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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

THUNDER ROCK RESIDENTIAL COMMUNITY

CITY OF MARBLE FALLS, BURNET COUNTY, TEXAS

Return after recording
BoyarMiller
Attention: Hilary Tyson
2925 Richmond Ave., 14th Floor
Houston, Texas 77098

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THUNDER ROCK RESIDENTIAL COMMUNITY

(City of Marble Falls, Burnet County, Texas)

THE STATE OF TEXAS §
§ **KNOW ALL PERSONS BY THESE PRESENTS:**
COUNTY OF BURNET §

This Declaration of Covenants, Conditions and Restrictions for Thunder Rock Residential Community (this "Declaration") is made by MM Marble Falls 1070, LLC, a Texas limited liability company ("Declarant"), on the date signed below. Declarant owns the real property described in Appendix A of this Declaration, together with the improvements thereon (the "Property").

Declarant desires to establish a general plan of development for the planned community developed within the Property to be known as "Thunder Rock Residential Community" (the "Subdivision") to be governed by the Association (as hereinafter defined). Declarant also desires to provide a reasonable and flexible procedure by which Declarant may expand the Property to include additional real property, and to maintain certain development rights that are essential for the successful completion and marketing of the Property.

Declarant further desires to provide for the preservation, administration, and maintenance of portions of Subdivision, and to protect the value, desirability, and attractiveness of the Property therein. As an integral part of the development plan, Declarant deems it advisable to create the Association to perform these functions and activities more fully described in this Declaration and the other Documents described below.

Declarant DECLARES that the Property, and any additional property made subject to this Declaration by recording one or more amendments of or supplements to this Declaration, will be owned, held, transferred, sold, conveyed, leased, occupied, used, insured, and encumbered subject to the terms, covenants, conditions, restrictions, and easements of this Declaration, including Declarant representations and reservations in the attached Appendix B, which run with the real property and bind all parties having or acquiring any right, title, or interest in any part of the property, their heirs, successors, and assigns, and inure to the benefit of each Owner of any part of the Property.

ARTICLE 1
DEFINITIONS

The following words and phrases, whether or not capitalized, have specified meanings when used in the Documents, unless a different meaning is apparent from the context in which the word or phrase is used.

1.1. "Applicable Law" means the statutes and public laws and ordinances in effect at the time a provision of the Documents is applied and pertaining to the subject matter of the Document provision, including, without limitation, any Applicable Zoning. Statutes and

ordinances specifically referenced in the Documents are "Applicable Law" on the date of the Document 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.

1.2. "Applicable Zoning" means Ordinance No. 2020-O-12A, passed and approved by the City of Marble Falls, Texas on December 1, 2020, as may be modified, amended, or supplemented from time to time, together with any other applicable zoning or use restrictions or ordinances promulgated by the City of Marble Falls, Texas and applicable to the Properties, as modified and/or amended from time to time.

1.3. "Architectural Reviewer" or "ACC" means the entity having jurisdiction over a particular application for architectural approval. During the Development Period, the Architectural Reviewer is Declarant, Declarant's designee, or Declarant's delegate. Thereafter, the Board-appointed ACC or the Board (if no ACC is appointed by the Board), is the Architectural Reviewer. The term "ACC" and "Architectural Reviewer" may be used interchangeably within this Declaration notwithstanding, the term shall carry with it the jurisdiction and all authority set forth in this Declaration regardless of the manner in which the term is presented.

1.4. "Assessment" means any charge levied against a Lot or Owner by the Association, pursuant to the Documents or State law, including but not limited to Regular Assessments, Special Assessments, Insurance Assessments, Individual Assessments, and Deficiency Assessments, as defined in Article 9 of this Declaration.

1.5. "Association" means the association of Owners of all Lots and Residences in the Property, initially organized as Thunder Rock Residential Homeowners Association, Inc., a Texas nonprofit corporation, and serving as the "homeowners' association". 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 and the Bylaws.

1.6. "Board" means the board of directors of the Association. During the Declarant Control Period, the Declarant shall maintain the sole right to appoint and remove directors of the Board as set forth in the Bylaws.

1.7. "Bylaws" means the Bylaws of Thunder Rock Residential Homeowners Association, Inc., which have been adopted by the Declarant and/or Board and is or shall be recorded in Burnet County, Texas, which are included in Appendix E attached hereto.

1.8. "City" means the City of Marble Falls, Texas, in which the Property is located.

1.9. "City Development Agreement" means that certain Thunder Rock Development Agreement by and between Declarant and the City dated September 1, 2020, and recorded on September 17, 2020, as Instrument No. 202011832 in the Official Public Records of Burnet County, Texas, as modified and amended from time to time.

1.10. "Claims" means collectively, all claims, demands, suits, proceedings, actions, causes of action (whether civil, criminal, administrative or investigative and including, without limitation, causes of action in tort), losses, penalties, fines, damages, liabilities, obligations, costs,

and expenses (including attorneys' fees and court costs) of any and every kind or character, known or unknown, including but not limited to, cost recovery, contribution, and other claims.

1.11. "Common Area" means portions of real property and improvements thereon that are owned and/or maintained by the Association, as described in Article 4 below and which may be referenced in Appendixes attached hereto, and shall include, without limitation, any and all entryway features, masonry walls, mews fence with brick columns, retaining walls and ornamental metal handrails, perimeter decorative metal fencing, common areas described on any Plat of the Property, monument signage, community art installations, non-drainage related greenways and decorative water fountains, shade pavilions, park benches, private alleys, and private water wells. The Common Area shall specifically exclude the land and improvements that are part of the "Recreation Center Tract" and "Sports Facility Tract" as defined and described in the City Development Agreement, and such Recreation Center Tract and Sport Facility Tract, together with any improvements thereon, shall be owned, operated, and maintained by the City. Notwithstanding anything to the contrary contained herein, in no event shall the Common Area include any portion of the Property to be maintained by the City, if applicable.

1.12. "Community Standard" means the standard of conduct, maintenance, or other activity generally prevailing throughout the Subdivision and Property. Such standard is expected to evolve over time as development progresses and may be more specifically determined by the Declarant, the Board of Directors, and the Architectural Reviewer; but at a minimum, shall be a standard representing a "first class level of quality". "First class level of quality" shall mean the quality standard for a majority of first-class residential homeowner associations in the metropolitan market area in which the Property is located with comparable assessments and facilities and taking into account the particular agricultural or other unique features of the Property in question.

1.13. "Declarant" means MM Marble Falls 1070, LLC, a Texas limited liability company, which is developing the Property, or any party which acquires any portion of the Property for the purpose of development, and which is designated a Successor Declarant in accordance with Appendix B, Section B.6 hereof, or by any such successor and assign, in a recorded document.

1.14. "Declarant Control Period" means that period of time during which Declarant controls the operation and management of the Association, pursuant to Appendix B of this Declaration.

1.15. "Declaration" means this document, as it may be amended, modified and/or supplemented from time to time. In the event this Declaration contains a provision which is contrary to an applicable mandatory provision of the Texas Property Code, the Texas Property Code provision controls.

1.16. "Design Guidelines" means those certain initial design guidelines established for the Property by the Applicable Zoning and/or the City Development Agreement, and any other design guidelines that may be established, modified and/or amended by majority written consent of the ACC from time to time, together with the architectural requirements and design guidelines as adopted by the City under the Applicable Zoning and/or the City Development Agreement, as modified, amended and/or supplemented from time to time (the "City Design Guidelines") to the

extent applicable to the Property. The initial Design Guidelines for the Subdivision are attached hereto as Appendix C.

1.17. "Development Period" means that certain fifty (50) year period beginning the date this Declaration is recorded, during which Declarant has certain rights pursuant to Appendix B hereto. The Development Period is for a term of years and does not require that Declarant own land described in Appendix A. Declarant may terminate the Development Period at any time by recording a notice of termination in the County real property records.

1.18. "Documents" means, singly or collectively as the case may be, this Declaration, the Plat, the Bylaws of the Association, the Association's Certificate of Formation, and the Rules of the Association, as any of these may be amended from time to time. An appendix, exhibit, schedule, or certification accompanying a Document is a part of that Document. All Documents are to be recorded in every county in which all or a portion of the Property is located. The Documents are Dedicatory Instruments as defined in Texas Property Code Section 202. Resolutions, which may be established by the Board, shall be binding documents upon the Association so long as they are duly recorded in the minutes of the meeting of the Board of Directors and shall not be required to be recorded. The Board shall cause all Resolutions to be recorded in the minutes of the meeting and/or they shall be posted to the Association's website, if applicable, for review and access by all Owners of record. The Certificate of Formation, Organizational Consent and Bylaws of the Association, which are part of the Documents, are attached hereto as Appendix E.

1.19. "Lot" means a portion of the Property intended for independent ownership, on which there is or will be constructed a Residence, as shown on the Plat. As a defined term, "Lot" does not refer to Common Areas, or areas owned by the City and to be maintained by the City even if platted and numbered as a lot. Where the context indicates or requires, "Lot" includes all improvements thereon and any portion of a right-of-way that customarily is used exclusively by and in connection with the Lot. Lots shall include (i) Lot Type 40 ft. ("40' Lot(s)"), (ii) Lot Type 50 ft. ("50' Lot(s)"), (iii) Lot Type 60 ft. ("60' Lot(s)"), and (iv) Rural Estate District Lots ("Estate Lot(s)"), as described in Applicable Zoning.

1.20. "Majority" means more than half. A reference to "*a Majority of Owners*" in any Document or applicable law means "*Owners holding a majority of voting rights of all Lot Owners*," unless a different meaning is specified.

1.21. "Member" means a member of the Association, each Member being an Owner of a Lot, unless the context indicates that member means a member of the Board or a member of a committee of the Association. In the context of votes and decision-making, each Lot has only one membership, although it may be shared by co-owners of a Lot.

1.22. "Owner" means a holder of recorded fee simple title to a Lot. Declarant is the initial Owner of all Lots. Contract sellers and mortgagees who acquire title to a Lot through a deed in lieu of foreclosure or through judicial or non-judicial foreclosure are "*Owners*." Persons or entities having ownership interests merely as security for the performance of an obligation are not "Owners." Every Owner is a Member of the Association and membership is mandatory. A reference in any Document or Applicable Law to a percentage or share of Owners or Members

means Owners of at least that percentage or share of vote of the Owners of Lots, unless a different meaning is specified. For example, "*a Majority of Owners*" means Owners of at least a majority of the votes of Owners of Lots.

1.23. "Public Improvement District" or "PID" shall mean and refer to the Thunder Rock Public Improvement District created or to be created by the City of Marble Falls, Texas pursuant to Chapter 372 of the Texas Local Government Code, as amended.

1.24. "Plat" means all plats, singly and collectively, recorded in the Real Property Records of Burnet County, Texas, and pertaining to the real property described in Appendix A of this Declaration or any real property subsequently annexed into the Property in accordance with the terms of this Declaration (including, by Declarant pursuant to its rights under Appendix B hereof), including all dedications, limitations, restrictions, easements, notes, and reservations shown on the plat(s), as may be amended from time to time. The plat of the Subdivision was or shall be recorded in the Plat Records, Burnet County, Texas.

1.25. "Property" means all the land subject to this Declaration and all improvements, easements, rights, and appurtenances to the land. The Property is a Subdivision known as the "Thunder Rock Residential Community". The Property is located on land described in Appendix A to this Declaration, and includes every Lot and any Common Area thereon, and may include Annexed Land (as defined in Appendix B) annexed into the Property subject to this Declaration by supplemental declaration filed by Declarant in accordance with Appendix B.

1.26. "Residence" means the improvement located on each Lot that is designed to be or appropriate for use as a single-family residence, together with any garage incorporated therein, whether or not such residence is actually occupied.

1.27. "Resident" means an occupant of a Residence, regardless of whether the person owns the Lot.

1.28. "Rules" means rules and regulations of the Association adopted in accordance with the Documents or Applicable Law. The initial Rules may be adopted by Declarant for the benefit of the Association and Declarant may, from time to time, amend rules and regulations as it is deemed necessary. Thereafter, the Board of Directors shall have the right to adopt, amend, or rescind rules and regulations by way of resolution of the Board upon a majority vote of the Board in accordance with Section 7.4.

1.29. "TIRZ" shall refer to the Tax Increment Reinvestment Zone encompassing the Property and created by the City pursuant to Chapter 311 of the Texas Tax Code, as modified and/or amended from time to time.

ARTICLE 2
PROPERTY SUBJECT TO DOCUMENTS

2.1. PROPERTY. The real property described in Appendix A is held, transferred, sold, conveyed, leased, occupied, used, insured, and encumbered subject to the terms, covenants, conditions, restrictions, liens, and easements of this Declaration, including Declarant's

representations and reservations in the attached Appendix B, which run with the Property and bind all parties having or acquiring any right, title, or interest in the Property, their heirs, successors, and assigns, and inure to the benefit of each Owner of the Property.

2.2. CITY ORDINANCE. The City may have ordinances or requirements pertaining to planned developments, which include, without limitation, the Applicable Zoning, and/or any requirements of the PID or TIRZ (herein referred to as the "City Ordinance(s)"). No amendment of the Documents or any act or decision of the Association may violate the requirements of any City Ordinance(s), which include, without limitation, the Applicable Zoning, /or any requirements of the PID or TIRZ. Should this Declaration differ with a City Ordinance, the City Ordinance shall prevail notwithstanding, if the restriction in this Declaration is stricter than that of the City Ordinance, then this Declaration shall prevail.

2.3. ADJACENT LAND USE. Declarant makes no representations of any kind 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.

2.4. SUBJECT TO ALL OTHER DOCUMENTS. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to be bound by all the Documents which are publicly recorded or which are made available to Owners by the Association, expressly including this publicly recorded Declaration.

2.5. PLAT DEDICATIONS, EASEMENTS & RESTRICTIONS. In addition to the easements and restrictions contained in this Declaration, the Property is subject to the dedications, limitations, notes, easements, restrictions, and reservations shown or cited on the Plat, which are incorporated herein by reference. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to be bound by the Plat, and further agrees to maintain any easement that crosses his Lot and for which the Association does not have express responsibility.

2.6. STREETS WITHIN PROPERTY. Because streets, alleys, and cul-de-sacs within the Property (hereafter "Streets") are capable of being converted from publicly dedicated to privately owned, and vice versa, this Section addresses both conditions. If the Property has privately owned Streets, the Streets are part of the Common Area which is governed by the Association. Streets dedicated for public use are part of the Common Area only to the extent they are not maintained or regulated by the City or Burnet County, Texas. In no event shall streets that are maintained by the City be included in the Common Areas. To the extent not prohibited by public law, the Association, acting through the Board, is specifically authorized to adopt, amend, repeal, and enforce Rules for use of the Streets - whether public or private - including but not limited to:

a. Identification of vehicles used by Owners and Residents and their guests.

b. Designation of speed limits and parking or no-parking areas.

c. Limitations or prohibitions on curbside parking.

d. Removal or prohibition of vehicles that violate applicable Rules.

e. Fines for violations of applicable Rules.

ARTICLE 3
PROPERTY EASEMENTS AND RIGHTS

3.1. GENERAL. In addition to other easements and rights established by the Documents, the Property is subject to the easements and rights contained in this Article. No use shall be permitted on the Property which is not allowed under applicable public codes, ordinances and other laws either already adopted or as may be adopted by the City or other controlling public authorities. Each Owner, occupant, or other user of any portion of the Property, shall at all times comply with this Declaration and all laws, ordinances, policies, rules, regulations and orders of all federal, state, county and municipal governments, and other agencies having jurisdictional control over the Property, specifically including, but not limited to, Applicable Zoning placed upon the Property, as they exist from time to time (collectively "Governmental Requirements"). IN SOME INSTANCES, REQUIREMENTS UNDER THE GOVERNMENTAL REQUIREMENTS MAY BE MORE OR LESS RESTRICTIVE THAN THE PROVISIONS OF THIS DECLARATION. IN THE EVENT A CONFLICT EXISTS BETWEEN ANY SUCH REQUIREMENTS UNDER ANY GOVERNMENTAL REQUIREMENT AND ANY REQUIREMENT OF THIS DECLARATION, THE MOST RESTRICTIVE REQUIREMENT SHALL PREVAIL, EXCEPT IN CIRCUMSTANCES WHERE COMPLIANCE WITH A MORE RESTRICTIVE PROVISION WOULD RESULT IN A VIOLATION OF MANDATORY APPLICABLE GOVERNMENTAL REQUIREMENTS, IN WHICH EVENT THOSE GOVERNMENTAL REQUIREMENTS SHALL APPLY. COMPLIANCE WITH MANDATORY GOVERNMENTAL REQUIREMENTS WILL NOT RESULT IN THE BREACH OF THIS DECLARATION EVEN THOUGH SUCH COMPLIANCE MAY RESULT IN NONCOMPLIANCE WITH PROVISIONS OF THIS DECLARATION. WHERE A GOVERNMENTAL REQUIREMENT DOES NOT CLEARLY CONFLICT WITH THE PROVISIONS OF THIS DECLARATION BUT PERMITS ACTION THAT IS DIFFERENT FROM THAT REQUIRED BY THIS DECLARATION, THE PROVISIONS THIS DECLARATION (IN ORDER OF PRIORITY) SHALL PREVAIL AND CONTROL. The Property and all Lots therein shall be developed in accordance with this Declaration, as this Declaration may be amended or modified from time to time as herein provided.

3.2. OWNER'S EASEMENT OF ENJOYMENT. Every Owner is granted a right and easement of enjoyment over the Common Areas and to use of improvements therein, subject to other rights and easements contained in the Documents. An Owner who does not occupy a Lot delegates this right of enjoyment to the Residents of his Lot. Notwithstanding the foregoing, if a portion of the Common Area, such as a recreational area, is designed for private use, the Association may temporarily reserve the use of such area for certain persons and purposes.

3.3. OWNER'S MAINTENANCE EASEMENT. Every Owner is granted an access easement three feet (3') in width measured from the common boundary line between adjoining Lots with common boundary lines; or otherwise, over all Common Areas for the maintenance or reconstruction of such Owner's Residence and other improvements on such Owner's Lot, provided exercise of the easement does not damage or materially interfere with the use of the adjoining Residence or Common Area. Requests for entry to an adjoining Lot or Common Area must be made to the Owner of the adjoining Lot, or the Association in the case of Common Areas, in advance for a time reasonably convenient for the adjoining Owner, who may not unreasonably withhold consent. If an Owner damages an adjoining Lot, Residence, or Common Area in exercising this easement, the Owner is obligated to restore the damaged property to its original condition as existed prior to the Owner performing such maintenance or reconstruction work, at such Owner's expense, within a reasonable period of time.

3.4. OWNER'S INGRESS/EGRESS EASEMENT. Every Owner is granted a perpetual easement over the Streets within the Property, as may be reasonably required, for vehicular ingress to and egress from his Lot or Residence.

3.5. RIGHTS OF CITY. The City, including its agents and employees, has the right of immediate access to the Common Areas at all times if necessary for the welfare or protection of the public, to enforce City Ordinances, or for the preservation of public property. If the Association fails to maintain the Common Areas to a standard acceptable to the City, the City may give the Association a written demand for maintenance. If the Association fails or refuses to perform the maintenance within a reasonable period of time after receiving the City's written demand (at least ninety (90) days), the City may maintain the Common Areas at the expense of the Association after giving written notice of its intent to do so to the Association. To fund or reimburse the City's cost of maintaining the Common Areas, the City may levy an Assessment against every Lot in the same manner as if the Association levied a Special Assessment against the Lots. The City may give its notices and demands to any officer, director, or agent of the Association, or alternatively, to each Owner of a Lot as shown on the City's tax rolls. The rights of the City under this Section are in addition to other rights and remedies provided by law.

3.6. ASSOCIATION'S ACCESS 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 and entry over, across, under, and through the Property, including without limitation all Common Areas and the Owner's Lot and all improvements thereon for the below-described purposes.

3.6.1. Purposes. Subject to the limitations stated below, the Association may exercise this easement of access and entry for the following express purposes:

a. To inspect the Property for compliance with maintenance and architectural standards.

b. To perform maintenance that is permitted or required of the Association by the Documents or by Applicable Law.

c. To perform maintenance that is permitted or required of the Owner by the Documents or by Applicable Law, if the Owner fails or refuses to perform such maintenance.

d. To enforce architectural standards.

e. To enforce use restrictions.

f. The exercise of self-help remedies permitted by the Documents or by applicable law.

g. To enforce any other provision of the Documents.

h. To respond to emergencies.

i. To grant easements to utility providers as may be necessary to install, maintain, and inspect utilities serving any portion of the Property.

j. To perform any and all functions or duties of the Association as permitted or required by the Documents or by Applicable Law.

