing**" means that certain brick, stone or metal fencing located along the perimeter of the Property originally installed or to be installed by Declarant.

"**Association Maintenance Retaining Walls**" means all retaining walls installed by the Declarant or any Builder within the Property.

"**Board**" means the board of directors of the Association.

"**Builder**" means any Person who purchases one or more Lots or Parcels for the purpose of constructing improvements for later sale to consumers in the ordinary course of such Person's business, including any Approved Builder.

"**Bylaws**" means the bylaws of the Association.

"**City**" means the City of Rockwall, Texas.

"**Common Area**" and "**Common Areas**" mean all areas (including the improvements thereon) within or in vicinity of the Property owned or to be owned by the Association, or owned by the City or another Person and maintained in whole or in part by or on behalf of the Association

(such Common Areas owned by the City, if any, are referred to herein as the "**City Owned Common Areas**"), for the common use and enjoyment of the Members.

"**Common Expenses**" means the actual and estimated expenses incurred or anticipated to be incurred by the Association for the benefit of the Member(s) or the Common Maintenance Areas, including, without limitation, any reserves and any costs incurred for street cleaning/sweeping and costs of maintaining the Association Maintenance Retaining Walls (subject to Section 7.1).

"**Common Maintenance Areas**" means the Common Areas, if any, the Association Maintenance Retaining Walls, and any areas within public rights-of-way, easements (public and private), portion of a Lot or Parcel, public parks, private streets, landscaping, entry features, fence or similar areas that either the Board deems necessary or appropriate to maintain for the common benefit of the Members or that is shown on a Recorded plat of the Property or portion thereof as being maintained by the Association.

"**County**" means Rockwall County, Texas.

"**Declarant**" means Saddle Star South Holdings LLC, a Delaware limited liability company, and its successors and assigns as provided in Section 12.14 below.

"**Declaration**" means this Declaration of Covenants, Conditions and Restrictions for Saddle Star, and any amendments and supplements thereto made in accordance with its terms.

"**Designated Interest Rate**" means the interest rate designated by the Board from time to time, subject to any interest limitations under Texas law. If the Board fails to designate an interest rate, then the interest rate shall be the lesser of eighteen percent (18%) per annum or the highest rate permitted by Texas law. The Designated Interest Rate is also subject to the limitations in Section 12.7 of this Declaration.

"**Development Period**" means the period commencing on the date of this Declaration and expiring on the earlier of (i) the sixtieth (60th) day following the date upon which Declarant no longer owns any Lots or Parcels within the Property, or (ii) when Declarant executes a document stating the Development Period has terminated, which termination document may be executed during the period when Declarant still owns real property within the Property.

"**Development Period Claims**" means any and all actions and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct or indirect, at law or in equity, of whatsoever kind or nature, whether theretofore or thereafter accruing, for or because of any matter or things done, omitted or suffered to be done by any of the Released Parties during the Development Period, and in any way directly or indirectly arising out of or in any way connected to this Declaration, or the Property, or any transactions associated therewith.

"**Development Shared Expenses**" means the actual and estimated expenses incurred or anticipated to be incurred by the Association and/or other Persons for the benefit of the Members and owners of real property located in other portions of the development commonly known as Saddle Star including, without limitation, any reserves and any shared expenses relating to the repair or maintenance of any roads or Common Areas.

"**Dwelling**" means any residential dwelling situated upon any Lot.

"**Entry Signs**" means the entry feature signs for the subdivision that are now or hereafter placed by Declarant or its agents on the Common Area, Common Maintenance Areas or on the Association Easement.

"**Fiscal Year**" means each twelve (12) month period commencing on January 1 and ending on the following December 31, unless the Board shall otherwise select an alternative twelve (12) month period.

"**Foreclosure Transfer**" means the foreclosure of a first purchase money mortgage, trustee's sale of a first deed of trust or the acceptance by the Mortgagee of a deed in lieu of a foreclosure under any such first mortgage or first deed of trust. For purposes of this Declaration, the use of the term "first" in connection with a mortgage or deed of trust shall refer to the lien priority as compared to other mortgages or deeds of trust.

"**Governing Documents**" has the meaning set forth in the Articles.

"**HOA Private Improvements**" means the following:

(i) any interest in fee title to any portion of the Property owned by the Declarant and conveyed (or to be conveyed) to the Association;

(ii) all sewer improvements, water line improvements, entry features, storm sewer improvements, streets, alleys and sidewalks installed by Declarant in connection with the construction and development of the subdivision on the Property that have not been dedicated or otherwise conveyed to the City as public right-of-way;

(iii) all Open Spaces and other parks conveyed (or to be conveyed) to the Association;

(iv) all irrigation systems, retaining walls and perimeter fences/walls installed by Declarant in connection with the construction and development of the Common Areas within the Property conveyed (or to be conveyed) to the Association;

(v) any pavilion and park improvements installed by Declarant in connection with the construction and development of the subdivision on the Property conveyed (or to be conveyed) to the Association; and

(vi) any streetlights installed by Declarant in connection with the construction and development of the subdivision on the Property conveyed (or to be conveyed) to the Association.

"**HOA PID Assessment**" shall have the meaning provided such term in Section 4.4 below.

"**HOA Promissory Note**" means that certain Promissory Note executed, or to be executed, by the Association, as maker, payable to Declarant in an amount equal to the purchase price of the HOA Private Improvements owned by Declarant and conveyed (or to be conveyed) to the Association), in the originally stated amount of $1,670,056, as such note same may be amended, modified, renewed and/or restated from time to time.

"**Initial Assessment Date**" means, with respect to each Lot or Parcel, the date on which title to such Lot or Parcel is first conveyed to an Owner other than Declarant.

"**Initial Assessment Period**" means, with respect to each Lot or Parcel, the period between (i) the Initial Assessment Date, and (ii) the end of the Fiscal Year in which the Initial Assessment Date occurs.

"**Lot**" means any separate residential building parcel shown on a Recorded subdivision plat of the Property. Common Areas and areas dedicated or deeded to a governmental authority or to a utility, together with all improvements thereon, shall not be included as part of a Lot.

"**Maintenance Assessments**" shall have the meaning provided such term in Section 4.3 below.

"**Majority Vote**" means, with respect to any matter voted upon by the Association at a meeting at which a Quorum is present or pursuant to a consent to action taken in accordance with the Bylaws, a vote which achieves a percentage in excess of fifty percent (50%) of all Members entitled to vote on such matter.

"**Managing Agent**" means any Person who has been engaged and designated by the Board to manage the daily affairs and operations of the Association.

"**Material Adverse Effect**" means a circumstance or event which would significantly and detrimentally change the appearance, character, operation or use of the Property.

"**Member**" means any Person who is a member of the Association pursuant to the terms in Article III of this Declaration.

"**Mortgagee**" means any mortgagee under a Recorded first purchase money mortgage or beneficiary under a Recorded first deed of trust (meaning any Recorded mortgage or deed of trust with first priority over other mortgages or deeds of trust).

"**Noteholder**" means the holder of the HOA Promissory Note from time to time.

"**Open Spaces**" means the areas described on **Exhibit D** attached hereto, which are to be conveyed by the Declarant to the Association.

"**Owner**" means the record owner, whether one or more Persons, of fee simple title to any Lot or Parcel, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Lot or Parcel is sold under a Recorded executory contract for conveyance of real property, then the purchaser (rather than the fee Owner) will be considered the Owner during the duration of the contract purchaser's possession of the Lot or Parcel pursuant to the Recorded executory contract for conveyance of real property.

"**Parcel**" means each separate unplatted tract of land within the Property which is intended or proposed for ultimate residential development but for which (i) formal platting into Lots has not yet occurred, or (ii) the infrastructure (including utilities and streets) necessary to allow construction of a single-family home thereon has not yet been placed.

"**Person**" means an individual, partnership, joint venture, corporation, limited liability company, joint stock company, trust (including a business trust), unincorporated association or other entity, or a governmental or any political subdivision or agency thereof.

"**Property**" means the real property described on **Exhibit A** attached to this Declaration (other than areas thereof dedicated to the City or County or any political subdivision of the state of

Texas) and such additional property as is brought within the jurisdiction of the Association and made subject to this Declaration.

"**Quorum**" means a quorum of Members as established by the Bylaws.

"**Rain Barrel**" means a tub, tank, drum, cask or container used as a cistern or reservoir to hold rainwater.

"**Rainwater Harvesting System**" means a device or system designed to collect water from a roof, driveway, or other hard surface during a rainfall and channeling it into a Rain Barrel or other container to be saved for future use.

"**Record**," "**Recording**" or "**Recorded**" means the filing of a legal instrument in the real property records of Rockwall County, State of Texas, or such other place as may be designated as the official location for filing deeds, plats, and similar documents affecting title to real property.

"**Released Parties**" means Declarant, together with its employees, agents, representatives, consultants, attorneys, fiduciaries, officers, directors, partners, predecessors, successors and assigns, subsidiary corporations, parent corporations, and related corporate divisions.

"**Special Assessments**" shall have the meaning provided such term in Section 4.5 below.

"**Specific Assessments**" shall have the meaning provided such term in Section 4.6 below.

"**Supermajority Vote**" means, with respect to any matter voted upon by the Association at a meeting at which a Quorum is present or pursuant to a consent to action taken in accordance with the Bylaws, a vote which achieves a percentage of sixty-seven percent (67%) or greater of the votes of all Members entitled to vote on such matter.

"**Verified Mail**" means any method of mailing for which evidence of mailing is provided by the United States Postal Service or a common carrier.

1.2 References and Titles; Rules of Construction. All references in this Declaration to articles, sections, subsection and other subdivisions refer to corresponding articles, sections, subsections and other subdivisions of this Declaration unless expressly provided otherwise. Titles appearing at the beginning of any of such subdivisions are for convenience only and shall not constitute part of such subdivisions and shall be disregarded in construing the language contained in such subdivisions. The words "this Declaration," "herein," "hereof," "hereby," "hereunder" and words of similar import refer to this Declaration as a whole and not to any particular subdivision unless expressly so limited. Unless the context otherwise requires, (i) the use of the word "or" is not exclusive, (ii) pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, (iii) words in the singular form shall be construed to include the plural and vice versa, (iv) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles, and (v) any date specified for any action that is not a business day shall be deemed to mean the first business day after such date.

ARTICLE II
PROPERTY RIGHTS

2.1 Owners' Easements of Use and Enjoyment. Every Owner will have a right and non-exclusive easement of use, access and enjoyment in and to the Common Areas, subject to any limitations set forth in this Declaration, including, without limitation, the following:

(a) this Declaration as it may be amended from time to time and to any restrictions or limitations contained in any deed conveying such property to the Association;

(b) the right of the Association and/or City to establish and publish rules and regulations governing the use of the Common Areas, the Lots and the Parcels, including rules limiting the number of guests who may use the Common Area;

(c) the right of the Association and/or City to suspend the right of use of the Common Areas and the voting rights of an Owner for any period during which any assessments against such Owner's Lot or Parcel remains unpaid;

(d) the right of the Association to dedicate, sell or transfer all or any part of the Common Areas (but not any City Owned Common Area), provided that no such dedication, sale or transfer will be effective unless the same is approved by a Supermajority Vote (unless such dedication is to a governmental authority whereby such authority agrees to maintain such Common Area, in which case the Association may effectuate such conveyance without such Supermajority Vote);

(e) the right of the Association, subject to the provisions hereof, to mortgage all or any part of the Common Areas (but not any City Owned Common Areas), provided that the Common Areas cannot be mortgaged unless the same is approved by a Supermajority Vote;

(f) the right of the Board to impose reasonable membership requirements and charge reasonable admission or other fees for the use of any recreational facility situated upon the Common Area;

(g) the right of the Board to permit use of any recreational facility situated on the Common Area by Persons other than Owners, their families, lessees and guests upon payment of use fees established by the Board;

(h) the right of the Declarant to effect minor redesigns or minor reconfiguration of the Common Areas, to execute any open space declarations applicable to the Common Areas which may be permitted in order to reduce property taxes, and to take whatever steps may be appropriate to lawfully avoid or minimize the imposition of ad valorem taxes by any taxing authorities; and

(i) the right of the Declarant to maintain and carry out upon any of the Lots or Parcels owned by Declarant such facilities and activities as, in the sole opinion of the Declarant, may be reasonably required, convenient, or incidental to the sale of Lots, including, but not limited to, signs, and other forms of advertising. The Declarant and authorized invitees shall have easements for access over the Lots for this purpose.

2.2 Prohibitions on Easement of Use and Enjoyment. Each Owner's right and easement of use and enjoyment in and to the Common Area is further limited as follows:

(a) an Owner's right and easement of use and enjoyment in and to the Common Area shall not be conveyed, transferred, alienated or encumbered separate and apart from an Owner's Lot or Parcel; and

(b) the Common Area shall remain undivided and no action for partition or division of any part thereof shall be permitted.

2.3 Right to Delegate Use and Enjoyment of Common Area. Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees and guests as applicable, subject to the terms in this Declaration, the Bylaws and any reasonable rules of the Board. An Owner who leases his or her Dwelling is deemed to have delegated all such rights to the lessee of such Dwelling during the duration of the lessee's possession of the Dwelling pursuant to the lease.

ARTICLE III
MEMBERSHIP AND VOTING

3.1 Membership. Every Owner will be a Member of the Association by virtue of ownership of a Lot or Parcel. Membership of an Owner in the Association shall be appurtenant to and may not be separated from the ownership of the Lot or Parcel. The Board may require evidence of the transfer of title to a Lot or Parcel to an Owner before an Owner is entitled to vote at meetings of the Association. Ownership of a Lot or Parcel shall be the sole qualification for being a Member; however, a Member's privileges to use the Common Areas may be regulated or suspended as provided in this Declaration, the Bylaws or the rules and regulations promulgated by the Board. Any Person who holds an interest in and to a Lot or Parcel merely as security for the performance of an obligation shall not be a Member. A Person who sells a Lot or Parcel under an executory contract for conveyance of real property may delegate the appurtenant membership rights to the contract purchaser, provided a written assignment is delivered to the Board. However, the contract seller remains liable for all assessments attributable to that Lot or Parcel until fee title to the Lot is transferred.

3.2 Voting Rights.

(a) During the Development Period, Declarant or its nominee shall have the sole and exclusive right to take any and all actions on behalf of the Association and to exercise any and all rights and remedies of the Association under this Declaration; provided, however, on or before the 120th day after the date 75 percent of the lots that may be created and made subject to this Declaration (which Declarant acknowledges up to 284 Lots may be created (**but Declarant makes no representations or warranties regarding how many lots may ultimately be created**), whether on the Property or annexed property pursuant to Section 10.1 below, and made subject to this Declaration) are conveyed to owners other than the Declarant or a Builder, at least one-third of the members of the Board must be elected by the majority of the Owners other than the Declarant and such vote shall be at a meeting of the Members called for such purpose.

(b) Following the expiration of the Development Period, Members in good standing (defined below) shall be entitled to one vote for each Lot or Parcel owned by such Member; provided, however, to the extent applicable laws do not allow a Member not in good standing to be prohibited from voting, such Member shall be entitled to vote notwithstanding that such Member is not in good standing. Where more than one Owner owns and holds a Record fee title interest in a Lot or Parcel, such Owner(s) shall execute and deliver a proxy appointing and authorizing one Owner to cast the vote allocated to such Lot or Parcel in accordance with the Bylaws. In no event shall any one Lot or Parcel yield more than one vote for that Lot or Parcel. The Board shall have the right to adopt and implement rules and regulations pertaining to (i) the

manner of counting votes from Lots or Parcels owned by two or more individuals or entities; (ii) voting eligibility disputes; (iii) proxy disputes; (iv) intermediate vote counts; and (v) post-vote retention of proxies and ballots. Subject to Section 3.2(c) below, any Member shall not be in "good standing" if such Member is in violation of any portion of this Declaration or any rule or regulation promulgated by the Board or delinquent in the full, complete and timely payment of any Maintenance Assessments, HOA PID Assessments or Special Assessments, or any other fee or assessment. Subject to Section 3.2(c) below, in addition, any Member shall not be "entitled to vote" if more than one Owner owns and holds a Record fee title interest in a Lot or Parcel, but the Owner(s) of that Lot or Parcel have not executed and delivered a proxy appointing and authorizing one Owner to cast the vote allocated to such Lot or Parcel in accordance with the Bylaws.

(c) Nothing in this Declaration or the Bylaws shall disqualify a Member from voting if the vote is to elect the Board or if the vote is on any matter concerning the rights or responsibilities of such Member.

ARTICLE IV
ASSESSMENTS

4.1 Obligation to Pay Assessments. Each Owner (other than Declarant) of a Lot or Parcel, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association all assessments as are levied pursuant to the terms of this Declaration. The Association is empowered to establish and collect assessments as provided in this Article IV for the purpose of payments due under the HOA Promissory Note and for the purpose of Common Expenses, including without limitation, obtaining funds to maintain the Common Areas, perform its other duties, and otherwise preserve and further the operation of the Property as a first quality residential subdivision. Without limiting the foregoing, the purposes for which assessments may be used include, without limitation, payments due under the HOA Promissory Note, maintaining, operating, managing, repairing, replacing or improving the Common Areas, Common Maintenance Areas or any improvements thereon; mowing grass and maintaining grades and signs; paying legal fees and expenses incurred in enforcing this Declaration; paying expenses incurred in collecting and administering assessments; paying insurance premiums for liability and fidelity coverage for the ACA, the Board and the Association; and satisfying any indemnity obligation under this Declaration, the Articles or the Bylaws. The Board may reject partial payments and demand payment in full of all amounts due and owing the Association. Upon the receipt of payment from an Owner whose account reflects a past-due balance, and regardless of any written instruction from the Owner to the contrary, the payment shall be applied in accordance with Section 4.14 herein. In addition to the foregoing, each Owner of a Lot or Parcel is obligated and shall pay the Association the HOA PID Assessments as provided in Section 4.4 herein.

4.2 Date of Commencement of Assessments.

(a) The assessments provided for in this Declaration shall commence as to each Lot on the Initial Assessment Date of that Lot. The first assessments against a Lot shall be (i) prorated based on the Initial Assessment Period, and (ii) due and payable in full at the closing that occurs on the Initial Assessment Date. Following the Initial Assessment Period, the Board will establish the amount of the assessments to be imposed on each Lot or Parcel in accordance with the other provisions of this Article IV.

