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**DECLARATION OF COVENANTS,
CONDITIONS
AND RESTRICTIONS
FOR
SADDLE RANCH**

BLANCO COUNTY, TEXAS

Declarant: BRIGHTON RANCHES LLC, a Texas limited liability company.

This Declaration of Covenants, Conditions and Restrictions may be used only in connection with the residential community known as Saddle Ranch in Blanco County, Texas, and the operation of Saddle Ranch Homeowners Association, Inc.

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
SADDLE RANCH

This Declaration of Covenants, Conditions and Restrictions for Saddle Ranch (the “**Declaration**”) is made by BRIGHTON RANCHES LLC, a Texas limited liability company (the “**Declarant**”), and is as follows:

RECITALS:

A. This Declaration is filed with respect to Saddle Ranch, a subdivision in Blanco County, Texas, according to the plat Recorded in the Plat or Map Records of Blanco County, Texas (the “**Property**”). Declarant is the owner of the Property.

B. Declarant desires to create and carry out a uniform plan for the development, improvement, and sale of the Property.

C. By the filing of this Declaration, Declarant serves notice that the Property is thereby subject to the covenants, conditions, restrictions, easements, and liens contained in this Declaration, as amended or supplemented.

NOW, THEREFORE, it is hereby declared: (i) that the Property (or any portion thereof) will be held sold, conveyed, and occupied subject to the following covenants, conditions, restrictions, easements, and liens which will run with title to such Property and will be binding upon all parties having any right, title, or interest in or to the Property or any part thereof, their heirs, successors, and assigns and will inure to the benefit of each owner thereof; and (ii) that each contract or deed conveying the Property (or any portion thereof) will conclusively be held to have been executed, delivered, and accepted subject to the following covenants, conditions, restrictions, easements, and liens, regardless of whether or not the same are set out in full or by reference in said contract or deed.

This Declaration uses notes (text set apart in boxes) to illustrate concepts and assist the reader. If there is a conflict between any note and the text of the Declaration, the text will control.

ARTICLE 1
DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used in this Declaration will have the meanings hereinafter specified:

“**Applicable Law**” means the statutes and public laws and ordinances in effect at the time a provision of the Restrictions is applied, and pertaining to the subject matter of the Restriction provision, including but not limited to, all ordinances and any other applicable building codes, zoning restrictions and permits or other applicable regulations. Statutes and ordinances specifically referenced in the Restrictions are “Applicable Law” on the date of the Restrictions and

are not intended to apply to the Property if they cease to be applicable by operation of law, or if they are replaced or superseded by one or more other statutes or ordinances.

“Architectural Control Committee” or **“ACC”** means the committee created pursuant to this Declaration to review and approve or deny plans for the construction, placement, modification, alteration or remodeling of any Improvements on a Lot, structure, or Dwelling. As provided in *Article 9* below, the Declarant acts as the ACC and the ACC is not a committee of the Association until the Declarant has assigned its right to appoint and remove all ACC members to the Association in a Recorded written instrument or the Development Period has expired.

“Assessment” or **“Assessments”** means assessments imposed by the Association under this Declaration.

“Association” means **SADDLE RANCH HOMEOWNERS ASSOCIATION, INC.**, a Texas non-profit corporation, which has been created by Declarant to exercise the authority and assume the powers specified in *Article 5* and elsewhere in this Declaration. The failure of the Association to maintain its corporate charter, from time to time, does not affect the existence or legitimacy of the Association, which derives its authority from this Declaration, the Certificate, the Bylaws, and Applicable Law.

“Board” means the Board of Directors of the Association.

“Bylaws” means the Bylaws of the Association as adopted and as amended from time to time by a Majority of the Board.

“Certificate” means the Certificate of Formation of the Association, filed in the Office of the Secretary of State of Texas, as the same may be amended from time to time.

“Common Area” means any property and facilities that the Association owns or in which it otherwise holds rights or obligations, including any property or facilities held by the Declarant for the benefit of the Association or its Members. Common Area also includes any property that the Association holds under a lease, license, or any easement in favor of the Association. Some Common Area will be solely for the common use and enjoyment of the Owners, Residents, and their guests, tenants and invitees, while other portions of the Common Area may be for the use and enjoyment of the Owners, Residents, their guests, tenants and invitees, and members of the public. By way of example, and not by way of limitation, Common Area may include any entry features, pool or amenity center, signage, landscape easements, perimeter barbed wire fencing, playground equipment, the streets, entrance gates, and/or other similar items.

“Common Expenses” means all costs and expenses, reserves or financial liabilities of the Association that are incurred pursuant to the provisions of this Declaration, the Bylaws or resolution duly adopted by the Board or the Owners.

“Declarant” means **BRIGHTON RANCHES LLC**, a Texas limited liability company, its successors or assigns; provided that any assignment(s) of the rights of **BRIGHTON RANCHES LLC**, a Texas limited liability company, as Declarant, must be expressly set forth in writing and Recorded.

Declarant enjoys special rights and privileges to help protect its investment in the Property. These special rights are described in this Declaration. Many of these rights do not terminate until either Declarant: (i) has conveyed all Lots which may be created out of the Property; or (ii) voluntarily terminates these rights by a Recorded written instrument.

“**Design Guidelines**” means the standards for design, construction, landscaping, and exterior items proposed to be placed on any Lot, adopted pursuant to *Section 9.02(c)*, as the same may be amended from time to time. The Design Guidelines may consist of multiple written design guidelines applying to specific portions of the Property. At Declarant’s option, Declarant may adopt or amend from time to time the Design Guidelines for the Property or any portion thereof. Notwithstanding anything in this Declaration to the contrary, Declarant will have no obligation to establish Design Guidelines for the Property or any portion thereof. The Design Guidelines are attached hereto as Exhibit “C”.

“**Development Period**” means the period of time beginning on the date when this Declaration has been Recorded and ending at such time as Declarant no longer owns any portion of the Property, unless earlier terminated by Declarant. Declarant may terminate the Development Period by an instrument executed by Declarant and Recorded. The Development Period is the period in which Declarant reserves the right to facilitate the development, construction, and marketing of the Property, and the right to direct the size, shape and composition of the Property.

“**Dwelling**” means the residence located on a Lot.

“**Improvement**” means all physical enhancements and alterations to the Property, including but not limited to grading, clearing, removal of trees, and site work, and every structure and all appurtenances of every type and kind, whether temporary or permanent in nature, including, but not limited to, buildings, outbuildings, storage sheds, patios, tennis courts, sport courts, recreational facilities, swimming pools, putting greens, garages, driveways, parking areas and/or facilities, storage buildings, sidewalks, fences, gates, screening walls, retaining walls, stairs, patios, decks, walkways, landscaping, alteration of drainage flow, mailboxes, poles, signs, antennae, exterior air conditioning equipment or fixtures, exterior lighting fixtures, water softener fixtures or equipment, and poles, pumps, wells, tanks, reservoirs, pipes, lines, meters, antennae, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities. No Improvement may exceed 40’ or two-stories in height, whichever is taller.

“**Lot**” means any portion of the Property designated by Declarant or as shown as a subdivided Lot on a Plat other than Common Area.

“**Majority**” means more than half.

“**Manager**” has the meaning set forth in *Section 5.05(h)*.

“**Members**” means every person or entity that holds membership privileges in the Association.

“**Mortgage**” or “**Mortgages**” means any mortgage(s) or deed(s) of trust securing indebtedness and covering any Lot.

“**Mortgagee**” or “**Mortgagees**” means the holder(s) of any Mortgage(s).

“**Owner**” means the person(s), entity or entities, including Declarant, holding all or a portion of the fee simple interest in any Lot, but does not include the Mortgagee under a Mortgage prior to its acquisition of fee simple interest in such Lot pursuant to foreclosure of the lien of its Mortgage.

“**Plat**” means a Recorded subdivision plat of the Property and any amendments thereto.

“**Property**” means all the land subject to this Declaration and all improvements, easements, rights, and appurtenances to the land. The name of the Property is Saddle Ranch, a subdivision in Blanco County, Texas, according to the plat Recorded in the Plat or Map Records of Blanco County, Texas, subject to such additions thereto and deletions therefrom as may be made pursuant to *Section 14.03* of this Declaration. The Property includes the land described in Exhibit A, as it may be amended or supplemented from time to time.

“**Record, Recordation, Recorded, and Recording**” means recorded or to be recorded in the Official Public Records of Blanco County, Texas.

“**Resident**” means an occupant or tenant of a Dwelling, regardless of whether the person owns the Lot.

“**Restrictions**” means the restrictions, covenants, and conditions contained in this Declaration, the Design Guidelines, Bylaws, Rules and Regulations, or in any other policies promulgated by the Board pursuant to this Declaration, as adopted and amended from time to time. See *Table 1* at the end of this Article 1.

“**Rules and Regulations**” means any instrument, however denominated, which is adopted by the Board for the regulation and management of the Property or the Common Area, including any amendments to those instruments.

Declaration (Recorded)	Creates obligations that are binding upon the Association and all present and future owners of Property.
Certificate of Formation (Recorded)	Establishes the Association as a Texas non-profit corporation.
Bylaws (Recorded)	Governs the Association’s internal affairs, such as elections, meetings, etc.
Design Guidelines (if adopted, Recorded)	Governs the design and architectural standards for the construction of Improvements and modifications thereto. The Declarant shall have no obligation to adopt the Design Guidelines

TABLE 1: RESTRICTIONS	
Rules and Regulations (if adopted, Recorded)	Regulates the use of property, activities, and conduct within the Property or the Common Area.
Board Resolutions (adopted by the Board of the Association)	Establishes rules, policies, and procedures for the Property, Owners, and the Association.

**ARTICLE 2
GENERAL AND USE RESTRICTIONS**

All of the Property shall be owned, held, encumbered, leased, used, occupied, and enjoyed subject to the following limitations and restrictions:

2.01 General.

(a) Conditions and Restrictions. All Lots within the Property will be owned, held, encumbered, leased, used, occupied, and enjoyed subject to the Restrictions.

NOTICE

The Restrictions are subject to change from time to time. By owning or occupying a Lot, you agree to remain in compliance with the Restrictions, as they may change from time to time.

2.02 Conceptual Plans. All master plans, site plans, brochures, illustrations, information and marketing materials relating to the Property or the Common Area (collectively, the “**Conceptual Plans**”) are conceptual in nature and are intended to be used for illustrative purposes only. The land uses and Improvements reflected on the Conceptual Plans are subject to change at any time and from time to time, and it is expressly agreed and understood that land uses within the Property or the Common Area may include uses which are not shown on the Conceptual Plans. Neither Declarant nor any other developer of any portion of the Property or the Common Area makes any representation or warranty concerning such land uses and Improvements shown on the Conceptual Plans or otherwise planned for the Property or the Common Area and it is expressly agreed and understood that no Owner will be entitled to rely upon the Conceptual Plans in making the decision to purchase any land or Improvements within the Property. Each Owner who acquires a Lot acknowledges that development of the Property or the Common Area will likely extend over many years, and agrees that the Association will not engage in, or use Association funds to support, protest, challenge, or make any other form of objection to development of the Property or the Common Area or changes in the Conceptual Plans as they may be amended or modified from time to time.

2.03 Single-Family Residential Use. The Lots shall be used solely for private, single family residential purposes. For purposes of this Declaration, the phrase “*residential purposes*” is not intended to limit or prohibit the leasing of a Dwelling. The Lots may not be used for any other purposes without the prior written consent of the Declarant, which consent may be withheld by the Declarant in its sole and absolute discretion.

No professional, business, or commercial activity to which the general public is invited shall be conducted on any portion of a Lot, except an Owner or Resident may conduct business

activities within a Dwelling so long as: (i) such activity complies with Applicable Law; (ii) participation in the business activity is limited to the Owner(s) or Resident(s) of a Dwelling; (iii) the existence or operation of the business activity is not apparent or detectable by sight, *i.e.*, no sign may be erected advertising the business within the Property, sound, or smell from outside the Dwelling; (iv) the business activity does not involve door-to-door solicitation of residents within the Property; (v) the business does not, in the Board's judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles parked within the Property which is noticeably greater than that which is typical of Dwellings in which no business activity is being conducted; (vi) the business activity is consistent with the residential character of the Property and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other Residents within the Property as may be determined in the sole discretion of the Board; and (vii) the business does not require the installation of any machinery other than that customary to normal household operations. In addition, for the purpose of obtaining any business or commercial license, neither the Dwelling nor Lot will be considered open to the public. The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (x) such activity is engaged in full or part-time; (y) such activity is intended to or does generate a profit; or (z) a license is required. Home offices and ranching operations are not considered a business or trade within the meaning of this subsection.

Leasing of a Dwelling shall not be considered a business or trade within the meaning of this subsection except as restricted by *Section 2.04* below. This subsection shall not apply to any activity conducted by the Declarant or a Homebuilder.