3.6.2. No Trespass. In exercising this easement on an Owner's Lot, the Association is not liable to the Owner for trespass.

3.6.3. Limitations. If the exercise of this easement requires entry onto an Owner's Lot, including into an Owner's fenced yard, the entry will be during reasonable hours and after written notice to the Owner. This Subsection does not apply to situations that - at time of entry - are deemed to be emergencies that may result in imminent damage to or loss of life or property, which entry for such emergencies may be made without notice to an Owner.

3.7. UTILITY EASEMENT. The Association may grant permits, licenses, and easements over Common Areas for utilities, roads, and other purposes necessary for the proper operation of the Property. A company or entity, public or private, furnishing utility service to the Property, is granted an easement over the Property for ingress, egress, meter reading, installation, maintenance, repair, or replacement of utility lines and equipment, and to do anything else necessary to properly maintain and furnish utility service to the Property; provided, however, this easement may not be exercised without prior notice to the Board. Utilities may include, but are not limited to, water, sewer, trash removal, electricity, gas, telephone, master or cable television, and security.

3.8. SECURITY. The Association may, but is not obligated to, maintain, or support certain activities within the Property designed, either directly or indirectly, to improve safety in or on the Property. Each Owner and Resident acknowledges and agrees, for himself and his guests, that Declarant, the Association, and their respective directors, officers, committees, agents, and employees are not providers, insurers, or guarantors of security within the Property. Each Owner and Resident acknowledges and accepts his sole responsibility to provide security for his own person and property and assumes all risks for loss or damage to same. Each Owner and Resident further acknowledges that Declarant, the Association, and their respective directors, officers,

committees, agents, and employees have made no representations or warranties, nor has the Owner or Resident relied on any representation or warranty, express or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any fire, burglar, and/or intrusion systems recommended or installed, or any security measures undertaken within the Property. Each Owner and Resident acknowledges and agrees that Declarant, the Association, and their respective directors, officers, committees, agents, and employees may not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. The provisions of this Section 3.8 may not be modified or amended without the express written consent of Declarant.

3.9. RISK. **Each Owner, Owners' immediate family, guests, agents, permittees, licensees, and Residents shall use all Common Areas at his/her own risk. All Common Areas are unattended and unsupervised. Each Owner, Owners' immediate family, guests, agents, permittees, licensees, and Residents is solely responsible for his/her own safety. The Association, Declarant and managing agent each disclaims all liability or responsibility for injury or death occurring from use of the Common Areas. Each Owner shall be individually responsible and assume all risk of loss associated or in connection with its use of the Common Areas and related amenities and improvements within the Subdivision and use by its family members and guests.** Neither the Association nor the Declarant, nor any managing agent engaged by the Association or Declarant, shall have any liability to any Owner or their family members or guests, or to any other Person, arising out of or in connection with the use, in any manner whatsoever, of the Common Area, or any improvements comprising a part thereof from time to time. The provisions of this Section 3.9 may not be modified or amended without the express written consent of Declarant.

ARTICLE 4
COMMON AREA

4.1. OWNERSHIP. The designation of any portion of the Property as a Common Area is determined by the Plat and this Declaration, and not by the ownership of such portion of the Property. This Declaration contemplates that the Association will eventually hold title to every Common Area, facility, structure, improvement, system, or other property that are capable of independent ownership by the Association described in this Article 4. The Declarant may install, construct, or authorize certain improvements on Common Areas in connection with the initial development of the Property, and the cost thereof is not a Common Expense (as defined in Section 9.1 hereof) of the Association. The Common Area shall be maintained by the Association following completion of initial improvements thereon by Declarant, whether title to such Common Area is conveyed to the Association in accordance with this Declaration and the Community Standard. All costs attributable to Common Areas, including maintenance, property taxes, Insurance, and enhancements, are automatically and perpetually the responsibility of the Association, regardless of the nature of title to the Common Areas, unless this Declaration elsewhere provides for a different allocation for a specific Common Area. **Declarant shall have no responsibility for maintenance, repair, replacement, or improvement of the Common Area or any improvements thereon after initial construction.**

4.2. AS IS CONDITION; RELEASE. EACH OWNER, RESIDENT, AND THEIR GUESTS ACCEPT THE CURRENT AND FUTURE CONDITION OF THE PROPERTY AND

ALL IMPROVEMENTS CONSTRUCTED THEREON AS IS AND WITH ALL FAULTS. NO REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, IS MADE BY DECLARANT, THE ASSOCIATION OR ANY OF THEIR OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS AS TO THE CONDITION OF THE PROPERTY OR ANY IMPROVEMENTS THEREON. EACH OWNER AND RESIDENT HEREBY RELEASE AND AGREES TO HOLD HARMLESS THE DECLARANT, THE ASSOCIATION, AND THEIR RESPECTIVE DIRECTORS, OFFICERS, COMMITTEES, AGENTS, AND EMPLOYEES (COLLECTIVELY, THE "RELEASED PARTIES"), FROM ANY CLAIM ARISING OUT OF OR IN CONNECTION WITH THE PROPERTY OR ANY IMPROVEMENTS THEREON, INCLUDING WITHOUT LIMITATION, ANY OF THE MATTERS DISCLOSED IN THIS ARTICLE 4, WHETHER BY AN OWNER, RESIDENT OR A THIRD PARTY, EVEN IF DUE TO THE NEGLIGENCE OF THE RELEASED PARTIES OR ANY ONE OF THEM. EACH OWNER AND RESIDENT FURTHER ACKNOWLEDGES THAT THE RELEASED PARTIES HAVE MADE NO REPRESENTATIONS OR WARRANTIES, NOR HAS THE OWNER OR RESIDENT RELIED ON ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO THE CONDITION OF THE PROPERTY OR ANY IMPROVEMENTS THEREON, AND ALL SUCH WARRANTIES ARE HEREBY WAIVED AND RELEASED BY EACH OWNER AND RESIDENT.

4.3. COMPONENTS OF COMMON AREA. The Common Area of the Property consists of the following components on or adjacent to the Property, even if located on a Lot or a public right-of-way:

a. All of the Property save and except the Lots or portions of the Property owned and maintained by the City.

b. Any area shown on the Plat as Common Area or an area to be maintained by the Association, including, without limitation, the visitor's parking lot to serve the Common Area within the Subdivision.

c. The formal entrances to the Property, including (if any) the signage, landscaping, electrical and water installations, planter boxes and fencing related to the entrance.

d. Any screening walls, fences, or berms along the side of the Property, including, without limitation within any "Wall & Wall Maintenance Easement" shown on the Plat. Any masonry walls or decorative metal fencing must be located within the two and one-half foot (2.5') wall maintenance easement described on the Plat of the Subdivision.

e. Any landscape buffers, within the approximately ten foot (10') wide landscaping buffer or other similar areas shown on the Plat.

f. Landscaping on any Street within or adjacent to the Property, to the extent it is not maintained by the City and may be required by the terms of the City Development Agreement to be maintained by the Association, including, without

limitation right-of-way irrigation systems, raised medians and other right-of-way landscaping and streetscaping that is part of the "HOA Maintained Improvements" (herein so called), which HOA Maintained Improvements shall be maintained in compliance with City Ordinances.

g. Any property adjacent to the Subdivision, if the maintenance of same is deemed to be in the best interests of the Association and if not prohibited by the Owner or operator of said property.

h. Any modification, replacement, or addition to any of the above-described areas and improvements.

i. Personal property owned by the Association, such as books and records, office equipment, and supplies.

j. The drainage, detention, pond, and retention improvements located within the Property.

k. The open spaces, common areas, detention areas, drainage areas, screening walls, water quality ponds, parks, trails, lawns, way-finding signage, and other common improvements or appurtenances within the PID that are not maintained and operated by the city and included in the HOA Maintained Improvements.

l. "Reserved"

4.4 INSURANCE FOR COMMON AREAS. The Association shall insure the Common Areas, and property owned by the Association, including, if any, records, furniture, fixtures, equipment, and supplies, in an amount sufficient to cover one hundred percent (100%) of the replacement cost of any repair or reconstruction in the event of damage or destruction from any insurable hazard. The Association is not required to insure any of Lot, Residence, automobiles, watercraft, furniture, or other personal property located within a Residence or on any Common Area unless specifically set forth in this Agreement. The Association shall maintain a commercial general liability insurance policy on an occurrence-based form covering the Common Area for bodily injury and property damage. All insurance maintained by the Association shall be written by an insurer with an A.M. Best rating of A-VII or higher. The insurance policies required under this Section 4.4 or otherwise will provide for blanket waivers of subrogation for the benefit of Declarant, shall provide primary coverage, not secondary, and provide first dollar coverage. Additionally, the insurance policies under this paragraph shall provide that Declarant shall receive thirty-days written notice prior to cancellation of the policy and that Declarant shall permitted to pay any premiums to keep the Association's insurance policies in full force and effect. The Association shall cause Declarant to be named as an additional insured on all insurance required under this Section 4.4 or as otherwise set forth herein. In addition to the other indemnities herein and without limitation, if the Association fails to name Declarant as an additional insured as set forth herein, the Association shall hold harmless, defend, and indemnify Declarant for any loss, claim, damage and/or lawsuit suffered by Declarant for the Association's failure described herein.

To the extent of any conflict between this Section 4.4 and a provision in Article 14 as it relates to insurance for Common Areas, this Section 4.4 shall control.

4.5 MAINTENANCE STANDARD. Notwithstanding the foregoing, the Association shall maintain the Common Areas in accordance with the standards and requirements established by the Design Guidelines, the Community Standard, or any requirements of the PID or TIRZ, or as otherwise may be required.

4.6 EASEMENTS FOR COMMON AREA ACCESS. The Declarant, for itself and for the benefit of the Association, is hereby granted an easement right of access to go upon any Lot as reasonably necessary to perform the Association's obligation hereunder or as reasonably required for the performance of maintenance and repairs and/or to replace any component of the Common Area, including, without limitation, cluster mailboxes, that may be located within or which may encroach upon the boundaries of such Owner's(s') Lot(s). The encroachment of any improvements which are part of the Common Area hereunder within the boundary of any Lot are hereby permitted so long as such encroachment does not unreasonably interfere with the primary use of any affected Lot for location and use as a Residence.

ARTICLE 5
RESERVED

ARTICLE 6
ARCHITECTURAL COVENANTS AND CONTROL

6.1. PURPOSE. Because all Lots are part of a single, unified community, this Declaration creates rights to regulate the design, use, and appearance of the Lots and Common Areas to preserve and enhance the Property's value and architectural harmony. One purpose of this Article is to promote and ensure the level of taste, design, quality, and harmony by which the Property is developed and maintained. Another purpose is to prevent improvements and modifications that may be widely considered to be radical, curious, odd, bizarre, or peculiar in comparison to the existing improvements. A third purpose is to regulate the appearance of every aspect of proposed or existing improvements on a Lot, including but not limited to Residences, fences, landscaping, retaining walls, yard art, sidewalks, and driveways, and further including replacements or modifications of original construction or installation. A fourth purpose is to provide for the adoption of the Architectural Reviewer of design guidelines to administer and guide the review and approval of the design, use and appearance of improvements constructed or to be constructed within the Property the initial design guidelines adopted by the Association are attached hereto as Appendix C, and may be hereafter modified or amended from time to time by the Architectural Reviewer. During the Development Period, a primary purpose of this Article is to reserve and preserve Declarant's right of architectural control. **No exterior modification is allowed without the prior written consent of the Architectural Reviewer**.

6.2. ARCHITECTURAL CONTROL DURING THE DEVELOPMENT PERIOD. During the Development Period, neither the Association, the Board of directors, nor a committee appointed by the Association or Board (no matter how the committee is named) may involve itself with the approval of plans and specifications for new Residences to be constructed on vacant Lots.

During the Development Period, the Architectural Reviewer for plans and specifications for new Residences to be constructed on vacant Lots is the Declarant or its delegates.

6.2.1. Declarant's Rights Reserved. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees that Declarant has a substantial interest in ensuring that the improvements within the Property enhance Declarant's reputation as a community developer and do not impair or adversely affect Declarant's ability to market its property or the ability of Builders (as defined in Appendix B) to sell Residences in the Property. Accordingly, each Owner agrees that - during the Development Period - no improvements will be started or progressed on any Owner's Lot without the prior written approval of Declarant, which approval may be granted or withheld at Declarant's sole discretion. In reviewing and acting on an application for approval, Declarant may act solely in its self-interest and owes no duty to any other person or any organization. Declarant may designate one or more persons from time to time to act on its behalf in reviewing and responding to applications.

6.2.2. Delegation by Declarant. During the Development Period, Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights under this Article as the Architectural Reviewer to (1) an ACC (as defined in Section 6.3 hereof) appointed by the Board, or (2) a committee comprised or architects, engineers, or other persons who may or may not be Members of the Association. Any such delegation must be in writing and must specify the scope of delegated responsibilities. Any such delegation is always subject to the unilateral rights of Declarant (1) to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated, and (2) to veto any decision which Declarant in its sole discretion determines to be inappropriate or inadvisable for any reason.

6.2.3. Limits on Declarant's Liability. The Declarant has sole discretion with respect to taste, design, and all standards specified by this Article during the Development Period. The Declarant, and any delegate, officer, member, director, employee or other person or entity exercising Declarant's rights under this Article shall have no liability for its decisions made and in no event shall be responsible for: (1) errors in or omissions from the plans and specifications submitted, (2) supervising construction for the Owner's compliance with approved plans and specifications, or (3) the compliance of the Owner's plans and specifications with governmental codes and ordinances, state and federal laws. By submitting any plan for approval, the submitting party expressly acknowledges that Declarant and/or the Architectural Reviewer are not engineers, architects, or builders for purposes of plan review, and that any approval or disapproval of any plans expressly excludes any opinion on the suitability of the plans on an engineering, architectural, or construction basis.

NOTE TO OWNERS: PLAN APPROVAL IS REQUIRED. No Plat or plans for Residences or other improvements shall be submitted to the City or other applicable governmental authority for approval until such Plat and/or related construction plans have been approved in writing. Furthermore, no Residence or other improvements shall be constructed on any Lot within the Property until plans therefore have been approved in writing by the Architectural Reviewer as provided in this Declaration; provided that the Residence or other improvements in any event must comply with the requirements and restrictions set forth in this Declaration and the Design Guidelines established thereby.

6.2.4. Restrictions on Amendment. The provisions of this Section 6.2 may not be modified or amended during the Development Period without the express written consent of Declarant.

6.3. ARCHITECTURAL CONTROL BY ASSOCIATION. Unless and until such time as Declarant delegates all or a portion of its reserved rights to the architectural control committee (the "ACC"), or the Development Period is terminated or expires, the Association has no jurisdiction over architectural matters. On termination or expiration of the Development Period, or earlier if delegated in writing by Declarant, the Association, acting through the ACC or its Board (if no ACC has been established by the Board) will assume jurisdiction over architectural control and shall be the Architectural Reviewer for purposes hereunder.

6.3.1. ACC. After the period of Declarant control, the ACC will consist of at least 3 but not more than 5 persons appointed by the Board, pursuant to the Bylaws. Members of the ACC serve at the pleasure of the Board and may be removed and replaced at the Board's discretion. Members of the ACC need not be Owners or Residents, and may but need not include architects, engineers, and design professionals whose compensation, if any, may be established from time to time by the Board. After the period of Declarant control, a person may not be appointed or elected to serve on the ACC if the person is (a) a current Board member, (b) a current Board member's spouse; or (3) a person residing in a current Board member's household.

6.3.2. Limits on Liability. The ACC has sole discretion with respect to taste, design, and all standards specified by this Article. The members of the ACC have no liability for the ACC's decisions made in good faith, and which are not arbitrary or capricious. The ACC is not responsible for: (1) errors in or omissions from the plans and specifications submitted to the ACC, (2) supervising construction for the Owner's compliance with approved plans and specifications, or (3) the compliance of the Owner's plans and specifications with governmental codes and ordinances, state, and federal laws. By submitting any plan for approval, the submitting party expressly acknowledges that the ACC and/or the Architectural Reviewer are not engineers, architects, or builders for purposes of plan review, and that any approval or disapproval of any plans expressly excludes any opinion on the suitability of the plans on an engineering, architectural, or construction basis.

6.4. PROHIBITION OF CONSTRUCTION, ALTERATION & IMPROVEMENT. Without the Architectural Reviewer's prior written approval, a person may not construct a Residence or make an addition, alteration, improvement, installation, modification, redecoration, or reconstruction of or to a Residence or any other part of the Property, if it will be visible from a Street, another Residence, or the Common Area. The Architectural Reviewer has the right but not the duty to evaluate every aspect of construction, landscaping, and property use that may adversely affect the general value or appearance of the Property. The review of plans pursuant to this Declaration may be subject to all review and approval procedures set forth in guidelines, restrictions and/or requirements of Applicable Zoning, the City Development Agreement, and/or any requirements of the PID or TIRZ, or otherwise established by the by the Architectural Reviewer in its review of plans pursuant hereto.

6.5. ARCHITECTURAL APPROVAL. To request architectural approval, an Owner must make written application and submit to the Architectural Reviewer two (2) identical sets of

plans and specifications showing the nature, kind, shape, color, size, materials, and locations of the work to be performed. In support of the application, the Owner may but is not required to submit letters of support or non-opposition from Owners of Lots that may be affected by the proposed change. The application must clearly identify any requirement of this Declaration for which a variance is sought. The Architectural Reviewer will have thirty (30) days to make a determination and shall return one set of plans and specifications to the applicant marked with the Architectural Reviewer's response, such as "Approved," "Denied," or "More Information Required." Written notice of the determination of the Architectural Reviewer shall be provided to an applying Owner via certified mail, hand delivery or electronic delivery to the contact address of such Owner registered with the Association. Denials of the Architectural Reviewer must describe the basis for denial in reasonable detail and changes, if any, in the application or improvements required as a condition to approval and inform the Owner that the Owner may request a hearing under Section 209.00505(e) of the Texas Property Code on or before the 30th day after the date the notice was delivered by the Architectural Reviewer to the Owner. A determination of the Architectural Reviewer may be appealed to the Board of the Association in accordance with Section 209.00505 of the Texas Property Code, and the Board shall hold a hearing within 30 days after an Owner's request for a hearing. The Architectural Reviewer will retain the other set of plans and specifications, together with the application, for the Association's files. Written notice of the determination of the Architectural Reviewer shall be provided to an applying Owner via certified mail, hand delivery or electronic delivery to the contact address of such Owner registered with the Association. Denials of the Architectural Reviewer must describe the basis for denial in reasonable detail and changes, if any, in the application or improvements required as a condition to approval and inform the Owner that the Owner may request a hearing under Section 209.00505(e) of the Texas Property Code on or before the 30th day after the date the notice was delivered by the Architectural Review to the Owner. A determination of the Architectural Reviewer may be appealed to the Board of the Association in accordance with Section 209.00505 of the Texas Property Code, and the Board shall hold a hearing within 30 days after an Owner's request for a hearing. **Builders are excluded from the thirty (30) day waiting period. All applications for new construction or builder plans shall be reviewed within seven (7) days of receipt (excluding weekends and holidays).**

6.5.1. No Verbal Approval. Verbal approval by an Architectural Reviewer, the Declarant, an Association director or officer, a member of the ACC, or the Association's manager does not constitute architectural approval by the appropriate Architectural Reviewer, which must be in writing.

6.5.2. No Deemed Approval. The failure of the Architectural Reviewer to respond to an application submitted by an Owner may **NOT** be construed as approval of the application. Under no circumstance may approval of the Architectural Reviewer be deemed, implied, or presumed. ***Builders who do not receive a response within seven (7) days may proceed with the building plan notwithstanding, the burden of responsibility to ensure the plans meet all applicable City requirements and the requirements as set forth in this Declaration and the Design Guidelines are the sole responsibility of the Builder.***

6.5.3. No Approval Required. Approval is not required for an Owner to remodel or repaint the interior of their Residence, provided the work does not impair the structural soundness of the Residence.

6.5.4. Building Permit. If the application is for work that requires a building permit from a governmental body, the Architectural Reviewer's approval is conditioned on the issuance of the appropriate permit. The Architectural Reviewer's approval of plans and specifications does not mean that they comply with the requirements of the governmental body. Alternatively, governmental approval does not ensure Architectural Reviewer approval.

6.5.5. Neighbor Input. The Architectural Reviewer may solicit comments on the application, including from Owners or Residents of Residences that may be affected by the proposed change, or from which the proposed change may be visible. Whether to solicit comments, from whom to solicit comments, and whether to make the comments available to the applicant is solely at the discretion of the Architectural Reviewer. The Architectural Reviewer is not required to respond to the commenter in ruling on the application.