(b) Notwithstanding any provision in this Declaration to the contrary, during the Development Period all Lots and Parcels owned by Declarant shall be exempt from all

assessments (including, without limitation, Maintenance Assessments, Special Assessments, Specific Assessments and HOA PID Assessments) and Declarant shall not be obligated to pay any assessments for such Lots and Parcels.

4.3 Maintenance Assessments.

(a) Annual Budget. For each Fiscal Year or a part thereof during the term of this Declaration, the Board shall establish an estimated budget of the expenses to be incurred by the Association for the forthcoming Fiscal Year in performing its duties, which budget may include an additional contingency allocation or other reserve necessary for any expected or possible shortfall in the debt service payments due and payable under the HOA Promissory Note. Based upon such budget, the Association shall then assess each Lot or Parcel an annual fee (the "**Maintenance Assessments**"). The Association shall notify each Owner of the Maintenance Assessment for the ensuing Fiscal Year by December 15 of the preceding Fiscal Year (such notice being the "**Assessment Notice**"), but failure to give such notice shall not relieve any Owner from its obligation to pay Maintenance Assessments.

(b) Limits on Maintenance Assessments. For the first twelve (12) months after the Effective Date, the initial Maintenance Assessment for each Lot or Parcel shall not exceed $50 per calendar month. Thereafter, the Board may increase the Maintenance Assessment annually to meet the anticipated needs of the appropriate budget, but the Maintenance Assessment may not be increased in any Fiscal Year by an amount in excess of twenty percent (20%) above the previous Fiscal Year's Maintenance Assessment, unless such increase is approved by a Majority Vote.

(c) Uniform Assessments. Maintenance Assessments shall be imposed on each Lot or Parcel on a uniform basis regardless of a Lot's or Parcel's location or size.

(d) Time for Payment of Assessments. The Annual Assessment due by each Owner (other than Declarant) and attributable to each Lot or Parcel shall be due and payable, in full and in advance, on the first day of each Fiscal Year.

4.4 HOA PID Assessments. In addition to the other assessments set forth herein, each Lot and Parcel is subject to an annual assessment (the "**HOA PID Assessments**") that is attributable to the payment by the Association for the purchase price of the HOA Private Improvements and the functioning of the HOA as a private district in connection with the payment of such HOA Private Improvements which is $600 annually for each of the Lots. The HOA PID Assessments shall commence for each Lot and Parcel on the date the Lot is purchased by someone other than Declarant and shall continue until the HOA Promissory Note is paid in full. If the HOA Promissory Note is paid in full and Noteholder has been paid additional HOA PID Assessments that are unnecessary for the payment of said note because it has been paid in full, Noteholder shall return such overpayment to the Association and such overpayments shall be distributed proportionately and equitably to the Owners who contributed to such overpayment. The first HOA PID Assessments against a Lot shall be (i) prorated based on the Initial Assessment Period, and (ii) due and payable in full at the closing that occurs on the Initial Assessment Date. The HOA PID Assessments are used in connection with the Association's obligation to make debt service payments under the HOA Promissory Note, which was (or will be) executed in connection with the Association's purchase of the HOA Private Improvements, and are not utilized for the maintenance of the Common Areas. All HOA PID Assessments collected shall be put in a segregated account by the Board and shall not be used for any other payments except for payments due and payable under the HOA Promissory Note. The HOA Promissory Note was (or will be) executed by the Association to pay the Declarant for the costs of the HOA Private Improvements with the principal amount due thereunder in an amount equal to the cost of the HOA Private Improvements (as the same may be adjusted from time to

time upon finalizing of the HOA Private Improvements and the actual costs being determined for the same), together with per annum interest due thereon of 3.25% per annum. The HOA Promissory Note will be secured by a vendor's lien in favor of Declarant reserving such security interest to the Declarant in and to the HOA PID Assessments and the Open Spaces (which are a portion of the HOA Private Improvements). No other lien shall be granted over any of the other HOA Private Improvements, including any streets. Without the prior approval of the Noteholder and Declarant, the Association or Board may not adjust the amount of the HOA PID Assessments or any other provisions of this Section 4.4. To provide additional notice to each homeowner of the HOA PID Assessment, a separate notice shall be recorded by Declarant in the form attached hereto as **Exhibit C**.

4.5 Special Assessments. The Association may impose special assessments ("**Special Assessments**") to make capital improvements to the Common Areas or Common Maintenance Areas, to satisfy its indemnity obligations under the Articles or Bylaws, or for other similar purposes. Any Special Assessments proposed by the Association must be approved by a Majority Vote. At least fifteen (15) days prior to any meeting of the Association called to consider any Special Assessments, the Board shall notify each Owner thereof by written notice specifying the total amount of the Special Assessments required, the amount thereof imposed on each Lot or Parcel (which shall be uniform), the purpose for such Special Assessments, and the time and method of payment thereof. The time for paying any Special Assessments (which may be in installments) shall be as specified in the approved proposal therefor.

4.6 Specific Assessments. The Association shall have the power to levy specific assessments ("**Specific Assessments**") against a particular Lot or Parcel to (i) cover costs incurred in bringing a Lot or Parcel into compliance with this Declaration, the Bylaws or rules of the Association, (ii) cover costs incurred as a consequence of the conduct (or the failure to act) of the Owner or occupant of a Lot or Parcel, their agents, contractors, employees, licensees, invitees, or guests, (iii) collect any fines or other sums due by the Owner to the Association (other than Maintenance Assessments, HOA PID Assessments or Special Assessments or interest or late charges related thereto); (iv) collect any other costs or expenses specifically authorized by this Declaration to be levied against a particular Lot or Parcel; or (v) collect any cost or expense, including reasonable and necessary attorneys' fees, incurred by the Association in enforcing the terms of this Declaration, any applicable design guidelines or any rules and regulations of the Association. Failure of the Board to exercise its authority under this Section 4.6 shall not be grounds for any action against the Association or the Board and shall not constitute a waiver of the Board's right to exercise its authority under this Section 4.6 in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Section 4.6.

4.7 Budget Shortfalls. During the Development Period, Declarant may, but shall have no obligation to, subsidize the Association from time to time in order to cover any shortfall in the operating budget or to reduce the total Maintenance Assessments which would otherwise be necessary to be levied against all Lots or Parcels to cover the actual expenses of the Association. Any such subsidy may, at the option of the Declarant, be deemed a loan to the Association from the Declarant. Any such loan shall be conspicuously disclosed as a line item in the budget and shall be made known to the Members and shall be on such terms as are reasonable for market conditions at that time. The payment of such subsidy by Declarant in any one Fiscal Year shall under no circumstances obligate the Declarant to continue payment of such subsidy in future Fiscal Years. If the shortfall is the result of the failure or refusal of an Owner or Owners to pay their Maintenance Assessments, HOA PID Assessments or Special Assessments and Declarant has paid any sums to cover such shortfall, the Association will diligently pursue all available remedies against such defaulting Owners and will promptly reimburse Declarant for any sums paid to the extent of the amounts collected by the Association.

4.8 Reserve. The Association may establish and maintain a reserve fund for the periodic maintenance, inspection, repair and replacement of improvements to the Common Areas and/or the Common Maintenance Areas. Since a shortfall may occur on any annual payment due under the HOA Promissory Note, a reserve may also be maintained by the Association to effectively cover any such shortfall.

4.9 Personal Obligation to Pay Assessments. Each assessment provided in this Declaration, together with any interest, late charges, collection costs and reasonable attorneys' fees related to the assessment, shall be the personal obligation of the Person who was the Owner of the Lot or Parcel at the time the assessment was levied. Upon a transfer of title to a Lot or Parcel, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. However, no Mortgagee shall be liable for unpaid assessments levied prior to such Mortgagee's acquisition of title. In addition, no Mortgagee shall be required to collect assessments.

4.10 Working Capital Contribution. A contribution to the working capital of the Association equal to $250 per Lot is due and must be paid to the Association (i) at the closing of the initial conveyance of title to a Lot to an Owner (other than Declarant or Builder), and (ii) at the closing of all subsequent conveyances of title of such Lot or Parcel to any subsequent Owner (other than Declarant or Builder). To the extent allowed by applicable laws, the Board may unilaterally amend the foregoing $250 working capital contribution; provided, however, the Board shall promptly thereafter have an amendment to this Declaration recorded evidencing such change in the working capital contribution. In addition, an initiation fee equal to $25 per Lot or Parcel is due and must be paid to the Association (i) at the closing of the initial conveyance of title to a Lot to an Owner (other than Declarant), and (ii) at the closing of all subsequent conveyances of title of such Lot or Parcel to any subsequent Owner (other than Declarant). These payments are contributions to the working capital of the Association and will be used for operating and other expenses incurred by the Association. The payments are not refundable, shall be in addition to, not in lieu of, the Maintenance Assessments and HOA PID Assessments levied on the Lot or Parcel and shall not be considered an advance payment of any portion of such assessments.

4.11 Failure to Pay Assessments; Remedies of the Association. If any assessment or other sum due under this Declaration is not paid within thirty (30) days after the due date, the Association has the right to: (i) charge a late fee in an amount of $50.00 per month; (ii) charge interest on the amount due at the Designated Interest Rate from the due date until the date the sum is paid; and (iii) charge costs and fees reasonably related to the collection of the sum due, including, without limitation, any third-party collection fees owed to collection agents to the extent such amounts are recoverable in accordance with this Declaration and Section 209.0064 of the Texas Property Code (as amended from time to time). The Association will not hold an Owner liable for the fees of a collection agent retained by the Association unless the Association first provides written notice to the Owner by Verified Mail, specifying each delinquent amount and the total amount of the payment required to make the account current; describing the options the Owner has to avoid having the account turned over to a collection agent, including information regarding the availability of an alternative payment plan through the Association; and providing at least a thirty (30) day period for the Owner to cure the delinquency before further collection action is taken. An Owner will not be liable for fees of a collection agent retained by the Association if the obligation for payment by the Association to any collection agent of the Association for fees or costs associated with such collection action is in any way dependent or contingent on amounts recovered or the payment agreement between the Association and the Association's collection agent does not require payment by the Association of all fees to a collection agent for the action undertaken by the collection agent. The Association will not enter into any agreement with any collection agent that prohibits an Owner from contacting the Association or the Association's managing agent regarding the Owner's delinquency. In addition, the Association's Managing Agent shall be entitled to charge an Owner a

monthly collection fee to compensate Managing Agent for its administrative costs and efforts to collect and process the late payment of assessments. A service charge in the amount of $25.00 shall be charged for each check that is returned because of insufficient funds or any other reason. The amount of late charges and service charges may be adjusted, from time to time, by the Board consistent with any changes in the administrative costs to collect unpaid assessments or the Association's bank charges. All late charges, collection fees, service charges and attorneys' fees assessed or incurred due to late payment of assessments shall be charged to an Owner's assessment account which shall be part of the delinquent assessment and shall be payable and secured in the same manner as herein provided with regard to assessments. In addition, the Association may bring an action at law against the Owner personally obligated to pay the past-due amount. No Owner may waive or otherwise escape liability for the assessments by non-use of the Common Areas or abandonment of such Owner's Lot or Parcel. The failure to pay assessments shall not, by the terms of this Declaration, constitute a default under an insured deed of trust or mortgage, unless otherwise provided by the terms of such deed of trust or mortgage. The Association may delegate some or all of the collection administration under this Declaration to an association management agent, an attorney or to a collection agent. Such delegation will be at the sole discretion of the Association. The Association will not sell or otherwise transfer any interest in the Association's accounts receivables for a purpose other than as collateral for a loan. The Association or its managing agent will send a delinquency notice to an Owner if payment in full of an assessment or other charge has not been received in full by the due date. Such delinquency notice will be sent Verified Mail, and will specify each delinquent amount and the total amount of the payment required to make the account current; describe the options the Owner has to avoid having the account turned over to a collection agent, including information regarding the availability of an alternative payment plan through the Association; and provide at least a thirty (30) day period for the Owner to cure the delinquency before further collection action is taken. A defaulting Owner may be liable to the Association for the cost of title reports, credit reports, certified mailings, long distance calls, filing fees, attorney's fees and other reasonable costs incurred in the collection of delinquent assessments or other charges in accordance with the other provisions of this Declaration. The Association may obtain a title report to determine the names of the Owner(s) and the identity of other lien-holders, including the mortgage company. The Association may report a defaulting Owner to one or more credit reporting services. If the Association receives payment in full of a delinquency after reporting the defaulting Owner to a credit reporting service, the Association will report receipt of such payment to any credit reporting agency to which the Association reported the default. The Association may notify any mortgage lender holding a valid lien on the subject property of the default status of the Owner of the subject property, the filing of an assessment lien against the subject property, and the liability associated with such default. The Association or its Managing Agent will refer delinquent Owner accounts that remain delinquent for a period of ninety (90) days to the Association's attorney for collection. If the Owner's account is referred to the Association's attorney, the defaulting Owner will be liable to the Association for related legal fees and expenses.

4.12 Lien.

(a) Creation of Lien. The Association shall hereby have a continuing lien against each Lot or Parcel to secure payment of delinquent assessments (including, without limitation, Annual Assessments, Special Assessments and Specific Assessments), as well as interest at the Designated Interest Rate, late charges, and costs of collection, including, without limitation, court costs and, to the extent allowed by Section 209.008 of the Texas Property Code, as amended from time to time, attorneys' fees, and any other fees or charges that are authorized under or pursuant to this Declaration. Although no further action is required to create or perfect the lien, the Association may, as further evidence and notice of the lien, execute and Record a document setting forth as to any Lot or Parcel, the amount of delinquent sums due the Association at the time such document is executed and the fact that a lien exists to secure the payment thereof.

However, the failure of the Association to execute and Record any such document shall not in any way affect the validity, enforceability, perfection or priority of the lien. If the Association receives full payment of a delinquency after the recording of a notice of lien or related document, the Association will cause a release of lien to be publicly recorded and a copy of such release will be sent the Owner. The Association may require the Owner to pay the cost of preparing and recording the release in advance

(b) Enforcement of Lien - Judicial or Nonjudicial. The lien may be enforced by judicial or, if permitted by the Texas Property Code (as amended from time to time), nonjudicial foreclosure. Each Owner by accepting title to a Lot or Parcel hereby grants to the Association, whether or not it is so expressed in the deed or other instrument conveying such Lot or Parcel to the Owner, a private power of nonjudicial sale. The Board may from time to time appoint any Person (including an officer, agent, trustee, substitute trustee, or attorney), to exercise the Association's lien rights on behalf of the Association, including the power of sale. The appointment must be in writing and may be in the form of a resolution recorded in the minutes of a meeting of the Board. A foreclosure must comply with the requirements of applicable law, such as Chapter 209 of the Texas Property Code, as amended from time to time. A nonjudicial foreclosure, if permitted by the Texas Property Code (as amended from time to time), must be conducted in accordance with the provisions applicable to the exercise of powers of sale as set forth in the Texas Property Code, as amended from time to time, or in any manner permitted by law. In any foreclosure, the Owner is required to pay the Association's costs and expenses for the proceedings, including, to the extent allowed by Section 209.008 of the Texas Property Code, as amended from time to time, reasonable attorneys' fees, subject to applicable provisions of the Bylaws and applicable law, such as Chapter 209 of the Texas Property Code, as amended from time to time. The Association has the power to bid on the Lot or Parcel at foreclosure sale and to acquire, hold, lease, mortgage, and convey same. The Association will provide written notice of the total amount of an Owner's assessment delinquency to any holder of a lien of record whose lien is inferior or subordinate to the Association's lien and is evidenced by a deed of trust prior to giving notice of foreclosure sale or commencing a foreclosure action. The Association will provide such recipient holder of a lien an opportunity to cure such assessment delinquency before the 61st day after the date the recipient holder of a lien receives such notice of delinquency prior to the Association giving notice of foreclosure sale or commencing a foreclosure action.

(c) Subordination of Lien. The lien of the assessments provided for in this Section 4.12 is subordinate to the lien of any Recorded first purchase money mortgage or first deed of trust against a Lot or Parcel.

(d) Effect of Conveyance. An Owner that conveys title to a Lot or Parcel shall not be personally liable for assessments that are attributable to the period after the conveyance of the Lot or Parcel. However, a conveyance of title to a Lot or Parcel shall not affect the assessment lien or relieve the Owner that conveys the Lot or Parcel from personal liability for any assessments attributable to the period prior to the date of the conveyance, except as provided in Section 4.12(e) herein.

(e) Effect of Foreclosure. A Foreclosure Transfer will extinguish the assessment lien against the Lot or Parcel as to assessments attributable to the period prior to the Foreclosure Transfer. However, a Foreclosure Transfer will not relieve the Lot or Parcel or the Owner thereof from liability for any assessment attributable to the period after the Foreclosure Transfer. Additionally, the Foreclosure Transfer shall not release the former Owner of the Lot or Parcel from the obligation to pay assessments attributable to the period prior to the date of such Foreclosure Transfer.

(f) Third-Party Beneficiary. To the extent allowed by applicable laws, Noteholder shall be a third-party beneficiary of the lien to secure payment of the HOA PID Assessments and, to the extent allowed by applicable law, shall be entitled to enforce the same with the same rights and remedies as the Association. The Association agrees to execute any further documentation as may be required to effectuate the provisions of this Section 4.12(f) including, without limitation, appointing Noteholder or any subsequent holder of the HOA Promissory Note as attorney-in-fact, coupled with an interest, of the Association to enforce such lien on behalf of the Association.