Notwithstanding any provision in this Declaration to the contrary, until the expiration or termination of the Development Period:

- (i) Declarant and/or its agents and licensees may construct and maintain upon portions of the Common Area, any Lot, or portion of the Property owned by the Declarant, such facilities and may conduct such activities, which, in Declarant's sole opinion, may be reasonably required, convenient, or incidental to the construction or sale of single family Dwellings constructed upon the Lots, including, but not limited to, business offices, signs, model homes, and sales offices. Declarant and/or its licensees shall have an easement over and across the Common Area for access and use of such facilities at no charge; and
- (ii) Declarant and/or its licensees will have an access easement over and across the Common Area for the purpose of making, constructing and installing Improvements upon the Common Area and the Property.

2.04 Rentals. Nothing in this Declaration will prevent the rental of any Lot and the Improvements thereon by the Owner thereof for residential purposes, except as restricted in this

Section 2.04. Luxury home exchange platforms are permitted. All leases shall be in writing and must be a minimum of a thirty (30) day lease term. Notice of any lease, together with such additional information as may be required by the Board, will be remitted to the Association by the Owner on or before the expiration of ten (10) days after the effective date of the lease. Each lease must provide, or be deemed to provide, that the Board shall have the right to terminate the lease upon default by the tenant in observing any provisions of the Restrictions. Regardless of whether or not expressed in the applicable lease, all Owners shall be jointly and severally liable with the tenants of such Lot to the Association for any amount which is required by the Association to effect such repairs or to pay any claim for any injury or damage to property caused by the negligence of the tenant of such Lot or for the acts or omissions of the tenant(s) of such Lot which constitute a violation of, or non-compliance with, the provisions of the Documents. All leases shall comply with and be subject to the provisions of the Restrictions and the provisions of same shall be deemed expressly incorporated into any lease of a Lot. The Board may adopt and enforce reasonable rules regulating leasing. This *Section 2.04* shall also apply to assignments and renewals of leases.

2.05 Subdividing. No Lot shall be subdivided without the approval of Declarant.

2.06 Hazardous Activities. No activities may be conducted on or within the Property and no Improvements may be constructed on any portion of the Property which, in the opinion of the Board, are or might be unsafe or hazardous to any person or property. No open fires are allowed to be left unattended. A fire extinguisher must be present during the fire and open fires are only allowed outside of Blanco County burn bans. Trash burning is prohibited.

2.07 Mining and Drilling. Except for the Third Party Oil, Gas, and Mineral Interests defined below, no portion of the Property or the Common Area may be used for the purpose of water operations, mining, quarrying, drilling, boring, or exploring for or removing oil, gas, or other hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate, or earth. This provision will not be construed to prevent the excavation of rocks, stones, sand, gravel, aggregate, or earth or the storage of such material for use as fill provided that such activities are conducted in conjunction with the construction of Improvements and/or the development of the Property or the Common Area by the Declarant. This *Section 2.07* shall not apply to minerals, resources and groundwater, or some portion thereof or some interest therein, that may have been conveyed or reserved by third parties prior to Declarant's ownership of the Property (the “**Third Party Oil, Gas, and Mineral Interests**”). No representation or warranty, express or implied, is made as to the ownership of the minerals, resources and groundwater or any portion thereof or any interest therein.

2.08 Noise. No exterior speakers, horns, whistles, bells, excessive gunfire, or other sound devices (other than security devices used exclusively for security purposes) shall be located, used, or placed on any portion of the Property. No noise or other nuisance shall be permitted to exist or operate upon any portion of the Property so as to be offensive or detrimental to any other portion of the Property or to its Residents. Without limiting the generality of the foregoing, if any noise or nuisance emanates from any Improvement on any Lot, the Association may (but shall not be obligated to) enter any such Improvement and take such reasonable actions necessary to terminate such noise (including silencing any burglar or break-in alarm).

2.09 Clotheslines. No clotheslines and no outdoor clothes drying or hanging shall be permitted within the Property, nor shall anything be hung, painted or displayed on the outside of the windows (or inside, if visible from the outside) or placed on the outside walls or outside surfaces of doors of any of the Dwelling, and no awnings, canopies or shutters (except for those heretofore or hereinafter installed by Declarant) shall be affixed or placed upon the exterior walls or roofs of Dwellings, or any part thereof, nor relocated or extended, without the prior written consent of the ACC.

2.10 Animals - Household Pets. No Owner may keep more than one (1) domestic livestock/exotic animal per 1 acre, unless otherwise approved by the Board. No animal may be allowed to make an unreasonable amount of noise, or to become a nuisance. No domestic pets (dogs, cats, and other household pets) may be permitted to run loose in the Property. The pets cannot be past the line of sight of the Owner or on another Owner's Lot. No animal may be allowed to run at large, and all animals must be kept within enclosed areas which must be clean, sanitary, and reasonably free of refuse, insects, and waste at all times. No pet may be left unattended in yards, porches, or other outside area. All pet waste will be removed and appropriately disposed of by the owner of the pet. A maximum of twenty (20) birds are permitted per Lot, but must be maintained in a coup constructed with the approval of the Declarant or ACC. If, in the opinion of the Board, any pet becomes a source of unreasonable annoyance to others, or the owner of the pet fails or refuses to comply with these restrictions, the Owner, upon written notice, may be required to remove the pet from the Property. No Lot may be used as a feed Lot or allowed to be overgrazed. Bird hunting is permitted. Deer and livestock hunting may be approved by Declarant or the Board as needed for population control. Hunting leases are prohibited.

2.11 Rubbish and Debris. No rubbish or debris of any kind may be placed or permitted to accumulate on or within the Property, and no odors will be permitted to arise therefrom so as to render all or any portion of the Property unsanitary, unsightly, offensive, or detrimental to any other property or Residents. Refuse, garbage, and trash must be kept at all times in covered containers, and such containers must be kept within enclosed structures or appropriately screened from view. Each Owner will contract with an independent disposal service to collect all garbage or other wastes, if such service is not provided by a governmental entity or the Association.

2.12 Antennae. Except as expressly provided below, no exterior radio or television antennae or aerial or satellite dish or disc, shall be erected, maintained, or placed on a Lot without the prior written approval of the ACC; provided, however, that:

- (i) an antenna designed to receive direct broadcast services, including direct-to-home satellite services, that is one meter or less in diameter; or
- (ii) an antenna designed to receive video programming services via multipoint distribution services, including multi-channel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or

- (iii) an antenna that is designed to receive television or radio broadcast signals;

(collectively, (i) through (iii) are referred to herein as the “**Permitted Antennas**”) will be permitted subject to reasonable requirements as to location and screening as may be set forth in rules adopted by the ACC, consistent with Applicable Law, in order to minimize obtrusiveness as viewed from streets and adjacent property. Declarant and/or the Association will have the right, but not the obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or any portion of the Property.

Except as expressly provided herein, no exterior radio or television antennae or aerial or satellite dish or disc, shall be erected, maintained, or placed on a Lot without the prior written approval of the ACC.

2.13 Location of Permitted Antennae. The location of a Permitted Antenna which will be considered least visible by the ACC is attached to the back of the Dwelling and on the roof within the area above the eave only at a point furthest from the adjacent street. In no instance may the Permitted Antenna be located over ten feet (10’) above the ground level or three feet (3’) above the highest point of the roof line. The ACC may, from time to time, modify, amend, or supplement the rules regarding installation and placement of Permitted Antennas.

2.14 Signs. Unless otherwise prohibited by Applicable Law, no sign of any kind may be displayed to the public view on any Lot without the prior written approval of the ACC, except for:

- (i) signs which are permitted pursuant to the Design Guidelines or Rules and Regulations;
- (ii) signs which are part of Declarant’s overall marketing, sale, or construction plans or activities for the Property;
- (iii) one (1) personal sign of 18" x 48";
- (iv) one (1) 18" x 24" temporary “For Sale” or “For Lease” during the active leasing of the Lot. The sign must be removed within two (2) business days following the sale or lease of the Lot;
- (v) permits as may be required by legal proceedings or a governmental entity;
- (vi) political signs may be erected provided the sign: (a) is erected no earlier than the 90th day before the date of the election to which the sign relates; (b) is removed no later than the 11th day after the date of the election to which the sign relates; and (c) is ground-mounted. Only one sign may be erected for each candidate or ballot item. In addition, signs which include any of the

components or characteristics described in Section 259.002(d) of the Texas Election Code are prohibited;

- (vii) a religious item on the entry door or door frame of a Dwelling (which may not extend beyond the outer edge of the door frame), provided that the size of the item(s), individually or in combination with other religious items on the entry door or door frame of the Dwelling, does not exceed twenty-five (25) square inches;
- (viii) a “no soliciting” and “security warning” sign near or on the front door to their Dwelling, provided, that the sign may not exceed twenty-five (25) square inches.

2.15 Temporary Structures. No tent, shack, or other temporary building, Improvement, or structure shall be placed upon the Property; provided, however, that temporary structures necessary for storage of tools and equipment, and for office space for Homebuilders, architects, and foremen during actual construction may be maintained with the prior approval of the Declarant, approval to include the nature, size, duration, and location of such structure. Camping tents are permitted so long as the camping tent is stored from public view after fourteen (14) days of continual and daily use, i.e., a camping tent cannot be visible from public view for more than fourteen (14) days in a row.

2.16 Unsightly Articles; Vehicles. No article deemed to be unsightly by the Board shall be permitted to remain on any Lot so as to be visible from adjoining property or from public or private thoroughfares. Without limited the generality of the foregoing, no refrigerators, freezers, washing machines, toys, motor scooters, except when in actual use, may be stored within view of any neighboring Lot or street. No abandoned, junked, or unregistered motor vehicles, boats, airplanes, or trailers are permitted on any Lot. No repair or maintenance work shall be done on any of the foregoing, or on any automobile (other than minor emergency repairs), except in enclosed garages or other structures. No vehicle of any size which transports flammable or explosive cargo may be kept or parked on the Property at any time, except for use by or on behalf of Declarant in connection with the development of the Property or by a builder or contractor in connection with the construction of Improvements on a Lot.

Parking of commercial vehicles or equipment, recreational vehicles (RVs), campers, boats and other watercraft, and trailers, in places other than in enclosed garages or reasonably screened from public view, is prohibited. In this *Section 2.16*, the term “reasonably screened” shall mean partially hidden with at least fifty percent (50%) of the commercial vehicles or equipment, recreational vehicles (RVs), campers, boats and other watercraft, and trailers, hidden from public view. It is up to the sole discretion of the Declarant and/or Board to determine whether such vehicles and/or equipment is “reasonably screened”. The ACC and/or Design Guidelines may determine what screening materials may be required. Construction, service and delivery vehicles may be exempt from this provision for such period of time as is reasonably necessary to provide service or to make a delivery to a Dwelling.

Mobile homes are prohibited. High quality modular, panelized, or prefabricated cabins are permitted after approval by the Declarant and/or ACC. Notwithstanding the foregoing, sales trailers or other temporary structures installed by the Declarant, Homebuilder or expressly approved by the ACC shall be permitted.

18-wheelers are prohibited on a regular basis as 18-wheelers may only be permitted by Declarant if they are utilized for construction or deliveries. 18-wheelers may not park overnight or daily that extends beyond the construction or delivery. The Board, in its discretion, may enact additional rules governing such temporary, irregular use or, in the absence of specific rules, shall have discretion in determining what constitutes permissible parking under such circumstances. Additionally, each Owner and resident must abide by any on-street parking ordinances.

2.17 On Street Parking. Residents are strongly encouraged not to park on any road or street within the Property unless in the event of an emergency. “Emergency” for purposes of the foregoing sentence shall mean an event which jeopardizes life or property. “Parked” as used herein shall be defined as a vehicle left unattended by a licensed operator for more than thirty (30) consecutive minutes. This provision will not apply to Declarant or its designee during the Development Period. Visitor parking areas (being a street or alley) shall only be used for temporary parking by visitors. “Temporary” for the purposes of the foregoing sentence shall mean no more than twenty-four (24) hours.