6.5.6. Declarant Approved. Notwithstanding anything to the contrary in this Declaration, any improvement to the Property made or approved in writing by Declarant during the Development Period is deemed to have been approved by the Architectural Reviewer. The provisions of this Section 6.5.6 may not be modified or amended during the Declarant Control Period without the express written consent of Declarant.

ARTICLE 7
CONSTRUCTION AND USE RESTRICTIONS

7.1. VARIANCE. The use of the Property is subject to the restrictions contained in this Declaration, and subject to Rules adopted pursuant to this Article. The Board or the Architectural Reviewer may grant a variance or waiver of a restriction or Rule on a case-by-case basis when unique circumstances dictate and may limit or condition its grant. To be effective, a variance must be in writing. The grant of a variance does not affect a waiver or estoppel of the Association's right to deny a variance in other circumstances. Approval of a variance or waiver may not be deemed, implied, or presumed under any circumstance. Variances given by Declarant or Architectural Reviewer are perpetual, and future Architectural Reviewer(s) (which may include future members of the ACC, the Board, or successors in interest to Declarant's rights hereunder) cannot revoke a prior variance granted unless required by Applicable Zoning or other Applicable Law.

7.2. PROHIBITION OF CONSTRUCTION, ALTERATION & IMPROVEMENT. Without the Architectural Reviewer's prior written approval, a person may not commence or continue any construction, alteration, addition, improvement, installation, modification, redecoration, or reconstruction of or to the Property, or do anything that affects the appearance, use, or structural integrity of the Property. The Architectural Reviewer has the right but not the duty to evaluate every aspect of construction and property use that may adversely affect the general value or appearance of the Property. No permanent structures may be constructed on any Lot without the prior written consent and approval of the Architectural Reviewer, including without limitation (i) children's playhouses and play sets, (ii) dog houses, (iii) greenhouses, (iv) gazebos,

(v) pools, spas, and other water features, (vi) cabanas or pergolas, and (vii) buildings for storage of lawn maintenance equipment. Permanent structures that exceed the height of the fence line around the rear yard of any Lot shall be placed in the rear yard area behind and screened from the Street by the primary Residence constructed on such Lot.

7.3. LIMITS TO RIGHTS. No right granted to an Owner by this Article or by any provision of the Documents is absolute. The Documents grant rights with the expectation that the rights will be exercised in ways, places, and times that are customary for the Subdivision. This Article and the Documents do not try to anticipate and address every creative interpretation of the restrictions. The rights granted by this Article and the Documents are always subject to the Board's determination that a particular interpretation and exercise of a right is significantly inappropriate, unattractive, or otherwise unsuitable for the Subdivision, and thus constitutes a violation of the Documents. In other words, the exercise of a right or restriction must comply with the spirit of the restriction as well as with the letter of the restriction.

7.4. ASSOCIATION'S RIGHT TO PROMULGATE RULES. The Association, acting through its Board, is granted the right to adopt, amend, repeal, and enforce reasonable Rules, and penalties for infractions thereof, regarding the occupancy, use, disposition, maintenance, appearance, and enjoyment of the Property. In addition to the restrictions contained in this Article, each Lot is owned and occupied subject to the right of the Board to establish Rules, and penalties for infractions thereof, governing:

a. Use of Common Areas.

b. Hazardous, illegal, or annoying materials or activities on the Property.

c. The use of Property-wide services provided through the Association.

d. The consumption of utilities billed to the Association.

e. The use, maintenance, and appearance of exteriors of Residences and Lots.

f. Landscaping and maintenance of yards for Residences. Owners are charged with the responsibility of ensuring that sufficient watering is done to promote healthy growth of their lawn.

g. The occupancy and leasing of Residences.

h. Animals. Restrictions as to the type and number of household pets shall be strictly enforced.

i. Vehicle regulations shall be strictly enforced. Towing of any unauthorized vehicle will be enforced. The Association shall have the right to contact a towing company for any vehicle that blocks driveways, fire hydrants, is inoperable, or presents a safety hazard at any time.

j. Disposition of trash and control of vermin, termites, and pests.

k. Anything that interferes with maintenance of the Property, safety of the Owners, tenants, or guests, operation of the Association, administration of the Documents, or the quality of life for Residents.

7.5. SINGLE-FAMILY USE; MAINTENANCE. Each Lot (including land and improvements) shall be used and occupied for single-family residential purposes only, as such use is defined in accordance with the ordinances of the City from time to time in effect. Each Lot is to be improved with a Residence. The Owner of a Lot owns every component of the Lot and Residence, including all the structural components and exterior features of the Residence and is responsible for the maintenance of the Residence and Lot in accordance with this Declaration and the Community Standard.

7.6. ANIMALS. **DOMESTIC ANIMALS ONLY**. No wild animal, animal, bird, fish, reptile, poultry, swine, or insect of any kind may be kept, maintained, raised, or bred anywhere on the Property for a pet, commercial purpose or for food. Customary domesticated household pets may be kept subject to the Rules. The Board may adopt, amend, and repeal Rules regulating the types, sizes, numbers, locations, and behavior of animals at the Property. The Board may require or effect the removal of any animal determined to be in violation of this Section or the Rules. Unless the Rules provide otherwise:

7.6.1. Number and Type. The Board may establish and adopt Rules to determine the number and type of household pets and/or the size of household pets per Residences.

7.6.2. Disturbance. Pets must be kept in a manner that does not disturb the peaceful enjoyment of Residents of other Lots. No pet may be permitted to bark, howl, whine, screech, or make other loud noises for extended or repeated periods of time. Owner shall ensure that their pet(s) always comply with these rules. Pets must be kept on a leash when outside the Residence. The Board is the sole arbiter of what constitutes a threat or danger, disturbance or annoyance and may upon written notice require the immediate removal of the animal(s) should the Owner fail to be able to bring the animal into compliance with this Declaration or any rules and regulations promulgated hereunder. Any animal that is being abused or neglected will be turned into the local authorities for immediate action. Those pets which are permitted to roam free, or, in the sole discretion of the Board and to the extent permitted under Applicable Law, constitute a nuisance to the occupants of other Lots may issue an order to an Owner that such pet be removed upon request of the Board; provided, in no event shall the Board or Association be required to remove any pet from the Subdivision. If an Owner has failed to remove its pet from the Subdivision pursuant to any order of removal issued by the Board within three (3) days after such order is delivered to an Owner, such Owner shall be subject to fines hereunder and the Board may proceed with efforts to immediately remove the pet that is the subject to the order from the Subdivision. Notwithstanding anything contained herein to the contrary, the Board in its sole discretion and without incurring any further duty or obligation to Owners or Residents within the Property, may decide to take no action and refer complaining parties to the appropriate municipal or governmental authorities for handling and final disposition. IF ANY ANIMAL OR PET IS A NUISANCE IN THE SUBDIVISION, HOMEOWNERS ARE ENCOURAGED TO CONTACT THEIR LOCAL ANIMAL CONTROL AUTHORITY FOR ASSISTANCE. The Association

shall have no liability or obligation to ensure removal of a pet from the Subdivision that is a nuisance and cannot be held liable or responsible if any enforcement actions taken by the Association under this Section 7.5.2 are unsuccessful. Any Owner of a pet that attacks another person or animal within the Subdivision is subject to a $1,000 fine per occurrence (each day of violation being deemed to be an occurrence), whether such Owner's pet inflicted harm on a person.

7.6.3. Indoors/Outdoors. ***A permitted pet must be maintained inside the Residence or within a fenced yard. No pet is allowed on the Common Area unless carried or leashed.***

7.6.4. Pooper Scooper. All Owners and Residents are responsible for the removal of his pet's wastes from the Property. Each Owner is solely liable and responsible for picking up after their pet(s). If an issue or dispute arises between Owners regarding the removal of pet waste from the Property, the Association has no liability or obligation to involve itself in any such dispute between Owners. Unless the Rules provide otherwise, a Resident must prevent his pet from relieving itself on the Common Area or the Lot of another Owner. The Association may levy fines up to $300.00 per occurrence for any Owner who violates this section and does not comply with the rules as set forth herein. The Association is only required to deliver notice of this fine under Section 7.6.4 to a violating Owner via certified mail prior to levying any fine or charges against such Owner under this Section 7.6.4, and such fine shall be due and payable immediately upon receipt of such certified mail notice.

7.6.5. Liability. An Owner is responsible for any property damage, injury, or disturbance caused or inflicted by an animal kept on the Lot. The Owner of a Lot on which an animal is kept is deemed to indemnify and to hold harmless the Board, the Association, and other Owners and Residents, from any loss, claim, or liability resulting from any action of the animal or arising by reason of keeping the animal on the Property. EACH OWNER BY ACCEPTANCE OF TITLE TO ITS LOT HEREBY RELEASES AND WAIVES THE ASSOCIATION, DECLARANT, THE BOARD AND/OR ITS MANAGING AGENT AND THEIR RESPECTIVE MEMBERS, EMPLOYEES, DESIGNEES, ADMINISTRATORS, INSPECTORS, CONTRACTORS, AND AGENTS, AND AGREES TO INDEMNIFY AND DEFEND SAME AND HOLD THEM HARMLESS FROM AND AGAINST ANY CLAIMS, LIABILITIES, LOSS, DAMAGE, COSTS AND EXPENSES, INCLUDING BUT NOT LIMITED TO ATTORNEYS' FEES, IN CONNECTION WITH OR ARISING OUT OF ANY ACTIONS OR ATTACK BY OWNER'S PET OR BY ANY PET RESIDING ON AN OWNER'S LOT WITHIN THE SUBDIVISION. ALL BREEDS OF PETS THAT ARE DETERMINED TO BE AGGRESSIVE OR VICIOUS BREEDS BY THE BOARD OR ANY APPLICABLE GOVERNMENTAL AUTHORITY (INCLUDING SPECIFICALLY, WITHOUT LIMITATION, PIT BULLS OR ROTTWEILERS) ARE STRICTLY PROHIBITED WITHIN THE SUBDIVISION AND ARE DEEMED TO BE A NUISANCE AND SUBJECT TO REMOVAL PROVISIONS SET FORTH HEREIN.

7.7. ANNOYANCE. No Lot or Common Area may be used in any way that: (1) may reasonably be considered annoying to neighbors; (2) may be calculated to reduce the desirability of the Property as a residential neighborhood; (3) may endanger the health or safety of Residents of other Lots; (4) may result in the cancellation of insurance on the Property; or (5) violates any

law or Governmental Requirement. The Board has the sole authority to determine what constitutes an annoyance.

7.8. APPEARANCE. Both the Lot and the Residence must be maintained in a manner so as not to be unsightly when viewed from the Street or neighboring Lots or Common Areas. The Architectural Reviewer is the arbitrator of acceptable appearance standards.

7.9. ACCESSORY STRUCTURES AND SHEDS. Owners of Residences may have accessory structures and sheds - such as dog houses, gazebos, metal storage sheds, playhouses, play sets and greenhouses; **provided, however, prior written approval is required for all structures regardless of the kind or type. The Architectural Reviewer shall have the sole authority with regard to size, height, and placement**.

7.10. BARBECUE. Exterior fires are prohibited on the Property unless contained in commercial standard grilling device approved by the Board.

7.11. COLOR CHANGES. For Residences, the colors of Residences, fences, exterior decorative items, and all other improvements on a Lot are subject to regulation and approval by the Architectural Reviewer. Because the relative merits of any color are subjective matters of taste and preference, the Architectural Reviewer determines the colors that are acceptable to the Association. A Resident may not change or add colors that are visible from the Street, a Common Area, or another Lot without the prior written approval of the Architectural Reviewer.

7.12. YARDS. All yards of any Lot visible from the Common Areas, adjacent Lots or any Street shall be maintained by the Owner of such Lot in a neat and attractive manner that is consistent with the Subdivision and such Owner shall water his yard with the appropriate amounts of water needed to keep the yard healthy and alive. The Association shall consider water restrictions should any such restriction apply. ***If the Board of Directors or Architectural Reviewer perceives that the appearance of yards detracts from the overall appearance of the Property, the Board may limit the colors, numbers, sizes, or types of furnishings, plantings, and other items kept in the yard. A yard may never be used for storage. All sports or play items as well as barbeque grills or other items or structures must be stored out of view at all times when not in use. No synthetic turf of any kind is allowed in any portion of the front, rear, or sides of any yard without the express written approval of by the Planning Director of the City in accordance with Applicable Zoning and the Architectural Control Committee, which may be withheld in its sole and absolute discretion.*** Owners of Residences shall be required to obtain prior written approval from the Architectural Reviewer prior to making any major changes to their front or side yards which shall include the removal or addition of trees, landscape, yard art or ornaments, lights, or other similar features. **Periodic trimming of trees and shrubs may be required by the Association.**

7.13. DECLARANT PRIVILEGES. In connection with the development and marketing of the Property, Declarant has reserved a number of rights and privileges to use the Property in ways that are not available to other Owners and Residents, as provided in Appendix B of this Declaration. Declarant's exercise of a Development Period right that appears to violate a Rule or a use restriction of this Article does not constitute waiver or abandonment of the restriction by the

Association. The provisions of this Section 7.13 may not be modified or amended without the express written consent of Declarant.

7.14. DECORATION. Residents of Residences may decorate the outside of their Residences; provided, however, the Architectural Reviewer shall have the sole discretion to determine what is acceptable or not and any holiday decorations may not be installed thirty (30) days before a holiday and must be removed within fifteen (15) days after the holiday. Examples of exterior decorations are windsocks, potted plants, and benches, name signs on tiles, hanging baskets, bird feeders, awnings, windowsill birdfeeders, yard gnomes, and clay frogs. Exterior lighting installed or located on any Residence or otherwise on a Lot must be white (other than seasonal holiday lighting expressly permitted under the terms of this Declaration or the Documents).

7.15. DRAINAGE. No person may interfere with the established drainage pattern over any part of the Property unless an adequate alternative provision for proper drainage has been approved by the Board.

7.16. DRIVEWAYS. The driveway portion of a Lot may not be used for any purpose that interferes with its ongoing use as a route of vehicular access to the garage. Without the Board's prior approval, a driveway may not be used: (1) for storage purposes, including storage of boats, trailers (of any kind), sports vehicles of any kind, and inoperable vehicles; or (2) for any type of repair or restoration of vehicles. Barbeque grills must be removed when not in use.

7.17. BASKETBALL GOALS. Portable basketball goals may be allowed by written consent of the Architectural Reviewer, provided however, no goals may be kept in the street, in the driveway, or within or in a manner that blocks a sidewalk, and goals may not be placed in the grass area located between the front building line and street. Portable goals must be kept in the driveway when in use and stored out of public view when not in use. Permanent basketball goals are prohibited without express consent in writing from the Architectural Reviewer. Goals must be kept in good repair at all times and may not use unsightly weights such as tires, sandbags, or rocks unless the Owner can provide written proof from the manufacturer that such weights are the recommended means of weighing down the goal.

7.18. FIRE SAFETY. No person may use, misuse, cover, disconnect, tamper with, or modify the fire and safety equipment of the Property, or interfere with the maintenance and/or testing of same by persons authorized by the Association or by public officials.

7.19. GARAGES. Without the Board's prior written approval, the original garage area of a Residence may not be enclosed or used for any purpose that prohibits the parking of two (2) standard-size operable vehicles therein. Garage doors are to be kept closed at all times except when a vehicle is entering or leaving.

7.20. FIREARMS AND WEAPONS. Hunting and shooting are not permitted anywhere on or from the Property. No toys, weapons, or firearms, including, without limitation, air rifles, BB guns, slingshots or other item that is designed to cause harm to any person, animal, or property ("Weapons") may be used in a manner to cause such harm (whether intentionally or negligently or otherwise) to any person, animal, or property. Violation of this restriction is subject to a fine of

up to $1,000 per occurrence after the first notification (which may be given in writing or verbally, to the extent permitted under Applicable Law). The Board may adopt Rules to ban the carrying and use of Weapons within Common Areas and the Subdivision to the extent permitted under applicable law.

7.21. FIREWORKS ARE STRICTLY PROHIBITED. Fireworks are strictly prohibited. Use of fireworks in the Subdivision is subject to a monetary fine of $1,000.00 for each violation. An affidavit signed by a witness with legal capacity made under penalty of perjury attesting to the violation and specifying the date of approximate time of such violation which is received by the Association shall be sufficient evidence of such violation.

7.22. LANDSCAPING. ***No person may perform landscaping, planting, or gardening on the Common Area without the Board's prior written authorization. Except for synthetic turf expressly approved in writing by the Planning Director of the City in accordance with Applicable Zoning and the Architectural Control Committee with respect to a specific Lot, which approval may be withheld in such approving party's sole and absolute discretion, no synthetic turf, flowers, or landscape is allowed in any portion of the front, rear, or sides of any yard.***

7.23. LEASING. An Owner may lease his Residence on his Lot; excepting any short-term leasing or rentals of all or any portion of a Residence for periods less than 12 consecutive months, which short term rentals are strictly prohibited. Nothing in this Declaration shall prevent the rental of any Lot and the Residence thereon by the Owner thereof for residential purposes; provided that all rentals must be for terms of at least twelve (12) consecutive months. Further, the Board may (i) establish a maximum rental period for any Residence or Lot, and/or (ii) establish a maximum number of Residences and/or Lots within the Subdivision that may be leased to non-Owner occupants, as determined in the Board's sole and absolute discretion. All leases shall be in writing. The Owner must provide to its lessee copies of the Restrictions and other Documents. 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.

7.23.1. The Association may require any Owner desiring to lease a Lot or Residence thereon to file an application with the Association for approval of such lease and Tenant. Each Owner must register a tenant as an "approved tenant" with the Association on forms then adopted by the Association. The foregoing terms may be incorporated in any leasing policies adopted by the Association.

7.23.2. In any event, an Owner must deliver a copy of any proposed lease for approval by the Board as a condition to the effectiveness of such Lease, and any proposed lease must include a requirement that the tenant and any occupants of a residence by such Lease fully comply with the terms of this Declaration and that such Tenant agree to be jointly and severally liable to the Association for any fines, fees or assessments levied against the tenant or any occupant of a residence on a Lot by such lease (the "Required Lease Terms"). Whether or not it is so stated in a lease, every lease is subject to this Declaration and any rules, regulations, design guidelines or other dedicatory instruments promulgated hereunder. An Owner is responsible for providing its tenant with copies of this Declaration, and any and all rules, regulations, design guidelines or other dedicatory instruments promulgated hereunder, and notifying its tenant of changes thereto.

Failure by the tenant or his invitees to comply with this Declaration and any rules, regulations, design guidelines or other dedicatory instruments promulgated hereunder is deemed to be a default by the Owner of the leased Lot or Residence and shall be a default under the terms of the lease.

7.23.3. When the Association notifies an Owner of its tenant's violation, the Owner will promptly obtain his tenant's compliance or exercise its rights as a landlord for tenant's breach of lease. If the tenant's violation continues or is repeated, and if the Owner is unable, unwilling, or unavailable to obtain his tenant's compliance, then the Association has the power and right (but is not obligated) to pursue the remedies of a landlord under the lease or state law for the default, including eviction of the tenant. THE OWNER OF A LEASED LOT IS LIABLE TO THE ASSOCIATION FOR ANY EXPENSES INCURRED BY THE ASSOCIATION IN CONNECTION WITH ENFORCEMENT OF THIS DECLARATION, AND ANY AND ALL RULES, REGULATIONS, DESIGN GUIDELINES OR OTHER DEDICATORY INSTRUMENTS PROMULGATED HEREUNDER AGAINST HIS TENANT.

7.23.4. The Board may reject any proposed lease that would result in the number of Residences in the Subdivision being leased to non-Owner occupants or which fail to include the Required Lease Terms exceeding any maximum number of leased Residences or Lots in the Subdivision established by the Board. Notwithstanding the foregoing or anything to the contrary contained herein, during the Declarant Control Period, neither Declarant nor any Builder shall be subject to the leasing restriction contained in this Section 7.23 with respect to any Lot owned by Builder, and Lots owned by Builder or Declarant during the Declarant Control Period that are leased by Declarant or such Builder shall not be accounted for in determining the number of Residences and Lots leased in the Subdivision for purposes of compliance with any maximum established by the Board. The Association is not liable to the Owner for any damages, including lost rents, suffered by the Owner in relation to the Association's enforcement of this Declaration, and any and all rules, regulations, design guidelines or other dedicatory instruments promulgated hereunder against the Owner's tenant.

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

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

b. The commencement date and term of such lease.