4.13 Alternative Payment Schedule. Upon written request of an Owner, the Association will allow such Owner to pay any delinquent Maintenance Assessments, HOA PID Assessments, Special Assessments, Specific Assessments or any other annual or special assessments in three (3) equal payments due on the first day of each of the three (3) months following the date such delinquent assessment was originally due (such payment plan referred to as an "**Alternative Payment Schedule**"). In order to request an Alternative Payment Schedule, the delinquent Owner must send a written request to the Association within ten (10) business days of the date such assessment is due. If a written request for an Alternative Payment Schedule is made in a timely manner, the Association will, within ten (10) business days of the date such request is received, notify such Owner of (i) the amount of each monthly payment required under the Alternative Payment Schedule, which amount shall include the reasonable costs associated with administering the Alternative Payment Schedule and interest on the delinquent amounts accruing at the Designated Interest Rate (but shall not include any other monetary penalties), and (ii) the dates on which the monthly installments required under the Alternative Payment Schedule are due. If an Owner fails to make a monthly payment in the full amount required by the Alternative Payment Schedule, the full amount of the delinquent assessment shall be considered immediately due and payable without the necessity of any further action on the part of the Owner or the Association. In addition, if any Owner fails to comply with the terms of an Alternative Payment Schedule as provided in this Section 4.13, then the Association will have no obligation to allow such Owner to enter into a future Alternative Payment Schedule until the date which is two (2) years following the date such Owner defaulted under its obligations with respect to such Alternative Payment Schedule. Alternative Payment Schedules will be offered to Owners without the accrual of additional monetary penalties. Monetary penalties do not include reasonable costs associated with administering the Alternative Payment Schedule or interest. The Association may refuse to accept partial payments from an Owner if such Owner attaches conditions, directions or terms to the partial payments regarding the application of such payment or that are otherwise contrary to the policies or business judgment of the Association.

4.14 Application of Payments.

(a) Unless an Owner is in default under an Alternative Payment Schedule (which is addressed in subsection (b) below), a payment received by the Association from an Owner shall be applied to the amounts owed to the Association by such Owner in the following order of priority:

(i) any delinquent Specific Assessments;

(ii) any delinquent Special Assessments;

(iii) any delinquent Maintenance Assessments;

(iv) any delinquent HOA PID Assessments;

(v) any current Specific Assessments;

(vi) any current Special Assessments;

(vii) any current Maintenance Assessments;

(viii) any current HOA PID Assessments;

(ix) to the extent allowed by Section 209.008 of the Texas Property Code, as amended from time to time, any attorneys' fees or third party collection costs incurred by the Association associated solely with assessments or any other charge that could provide the basis for foreclosure;

(x) to the extent allowed by Section 209.008 of the Texas Property Code, as amended from time to time, any attorneys' fees incurred by the Association that are not subject to Section 4.14(a)(iv);

(xi) any fines assessed by the Association;

(xii) any accrued interest;

(xiii) any collection fees and other costs of collection, including, without limitation, any third-party collection fees owed to collection agents to the extent such amounts are recoverable in accordance with Section 209.0064 of the Texas Property Code, as amended from time to time;

(xiv) any fees and other charges related to the transfer of title;

(xv) working capital contribution as provided in Section 4.10 herein; and

(xvi) any other amount owed to the Association.

(b) If, at the time the Association receives a payment from an Owner, such Owner is in default under an Alternative Payment Schedule, then the Association may apply such payment in any order determined the Association; *provided, however,* that, in applying such payment, any fine or penalty assessed by the Association may not be given priority over any other amount owed to the Association.

4.15 Board Discretion. The Board may prescribe (a) different procedures for collecting assessments on a semi-annual, quarterly or monthly basis. (b) procedures for collecting advance regular Maintenance Assessments from new Owners out of closing transactions and (c) different procedures for collecting assessments from Owners who have had a recent history of being untimely in the payment of assessments.

ARTICLE V
THE ASSOCIATION

5.1 The Association - Duties and Powers. The Association is a Texas nonprofit corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws, and this Declaration. The Association shall continue to exist until the Association is dissolved, regardless if the corporate status expires or lapses. The Association shall have such rights, duties and powers as are set forth in the Articles, the Bylaws, and this Declaration.

5.2 Board of Directors. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint, in accordance with the Articles and the Bylaws. The Board shall have such powers as are granted in the Articles, the Bylaws, this Declaration or applicable law, together with such additional powers as are reasonably necessary for the performance of the obligations and duties of the Board set forth in this Declaration.

5.3 Limitation on Liability. The liability of an officer, director or committee member of the Association shall be limited as provided in the Articles.

5.4 Indemnification. Subject to the limitations and requirements of the Texas Business Organizations Code, as amended from time to time, and as more particularly described in the Bylaws, the Association shall indemnify every officer, director, and committee member against all damages and expenses, including, without limitation, attorneys' fees, reasonably incurred in connection with any threatened, initiated or filed action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which a director's, officer's or committee member's liability is limited under the Articles. Additionally, subject to the limitations and requirements of the Texas Business Organizations Code, as amended from time to time, and in the Bylaws, the Association may voluntarily indemnify a Person who is or was an employee, trustee, agent or attorney of the Association, against any liability asserted against such Person in that capacity and arising out of that capacity.

5.5 Insurance.

(a) Required Coverages. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect, the following insurance coverages, if reasonably available:

(i) Property Insurance – Common Area. Blanket property insurance covering loss or damage on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area and within the Common Maintenance Areas to the extent that the Association has assumed responsibility in the event of a casualty, regardless of ownership.

(ii) General Liability Insurance. Commercial general liability insurance, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf.

(b) Additional Insurance. The Board may obtain such additional insurance as the Board determines advisable, including, without limitation, directors and officers liability insurance, fidelity insurance and any insurance to comply with any applicable insurance requirements of any federal agency or secondary mortgage market entity, including, without limitation, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the U. S. Department of Veterans Affairs, and the U.S. Department of Housing and Urban Development, to the extent applicable. In determining whether to obtain additional insurance or discretionary endorsements thereto, the Board shall use its own business judgment to determine if such insurance and endorsements are advisable based upon cost and availability compared to the risks associated therewith.

(c) Review of Policies. The Board shall periodically review the types and amounts of insurance coverage for sufficiency.

5.6 Contracts; Management and Maintenance. The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into management, operational, or other agreements with other Persons. The Board may employ for the Association a management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policymaking authority.

5.7 Books and Records. The books and records of the Association shall be made available to the Members for inspection in accordance with Section 209.005 of the Texas Property Code, as amended, and as provided in the Bylaws. In addition, Members may obtain copies, at a reasonable cost, of the books and records of the Association as provided in the Bylaws. In addition, the Association shall make this Declaration and the Bylaws and any other instruments relating to the Association or the subdivision which are Recorded in the County deed records available on a website if the Association has, or a management company on behalf of the Association maintains, a publicly accessible website.

5.8 Enforcement – Notice. The Association may impose sanctions for violation of this Declaration (including any rules, guidelines or standards adopted pursuant to this Declaration) in accordance with and subject to the applicable procedures set forth in this Declaration, the Bylaws and applicable law, including Chapter 209 of the Texas Property Code, as amended from time to time. Specifically, written notice and opportunity for a hearing must be given prior to the Association exercising its remedies if notice and a hearing are required by this Declaration, the Bylaws or applicable law, including Chapter 209 of the Texas Property Code, as amended from time to time. Each day the violation continues to exist shall constitute a separate violation. Sanctions may include all remedies available at law, in equity or under this Declaration, including, without limitation, the following:

(a) Fines. The Association may impose reasonable monetary fines (which shall not exceed $500.00 for each separate violation). The Owner shall be liable for the actions of any pets, occupant, relative, employee, agent, guest, or invitee of the Owner of such Lot or Parcel. The Association will use fines to discourage violations of the Governing Documents. The Association's use of fines will not interfere with or waive the Association's other rights or remedies for the same or similar violations of the Governing Documents by an Owner. All Association communications regarding violations and fines will be directed to the Owner. The Association will establish the amount of fines on a situational basis in correlation to the nature, frequency and effects of the violation. Any and all fines will be implemented in accordance with the provisions of Article XIV of the Bylaws, including each Owner's rights thereunder with respect to notices and hearings.

(b) Suspension of Voting Rights. Subject to Section 3.2(c) and as otherwise allowed under applicable law, the Association may suspend an Owner's right to vote.

(c) Suspension of Rights to Use Common Area. The Association may suspend any Person's right to use any Common Area; provided, however, the Association may not limit an Owner's ingress or egress to or from the Owner's Lot or Parcel.

(d) Right of Self-Help. The Association may exercise self-help or take action to enter upon the Lot or Parcel to abate any violations of this Declaration, including the right to force mow.

(e) Right to Require Removal. The Association may require an Owner, at the Owner's expense, to remove any structure or improvement on such Owner's Lot or Parcel in violation of this Declaration and to restore the Lot or Parcel to its previous condition. If the Owner fails to do so, the Association or its designee shall have the right to enter upon the Lot or Parcel, remove the violation, and restore the property to substantially the same condition as previously existed, without such action being deemed a trespass.

(f) Levy Specific Assessment. The Association may levy a Specific Assessment to cover costs incurred by the Association in bringing a Lot or Parcel into compliance with this Declaration.

(g) Lawsuit; Injunction or Damages. The Association may bring a suit to enjoin any violation or to recover monetary damages, or both.

(h) Perform Maintenance. In addition to any other enforcement rights, if an Owner fails to properly perform such Owner's maintenance responsibilities with respect to a Lot, Parcel or Dwelling, the Association may record a notice of violation in the real property records of Rockwall County, Texas and enter the Lot and perform such maintenance responsibilities and assess all costs incurred by the Association against the Lot or Parcel and the Owner as a specific assessment.

The decision to pursue enforcement action, including the commencement of legal proceedings, in any particular case shall be left to the Association's sole and absolute discretion, except that the Association shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Association 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) it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action. Such a decision shall not be construed a waiver of the right of the Association to enforce such provision at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction or rule.

5.9 Right of Action by Association. Notwithstanding anything to the contrary in this Article V or the Governing Documents, after the expiration of the Development Period the Association shall not have the power to institute, defend, intervene in, settle or compromise litigation or administrative proceedings: (i) in the name of or on behalf of any Owner (whether one or more); or (ii) pertaining to a Lot Improvement Claim, as defined in Section 11.1(i) below, relating to the design, construction or maintenance of any Dwelling or other improvement on any Lot. Following the expiration of the Development Period, this Section may not be amended or modified without the written and acknowledged consent of the Declarant and the Association (acting through a majority of the Board) and the written consent of the Members holding seventy-five percent (75%) of the of the total number of votes of the Association, which must be part of the Recorded amendment instrument.

ARTICLE VI
ARCHITECTURAL CONTROLS

6.1 Architectural Control Authority. The ACA shall have the sole and exclusive authority to perform the functions contemplated by the ACA in this Declaration. The purpose of the ACA is to enforce the architectural standards of the Property and to approve or disapprove plans for

improvements proposed for the Lots and Parcels. The ACA will have the authority to delegate its duties or to retain the services of a professional engineer, management company, architect, designer, inspector or other Person to assist in the performance of its duties. The cost of such services shall be included in the Common Expenses. The "**ACA**" or "**Architectural Control Authority**" shall be the following entity:

(a) Declarant - During Development Period. During the Development Period, Declarant shall be the ACA unless Declarant, in writing, has delegated or terminated its rights as the ACA.

(b) Association - After the Development Period. After Declarant's right to act as the ACA has either expired or voluntarily been terminated, the Association, acting through the Board, shall be the ACA. The Association shall have the right to delegate the authority to perform the functions contemplated by the ACA to an "**Architectural Committee**" whose members would be appointed, terminated and replaced by the Board.

6.2 ACA Approval of Improvements; Approved Builders. No building, fence, wall, outbuilding, landscaping, pool, detached building, athletic or play equipment or facility, structure or improvement will be erected, altered, added onto or repaired upon any portion of any Lot or Parcel without the prior written consent of the ACA. However, ACA approval is not required for (i) any improvements constructed, erected, altered, added onto or repaired by Declarant; (ii) any improvements to the interior of a Dwelling, except as provided herein; (iii) the painting or re-bricking of the exterior of any Dwelling in accordance with the same color or design as originally constructed by Declarant or a Builder or in accordance with the approved color and design scheme approved by the ACA; (iv) improvements for which this Declaration expressly states that the ACA's prior approval is not required; or (v) repair or replacement of worn out or damaged improvements if such repair or replacement is with substantially similar materials. Any improvements pursuant to clauses (iii) and (v) immediately preceding must be in compliance with any applicable ACA Standards. During the Development Period, in no event shall any Owner of a Lot engage any Builder, other than an Approved Builder, for the purposes of constructing a Dwelling on a Lot, without the prior written approval of the Declarant, the Board or the ACA. After the expiration of the Development Period, the restrictions on Approved Builders in this Section shall not apply.

PRIOR TO THE ACQUISITION OF ANY INTEREST IN, AND CONSTRUCTION ON, A LOT, EACH PROSPECTIVE PURCHASER, TRANSFEREE, MORTGAGEE AND OWNER OF ANY LOT IS STRONGLY ENCOURAGED TO CONTACT THE DECLARANT OR THE ASSOCIATION OR THE ACA TO OBTAIN AND REVIEW AND BECOME THOROUGHLY FAMILIAR WITH THE MOST RECENT ACA STANDARDS WHICH CONTROL THE DEVELOPMENT, CONSTRUCTION AND USE OF THE LOT IN QUESTION.

6.3 Submission of Plans. Prior to the initiation of construction of any work required to be approved by the ACA as provided in Section 6.2 above, the Owner (excluding Declarant and any Approved Builder designated in writing by Declarant to be exempt from the ACA approval requirements as provided herein) will first submit to the ACA a complete set of plans and specifications for the proposed improvements, including site plans, landscape plans, exterior elevations, specifications of materials and exterior colors, and any other information deemed necessary by the ACA for the performance of its function. In addition, the Owner will submit the identity of the individual or company intended to perform the work and projected commencement and completion dates.

6.4 Plan Review.

(a) Timing of Review and Response. Upon receipt by the ACA of all of the information required by this Article VI, the ACA will have sixty (60) days in which to review the submitted information. No correspondence or request for approval will be deemed to have been received until all requested documents have actually been received by the ACA in form satisfactory to the ACA. If the ACA requests additional information and the applicant fails to provide such information prior to the date stated in the ACA's notice, then the application shall be deemed denied. If the applicable submittal is denied or deemed denied, then the applicant shall be required to re-apply if the applicant still desires to have the ACA consider the request. If the ACA fails to issue its written approval within sixty (60) days after the ACA's receipt of all materials requested by the ACA to complete the submission, then such failure by the ACA to issue its written approval shall be deemed disapproved. The ACA may charge a reasonable fee for reviewing requests for approval.

(b) Approval Considerations - Aesthetics. The proposed improvements will be approved if, in the sole opinion of the ACA: (i) the improvements will be of an architectural style, quality, color and material that are aesthetically compatible with existing improvements within the Property; (ii) the improvements will not violate any term in this Declaration or in the ACA Standards; and (iii) the improvements will not have an adverse impact on the Property. Decisions of the ACA may be based on purely aesthetic considerations. The ACA shall have the authority to make final, conclusive and binding determinations on matters of aesthetic judgment and such determination shall not be subject to review so long as the determination is made in good faith and in accordance with the procedures set forth herein. Each Owner acknowledges that opinions on aesthetic matters are subjective and opinions may vary as to the desirability and attractiveness of particular improvements and as the ACA and their members change over time. Accordingly, the ACA shall be entitled to determine that a proposed improvement or component thereof is unacceptable when proposed on a particular Lot, even if the same or a similar improvement has previously been approved for use at another location if factors such as drainage, topography, noise or visibility from roads, Common Areas or other Lots or prior adverse experience with the product, the design or with similar improvements mitigate against erection of the improvement or use of a particular component thereof on the Lot involved in the Owner's submittal.

(c) Third Parties. The ACA shall be entitled, at any time and from time to time, to associate or employ a staff hired to seek and obtain professional advice and counsel (including, but not limited to, architects, attorneys, designers, engineers and landscape technicians) in connection with the performance of its duties with all reasonable costs and expenses related thereto paid for or reimbursed by the Association and may be considered a Common Expense. The Association may, in turn, reasonably recoup some or all of these expenses from the applicants seeking review and approval of plans and specifications.

6.5 Timing of Completion of Approved Items. All work approved by the ACA must be completed within one (1) year after the approval by the ACA or such shorter period that the ACA may specify in the notice of approval, unless the completion is delayed due to causes beyond the reasonable control of the Owner, as determined by the ACA. All work and related improvements must be in compliance with the items approved by the ACA.

6.6 Improvements Impact on Drainage. With respect to any improvements performed on a Lot or Parcel or any alterations to the grade of a yard, the Owner shall take proper precautions to insure that such improvements or alterations do not cause the surface water drainage on the Lot to (i) drain onto

an adjoining Lot or Parcel in an amount more than the drainage amount prior to the improvement or alteration, or (ii) collect near the foundation of the Dwelling. Although the ACA may comment on or deny the approval of plans because of the impact of the proposed improvements or alterations on surface water drainage, the ACA's comments or approval shall not constitute or be construed as a representation, warranty or guaranty that adverse surface water drainage problems will not occur and shall not be relied upon as such. The Owner is responsible for taking the necessary actions in order to avoid any surface water drainage problems, including, without limitation, engaging the services of a qualified consultant.

6.7 No Waiver. The approval by the ACA of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the ACA under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing specification or matter subsequently submitted for approval.

6.8 Variances. The Board or, prior to the expiration of the Development Period, the Declarant may each authorize variances from strict compliance with the requirements herein, in any ACA Standards or any required procedures: (i) in narrow circumstances where the design meets the intent of the provision from which the variance is sought and where granting the variance would enhance the design innovation and excellence; or (ii) when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations so require. For purposes of this Section 6.8, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing as the sole or primary reason for requesting a variance shall not be considered a hardship warranting a variance. To be effective, a variance must be in writing. The grant of a variance does not effect a waiver or estoppel of the ACA or Declarant's right to deny a variance in other circumstances. Approval of a variance or waiver may not be deemed, implied or presumed under any circumstance.

6.9 Architectural Control Authority Standards. The ACA may, from time to time and in its sole and absolute discretion, adopt, amend and repeal, by unanimous vote or written consent, the ACA Standards. The ACA Standards may not conflict with the terms of this Declaration.

6.10 Enforcement; Non-Conforming and Unapproved Improvements. A violation of this Declaration occurs if (i) improvements or alterations require ACA approval are made on a Lot or Parcel without the prior approval of the ACA, or (ii) the ACA approves plans for improvements or alterations, but there are any significant or material deviations from the approved plans in the completed improvements or alterations, as determined by the ACA, in its sole and absolute discretion. Following a violation of this Declaration, the Association may, in its sole and absolute discretion, (a) exercise the rights set forth in Section 5.8 above, or (b) maintain an action at law or in equity for the removal or correction of the non-conforming improvements or alterations.