2.18 Compliance with Restrictions. Each Owner, his or her family, Residents of a Dwelling, tenants, and the guests, invitees, and licensees of the preceding shall comply strictly with the provisions of the Restrictions as the same may be amended from time to time. Failure to comply with any of the Restrictions shall constitute a violation of the Restrictions and may result in a fine against the Owner in accordance with *Section 6.12* of this Declaration, and shall give rise to a cause of action to sums due for damages or injunctive relief, or both, maintainable by the Declarant, the Board on recover behalf of the Association, the ACC or by an aggrieved Owner. Without limiting any rights or powers of the Association, the Board may (but shall not be obligated to) remedy or attempt to remedy any violation of any of the provisions of Restrictions, and the Owner whose violation has been so remedied shall be personally liable to the Association for all costs and expenses of effecting (or attempting to effect) such remedy. If such Owner fails to pay such costs and expenses upon demand by the Association, such costs and expenses (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one-half percent (1-1/2%) per month) shall be assessed against and chargeable to the Owner’s Lot(s). Any such amounts assessed and chargeable against a Lot shall be secured by the liens reserved in this Declaration for Assessments and may be collected by any means provided in this Declaration for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner’s Lot(s). **Each such Owner shall release and hold harmless the Association and its officers, directors, employees and agents from any cost, loss, damage, expense, liability, claim or cause of action incurred or that may arise by reason of the Association’s acts or activities under this *Section 2.18* (including any cost, loss, damage, expense, liability, claim or cause of action arising out of the Association’s negligence in connection therewith), except for such cost, loss, damage, expense, liability, claim or cause of action arising by reason of the Association’s gross negligence or willful misconduct. “Gross negligence” as used herein does not include simple negligence, contributory negligence or similar negligence short of actual gross negligence.**

2.19 Liability of Owners for Damage to Common Area. No Owner shall in any way alter, modify, add to or otherwise perform any work upon the Common Area without the prior written approval of the Board. Each Owner shall be liable to the Association for any and all damages to: (i) the Common Area and any Improvements constructed thereon; or (ii) any Improvements constructed on any Lot, the maintenance of which has been assumed by the Association, which damages were caused by the neglect, misuse or negligence of such Owner or Owner's family, or by any tenant or other Resident of such Owner's Lot, or any guest or invitee of such Owner, or pets or domestic livestock/exotic animals located on the Lot. The full cost of all repairs of such damage shall be levied as an Individual Assessment against such Owner's Lot, secured by a lien against such Owner's Lot and collectable in the same manner as provided in *Section 6.05* of this Declaration.

2.20 Water Quality Facilities, Drainage Facilities and Drainage Ponds. The Common Area may include one or more water quality facilities, sedimentation, drainage and detention facilities, or ponds which serve all or a portion of the Property and are inspected, maintained and administered by the Association in accordance with all Applicable Law. Access to these facilities and ponds is limited to persons engaged by the Association to periodically maintain such facilities. Each Resident is advised that the water quality facilities, sedimentation, drainage and detention facilities and ponds are an active utility feature integral to the proper operation of the Property and may periodically hold standing water. Each Resident is advised that entry into the water quality facilities, sedimentation, drainage and detention facilities or ponds may result in injury and is a violation of the Restrictions.

2.21 Injury to Person or Property. Neither the Association nor Declarant, or their respective directors, officers, committees, agents, and employees have a duty or obligation to any Owner, Resident or their guests: (a) to supervise minor children or any other person; (b) to fence or otherwise enclose any Lot or Common Area; or (c) to provide security or protection to any Owner, Resident, or their guests, employees, contractors, and invitees from harm or loss. By accepting title to a Lot, each Owner agrees that the limitations set forth in this Section are reasonable and constitute the exercise of ordinary care by the Association and Declarant. **EACH OWNER AGREES TO AND DOES HEREBY RELEASE AND HOLD HARMLESS THE ASSOCIATION AND DECLARANT, AND DECLARANT'S AGENTS FROM ANY CLAIM OF DAMAGES, TO PERSON OR PROPERTY ARISING OUT OF AN ACCIDENT OR INJURY IN OR ABOUT THE PROPERTY TO THE EXTENT AND ONLY TO THE EXTENT CAUSED BY THE ACTS OR OMISSIONS OF SUCH OWNER, HIS TENANT, HIS GUESTS, EMPLOYEES, CONTRACTORS, OR INVITEES TO THE EXTENT SUCH CLAIM IS NOT COVERED BY INSURANCE OBTAINED BY THE ASSOCIATION AT THE TIME OF SUCH ACCIDENT OR INJURY.**

2.22 View Impairment. Neither Declarant nor the Association guarantee or represent that any view over and across the Lots, or any open space or Common Area within the Property will be preserved without impairment. Neither the Declarant, the ACC, nor the Association shall have no obligation to relocate, prune, or thin trees or other landscaping. The Association (with respect to any Common Area) will have the right to add trees and other landscaping from time to time, subject to Applicable Law. There shall be no express or implied easements for view purposes or for the passage of light and air.

2.23 Pools. Above-ground pools are permitted if the above-ground pool is screened with stained wood planks or landscaping. The exterior of the above-ground pool shall not be visible from a neighboring Lot or the street.

2.24 Pool Enclosures.

(a) A “*Swimming Pool Enclosure*,” as used herein shall mean and refer to a fence that surrounds a water feature, including a swimming pool or a spa, installed as a safety measure to prevent accidental drownings of children. A Swimming Pool Enclosure may not be installed upon or within Common Area or any area which owned or maintained by the Association. The Swimming Pool Enclosure may be installed after receiving written approval of Declarant or the ACC. The submittal shall include a pictorial design of the Swimming Pool Enclosure which includes, at a minimum, the height of the fence and the colors of all materials.

(b) To be approved, the Swimming Pool Enclosure:

- i. may not exceed six feet (6’) in height;
- ii. may not include, as part of the design, any aspect or feature which would allow a child to climb on, up or over the fence;
- iii. may consist of black metal frames; and
- iv. may consist of clear plastic panels or black transparent mesh.

(c) Owner is solely responsible, to the exclusion of the Association, to ensure that all aspects of the Swimming Pool Enclosure function properly to effectuate its intended purpose as a safety measure to prevent accidental drownings of children.

2.25 Dirt Disclosure. This disclosure is made to give inquiry notice to prospective Owners, who may make their own determinations about the composition and nutrients of the material on and beneath the surface of any lot in the Property. Additionally, the Dwellings and other improvements in the Subdivision are built on ground that may be composed partly or wholly of expansive clay soils, which are prone to expand and contract in response to wetness and drought if the Owner does not properly maintain the soil to prevent soil movement. Cycles of shrinkage and swelling may put stress on structures, resulting in property damage and diminished property values. Each Owner is responsible for preserving the structural integrity of the home and other improvements on the Lot by maintaining the moisture content of the Lot’s soil to reduce the potential for soil movement that may result in damage to improvements. **EACH OWNER IS HEREBY NOTIFIED THAT THE SOIL COMPOSITION 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.

ARTICLE 3
CONSTRUCTION RESTRICTIONS

3.01 Construction Timeline. Construction of the main Dwelling must be completed within twelve (12) months of pouring the concrete slab for the Dwelling.

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

3.03 Approval for Construction. Unless prosecuted by the Declarant, no Improvements shall hereafter be placed, maintained, erected, or constructed upon any Lot without the prior written approval of the ACC in accordance with *Article 9* of this Declaration.

3.04 Construction Activities. The Restrictions will not be construed or applied so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by an Owner (including Declarant) upon or within the Property. Specifically, no such construction activities will be deemed to constitute a nuisance or a violation of the Restrictions 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 reasonable diligence and conforms to usual construction practices in the area. In the event that construction upon any Lot does not conform to usual practices in the area as determined by the ACC in its sole and reasonable judgment, the ACC will have the authority to seek an injunction to stop such construction. In addition, if during the course of construction upon any Lot there is excessive accumulation of debris of any kind which would render the Lot or any portion thereof unsanitary, unsightly, offensive, or detrimental to it or any other portion of the Property, then the ACC may contract for or cause such debris to be removed, and the Owner of the Lot will be liable for all reasonable expenses incurred in connection therewith.

An Owner must remove all mud, debris, or construction materials caused from construction must be removed from all easements, other Lots, streets, and Common Areas within thirty-six (36) hours. All Owners are responsible for roadway damage in connection with construction on the Lot. An Owner may clear a Lot only for the construction of the Dwelling, detached structures, driveways, or for dead tree and cactus removal. No clearing is permitted within twenty-five feet (25') of Lot lines, except for one, curvilinear trail (max twelve feet (12') wide and one driveway at the entrance to the Lot (max 20' wide). Dead trees and cacti are encouraged to be removed. All construction sites must have adequate restroom facilities kept in a clean and sanitary condition.

Owner shall go to every measure to prevent oak wilt. Owner shall ensure that tree trimming crews have sanitized their equipment prior to tree trimming or use the Association's chainsaws. Owner will not import oak logs or firewood onto the Property.

Water retainage structures (ponds, dams, etc.) may be installed on any Lot subject to the written approval of the Declarant or ACC.

3.05 Drainage. There shall be no interference with the established drainage patterns over any of the Property, including the Lots, except by Declarant, unless adequate provision is made for proper drainage and such provision is approved in advance by the ACC. Specifically, and not by way of limitation, no Improvement, including landscaping, may be installed which impedes the proper drainage of water between Lots or within the Property. All Improvements must be installed so that water flows away from all Improvements and Dwelling units or structures. It is the Owner's responsibility to provide for proper drainage on the Lot and must build a Dwelling, detached structures, or Improvements so that water flows away from Improvements. Driveway culverts must be installed to provide adequate drainage.

3.06 No Unlawful Activity. No Owner shall perform, fail to perform, or permit anything to be done or not done on such Owner's Lot which would violate any laws, statutes, ordinances or regulations of any kind or character.

3.07 Compliance with Setbacks. No Dwelling or any other permanent structure or Improvement may be constructed on any Lot nearer to a street than the minimum building setback lines shown on the Plat and no building shall be located on any utility easements. The ACC may require additional setbacks in conjunction with the review and approval of proposed Improvements in accordance with *Article 9* of the Declaration. All building setbacks of each Dwelling unit, structure, barn, or shed must have a building setback of one hundred feet (100') around the perimeter of the Lot where the Lot adjoins a neighboring Lot and a ten-foot (10') setback from the exterior perimeter boundary of the subdivision. Declarant or the ACC may waive or alter any setback lines.

3.08 Single Family Dwelling Units. A maximum of two single-family Dwelling units are permitted on a single Lot. One Dwelling may be two-stories, while the other Dwelling must only be one story. No two-story Dwelling will be approved if it impedes privacy or the views of other Lots, as determined in the sole discretion of the Declarant or ACC.

3.09 Minimum Floor Area. The total air-conditioned living area of the single-family residential structure constructed on each Lot, as measured to the outside of exterior walls but exclusive of garages, porches, and patios, shall be no less than 1,000 square feet. The Owner may construct a maximum of five detached structures on a single Lot. Barns and sheds are permitted but may be no larger than 5,000 square feet. If an Owner is interested in constructing a barn or shed larger than 5,000 square feet, the Owner must receive the written approval of the Declarant or ACC.

3.10 Combining Lots. An Owner may combine two or more Lots with approval of the County. The combination of two or more Lots does not decrease the Assessment requirement for

any Owner. All Lots, regardless of their combination status, shall be assessed on a per Lot basis as determined by the original Plat of the Association.

3.11 Utilities. All utilities must remain underground unless Owner receives the prior written approval of the Declarant or ACC.

3.12 Propane Storage. Propane fuel storage is permitted above or below ground so long as it is concealed from public view. Declarant or ACC must approve the location of the propane fuel storage. Owner must comply with all manufacturing and installation requirements. The Declarant, Association, the ACC, and/or its agents or designated representatives are not responsible for any issues in location, construction, concealment, or leakage of a propane fuel storage.

3.13 Mailboxes and Address Blocks. Mailboxes and addresses shall be standardized throughout the Property in accordance with the Design Guidelines.

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

3.15 Destruction of Property. If all or a portion of a Dwelling is destroyed by a fire and/or casualty, an Owner must promptly rebuild, remove or make repairs within a reasonable amount of time as determined by the Declarant and/or ACC.

ARTICLE 4 DISCLOSURES

This Article discloses selective features of the Property or the Common Area that may not be obvious to potential Owners and Residents. Because features may change over time, no disclosure in this Article should be relied upon without independent confirmation.

4.01 Construction Activities. Declarant and its licensees will be constructing portions of the Property and engaging in other construction activities related to the construction of structures, Dwellings, and Common Area. Such construction activities may, from time to time, produce certain conditions on the Property, including, without limitation: (a) noise or sound that is objectionable because of its volume, duration, frequency or shrillness; (b) smoke; (c) noxious, toxic or corrosive fumes or gases; (d) obnoxious odors; (e) dust, dirt or flying trash; (f) unusual fire or explosion hazards; (g) temporary interruption of utilities; and/or (h) other conditions that may threaten the security or safety of Persons within the Property or the Common Area. Notwithstanding the foregoing, all Owners and Residents agree that such conditions on the Property or the Common Area resulting from construction activities shall not be deemed a nuisance and shall not cause Declarant and its agents to be deemed in violation of any provision of the Declaration.

4.02 Encroachments. Improvements may have been constructed on adjoining lands that encroach onto the Property. Declarant gives no representations or warranties as to property rights, if any, created by any such encroachments.

4.03 Budgets. Any budgets of the Association provided by the Declarant are based on estimated expenses only without consideration for the effects of inflation and may increase or decrease significantly when the actual expenses become known.