7.24. NOISE & ODOR. A Resident must exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises or noxious odors that are likely to disturb or annoy Residents of neighboring areas within the community. The Rules may limit, discourage, or prohibit noise-producing activities and items in the Residence and on the Common Areas. The Association shall provide an Owner with notice of its violation of this use restriction, and if an Owner receives more than one notice in any 12-month period, upon receipt of the second notice from the Association, the Owner shall be subject to fines hereunder. Notwithstanding anything contained herein to the contrary, the Board in its sole discretion and without incurring

any further duty or obligation to Owners and Residents within the Property, may decide to take no action and refer complaining parties to the appropriate municipal or governmental authorities for handling and final disposition. IF ANY NOISE OR ODOR BECOMES IS A NUISANCE IN THE SUBDIVISION, RESIDENTS ARE ENCOURAGED TO CONTACT THEIR LOCAL LAW ENFORCEMENT OFFICIALS FOR ASSISTANCE. The Association shall have no liability or obligation to ensure the Subdivision, or any Owner or Resident of a Residence therein is free from nuisance and cannot be held liable or responsible if any enforcement actions taken by the Association under this Section 7.24 are unsuccessful. EACH OWNER AND RESIDENT BY ACCEPTANCE OF TITLE TO ITS LOT HEREBY RELEASES AND WAIVES THE ASSOCIATION, DECLARANT, THE BOARD AND/OR ITS MANAGING AGENT AND THEIR RESPECTIVE MEMBERS, EMPLOYEES, DESIGNEES, ADMINISTRATORS, INSPECTORS, CONTRACTORS, AND AGENTS, AND AGREES TO INDEMNIFY AND DEFEND SAME AND HOLD THEM HARMLESS FROM AND AGAINST ANY CLAIMS, LIABILITIES, LOSS, DAMAGE, COSTS AND EXPENSES, INCLUDING BUT NOT LIMITED TO ATTORNEYS' FEES, IN CONNECTION WITH OR ARISING OUT OF ANY ACTIONS OR INACTIONS OF AN OWNER OR THE RESIDENTS OF SUCH OWNERS LOT THAT RESULTS IN NOISE OR ODORS THAT MAY BE A NUISANCE TO OTHERS WITHIN THE SUBDIVISION. Any Owner in violation of this Section 7.24 is subject to a $1,000 fine per occurrence (each day of violation being deemed to be an occurrence).

7.25. OCCUPANCY - NUMBERS. The Board may adopt Rules regarding the occupancy of Residences. If the Rules fail to establish occupancy standards, no more than two persons per bedroom may occupy a Residence. Other than the living area of the Residence, no thing or structure on a Lot, such as the garage, may be occupied as a residence at any time by any person.

7.26. OCCUPANCY - TYPES. A person may not occupy a Residence if the person constitutes a direct threat to the health or safety of other persons, or if the person's occupancy would result in substantial physical damage to the property of others. This Section does not and may not be construed to create a duty for the Association or a selling Owner to investigate or screen purchasers or prospective purchasers of Residences. By owning or occupying a Residence, each person acknowledges that the Subdivision is subject to local, state, and federal fair housing laws and ordinances. Accordingly, this Section may not be used to discriminate against classes or categories of people.

7.27. RESIDENTIAL USE. The use of a Residence is limited exclusively to residential purposes, or any other use permitted by this Declaration. This residential restriction does not, however, prohibit a Resident from using a Residence for personal business or professional pursuits provided that: (1) the uses are incidental to the use of the Residence as a residence; (2) the uses conform to applicable Governmental Requirements; (3) there is no external evidence of the uses; (4) the uses do not entail visits to the Residence by employees or the public in quantities that materially increase the number of vehicles parked on the Street; and (5) the uses do not interfere with Residents' use and enjoyment of neighboring Residences or Common Areas.

7.28. SIGNS. No signs, including signs advertising the Residences for sale or lease, or unsightly objects may be erected, placed, or permitted to remain on the Property or to be visible from windows in the Residence (i) without written authorization of the Board, or (ii) unless

expressly permitted under the Design Guidelines or this Declaration, or (iii) with respect to certain signage, strict compliance with the Design Guidelines applicable to such signage. If the Board authorizes signs, the Board's authorization may specify the location, nature, dimensions, number, and time period of any advertising sign. As used in this Section, "sign" includes, without limitation, lettering, images, symbols, pictures, shapes, lights, banners, and any other representation or medium that conveys a message. One (1) security sign per Residence shall be allowed in the front or back but, may not be more than 12" x 12" without prior written consent of the Architectural Reviewer. The Association may affect the immediate removal of any sign or object that violates this Section or which the Board deems inconsistent with neighborhood standards without liability for trespass or any other liability connected with the removal. **Notwithstanding the foregoing, if public law - such as Texas Election Code Section 259.002 and local ordinances - grants an Owner the right to place political signs on the Owner's Lot, the Association may not prohibit an Owner's exercise of such right. The Association may adopt and enforce Rules regulating every aspect of political signs on Owners' Lots to the extent not prohibited or protected by public law. Unless the Rules or public law provide otherwise (1) a political sign may not be displayed more than 90 days before or 10 days after an election to which the sign relates; (2) a political sign must be ground-mounted; (3) an Owner may not display more than one political sign for each candidate or ballot item; and (4) a political sign may not have any of the attributes itemized in Texas Election Code Section 259.002(d), to the extent that statute applies to the Lot.**

7.29. STRUCTURAL INTEGRITY. No person may directly or indirectly impair the structural soundness or integrity of any Residence, nor do any work or modification that will impair an easement or real property right.

7.30. TELEVISION. Each Resident of the Property will avoid doing or permitting anything to be done that may unreasonably interfere with the television, radio, telephonic, electronic, microwave, cable, or satellite reception on the Property. Antennas, satellite or microwave dishes, and receiving or transmitting towers that are visible from a Street or from another Lot are prohibited within the Property, except (1) reception-only antennas or satellite dishes designed to receive television broadcast signals, (2) antennas or satellite dishes that are one meter or less in diameter and designed to receive direct broadcast satellite service (DBS), or (3) antennas or satellite dishes that are one meter or less in diameter or diagonal measurement and designed to receive video programming services via multipoint distribution services (MDS) (collectively, the "Antenna") are permitted if located (a) inside the Residence (such as in an attic or garage) so as not to be visible from outside the Residence, (b) in a fenced yard, or (c) attached to or mounted on the rear wall of a Residence below the eaves. If an Owner determines that an Antenna cannot be located in compliance with the above guidelines without precluding reception of an acceptable quality signal, the Owner may install the Antenna in the least conspicuous location on the Lot or Residence thereon where an acceptable quality signal can be obtained. The Association may adopt reasonable Rules for the location, appearance, camouflaging, installation, maintenance, and use of the Antennas to the extent permitted by public law. An Owner must have written permission of the Architectural Reviewer to install any apparatus to the roof of the structure.

7.31. TRASH. Each Resident will endeavor to keep the Property clean and will dispose of all refuse in receptacles designated specifically by the Association or by the City for that purpose. Trash must be placed entirely within the designated receptacle. The construction or installation of concrete pads for trash cans requires prior written consent of the Architectural Reviewer. The Board may adopt, amend, and repeal Rules regulating the disposal and removal of trash from the Property. If the Rules fail to establish hours for curbside trash containers, the container may be in the designated area from dusk on the evening before trash pick-up day until dusk on the day of trash pick-up. ***At all other times, trash containers must be kept inside the garage and may not be visible from a Street or another Residence.***

7.32. VEHICLES. All vehicles on the Property, whether owned or operated by the Residents or their families and guests, are subject to this Section and Rules adopted by the Board. The Board may adopt, amend, and repeal Rules regulating the types, sizes, numbers, conditions, uses, appearances, and locations of vehicles on the Property. The Board may affect the removal of any vehicle in violation of this Section or the Rules without liability to the owner or operator of the vehicle.

7.32.1. Parking in Street. Vehicles that are not prohibited below may park on public Streets only if the City allows curbside parking, and in designated parking areas, subject to the continuing right of the Association to adopt reasonable Rules if circumstances warrant; provided, however, parallel parking or parking of vehicles or vehicular equipment on any Streets located at or adjacent to the rear property line of a Lot or on any Streets with a width less than twenty-five feet (25') is expressly prohibited by this Declaration.

7.32.2. Prohibited Vehicles. Without prior written Board approval, the following types of vehicles and vehicular equipment - mobile or otherwise - may not be kept, parked, or stored anywhere on the Property - including overnight parking on Streets, driveways, and visitor parking spaces - if the vehicle is visible from a Street or from another Residence: mobile homes, motor homes, buses, all trailers (including, without limitation, boat and/or jet ski trailers), boats, inoperable vehicles, commercial truck cabs, trucks with tonnage over one ton, vehicles which are not customary personal passenger vehicles, and any vehicle which the Board deems to be a nuisance, unsightly, or inappropriate. This restriction does not apply to vehicles and equipment temporarily on the Property in connection with the construction or maintenance of a Residence. Vehicles that transport inflammatory or explosive cargo are always prohibited from the Property. Small vehicles with advertising used by an Owner as their primary source of transportation may be allowed ONLY if the vehicle is always parked in the driveway or garage. At no time is an Owner to use his vehicle to solicit business within the community. Oversize work vehicles are prohibited. Vehicles for fire or law enforcement are excluded from these restrictions.

7.33. WINDOW TREATMENTS. All window treatments within a Residence that are visible from the Street or another Residence, must be maintained in good condition and must not detract from the appearance of the Property. The Architectural Reviewer may require an Owner to change or remove a window treatment, window film, window screen, or window decoration that the Architectural Reviewer determines to be inappropriate, unattractive, or inconsistent with the Property's uniformity. The Architectural Reviewer may prohibit the use of certain colors or materials for window treatments if it deems it appropriate to do so.

7.34. FLAGS. The United States flag ("Old Glory") and/or the Texas state flag ("Lone Star Flag"), and/or an official or replica flag of any branch of the United States armed forces, may be displayed in a respectful manner on each Lot, subject to reasonable standards adopted by the Association for the height, size, illumination, location, and number of flagpoles, all in compliance with section 202.012 of the Texas Property Code. All flag displays must comply with public flag laws. No other types of flags, pennants, banners, kites, or similar types of displays are permitted on a Lot if the display is visible from a Street or Common Area. Unless the Rules provide otherwise, a flagpole must be either: (i) wall-mounted to the facade of the Residence; or (ii) freestanding, not more than 20 feet in height, and installed in the front yard of the Lot, subject to applicable zoning ordinances, easements, and setbacks of record.

7.35. USE OF ASSOCIATION AND SUBDIVISION NAME/LOGO. The use of the name of the Association or the Subdivision, or any variation thereof, in any capacity without the express written consent of the Declarant during the Declarant Control Period, and thereafter the Board, is strictly prohibited. Additionally, the use of any logo adopted by the Association or the Subdivision, or use of any photographs of the entryway signage or other Subdivision signs or monuments or Common Areas without the express written consent of the Declarant during the Declarant Control Period, and thereafter the Board, is strictly prohibited.

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

7.37. LIGHTNING RODS. An Owner may not construct a lightning rod and related systems ("**Lightning Rod**") on a Residence except in compliance with the following: (a) the Lightning Rod must meet standards of the National Fire Protection Association ("**NFPA**") equal to or greater than NFPA's lightning Protection Standard NFPA 780, Underwriters Laboratories ("**UL**") UL 96A, and Lightning Protection Institute ("**LPI**") LPI-175, (b) any Lightening Rod must be installed by a contractor licensed in the State in which the Residence is located, and (c) any part of the Lightning Rod that becomes non-functional must be immediately repaired, replaced, or removed from the Residence by the Owner at such Owner's costs and expense. Each Owner acknowledges and agrees that an Owner is solely liable and responsible for the safety, upkeep, and use of the Lightning Rods. Furthermore, each Owner acknowledges that the installation of a Lightning Rod on a Residence may void or adversely warranties on such Owner's Residence, including without limitation, any roof warranties. EACH OWNER BY ACCEPTANCE OF TITLE TO ITS LOT HEREBY RELEASES AND WAIVES THE ASSOCIATION, DECLARANT, THE BOARD AND/OR ITS MANAGING AGENT AND THEIR RESPECTIVE

MEMBERS, EMPLOYEES, DESIGNEES, ADMINISTRATORS, INSPECTORS, CONTRACTORS, AND AGENTS, AND AGREES TO INDEMNIFY AND DEFEND SAME AND HOLD THEM HARMLESS FROM AND AGAINST ANY CLAIMS, LIABILITIES, LOSS, DAMAGE, COSTS AND EXPENSES, INCLUDING BUT NOT LIMITED TO ATTORNEYS' FEES, IN CONNECTION WITH OR ARISING OUT OF THE INSTALLATION, OPERATION, LOCATION, REPAIR, MAINTENANCE, AND/OR REMOVAL OF ANY LIGHTNING ROD OR RELATED SYSTEMS ON AN OWNER'S RESIDENCE.

7.38. VARIATIONS. Nothing in this Declaration may be construed to prevent the Architectural Reviewer from (1) establishing standards for one Residence, type of Residence, or phase in the Property that are different from the standards for other Residences or phases, or (2) approving a system of controlled individualization of Residence's exteriors.

ARTICLE 8
ASSOCIATION AND MEMBERSHIP RIGHTS

8.1. ASSOCIATION. By acquiring an ownership interest in a Lot, a person is automatically and mandatorily a Member of the Association.

8.2. BOARD. Unless the Documents expressly reserve a right, action, or decision to the Owners, Declarant, or another party, the Board acts in all instances on behalf of the Association. Unless the context indicates otherwise, references in the Documents to the "*Association*" may be construed to mean "*the Association acting through its board of directors.*"

8.3. THE ASSOCIATION. The duties and powers of the Association are those set forth in the Documents, primarily the Bylaws, together with the general and implied powers of a property owners association and a nonprofit corporation organized under the laws of the State of Texas. Generally, the Association may do any and all things that are lawful and necessary, proper, or desirable in operating for the peace, health, comfort, and general benefit of its Members, subject only to the limitations on the exercise of such powers as stated in the Documents. Among its duties, the Association levies and collects Assessments, maintains the Common Areas, and pays the expenses of the Association, such as those described in Section 9.4 below. The Association comes into existence upon filing of its Certificate of Formation of the Association with the Texas Secretary of State. The Association will continue to exist at least as long as the Declaration is effective against the Property, regardless of whether its corporate charter lapses from time to time. Notwithstanding the foregoing, the Association may not be voluntarily dissolved without the prior written consent of the City.

8.4. GOVERNANCE. The Association will be governed by a Board of Directors elected by the Members. Unless the Association's Bylaws or Certificate of Formation provide otherwise, the Board will consist of at least 3 persons elected at the annual meeting of the Association, or at a special meeting called for that purpose. The Association will be administered in accordance with the Bylaws. Unless the Documents provide otherwise, any action requiring approval of the Members may be approved in writing by a Majority of Owners, or at a meeting of Members by affirmative vote of at least a Majority of Owners present at such meeting (subject to quorum requirements being met).

8.5. MEMBERSHIP. Each Owner and all successive Owners are mandatory Members of the Association, ownership of a Lot being the sole qualification for membership. Membership is appurtenant to and may not be separated from ownership of the Lot. The Board may require satisfactory evidence of transfer of ownership before a purported Owner is entitled to vote at meetings of the Association. If a Lot is owned by more than one person or entity, the co-owners shall combine their vote in such a way as they see fit, but there shall be no fractional votes and no more than one (1) vote with respect to any Lot. A Member who sells his Lot under a contract for deed may delegate his membership rights to the contract purchaser, provided a written assignment is delivered to the Board. However, the contract seller remains liable for all Assessments attributable to his Lot until fee title to the Lot is transferred.

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

8.7. VOTING. One vote is appurtenant to each Lot. The total number of votes equals the total number of Lots in the Property. If additional property is made subject to this Declaration, the total number of votes will be increased automatically by the number of additional Lots included in the property annexed into the Property subject to this Declaration. Each vote is uniform and equal to the vote appurtenant to every other Lot, except during the Declarant Control Period as permitted in Appendix B. Cumulative voting is not allowed. Votes may be cast by written proxy, according to the requirements of the Association's Bylaws.

8.8. VOTING BY CO-OWNERS. The one vote appurtenant to a Lot is not divisible. If only one of the multiple co-owners of a Lot is present at a meeting of the Association, that person may cast the vote allocated to the Lot. If more than one of the co-owners is present, the Lot's one vote may be cast with the co-owners' unanimous agreement. Co-owners are in unanimous agreement if one of the co-owners casts the vote and no other co-owner makes prompt protest to the person presiding over the meeting. Any co-owner of a Lot may vote by ballot or proxy and may register protest to the casting of a vote by ballot or proxy by the other co-owners. If the person presiding over the meeting or balloting receives evidence that the co-owners disagree on how the one appurtenant vote will be cast, the vote will not be counted.

8.9. BOOKS & RECORDS. The Association will maintain copies of the Documents and the Association's books, records, and financial statements. Books and records of the Association will be made available for inspection and copying pursuant to Section 209.005 of the Texas Property Code.

8.10. LIMITATION OF LIABILITY; INDEMNIFICATION; AND WAIVER OF SUBROGATION. No Declarant or managing agent of the Association, or their respective directors, officers, committee chairs, committee members, agents, members, employees, or representatives, or any member of the Board or the ACC or other officer, agent, or representative of the Association (collectively, the "Leaders"), shall be personally liable for the debts, obligations, or liabilities of the Association. The Leaders shall not be liable for any mistake of judgment, whether negligent or otherwise, except for their own individual willful misfeasance or malfeasance, misconduct, bad faith, intentional wrongful acts or as otherwise expressly provided in the Documents. The Leaders shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association, and THE ASSOCIATION INDEMNIFIES EVERY LEADER, AS A COMMON EXPENSE OF THE ASSOCIATION, AGAINST CLAIMS, EXPENSES, LOSS OR LIABILITIES (TO THE EXTENT NOT COVERED BY INSURANCE PROCEEDS) TO OTHERS BY ANY CONTRACT OR COMMITMENT, AND BY REASONS OF HAVING SERVED AS A LEADER, INCLUDING ATTORNEY'S FEES, REASONABLY INCURRED BY OR IMPOSED ON THE LEADER IN CONNECTION WITH ANY ACTION, CLAIM, SUIT, OR PROCEEDING TO WHICH THE LEADER IS A PARTY. A LEADER IS NOT LIABLE FOR A MISTAKE OF JUDGMENT, NEGLIGENT OR OTHERWISE. A LEADER IS LIABLE FOR HIS WILLFUL MISFEASANCE, MALFEASANCE, MISCONDUCT, OR BAD FAITH. THIS RIGHT TO INDEMNIFICATION DOES NOT EXCLUDE ANY OTHER RIGHTS TO WHICH PRESENT OR FORMER LEADERS MAY BE ENTITLED. THE ASSOCIATION MAY MAINTAIN GENERAL LIABILITY AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE TO FUND THIS OBLIGATION. ADDITIONALLY, THE ASSOCIATION MAY INDEMNIFY A PERSON WHO IS OR WAS AN EMPLOYEE, TRUSTEE, AGENT, OR ATTORNEY OF THE ASSOCIATION, AGAINST ANY CLAIM OR LIABILITY ASSERTED AGAINST HIM AND INCURRED BY HIM IN THAT CAPACITY AND ARISING OUT OF THAT CAPACITY. ADDITIONALLY, THE ASSOCIATION MAY INDEMNIFY A PERSON WHO IS OR WAS AN EMPLOYEE, TRUSTEE, AGENT, OR ATTORNEY OF THE ASSOCIATION, AGAINST ANY CLAIM OR LIABILITY ASSERTED AGAINST HIM AND INCURRED BY HIM IN THAT CAPACITY AND ARISING OUT OF THAT CAPACITY. Any right to indemnification provided herein shall not be exclusive of any other rights to which a director, officer, agent, member, employee and/or representative, or former director, officer, agent, member, employee and/or representative, may be entitled. The Association shall have the right to purchase and maintain, as a Common Expense, directors', officers', and ACC members', insurance on behalf of any Person who is or was Leader against any liability asserted against any such Person and incurred by any such Person in such capacity as a director, officer, agent, member, employee and/or representative, or arising out of such Person's status as such. SEPARATE AND APART FROM ANY OTHER WAIVER OF SUBROGATION IN THIS DECLARATION, THE ASSOCIATION WAIVES ANY AND ALL RIGHTS OF SUBROGATION WHATSOEVER IT MAY HAVE AGAINST DECLARANT REGARDLESS OF FORM, AND TO THE EXTENT ANY THIRD-PARTY MAKES A CLAIM, SUIT, OR CAUSE OF ACTION AGAINST DECLARANT FOR OR ON BEHALF OF THE ASSOCIATION BY WAY OF A SUBROGATION RIGHT, THE INDEMNITY PROVISIONS HEREIN APPLY TO ANY SUCH SUBROGATION CLAIM, SUIT, CAUSE OF ACTION, OR OTHERWISE. The provisions of this Section 8.10 may not be modified or amended without the express written consent of Declarant

8.11. OBLIGATIONS OF OWNERS. Without limiting the obligations of Owners under the Documents, each Owner has the following obligations:

8.11.1. Pay Assessments. Each Owner will pay Assessments properly levied by the Association against the Owner or his Lot and will pay Regular Assessments without demand or written statement by the Association. Payment of Assessments are NOT contingent upon the provision, existence, or construction of any common elements or amenity.