6.11 Limitation of Liability. Neither Declarant, the Association, the Board, nor the ACA shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications or the adequacy of soils or drainage, nor for ensuring compliance with building codes and other governmental requirements. Neither Declarant, the Association, the Board, the ACA nor any member of the foregoing shall be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Dwelling or Lot. The ACA and its members shall be defended and indemnified by the Association as provided in Section 5.4 herein.

6.12 Inspections; Submittal Fees and Deposits.

(a) Inspections. The ACA or its designated representative shall inspect all improvements to determine if the improvements have been completed in compliance with this Declaration and the approved plans and submittals. The Owner shall notify the Architectural

Committee or its designated representative when construction of improvements has been completed and shall request inspection the property and the improvements thereon to determine compliance. In the event the Owner should violate this provision they will be subject to a fine of up to $200.00 per day for time the violation continues to exist.

(b) Submittal Fees and Deposits. The ACA shall, from time to time, establish submittal fees for application submittals, review and inspection and such other fees as may be appropriate in the circumstances. The ACA shall, from time to time, specify which improvements require deposits and the amount of the deposits. All fees and deposits established by the ACA must be received by the Association prior to issuance of an approval by the ACA and prior to commencement of any work. In the event the Owner should violate this provision they will be subject to a fine of up to $200.00 per day for time the violation continues.

ARTICLE VII
USE RESTRICTIONS AND COVENANTS

7.1 Association Maintenance Retaining Walls. The Association shall maintain the Association Maintenance Retaining Walls as a Common Expense; provided, however, to the extent any damage to any Association Maintenance Retaining Wall is caused by any Owner, then such Owner shall be liable to repair such damage; provided, further, the Association may repair such damage caused by such Owner whereupon such Owner is obligated to reimburse the Association the actual costs expended in repairing such Association Maintenance Retaining Walls located on his/her Lot or Parcel. Such payment must be made within ten (10) days after written notice and invoice is received by the Owner from the Association. If an Association Maintenance Retaining Wall is located on multiple Lots or Parcels and the maintenance or repair costs are attributable to damage caused by one or more Owner (as reasonably determined by the Association), each Owner shall be liable for his/her proportionate share.

7.2 No Solar Collectors / Energy Efficient Roofing. Except with the written permission of the ACA, no solar collector panels or similar devices may be placed on or around any Dwelling; *provided, however*, the ACA may only deny permission for a solar collector panel or similar device which (i) was adjudicated by a court either to (A) threaten the public health or safety or (B) violate a law; (ii) is located on Common Area; (iii) is located on property owned in common by the Members; (iv) is located in an area on the Owner's property other than (A) on the roof of the Dwelling or of another structure allowed under this Declaration or (B) in a fenced yard or patio owned and maintained by the Owner; (v) if mounted on the roof of the Dwelling (A) extends higher than or beyond the roofline, (B) is located in an area other than an area designated by the Association, unless the alternate location increases the estimated annual energy production of the device, as determined by using a publicly available modeling tool provided by the National Renewable Energy Laboratory, by more than 10 percent above the energy production of the device if located in an area designated by the Association, (C) does not conform to the slope of the roof and has a top edge that is not parallel to the roofline or (D) has a frame, a support bracket, or visible piping or wiring that is not in a silver, bronze, or black tone commonly available in the marketplace; (vi) if located in a fenced yard or patio, is taller than the fence line; (vii) as installed, voids material warranties; or (viii) was installed without prior approval by the ACA. In addition, the ACA may deny permission for a solar collector panel or similar device if the ACA determines in writing that placement of the device as proposed by the Owner constitutes a condition that substantially interferes with the use and enjoyment of a portion of the Property by causing unreasonable discomfort or annoyance to persons of ordinary sensibilities; provided, however, the written approval of the proposed placement of the device by all Owners of adjoining property will constitute prima facie evidence that such a condition does not exist. Any and all installations of solar energy devices or energy efficient roofing require prior, written approval by the ACA. Neither the ACA or Association is responsible for (a) errors or omissions in any application submitted for the installation of a solar energy device or energy

efficient roofing for approval; or (b) supervising the installation or construction to confirm compliance of an approved application with any governmental codes and ordinances, including but not limited to local, state, and federal laws. An application form for the installation of a solar energy device or energy efficient roofing may be obtained by an Owner from the Association. In addition to the solar energy device or energy efficient roofing application form, the Owner must provide the following information to the ACA for review: (a) the intended location of the proposed solar energy device or energy efficient roofing; and (b) a complete description of the proposed solar energy device or energy efficient roofing which includes dimensions; manufacturer; model name or number; other identification; and photographs or other detailed and otherwise accurate depictions of the solar energy device or energy efficient roofing. A separate application form and corresponding information must be submitted to the ACA by the Owner for each and every intended installation of a solar energy device or energy efficient roofing. An application for the installation of a solar energy device or energy efficient roofing may only be submitted by an Owner. During the Development Period, if allowed under applicable, law, the ACA need not adhere to the terms and provisions of this Section 7.2 and may approve, deny or further restrict the installation of any solar energy device or energy efficient roofing. Solar energy devices and energy efficient roofing must be installed in strict compliance with the approved solar energy device or energy efficient roofing application and liability for such compliance is the exclusive responsibility of the Owner and compliance failure on the part of the Owner may subject the Owner to fines, penalties and costs associated with alteration of the installation for compliance. An application for the installation of energy efficient roofing will not be approved by the ACA, if such energy efficient roofing when installed (a) does not resemble the shingles used or otherwise authorized for use on property in the subdivision; or (b) is not more durable than and are of equal or superior quality to the shingles described above; or (c) does not match the aesthetics of the property surrounding the Owner's Lot or Parcel.

7.3 Mining. No oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind will be permitted upon or in any Lot, nor will oil wells, tanks, tunnels, mineral excavations, or shafts be permitted upon any Lot. No derrick or other structure designed for use in boring for oil or natural gas will be erected, maintained or permitted upon any Lot. No tank for the storage of oil or other fluids may be maintained on any of the Lots above the surface of the ground. Nothing herein, however, restricts or prohibits (i) developing or producing the oil, gas or other minerals in and under the Property by pooling the Property with other land, or (ii) extracting oil, gas or other minerals by directional drilling, mining and production operations initiated from surface locations on other lands.

7.4 Window Treatment. No aluminum foil, newspaper, reflective film, bed sheets or similar linens, or similar treatment will be placed on windows or glass doors of a Dwelling.

7.5 Athletic and Recreational Facilities.

(a) Except as set forth in Sections 7.5(b) and (c) below, outdoor athletic and recreational facilities such as basketball goals, playscapes, swing sets and sport courts may not be placed on a Lot unless such item is placed behind the rear of the Dwelling and such item is approved by the ACA.

(b) Basketball goals may be installed on front-entry Lots with "J-shaped, swing-in" driveways within all applicable setback lines as long as such basketball goals are installed behind the front elevation of the Dwelling. All basketball goals (whether installed in the front or rear of the Dwelling) must be professionally installed with a standing pole and must be made of clear acrylic material or tempered glass.

(c) Temporary and movable facilities may be placed, utilized and removed from view from the street during the course of the day; provided; however, that in all events such facilities must be stored each night in the garage, the Dwelling or other fully screened area and all such facilities shall be stored during non-use.

7.6 Lighting; Exterior Holiday Decorations. Lighting and decorations on a Lot may not be used or placed in a manner which, in the Board's sole and absolute discretion, constitutes a nuisance or an unreasonable source of annoyance to the occupants of other Lots. Except for lights and decorations within the interior of a Dwelling that are not displayed in a window, lights and decorations that are erected or displayed on a Lot in commemoration or celebration of publicly observed holidays may not be displayed more than six (6) weeks in advance of that specific holiday and must be removed within thirty (30) days after the holiday has ended; provided, however, with respect to any Christmas lights or similar lights installed during that time of year, the same shall be installed no earlier than November 15th and removed on or before January 15th.

7.7 Lawn Decorations and Sculptures. The Owner must have the approval of the ACA to place any decorations, sculptures, fountains, flags and similar items on any portion of such Owner's Lot except the interior of the Dwelling, unless (i) such item is placed within a backyard completely enclosed by a fence which blocks the view of the item at ground level; and (ii) such item is no taller than the fence. Notwithstanding the rest of this Section 7.7 or anything else to the contrary contained elsewhere in this Declaration, the ACA shall not:

(a) prohibit or restrict the display of a the flag of the United States of America, the flag of the State of Texas or an official or replica flag of any branch of the United States armed forces except as permitted by Subsection (b) of Section 202.011 (Flag Display) of the Texas Property Code, as amended; or

(b) prohibit an Owner from displaying or affixing on the entry to such Owner's Dwelling one or more religious items the display of which is motivated by such Owner's sincere religious belief except to the extent such prohibition is permitted under Section 202.018 of the Texas Property Code, as amended; or

(c) prohibit an Owner from displaying a flag, no larger than 3' x 5', relating to a specific university and/or sports team.

7.8 No Lot Consolidation or Division. No Owner, other than Declarant, may divide any Lot or consolidate any adjoining Lots or any portion thereof.

7.9 Drainage Alteration Prohibited. Unless approved by the ACA, no Owner will: (i) alter the surface water drainage flows of a Lot as originally established at the time of the initial construction of the Dwelling; or (ii) install landscaping or other improvements that may interfere with, obstruct or divert drainage flows established by Declarant or any Builder. The foregoing shall not prevent or limit Declarant from performing any grading work or changing any surface water drainage flow on any Lot.

7.10 Construction Activities. This Declaration will not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction or remodeling of or making of additions to improvements by an Owner (including Declarant and any Builder) upon any Lot within the Property. Specifically, no such construction activities will be deemed to constitute a nuisance or a violation of this Declaration by reason of noise, dust, presence of vehicles or construction machinery, posting of signs or similar activities, provided that such construction is pursued to completion with

diligence and conforms to usual construction practices in the area. If construction upon any Lot does not conform to usual practices in the area as determined by the Board, in its sole good faith judgment, the Board will have the authority to obtain an injunction to stop such construction. In addition, if during the course of construction upon any Lot, there is an excessive accumulation of debris of any kind that is offensive or detrimental to the Property or any portion thereof, then the Board may contract for or cause such debris to be removed, and the Owner of such Lot will be liable for all expenses incurred in connection therewith.

7.11 Declarant and Builder Development and Construction. Notwithstanding any other provision contained in this Declaration, Declarant, and its successors and assigns, and any Builders, will be entitled to conduct on the Property all activities normally associated with, and convenient to, the development of the Property and the construction and sale of Dwellings on the Property.

7.12 Rainwater Harvesting Systems or Rain Barrels. The ACA will not unreasonably prohibit the economic installation of Rainwater Harvesting Systems or Rain Barrels; provided, however:

(a) Any and all installations of Rainwater Harvesting Systems or Rain Barrels require prior, written approval by the ACA. Neither the ACA or Association is responsible for (a) errors or omissions in any application submitted for the installation of Rainwater Harvesting Systems or Rain Barrels to the ACA for approval; or (b) supervising the installation or construction to confirm compliance of an approved application with any governmental codes and ordinances, including but not limited to local, state, and federal laws.

(b) An application form for the installation of a Rainwater Harvesting System or Rain Barrel may be obtained by an Owner from the Association. In addition to the Rainwater Harvesting System or Rain Barrel application form, the Owner must provide the following information to the ACA for review: (a) size; (b) type; (c) shielding; (d) materials; (e) intended location; and (f) a complete description of the proposed Rainwater Harvesting System or Rain Barrel which includes dimensions; manufacturer; model name or number (if any); other identification; and photographs or other detailed and otherwise accurate depictions of the Rainwater Harvesting System or Rain Barrel to be installed.

(c) A separate application form and corresponding information must be submitted to the ACA by the Owner for each and every intended installation of a Rainwater Harvesting System or Rain Barrel. An application for the installation of a Rainwater Harvesting System or Rain Barrel may only be submitted by an Owner.

(d) Rainwater Harvesting Systems and Rain Barrels must be installed in strict compliance with the approved Rainwater Harvesting System or Rain Barrel application and liability for such compliance is the exclusive responsibility of the Owner and compliance failure on the part of the Owner may subject the Owner to fines, penalties and costs associated with alteration of the installation for compliance.

(e) An application for the installation of a Rainwater Harvesting System or Rain Barrel will not be approved by the ACA if the Rainwater Harvesting System or Rain Barrel is to be installed in or on property: (a) owned by the Association; (b) that is a Common Area; or (c) in an area other than the fenced yard or patio of the Owner.

(f) An application for the installation of a Rainwater Harvesting System or Rain Barrel will not be approved by the ACA if the Rainwater Harvesting System or Rain Barrel is to be installed in or on property that (a) is to be located between the front of the Owner's Dwelling and an adjoining or adjacent street; (b) is to be a color other than a color consistent with the color scheme of the Owner's Dwelling; or (c) will display any language or other content that is not typically displayed by such Rainwater Harvesting System or Rain Barrel as it is manufactured.

(g) An application for the installation of a Rainwater Harvesting System or Rain Barrel will not be approved by the ACA if there is not a reasonably sufficient area on the Owner's property in which to install a proposed Rainwater Harvesting System or Rain Barrel.

7.13 Sidewalks. Each Owner shall be responsible for maintaining any sidewalk located on the Owner's Lot unless such sidewalk has been conveyed to the Association or is part of any dedicated right-of-way.

7.14 Garages. Each Dwelling must have a garage that will accommodate a minimum of two (2) conventional automobiles, unless otherwise approved by the ACA. All garages must comply with City requirements and any specific ACA Standards set forth on Exhibit B attached hereto. All garages will be maintained for the storage of automobiles, and no garage may be enclosed or otherwise used for habitation. No carports are permitted on a Lot.

ARTICLE VIII
COMMON AREAS

8.1 Ownership and Acceptance of Common Area.

(a) This Declaration contemplates that the Association will eventually own all of the Common Area (excluding any City Owned Common Area) capable of independent ownership by the Association in fee simple title; provided, however, prior to any conveyance to the Association, Declarant has the right to (i) change the proposed use of any Common Area (excluding any City Owned Common Area), (ii) withdraw any property as proposed Common Area (excluding any City Owned Common Area), and/or (iii) otherwise convey or encumber the Common Areas (excluding any City Owned Common Area). Declarant shall have the right to convey title to any portion of the Property owned by Declarant, including, without limitation, the HOA Private Improvements and any easement interest in any such Property, to the Association as Common Area, and the Association shall be required to accept such conveyance. Any such conveyance shall be effective upon recording the deed or instrument of conveyance in the Records. However, notwithstanding anything in this Section 8.1(a) to the contrary, the designation of real property as a Common Area is determined by the plat and this Declaration, and not by the ownership of the Property.

(b) By accepting an interest in or title to a Lot, each Owner is deemed (i) to accept the Common Area of the Property, and any improvement thereon, in its then-existing "as is" condition; (ii) to acknowledge the authority of the Association, acting through its Board, for all decisions pertaining to the Common Area; (iii) to acknowledge that transfer of a Common Area's title to the Association by or through Declarant is a ministerial task that does not require acceptance by the Association; and (iv) to acknowledge the continuity of maintenance of the Common Area, regardless of changes in the Association's Board or management.

8.2 Improvement and Maintenance of Common Area. Declarant may install, construct, or authorize certain improvements on the Common Area in connection with the initial development of the Property. After the initial installation of such improvements, the Association shall maintain, at the Association's cost and regardless of the nature of title to the Common Areas, the Common Area and any improvements and landscaping thereon in good repair. The Association shall also maintain the Common Maintenance Areas, at the Association's cost, to the extent the Board determines that such maintenance is desirable. The maintenance costs for the Common Areas and Common Maintenance Areas shall be the Association's responsibility, even if such cost was incurred during the Development Period. Notwithstanding anything in this Declaration to the contrary, the Board shall have the authority, exercisable at any time and from time to time, to delegate all or any part of the foregoing duties and responsibilities of the Association for maintenance to the City. Without limiting the foregoing, the Association may also enter into contractual arrangements or other covenants with other property owner associations relating to any Development Shared Expenses, including, without limitation, contractual arrangements to share costs relating to the repair or maintenance of any roads or Common Areas. The portion of any Development Shared Expenses for which the Association is responsible shall be included in the Common Expenses.

8.3 Use of Common Areas at Own Risk. Each Owner, by accepting an interest in or title to a Lot, acknowledges that the use and enjoyment of any Common Area recreational facility involves risk of personal injury or damage to property. Each Owner acknowledges, understands, and covenants to inform its guests, relatives, invitees and all occupants of its Lot that the Association, its Board and committees, Declarant, and any Builder are not insurers of personal safety and that each Person using the Common Area assumes all risks of personal injury and loss or damage to property, resulting from the use and enjoyment of any recreational facility or other portion of the Common Area by such Owner or their pets, occupants, relatives, employees, agents, guests, or invitees. No Owner of any Dwelling may use the Common Area for storage of personal materials and/or equipment.

8.4 Condemnation of Common Area. In the event of condemnation or a sale in lieu thereof of all or any portion of the Common Areas owned by the Association, the funds payable with respect thereto will be payable to the Association and will be used by the Association as the Board determines, in its business judgment, including, without limitation, (i) to purchase additional Common Areas to replace the portion of the Common Areas that has been condemned, (ii) to reconstruct or replace on the remaining Common Area any improvements that were on the condemned Common Area, (iii) to pay for Common Expenses, or (iv) to be distributed to each Owner on a pro rata basis.

8.5 Damage to Common Area. If the Common Area or improvements on the Common Maintenance Areas are damaged and the Association receives insurance proceeds sufficient to repair such damage to its prior condition, then the Association shall cause such damage to be repaired or reconstructed. Following the expiration or termination of the Development Period, if, within ninety (90) days after the loss, there is a Supermajority Vote in favor of not repairing or reconstructing the damaged Common Area or Common Maintenance Areas, then such damage will not be repaired or reconstructed. If said Supermajority Vote is cast not to repair or reconstruct such damage and no alternative improvements are authorized, the damaged property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive condition. Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by and for the benefit of the Association.