4.04 Light and Views. The natural light available to and views from a Dwelling or Lot can change over time due to among other things, additional development and the removal or addition of landscaping. Site lighting must be approved by the Declarant or ACC, and must follow the requirements outlined in the Design Guidelines. **NATURAL LIGHT AND VIEWS ARE NOT PROTECTED.**

4.05 Water Runoff. The Property may still be subject to erosion and/or flooding during unusually intense or prolonged periods of rain. In addition, water may pond on various portions of the Property or the Common Area having impervious surfaces, such as rooftop terraces, patios, and balconies, as applicable.

4.06 Changes to Street Names and Addresses. Declarant retains the right to change, in its sole discretion, the Property name and the street names and addresses in or within the Property including the street address of the Dwellings and/or Lots before or after conveyance to any third-party.

4.07 Plans and Land Use. Any advertising materials, brochures, renderings, drawings, and the like, furnished by Declarant to Owner which purport to depict the Improvements to be constructed on any Lot are merely approximations and do not necessarily reflect the actual as-built conditions of the same. By acquiring an ownership interest in a Lot, each Owner acknowledges that the ownership, uses, platting, and development of land within, adjacent to, or near the Property may change over time, and from time to time, and that such a change may affect the value of Owner's Lot. Whether an Owner is consulted about a proposed change to real property within the vicinity of the Owner's Lot is a function of local government, and not a function of the Association. Nothing in this Declaration or the other Governing Documents may be construed as a representation of any kind by the Association, Declarant or Homebuilders as to current or future uses - actual or permitted - of any land that is adjacent to or near the Property, regardless of what the plat shows as potential uses of adjoining land. Neither the Association nor the Declarant can or do guarantee views, volumes of traffic on streets around and through the Property, availability of schools or shopping, or any other aspect of the Property that is affected by the uses or conditions of adjacent or nearby land, water, or air.

4.08 Location of Utilities. Declarant makes no representation as to the location of mailboxes, utility boxes, street lights, fire hydrants or storm drain inlets or basins.

4.09 Marketing. Declarant's use of a sales center and/or model homes or reference to other construction by Declarant is intended only to demonstrate the quality of finish detail, the basic floor plans and styles of the Dwellings available for purchase. A structure and/or Dwelling may not conform to any model in any respect, or contain some or all of the amenities featured,

such as furnishings and appliances. Likewise, any model of a structure and/or Dwelling is intended only to demonstrate approximate size and basic architectural features. The structures and/or Dwellings, as completed, may not conform to the models displayed by Declarant. Declarant may also have shown prospective purchasers model homes, floor plans, sketches, drawings, and scale models of structures and/or Dwellings. Owner understands and agrees that the promotional aids are conceptual, subject to change, for display purposes only, and may not be incorporated into the structures and/or Dwellings.

ARTICLE 5
SADDLE RANCH HOMEOWNERS ASSOCIATION, INC.

5.01 Organization. The Association is a non-profit corporation created for the purposes, charged with the duties, and vested with the powers of a Texas non-profit corporation. Neither the Certificate nor the Bylaws will for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

5.02 Membership.

(a) Mandatory Membership. Any person or entity, upon becoming an Owner, will automatically become a Member of the Association. Membership will be appurtenant to and will run with the ownership of the Lot that qualifies the Owner thereof for membership, and membership may not be severed from the ownership of the Lot, or in any way transferred, pledged, mortgaged or alienated, except together with the title to such Lot. Within thirty (30) days after acquiring legal title to a Lot, if requested by the Board, an Owner must provide the Association with: (1) a copy of the recorded deed by which the Owner has acquired title to the Lot; (2) the Owner's address, email address, and phone number(s); (3) any Mortgagee's name and address; and (4) the name, phone number(s), and email address of any Resident other than the Owner.

(b) Easement of Enjoyment – Common Area. Every Member will have a right and easement of enjoyment in and to all of the Common Area and an access easement by and through any Common Area, which easements will be appurtenant to and will pass with the title to such Member's Lot, subject to the following restrictions and reservations:

- (i) the right of the Declarant, or the Declarant's designee, to cause such Improvements and features to be constructed upon the Common Area, as determined from time to time by the Declarant, in the Declarant's sole and absolute discretion;
- (ii) the right of the Association to suspend the Member's right to use the Common Area for any period during which any Assessment against such Member's Lot remains past due and for any period during which such member is in violation of any provision of the Restrictions;

- (iii) the right of Declarant (during the Development Period) and the Board thereafter, to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for any purpose;
- (iv) the right of Declarant (during the Development Period) and the Board thereafter, to grant easements or licenses over and across the Common Area;
- (v) with the advance written approval of the Declarant during the Development Period, the right of the Association to borrow money for the purpose of improving the Common Area and, in furtherance thereof, mortgage the Common Area;
- (vi) the right of the Declarant, during the Development Period, and the Board, with the advance written approval of the Declarant during the Development Period, to promulgate Rules and Regulations regarding the use of the Common Area and any Improvements thereon; and
- (vii) the right of the Association to contract for services with any third parties on such terms as the Board may determine, except that during the Development Period, all such contracts must be approved in advance and in writing by the Declarant.

5.03 Governance. As more specifically described in the Bylaws, the Board will consist of at least three (3) persons elected at the annual meeting of the Association, or at a special meeting called for such purpose. **Notwithstanding the foregoing provision or any provision in this Declaration to the contrary, Declarant will have the sole right to appoint and remove all members of the Board until the tenth (10th) anniversary of the date this Declaration is Recorded. No later than the tenth (10th) anniversary of the date this Declaration is Recorded, or sooner as determined by Declarant, the Board must hold a meeting of Members of the Association for the purpose of electing one-third (1/3) of the Board (the "Initial Member Election Meeting"), which Board member(s) must be elected by Owners other than the Declarant. The Member elected at the Initial Member Election Meeting shall serve a one (1) year term. Declarant shall continue to have the sole right to appoint and remove two-thirds (2/3) of the Board from and after the Initial Member Election Meeting until expiration or termination of the Development Period.**

5.04 Voting Rights. The right to cast votes and the number of votes which may be cast for election of members to the Board (except as provided by *Section 5.03*) and on all other matters to be voted on by the Members will be calculated as set forth below.

- (i) Owner Votes. The Owner of each Lot will have one (1) vote for each Lot so owned.
- (ii) Declarant Votes. In addition to the votes to which Declarant is entitled by reason of *Section 5.04(i)*, for every one (1) vote

outstanding in favor of any other person or entity, Declarant will have twenty (20) additional votes until the expiration or termination of the Development Period.

5.05 Powers. The Association has the powers of a Texas non-profit corporation. It further has the power to do and perform any and all acts that may be necessary or proper, for or incidental to, the exercise of any of the express powers granted to it by Applicable Law or this Declaration. Without in any way limiting the generality of the two preceding sentences, the Board, acting on behalf of the Association, has the following powers at all times:

(a) Rules and Regulations, and Bylaws. To make, establish and promulgate, and in its discretion to amend from time to time, or repeal and re-enact, such Rules and Regulations, policies, and Bylaws, as applicable, which are not in conflict with this Declaration, as it deems proper, covering any and all aspects of the Property or the Common Area (including the operation, maintenance, and preservation thereof) or the Association. Any Rules and Regulations, policies, Bylaws, and any amendments or modifications thereto proposed by the Board must be approved in advance and in writing by the Declarant until expiration or termination of the Development Period.

(b) Insurance. To obtain and maintain in effect, policies of insurance that, in the opinion of the Board, are reasonably necessary or appropriate to carry out the Association's functions.

(c) Records. To keep books and records of the Association's affairs, and to make such books and records, together with current copies of the Restrictions available for inspection by the Owners, Mortgagees, and insurers or guarantors of any Mortgage upon request during normal business hours.

(d) Assessments. To levy and collect assessments, as provided in *Article 6* below.

(e) Right of Entry and Enforcement. To enter at any time without notice in an emergency (or in the case of a non-emergency, after twenty-four (24) hours written notice), without being liable to any Owner or Resident, upon any Lot and into any Dwelling thereon for the purpose of enforcing the Restrictions or for the purpose of maintaining or repairing any area, Improvement, or other facility to conform to the Restrictions. The expense incurred by the Association in connection with the entry upon any Lot and/or Dwelling, and the maintenance and repair work conducted thereon or therein, will be a personal obligation of the Owner of the Lot so entered, will be deemed an Individual Assessment against such Lot, will be secured by a lien upon such Lot, and will be enforced in the same manner and to the same extent as provided in *Article 6* hereof for Assessments. The Association will have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of the Restrictions. The Association is also authorized to settle claims, enforce liens and take all such action as it may deem necessary or expedient to enforce the Restrictions; provided, however, that the Board will never be authorized to expend any Association funds for the purpose of bringing suit against Declarant, or its successors or assigns. The Association may

not alter or demolish any Improvements on any Lot other than Common Area in enforcing these Restrictions before a judicial order authorizing such action has been obtained by the Association, or before the written consent of the Owner(s) of the affected Lot(s) has been obtained. **EACH SUCH OWNER AND RESIDENT WILL RELEASE AND HOLD HARMLESS THE ASSOCIATION, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION 5.05(e) (INCLUDING ANY COST, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING OUT OF THE ASSOCIATION'S NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING BY REASON OF THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.**

(f) Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Association.

(g) Conveyances. To grant and convey to any person or entity the real property and/or other interest, including fee title, leasehold estates, easements, rights-of-way or mortgages, out of, in, on, over, or under any Common Area for the purpose of constructing, erecting, operating or maintaining the following:

- (i) Parks, parkways or other recreational facilities or structures;
- (ii) Roads, streets, sidewalks, signs, street lights, walks, driveways, trails and paths;
- (iii) Lines, cables, wires, conduits, pipelines or other devices for utility purposes;
- (iv) Sewers, water systems, storm water drainage systems, sprinkler systems and pipelines; and/or
- (v) Any similar Improvements or facilities.

Nothing set forth above, however, will be construed to permit use or occupancy of any Improvement or other facility in a way that would violate applicable use and occupancy restrictions imposed by the Restrictions or by Applicable Law. In addition, until expiration or termination of the Development Period, any grant or conveyance under this *Section 5.05(g)* must be approved in advance and in writing by the Declarant.

(h) Manager. To retain and pay for the services of a person or firm (the "**Manager**"), which may include Declarant or any affiliate of Declarant, to manage and operate the Association, including its property, to the extent deemed advisable by the Board. Personnel may be employed directly by the Association or may be furnished by the Manager. To the

extent permitted by Applicable Law, the Board may delegate any other duties, powers and functions to the Manager. In addition, the Board may adopt transfer fees, resale certificate fees or any other fees associated with the provision of management services to the Association or its Members. **THE MEMBERS HEREBY RELEASE THE ASSOCIATION AND THE MEMBERS OF THE BOARD AND COMMITTEE MEMBERS FROM LIABILITY FOR ANY OMISSION OR IMPROPER EXERCISE BY THE MANAGER OF ANY SUCH DUTY, POWER OR FUNCTION SO DELEGATED.**

(i) Property Services. To pay for water, sewer, garbage removal, street lights, landscaping, gardening and all other utilities, services, repair and maintenance for any portion of the Property, Common Area, easements, roads, roadways, rights-of-ways, signs, parks, parkways, median strips, sidewalks, paths, trails, ponds, and lakes.

(j) Other Services and Properties. To obtain and pay for any other property, services, permits or other governmental approvals, and to pay any other taxes or assessments that the Association or the Board is required or permitted to secure or to pay for pursuant to Applicable Law or under the terms of the Restrictions or as determined by the Board.

(k) Construction on Common Area. To construct new Improvements or additions to any property owned, leased, or licensed by the Association, subject to the approval of the Board and the Declarant until expiration or termination of the Development Period.

(l) Property Ownership. To acquire, own and dispose of all manner of real and personal property, including habitat, whether by grant, lease, easement, gift or otherwise. During the Development Period, all acquisitions and dispositions of the Association hereunder must be approved in advance and in writing by the Declarant.

(m) Allocation of Votes. To determine votes when permitted pursuant to *Section 5.04* above.

(n) Authority with Respect to the Restrictions. To do any act, thing or deed that is necessary or desirable, in the judgment of the Board, to implement, administer or enforce any of the Restrictions. Any decision by the Board to delay or defer the exercise of the power and authority granted by this *Section 5.05(n)* will not subsequently in any way limit, impair or affect ability of the Board to exercise such power and authority.

(o) Membership Privileges. To establish Rules and Regulations governing and limiting the use of the Common Area and any Improvements thereon.