8.11.2. Comply. Each Owner will comply with the Documents as amended from time to time.

8.11.3. Reimburse. Owner will pay for damage to the Property caused by the negligence or willful misconduct of the Owner, a Resident of the Owner's Lot, or the Owner or Resident's family, guests, employees, contractors, agents, or invitees.

8.11.4. Liability. Each Owner is liable to the Association for violations of the Documents by the Owner, a Resident of the Owner's Lot, or the Owner or Resident's family, guests, employees, agents, or invitees, and for costs incurred by the Association to obtain compliance, including attorney's fees whether or not suit is filed.

8.12. HOME RESALES. This Section applies to every sale or conveyance of a Lot or an interest in a Lot by an Owner other than Declarant or a Builder:

8.12.1. Resale Certificate. An Owner intending to sell his Residence will notify the Association and will request a Resale Certificate (herein so called) from the Association. The Resale Certificate shall include such information as may be required under Section 207.003(b) of the Texas Property Code; provided, however, that the Association or its managing agent and probably will, charge a reasonable and necessary fee in connection with preparation of the Resale Certificate not to exceed $375.00 to cover its administrative costs or otherwise to assemble, copy and deliver the Resale Certificate, and may charge a reasonable and necessary fee in connection with preparation of any update to the Resale Certificate not to exceed $75.00, which fee(s), as applicable, must be paid upon the earlier of (i) delivery of the Resale Certificate to an Owner, or (ii) the Owner's closing of the sale or transfer of his/her Residence or Lot. Declarant is exempt from any and all Resale Certificate fees. Resale Certificates shall be delivered by the Association or managing agent in any event within five (5) days after the second request delivered by an Owner to the Association via certified mail, return receipt requested, or via hand delivery with evidence of receipt by the Association. Declarant is exempt from any and all Resale Certificate fees.

8.12.2. No Right of First Refusal. The Association does not have a right of first refusal and may not compel a selling Owner to convey the Owner's Lot to the Association.

8.12.3. Reserve Fund Contribution. At time of transfer of a Lot by any owner (other than by Declarant), a "Reserve Fund Contribution" (herein so called) shall be paid to the Association in the amount equal to the greater of (i) One Hundred Twenty-Five and No/100 Dollars ($125.00) for each Lot or (ii) one-third (1/3) of the then current annual Regular Assessment with respect to transfers from a non-Builder Owner to another Owner; provided, however that Declarant during the Development Period or, thereafter, the Board, may increase the Reserve Fund

Contribution by an additional amount equal to fifty percent (50%) of the Reserve Fund Contribution then required without joinder or consent of any Member or Owner. Reserve Fund Contributions shall be deposited in the Association's "Reserve Fund" (herein so called). The Reserve Fund Contribution may be paid by the seller or buyer and will be collected at closing of the transfer of a Lot, provided in no event shall any Reserve Fund Contribution be due or owing in connection with a transfer by any Builder or Declarant. If the Reserve Fund Contribution is not collected at closing, the buyer remains liable to the Association for the Reserve Fund Contribution until paid. The Reserve Fund Contribution is not refundable and may not be regarded as a prepayment of or credit against Regular Assessments or Special Assessments. Per the City's Ordinances, the Association shall have the right to the use of funds allocated to the Reserve Fund for the operating and/or administrative expenses of the Association, or for the maintenance and upkeep of any area of the grounds, Common Areas, or any portion of the development, at any time and from time to time, as needed so long as the Association is the responsible party for said maintenance and upkeep. Declarant may but, shall have no obligation, to establish or subsidize a Reserve Fund for the Association.

8.12.4. Other Transfer-Related Fees. A number of independent fees may be charged in relation to the transfer of title to a Lot, including but not limited to fees for Resale Certificates, estoppel certificates, copies of Documents, compliance inspections, ownership record changes, and priority processing, provided the fees are customary in amount, kind, and number for the local marketplace are not refundable and may not be regarded as a prepayment of or credit against Regular Assessments or Special Assessments, and are in addition to the contribution(s) to the Reserve Fund or working capital fund. The Board may, at its sole discretion, enter into a contract with a managing agent to oversee the daily operation and management of the Association. The managing agent may, and probably will, have fees, which will be charged to an Owner for the transfer of a significant estate or fee simple title to a Lot and the issuance of a Resale Certificate, which fees shall not exceed $375 for the initial Resale Certificate, and $75 for any update of a Resale Certificate in accordance with Section 8.12.1 above. The Association or its managing agent shall not be required to issue a Resale Certificate until payment for the cost thereof has been received by the Association or its managing agent; provided, however, in any event the Resale Certificates shall be delivered by the Association or managing agent within five (5) days after the second request delivered by an Owner to the Association via certified mail, return receipt requested, or via hand delivery with evidence of receipt by the Association. Transfer fees other than the fees for the issuance of a Resale Certificate shall in no event exceed the current annual rate of Regular Assessment applicable at the time of the transfer/sale for each Residence being conveyed and are not refundable and may not be regarded as a prepayment of or credit against regular or special assessments and are in addition to the contribution to the Reserve Fund in Section 8.12.3 above. This Section does not obligate the Board or any third party to levy such fees. Transfer-related fees may and probably will be charged by the Association or by the Association's managing agent, provided there is no duplication. Transfer-related fees charged by or paid to a managing agent are not subject to the Association's Assessment Lien and are not payable by the Association. The Association or its managing agent may pursue any rights or remedies to collect transfer fees or other expenses incurred in connection with producing a Resale Certificate and providing related services in connection with a transfer, and the Board and members of the Association will not interfere with such efforts. Declarant is exempt from transfer related fees.

8.12.5. Information. Within thirty days after acquiring an interest in a Lot, an Owner will provide the Association with the following information: a copy of the settlement statement or deed by which Owner has title to the Lot; the Owner's email address (if any), U. S. postal address, and phone number; any mortgagee's name, address, and loan number; the name and phone number of any Resident other than the Owner; the name, address, and phone number of Owner's managing agent, if any.

8.13 Right of Action by Association. Notwithstanding anything contained in the Documents, the Association shall not have the power to institute, defend, intervene in, settle or compromise litigation, arbitration, or administrative proceedings: (1) in the name of or on behalf of or against any Owner (whether one or more); or (2) pertaining to a Claim, as defined in Section 17.1(a) below, relating to the design or construction of improvements on a Lot (whether one or more), including Residences. Notwithstanding anything contained in the Documents, this Section 8.13 may not be amended or modified without Declarant's written and acknowledged consent, and Members entitled to cast at least one hundred percent (100%) of the total number of votes of the Association, which must be part of the recorded amendment instrument.

ARTICLE 9
COVENANT FOR ASSESSMENTS

9.1. POWER TO ESTABLISH ASSESSMENTS AND PURPOSE OF ASSESSMENTS. The Association is empowered to establish and collect Assessments as provided in this Article 9 for the purpose of obtaining funds to maintain the Common Area, perform its other duties, and otherwise preserve and further the operation of the Property as a first-class, quality residential subdivision. The purposes for which Assessments may be used to fund the costs and expenses of the Association (the "Common Expenses") in performing or satisfying any right, duty or obligation of the Association hereunder or under any of the Documents, including, without limitation, maintaining, operating, managing, repairing, replacing or improving the Common Area or any improvements thereon (including reserves for Common Area repairs and maintenance); mowing grass and maintaining grades and signs; paying legal fees and expenses incurred in enforcing this Declaration; paying expenses incurred in collecting and administering Assessments; paying insurance premiums for liability and fidelity coverage for the ACC, the Board and the Association; paying operational and administrative expenses of the Association; and satisfying any indemnity obligation under the Documents. The Board may reject partial payments and demand payment in full of all amounts due and owing the Association. The Board is specifically authorized to establish a policy governing how payments are to be applied. The Association will use Assessments for the general purposes of preserving and enhancing the Property, and for the common benefit of Owners and Residents, including but not limited to maintenance of real and personal property, management and operation of the Association, and any expense reasonably related to the purposes for which the Property was developed. If made in good faith, the Board's decision with respect to the use of Assessments is final.

Notwithstanding the foregoing, the Association shall maintain the Common Areas in accordance with the standards and requirements established by the City under the City Design Guidelines or otherwise. This paragraph may not be modified or amendment without the express written consent of the City.

9.2. PERSONAL OBLIGATION. An Owner is obligated to pay Assessments levied by the Board against the Owner or his Lot. An Owner makes payment to the Association at its principal office or at any other place the Board directs. Payments must be made in full regardless of whether an Owner has a dispute with the Association, another Owner, or any other person or entity regarding any matter to which this Declaration pertains. No Owner may exempt himself from his Assessment liability by waiver of the use or enjoyment of the Common Area or by abandonment of his Lot. An Owner's obligation is not subject to offset by the Owner, nor is it contingent on the Association's performance of the Association's duties. Payment of Assessments is both a continuing affirmative covenant personal to the Owner and a continuing covenant running with the Lot.

9.3. CONTROL FOR ASSESSMENT INCREASES. This Section of the Declaration may not be amended without the approval of Owners of at least two-thirds (2/3) of the Lots. In addition to other rights granted to Owners by this Declaration, Owners have the following powers and controls over the Association's budget:

9.3.1. Veto Increased Dues. At least 30 days prior to the effective date of an increase in Regular Assessments wherein the Regular Assessments due will increase more than fifty percent (50%) from the previous year's Regular Assessments the Board will notify an Owner of each Lot of the amount of, the budgetary basis for, and the effective date of the increase. The increase will automatically become effective unless Owners of at least a Majority of the Owners disapprove the increase by petition or at a meeting of the Association, subject to rights of the Board under Section 9.4.1 below. In that event, the last-approved budget will continue in effect until a revised budget is approved. Increases of fifty percent (50%) or less shall not require a vote of the Owners, and may be approved by Declarant during the Development Period or, thereafter, by the Board.

9.3.2. Veto Special Assessment. At least 30 days prior to the effective date of a Special Assessment, the Board will notify an Owner of each Lot of the amount of, the budgetary basis for, and the effective date of the Special Assessment. The Special Assessment will automatically become effective unless Owners of at least a Majority of the Owners (no less than 51%) disapprove the Special Assessment by petition or at a meeting of the Association.

9.4. TYPES OF ASSESSMENTS. There are six types of Assessments: Regular Assessments, Special Assessments, Insurance Assessments, Individual Assessments, and Deficiency Assessments. Regular Assessments shall be reoccurring Assessments payable as defined in this Section 9.4 and more particularly as described in Section 9.4.1 and 9.4.4 below.

9.4.1. Regular Assessments. Regular Assessments are based on the annual budget approved by the Board. If the Board does not approve an annual budget or fails to determine new Regular Assessments for any year, or delays in doing so, Owners will continue to pay the Regular Assessment as last determined. The Board shall have the right to determine a different schedule, notice of which shall be given by U.S. Mail to each Owner at least thirty (30) days prior to change.

Regular Assessments for the Lots shall be paid monthly (unless the Board determines a different schedule) and has been set initially at **TWENTY-FIVE AND NO/100 DOLLARS ($25.00) per Lot per month** (THREE HUNDRED AND NO/100 DOLLARS [$300.00] per Lot annually).

Assessments shall be due monthly on first (1st) day of each month of the calendar year (unless the Board determines a different schedule) and paid in advance and shall be considered late if not received within ten (10) days after the date on which such payment is due.

If during the course of a year and thereafter the Board determines that Regular Assessments are insufficient to cover the estimated Common Expenses for the remainder of the year, the Board may increase Regular Assessments for the remainder of the fiscal year in an amount that covers the estimated deficiency up to fifty percent (50%) without a vote of the Owners as set forth in Section 9.3.1 above. Notwithstanding the foregoing or the terms of Section 9.3.1 above, in the event that either (i) the Board determines that due to unusual circumstances the maximum annual Regular Assessment even as increased by fifty percent (50%) will be insufficient to enable the Association to pay the Common Expenses, or (ii) the Assessment increases resulting in an increase in excess of fifty percent (50%) above the previous year's Regular Assessment, then in such event, the Board shall have the right to increase the maximum annual Regular Assessment by the amount necessary to provide sufficient funds to cover the Common Expenses without the approval of the Members as provided herein; provided, however, the Board shall only be allowed to make one (1) such increase per calendar year pursuant to this Section 9.4.1 and the terms of Section 9.3.1 shall apply for any additional increases of the Regular Assessment in a calendar year.

Regular Assessments are used for Common Expenses related to the reoccurring, periodic, and anticipated responsibilities of the Association, including but not limited to:

a. Maintenance, repair, and replacement, as necessary, of the Common Area, including any private Streets, striping, paving, or other parking area maintenance, if applicable, in accordance with this Declaration, the Documents and the Community Standard.

b. Utilities billed to the Association.

c. Services billed to the Association and serving all Lots.

d. Taxes on property owned by the Association and the Association's income taxes.

e. Management, legal, accounting, auditing, and professional fees for services to the Association.

f. Costs of operating the Association, such as telephone, postage, office supplies, printing, printing and reproduction, meeting expenses, and educational opportunities of benefit to the Association.

g. Premiums and deductibles on insurance policies and bonds required by this Declaration or deemed by the Board to be necessary or desirable for the benefit of the Association, including fidelity bonds and directors' and officers' liability insurance.

h. Contributions to the reserve funds.

i. Any other expense which the Association is required by law or the Documents to pay, or which in the opinion of the Board is necessary or proper for the operation and maintenance of the Property or for enforcement of the Documents.

9.4.2. Special Assessments. In addition to Regular Assessments, and subject to the Owners' control for certain Assessment increases, the Board may levy one or more Special Assessments against all Lots for the purpose of defraying, in whole or in part, Common Expenses not anticipated by the annual budget or the Reserve Funds. Special Assessments do not require the approval of the Owners, and may be levied by action taken by the Board; provided, however, Special Assessments that would result in levying of an amount in excess of fifty percent (50%) of the then annual Regular Assessment for each Lot being charged and for the following purposes must be approved by at least a Majority of the Owners of all Lots:

a. Acquisition of real property, other than the purchase of a Lot at the sale foreclosing the Association's lien against the Lot.

b. Construction of additional capital improvements within the Property with a construction cost equal to or greater than $20,000.00, but not replacement of existing improvements.

c. Any expenditure that may reasonably be expected to significantly increase the Association's responsibility and financial obligation for operations, insurance, maintenance, repairs, or replacement.

9.4.3. Insurance Assessments. The Association's insurance premiums are Common Expenses that must be included in the Association's annual budget. However, if any deductible or unforeseen insurance expense occurs in a calendar year that was not included in the annual budget of the Association, the Association may levy an Insurance Assessment (herein so called). If the Association levies an Insurance Assessment, the Association must disclose the Insurance Assessment in Resale Certificates prepared by the Association.

9.4.4. Individual Assessments. In addition to Regular Assessments, Special Assessments, and Insurance Assessments, the Board may levy an Individual Assessment against a Lot and its Owner. 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 his Lot into compliance with the Documents or the Community Standard; fines for violations of the Documents; insurance deductibles; transfer-related fees and Resale Certificate fees; fees for estoppel letters and project documents; reimbursement for damage or waste caused by willful or negligent acts; 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 benefit received.

9.4.5. Deficiency Assessments. The Board may levy a Deficiency Assessment against all Lots for the purpose of defraying, in whole or in part, the cost of repair or restoration if

insurance proceeds or condemnation awards prove insufficient. The Declarant shall not be responsible or liable for any deficit in the Association's funds or any Deficiency Assessments.

The provisions of this Section 9.4 may not be modified or amended without the express written consent of Declarant

9.5. BASIS & RATE OF ASSESSMENTS. Except as otherwise provided in this Declaration, the share of liability for Common Expenses allocated to each Lot is uniform for all Lots, regardless of a Lot's location or the value and size of the Lot; subject, however, to the exemption for Declarant provided below and in Appendix B.

9.6. DECLARANT AND BUILDER OBLIGATION. Declarant's exemption from Assessments is described in Appendix B. Unless Appendix B creates an affirmative assessment obligation for Declarant, a Lot that is owned by Declarant during the Development Period is exempt from Assessments. This provision may not be construed to prevent Declarant from making a loan or voluntary monetary donation to the Association, provided it is so characterized. The provisions of this Section 9.6 may not be modified or amended without the express written consent of Declarant

9.7. ANNUAL BUDGET. The Board will prepare and approve an estimated annual budget for each fiscal year at an open meeting of the Board held in accordance with requirements under Section 209.0051 of the Texas Property Code and the Bylaws. For each calendar year or a part thereof during the term of this Declaration, the Board shall establish an estimated budget of the Common Expenses to be incurred by the Association for the forthcoming year in performing and satisfying its rights, duties, and obligations, including, without limitation, one or more-line items for reserve fund(s). Based upon such budget, the Association shall then assess each Lot an annual fee which shall be paid by each Owner in accordance with Section 9.8 hereof. The Association shall notify each Owner of the Regular Assessments for the ensuing year by December 31st of the preceding year, but failure to give such notice shall not relieve any Owner from its obligation to pay Assessments. Any Assessment not paid within the time allotted in Section 9.8 shall be delinquent and shall thereafter bear interest at the rate of twelve percent (12%) per annum or the maximum rate permitted by Applicable Law, whichever is less (the "Default Interest Rate") at the sole discretion of the Board. As to any partial year, Assessments on any Lot shall be appropriately prorated.

9.8. DUE DATE. Regular Assessments are due and payable in advance to the Association annually on or before the first day of January (initially at the rate set forth in Section 9.4.1 above and thereafter as determined by the Board in accordance with the terms of this Declaration), or in such other manner as the Board may designate in its sole and absolute discretion. Special Assessments, Insurance Assessments, Individual Assessments and Deficiency Assessments are due on the date stated in the notice of such Assessment or, if no date is stated, within 10 days after notice of the Assessment is given. Assessments are delinquent if not received by the Association on or before the due date.

9.9. ASSOCIATION'S RIGHT TO BORROW MONEY. The Association is granted the right to borrow money, subject to the consent of at least a Majority of Owners and the ability of the Association to repay the borrowed funds from Assessments; provided, however, during the

Development Period, the Declarant may loan funds to the Association without consent or approval of the Owners, to enable the Association to defray its expenses, provided the terms of such loans are on reasonable market conditions at the time. To assist its ability to borrow, the Association is granted the right to encumber, mortgage, pledge, or deed in trust any of its real or personal property, and the right to assign its right to future income, as security for money borrowed or debts incurred, provided that the rights of the lender in the pledged property are subordinate and inferior to the rights of the Owners hereunder.

9.10. LIMITATIONS OF INTEREST. The Association, and its officers, directors, managers, and attorneys, intend to conform strictly to the applicable usury laws of the State of Texas. Notwithstanding anything to the contrary in the Documents or any other Document or agreement executed or made in connection with the Association's collection of Assessments, the Association will not in any event be entitled to receive or collect, as interest, a sum greater than the maximum amount permitted by Applicable Law. If from any circumstances whatsoever, the Association ever receives, collects, or applies as interest a sum in excess of the maximum rate permitted by Applicable Law, the excess amount will be applied to the reduction of unpaid Special Assessments and Regular Assessments, or reimbursed to the Owner if those Assessments are paid in full.

ARTICLE 10
ASSESSMENT LIEN

10.1. ASSESSMENT LIEN. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to pay Assessments to the Association. Each Assessment is a charge on the Lot and is secured by a continuing Assessment Lien (as defined below) on the Lot. Each Owner, and each prospective Owner, is placed on notice that his title may be subject to the continuing Assessment Lien for Assessments attributable to a period prior to the date he purchased his Lot.

10.2. SUPERIORITY OF ASSESSMENT LIEN. The Assessment Lien is superior to all other liens and encumbrances on a Lot, except only for (1) real property taxes and assessments levied by governmental and taxing authorities, (2) a deed of trust or vendor's lien recorded before this Declaration, (3) a recorded deed of trust lien securing a loan for construction of the original Residence, and (4) a first or senior purchase money vendor's lien or deed of trust lien recorded before the date on which the delinquent Assessment became due.

The Assessment Lien is subordinate and inferior to a recorded deed of trust lien that secures a first or senior purchase money mortgage, an FHA-insured mortgage, or a VA-guaranteed mortgage.