8.6 Annual Inspection of Common Area - Budget. Commencing at the expiration of the Development Period, the Association shall at least annually examine the condition of the Common Area to evaluate the quality, frequency, and adequacy of maintenance performed during the preceding year, and to recommend maintenance for the upcoming year. The examination and report may be performed by

one or more experts hired by the Association for this purpose, such as a professional property manager, an engineer, or professional contractors such as landscapers and brick masons. After performing the inspection, the expert should submit to the Board a written report with findings and recommendations. The Board should evaluate the Association's operating budget and reserve accounts for maintenance, repair, and replacement in light of the expert's findings and recommendations. Any decision by the Board to reduce or defer recommended maintenance should be made with an evaluation of the potential consequences for future costs and deterioration. An expert's report is a record of the Association that is available to Owners for inspection and copying.

ARTICLE IX
EASEMENTS

9.1 Easement for Utilities on Common Area. The Declarant, on behalf of itself, reserves the right to grant perpetual, nonexclusive easements during the Development Period for the benefit of Declarant or its designees, upon, across, over, through and under any portion of the Common Area (but not any City Owned Common Area) for the construction, installation, use and maintenance for utilities, including, without limitation, water, sewer, electric, cable television, telephone, natural gas and storm water and drainage related structures and improvements. The Association will also have the right to grant the easements described in this Section 9.1.

9.2 Easement for Right to Enter Lot. If the Owner fails to maintain the Lot as required herein, or in the event of emergency, the Association will have the right to enter upon the Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the Property. Entry upon the Lot as provided herein will not be deemed a trespass, and the Association will not be liable for any damage so created unless such damage is caused by the Association's willful misconduct or gross negligence.

9.3 Temporary Easement to Complete Construction.

(a) All Lots will be subject to an easement of ingress and egress for the benefit of Declarant, its employees, subcontractors, successors, and assigns, over and upon the front, side and rear yards of the Lots as may be expedient or necessary for the construction, servicing and completion of Dwellings and landscaping upon adjacent Lots, provided that such easement will terminate as to any Lot twenty-four (24) months after the date such Lot is conveyed to an Owner other than a Builder. Any damage to a Lot caused by Declarant due to exercise of the foregoing completion easement rights, shall be promptly repaired by the party exercising such easement rights after completing its construction activities in the damaged area.

(b) All Common Areas will be subject to an easement of ingress and egress for the benefit of Declarant, its employees, subcontractors, successors, and assigns, over and upon the Common Areas as may be expedient or necessary for the construction, servicing and completion of the initial improvements in the Common Areas. Any damage to such Common Areas caused by Declarant due to the exercise of the foregoing completion easement rights, shall be promptly repaired by the party exercising such easement rights after completing its construction activities in the damaged area.

9.4 Association Easement. Declarant hereby reserves the Association Easement for the benefit of Declarant and the Association. The real property subject to the Association Easement shall be conveyed subject to the Association Easement.

9.5 Easement for Right to Enter and Inspect Property. Without limiting the easements granted by the other provisions of this Article IX, Declarant hereby reserves for the benefit of Declarant and its designees, a blanket, perpetual easement on, over and under the Property (excluding the area where any Dwellings are located) to (i) discharge Declarant's obligations and to exercise Declarant's rights under this Declaration, or (ii) inspect, maintain and repair the Property or any improvements thereon. Notwithstanding the foregoing, nothing herein shall impose any duty upon or otherwise obligate Declarant to make any such inspections or repairs.

ARTICLE X
ANNEXATION AND WITHDRAWAL

10.1 Annexation by Declarant. Prior to the expiration or termination of the Development Period, Declarant may, at its sole option, amend and expand the definition of Property by annexing real property into the Association and subjecting such real property to the terms hereof.

10.2 Annexation by Association. Following the expiration or termination of the Development Period, the Association may annex any real property into the Association and subject such real property to the terms hereof by an affirmative Supermajority Vote.

10.3 Recording of Annexation. The annexation of such real property shall be evidenced by a written Recorded document. No further action or approval shall be required or necessary for the Declarant to annex additional real property into the Property for the purpose of subjecting it to this Declaration. Any document subjecting additional real property to the Declaration may also impose additional restrictions not found in this Declaration upon such additional property. Upon the annexation of any additional real property as herein provided, each lot described therein shall become a "Lot" for all purposes hereunder.

10.4 No Duty to Annex. Nothing herein contained shall establish any duty or obligation on the part of Declarant or any Member to annex any real property, and no owner of any property excluded from the Association shall have any right to have such property annexed into the Association.

10.5 Withdrawal of Property; Other Rights During the Development Period. During the Development Period:

(a) Declarant may amend this Declaration to withdraw any real property from the definition of the Property and the effect of this Declaration if the Owner of the withdrawn property consents to the withdrawal;

(b) subject to the terms and conditions of this Declaration, Declarant has the right to facilitate the development, construction, and marketing of the subdivision; and

(c) subject to the terms and conditions of this Declaration, Declarant has the right to direct the size, shape, and composition of the subdivision.

ARTICLE XI
DISPUTE RESOLUTION

11.1 Introduction and Definitions. The Association, the Owners, Declarant, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees, by written instrument, to submit to this Article XI (individually a "**Party**" and collectively, the "**Parties**") agree to encourage the amicable resolution of disputes involving the Property and Common Areas and, if

at all possible, to avoid the emotional and financial costs of litigation. Accordingly, each Party hereby covenants and agrees that this Article XI applies to all Claims (as defined below). Following the expiration of the Development Period, this Article XI cannot be modified or amended without the prior written and acknowledged consent of the Declarant and the Association (acting through a majority of the Board) and the written consent of the Members holding seventy-five percent (75%) of the of the total number of votes of the Association, which must be part of the Recorded amendment instrument. As used in this Article XI only, the following words, when capitalized, have the following specified meanings:

(a) "**AAA**" means the American Arbitration Association.

(b) "**Claim**" means, other than an Exempt Claim (as defined below), any claim, grievance or dispute, arising from or relating to:

(i) the interpretation, application or enforcement of this Declaration, the Bylaws, the Articles or any of the other Governing Documents;

(ii) the rights or duties of Declarant, the Association or an Owner, under this Declaration, the Bylaws, the Articles or any of the other Governing Documents;

(iii) the acts or omissions of Declarant or the Association during control and administration of the Association;

(iv) the acts or omissions of the Board or the ACA, or a person serving as a Board member or an officer of the Association; and/or

(v) the design, construction, maintenance or repair of the Lots or the Common Areas, including the design, construction, maintenance or repair of Association Maintenance Fencing, Association Maintenance Retaining Walls, Dwellings or other improvements located thereon.

Notwithstanding anything contained in this Article XI to the contrary, the term "**Claim**" does not include any Exempt Claims, all of which are exempt from the terms and provisions of this Article XI.

(c) "**Claimant**" means any Party having a Claim against any other Party.

(d) "**Claim Notice**" has the meaning set forth in Section 11.3 below.

(e) "**Common Area Improvement Claim**" means any Claim arising from or relating to the design, construction, maintenance or repair of any portion of the Common Areas, including any Association Maintenance Fencing, Association Maintenance Retaining Wall, or other improvement located thereon.

(f) "**Exempt Claims**" means the following claims or actions, all of which are exempt from this Article XI: (i) the Association's claim for assessments, and any action by the Association to collect assessments; (ii) an action by a Party to obtain a temporary restraining order or equivalent emergency equitable relief, and such other ancillary relief as the court deems necessary to maintain the status quo and preserve the Party's ability to enforce the provisions of this Declaration; (iii) enforcement of the easements, architectural control, maintenance, and use restrictions of this Declaration; (iv) a dispute that is subject to alternate dispute resolution (such as mediation or arbitration) by the terms of applicable law or another instrument (such as a contract or warranty agreement) in which case the dispute is exempt from this Article XI, unless

the Parties agree to have the dispute governed by this Article XI; and (v) any dispute or claim with respect to any obligation of any party under the HOA Promissory Note.

(g) "**Independent Report**" has the meaning set forth in Section 11.4(b) below.

(h) "**Inspection Company**" has the meaning set forth in Section 11.4(b) below.

(i) "**Lot Improvement Claim**" means any Claim relating to the design, construction, maintenance or repair of a Lot, including any Dwelling or other improvement located thereon, but excluding any Association Maintenance Fencing and any Association Maintenance Retaining Wall.

(j) "**Respondent**" means the Party against whom the Claimant has a Claim.

11.2 Mandatory Procedures. Claimant may not initiate any proceeding before any administrative tribunal seeking redress or resolution of its Claim until Claimant has reasonably complied with the procedures of this Article XI. As provided in Section 11.9 below, a Claim will be resolved by binding arbitration.

11.3 Claim Notice.

(a) Claimant must notify Respondent in writing of the Claim (the "**Claim Notice**"), stating plainly and concisely: (i) the nature of the Claim, including date, time, location, Persons involved, and Respondent's role in the Claim; (ii) the basis of the Claim (i.e., the provision of the Declaration, Bylaws, Articles or other authority out of which the Claim arises); (iii) what Claimant wants Respondent to do or not do to resolve the Claim; and (iv) that the Claim Notice is given pursuant to this Section 11.3. For Claims governed by Chapter 27 of the Texas Property Code, the time period for negotiation in Section 11.6 below, is equivalent to the sixty (60) day period under Section 27.004 of the Texas Property Code. If a Claim is subject to Chapter 27 of the Texas Property Code, the Claimant and Respondent are advised, in addition to compliance with Section 11.6, to comply with the terms and provisions of Section 27.004 during such sixty (60) day period. Section 11.6 does not modify or extend the time period set forth in Section 27.004 of the Texas Property Code. Failure to comply with the time periods or actions specified in Section 27.004 could affect a Claim if the Claim is subject to Chapter 27 of the Texas Property Code. The ninety (90) day period for mediation set forth in Section 11.7 below, is intended to provide the Claimant and Respondent with sufficient time to resolve the Claim in the event resolution is not accomplished during negotiation. If the Claim is not resolved during negotiation, mediation pursuant to Section 11.7 is required without regard to the monetary amount of the Claim.

(b) If the Claimant is the Association and the Claim is or includes, a Common Area Improvement Claim, the Claim Notice will, to the extent applicable, also include the following items required pursuant to Section 11.4 below: (a) a true and correct copy of the Independent Report (defined below); (b) a copy of any engagement letter between the Association and the law firm or attorney selected by the Association to assert or provide assistance with the Claim; (c) reasonable and credible evidence confirming that Members holding sixty-seven percent (67%) of the votes in the Association approved the law firm or attorney and the written agreement between the Association and the law firm or attorney in accordance with Section 11.4(a) below; (d) copies of all reports, studies, analyses, and recommendations obtained by the Association related to the Common Area which forms the basis of the Claim; (e) a true and correct copy of the special meeting notice provided to Members in accordance with Section 11.4(c); and (f) reasonable and

credible evidence confirming that Members holding sixty-seven percent (67%) of the votes in the Association approved providing the Claim Notice. If the Claimant is an Owner and the Claim is or includes a Lot Improvement Claim, the Claim Notice will also include a true and correct copy of the Independent Report required pursuant to Section 11.5 below.

11.4 Common Area Improvement Claim by the Association. Each Owner, by accepting an interest in or to title to a Lot, hereby grants to the Association the exclusive right to institute, assert defend, intervene in, settle or compromise litigation, arbitration or other proceedings pertaining to Common Area Improvement Claims. However, as provided in Section 5.9 of this Declaration, after the expiration of the Development Period the Association does not have the power or right to institute, defend, intervene in, settle, or compromise litigation or administrative proceedings in the name of or on behalf of any Owner (whether one or more). In the event the Association asserts a Common Area Improvement Claim, as a precondition to providing the Claim Notice, initiating the mandatory dispute resolution procedures set forth in this Article XI, or taking any other action to prosecute the Claim, the Association must satisfy the conditions set forth in Sections 11.4(a)-(c) below.

(a) Obtain Owner Approval of Engagement. Unless otherwise approved by Members holding sixty-seven percent (67%) of the votes in the Association, the Association, acting through its Board, shall have no authority to engage a law firm or attorney to prosecute a Common Area Improvement Claim if the agreement between the Association and law firm or attorney includes any provision or requirement that would obligate the Association to pay any costs, expenses, fees, or other charges to the law firm or attorney, including but not limited to, costs, expenses, fees, or other charges payable by the Association: (i) if the Association terminates the engagement with the law firm or attorney or engages another firm or third party to assist with the Claim; (ii) if the Association agrees to settle the Claim for a cash payment or in exchange for repairs or remediation performed by the Respondent or any other third party; (iii) if the Association agrees to pay interest on any costs or expenses incurred by the law firm or attorney; or (iv) for consultants, expert witnesses, or general contractors hired by the law firm or attorney. For the avoidance of doubt, the intention of the foregoing limitation on the authority of the Association is that Members holding sixty-seven percent (67%) of the votes in the Association must approve the law firm or attorney who will prosecute the Common Area Improvement Claim and the written agreement between the Association and the law firm or attorney. The approval of the Members required under this Section 11.4(a) must be obtained at a special meeting of Members called in accordance with the Bylaws. The notice of Member meeting will be provided pursuant to the Bylaws but the notice must also include: (1) the name of the law firm and attorney; (2) a copy of the proposed written agreement between the Association and the law firm or attorney; (3) a narrative summary of the types of costs, expenses, fees, or other charges that may be required to be paid by the Association; (4) the conditions upon which such types of costs, expenses, fees, or other charges are required to be paid by the Association; (5) an estimate of the costs, expenses, fees, or other charges that may be required to be paid by the Association if the conditions for payment occur, which estimate shall be expressed as a range for each type of cost, expense, fee, or other charge; and (6) a description of the process the law firm or attorney will use to evaluate the Claim and whether destructive testing will be required (i.e., the removal of all or portions of the Common Area or improvements on the Property). If destructive testing will be required or is likely to occur, the notice shall include a description of the destructive testing, likely locations of the destructive testing, whether the Owner's use of their Lots or the Common Area will be affected by such testing, and if the destructive testing occurs the means or method the Association will use to repair the Common Area or improvements affected by such testing and the estimated costs thereof. The notice required by this Section must be prepared and signed by a Person other than the law firm or attorney who is a party to the proposed agreement being approved by the

Members. In the event Members holding sixty-seven percent (67%) of the votes in the Association approve the law firm or attorney who will prosecute the Common Area Improvement Claim and the written agreement between the Association and the law firm or attorney, the Board shall have the authority to engage the law firm or attorney and enter into the written agreement approved by the Members.

(b) Independent Report. The Association must obtain an independent third-party report (the "**Independent Report**") from a professional engineer licensed by the Texas Board of Professional Engineers with an office located in Dallas County, Texas (the "**Inspection Company**") which: (i) identifies the improvements or Common Areas subject to the Claim; (ii) describes the present physical condition of the improvements or Common Areas; (iii) describes any modification, maintenance, or repairs to the improvements or Common Areas performed by the Owner(s) and/or the Association; and (iv) provides specific and detailed recommendations regarding remediation and repair of the improvements or Common Areas subject to the Claim. For the purposes of this Section, an independent third-party report is a report obtained directly by the Association and paid for by the Association, and not prepared by a person employed by or otherwise affiliated with the attorney or law firm that represents or will represent the Association in the Claim. The Association, as a precondition to providing the Claim Notice described in Section 11.3, must have provided at least ten (10) days prior written notice of the date on which the inspection will occur to each party subject to the Claim which notice shall identify the independent third party engaged to prepare the Independent Report, the specific improvements or Common Areas 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 Independent Report shall be provided to each party subject to a Claim. In addition to the foregoing requirements, before providing the Claim Notice, the Association must permit each party subject to the Claim the right, for a period of at least ninety (90) days, to inspect and correct, any condition identified in the Independent Report.

(c) Owner Meeting and Approval. The Association must obtain approval from Members holding sixty-seven percent (67%) of the votes in the Association to provide the Claim Notice described in Section 11.3, initiate the mandatory dispute resolution procedures set forth in this Article XI, or take any other action to prosecute a Common Area Improvement 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: (i) the nature of the Claim, the relief sought, the anticipated duration of prosecuting the Claim, and the likelihood of success; (ii) a copy of the Independent Report; (iii) a copy of any proposed engagement letter between the Association and the law firm or attorney selected by the Association to assert or provide assistance with the Claim; (iv) 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 referenced above or otherwise, to pay if the Association elects to not proceed with the Claim; (v) a summary of the steps previously taken, and proposed to be taken, to resolve the Claim; (vi) an estimate of the impact on the value of each Lot if the Claim is prosecuted and an estimate of the impact on the value of each Lot after resolution of the Claim; (vii) an estimate of the impact on the marketability of each Lot if the Claim is prosecuted and during prosecution of the Claim, and an estimate of the impact on the value of each Lot during and after resolution of the Claim; (viii) the manner in which the Association proposes to fund the cost of prosecuting the Claim; and (ix) 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 in the Claim. In the event Members approve providing the Claim Notice, or taking any other action to prosecute a Common Area Improvement Claim, the Members, by a Majority Vote, at a special meeting called in accordance with the Bylaws, may elect to discontinue prosecution or pursuit of the Claim.

11.5 Lot Improvement Claims by Owners. In accordance with Section 5.9 of this Declaration, after the expiration of the Development Period the Association does not have the power or right to institute, defend, intervene in, settle, or compromise litigation or administrative proceedings pertaining to Lot Improvement Claims. Notwithstanding anything contained herein to the contrary, in the event a written warranty is provided to an Owner by the Declarant or a Builder relating to the design, construction, maintenance or repair of any improvements located on a Lot, including a Dwelling, then the dispute resolutions provisions contained in this Article XI will apply, unless otherwise determined in the sole discretion of the Person that granted the Owner such warranty. If a written warranty has not been provided, this Article XI will apply to the Lot Improvement Claim. Class action proceedings are prohibited with regard to any Claim, including any Lot Improvement Claim, and no Owner shall be entitled to prosecute, participate, initiate, or join any litigation, arbitration or other proceedings as a class member or class representative in any such proceedings under this Declaration. In the event an Owner asserts a Lot Improvement Claim, as a precondition to providing the Claim Notice defined in Section 11.3, initiating the mandatory dispute resolution procedures set forth in this Article XI, or taking any other action to prosecute the Claim, the Owner must obtain an Independent Report from the Inspection Company on an arm's length basis on customary terms for the preparation of engineering reports. The Owner, as a precondition to providing the Claim Notice, must have provided at least ten (10) days prior written notice of the date on which the inspection will occur to each party subject to the Claim which notice shall identify the independent third party engaged to prepare the Independent Report, the specific improvements 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 Independent Report shall be provided to each party subject to the Claim. The report will not be considered an "independent" report and it will not satisfy the requirements for an Independent Report under this Section 11.5 if: (i) the Inspection Company has an arrangement or other agreement to provide consulting or engineering services with the law firm or attorney that presently represents the Owner or proposes to represent the Owner or is otherwise affiliated with such law firm or attorney; (ii) the costs and expenses for preparation of the Independent Report are not directly paid by the Owner to the Inspection Company no later than thirty (30) days after the date the Independent Report is finalized and delivered to the Owner; or (iii) the law firm or attorney that presently represents the Owner or proposes to represent the Owner has agreed to reimburse (whether unconditional or conditional and based on the satisfaction of requirements set forth in the Owner's agreement with the law firm or attorney) the Owner for the costs and expenses for preparation of the Independent Report. In addition to the foregoing requirements, before providing the Claim Notice with regard to a Lot Improvement Claim, the Owner must permit each party subject to the Claim the right, for a period of at least ninety (90) days, to inspect and correct, any condition identified in the Independent Report.