5.06 Acceptance of Common Area. The Association may acquire, hold, and dispose of any interest in tangible and intangible personal property and real property. Declarant and its assignees reserve the right, from time to time and at any time, to designate by written and Recorded instrument portions of the property being held by the Declarant for the benefit of the Association. Upon the filing of such designation, the portion of the property identified therein will be considered Common Area for the purpose of this Declaration. Declarant and its assignees may transfer or convey to the Association interests in real or personal property within or for the benefit of the Property or the general public, and the Association will accept such transfers and conveyances. Such property may be improved or unimproved and may consist of fee simple title, easements,

leases, licenses, or other real or personal property interests. In addition, Declarant may reserve from any such property easements for the benefit of the Declarant, any third party, and/or property not otherwise subject to the terms and provisions of this Declaration. Such property will be accepted by the Association and thereafter will be maintained as Common Area by the Association for the benefit of the Property and/or the general public subject to any restrictions set forth in the deed or other instrument transferring or assigning such property to the Association. Upon Declarant's written request, the Association will re-convey to Declarant any unimproved real property that Declarant originally conveyed to the Association for no payment to the extent conveyed in error or needed to make minor adjustments in property lines, as determined in the sole and absolute discretion of the Declarant.

5.07 Indemnification. To the fullest extent permitted by Applicable Law but without duplication (and subject to) any rights or benefits arising under the Certificate or Bylaws of the Association, the Association will indemnify any person who was, or is, a party, or is threatened to be made a party to any threatened pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he or she is, or was, a director, officer, committee member, employee, servant or agent of the Association against expenses, including attorneys' fees, reasonably incurred by him in connection with such action, suit or proceeding if it is found and determined by the Board or a court of competent jurisdiction that he or she: (i) acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association; or (ii) with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by settlement, or upon a plea of *nolo contendere* or its equivalent, will not of itself create a presumption that the person did not act in good faith or in a manner which was reasonably believed to be in, or not opposed to, the best interests of the Association or, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

5.08 Declarant's Right to Contribute to Revenues of the Association. Declarant shall have the right, but not the obligation, in its sole discretion and from time to time, to contribute to the revenues of the Association. At the option of Declarant, such contribution may be reflected on the books and records of the Association as a loan, in which event it shall be repaid by the Association to Declarant, at the discretion of Declarant. If treated as a loan, the contribution shall accrue interest, compounded monthly, from the date it is made until the date of its repayment, at the short term Applicable Federal Rate ("AFR"), as published by the Internal Revenue Service, and adjusted each month to reflect the AFR for such month.

5.09 Protection of Declarant's Interests. Despite any assumption of control of the Board by Owners other than Declarant, until the expiration or termination of the Development Period, the Board is prohibited from taking any action which would discriminate against Declarant, or which would be detrimental to the sale of Lots owned by Declarant. Declarant shall be entitled to determine, in its sole and absolute discretion, whether any such action discriminates or is detrimental to Declarant. The Board will be required to continue the same level and quality of maintenance, operations and services as that provided immediately prior to assumption of control of the Board by Owners other than Declarant until the expiration or termination of the Development Period.

5.10 Administration of Common Area. The administration of the Common Area by the Association shall be in accordance with the provisions of Applicable Law and the Restrictions, and of any other agreements, documents, amendments or supplements to the foregoing which may be duly adopted or subsequently required by any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans (including, for example, the Federal Home Loan Mortgage Corporation) or by any governmental or quasi-governmental agency having regulatory jurisdiction over the Common Area or by any title insurance company selected by Declarant to insure title to any portion of the Common Area. Declarant and/or its assignees may construct and maintain upon portions of the Common Area such facilities and may conduct such activities which, in Declarant's sole opinion, may be required, convenient, or incidental to the construction or sale of Improvements on the Property, including, but not limited to, business offices, signs, model homes, and sales offices. Declarant and its assignees shall have an easement over and across the Common Area for access and shall have the right to use such facilities and to conduct such activities at no charge

ARTICLE 6 COVENANT FOR ASSESSMENTS

6.01 Assessments.

(a) Established by Board. Assessments established by the Board pursuant to the provisions of this *Article 6* will be levied against each Lot in amounts determined pursuant to *Section 6.03* below.

(b) Personal Obligation; Lien. Each Assessment, together with such interest thereon and costs of collection as hereinafter provided, will be the personal obligation of the Owner of the Lot against which the Assessment is levied and will be secured by a lien hereby granted and conveyed by Declarant to the Association against each such Lot and all Improvements thereon. The Association may enforce payment of such Assessments in accordance with the provisions of this Article.

(c) Declarant Subsidy. Declarant may, but is not obligated to, reduce Assessments which would otherwise be levied against Lots for any fiscal year by the payment of a subsidy to the Association. Any subsidy paid to the Association by Declarant may be treated as a contribution or a loan, in Declarant's sole and absolute discretion. The payment of a subsidy in any given year will not obligate Declarant to continue payment of a subsidy to the Association in future years.

(d) Budget. Prior to the beginning of each fiscal year, the Board will prepare a budget for the purpose of determining amounts sufficient to pay the estimated net expenses of the Association which sets forth: (i) an estimate of the expenses to be incurred by the Association during such year in performing its functions and exercising its powers under the Restrictions, including, but not limited to, the cost of all management, repair and maintenance, the cost of providing street and other lighting, the cost of administering and enforcing the Restrictions, and (ii) an estimate the amount needed to maintain a reasonable provision for contingencies and an appropriate replacement reserve, giving due consideration to any expected income and any surplus from the prior year's fund. Assessments sufficient to pay such

estimated net expenses will then be levied at the level of Assessments set by the Board in its sole and absolute discretion, and the Board's determination will be final and binding so long as it is made in good faith. If the sums collected prove inadequate for any reason, including nonpayment of any Assessment, the Association may at any time, and from time to time, levy further Assessments in the same manner. All such Assessments will be due and payable to the Association as established by and in a manner as the Board may designate in its sole and absolute discretion.

6.02 Maintenance Fund. The Board may establish a maintenance fund into which will be deposited all monies paid to the Association and from which disbursements will be made in performing the functions of the Association under this Declaration. The funds of the Association may be used for any purpose authorized by the Restrictions and the Applicable Law.

6.03 Annual Assessments. The Association shall possess the right, power, authority, and obligation to establish a regular assessment (“**Annual Assessment**”) sufficient in the judgment of the Board to pay all Common Area expenses when due. The Association shall establish a regular Annual Assessment for the Owners. Such Annual Assessments, established for all Common Area expenses, shall be due and payable on the first day of each calendar month. The Annual Assessments shall be applied as determined by the Board for the payment of charges or expenses for which the Association is responsible, including, without limitation, charges or expenses relating to maintenance and repair of elements of the Property not the responsibility of the Owners, care of the Common Areas, casualty, public liability and other insurance coverages required or permitted to be maintained by the Association, governmental impositions not separately levied and assessed, utilities relating to the Common Areas or not separately metered. Professional services, such as management, accounting and legal, and such other costs and expenses as may reasonably relate to the proper maintenance, care, operation and management of the Property, and the administration of the Association established hereby, including an adequate reserve fund for the periodic maintenance, repair, and replacement of the Common Areas. No consent or approval of the Owners shall be required for the establishment of the Annual Assessments. Collection of Annual Assessments, as to each Owner, shall commence upon the acquisition by such Owner of title to such Owner's Dwelling. The current amount of the Annual Assessment as of the date of filing this Declaration is \$850.00 per year.

6.04 Special Assessments. In addition to the Annual Assessments provided for above, the Board may levy special assessments (the “**Special Assessment**”) whenever in the Board's opinion such Special Assessments are necessary to enable the Board to carry out the functions of the Association under the Restrictions. The amount of any Special Assessments will be at the reasonable discretion of the Board. In addition to the Special Assessments authorized above, the Association may, in any fiscal year, levy a Special Assessment applicable to that fiscal year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area.

6.05 Individual Assessments. In addition to any other Assessments, the Board may levy an individual assessment (the “**Individual Assessment**”) against an Owner and the Owner's Lot. Individual Assessments may include, but are not limited to: interest, late charges, and collection costs on delinquent Assessments; reimbursement for costs incurred in bringing an Owner or the Owner's Lot into compliance with the Declaration; fines for violations of the

Restrictions; transfer-related fees and resale certificate fees; fees for estoppel letters and project documents; insurance deductibles; reimbursement for damage or waste caused by willful or negligent acts of the Owner, the Owner's guests, invitees or Residents of the Owner's Lot; common expenses that benefit fewer than all of the Lots, which may be assessed according to benefit received; fees or charges levied against the Association on a per-Lot basis; and "pass through" expenses for services to Lots provided through the Association and which are equitably paid by each Lot according to the benefit received.

6.06 Working Capital Assessment. Each Owner (other than Declarant) of a Lot will pay a one-time working capital assessment to the Association in such amount as may be determined by the Board, from time to time, in its sole and absolute discretion. Such working capital assessment need not be uniform among all Lots, and the Board is expressly authorized to levy working capital assessments of varying amounts depending on the size, use, and general character of the Lots then being made subject to such levy.

Notwithstanding the foregoing provision, the following transfers will not be subject to the working capital assessment: (i) foreclosure of a deed of trust lien, tax lien, or the Association's assessment lien; (ii) transfer to, from, or by the Association; (iii) voluntary transfer by an Owner to one or more co-owners, or to the Owner's spouse, child, or parent. In the event of any dispute regarding the application of the working capital assessment to a particular Owner, the Declarant's during the Development Period, and thereafter the Board's, determination regarding the application of the exception will be binding and conclusive without regard to any contrary interpretation of this *Section 6.06*. The working capital assessment will be in addition to, not in lieu of, any other Assessments levied in accordance with this *Article 6* and will not be considered an advance payment of such Assessments. The working capital assessment hereunder will be due and payable by the transferee to the Association immediately upon each transfer of title to the Lot, including upon transfer of title from one Owner of such Lot to any subsequent purchaser or transferee thereof. The Declarant during the Development Period, and thereafter the Board, will have the power to waive the payment of any working capital assessment attributable to a Lot (or all Lots) by the Recordation of a waiver notice, which waiver may be temporary or permanent. The current amount of the working capital assessment as of the date of filing this Declaration is in the amount of \$500.00.

6.07 Exemptions from Assessments.

(a) Assessment Exemption. Notwithstanding anything in this Declaration to the contrary, no Lot is subject to Assessments under this Declaration until the Dwelling on such Lot has been sold by Declarant to a third-party. At closing of such sale between Declarant and a third-party, the Association shall receive payment of Assessments for the month of closing (not pro-rated) and for two (2) additional months.

(b) Other Exemptions. Declarant may, in its sole discretion, elect to: (i) exempt any un-platted or unimproved portion of the Property or any Lot from any Assessments levied or charged pursuant to this *Article 6*; or (ii) delay the levy of Assessments against any un-platted, unimproved or improved portion of the Property. Declarant or the Board may also exempt any portion of the Property which is dedicated and accepted by a public authority from Assessments.

6.08 Late Charges. If any Assessment is not paid by the due date applicable thereto, the Owner responsible for the payment may be required by the Board, at the Board's election at any time and from time to time, to pay a late charge in such amount as the Board may designate, and the late charge (and any reasonable handling costs) will be levied as an Individual Assessment against the Lot owned by such Owner, collectible in the manner as provided for collection of Assessments, including foreclosure of the lien against such Lot; provided, however, such charge will never exceed the maximum charge permitted under Applicable Law.

6.09 Owner's Personal Obligation; Interest. Assessments levied as provided for herein will be the personal and individual debt of the Owner of the Lot against which are levied such Assessments. No Owner may exempt himself from liability for such Assessments. In the event of default in the payment of any such Assessment, the Owner of the Lot will be obligated to pay interest on the amount of the Assessment at the highest rate allowed by applicable usury laws then in effect on the amount of the Assessment from the due date therefor (or if there is no such highest rate, then at the rate of one and one half percent (1 1/2%) per month), together with all costs and expenses of collection, including reasonable attorney's fees. Such amounts will be levied as an Individual Assessment against the Lot owned by such Owner.