10.3. EFFECT OF MORTGAGEE'S FORECLOSURE. Foreclosure of a superior lien extinguishes the Association's claim against the Lot for unpaid Assessments that became due before the sale but does not extinguish the Association's claim against the former Owner. The purchaser at the foreclosure sale of a superior lien is liable for Assessments coming due from and after the date of the sale.

10.4. NOTICE AND RELEASE OF NOTICE. The Association's lien for Assessments is created by recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of lien is required. However, the Association, at its option, may cause a notice of the lien to be recorded in the county's Real Property Records. If the debt is cured after a notice has been recorded, the Association will record a release of the notice at the expense of the curing Owner.

10.5. POWER OF SALE. By accepting an interest in or title to a Lot, each Owner grants to the Association a private power of non-judicial sale in connection with the Association's Assessment Lien. The Board may appoint, from time to time, any person, including an officer, agent, trustee, substitute trustee, or attorney, to exercise the Association's lien rights on behalf of the Association, including the power of sale. The appointment must be in writing and may be in the form of a resolution recorded in the minutes of a Board meeting.

10.6. FORECLOSURE OF LIEN. The Assessment Lien may be enforced by judicial or non-judicial foreclosure. A foreclosure must comply with the requirements of Applicable Law, such as Chapter 209 of the Texas Property Code. A non-judicial foreclosure must be conducted in accordance with the provisions applicable to the exercise of powers of sale as set forth in Section 51.002 of the Texas Property Code, or in any manner permitted by law. In any foreclosure, the Owner is required to pay the Association's costs and expenses for the proceedings, including reasonable attorneys' fees, subject to applicable provisions of the Bylaws and Applicable Law, such as Chapter 209 of the Texas Property Code. The Association has the power to bid on the Lot at foreclosure sale and to acquire, hold, lease, mortgage, and convey same. The Association may not foreclose the Assessment Lien if the debt consists solely of fines and/or a claim for reimbursement of attorney's fees incurred by the Association.

ARTICLE 11
EFFECT OF NONPAYMENT OF ASSESSMENTS

An Assessment is delinquent if the Association does not receive payment in full by the Assessment's due date. The Association, acting through the Board, is responsible for taking action to collect delinquent Assessments. The Association's exercise of its remedies is subject to Applicable Laws, such as Chapter 209 of the Texas Property Code, and pertinent provisions of the Bylaws. From time to time, the Association may delegate some or all of the collection procedures and remedies, as the Board in its sole discretion deems appropriate, to the Association's manager, an attorney, or a debt collector. Neither the Board nor the Association, however, is liable to an Owner or other person for its failure or inability to collect or attempt to collect an Assessment. The following remedies are in addition to and not in substitution for all other rights and remedies which the Association has:

11.1. RESERVATION, SUBORDINATION, AND ENFORCEMENT OF ASSESSMENT LIEN. Declarant hereby reserves for the benefit of itself and the Association, a continuing contractual lien (the "Assessment Lien") against each Lot to secure payment of (1) the Assessments imposed hereunder and (2) payment of any amounts expended by the Association in performing a defaulting Owner's obligations as provided for in the Documents. THE OBLIGATION TO PAY ASSESSMENTS IN THE MANNER PROVIDED FOR IN THIS ARTICLE, TOGETHER WITH INTEREST FROM SUCH DUE DATE AT THE DEFAULT

INTEREST RATE SET FORTH (IF APPLICABLE), THE CHARGES MADE AS AUTHORIZED IN THIS DECLARATION, ALL VIOLATION FINES AND THE COSTS OF COLLECTION, INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES, IS SECURED BY A CONTINUING CONTRACTUAL ASSESSMENT LIEN AND CHARGE ON THE LOT COVERED BY SUCH ASSESSMENT, WHICH SHALL BIND SUCH LOT AND THE OWNERS THEREOF AND THEIR HEIRS, SUCCESSORS, DEVISEES, PERSONAL REPRESENTATIVES AND ASSIGNEES. The continuing contractual Assessment Lien shall attach to the Lots as of the date of the recording of this Declaration in the Official Public Records of Burnet County, Texas, and such Assessment Lien shall be superior to all other liens except as otherwise provided in this Declaration. Each Owner, by accepting conveyance of a Lot, shall be deemed to have agreed to pay the Assessments herein provided for and to the reservation of the Assessment Lien. The Assessment Lien shall be subordinate only to the liens of any valid first lien mortgage or deed of trust encumbering a particular Lot and the Assessment Lien established by the terms of this Declaration. Sale or transfer of any Lot shall not affect the Assessment Lien. However, the sale or transfer of any Lot pursuant to a first mortgage or deed of trust foreclosure (whether by exercise of power of sale or otherwise) or any proceeding in lieu thereof, shall only extinguish the Assessment Lien as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability and the Assessment Lien for any Assessments thereafter becoming due. The Assessment Lien may be non-judicially foreclosed by power of sale in accordance with the provisions of Section 51.002 of the Texas Property Code (or any successor provision) or may be enforced judicially. Each Owner, by accepting conveyance of a Lot, expressly grants the Association a power of sale in connection with the foreclosure of the Assessment Lien. The Board is empowered to appoint a trustee, who may be a member of the Board, to exercise the powers of the Association to non-judicially foreclose the Assessments Lien in the manner provided for in Section 51.002 of the Texas Property Code (or any successor statute). The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. The rights and remedies set forth in this Declaration are subject to the Texas Residential Property Owners Protection Act, as amended from time to time (Texas Property Code, Section 209.001 *et seq.*).

11.1.1. Notices of Delinquency or Payment. The Association, the Association's attorney or the Declarant may file notice (a "Notice of Unpaid Assessments") of any delinquency in payment of any Assessment in the Official Public Records of Burnet County, Texas. THE ASSESSMENT LIEN MAY BE ENFORCED BY FORECLOSURE OF THE ASSESSMENT LIEN UPON THE DEFAULTING OWNER'S LOT BY THE ASSOCIATION SUBSEQUENT TO THE RECORDING OF THE NOTICE OF UNPAID ASSESSMENTS EITHER BY JUDICIAL FORECLOSURE OR BY NONJUDICIAL FORECLOSURE THROUGH A PUBLIC SALE IN LIKE MANNER AS A MORTGAGE ON REAL PROPERTY IN ACCORDANCE WITH THE TEXAS PROPERTY CODE, AS SUCH MAY BE REVISED, AMENDED, SUPPLEMENTED OR REPLACED FROM TIME TO TIME. Upon the timely curing of any default for which a notice was recorded by the Association, the Association, through its attorney, is hereby authorized to file of record a release of such notice upon payment by the defaulting Owner of a fee, to be determined by the Association but not to exceed the actual cost of preparing and filing a release. Upon request of any Owner, any title company on behalf of such Owner or any Owner's mortgagee, the Board, through its agents, may also issue certificates evidencing the

status of payments of Assessments as to any Lot (i.e., whether they are current or delinquent and if delinquent, the amount thereof). The Association or its managing agent may impose a reasonable fee for furnishing such certificates or statements.

11.1.2. Suit to Recover. The Association may file suit to recover any unpaid Assessment and, in addition to collecting such Assessment and interest thereon, may also recover all expenses reasonably expended in enforcing such obligation, including reasonable attorneys' fees and court costs.

11.2. INTEREST. Delinquent Assessments are subject to interest from the due date until paid, at the Default Interest Rate.

11.3. LATE AND OTHER FEES. Delinquent Assessments are subject to late fees which shall be Twenty-Five and No/100 Dollars ($25.00) per month for each month any portion of Assessments due are not paid and is payable to the Association. This amount may be reviewed and adjusted by the Board from time to time as needed to compensate the Association with any rise in costs and expenses associated with the collection of delinquencies to an account. Late fees will be assessed to the delinquent Owner's account. Bank fees for non-sufficient funds or for any other reason charged to the Association which is in relation to a payment received by an Owner and not honored by the Owner's bank or any other financial institution and/or source shall be charged back to the Owner's account for reimbursement to the Association.

11.4. COSTS OF COLLECTION. The Owner of a Lot against which Assessments are delinquent is liable for reimbursement of reasonable costs incurred to collect the delinquent Assessments, including attorney's fees and processing fees charged by the managing agent. There shall be a late charge in the amount of Twenty-Five and No/100 Dollars ($25.00) payable to the Association which shall be for the reimbursement of costs and fees incurred by the Association for the processing and collection of delinquent accounts. The managing agent shall have the right to charge a monthly collection fee in the amount of Fifteen and No/100 Dollars ($15.00) for each month an account is delinquent. Additional fees for costs involving the processing of demand letters and notice of intent of attorney referral shall apply and be in addition to the collection fee noted above; a fee of not less than Ten and No/100 dollars ($10.00) shall be charged for each demand letter or attorney referral letter prepared and processed. Other like notices requiring extra processing and handling which include but, are not limited to certified and/or return receipt mail processing shall also be billed back to the Owner's account for reimbursement to the Association or its managing agent. Collection fees and costs shall be added to the delinquent Owner's account. The Declarant, during the Development Period, the Association through its Board, or the Association's managing agent may report delinquent Owners to a credit reporting agency in accordance with Section 11.11 hereof subject to prior written notice delivered to the delinquent Owner via certified mail.

11.5. ACCELERATION. If an Owner defaults in paying an Assessment that is payable in installments (payment plan), the Association may accelerate the remaining installments upon written notice to the defaulting Owner. The entire unpaid balance of the Assessment becomes due on the date stated in the notice, subject to the alternative payment schedule guidelines now or hereafter adopted by the Association through its Board in accordance with Section 209.0062 of the Texas Property Code, as modified or amended from time to time. The Association is not

required to offer an Owner who defaults on a payment plan the option of entering into a second or other payment plan for a minimum of two (2) years.

11.6. SUSPENSION OF USE AND VOTE. The Association may suspend the right of Owners and Residents to use Common Areas and common services (if any) during the period of delinquency, pursuant to the procedures established in the Bylaws and subject to prior notice of such suspension delivered to such Owner and/or Residents via certified mail. The Association may not suspend the right to vote appurtenant to the Lot to the extent such suspension would be prohibited under the Texas Residential Property Owners Protection Act, as amended from time to time (Texas Property Code, Section 209.001 *et seq.*). Suspension does not constitute a waiver or discharge of the Owner's obligation to pay Assessments. Further procedures for membership voting are located in Article 8 hereof or in the Bylaws. **Notwithstanding the foregoing or anything to the contrary contained herein, for as long as required under the Texas Residential Property Owners Protection Act, as amended from time to time (Texas Property Code, Section 209.001 et seq.), nothing contained in this Section shall prohibit a Member's vote from being exercised by such Member to elect directors of the Board on matters that affect such Member's rights or responsibilities with respect to the Lot owned by it, at any meeting of or action taken by the Members of the Association at any meeting.**

11.7. MONEY JUDGMENT. The Association may file suit seeking a money judgment against an Owner delinquent in the payment of Assessments, without foreclosing or waiving the Association's Assessment Lien.

11.8. NOTICE TO MORTGAGEE. The Association may notify and communicate with the holder of any lien against a Lot regarding the Owner's default in payment of Assessments.

11.9. FORECLOSURE OF ASSESSMENT LIEN. As provided by this Declaration, the Association may foreclose its lien against the Lot by judicial or non-judicial means.

11.10. APPLICATION OF PAYMENTS. The Board may adopt and amend policies regarding the application of payments. The Association may refuse to accept partial payment, i.e., less than the full amount due and payable. The Association may also refuse to accept payments to which the payer attaches conditions or directions contrary to the Board's policy for applying payments. The Association's policy may provide that endorsement and deposit of a payment does not constitute acceptance by the Association, and that acceptance occurs when the Association posts the payment to the Lot's account.

11.11. CREDIT REPORTING. The Association through its Board, or any management agent of the Association, may report an Owner delinquent in the payment of Assessments to any credit reporting agency only if:

11.11.1. The delinquency is not the subject of a pending dispute between the Owner and the Association; and

11.11.2. at least thirty (30) business days before reporting to a credit reporting service, the Association sends, via certified mail, hand delivery, electronic delivery, or

by other delivery means acceptable between the delinquent Owner and the Association, a detailed report of all delinquent charges owed; and

11.11.3. the delinquent Owner has been given the opportunity to enter into a payment plan.

The Association may not charge a fee for the reporting of an Owner to any credit reporting agency of the delinquent payment history of assessments, fines, and fees of such Owner to a credit reporting service.

ARTICLE 12
ENFORCING THE DOCUMENTS

12.1. NOTICE AND HEARING. Before the Association may exercise its remedies for a violation of the Documents or damage to the Property, the Association must give an Owner written notice and an opportunity for a hearing, according to the requirements and procedures in this Declaration, the Bylaws and in Applicable Law, such as Chapter 209 of the Texas Property Code, as amended from time to time. Notices are also required before an Owner is liable to the Association for certain charges, including reimbursement of attorney's fees incurred by the Association. A minimum of one (1) notice of not less than ten (10) days shall be required for most violations except prior notice is not required with respect to entry onto a Lot by the Association to cure violations that are an emergency or hazardous in nature or pose a threat or nuisance to the Association or another Owner and no cure period shall be required for (1) any violations that are uncurable, or (2) a violation for which an Owner has been previously given notice of and the opportunity to cure in the preceding six (6) months. Uncurable violations include shooting fireworks, an act constituting a threat to health or safety; a noise violation that is not ongoing; property damage, including the removal or alteration of landscape; and holding a garage sale or other event prohibited by a dedicatory instrument. Examples of curable violations include a parking violation; a maintenance violation; the failure to construct improvements or modifications in accordance with approved plans and specifications; and an ongoing noise violation such as a barking dog. No notice to an Owner shall be required (A) if a suit is filed by the Association against an Owner seeking temporary restraining order or temporary injunctive relief, or if the Association files a suit against an Owner including foreclosure as a cause of action, or (B) with regard to a temporary suspension of a person's right to use Common Areas if the temporary suspension is the result of a violation that occurred in a Common Area and involved a significant and immediate risk of harm to others in the Subdivision. Not later than ten (10) days before the Association holds a hearing under Chapter 209 of the Texas Property Code, the Association shall provide to an Owner a packet containing all documents, photographs, and communications relating to the matter the Association intends to introduce at the hearing; failing which the Owner is entitled to a fifteen (15) day postponement of the hearing. During the hearing, the Association (through a member of the Board of designated representative) shall first present the Association's case against the Owner. An Owner or its designated representative is then entitled to present the Owner's information and issues relevant to the appeal or dispute.

12.2. REMEDIES. The remedies provided in this Article for breach of the Documents are cumulative and not exclusive. In addition to other rights and remedies provided by the

Documents and by law, the Association has the following right to enforce the Documents, subject to applicable notice and hearing requirements (if any):

12.2.1. Nuisance. The result of every act or omission that violates any provision of the Documents is a nuisance, and any remedy allowed by law against a nuisance, either public or private, is applicable against the violation.

12.2.2. Fine. The Association may levy reasonable charges, as an individual Assessment, against an Owner and his Lot if the Owner or Resident, or the Owner or Resident's family, guests, employees, agents, or contractors violate a provision of the Documents. Fines may be levied for each act of violation or for each day a violation continues and does not constitute a waiver or discharge of the Owner's obligations under the Documents. Fines shall be as follows: $50.00 for the first fine, $75.00 for the second fine, and $100.00 for the third fine. After the third fine, the fine amount shall increase in increments of $50.00 each week until the violation is remedied; the maximum fine amount not to exceed $500.00 per violation occurrence. The Board may choose to levy a one-time fine in lieu of staged fining notwithstanding, the maximum one-time fine per violation occurrence shall be $500.00. The Association must notice an Owner via certified mail prior to levying any fine or charges against such Owner under this Section 12.2.2.

12.2.3. Suspension. The Association may suspend the right of Owners and Residents to use Common Areas for any period during which the Owner or Resident, or the Owner or Resident's family, guests, employees, agents, or contractors violate the Documents, pursuant to the procedures as outlined in the Bylaws. A suspension does not constitute a waiver or discharge of the Owner's obligations under the Documents. The Association must notice an Owner via certified mail prior to suspending an Owners or rights to use Common Areas under this Section 12.2.3.

12.2.4. Self-Help. The Association has the right to enter any part of the Property, including Lots, to abate or remove, using force as may reasonably be necessary, any erection, thing, animal, person, vehicle, or condition that violates the Documents. In exercising this right, the Board is not trespassing and is not liable for damages related to the abatement. The Board may levy its costs of abatement against the Lot and Owner as an Individual Assessment. The Board will make reasonable efforts to give the violating Owner at least one seventy-two (72) hour notice prior to its intent to exercise self-help. The notice may be given in any manner likely to be received by the Owner. Prior notice is not required (1) in the case of emergencies, (2) to remove violative signs, (3) to remove violative debris, or (4) to remove any other violative item or to abate any other violative condition that is easily removed or abated and that is considered a nuisance, dangerous, health hazard, or an eyesore to the Subdivision.

12.2.5. Suit. Failure to comply with the Documents will be grounds for an action to recover damages or for injunctive relief to cause any such violation to be remedied, or both. Prior to commencing any legal proceeding, the Association will give the defaulting party reasonable notice and an opportunity to cure the violation.

12.3. BOARD DISCRETION. The Board may use its sole discretion in determining whether to pursue a violation of the Documents, provided the Board does not act in an arbitrary or capricious manner. In evaluating a particular violation, the Board may determine that under the

particular circumstances (1) the Association's position is not sufficiently strong to justify taking any or further action; (2) the provision being enforced is or may be construed as inconsistent with Applicable Law; (3) although a technical violation may exist, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or (4) that enforcement is not in the Association's best interests, based on hardship, expense, or other reasonable criteria.

12.4. 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 Documents. Failure by the Association or by any Owner to enforce a provision of the Documents is not a waiver of the right to do so thereafter. If the Association does waive the right to enforce a provision, that waiver does not impair the Association's right to enforce any other part of the Documents at any future time. No officer, director, or Member of the Association is liable to any Owner for the failure to enforce any of the Documents at any time.

12.5. RECOVERY OF COSTS. The costs of curing or abating a violation are at the expense of the Owner or other person responsible for the violation. At the Board's sole discretion, a fine may be levied against a renter or lessee other than the Owner, however, should the renter or lessee fail to pay the fine within the time allotted, the Owner shall be responsible for the fine which shall be added to the Owner's account. If legal assistance is obtained to enforce any provision of the Documents, or in any legal proceeding (whether or not suit is brought) for damages or for the enforcement of the Documents or the restraint of violations of the Documents, 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.

ARTICLE 13
MAINTENANCE AND REPAIR OBLIGATIONS

13.1. OVERVIEW. Generally, the Association maintains the Common Areas, and the Owner maintains his Lot. If an Owner fails to maintain his Lot and Residence, the Association may perform the work at the Owner's expense.

13.2. ASSOCIATION MAINTAINS. The Association's maintenance duties will be discharged when and how the Board deems appropriate. The Association maintains, repairs, and replaces, as a Common Expense, the portions of the Property listed below, regardless of whether the portions are on Lots or Common Areas. Maintenance shall be in a manner consistent with the Community Standard and the Documents.

a. The Common Areas.

b. Any real and personal property owned by the Association, but which is not a Common Area, such as a Lot owned by the Association.

c. Any property adjacent to the Subdivision if maintenance of same is deemed to be in the best interests of the Association, and if not prohibited by the Owner or operator of said property.

d. Any area, item, easement, or service - the maintenance of which is assigned to the Association by this Declaration or by the Plat.

The City or its lawful agents, after due notice to the Association and opportunity to cure, may maintain the Common Areas, landscape systems and any other features or elements that are required to be maintained by the Association and the Association fails to do so. The City or its lawful agents, after due notice to the Association and opportunity to cure, may also perform the responsibilities of the Association and its Board if the Association fails to do so in compliance with any provisions of the agreements, covenants, or restrictions of the Association or of any applicable City codes or regulations. All costs incurred by the City in performing said responsibilities as addressed in this paragraph shall be the responsibility of the Association. The City may also avail itself of any other enforcement actions available to the City pursuant to state law or City codes or regulations, regarding the items addressed in this paragraph. **THE ASSOCIATION AGREES TO INDEMNIFY AND HOLD THE CITY HARMLESS FROM ANY AND ALL COSTS, EXPENSES, SUITS, DEMANDS, LIABILITIES OR DAMAGES INCLUDING ATTORNEY FEES AND COSTS OF SUIT, INCURRED OR RESULTING FROM THE CITY'S MAINTENANCE OF THE COMMON AREAS AND/OR REMOVAL OF ANY LANDSCAPE SYSTEMS, FEATURES OR ELEMENTS THAT CEASE TO BE MAINTAINED BY THE ASSOCIATION.**

Declarant shall have no responsibility for maintenance, repair, replacement, or improvement of the Common Area or improvements therein or thereon, if any, after initial construction.