11.6 Negotiation. Claimant and Respondent will make reasonable efforts to meet in person to resolve the Claim by good faith negotiation. Within thirty (30) days after Respondent's receipt of the Claim Notice, Respondent and Claimant will meet at a mutually-acceptable place and time to discuss the Claim. At such meeting or at some other mutually-agreeable time, Respondent and Respondent's representatives will have full access to the Property that is subject to the Claim for the purposes of inspecting the Property. If Respondent elects to take corrective action, Claimant will provide

Respondent and Respondent's representatives and agents with full access to the applicable portion of the Property to take and complete corrective action.

11.7 Mediation. If the Parties attempt to negotiate a resolution of the Claim pursuant to Section 11.6 above, but are unable to resolve the Claim through negotiation within sixty (60) days from the date of the Claim Notice (or within such other period as may be agreed on by the Parties), Claimant will have thirty (30) additional days within which to submit the Claim to mediation by a mutually-acceptable mediation center or individual mediator. If Claimant does not submit the Claim to mediation within such 30-day period, Claimant is deemed to have waived the Claim, and Respondent is released and discharged from any and all liability to Claimant on account of the Claim.

11.8 Termination of Mediation. If the Parties do not settle the Claim within thirty (30) days after the Claim has been submitted to mediation, or within a time deemed reasonable by the mediator, the mediator will issue a notice of termination of the mediation proceedings indicating that the Parties are at an impasse and the date that mediation was terminated. Thereafter, Claimant may initiate arbitration proceedings with respect to the Claim in accordance with Section 11.9 below.

11.9 Binding Arbitration Claims. All Claims must be settled by binding arbitration. Claimant or Respondent may, by summary proceedings (e.g., a plea in abatement or motion to stay further proceedings), bring an action in court to compel arbitration of any Claim not referred to arbitration as required by this Section 11.9.

(a) Governing Rules. If a Claim has not been resolved after mediation as required by Section 11.7, the Claim will be resolved by binding arbitration in accordance with the terms of this Section 11.9 and the rules and procedures of the American Arbitration Association ("**AAA**") or, if the AAA is unable or unwilling to act as the arbitrator, then the arbitration shall be conducted by another neutral reputable arbitration service selected by Respondent in Dallas County, Texas. Regardless of what entity or person is acting as the arbitrator, the arbitration shall be conducted in accordance with the AAA's "Construction Industry Dispute Resolution Procedures" and, if (and only if) they apply to the disagreement, the rules contained in the Supplementary Procedures for Consumer-Related Disputes. If such Rules have changed or been renamed by the time a disagreement arises, then the successor rules will apply. Also, despite the choice of rules governing the arbitration of any Claim, if the AAA has, by the time of Claim, identified different rules that would specifically apply to the Claim, then those rules will apply instead of the rules identified above. In the event of any inconsistency between any such applicable rules and this Section 11.9, this Section 11.9 will control. Judgment upon the award rendered by the arbitrator shall be binding and not subject to appeal, but may be reduced to judgment in any court having jurisdiction. Notwithstanding any provision to the contrary or any applicable rules for arbitration, (x) discovery by the Parties shall be limited solely to the Property and actions related thereto and improvements thereon, and (y) any arbitration with respect to Claims arising hereunder shall be conducted by a panel of three (3) arbitrators, to be chosen as follows:

(i) One arbitrator shall be selected by Respondent, in its sole and absolute discretion;

(ii) One arbitrator shall be selected by the Claimant, in its sole and absolute discretion; and

(iii) One arbitrator shall be selected by mutual agreement of the arbitrators having been selected by Respondent and the Claimant, in their sole and absolute discretion.

(b) Exceptions to Arbitration; Preservation of Remedies. No provision of, nor the exercise of any rights under, this Section 11.9 will limit the right of Claimant or Respondent, and Claimant and the Respondent will have the right during any Claim, to seek, use, and employ ancillary or preliminary remedies, judicial or otherwise, for the purposes of realizing upon, preserving, or protecting upon any property, real or personal, that is involved in a Claim, including, without limitation, rights and remedies relating to: (i) exercising self-help remedies (including set-off rights); or (ii) obtaining provisions or ancillary remedies such as injunctive relief, sequestration, attachment, garnishment, or the appointment of a receiver from a court having jurisdiction before, during, or after the pendency of any arbitration. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self-help remedies shall not constitute a waiver of the right of any Party to submit the Claim to arbitration nor render inapplicable the compulsory arbitration provisions hereof.

(c) Scope of Award; Modification or Vacation of Award. The arbitrator shall resolve all Claims in accordance with the applicable substantive law. The arbitrator may grant any remedy or relief that the arbitrator deems just and equitable and within the scope of this Section 11.9 and subject to Section 11.10 below (attorney's fees and costs may not be awarded by the arbitrator after the expiration of the Development Period); provided, however, that for a Claim, or any portion of a Claim governed by Chapter 27 of the Texas Property Code, or any successor statute, in no event shall the arbitrator award damages which exceed the damages a Claimant would be entitled to under Chapter 27 of the Texas Property Code, except that in no event may attorney's fees or costs be awarded to a Party after the expiration of the Development Period. In all arbitration proceedings the arbitrator shall make specific, written findings of fact and conclusions of law. In all arbitration proceedings the Parties shall have the right to seek vacation or modification of any award that is based in whole, or in part, on (i) factual findings that have no legally or factually sufficient evidence, as those terms are defined in Texas law; (ii) conclusions of law that are erroneous; (iii) an error of federal or state law; or (iv) a cause of action or remedy not expressly provided under existing state or federal law. In no event may an arbitrator award speculative, consequential, or punitive damages for any Claim.

(d) Other Matters. To the maximum extent practicable, an arbitration proceeding hereunder shall be concluded within one hundred and eighty (180) days of the filing of the Claim for arbitration by notice from either Party to the other; however, at the request of a Party, the arbitrators may elect to extend the length of proceeding to up to a maximum of one (1) year from the date of the filing. Arbitration proceedings hereunder shall be conducted in Dallas County, Texas. The arbitrator shall be empowered to impose sanctions and to take such other actions as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Texas Rules of Civil Procedure and applicable law. Each Party agrees to keep all Claims and arbitration proceedings strictly confidential, except for disclosures of information required in the ordinary course of business of the Parties or by applicable law or regulation. In no event shall any Party discuss with the news media or grant any interviews with the news media regarding a Claim or issue any press release regarding any Claim without the written consent of the other parties to the Claim.

11.10 Allocation of Costs. Respondent and Claimant shall equally divide all expenses and fees charged by the mediator and arbitrator; otherwise, notwithstanding any provision in this Declaration

to the contrary, after the expiration of the Development Period each Party shall bear all of its own costs incurred prior to and during the proceedings described in this Article XI, including its attorney's fees.

11.11 Enforcement of Resolution. Any settlement of the Claim through negotiation or mediation will be documented in writing and signed by the Parties. If any Party thereafter fails to abide by the terms of the agreement, then the other Party may file suit or initiate administrative proceedings to enforce the agreement without the need to again comply with the procedures set forth in this Article XI. In that event, the Party taking action to enforce the agreement is entitled to recover from the non-complying Party all costs incurred in enforcing the agreement, including, without limitation, attorney's fees and court costs.

11.12 General Provisions. A release or discharge of Respondent from liability to Claimant on account of the Claim does not release Respondent from liability to Persons who are not a party to Claimant's Claim. A Party having an Exempt Claim may submit it to the procedures of this Article XI.

11.13 Period of Limitations. The exclusive period of limitation for any of the Parties to bring any Claim shall be: (i) for Common Area Improvement Claims and Lot Improvement Claims, two (2) years and one (1) day from the date that the Claimant discovered or reasonably should have discovered evidence of the Claim; and (ii) for all Claims other than Common Area Improvement Claims and Lot Improvement Claims, four (4) years from the date the cause of action accrues. For the avoidance of doubt, the applicable statutes of limitation shall apply to all Exempt Claims.

11.14 Funding Arbitration and Litigation After the expiration of the Development Period, the Association must levy a Special Assessment to fund the estimated costs of arbitration, including estimated attorney's fees, conducted pursuant to this Article XI or any judicial action initiated by the Association. After the expiration of the Development Period, the Association may not use its annual operating income or reserve funds or savings to fund arbitration or litigation, unless the Association's annual budget or a savings account was established and funded from its inception as an arbitration and litigation reserve fund.

11.15 No Liability of Association for Failure to Maintain an Action. No director or officer of the Association shall be liable to any Person for failure to institute or maintain or bring to conclusion a cause of action, mediation or arbitration for a Claim if the following criteria are satisfied: (a) the director or officer was acting within the scope of his or her duties; (b) the director or officer was not acting in bad faith; and (c) the act or omission was not willful, wanton or grossly negligent.

ARTICLE XII
MISCELLANEOUS

12.1 Declaration Term - Perpetual. This Declaration shall commence on the date hereof and the provisions of this Declaration shall run with and bind the land and shall be and remain in effect for a period of thirty (30) years. Thereafter this Declaration shall automatically renew for subsequent periods of ten (10) years each unless seventy-five percent (75%) of all outstanding votes that are entitled to be cast approve the termination of this Declaration. A written instrument terminating this Declaration shall not be effective unless Recorded.

12.2 Amendments to Declaration.

(a) Amendment by Declarant. During the Development Period, Declarant, at its sole discretion and without a vote or the consent of any other party, shall have the right to amend or modify this Declaration for the following purposes: (i) to add real property to the Property (and,

with respect to any property that is added to this Declaration, Declarant may amend the Declaration with respect to such annexed property in any manner in Declarant's sole discretion), (ii) to withdrawal any real property owned by Declarant from the Property, (iii) to create lots, easements, common areas, common maintenance areas, fencing and signage, (iv) to modify the use and covenant restrictions in Article VII of this Declaration, (v) to comply with the requirements of any governmental authority or institutional lender or underwriting lender, including any "Governmental Mortgage Agency" (which term shall mean the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association or the Federal National Mortgage Association or any similar entity, public or private, authorized, approved or sponsored by any governmental agency to insure, guarantee, make or purchase mortgage loans); (vi) to resolve conflicts, clarify ambiguities and to correct misstatements, errors or omissions in this Declaration, (vii) amend the ACA Standards; (viii) amend the HOA Promissory Note (with the consent of the Association) and the provisions of Section 4.4 herein, and (ix) for any other purpose, provided, that any such amendment made pursuant to this clause (ix) has no Material Adverse Effect.

(b) Amendment by Association. After the expiration or termination of the Development Period, the Association may amend or modify this Declaration by an affirmative Supermajority Vote; provided, however, notwithstanding anything to the contrary herein, (x) the HOA Promissory Note and Section 4.4 herein may not be modified or amended without the written consent of the Declarant and Noteholder, and (y) Section 5.9 and Article XI herein cannot be modified or amended without the prior written and acknowledged consent of the Declarant and the Association (acting through a majority of the Board) and the written consent of the Members holding seventy-five percent (75%) of the of the total number of votes of the Association. Without limiting the foregoing, no amendment may affect (i) Noteholder's rights under the HOA Promissory Note unless such amendment is signed by Noteholder, and (ii) Declarant's rights under this Declaration without Declarant's written and acknowledged consent which much be part of the Recorded amendment instrument. This Section 12.2(b) may not be modified or amended without Declarant's written and acknowledged consent.

12.3 Enforcement by Association or Owner. Subject to the procedures set forth in Article XI above, the Association or any Owner will have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges imposed now or in the future by the provisions of this Declaration. Failure of the Association or any Owner to enforce any covenant or restriction of this Declaration will in no event be deemed a waiver of the right to do so in the future.

12.4 Expiration or Termination of Development Period.

(a) Upon the expiration or termination of the Development Period, Declarant, as its sole obligations under this Declaration, shall (i) use reasonable efforts to provide for a smooth transition in the operation and management of the Association; (ii) cause to be delivered to the Association or its nominee all the books and records of Declarant relating to the Association; and (iii) assign and transfer to the Association all existing warranties and similar agreements, if any, relating to the improvements constructed by Declarant upon the Common Areas or the Property.

(b) Upon the expiration or termination of the Development Period, the Association shall (i) use reasonable efforts to provide for a smooth transition in the operation and management of the Association; and (ii) execute and deliver to Declarant a release of the Released Parties from any and all Development Period Claims, **EVEN IF SAID DEVELOPMENT PERIOD CLAIMS ARISE AS A RESULT OF OR IN CONNECTION**

WITH THE NEGLIGENCE OR STRICT LIABILITY (BUT NOT THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT) OF ANY SUCH RELEASED PARTIES.

(c) The expiration of the Development Period shall not affect any remaining obligations under the HOA Promissory Note.

12.5 Remedies; Cumulative. In the event any Lot does not comply with the terms herein or any Owner fails to comply with the terms of this Declaration, the Association or any Owner will have each and all of the rights and remedies which may be provided for in this Declaration, the Bylaws, any rules and regulations from time to time promulgated by the Board, and, subject to the procedures set forth in Article XI above, those which may be available at law or in equity, including, without limitation, enforcement of any lien, damages, injunction, specific performance, judgment for payment of money and collection thereof, or for any combination of remedies, or for any other relief. No remedies herein provided or available at law or in equity will be deemed mutually exclusive of any other such remedy, but instead shall be cumulative.

12.6 Notice to Association of Sale, Transfer or Lease. Any Owner (other than Declarant) desiring to sell or otherwise transfer title to his or her Lot shall give the Association written notice of the name and address of the purchaser or transferee, within thirty (30) days after the date of such transfer of title, and such other information as the Association may reasonably require. With the Board's approval, independent fees may be charged in relation to the transfer of title to a Lot, including but not limited to fees for resale certificates, estoppel certificates, copies of this Declaration, the Bylaws or Articles, compliance inspections, ownership record changes, and priority processing, provided the fees are customary in amount, kind, and number for the local marketplace. Transfer-related fees are not refundable and may not be regarded as a prepayment of or credit against any Maintenance Assessments, HOA PID Assessments, Special Assessments or Specific Assessments. Transfer-related fees may be charged by the Association or by the Association's Managing Agent, provided there is no duplication of fees. Transfer-related fees charged by or paid to the Managing Agent must have the prior written approval of the Association, are not subject to the Association's assessment lien, and are not payable by the Association. This Section 12.6 does not obligate the Board or the manager to levy transfer-related fees. In the event an Owner leases such Owner's Lot, the Owner shall give to the Association, in writing, within thirty (30) days of the effective date of such lease, the name of the lessee of the Lot and such other information as the Board may reasonably require. All provisions of this Declaration, the other Governing Documents and of any rules promulgated by the Board which govern the conduct of Owners within the Property and provide for sanctions against Owners shall also apply to all lessees and other occupants, guests and invitees of any Lot. Any lease on any Lot shall be deemed to provide that the lessee and all other occupants of the leased Lot shall be bound by the terms of this Declaration, the other Governing Documents and the rules of the Association. Each Owner shall cause his, her or its lessees to comply with the Governing Documents and, to the extent permitted by applicable law, shall be responsible and liable for all violations and losses caused by such lessees, notwithstanding the fact that such lessee shall also be fully liable for any violation of each and all of the Governing Documents. No Owner may lease less than his, her or its entire Lot or Dwelling without the prior written consent of the Board. No Lot or Dwelling may be leased for a period of less than thirty (30) days without the prior written consent of the Board.

12.7 Limitation on Interest. All agreements between any Owner and the Association or Declarant are expressly limited so that the amount of interest charged, collected, or received on account of such agreement shall never exceed the maximum amount permitted by applicable law. If, under any circumstances, fulfillment of any provision of this Declaration or of any other document requires exceeding the lawful maximum interest rates, then, ipso facto, the obligation shall be reduced to comply

with such lawful limits. If an amount received by the Association or Declarant should be deemed to be excessive interest, then the amount of such excess shall be applied to reduce the unpaid principal and not to the payment of interest. If such excessive interest exceeds the unpaid balance due to the Association or Declarant, then such excess shall be refunded to Owner.

12.8 Limitation of Liability. Notwithstanding anything contained in this Declaration to the contrary, neither Declarant nor any of the other Released Parties will be personally liable for (i) debts contracted for or otherwise incurred by the Association (including, without limitation, any deficit in the Association's funds) or for a tort of another Person, whether or not such other Person was acting on behalf of the Association or Declarant; or (ii) any personal injury or other incidental or consequential damages for failure to inspect any improvements or for failure to repair or maintain the same or occasioned by any act or omission in the repair or maintenance of the Property, any improvements, or portions thereof. Notwithstanding anything contained in this Declaration to the contrary, following the expiration or termination of the Development Period, neither Declarant nor any of the other Released Parties will have any liability for any Development Period Claims, **EVEN IF SAID DEVELOPMENT PERIOD CLAIMS ARISE AS A RESULT OF OR IN CONNECTION WITH THE NEGLIGENCE OR STRICT LIABILITY (BUT NOT THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT) OF ANY SUCH RELEASED PARTIES**.

12.9 Construction and Interpretation. This Declaration shall be liberally construed and interpreted to give effect to its purposes and intent, except as otherwise required by law.