6.10 Assessment Lien and Foreclosure. The payment of all sums assessed in the manner provided in this *Article 6* is, together with late charges as provided in *Section 6.09* and interest as provided in *Section 6.10* hereof and all costs of collection, including attorney's fees as herein provided, secured by the continuing Assessment lien granted to the Association pursuant to *Section 6.01(b)* above, and will bind each Lot in the hands of the Owner thereof, and such Owner's heirs, devisees, personal representatives, successors or assigns. The aforesaid lien will be superior to all other liens and charges against such Lot, except only for: (i) tax liens and governmental assessment liens; (ii) all sums secured by a Recorded first mortgage lien or Recorded first deed of trust lien of record, to the extent such lien secures sums borrowed for the acquisition or improvement of the Lot in question; and (iii) home equity loans or home equity lines of credit which are secured by a Recorded second mortgage lien or Recorded second deed of trust lien of record; provided that, in the case of subparagraphs (ii) and (iii) above, such Mortgage was Recorded before the delinquent Assessment was due. The Association will have the power to subordinate the aforesaid Assessment lien to any other lien. Such power will be entirely discretionary with the Board, and such subordination may be signed by an authorized officer, agent, or attorney of the Association. The Association may, at its option and without prejudice to the priority or enforceability of the Assessment lien granted hereunder, prepare a written notice of Assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot. Such notice may be signed by one of the authorized officers, agents, or attorneys of the Association and will be Recorded. Each Owner, by accepting a deed or ownership interest to a Lot subject to this Declaration, will be deemed conclusively to have granted a power of sale to the Association to secure and enforce the Assessment lien granted hereunder. The Assessment liens and rights to foreclosure thereof will be in addition to and not in substitution of any other rights and remedies the Association may have by law and under this Declaration, including the rights of the Association to institute suit against such Owner personally obligated to pay the Assessment and/or for foreclosure of the aforesaid lien. In any foreclosure proceeding, such Owner will be required to pay the costs, expenses and reasonable attorney's fees incurred. The Association will have the power to bid (in cash or by credit against the amount secured by the lien) on the property at foreclosure or other legal sale and

to acquire, hold, lease, mortgage, convey or otherwise deal with the same. Upon the written request of any Mortgagee, the Association will report to said Mortgagee any unpaid Assessments remaining unpaid for longer than sixty (60) days after the same are due. The lien hereunder will not be affected by the sale or transfer of any Lot; except, however, that in the event of foreclosure of any lien superior to the Assessment lien, the lien for any Assessments that were due and payable before the foreclosure sale will be extinguished, provided that past-due Assessments will be paid out of the proceeds of such foreclosure sale only to the extent that funds are available after the satisfaction of the indebtedness secured by the Mortgage. The provisions of the preceding sentence will not, however, relieve any subsequent Owner (including any Mortgagee or other purchaser at a foreclosure sale) from paying Assessments becoming due and payable after the foreclosure sale. Upon payment of all sums secured by a lien of the type described in this *Section 6.10*, the Association will upon the request of the Owner, and at such Owner's cost, execute a release of lien relating to any lien for which written notice has been Recorded as provided above, except in circumstances in which the Association has already foreclosed such lien. Such release will be signed by an authorized officer, agent, or attorney of the Association. Except as otherwise provided by Applicable Law, the sale or transfer of a Lot will not relieve the Owner of such Lot or such Owner's transferee from liability for any Assessments thereafter becoming due or from the lien associated therewith. If an Owner conveys its Lot and on the date of such conveyance Assessments against the Lot remain unpaid, or said Owner owes other sums or fees under this Declaration to the Association, the Owner will pay such amounts to the Association out of the sales price of the Lot, and such sums will be paid in preference to any other charges against the Lot other than liens superior to the Assessment lien and charges in favor of the State of Texas or a political subdivision thereof for taxes on the Lot which are due and unpaid. The Owner conveying such Lot will remain personally liable for all such sums until the same are fully paid, regardless of whether the transferee of the Lot also assumes the obligation to pay such amounts. The Board may adopt an administrative transfer fee to cover the expenses associated with updating the Association's records upon the transfer of a Lot to a third party; provided, however, that no transfer fee will be due upon the transfer of a Lot from Declarant to a third party.

Yes, the Association *can* foreclose on your home!
If you fail to pay assessments to the Association, you may lose title to your home if the Association forecloses its assessment lien.

6.11 Property Not Subject to Assessment. The following areas will be exempt from the Assessments provided for in this Article:

- (a) All area dedicated and accepted by a public authority;
- (b) The Common Area; and
- (c) Any portion of the Property owned by Declarant.

6.12 Fines and Damages Assessment. The Board may assess fines against an Owner for violations of the Restrictions which have been committed by an Owner, a Resident, or the Owner or Residents guests, agents or invitees. Any fine and/or charge for damage levied in accordance with this *Section 6.12* will be considered an Individual Assessment pursuant to this Declaration. The Board may assess damage charges against an Owner for pecuniary loss to the

Association from property damage or destruction of Common Area or any facilities caused by the Owner, Resident, or their guests, agents, or invitees. The Manager will have authority to send notices to alleged violators, informing them of their violations and asking them to comply with the Rules and Regulations and/or informing them of potential or probable fines or damage assessments. The payment of each fine and/or damage charge levied by the Board against the Owner of a Lot is, together with interest as provided in *Section 6.09* hereof and all costs of collection, including attorney's fees as herein provided, secured by the lien granted to the Association pursuant to *Section 6.01(b)* of this Declaration. The Board may from time to time adopt an enforcement policy and schedule of fines.

ARTICLE 7 LOT MAINTENANCE BY OWNERS

7.01 Maintenance of Improvements. Each Owner shall maintain the exterior of all buildings, fences, walls and other Improvements on his Lot in good condition and repair, and shall replace worn and/or rotten parts, and shall regularly repaint all painted surfaces, re-stain all stained surfaces and shall not permit the roofs, rain gutters, down spouts, exterior walls, windows, doors, walks, driveways, parking areas or other exterior portions of the improvements to deteriorate in an unattractive manner. All fences shall be kept neat, clean and in good repair. Any fence which is damaged, leaning, or otherwise not in good repair shall be immediately repaired or replaced.

ARTICLE 8 INSURANCE

8.01 Type of Insurance. The Association shall be entitled to obtain and maintain such insurance coverages as the Board deems necessary or appropriate for the Common Areas or other areas owned and/or maintained by the Association. The premiums for insurance coverage maintained by the Association shall be paid through the Assessments of the Association. The Association may obtain the following, in its discretion:

(a) As a Common Expense, a commercial general liability insurance policy covering all Common Areas. Such coverage may be for all occurrences commonly insured against and shall include, without limitation, legal liability of the insureds for property damage, bodily injuries, medical payments, and deaths of persons arising out of or in connection with the use, ownership, or maintenance of the Common Areas.

(b) The Board shall have the express authority, on behalf of the Association, to name as insured an authorized representative, including any trustee (or successor thereto) with whom the Association has entered into any insurance trust agreement, which authorized representative shall have exclusive authority to negotiate losses under any policy providing the property or liability insurance required to be provided herein.

8.03 Additional Insurance. The Association shall be entitled to obtain and maintain such additional insurance coverages hereunder as the Board of Directors deem reasonably necessary or appropriate including, without limitation, liability insurance for all officers, directors, trustees and employees of the Association.

8.05 Owner's Liability For Insurance Deductible. If repair or restoration of a Common Area, or any Improvement thereon is required as a result of an insured loss, the Board may levy a Special Assessment, in the amount of the insurance deductible, against the Owner(s). Notwithstanding the foregoing, if the Board reasonably determines that the loss is the result of the negligence or willful misconduct of an Owner, then the Board may levy an Individual Assessment against the Owner and his Lot for the amount of the deductible that is attributable to the act or omission.

ARTICLE 9 ARCHITECTURAL CONTROL COMMITTEE

Declarant has a substantial interest in ensuring that Improvements within the Property maintain and enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market and sell all or any portion of the Property. Until Declarant has delegated its right to appoint and remove all members of the ACC to the Board as provided in *Section 9.02(a)* below, the ACC will be acting solely in Declarant's interest and will owe no duty to any other Owner or the Association. Notwithstanding any provision in this Declaration to the contrary, Declarant may appoint a single person to exercise the rights of the ACC.

9.01 Construction of Improvements. No Improvement may be erected, placed, constructed, painted, altered, modified or remodeled on any Lot, and no Lot may be re-subdivided or consolidated with other Lots or Property, by anyone other than Declarant without the prior written approval of the ACC.

9.02 Architectural Control Committee.

(a) Composition. The ACC will be composed of not more than three (3) persons (who need not be Members or Owners) appointed as provided below, who will review Improvements proposed to be made by any Owner other than Declarant. Declarant will have the right to appoint and remove (with or without cause) all members of the ACC. Declarant may assign its right to appoint all members of the ACC to the Association by Recorded written instrument, and thereafter, the Board will have the right to appoint and remove (with or without cause) all members of the ACC. The Board may not appoint or elect a person to serve on the ACC if the person is a current Board member, a current Board member's spouse, or a person residing in a current Board member's household. The ACC will have the right to employ consultants and advisors as it deems necessary or appropriate.

(b) Submission and Approval of Plans and Specifications. Construction plans and specifications will be submitted in accordance with the Design Guidelines, if any, or any additional rules adopted by the ACC together with any review fee which is imposed by the ACC in accordance with *Section 9.02(c)* to the ACC at the offices of Declarant or at such address as may hereafter be designated in writing from time to time. No Improvement may be constructed, placed or allowed on any Lot, until the plans and specifications and the builder which the Owner intends to use to construct the proposed structure or Improvement have been approved in writing by a Majority of the members of the ACC. The ACC may, in reviewing such plans and specifications consider any information that it deems proper; including, without limitation, any permits, environmental impact statements or percolation tests that may be required by the ACC

or any other entity; and harmony of external design and location in relation to surrounding structures, topography, vegetation, and finished grade elevation. The ACC may postpone its review of any plans and specifications submitted for approval pending receipt of any information or material which the ACC, in its sole discretion, may require. Site plans must be approved by the ACC prior to the clearing of any Lot, or the construction of any Improvements. The ACC may refuse to approve plans and specifications for proposed Improvements, or for the re-subdivision or consolidation of any Lot on any grounds that, in the sole and absolute discretion of the ACC, are deemed sufficient, including, but not limited to, purely aesthetic grounds.

(c) Design Guidelines. Declarant may adopt the initial Design Guidelines and, during the Development Period, will have the power from time to time, to adopt (unless previously adopted by Declarant), amend, modify, or supplement the Design Guidelines, if any. Upon expiration or termination of the Development Period, the ACC will have the power, from time to time, to amend, modify, or supplement the Design Guidelines, if any. In the event of any conflict between the terms and provisions of the Design Guidelines, if any, and the terms and provisions of this Declaration, the terms and provisions of this Declaration will control. In addition, the ACC will have the power and authority to impose a fee for the review of plans, specifications and other documents and information submitted to it pursuant to the terms of this Declaration. Such charges will be held by the ACC and used to defray the administrative expenses incurred by the ACC in performing its duties hereunder; provided, however, that any excess funds held by the ACC will be distributed to the Association at the end of each calendar year. The ACC will not be required to review any plans until a complete submittal package, as required by this Declaration and the Design Guidelines, is assembled and submitted to the ACC. The ACC will have the authority to adopt such additional procedural and substantive rules and guidelines (including, without limitation, the imposition of any requirements for certificates of compliance or completion relating to any Improvement and the right to approve in advance any contractor selected for the construction of Improvements), not in conflict with this Declaration, as it may deem necessary or appropriate in connection with the performance of its duties hereunder.

(d) Actions of the Architectural Control Committee. The ACC may, by resolution unanimously adopted in writing, designate one or more of its members, or an agent acting on its behalf, to take any action or perform any duties for and on behalf of the ACC, except the granting of variances. In the absence of such designation, the vote of a Majority of all of the members of the ACC taken at a duly constituted meeting will constitute an act of the ACC.

(e) Failure to Act. In the event that any plans and specifications are submitted to the ACC as provided herein, and the ACC fails either to approve or reject such plans and specifications for a period of thirty (30) days following such submission, rejection of such plans and specifications by the ACC will be presumed. In furtherance, and not in limitation, of the foregoing, any failure of the ACC to act upon a request for a variance will not be deemed a consent to such variance, and the ACC's written approval of all requests for variances will be expressly required.

(f) Variances. The ACC may grant variances from compliance with any of the provisions of the Design Guidelines, if any, or this Declaration, when, in the opinion of the

ACC, in its sole and absolute discretion, such variance is justified. All variances must be evidenced in writing and must be signed by at least a Majority of the members of the ACC. Each variance must also be Recorded; provided however, that failure to record a variance will not affect the validity thereof or give rise to any claim or cause of action against the ACC, including the Declarant or its designee, the Association, or the Board. If a variance is granted, no violation of the covenants, conditions, or restrictions contained in this Declaration or the Design Guidelines, if any, will be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such variance will not operate to waive or amend any of the terms and provisions of this Declaration or the Design Guidelines, if any, for any purpose except as to the particular property and in the particular instance covered by the variance, and such variance will not be considered to establish a precedent for any future waiver, modification, or amendment of the terms and provisions of this Declaration or the Design Guidelines, if any.

(g) Duration of Approval. The approval of the ACC of any plans and specifications, and any variances granted by the ACC, will be valid for a period of one hundred and twenty (120) days only. If construction in accordance with such plans and specifications or variance is not commenced within such one hundred and twenty (120) day period and diligently prosecuted to completion within either: (i) one year after issuance of approval of such plans and specifications; or (ii) such other period thereafter as determined by the ACC, in its sole and absolute discretion, the Owner will be required to resubmit such plans and specifications or request for a variance to the ACC, and the ACC will have the authority to re-evaluate such plans and specifications in accordance with this *Section 9.02(g)* and may, in addition, consider any change in circumstances which may have occurred since the time of the original approval.