13.3. ASSOCIATION'S INSPECTION OBLIGATION.

13.3.1. Contract for Services. In addition to the Association's general maintenance obligations set forth in this Declaration, the Association shall, at all times and part of its annual budget, contract with (subject to the limitations otherwise set forth in this Declaration) or otherwise retain the services of independent, qualified, licensed individuals or entities to provide the Association with inspection services for the Common Area for which the Association is responsible.

13.3.2. Schedule of Inspections. Such inspections shall take place at least once every two (2) years. The inspectors shall provide written reports of their inspections to the Association promptly following completion thereof. The written reports shall identify any items of maintenance or repair that either require current action by the Association or will need further review and analysis. The Board shall report the contents of such written reports to the Members of the Association at the next meeting of the Members following receipt of such written reports or as soon thereafter as reasonably practicable and shall include such written reports in the minutes of the Association. Subject to the provisions of the Declaration below, the Board shall promptly cause all matters identified as requiring attention to be maintained, repaired, or otherwise pursued in accordance with prudent business practices and the recommendations of the inspectors.

13.3.3. Notice to Declarant. During the Development Period, the Association shall, if requested by Declarant, deliver to Declarant ten (10) days advance written notice of all such inspections (and an opportunity to be present during such inspection, personally or through an

agent) and shall provide Declarant (or its designee) with a copy of all written reports prepared by the inspectors.

13.4. OWNER RESPONSIBILITY. Every Owner has the following responsibilities and obligations for the maintenance, repair, and replacement of the Property, subject to the architectural control requirements of Article 6 and the use restrictions of Article 7. When a designation between Residences is necessary, the same will be clarified.

13.4.1. Maintenance. Each Owner, at the Owner's expense, must maintain all improvements on the Lot, including but not limited to the Residence, fences, sidewalks, and driveways. Maintenance includes preventative maintenance, repair as needed, and replacement as needed. Each Owner is expected to maintain his Lot's improvements at a level, to a standard, and with an appearance that is commensurate with the Subdivision. Specifically, each Owner must repair and replace worn, rotten, deteriorated, and unattractive materials with like materials and color, and must regularly repaint all painted surfaces.

13.4.2. Avoid Damage. An Owner may not do any work or to fail to do any work which, in the reasonable opinion of the Board, would materially jeopardize the soundness and safety of the Property, reduce the value of the Property, adversely affect the appearance of the Property, or impair any easement relating to the Property.

13.4.3. Responsible for Damage. An Owner is responsible for his own willful or negligent acts and those of his or the Resident's family, guests, agents, employees, or contractors when those acts necessitate maintenance, repair, or replacement to the Common Areas or the property of another Owner.

13.4.4. Owner's Obligations to Repair. Each Owner shall at his sole cost and expense, maintain and repair his Lot and the improvements situated thereon, always keeping the same in good condition and repair in compliance with the Documents and in accordance with the Community Standard. In the event that any Owner shall fail to maintain and repair his Lot and such improvements as required hereunder, the Association, in addition to all other remedies available to it hereunder or by law, and without waiving any of said alternative remedies, shall have the right but not the obligation, subject to the notice and cure provisions, through its agents and employees, to enter upon said Lot and to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon; and each Owner (by acceptance of a deed for his Lot) hereby covenants and agrees to repay to the Association the cost thereof immediately upon demand, and the failure of any such Owner to pay the same shall carry with it the same consequences as the failure to pay any assessments hereunder when due. Maintenance shall include the upkeep in good repair of all fences, exterior portions of the Residence including trim, gutters, garage door, windows, lawn, driveway, and sidewalk; this list is not intended to be inclusive and other maintenance requirements are at the sole discretion of the Board. Owners of Lots that share fencing or walls on common property lines shall be liable and responsible for the costs and expenses to maintain, repair or replace such fencing on the common boundary line based upon the total linear feet of fencing that is on the common boundary line shared between two Owners and the aggregate total linear feet of fencing being replaced. Any approval of the Declarant or ACC of fence design on an Owner's Lot to be placed, constructed, or installed on a common boundary shared with one or more other Owners shall not be effective without the written consent

and approval of the other Owner(s) sharing the common property line on which such fence is to be placed, constructed, or installed.

13.5. OWNER'S DEFAULT IN MAINTENANCE. If the Board determines that an Owner has failed to properly discharge his obligation to maintain, repair, and replace items for which the Owner is responsible, the Board may give the Owner written notice of the Association's intent to provide the necessary maintenance at Owner's expense. The notice must state, with reasonable particularity, the maintenance deemed necessary and a reasonable period of time in which to complete the work. If the Owner fails or refuses to timely perform the maintenance, the Association may do so at Owner's expense, which is an Individual Assessment against the Owner and his Lot. In case of an emergency, however, the Board's responsibility to give the Owner written notice may be waived and the Board may take any action it deems necessary to protect persons or property, the cost of the action being the Owner's expense.

ARTICLE 14
INSURANCE

14.1. GENERAL PROVISIONS. All insurance affecting the Property is governed by the provisions of this Article, with which the Owners and the Board will make every reasonable effort to comply. Insurance policies and bonds obtained and maintained by the Owners must be issued by responsible insurance companies authorized to do business in the State of Texas. Each insurance policy maintained by the Owner should contain a provision requiring the insurer to endeavor to give at least 10 days' prior written notice to the Board before the policy may be canceled, terminated, materially modified, or allowed to expire, by either the insurer or the insured. All insurance policies obtained by the Association shall name the Declarant and any managing agent of the Association as "additional insured."

14.2. PROPERTY INSURANCE BY OWNER(S). To the extent it is reasonably available; the Owners will obtain commercially standard property insurance for all improvements and property within a Residence or Lot owned by such Owner insurable by the Owner. This insurance must be in an amount sufficient to cover the replacement cost of any repair or reconstruction in event of damage or destruction from any insured hazard. In insuring the Residence and Lot owned by it, the Owner may be guided by types of policies and coverage's customarily available for similar types of properties. As used in this Article, "Building Standard" refers to the typical Residence for the Property, as originally constructed, and as modified over time by changes in replacement materials and systems that are typical for the market and era.

14.3. INSURANCE RATIONALE. Owners of Residences are one hundred percent (100%) responsible for obtaining and maintaining proper insurance coverage on their Residence. Policy should cover 100% replacement cost of structure as well as vehicles and personal property. The Association is not responsible for coverage of any type on Residences. All Owners should insure their Residence and Lot to the extent necessary (1) to preserve the appearance of the Property, (2) to maintain the structural integrity of the Residence, (3) to maintain systems that serve the Residence, such as pest control tubing and fire safety sprinklers, HVAC systems, irrigation, and more. The Owner is responsible for insuring all aspects of his Residence and Lot and such Owner's personal property thereon and therein.

14.4. LIABILITY INSURANCE BY OWNER. Notwithstanding anything to the contrary in this Declaration, to the extent permitted by Applicable Law, each Owner is liable for damage to the Property caused by the Owner or by persons for whom the Owner is responsible. Each Owner is hereby required to obtain and maintain general liability insurance to cover this liability as well as occurrences within his Residence, in commercially standard amounts to cover the Owner's liability for damage to the property of others in the Property, whether such damage is caused willfully and intentionally, or by omission or negligence.

14.5. OWNER'S GENERAL RESPONSIBILITY FOR INSURANCE. Each Owner, at his expense, will maintain all insurance coverages required of Owners by the Association pursuant to this Article. Each Owner will provide the Association with proof or a certificate of insurance on request by the Association from time to time. If an Owner fails to maintain required insurance, or to provide the Association with proof of same, the Board may obtain insurance on behalf of the Owner who will be obligated for the cost as an Individual Assessment. The Board may establish additional minimum insurance requirements, including types and minimum amounts of coverage, to be individually obtained and maintained by Owners if the insurance is deemed necessary or desirable by the Board to reduce potential risks to the Association or other Owners. Each Owner and Resident is solely responsible for insuring his Residence and his personal property in his Residence and on his Lot, including furnishings, vehicles, and stored items.

ARTICLE 15
RESERVED

ARTICLE 16
AMENDMENTS

16.1. CONSENTS REQUIRED. As permitted by this Declaration, certain amendments of this Declaration may be executed by Declarant alone, without the consent or joinder of the Members. In any event, this Declaration may be amended by written instrument recorded in the Real Property Records approved by affirmative vote of Members holding at least sixty-seven percent (67%) of all votes of Members of the Association taken at a meeting of Members duly called at which quorum is present (or by written consent of Members holding at least sixty-seven percent (67%) of all votes of Members in lieu of a vote of Members); provided such amendment is additionally approved in writing by Declarant during the Development Period. To the extent required by the City, any proposed amendment which is for the purpose of either amending the provisions of this Declaration or the Associations agreements pertaining to the use, operation, maintenance and/or supervision of any facilities, structures, improvements, systems, Common Areas, private Streets, or grounds that are the responsibility of the Association, the Association shall obtain prior written consent from the City.

16.2. EFFECTIVE. To be effective, an amendment must be in the form of a written instrument (1) referencing the name of the Property, the name of the Association, and the recording data of this Declaration and any amendments hereto; (2) signed and acknowledged by an officer of the Association, certifying the requisite approval of Declarant, so long as Declarant owns one (1) lot within the Subdivision, or the directors and, if required, any mortgagees under a first lien

mortgage or deed of trust encumbering a Lot; and (3) recorded in the Real Property Records of every county in which the Property is located, except as modified by the following section.

16.3. DECLARANT PROVISIONS. Declarant has an exclusive right to unilaterally amend this Declaration for the purposes stated in Appendix B. An amendment that may be executed by Declarant alone is not required to name the Association or to be signed by an officer of the Association. No amendment may affect Declarant's rights under this Declaration without Declarant's written and acknowledged consent, which must be part of the recorded amendment instrument. Further, and without regard to whether or not the Declarant has been released from obligations and duties to the Association, during the Development Period or so long as the Declarant holds record title to at least one (1) Lot and holds same for sale in the ordinary course of business, neither the Association nor its Board, nor any member of the Association nor Owner shall take any action that will impair or adversely affect the rights of the Declarant or cause the Declarant to suffer any financial, legal or other detriment, including but not limited to, any direct or indirect interference with the sale of Lots. In the event there is a breach of this Section, it is acknowledged that any monetary award which may be available would be an insufficient remedy and therefore, in addition to all other remedies, the Declarant shall be entitled to injunctive relief restraining the Association, its Board or any member of the Association from further breach of this Section. This Section may not be amended without Declarant's written and acknowledged consent.

16.4. ORDINANCE COMPLIANCE. When amending the Documents, the Association must consider the validity and enforceability of the amendment in light of current public law, including without limitation Applicable Zoning, the City Development Agreement, any requirements of the PID or TIRZ, or other City requirements.

16.5. MERGER. Merger or consolidation of the Association with another association must be evidenced by an amendment to this Declaration. The amendment must be approved by Owners of at least a Majority of the Owners. Upon a merger or consolidation of the Association with another association, the property, rights, and obligations of another association may, by operation of law, be added to the properties, rights, and obligations of the Association as a surviving corporation pursuant to the merger. The surviving or consolidated association may administer the provisions of the Documents within the Property, together with the covenants and restrictions established upon any other property under its jurisdiction. No merger or consolidation, however, will affect a revocation, change, or addition to the covenants established by this Declaration within the Property.

16.6. TERMINATION. Termination of the terms of this Declaration is according to the following provisions. In the event of substantially total damage, destruction, or public condemnation of the Property, an amendment to terminate must be approved by Owners of at least two-thirds of the Lots. In the event of public condemnation of the entire Property, an amendment to terminate may be executed by the Board without a vote of Owners. In all other circumstances, an amendment to terminate must be approved by Owners of at least eighty percent (80%) of the Lots. Any termination of the terms of this Declaration shall require the written approval of the City.

16.7. CONDEMNATION. In any proceeding, negotiation, settlement, or agreement concerning condemnation of the Common Area, the Association will be the exclusive

representative of the Owners. The Association may use condemnation proceeds to repair and replace any damage or destruction of the Common Area, real or personal, caused by the condemnation. Any condemnation proceeds remaining after completion, or waiver, of the repair and replacement will be deposited in the Association's Reserve Funds.

ARTICLE 17
DISPUTE RESOLUTION

This Article 17 is intended to encourage the resolution of disputes involving the Property. A dispute regarding the Lots, Common Area, and/or other improvements can create significant financial exposure for the Association and its Members, interfere with the resale and refinancing of Lots, and increase strife and tension among the Owners, the Board and the Association's management. Since disputes may have a direct effect on each Owner's use and enjoyment of their Lot and the Common Area, this Article 17 requires Owner transparency and participation in certain circumstances. Transparency means that the Owners are informed in advance about a dispute, the proposed arrangement between the Association and a law firm or attorney who will represent the Association in the dispute, the proposed arrangement between the Association and any inspection company who will prepare the Common Area Report (as defined below) or perform any other investigation or inspection of the Common Areas, and/or other improvements related to the dispute, and that each Owner will have an opportunity to participate in the decision-making process prior to initiating the dispute resolution process.

17.1. Introduction and Definitions. The Association, the Owners, Declarant, all persons subject to this Declaration, and each person not otherwise subject to this Declaration who agrees to submit to this Article 17 by written instrument delivered to the Claimant, which may include, but is not limited to a Builder, a general contractor, sub-contractor, design professional, or other person who participated in the design or construction of Lots, Common Area, and/or any other improvement within, serving or forming a part of the Property (individually, a "Party" and collectively, the "Parties") agree to encourage the amicable resolution of disputes involving the Property including the Common Area, and other improvements within the Property, to avoid the emotional and financial costs of litigation and arbitration if at all possible. Accordingly, each Party hereby covenants and agrees that this Article applies to all Claims as hereafter defined. This Article 17 may only be amended with the prior written approval of the Declarant, the Association (acting through a Majority of the Board), and Owners holding 100% of the votes in the Association. As used in this Article only, the following words, when capitalized, have the following specified meanings:

(a) For purposes of this Article 17, "Claim" means:

(i) Claims relating to the rights and/or duties of Declarant, the Association, or the ACC, under the Restrictions.

(ii) Claims relating to the acts or omissions of the Declarant, the Association or a Board member or officer of the Association during Declarant's control and administration of the Board, and any claim asserted against the ACC.

(iii) Claims relating to the design or construction of the Common Area, or any improvements located within or on the Common Area.

(iv) Claims relating to any repair or alteration of the Common Area, or any improvements located within or on the Common Area.

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

(c) "Respondent" means any Party against which a Claim has been asserted by a Claimant.

17.2. Mandatory Procedures. Claimant may not initiate any proceeding before any judge, jury, arbitrator or any judicial or administrative tribunal or court seeking redress of resolution of its Claim until Claimant has complied with the procedures of this Article. As provided in Section 17.8 below, a Claim must be resolved by binding arbitration. A Claimant, whether Owner or the Association, may not consolidate any Claims or bring a Claim on behalf of any class; provided however, a Respondent may join or add additional parties to a Claim as may be allegedly responsible in whole or in any part for matters which are the subject of such Claims.

17.3. Claims Affecting Common Areas. In accordance with Section 8.13 of this Declaration, the Association does not have the power or right to institute, defend, intervene in, settle, or compromise litigation, arbitration, administrative, or other proceedings: (i) in the name of or on behalf of or against any Lot Owner (whether one or more); or (ii) pertaining to a Claim, as defined in Section 17.1(a) above, relating to the design or construction of Residences or other improvements on a Lot (whether one or more), no Lot Owner shall have the power or right to institute, defend, intervene in, settle or compromise litigation, arbitration or other proceedings relating to the design or construction of the Common Area. Each Lot Owner, by accepting an interest in or title to a Lot, hereby grants to the Association the exclusive right to institute, defend, intervene in, settle, or compromise litigation, arbitration or other proceedings relating to the design or construction of the Common Area. In the event the Association asserts a Claim related to the Common Area, as a precondition to providing the Notice defined in Section 17.5, initiating the mandatory dispute resolution procedures set forth in this Article 17, or taking any other action to prosecute a Claim related to the Common Area, the Association must:

(a) Obtain Owner Approval of Engagement.

The requirements related to Owner approval set forth in this Section 17.3(a) are intended to ensure that the Association and the Owners approve and are fully informed of the financial arrangements between the

Association and a law firm or attorney engaged by the Association to prosecute a Claim relating to the design or construction of the Common Area, and any financial arrangements between the Association and the Inspection Company (defined below) or a law firm and/or attorney and the Inspection Company. The engagement agreement between the Association, the law firm or attorney, and/or the Inspection Company may include requirements that the Association pay costs, fees, and expenses to the law firm or attorney or the Inspection Company which will be paid through Assessments levied against Owners. The financial agreement between the Association, the law firm or attorney and/or the Inspection Company may also include obligations related to payment, and the conditions and circumstances when the payment obligations arise, if the relationship between the Association, the law firm or attorney, and/or the Inspection Company is terminated, the Association elects not to engage the law firm or attorney or Inspection Company to prosecute or assist with the Claim, or if the Association agrees to settle the Claim. In addition, the financial arrangement between the Association, the law firm or attorney, and/or the Inspection Company may include additional costs, expenses, and interest charges. These financial obligations can be significant. The Board may not engage or execute an agreement with a law firm or attorney to investigate or prosecute a Claim relating to the design or construction of the Common Area or engage or execute an agreement between the Association and a law firm or attorney for the purpose of preparing a Common Area Report or performing any other investigation or inspection of the Common Area for a Claim related to the design or construction of the Common Area unless the law firm or attorney and the financial arrangements between the Association and the law firm or attorney are approved by the Owners in accordance with this Section 17.3(a). In addition, the Board may not execute an agreement with an Inspection Company to prepare the Common Area Report or perform any other investigation or inspection of the Common Areas for a Claim related to the design or construction of the Common Area, unless the Inspection Company and the financial arrangements between the Association and the Inspection Company are approved by the Owners in accordance with this Section 17.3(a). For the purpose of the Owner approval required by this Section 17.3(a), an engagement, agreement or arrangement between a law firm or attorney and an Inspection Company, if such engagement, agreement or arrangement could result in any financial obligations to the Association, irrespective of whether the Association and law firm or attorney have entered into an engagement or other agreement to prosecute a Claim relating to the design or construction of the Common Area, must also be approved by the Owners in accordance with this Section 17.3(a). An engagement or agreement described in this paragraph is referred to herein as a "Claim Agreement".

Unless otherwise approved by Members holding sixty-seven percent (67%) of the votes in the Association present as a meeting of Members, duly called at which a quorum is present, the Association, acting through its Board, shall in no event have the authority to enter into a Claim Agreement if the Claim Agreement

includes any provision or requirement that would obligate the Association to pay any costs, expenses, fees, or other charges to the law firm or attorney and/or the Inspection Company, in connection with a Claim, including but not limited to, costs, expenses, fees, or other charges payable by the Association: (i) if the Association terminates the Claim Agreement or engages another firm or third-party to assist with the Claim; (ii) if the Association elects not to enter into a Claim Agreement; (iii) if the Association agrees to settle the Claim for a cash payment or in exchange for repairs or remediation performed by the Respondent or any other third-party; (iv) if the Association agrees to pay interest on any costs or expenses incurred by the law firm or attorney or the Inspection Company; and/or (v) for consultants, expert witnesses, and/or general contractors hired by the law firm or attorney or the Inspection Company. For avoidance of doubt, it is intended that Members holding sixty-seven percent (67%) of the votes in the Association present at a meeting of Members duly called at which a quorum is present must approve the law firm and attorney who will prosecute the Claim and the Inspection Company who will prepare the Common Area Report or perform any other investigation or inspection of the Common Area for a Claim relating to the design or construction of the Common Area, and each Claim Agreement. All Claim Agreements must be in writing. The Board shall not have the authority to pay any costs, expenses, fees, or other charges to a law firm, attorney, or the Inspection Company unless the Claim Agreement is in writing and approved by the Members in accordance with this Section 17.3(a).