12.10 Notices. Except as otherwise provided in the Bylaws or this Declaration, all notices, demands, bills, statements and other communications under this Declaration shall be in writing and shall be given personally or by Verified Mail. Notices that are mailed shall be deemed to have been duly given three (3) days after deposit. Owners shall maintain one mailing address for a Lot, which address shall be used by the Association for mailing of notices, statements and demands. If an Owner fails to maintain a current mailing address for a Lot with the Association, then the address of that Owner's Lot is deemed to be such Owner's mailing address. If a Lot is owned by more than one Person, then notice to one co-owner is deemed notice to all co-owners. Attendance by a Member at any meeting shall constitute waiver of notice by the Member of the time, place and purpose of the meeting. Written waiver of notice of a meeting, either before or after a meeting, of the Members shall be deemed the equivalent of proper notice.

12.11 Not a Condominium. This document does not and is not intended to create a condominium within the meaning of the Texas Uniform Condominium Act, Tex. Prop. Code Ann., Section 82.001, et seq., as amended from time to time.

12.12 Severability. Invalidation of any one of these covenants, conditions, easements or restrictions by judgment or court order will in no manner affect any other provisions which will remain, in full force and effect.

12.13 Rights and Obligations Run With Land. The provisions of this Declaration are covenants running with the land and will inure to the benefit of, and be binding upon, each and all of the Owners and their respective heirs, representatives, successors, assigns, purchasers, grantees and mortgagees. No Lot or Parcel is exempt from the terms set forth herein. By the recording or the acceptance of a deed conveying a Lot or Parcel or any ownership interest in the Lot or Parcel whatsoever, the Person to whom such Lot or Parcel or interest is conveyed will be deemed to accept and agree to be bound by and subject to all of the provisions of this Declaration, whether or not mention thereof is made in said deed. Notwithstanding any provision herein, the rights of Declarant as provided herein shall not run with the land, but instead may only be transferred or assigned as provided in Section 12.14 herein.

12.14 Assignment of Declarant's Rights. Declarant may assign, in whole or in part, its rights as Declarant by executing a document assigning such rights. There may be more than one Declarant, if Declarant makes a partial assignment of Declarant's status.

12.15 Disclaimer Regarding Security. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of security within the Property, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or of ineffectiveness of security measures undertaken. No representation or warranty is made that any fire protection system, burglar alarm system or other security system cannot be compromised or circumvented, nor that any such systems or security 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 covenants to inform its tenants, invitees, and licensees that the Association, its Board and committees and Declarant are not insurers and that each Person using any portion of the Property assumes all risks for loss or damage to Persons, to Lots or Parcels and to the contents of Lots or Parcels resulting from acts of third parties.

12.16 Homestead. By acceptance of a deed thereto, the Owner and spouse thereof, if married, of each 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 otherwise have been available for reason of the homestead exemption provisions of Texas law, if for any reason such are applicable. This Section 12.16 is not intended to limit or restrict in any way the lien or rights granted to the Association by this Declaration, but to be construed in its favor.

12.17 Replatting or Modification of Plat. From time to time during the Development Period, Declarant, at its sole discretion and without a vote or the consent of any other party, reserves the right to replat the Property or to amend or modify the plat in order to assure a harmonious and orderly development of the Property as herein provided. Each Owner, by acceptance of a deed to any Lot or Parcel, constitutes and irrevocably appoints the Declarant as its duly authorized attorney-in-fact, with full power of substitution, to provide any necessary approval to exercise the powers set forth in this Section 12.17. However, any such replatting or amendment of the 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 12.17 shall expire upon the expiration or termination of the Development Period.

12.18 **NOTICE OF SEVERANCE OF MINERAL ESTATE**. For purposes of this Agreement, the terms "Property", "Common Area", "Parcel" and "Lot" do not include any of the oil, gas and other minerals in and under and that may be produced from any of the Property, the Common Area, the Parcels or the Lots, respectively. **THE MINERAL ESTATE MAY HAVE BEEN SEVERED FROM THE PROPERTY, THE COMMON AREA, THE PARCELS AND THE LOTS.**

12.19 **SOIL MOVEMENT**. Each Owner acknowledges that the failure or excessive movement of any foundation of any Dwelling can result in the diminished value and overall desirability of the entire Property. Each Owner agrees and understands that the maintenance of the moisture content of the soils on each Lot is necessary to preserve the structural integrity of each Dwelling in the Property. Each Owner also acknowledges that the long term value and desirability of the Property is contingent upon each Owner maintaining its Dwelling so that no structural failure or excessive soil movement occurs within the Property.

EACH OWNER IS HEREBY NOTIFIED THAT THE SOIL COMPOSITION IN NORTH TEXAS IN GENERAL AND THE PROPERTY IN PARTICULAR AND THE CONDITION OF THE LOTS MAY RESULT IN THE SWELLING AND/OR CONTRACTION OF THE SOIL IN

AND AROUND THE LOT IF THE OWNER OF THE LOT DOES NOT EXERCISE THE PROPER CARE AND MAINTENANCE OF THE SOIL REQUIRED TO PREVENT SOIL MOVEMENT.

If the Owner fails to exercise the necessary precautions, damage, settlement, movement or upheaval to the foundation and structural failure may occur. Owners are highly encouraged to install and maintain proper irrigation around their Dwelling or take such other measures to ensure even, proportional, and prudent watering around the foundation of the Dwelling.

By each Owner's acceptance of a deed to any Lot, each Owner, on behalf of Owner and Owner's representatives, successors and assigns, hereby acknowledges that Declarant and all Builders shall not be responsible or liable for, and Owner shall assume all risk and consequences of, any damage, settlement, movement or upheaval to the foundation, structural failure, or any damage to any other part of the Dwelling caused by Owner's failure to exercise proper care and maintenance of the soil required to prevent soil movement, and hereby releases and forever discharges, all Builders and Declarant and their respective shareholders, members, officers, directors, partners, employees, agents, representatives, affiliates, attorneys, successors and assigns, of and from any and all claim for the relief and causes of actions, liabilities, damages and claims whatsoever, known or unknown, direct or indirect, arising from or relating to Owner's failure to exercise proper care and maintenance of the soil required to prevent soil movement, including but not limited to, any damage caused by or related in any fashion to the failure or improper or uneven watering of the Lot, planting or improper vegetation near the foundation, or any action by any Owner that affects the drainage of any Lot.

12.20 **WAIVER OF TRIAL BY JURY. EACH OWNER ACKNOWLEDGES THAT THIS DECLARATION IS A SOPHISTICATED LEGAL DOCUMENT. ACCORDINGLY, JUSTICE WILL BEST BE SERVED IF ISSUES REGARDING THIS DECLARATION ARE HEARD BY A JUDGE IN A COURT PROCEEDING, AND NOT A JURY. EACH OWNER AGREES THAT ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION, WITH RESPECT TO ANY ACTION, PROCEEDING, CLAIM, COUNTERCLAIM, OR CROSSCLAIM, WHETHER IN CONTRACT AND/OR IN TORT (REGARDLESS IF THE TORT ACTION IS PRESENTLY RECOGNIZED OR NOT), BASED ON, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS DECLARATION, ANY COURSE OF CONDUCT, COURSE OF DEALING, VERBAL OR WRITTEN STATEMENT, VALIDATION, PROTECTION, ENFORCEMENT ACTION OR OMISSION OF ANY PARTY SHALL BE HEARD BY A JUDGE IN A COURT PROCEEDING AND NOT A JURY. THE FOREGOING PROVISIONS OF THIS SECTION 12.20 SHALL ONLY APPLY TO MATTERS NOT SUBJECT TO MANADATORY ARBITRATION PURSUANT TO ARTICLE XI.**

12.21 Attorneys' Fees and Court Costs. If litigation is instituted to enforce any provision herein, then, subject to the limitations in Section 11.10 above and any limitations set forth in Section 209.008 of the Texas Property Code, as amended from time to time, the prevailing party shall be entitled to all attorneys' fees and court costs related to such legal action.

12.22 Governing Law. This Declaration shall be governed by and construed, interpreted and enforced in accordance with the laws of the State in which the Property is located.

12.23 Gender. All personal pronouns used in this Declaration, whether used in the masculine, feminine or neuter gender, will include all other genders, and the singular will include the plural, and vice versa.

12.24 Headings. The headings contained in this Declaration are for reference purposes only and will not in any way affect the meaning or interpretation of this Declaration.

12.25 Conflicts. In the event of conflict between this Declaration and any Bylaws, rules, regulations or Articles, this Declaration will control.

12.26 Partial Invalidity. Should any provision of this Declaration be held, in a final and unappealable decision by a court of competent jurisdiction, to be either invalid, void or unenforceable, the remaining provisions hereof shall remain in full force and effect, unimpaired by the holding.

12.27 Exhibits. All exhibits referenced in and attached to this Declaration are hereby incorporated by reference.

12.28 Enforcement of Declaration by Declarant. None of the provisions of this Declaration shall obligate or be construed to obligate Declarant, or its agents, representatives or employees, to undertake any affirmative action to enforce the provisions of this Declaration, any supplement to this Declaration, any tract declaration or any provision hereof and thereof, or to undertake any remedial or corrective action with respect to any actual asserted violation hereof or thereof.

[Signature Page Follows]

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed on the day and year written below.

DECLARANT:

SADDLE STAR SOUTH HOLDINGS LLC

By: Hines Saddle Star South Associates LP,
its sole member

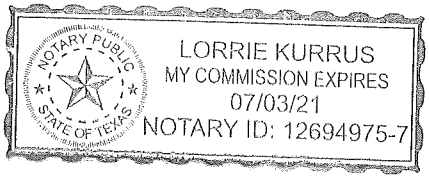
By: Hines Interests Limited Partnership,
its general partner

By: Hines Holdings, Inc.,
its general partner

By: _____
Robert W. Witte, Senior Managing Director

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on November 16th, 2020, by Robert W. Witte, the Senior Managing Director of Hines Holdings, Inc., in its capacity as general partner of Hines Interests Limited Partnership, in its capacity as general partner of Hines Saddle Star South Associates LP, in its capacity as sole member of SADDLE STAR SOUTH HOLDINGS LLC, on behalf of said entities.



_____
Signature of Notary Public

EXHIBIT A

THE PROPERTY

BEING 34.325 acres of land situated in the P.B. Harrison Survey, Abstract No. 97, Rockwall County, Texas, and being a part of a called 44.292 acre tract described in a Special Warranty Deed to CDT Rockwall/2017, LLC, recorded as Instrument No. 20170000001745 of the Official Public Records of Rockwall County, Texas (OPRRCT):

BEGINNING at a 1/2" capped iron rod stamped, "6081," found for corner in the northeasterly right-of-way line of John King Boulevard (variable width right-of-way) at the southeast corner of said 44.292 acre tract common to the southwest corner of a called 29.185 acre tract of land conveyed to Gideon Grove Ltd., recorded as Instrument No. 20150000014609 of the Official Public Records of Rockwall County, Texas;

THENCE North 72°06'44" West along the northeasterly right-of-way line of said John King Boulevard and the northwesterly line of said 44.292 acre tract, a distance of 1,126.56 feet to a 1/2" iron rod with a yellow cap stamped "RPLS 3963" set for corner at the beginning of a tangent curve to the right, having a radius of 1,140.00 feet and a chord which bears North 55°03'13" West, a distance of 668.85 feet;

THENCE in the northwesterly direction along said curve to the right, and last mentioned common line, through a central angle of 34°07'03", an arc distance of 678.83 feet to a 5/8" iron rod with a yellow cap stamped, "RPLS 3963," set for corner;

THENCE in a northeasterly direction traversing across said 44.292 acre tract, the following courses:

South 84°20'44" East, a distance of 34.91 feet to a 5/8" iron rod with a yellow cap stamped "RPLS 3936" set for corner;

North 49°55'55" East, a distance of 157.40 feet to a 5/8" iron rod with a yellow cap stamped "RPLS 3936" set for corner;

North 58°29'53" East, a distance of 50.35 feet to a 5/8" iron rod with a yellow cap stamped "RPLS 3936" set for corner;

North 49°55'55" East, a distance of 229.83 feet to a 5/8" iron rod with a yellow cap stamped "RPLS 3936" set for corner at the beginning of a non-tangent curve to the right, having a radius of 50.00 feet and a chord which bears North 73°14'34" East, a distance of 86.76 feet;

Northeasterly along said curve to the right, through a central angle of 120°21'41", an arc distance of 105.04 feet to a 5/8" iron rod with a yellow cap stamped, "RPLS 3963," set for corner;

North 43°25'25" East, a distance of 88.26 feet to a 5/8" iron rod with a yellow cap stamped "RPLS 3936" set for corner;

North 48°23'33" East, a distance of 200.00 feet to a 5/8" iron rod with a yellow cap stamped "RPLS 3936" set for corner;

North 34°37'47" West, a distance of 63.78 feet to a 5/8" iron rod with a yellow cap stamped "RPLS 3936" set for corner;

North 20°29'17" West, a distance of 26.15 feet to a 5/8" iron rod with a yellow cap stamped "RPLS 3936" set for corner;

North 71°23'56" East, a distance of 118.44 feet to a 5/8" iron rod with a yellow cap stamped "RPLS 3936" set for corner;

North 83°11'38" East, a distance of 57.89 feet to a 5/8" iron rod with a yellow cap stamped "RPLS 3936" set for corner;

South 72°06'44" East, a distance of 119.98 feet to a 5/8" iron rod with a yellow cap stamped "RPLS 3936" set for corner;

North 17°53'16" East, a distance of 124.81 feet to a 5/8" iron rod with a yellow cap stamped "RPLS 3936" set for corner in the north line of said 44.292 acre tract common to the south line of Park Ridge Estates, an addition to the City of Rockwall, according to the Plat thereof recorded in Cabinet A, Page 390 of the Plat Records of Rockwall County, Texas, (PRRCT);
THENCE North 89°38'05" East along the common line of last mentioned tracts a distance of 641.03 feet to a 3/8" iron rod found for corner at the common east corner thereof, and being in the west line of Block A of Windmill Valley Subdivision, an addition to the City of Rockwall, according to the Plat thereof recorded in Cabinet A, Page 157 (PRRCT);
THENCE South 01°17'27" East along the common line of said 44.292 acre tract and said Block A, a distance of 669.75 feet to a 1/2" iron rod found for the southwest corner of said Block A, and being the northwest corner of said 29.185 acre tract;

THENCE South 01°30'45" East along the west line of said 29.185 acre tract common to the east line of said 44.292 acre tract, a distance of 761.52 feet to the PLACE OF BEGINNING and Containing 1,495,189 square feet, or 34.325 acres, of land.

EXHIBIT B

ACA STANDARDS

a. Use Limitations. The Property may be used for detached single family residential dwellings, and for parks and open spaces created as part of the development process.

(1) No Lot shall be used except for residential purposes or parks and open spaces created as part of the development process or for those Lots specifically designated by Declarant for temporary marketing offices, construction trailers and field offices. No building shall be erected, altered, placed, or permitted to remain on any Lot other than (i) one detached single family dwelling with a private garage for not more than four vehicles, or (ii) park and open space related facilities created as part of the development process.

(2) The floor area of the main structure, exclusive of one story open porches and garages, shall be no less than 2,700 square feet for single story dwellings and 2,700 square feet for any dwellings greater than one story.

(3) No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may become an annoyance, dangerous or a nuisance to the neighborhood.

(4) No structure of a temporary character, recreational vehicle, mobile home, trailer, boat trailer, tent, shed, garage, barn, or other outbuilding shall be used on any Lot at any time as a residence, either temporarily or permanently.

(5) No sign of any kind shall be displayed to the public view on any Lot except one professional sign of not more than one square foot, or a sign of not more than five square feet advertising the property for sale, or signs of a size and design approved by the ACA used by a builder to advertise the property during the construction and sale period.

(6) No animals, livestock or poultry of any kind shall be raised, bred, or kept on any Lot; except dogs, cats, or other household pets may be kept provided that they are not kept, bred, or maintained for any commercial purposes.

(7) No Lot shall be used or maintained as a dumping ground for rubbish, trash, garbage, or other waste. All garbage and trash shall be kept in sanitary containers fully enclosed by a walled structure.

(8) Parking on the streets, in the driveways, or on any Lot overnight (except where housed completely within an enclosed and roofed structure approved by the ACA) is prohibited for the following:

Commercial vehicles (The term "Commercial Vehicle" shall include all passenger vehicles, trucks and vehicular equipment which shall bear signs of shall have printed on the sides of same references to any commercial undertaking or enterprise.)

Truck over ¾ ton gross **weight**

Trailers

Mobile homes

Motorboats

Boats

Recreational vehicles

The preceding does not apply to temporary marketing offices, construction trailers, field offices, and related vehicles on specifically identified Lot(s) or model homes with prior approval by the ACA.

(9) No clothesline may be maintained on any Lot.

(10) Except as otherwise permitted by Federal statutes and/or rules and regulations of the Federal Communications Commission, the use of antennas, including, without limitation, dish type antennas, and towers must be approved by the ACA, which may consider things like size, location, and ability to screen the antenna(s) and tower(s) from view from adjacent properties and from streets and highways.

(11) No manufacturing, trade, business, commerce, industry, profession, or other occupation whatsoever will be conducted or carried on upon any Lot or any part thereof, or in any building or other structure erected thereon except for activities consistent with temporary marketing offices, construction trailers, and field offices on specifically approved Lot(s). This Section (11) does not, however, prohibit a resident from using a dwelling for personal business or professional pursuits provided that: (i) the uses are incidental to the use of the dwelling as a residence; (ii) the uses conform to applicable governmental ordinances; and (iii) there is no external evidence of the uses.

(12) No above ground level swimming pool may be installed on any Lot, and any swimming pool shall be designed and engineered in compliance with Paragraph e(1) of this Exhibit B.

b. Minimum Setback Lines.

(1) No structure of any kind and no part thereof may be placed within these setback lines:

(A) 20 feet front yard setback from any street right of way for the main residential structure; where residences will have front entry garages facing the street.

(B) 10 feet from any street right of way other than those referenced in (A) above.

(C) 20 feet from any rear property line.

5 feet from any interior side Lot lines.

(2) Sunrooms, porches, stoops, bay windows, balconies, masonry clad chimneys, eaves and similar architectural features may encroach beyond the front yard building setback by up to ten (10) feet for any Lot; however, the encroachment shall not exceed five (5) feet on side yard setbacks (adjacent to street) and shall not encroach into public right-of-way [a sunroom is an enclosed room no more than 15-feet in width that has glass on at least 50% of each of the encroaching faces].

(3) The following improvements are expressly excluded from these setback restrictions:

(A) Structures below and covered by the ground.