(h) No Waiver of Future Approvals. The approval of the ACC to any plans or specifications for any work done or proposed in connection with any matter requiring the approval or consent of the ACC will not be deemed to constitute a waiver of any right to withhold approval or consent as to any plans and specifications on any other matter, subsequently or additionally submitted for approval by the same or a different person, nor will such approval or consent be deemed to establish a precedent for future approvals by the ACC.

(i) Non-Liability of Committee Members. NEITHER DECLARANT, THE BOARD, THE ARCHITECTURAL CONTROL COMMITTEE, NOR ANY MEMBER WILL BE LIABLE TO ANY OWNER OR TO ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR INJURY ARISING OUT OF THE PERFORMANCE OF THE ARCHITECTURAL CONTROL COMMITTEE'S DUTIES UNDER THIS DECLARATION.

ARTICLE 10 MORTGAGE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Lots within the Property. The provisions of this Article apply to the Declaration and the Bylaws of the Association.

10.01 Notice of Action. An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Association (such request to state the name and address of

such holder, insurer, or guarantor and the street address of the Lot to which its Mortgage relates (thereby becoming an “**Eligible Mortgage Holder**”), will be entitled to timely written notice of:

- (i) Any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Lot on which there is an eligible Mortgage held, insured, or guaranteed by such Eligible Mortgage Holder; or
- (ii) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

10.02 Examination of Books. The Association will permit Mortgagees to examine the books and records of the Association during normal business hours.

10.03 Taxes, Assessments and Charges. All taxes, assessments and charges that may become liens prior to first lien mortgages under Applicable Law will relate only to the individual Lots and not to any other portion of the Property.

ARTICLE 11 GENERAL PROVISIONS

11.01 Term. The terms, covenants, conditions, restrictions, easements, charges, and liens set out in this Declaration will run with and bind the Property, and will perpetually inure to the benefit of and be enforceable by the Association, and every Owner, including Declarant, and their respective legal representatives, heirs, successors, and assigns. Unless ninety (90%) of all outstanding votes of the Members that are entitled to be cast approve the termination of this Declaration, the provisions of this Declaration shall run with and bind the land and shall be and remain in effect perpetually to the extent permitted by law. A written instrument terminating this Declaration shall not be effective unless recorded. If a local government requires its prior approval of a change of status for the Property or to terminate the Association, then the amendment must also be executed by the local government.

11.02 Eminent Domain. In the event it becomes necessary for any public authority to acquire all or any part of the Common Area for any public purpose during the period this Declaration is in effect, the Board is hereby authorized to negotiate with such public authority for such acquisition and to execute instruments necessary for that purpose. Should acquisitions by eminent domain become necessary, only the Board need be made a party, and in any event the proceeds received will be held by the Association for the benefit of the Owners. In the event any proceeds attributable to acquisition of Common Area are paid to Owners, such payments will be allocated uniformly and paid jointly to the Owners and the holders of Mortgages or deeds of trust on the respective Lot.

11.03 Amendment. This Declaration may be amended by the Recording, of an instrument executed and acknowledged by: (a) Declarant acting alone and unilaterally; or (b) by the president and secretary of the Association setting forth the amendment and certifying that such amendment has been approved by Declarant (until expiration or termination of the Development Period) and Members entitled to cast at least sixty-seven percent (67%) of the number of votes

entitled to be cast by members of the Association. The foregoing sentence shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. No amendment will be effective without the written consent of Declarant, its successors or assigns during the Development Period. Specifically, and not by way of limitation, Declarant may unilaterally amend this Declaration: (i) to bring any provision into compliance with Applicable Law; (ii) to enable any reputable title insurance company to issue title insurance coverage on any Lot; (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on Lots; or (iv) to comply with any requirements promulgated by a local, state or governmental agency, including, for example, the Department of Housing and Urban Development.

11.04 Enforcement. Except as otherwise provided herein, any Owner of Lot, at such Owner's own expense, Declarant and the Association will have the right to enforce, by a proceeding at law or in equity, all of the provisions of this Declaration. The Association and/or the Declarant may initiate, defend or intervene in any action brought to enforce any provision of this Declaration. Such right of enforcement will include both damages for and injunctive relief against the breach of any provision hereof. Every act or omission whereby any provision of the Restrictions is violated, in whole or in part, is hereby declared to be a nuisance and may be enjoined or abated by any Owner of a Lot (at such Owner's own expense), Declarant or the Association. Any violation of any Applicable Law pertaining to the ownership, occupancy, or use of any portion of the Property or the Common Area is hereby declared to be a violation of this Declaration and subject to all of the enforcement procedures set forth herein. The Association and the Declarant will have the right to enforce, by a proceeding at law or in equity, the Restrictions. Failure to enforce any right, provision, covenant, or condition set forth in the Restrictions will not constitute a waiver of the right to enforce such right, provision, covenants or condition in the future. Failure of the Declarant or the Association to enforce the terms and provisions of the Restrictions shall in no event give rise to any claim or liability against the Declarant, the Association, or any of their partners, directors, officers, or agents. **EACH OWNER, BY ACCEPTING TITLE TO ALL OR ANY PORTION OF THE PROPERTY, HEREBY RELEASES AND SHALL HOLD HARMLESS EACH OF THE DECLARANT, THE ASSOCIATION, AND THEIR PARTNERS, DIRECTORS, OFFICERS, OR AGENTS FROM AND AGAINST ANY DAMAGES, CLAIMS, OR LIABILITY ASSOCIATED WITH THE FAILURE OF THE DECLARANT OR THE ASSOCIATION TO ENFORCE THE TERMS AND PROVISIONS OF THE RESTRICTIONS.**

11.05 No Waiver. The Association and every Owner has the right to enforce all restrictions, conditions, covenants, liens, and charges now or hereafter imposed by the Restrictions. Failure by the Association or by any Owner to enforce a provision of the Restrictions is not a waiver of the right to do so thereafter.

11.06 Recovery of Costs. The costs of curing or abating a violation of the Restrictions are the expense of the Owner or other person responsible for the violation. If legal assistance is obtained to enforce any provision of the Restrictions, or in any legal proceeding (whether or not suit is brought) for damages or for the enforcement of the Restrictions or the restraint of violations of the Restrictions, the prevailing party is entitled to recover from the non-prevailing party all reasonable and necessary costs incurred by it in such action, including reasonable attorneys' fees.

11.07 Higher Authority. The terms and provisions of this Declaration are subordinate to Applicable Law. Generally, the terms and provisions of this Declaration are enforceable to the extent they do not violate or conflict with Applicable Law.

11.08 Severability. If any provision of this Declaration is held to be invalid by any court of competent jurisdiction, such invalidity will not affect the validity of any other provision of this Declaration, or, to the extent permitted by Applicable Law, the validity of such provision as applied to any other person or entity.

11.09 Conflicts. If there is any conflict between the provisions of this Declaration, the Certificate, the Bylaws, or any Rules and Regulations, the provisions of this Declaration, the Certificate, the Bylaws, and the Rules and Regulations, in such order, will govern.

11.10 Gender. Whenever the context so requires, all words herein in the male gender will be deemed to include the female or neuter gender, all singular words will include the plural, and all plural words will include the singular.

11.11 Notices. Any notice permitted or required to be given to any person by this Declaration will be in writing and may be delivered either personally or by mail. If delivery is made by mail, it will be deemed to have been delivered on the third (3rd) day (other than a Sunday or legal holiday) after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the person at the address given by such person to the Association for the purpose of service of notices. Such address may be changed from time to time by notice in writing given by such person to the Association.

11.12 Acceptance by Owners. Each Owner of a Lot or other real property interest in the Property, by the acceptance of a deed of conveyance, accepts the same subject to all terms, restrictions, conditions, covenants, reservations, easements, liens and charges, and the jurisdiction rights and powers created or reserved by this Declaration or to whom this Declaration is subject, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared. Furthermore, each Owner agrees that no assignee or successor to Declarant hereunder will have any liability for any act or omission of Declarant which occurred prior to the effective date of any such succession or assignment. All impositions and obligations hereby imposed will constitute covenants running with the land within the Property, and will bind any person having at any time any interest or estate in the Property, and will inure to the benefit of each Owner in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance.

11.13 No Partition. Except as may be permitted in this Declaration or amendments thereto, no physical partition of the Common Area or any part thereof will be permitted, nor will any person acquiring any interest in the Property or any part thereof seek any such judicial partition unless the portion of the Property or the Common Area in question has been removed from the provisions of this Declaration. This *Section 11.13* will not be construed to prohibit the Board from acquiring and disposing of tangible personal property or from acquiring title to real property that may or may not be subject to this Declaration, nor will this provision be constructed to prohibit or affect the creation of a condominium regime in accordance with the Texas Uniform Condominium Act.

ARTICLE 12 EASEMENTS

12.01 Owner's Easement of Enjoyment. Every Owner is granted a right and easement of enjoyment over the Common Area and to use of Improvements thereon, subject to other rights and easements contained in the Restrictions. An Owner who does not occupy a Dwelling delegates this right of enjoyment to the Residents of the Dwelling, and is not entitled to use the Common Area.

12.02 Owner's Maintenance Easement. Each Owner is hereby granted an easement over and across any adjoining Dwelling and Lot and the Common Area to the extent reasonably necessary to maintain or reconstruct such Owner's Dwelling, subject to the consent of the Owner of the adjoining Lot and Dwelling and the consent of the Board as provided below, or the consent of the Board in the case of Common Area, and provided that the Owner's use of the easement granted hereunder does not damage or materially interfere with the use of the adjoining Lot and/or Dwelling or Common Area. Requests for entry into an adjoining Lot must be made to the Owner of such Lot in advance. The consent of the adjoining Lot Owner will not be unreasonably withheld; however, the adjoining Lot Owner may require that access to the Lot be limited to Monday through Friday, between the hours of 8 a.m. until 6 p.m. or as otherwise agreed upon by the Lot Owners, and then only in conjunction with actual maintenance or reconstruction activities. Access to the Common Area for the purpose of maintaining or reconstructing any Dwelling or Improvement must be made in advance to the Board. The consent of the Board will not be unreasonably withheld; however, the Board may require that access to the Common Area be limited to Monday through Friday, between the hours of 8 a.m. until 6 p.m. or as otherwise agreed upon by the Lot Owner and the Board, and then only in conjunction with actual maintenance or reconstruction activities. In addition, the Board may require that the Owner abide by additional reasonable rules with respect to use and protection of the Common Area during any such maintenance or reconstruction. If an Owner damages an adjoining Dwelling, Improvement, or Common Area in exercising the easement granted hereunder, the Owner will be required to restore the Dwelling, Improvement, or Common Area to the condition which existed prior to any such damage, at such Owner's expense, within a reasonable period of time not to exceed thirty (30) days after the date the Owner is notified in writing of the damage by the Association or the Owner of the damaged Dwelling.

Notwithstanding the foregoing, no Owner shall perform any work to any portion of his or her Dwelling or Lot if the work requires access to, over or through the Common Area or other Lots and/or Dwellings without the prior consent of the ACC except in case of an emergency. All such work may only be performed by a person who shall deliver to the ACC prior to commencement of such work, in form satisfactory to the Board:

- (i) releases of the Board, the ACC, and the Association for all claims that such person may assert in connection with such work;
- (ii) indemnities of the Board, the ACC, and the Association, holding each and all of them harmless from and against any claims asserted for loss or damage to persons or property, including, but not limited to, Common Area, or other Lots and Dwellings;

- (iii) certificates of insurance, including liability and workmen's compensation coverage, in amounts and with companies reasonably acceptable to the Board; and
- (iv) all other information and assurances which the Board may reasonably require.

12.03 Association's Access, Maintenance and Landscape Easement. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, grants to the Association an easement of access, maintenance and entry over, across, under, and through the Property, including without limitation, each Lot and each Dwelling and all Improvements thereon for the following purposes:

- (i) to perform inspections and/or maintenance that is permitted or required of the Association by the Restrictions or by Applicable Law;
- (ii) to perform maintenance that is permitted or required of the Owner by the Restrictions or by Applicable Law, if the Owner fails or refuses to perform such maintenance;
- (iii) to enforce the Restrictions;
- (iv) to exercise self-help remedies permitted by the Restrictions or by Applicable Law;
- (v) to respond to emergencies;
- (vi) to have the exclusive right to maintain landscaping and make, erect or install non-structural improvements (such as fences, irrigation systems, surface water drainage systems, lighting systems, walking or biking paths, and the like) in or on those portions of each Owner's Lot (but excluding any portion of such Lot enclosed by a private fence installed by the Declarant or approved by the ACC creating a private yard space for the Lot Owner unless such access is necessary to discharge the Association's responsibilities under this Declaration);
- (vii) to grant easements to utility providers as may be necessary to install, maintain, and inspect utilities serving any portion of the Property;
- (viii) to perform any and all functions or duties of the Association as permitted or required by the Restrictions or by Applicable Law;
- (ix) to enter a Lot to corral, gather, or round up livestock that may become loose for any Owner participating in the Agriculture

Exemption and to charge said costs back to the Owner as an Individual Assessment; and

- (x) to maintain and/or repair the exterior barbed wire fencing encompassing the perimeter of the subdivision.

ARTICLE 13 DEVELOPMENT EASEMENTS

13.01 Right of Ingress and Egress. Declarant, its agents, employees, designees, successors and assigns, and Homebuilders and its licensees will have a right of ingress and egress over and the right of access to the Common Area to the extent necessary to use the Common Area (as determined by Declarant in its sole discretion) in connection with the construction and development of the Property.

13.02 Reserved Easements. All dedications, limitations, restrictions and reservations shown on any Plat and all grants and dedications of easements, rights-of-way, restrictions and related rights made by Declarant or any third party prior to the Property becoming subject to this Declaration are incorporated herein by reference and made a part of this Declaration for all purposes as if fully set forth herein, and will be construed as being adopted in each and every contract, deed or conveyance executed or to be executed by or on behalf of Declarant. Declarant reserves the right to relocate, make changes in, and additions to said easements, rights-of-way, dedications, limitations, reservations, and grants for the purpose of most efficiently and economically developing the Property.

13.03 Improvements, Roadway and Utility Easements. Declarant hereby reserves unto itself and its agents and employees, a perpetual non-exclusive easement over, under, and across the Property, for installation, operation, maintenance, repair, relocation, removal and/or modification of any Improvements, roadways, walkways, pathways, street lighting, sewer lines, water lines, utility lines, drainage or storm water lines, and/or other pipelines, conduits, wires, and/or any public utility function on, beneath or above the surface of the ground that serve the Property, and any other property owned by Declarant, with the right of access to the same at any time. Declarant will be entitled to unilaterally assign the easements reserved hereunder, or grant or assign permits or licenses over, under, and across the easement areas reserved hereunder, to any third party who owns, operates, or maintains the facilities and Improvements described in this *Section 13.03*. The exercise of the easement reserved herein will not extend to permitting entry into any Dwelling, nor will it unreasonably interfere with the use of any Lot or Dwelling or Improvement constructed thereon. Notwithstanding the foregoing, the exercise of such easements reserved hereunder shall not unreasonably interfere with the use of any Dwelling for residential purposes.

13.04 Subdivision Entry and Fencing Easement. Declarant reserves for itself and the Association, an easement over and across the Property for the installation, operation, maintenance, repair, relocation, removal and/or modification of certain subdivision entry facilities, walls, and/or barbed wire perimeter fencing which serves the Property. Declarant will have the right, from time to time, to Record a written notice which identifies the subdivision entry facilities, walls, and/or

fencing to which the easement reserved hereunder applies. Declarant may designate all or any portion of the subdivision entry facilities, walls, and/or fencing as Common Area by Recorded written notice. The exercise of the easements reserved hereunder will not extend to permitting entry into any Dwelling, nor will it unreasonably interfere with the use of any Lot or Dwelling.

13.05 Landscape and Monument Sign Easement. Declarant hereby reserves for itself and the Association, an easement over and across the Property and the Common Area for the installation, maintenance, repair or replacement of landscaping, signs, and/or monument signs which serve the Property and the Common Area. Declarant will have the right, from time to time, to Record a written notice, which identifies those portions of the Property and the Common Area to which the easement reserved hereunder applies. Declarant may designate the easement areas reserved hereunder as Common Area. The exercise of the easements reserved hereunder will not extend to permitting entry into any Dwelling, nor will it unreasonably interfere with the use of any Lot or Dwelling.

13.06 Easement to Inspect and Right To Correct. For a period of ten (10) years after the expiration of the Development Period, Declarant reserves for itself and for Declarant's architect, engineer, other design professionals, builder, and general contractor the right, but not the duty, to inspect, monitor, test, redesign, correct, and relocate any structure, Improvement, Dwelling, or condition that may exist on any portion of the Property or the Common Area, and a perpetual nonexclusive easement of access throughout the Property or the Common Area to the extent reasonably necessary to exercise this right. Declarant will promptly repair, at its sole expense, any damage resulting from the exercise of this right. By way of illustration but not limitation, relocation of a retaining wall may be warranted by a change of circumstance, imprecise siting of the original wall, or desire to comply more fully with Applicable Law. This Section may not be construed to create a duty for Declarant, and may not be amended without Declarant's written and acknowledged consent. In support of this reservation, each Owner, by accepting an interest in or title to a Lot, hereby grants to Declarant an easement of access and entry over, across, under, and through the Property or the Common Area, including without limitation, each Lot, structure, and Dwelling, and all Improvements thereon for the purposes contained in this Section.

13.07 Declarant as Attorney in Fact. To secure and facilitate Declarant's exercise of the rights reserved by Declarant pursuant to the terms and provisions of this Declaration, each Owner, by accepting a deed to a Lot and each Mortgagee, by accepting the benefits of a Mortgage against a Lot, and any other third party by acceptance of the benefits of a mortgage, deed of trust, mechanic's lien contract, mechanic's lien claim, vendor's lien and/or any other security interest against any Lot, will thereby be deemed to have appointed Declarant such Owner's, Mortgagee's, and third party's irrevocable attorney-in-fact, with full power of substitution, to do and perform, each and every act permitted or required to be performed by Declarant pursuant to the terms of this Declaration. The power thereby vested in Declarant as attorney-in-fact for each Owner, Mortgagee and/or third party, will be deemed, conclusively, to be coupled with an interest and will survive the dissolution, termination, insolvency, bankruptcy, incompetency and death of an Owner, Mortgagee and/or third party and will be binding upon the legal representatives, administrators, executors, successors, heirs and assigns of each such party. The aforesaid power shall be vested in Declarant, its successors and assigns, for a period of twenty-five (25) years from the date the first Lot is conveyed to an individual purchaser, or until the expiration or termination of the Development Period, whichever occurs first. Declarant hereby reserves for itself, its

successors and assigns the right to execute on behalf of each Owner, Mortgagee, and third party claiming a legal or equitable interest in the Common Area, any such agreements, documents, amendments or supplements to the Restrictions which may be required by any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans (including, for example, the Federal Home Loan Mortgage Corporation) or by any governmental or quasi-governmental agency having regulatory jurisdiction over the Common Area or by any title insurance company selected by Declarant to insure title to any portion of the Common Area.

ARTICLE 14 DEVELOPMENT RIGHTS

14.01 Development by Declarant. It is contemplated that the Property will be developed pursuant to a coordinated plan, which may, from time to time, be amended or modified. Declarant reserves the right, but will not be obligated, to pursue the development, construction and marketing of the Property, the right to direct the size, shape, and composition of the Property, the right to create and/or designate additional Lots and Common Area and to subdivide any of the Property pursuant to the terms of this *Section 14.01*, subject to any limitations imposed on portions of the Property by any applicable Plat. Collectively, the rights reserved to the Declarant as set forth in this Declaration shall be known as the “Development Rights”, and Declarant hereby reserves the right and privilege for itself, and/or its assigns, to exercise the Development Rights, and any other rights reserved on behalf of the Declarant as set forth in this Declaration until twenty-four (24) months after the expiration or termination of the Development Period, except the right to appoint and remove Board members and officers of the Association which shall be governed by the provisions set out in *Section 5.03*. These rights may be exercised with respect to any portions of the Property and the Common Area. As each area is developed or dedicated, Declarant may designate the use, classification and such additional covenants, conditions and restrictions as Declarant may deem appropriate for that area.

14.02 Special Declarant Rights. Notwithstanding any provision of this Declaration to the contrary, at all times, Declarant will have the right and privilege: (i) to erect and maintain advertising signs (illuminated or non-illuminated), sales flags, other sales devices and banners for the purpose of aiding the sale of Lots in the Property; (ii) to maintain Improvements upon Lots as sales, model, management, business and construction offices; and (iii) to maintain and locate construction trailers and construction tools and equipment within the Property and the Common Area. The construction, placement or maintenance of Improvements by Declarant will not be considered a nuisance, and Declarant hereby reserves the right and privilege for itself to conduct the activities enumerated in this *Section 14.02* until twenty-four (24) months after expiration or termination of the Development Period.

14.03 Addition of Land. Declarant may, at any time and from time to time, add the additional lands to the Property described in Exhibit “A”. Declarant is under no obligation to add additional lands to the Property. Upon the filing of a notice of addition of land, such land will be considered part of the Property for purposes of this Declaration, and such added lands will be considered part of the Property subject to this Declaration and the terms, covenants, conditions, restrictions and obligations set forth in this Declaration, and the rights, privileges, duties, and liabilities of the persons subject to this Declaration will be the same with respect to such added land as with respect to the lands originally covered by this Declaration. To add lands to the

Property, Declarant will be required only to Record a notice of addition of land containing the following provisions:

- (i) A reference to this Declaration, which reference will state the document number or volume and initial page number where this Declaration is Recorded;
- (ii) A statement that such land will be considered Property for purposes of this Declaration, and that all of the terms, covenants, conditions, restrictions and obligations of this Declaration will apply to the added land; and
- (iii) A legal description of the added land.

14.04 Assignment of Declarant's Rights. Notwithstanding any provision in this Declaration to the contrary, Declarant may, by written instrument, assign, in whole or in part, any of its privileges, exemptions, rights and duties under this Declaration to any person or entity and may permit the participation, in whole, in part, exclusively, or non-exclusively, by any other person or entity in any of its privileges, exemptions, rights and duties hereunder.

ARTICLE 15 DISPUTE RESOLUTION

15.01 Agreement to Encourage Resolution of Disputes Without Litigation.

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

(b) Alternative Method for Resolving Disputes. Declarant, its officers, directors, employees and agents; the Association, its officers, directors and committee members; all persons subject to this Declaration; any Builder, its officers, directors, employees and agents; and any person not otherwise subject to this Declaration who agrees to submit to this Section 15.01 (each such entity being referred to as a "Bound Party") agree to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to submit those claims, grievances or disputes described in Section 15.01 (c) (collectively, the "Claims") to the mandatory procedures set forth in Section 15.01 (d).

(c) Claims. Those Claims between any of the Bound Parties, regardless of how the same might have arisen, relating to the quality of design or construction of improvements within the Property including the Common Properties or based upon any statements, representations, promises, or warranties made by or on behalf of any Bound Party, and specifically excluding any dispute over the payment of assessments or any other charges to the Association, shall be subject to the provisions of this Section 15.01.

(d) Mandatory Procedures.

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

- (1) the nature of the Claim, including the persons involved and Respondent’s role in the Claim;
- (2) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises;
- (3) the proposed remedy; and
- (4) the fact that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

(ii) Negotiations and Mediation.

- (1) The parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in negotiation.
- (2) If the parties do not resolve the Claim within thirty (30) days after the date of the Notice (or within such other period as may be agreed upon by the Parties) (“Termination of Negotiations”), Claimant shall have two (2) days to submit the Claim to mediation under the auspices of the American Arbitration Association (“AAA”) in accordance with the AAA’s Commercial or Construction Industry Mediation Rules, as appropriate.
- (3) If Claimant does not submit the Claim to mediation within such time, or does not appear for mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

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

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

(iii) Binding Arbitration.

- (1) Upon Termination of Mediation, Claimant shall thereafter be entitled to initial final, binding arbitration of the Claim under the auspices of the AAA in accordance with the AAA’s Commercial or Construction Industry Arbitration Rules, as appropriate. Such Claims shall not be decided by or in a court of law. Any judgment upon the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction over such Claim. If the claimed amount exceeds \$250,000, the dispute shall be heard and determined by three (3) arbitrators. Otherwise, unless mutually agreed to by the Parties, there shall be one (1) arbitrator. Arbitrators shall have expertise in the area(s) of dispute, which may include legal expertise if legal issues are involved.
- (2) Each Party shall bear its own costs and expenses and an equal share of the arbitrator’s and administrative fees or arbitration. Notwithstanding the foregoing, if a Party unsuccessfully contests the validity or scope

of arbitration in a court of law, the non-contesting Party shall be awarded reasonable attorneys' fees and expenses incurred in defending such contest. All decisions respecting the arbitrability of any Claim shall be decided by the arbitrator(s).

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

[SIGNATURE PAGE FOLLOWS]

EXECUTED to be effective on the date this instrument is recorded in the Official Public Records of Blanco County, Texas.

DECLARANT:

**BRIGHTON RANCHES LLC,
a Texas limited liability company**

By: _____
Printed Name: _____
Title: _____

THE STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This instrument was acknowledged before me this ____ day of _____, 2025,
by _____, _____ of BRIGHTON RANCHES
LLC, a Texas limited liability company, on behalf of said limited liability company.

Notary Public Signature