(B) Steps, walks, patios, swimming pools, driveways, and curbing.

(C) Planters, walls, fences or hedges not to exceed 4 feet in height within the front "Minimum Setback Lines" created by Section (b)(1)(A-B) above or 9 feet in height within rear and side street "Minimum Setback Lines", except as approved by the ACA.

(D) Landscaping.

(E) Fireplaces and chimneys, to the extent any portion of same project from the side of a residential structure.

(F) Any other improvements approved in writing by the ACA. Roofed structures, including but not limited to cabanas, arbors, gazebos, etc., may in no event be approved within the front building setback, the side yard setback(s), or a rear yard setback equivalent in distance to the minimum side yard setback.

(4) The ACA may grant exceptions to or variances from any setback lines established in b(1) above, provided that any variances or exceptions must be in writing.

c. Garages and Parking.

(1) The interior walls of all garages must be finished (tape, bed, and paint as a minimum) like other rooms in the building.

(2) No garage shall be permitted to be enclosed for living or used for purposes other than storage of passenger vehicles and related normal uses except for the temporary use of a home as a builder's model, unless a new garage is constructed on the same property.

(3) Maximum length of driveway pavement is 25'.

(4) 50% of garages shall be oriented in a traditional or J-swing configuration.

d. Landscaping, Walls, and Fences:

(1) Fencing Standards. All individual residential fencing and walls shall be architecturally compatible with the design, materials and colors of the primary structure on the same Lot, and meet the following standards:

(a) Wood Fences. All wood fences shall be constructed of a standard fencing material (minimum of ½" thickness or better; spruce fencing will not be allowed), and use fasteners that are hot dipped galvanized or stainless steel. Wood fences facing onto a street shall be painted and/or stained and sealed with all pickets being placed on the public side facing the street. All wood fences shall be smooth-finished, free of burs and splinters, and be a maximum of six (6) feet in height.

(b) Wrought Iron/Tubular Steel. Lots located along the perimeter of roadways, abutting open spaces, greenbelts and parks shall be required to install a wrought iron or tubular steel fence. Wrought iron/tubular steel fences can be a maximum of six (6) feet in height.

(c) Corner Lots. Corner lots fences (i.e. adjacent to the street) shall provide columns at 45-feet off center spacing that begins at the rear of the Lot line. A maximum of six (6) foot solid board-on-board panel fence constructed utilizing cedar fencing shall be allowed between the masonry columns along the side and/or rear lot adjacent to a street. In addition, the fencing shall be setback from the side property line adjacent to a street a minimum of five (5) feet. The Owner shall be required to maintain both sides of the fence.

(d) Solid Fences (including Wood Fences). All solid fences shall incorporate a decorative top rail or cap detailing into the design of the fence.

(2) Landscape and Hardscape Standards.

(a) Landscape. All Canopy/Shade Trees planted within the Property shall be a minimum of four (4) caliper inches in size and all Accent/Ornamental/Under-Story Trees shall be a minimum of four (4) feet in total height. The following tree species are approved for planting within the Property:

Canopy/Shade Trees. Bald Cyprus, Cedar Elm, Texas Red Oak, Homestead Elm, Lace Bark Elm, Alle Elm, Chinese Pistachio, Shumard Oak, Sycamore, and Burr Oak.

Accent/Ornamental/Under-Story Trees. Texas Redbud, Eve's Necklace, Mexican Plum, Downy Hawthorn, Crepe Myrtle, Texas Mountain Laurel, Vitex, and Desert Willow.

(b) Plantings. Foundation planting shall be based on the design of the house, including, but not limited to, a balanced combination of shrubs, vines, groundcovers and/or seasonal colors, and ACA approval shall not be unreasonably withheld. All natural sod and planting bed areas must be irrigated by an underground programmable irrigation system. All applicants must submit landscape plans to the ACA for approval. The plans shall include, in general and as applicable, hardscape structures and walks where appropriate; a planting plan, including materials, species and size; landscape lighting, retaining walls and fencing; and an automatic, underground irrigation system. Landscaping shall be completed on all sites contemporaneously with completion of other improvements, but in no event later than 90 days after first occupancy of building(s).

(c) Borders. Landscape border material is limited to steel edging, masonry or other hard surface construction materials to include brick, stone, moss boulders, or cast concrete stones or curbing specifically designed for borders. It is preferable that brick or stone match any brick or stone on the house. Complimentary brick or stone will be considered by the ACA. Stucco homes must have complimentary

material and color. Wood, plastic, vinyl or non-suitable materials as determined by the ACA will not be approved. Installation of all masonry borders may be done by mortar or dry stack for natural stone. All installations should be top level and include a finished top or cap element.

(d) Parkways. The owners of the Lots shall be responsible for the maintenance of parkways located between their Lot lines and the back of curb of streets and alleys on which said Lots abut. The owners thereof shall likewise maintain the exterior of all structures on their Lot and their yards, hedges, plants, and shrubs in a neat and trim condition at all times.

e. Construction Standards. The main structure on all Lots shall meet with the following requirements (except as modified by the ACA):

(1) The foundation system shall be designed by a Registered Professional Engineer based on recommendations given in a geotechnical soils report prepared by a geotechnical engineering firm. The soils investigation and analysis, and the design of the foundation system, shall be prepared and stamped or sealed by a registered professional engineer. Any swimming pool shall be designed utilizing the data provided by the soils report and analysis with adequate surface and subsurface drainage provided.

(2) All roof material must meet standards established by the ACA and may be random tab architectural composition shingle roof (color must appear to be weathered wood shingles, unless such other color is approved by the ACA, and must exhibit a raised profile look, i.e. varied levels of visual depth and texture that give a dimensional appearance and as approved by the ACA), tile, slate, standing seam metal, or other equal or greater product as approved by the ACA. All roof materials shall be compatible with the architectural style of the home.

(3) The minimum masonry requirement for the exterior façades of all buildings shall be 90%. For the purposes hereof, the masonry requirement shall be limited to full width brick, natural stone, and cast stone. Cementaceous fiberboard horizontal lap-siding (e.g. HardiBoard or Hardy Plank) and, stucco (i.e. three [3] part stucco or a comparable -- to be determined by the City) may be used for up to 50% of the masonry requirement; however, stucco (i.e. three [3] part stucco or a comparable -- to be determined by the City) shall be permitted through a Specific Use Permit (SUP) only.

(4) The entire structure shall be guttered with downspouts. All gutters and downspouts on the front of the house shall be molded from aluminum with a pre-painted finish, copper or paint grip metal. All downspouts except those emptying directly into streets or driveways shall be tied into underground drains if positive drainage does not exist. Gutters shall not drain across property lines.

(5) Garages and all other outbuildings are to be given the same architectural treatment and be constructed of the same materials as the main structure. All garage doors shall be equipped with automatic remote controlled door openers. All garage doors must have a cedar clad facing, woodgrain simulated metal facing equivalent in quality to the cedar clad facing, or Seal Rite medium brown

metal facing equivalent in quality to cedar clad facing, or equal. All doors must be stained or painted in a color compatible with the colors of the house.

(6) All driveways must be concrete or other masonry products such as brick pavers, stone, interlocking pavers, stamped or stained concrete, or concrete with stone or brick veneer.

(7) A minimum of an 8:12 roof pitch is required on all structures with the exception of sunrooms and porches, which shall have a minimum of a 4:12 roof pitch.

(8) All window framing shall be bronzed, cream, sand, clay or white anodized aluminum, vinyl or wood. Painted wood or fiberglass window shutters may be used. No reflective window coverings or treatments shall be permitted. All windows facing a street front shall be divided light windows.

(9) No exterior alterations of any existing building may be permitted without the prior written approval of the ACA. No additional windows, balconies, platforms, etc. which may invade the privacy of adjacent dwellings are permitted.

(10) Any and all lines or wires for communication or for transmission of current outside of the building shall be constructed, placed and maintained underground.

(11) Lighting plans shall be designed to delicately accent architectural elements, and shall include a minimum of one light near the front door or porch. No exterior light shall be installed or maintained on any Lot which is found to be objectionable by the ACA. Upon being given notice by the Association that any exterior light is objectionable, the owner of the Lot will immediately remove said light or have the light shielded in such a way that it is no longer objectionable.

(12) Mailboxes shall all be in cluster box units ("CBUs") and shall be of similar type as originally installed, unless the ACA approves additional types of mailboxes.

(13) No excavation may be made except in conjunction with construction or maintenance of an improvement. When the improvement or maintenance is completed, all exposed openings must be back filled, compacted, graded and landscaped in accordance with the approved landscape plan.

(14) Once commenced, construction must be diligently pursued so it is not left in a partly finished condition for a period longer than one hundred twenty (120) days without written approval from the ACA.

(15) Temporary portable buildings may be used for construction purposes or as field offices or temporary marketing offices within the Property in support of the sale of Lots within the Property only with the prior written approval of the ACA. Such temporary portable buildings shall meet the following requirements:

(A) Be landscaped to the same standards as other residential Lots.

(B) Allow no overnight parking of construction vehicles.

(C) Provide screening for all construction materials to be kept on site.

(D) Be kept in a clean, well-kept condition at all times.

Such temporary portable buildings shall be removed two (2) months after the date on which construction starts on the last of the Lots. All landscaping, irrigation systems, hardscaping, signs and debris are to be removed and the area is to be graded, cleaned and turf established to the satisfaction of the ACA.

(16) During construction on any Lot, all trash and construction debris shall be contained within an on-site enclosure to be approved by the Association. The trash container shall be maintained on the Lot throughout the period of construction (subject to the need to promptly remove and replace same as it becomes full), and all waste materials and construction debris shall be placed therein on a daily basis in order to reduce the possible dispersal of such waste materials and construction debris to any other Lot and to maintain a neat and orderly appearance on the Lot on which construction is being performed. Such temporary trash container shall be removed within 10 calendar days following completion of construction on the Lot.

(17) Roof vents and stacks should be located on the non-street slopes of a roof whenever possible. All exposed roof accessories (including, but not limited, to vents, flashing, attic ventilator, and metal chimney caps) must match or be compatible with the color of the roofing material.

(18) Only concrete masonry type retaining walls are permitted. Examples (but not limited to) of permitted walls are stone, brick, interlocking wall systems, poured-in-place concrete utilizing a form liner or faced with an appropriate material, or CMU block faced with an appropriate material.

(19) A cast stone address plaque is required.

The ACA may grant variances to and/or exceptions from any part of paragraph e. of this Exhibit B, provided that any such variances and/or exceptions must be in writing.

f. Repetition Standards. The Property shall adhere to the Anti-Monotony Matrix depicted in Exhibit B-1 attached hereto.

(1) Identical brick blends or paint colors may not occur on adjacent *(side-by-side)* properties along any block face without at least five (5) intervening homes of differing materials on the same side of the street beginning with the adjacent property and six (6) intervening homes of differing materials on the opposite side of the street.

(2) Front building elevations shall not repeat along any block face without at least five (5) intervening homes of differing appearance on the same side of the street and six (6) intervening homes of differing appearance on the opposite side of the street. The rear elevation of homes backing to open spaces or on John King Boulevard shall not repeat without at least five (5) intervening homes of differing appearance. Homes are considered to have a differing appearance if any of the following two (2) items deviate:

(a) Number of Stories

(b) Permitted Encroachment Type and Layout

(c) Roof Type and Layout

(d) Articulation of the Front Facade

(3) Permitted encroachments *(i.e. porch and sunroom)* elevations shall not repeat or be the same along any block face without at least *five* (5) intervening homes of sufficient dissimilarity on the same side of the street beginning with the home adjacent to the subject property and six (6) intervening homes beginning with the home on the opposite side of the street.

(4) Each phase of the subdivision will allow for a maximum of four (4) compatible roof colors, and all roof shingles shall be an architectural or dimensional shingle.

No approval of plans and specifications and no publication of requirements or guidelines herein or in the Declaration or otherwise by the Association or the ACA or granting of any exceptions or variances by Declarant or the ACA may be construed as representing or implying that improvements built in accordance therewith will be free of defects or comply with applicable laws or ordinances. Any approvals and observations incident thereto concern matters of an aesthetic nature. No approvals and guidelines may be construed as representing or guaranteeing that any improvements built in accordance therewith will be designed or built in a good and workmanlike manner. The granting of any exceptions or variances by the ACA shall be in the ACA's sole discretion. Declarant, the Association, their respective directors, officers, employees, and agents, the ACA, and members of the ACA are not responsible or liable in damages or otherwise to anyone submitting plans and specifications for approval or to any owner of land subject to the Declaration for any defects in any plans or specifications submitted, revised, or approved, any loss or damages to any person arising out of approval or disapproval or failure to approve or disapprove any plans or specifications, any loss or damage arising from the noncompliance of the plans or specifications with any governmental ordinance or regulation, or any defects in construction undertaken pursuant to the plans and specifications. Approval of plans and specifications by the ACA may not be construed as approval by the City of Rockwall, Texas, as the approval processes are mutually exclusive. Unconditional approval of a complete set of plans and specifications by the ACA satisfies the requirements of all applicable subsections of this Declaration that require written approval by the ACA for the plans and specifications. Any determination made by Declarant or the ACA under this Declaration, and the grant or denial of any exception or variance by Declarant or the ACA under this Declaration, is in Declarant's and ACA's (as applicable) sole discretion.

EXHIBIT B-1

ANTI-MONOTONY MATRIX

Illustration 1: Properties line up on the opposite side of the street. Where RED is the subject property.

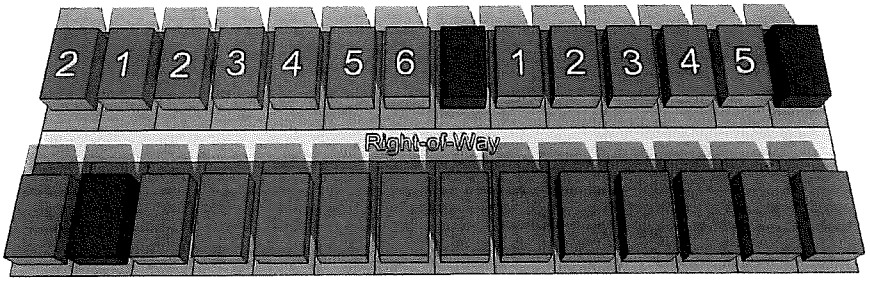


Illustration 2: Properties do not line up on opposite side of the street. Where RED is the subject property.

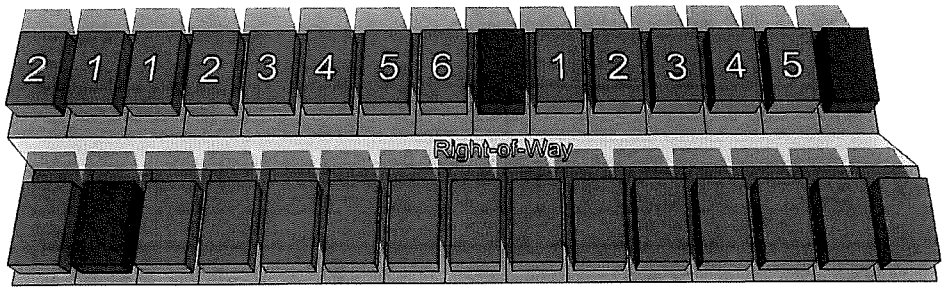


EXHIBIT C

NOTICE OF IMPOSITION OF SEPARATE IMPROVEMENT ASSESSMENTS

RECITALS:

A. The undersigned is the owner of the real property described on Exhibit A attached hereto (the "**Property**") which comprises the subdivision commonly known as "Saddle Star" (the "**Subdivision**").

B. The undersigned has elected to cause certain beneficial improvements and services to be provided through Saddle Star Homeowner's Association, a Texas nonprofit corporation (the "**Association**"), which will levy a separate assessment against each residential lot in the Subdivision to pay for the same.

C. Accordingly, the undersigned has conveyed (or will convey) to the Association certain sewer improvements, water line improvements, entry features, storm sewer improvements, streets, alleys, sidewalks, open space parks, irrigations systems, retaining walls and perimeter fences/walls constructed or installed by the undersigned in connection with the construction and development of the Subdivision (collectively, the "**HOA Private Improvements**").

D. In payment of the HOA Private Improvements to the Association and in lieu of requiring the Association to pay the entire purchase price upfront to the undersigned for such improvements, the Association has executed (or will execute) a Promissory Note (the "**HOA Promissory Note**") in the stated amount of $1,670,056, which amount is equal to the purchase price and estimated value of the HOA Private Improvements.

E. In order for the Association to make the payments due under the HOA Promissory Note, a separate annual assessment (the "**HOA PID Assessment**") has been created that is applicable to each residential lot (and any home thereon) located with the Subdivision.

F. The undersigned therefore is executing and recording this Notice in order to put applicable individual owners of the Property on notice of the following. Each owner of a residence within the Subdivision shall provide, and shall be solely responsible for providing, notice of any of the matters set forth herein to any subsequent purchaser of their residence.

NOTICE:

Any owner of a residential lot (and any home thereon) within the Subdivision is subject to the payment of an annual assessment referred to above as the HOA PID Assessment. **The HOA PID Assessment is $600 for each lot**. Information concerning the due dates of the annual installments of the assessments and any other provisions relating thereto can be obtained by contacting the Association.

The assessment, with interest, the expense of collection, and reasonable attorney's fees, if incurred, is: (1) a lien against the property assessed; (2) superior to all other liens and claims except first lien mortgages; and (3) a personal liability of and charge against the owners of the property. The lien runs with the land. The assessment lien may be enforced by the Association in the same manner that a maintenance assessment lien against real property may be enforced by the Association. Delinquent installments of the assessment shall incur interest, penalties, and attorney's fees in the same manner as maintenance assessments

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Further information regarding the assessments can be found in the Declaration of Covenants, Conditions and Restrictions for the Subdivision recorded in Instrument Number _____ of the Real Property Records of Rockwall County, Texas (the "**Declaration**"). To the extent there are any inconsistencies between the terms of this Notice and the Declaration, the Declaration shall control.

[signature, acknowledgment and exhibit to be attached]

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EXHIBIT D

OPEN SPACES

(See following page)[1]

[1] The Open Spaces shown include Open Spaces on land contemplated to be annexed into the Association as the Subdivision is developed.

Open Spaces
Open Spaces
Open Spaces
Open Spaces
Open Spaces
SADDLE STAR SOUTH