The approval of the Members required under this Section 17.3(a) must be obtained at a meeting of Members called in accordance with the Bylaws. The notice of Member meeting will be provided pursuant to the Bylaws but the notice must also include: (a) the name of the law firm and attorney and/or the Inspection Company; (b) a copy of each Claim Agreement; (c) a narrative summary of the types of costs, expenses, fees, or other charges that may be required to be paid by the Association under any Claim Agreement; (d) the conditions upon which such types of costs, expenses, fees, or other charges are required to be paid by the Association under any Claim Agreement; (e) an estimate of the costs, expenses, fees, or other charges that may be required to be paid by the Association if the conditions for payment under any Claim Agreement occur, which estimate shall be expressed as a range for each type of cost, expense, fee, or other charge; and (f) a description of the process the law firm, attorney and/or the Inspection Company will use to evaluate the Claim and whether destructive testing will be required (i.e., the removal of all or portions of the Common Area or other improvements on the Property). If destructive testing will be required or is likely to occur, the notice shall include a description of the destructive testing, likely locations of the destructive testing, whether the Owner's use of their Lots or the Common Area will be affected by such testing, and if the destructive testing occurs the means or method the Association will use to repair the Common Area or other improvements affected by such testing and the estimated costs thereof, and an estimate of Assessments that may be levied against the Owners for such repairs. The notice required by this paragraph must be prepared and signed by a person other than the

law firm or attorney who is a party to the proposed Claim Agreement being approved by the Members. In the event Members holding sixty-seven percent (67%) of the votes in the Association present at a meeting of Members duly called at which a quorum is present approve the law firm and/or attorney who will prosecute the Claim and the Claim Agreement(s), the Board shall have the authority to engage the law firm and/or attorney, and the Inspection Company, and enter into the Claim Agreement approved by the Members.

(b) Provide Notice of the Inspection.

As provided in Section 17.3(c) below, a Common Area Report is required which is a written inspection report issued by the Inspection Company. Before conducting an inspection that is required to be memorialized by the Common Area Report, the Association must have provided at least ten (10) days prior written notice of the date on which the inspection will occur to each Respondent which notice shall identify the Inspection Company preparing the Common Area Report, the specific Common Areas to be inspected, and the date and time the inspection will occur. Each Respondent may attend the inspection, personally or through an agent.

(c) Obtain a Common Area Report.

The requirements related to the Common Area Report set forth in this Section 17.3(c) are intended to provide assurance to the Claimant, Respondent, and the Owners that the substance and conclusions of the Common Area Report and recommendations are not affected by influences that may compromise the professional judgement of the party preparing the Common Area Report, and to avoid circumstances which would create the appearance that the professional judgment of the party preparing the Common Area Report is compromised.

Obtain a written independent third-party report for the Common Area (the "Common Area Report") from a professional engineer licensed by the Texas Board of Professional Engineers with an office located in Burnet County, Texas (the "Inspection Company"). The Common Area Report must include: (i) a description with photographs of the Common Area subject to the Claim; (ii) a description of the present physical condition of the Common Area subject to the Claim; (iii) a detailed description of any modifications, maintenance, or repairs to the Common Area performed by the Association or a third-party, including any Respondent; and (iv) specific and detailed recommendations regarding remediation and/or repair of the Common Area subject to the Claim. For the purpose of subsection (iv) of the previous sentence, the specific and detailed recommendations must also include the specific process, procedure, materials, and/or improvements necessary and required to remediate and/or repair the deficient or defective condition identified in the Common Area Report and the estimated costs necessary to effect such remediation and/or repairs. The estimate of costs required by the previous sentence shall be obtained from third-party contractors with an office located in Burnet County, Texas, and each such contractor providing the estimate must hold all necessary or

required licenses from the Texas Department of Licensing and Regulation or otherwise required by Applicable Law for the work to which the cost estimate relates.

The Common Area Report must be obtained by the Association. The Common Area Report will not satisfy the requirements of this Section and is not an "independent" report if: (i) the Inspection Company has an arrangement or other agreement to provide consulting and/or engineering services with the law firm or attorney that presently represents the Association or proposes to represent the Association; (ii) the costs and expenses for preparation of the Common Area Report are not required to be paid directly by the Association to the Inspection Company at the time the Common Area Report is finalized and delivered to the Association; (iii) the law firm or attorney that presently represents the Association or proposes to represent the Association has agreed to reimburse (whether unconditional or conditional and based on the satisfaction of requirements set forth in the Association's agreement with the law firm or attorney) the Association for the costs and expenses for preparation of the Common Area Report. For avoidance of doubt, an "independent" report means that the Association has independently contracted with the Inspection Company on an arms-length basis based on customary terms for the preparation of engineering reports and that the Association will directly pay for the report at the time the Common Area Report is finalized and delivered to the Association.

(d) Provide a Copy of Common Area Report to all Respondents and Owners.

Upon completion of the Common Area Report, and in any event no later than three (3) days after the Association has been provided a copy of the Common Area Report, the Association will provide a full and complete copy of the Common Area Report to each Respondent and to each Owner. The Association shall maintain a written record of each Respondent and Owner who was provided a copy of the Common Area Report which will include the date the report was provided. The Common Area Report shall be delivered to each Respondent by hand-delivery and to each Owner by mail.

(e) Provide a Right to Cure Defects and/or Deficiencies Noted on Common Area Report.

Commencing on the date the Common Area Report has been completed and continuing for a period of ninety (90) days thereafter, each Respondent shall have the right to: (a) inspect any condition identified in the Common Area Report; (b) contact the Inspection Company for additional information necessary and required to clarify any information in the Common Area Report; and (c) correct any condition identified in the Common Area Report. As provided in Section B.2.6 of Appendix B of the Declaration, the Declarant has an easement throughout the Property for itself, and its successors, assigns, architects, engineers, other design professionals, each Builder, other builders, and general contractors that may be

utilized during such ninety (90) day period and any additional period needed thereafter to correct a condition identified in the Common Area Report.

(f) Hold Owner Meeting and Obtain Approval.

In addition to obtaining approval from Members for the terms of the attorney or law firm engagement agreement, the Association must obtain approval from Members holding eighty percent (80%) of the votes in the Association to provide the Notice described in Section 17.5, initiate the mandatory dispute resolution procedures set forth in this Section 17, or take any other action to prosecute a Claim, which approval from Members must be obtained at a meeting of Members called in accordance with the Bylaws. The notice of meeting required hereunder will be provided pursuant to the Bylaws but the notice must also include: (i) the nature of the Claim, the relief sought, the anticipated duration of prosecuting the Claim, and the likelihood of success; (ii) a copy of the Common Area Report; (iii) a copy of any engagement letter between the Association and the law firm and/or attorney selected by the Association to assert or provide assistance with the Claim; (iv) a description of the attorney fees, consultant fees, expert witness fees, and court costs, whether incurred by the Association directly or for which the Association may be liable as a result of prosecuting the Claim; (v) a summary of the steps previously taken and proposed to be taken by the Association to resolve the Claim; (vi) a statement that initiating the lawsuit or arbitration proceeding to resolve the Claim may affect the market value, marketability, or refinancing of a Lot while the Claim is prosecuted; and (vii) a description of the manner in which the Association proposes to fund the cost of prosecuting the Claim. The notice required by this paragraph must be prepared and signed by a person who is not (a) the attorney who represents or will represent the Association in the Claim; (b) a member of the law firm of the attorney who represents or will represent the Association in the Claim; or (c) employed by or otherwise affiliated with the law firm of the attorney who represents or will represent the Association in the Claim. In the event Members approve providing the Notice described in Section 17.5, or taking any other action to prosecute a Claim, the Members holding a Majority of the votes in the Association, at a special meeting called in accordance with the Bylaws, may elect to discontinue prosecution or pursuit of the Claim.

(g) Prohibition on Contingency Fee Contracts.

The Association may not engage or contract with any attorney, law firm, consultant, expert, or advisor on a contingency fee basis, in whole or in part, to assist in the prosecution of a Claim.

17.4. Claims by Lot Owners Pertaining to the Common Area. Pursuant to Section 17.3 above, an Owner does not have the power or right to institute, defend, intervene in, settle, or compromise litigation, arbitration or other proceedings relating to the design or construction of the Common Area. In the event that a court of competent jurisdiction or arbitrator determines that an Owner does have the power or right to institute, defend, intervene in, settle or compromise litigation, arbitration or other proceedings relating to the design or construction of the Common

Area, such Owner shall be required, since a Claim affecting the Common Area could affect all Owners, as a precondition to providing the Notice defined in Section 17.5, initiating the mandatory dispute resolution procedures set forth in this Article 17, or taking any other action to prosecute a Claim, to comply with the requirements imposed by the Association in accordance with Section 17.3(b) (Provide Notice of Inspection), Section 17.3(c) (Obtain a Common Area Report), Section 17.3(d) (Provide a Copy of Common Area Report to all Respondents and Owners), Section 17.3(e) (Provide Right to Cure Defects and/or Deficiencies Noted on Common Area Report), Section 17.3(f) (Owner Meeting and Approval), and Section 17.5 (Notice). Additionally, class action proceedings are prohibited, and no Owner shall be entitled to prosecute, participate, initiate, or join any litigation, arbitration or other proceedings as a class member or class representative in any such proceedings under this Declaration.

17.5 Notice. Claimant must notify Respondent in writing of the Claim (the "Notice"), stating plainly and concisely: (i) the nature of the Claim, including date, time, location, persons involved, and Respondent's role in the Claim; (ii) the basis of the Claim (i.e., the provision of the Restrictions or other authority out of which the Claim arises); (iii) what Claimant wants Respondent to do or not do to resolve the Claim; and (iv) that the Notice is given pursuant to this Section 17.5. For Claims governed by Chapter 27 of the Texas Property Code, the time period for negotiation in Section 17.6 below, is equivalent to the sixty (60) day period under Section 27.004 of the Texas Property Code. If a Claim is subject to Chapter 27 of the Texas Property Code, the Claimant and Respondent are advised, in addition to compliance with Section 17.6, to comply with the terms and provisions of Section 27.004 during such sixty (60) day period. Section 17.6 does not modify or extend the time period set forth in Section 27.004 of the Texas Property Code. Failure to comply with the time periods or actions specified in Section 27.004 could affect a Claim if the Claim is subject to Chapter 27 of the Texas Property Code. The one hundred and twenty (120) day period for mediation set forth in Section 17.7 below, is intended to provide the Claimant and Respondent with sufficient time to resolve the Claim in the event resolution is not accomplished during negotiation. If the Claim is not resolved during negotiation, mediation pursuant to Section 17.7 is required without regard to the monetary amount of the Claim.

If the Claimant is the Association, the Notice will also include: (a) if the Claim relates to the design or construction of the Common Area, a true and correct copy of the Common Area Report, and any and all other reports, studies, analyses, and recommendations obtained by the Association related to the Common Area; (b) a copy of any engagement letter between the Association and the law firm and/or attorney selected by the Association to assert or provide assistance with the Claim; (c) if the Claim relates to the design or construction of the Common Area, reasonable and credible evidence confirming that Members holding sixty-seven percent (67%) of the votes in the Association present at a meeting of Members duly called at which a quorum is present approved the law firm and attorney and the Claim Agreement in accordance with Section 17.3(a); (d) a true and correct copy of the special meeting notice provided to Members in accordance with Section 17.3(f) above; and (e) reasonable and credible evidence confirming that Members holding eighty percent (80%) of the votes in the Association approved providing the Notice. If the Claimant is not the Association and the Claim pertains to the Common Areas, the Notice will also include a true and correct copy of the Common Area Report.

17.6. Negotiation. Claimant and Respondent will make every reasonable effort to meet in person to resolve the Claim by good faith negotiation. Within sixty (60) days after Respondent's receipt of the Notice, Respondent and Claimant will meet at a mutually acceptable place and time to discuss the Claim. If the Claim involves all or any portion of the Property, then at such meeting or at some other mutually agreeable time, Respondent and Respondent's representatives will have full access to the Property that is subject to the Claim for the purposes of inspecting the Property.

17.7. Mediation. If the parties negotiate, but do not resolve the Claim through negotiation within one-hundred twenty (120) days from the date of the Notice (or within such other period as may be agreed on by the parties), Claimant will have thirty (30) additional days within which to submit the Claim to mediation under the auspices of a mediation center or individual mediator on which the parties mutually agree. The mediator must have at least five (5) years of experience serving as a mediator and must have technical knowledge or expertise appropriate to the subject matter of the Claim. If Claimant does not submit the Claim to mediation within the 30-day period, Respondent may submit the Claim to mediation in accordance with this Section 17.7. If the Parties do not agree upon a mediator within such 30-days or settle the Claim within thirty (30) days after submission to mediation, Respondent or Claimant may initiate arbitration proceedings in accordance with Section 17.8.

17.8 Binding Arbitration – Claims. All Claims must be settled by binding arbitration. Claimant or Respondent may, by summary proceedings (e.g., a plea in abatement or motion to stay further proceedings), bring an action in court to compel arbitration of any Claim not referred to arbitration as required by this Section 17.8.

(a) Governing Rules. If a Claim has not been resolved after mediation in accordance with Section 17.7, the Claim will be resolved by binding arbitration in accordance with the terms of this Section 17.8 and the American Arbitration Association (the "AAA") Construction Industry Arbitration Rules and Mediation Procedures and, if applicable, the rules contained in the AAA Supplementary Procedures for Consumer Related Disputes, as each are supplemented or modified by the AAA (collectively, the Construction Industry Arbitration Rules and Mediation Procedures and AAA Supplementary Procedures for Consumer Related Disputes are referred to herein as the "AAA Rules"). In the event of any inconsistency between the AAA Rules and this Section 17.8, this Section 17.8 will control. Judgment upon the award rendered by the arbitrator shall be binding and not subject to appeal but may be reduced to judgment or enforced in any court having jurisdiction. Notwithstanding any provision to the contrary or any applicable rules for arbitration, any arbitration with respect to Claims arising hereunder shall be conducted by a panel of three (3) arbitrators, to be chosen as follows:

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

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

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

(b) Exceptions to Arbitration; Preservation of Remedies. No provision of, nor the exercise of any rights under, this Section 17.8 will limit the right of Claimant or Respondent, and Claimant and the Respondent will have the right during any Claim, to seek, use, and employ ancillary or preliminary remedies, judicial or otherwise, for the purposes of realizing upon, preserving, or protecting upon any property, real or personal, that is involved in a Claim, including, without limitation, rights and remedies relating to: (i) exercising self-help remedies (including set-off rights); or (ii) obtaining provisions or ancillary remedies such as injunctive relief, sequestration, attachment, garnishment, or the appointment of a receiver from a court having jurisdiction before, during, or after the pendency of any arbitration. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self-help remedies shall not constitute a waiver of the right of any party to submit the Claim to arbitration nor render inapplicable the compulsory arbitration provisions hereof.

(c) Statute of Limitations. All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding under this Section 17.8.

(d) Scope of Award; Modification or Vacation of Award. The arbitrator shall resolve all Claims in accordance with Applicable Law. The arbitrator may grant any remedy or relief that the arbitrator deems just and equitable and within the scope of this Section 17.8 and subject to Section 17.9 below; **provided, however, attorney's fees and costs may not be awarded by the arbitrator to either Claimant or Respondent**. In addition, for a Claim, or any portion of a Claim governed by Chapter 27 of the Texas Property Code, or any successor statute, in no event shall the arbitrator award damages which exceed the damages a Claimant would be entitled to under Chapter 27 of the Texas Property Code, except that the arbitrator may not award attorney's fees and/or costs to their Claimant or Respondent. In all arbitration proceedings the arbitrator shall make specific, written findings of fact and conclusions of law. In all arbitration proceedings the parties shall have the right to seek vacation or modification of any award that is based in whole, or in part, on (i) factual findings that have no legally or factually sufficient evidence, as those terms are defined in Texas law; (ii) conclusions of law that are erroneous; (iii) an error of Applicable Law; or (iv) a cause of action or remedy not expressly provided under Applicable Law. **In no event may an arbitrator award speculative, special, exemplary, treble, or punitive damages for any Claim.**

(e) Other Matters. To the maximum extent practicable, an arbitration proceeding hereunder shall be concluded within one hundred and eighty (180) days of the filing of the Claim for arbitration. Arbitration proceedings hereunder shall

be conducted in Burnet County, Texas. Unless otherwise provided by this Section 17.8, the arbitrator shall be empowered to impose sanctions and to take such other actions as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Texas Rules of Civil Procedure and Applicable Law. Claimant and Respondent agree to keep all Claims and arbitration proceedings strictly confidential, except for disclosures of information required in the ordinary course of business of the parties or by Applicable Law. In no event shall Claimant or Respondent discuss with the news media or grant any interviews with the news media regarding a Claim or issue any press release regarding any Claim without the written consent of the other parties to the Claim.

17.9. Allocation of Costs. Notwithstanding any provision in this Declaration to the contrary, each party bears all of its own costs incurred prior to and during the proceedings described in the Notice, Negotiation, Mediation, and Arbitration sections above, including its attorney's fees. Respondent and Claimant will equally divide all expenses and fees charged by the mediator and arbitrator.

17.10. General Provisions. A release or discharge of Respondent from liability to Claimant on account of the Claim does not release Respondent from liability to persons who are not party to Claimant's Claim.

17.11. Period of Limitation.

(a) For Actions by an Owner or Resident. The exclusive period of limitation for any of the Parties to bring any Claim, shall be the earliest of: (i) for Claims alleging construction defect or defective design, two (2) years and one (1) day from the date that the Owner or Resident discovered or reasonably should have discovered evidence of the Claim; (ii) for Claims other than those alleging construction defect or defective design, four (4) years and one (1) day from the date that the Owner or Resident discovered or reasonably should have discovered evidence of the Claim; or (iii) the applicable statute of limitations for such Claim. In the event that a court of competent jurisdiction determines that an Owner does have the power or right to institute, defend, intervene in, settle or compromise litigation, arbitration or other proceedings relating to the design or construction of the Common Area, the exclusive period of limitation for a Claim of construction defect or defective design of the Common Areas, shall be the earliest of: (a) two (2) years and one (1) day from the date that the Owner or the Association discovered or reasonably should have discovered evidence of the Claim; or (b) the applicable statute of limitations for such Claim. In no event shall this Section 17.11(a) be interpreted to extend any period of limitations.

(b) For Actions by the Association. The exclusive period of limitation for the Association to bring any Claim, including, but not limited to, a Claim of construction defect or defective design of the Common Areas, shall be the earliest of: (i) for Claims alleging construction defect or defective design, two (2) years and one (1) day from the date that the Association or its manager, board members, officers or agents discovered or reasonably should have discovered evidence of the

Claim; (ii) for Claims other than those alleging construction defect or defective design of the Common Areas, four (4) years and one (1) day from the date that the Association or its manager, board members, officers or agents discovered or reasonably should have discovered evidence of the Claim; or (iii) the applicable statute of limitations for such Claim. In no event shall this Section 17.11(b) be interpreted to extend any period of limitations.

17.12. Funding the Resolution of Claims. The Association must levy a Special Assessment to fund the estimated costs to resolve a Claim pursuant to this Article 17. The Association may not use its annual operating income or reserve funds to fund the costs to resolve a Claim unless the Association has previously established and funded a dispute resolution fund.

17.13 LIMITATION ON DAMAGES. NOTWITHSTANDING ANY PROVISION CONTAINED IN THIS DECLARATION OR ANY OF THE DOCUMENTS TO THE CONTRARY, IN NO EVENT SHALL DECLARANT OR THE ASSOCIATION BE LIABLE FOR SPECULATIVE, CONSEQUENTIAL, SPECIAL, INDIRECT, LOST PROFIT OR PUNITIVE DAMAGES IN CONNECTION WITH ANY CLAIM, EVEN IF DUE TO THE NEGLIGENCE OF DECLARANT OR THE ASSOCIATION.

17.14 RESTRICTIONS ON AMENDMENT. The provisions of this Article 17 may not be modified or amended without the express written consent of Declarant.

ARTICLE 18
GENERAL PROVISIONS

18.1. COMPLIANCE. The Owners hereby covenant and agree that the administration of the Association will be in accordance with the provisions of the Documents and Applicable Laws, regulations, and ordinances, as same may be amended from time to time, of any governmental or quasi-governmental entity having jurisdiction over the Association or Property.

18.2. HIGHER AUTHORITY. The Documents are subordinate to federal and state law, and local ordinances. Generally, the terms of the Documents are enforceable to the extent they do not violate or conflict with local, state, or federal law or ordinance.

18.3. NOTICE. All demands or other notices required to be sent to an Owner or Resident by the terms of this Declaration may be sent by ordinary or certified mail, postage prepaid, to the party's last known address as it appears on the records of the Association at the time of mailing. If an Owner fails to give the Association an address for mailing notices, all notices may be sent to the Owner's Lot, and the Owner is deemed to have been given notice whether or not he actually receives it. Only one (1) notice informing an Owner of an existing violation (emergency violations excluded) will be required. Such notice shall provide the Owner not less than ten (10) days to cure the violation if such violation is curable (See Section 12.1 hereof). If Owner does not cure the violation after one (1) notice is delivered, and applicable cure period expires, then the Association shall proceed with a fine notice and subsequent fines or with self-help whichever the Association deems appropriate.

18.4. LIBERAL CONSTRUCTION. The terms and provision of each Document are to be liberally construed to give effect to the purposes and Intent of the Document. All doubts regarding a provision, including restrictions on the use or alienability of Property, will be resolved in favor of the operation of the Association and its enforcement of the Documents, regardless which party seeks enforcement.

18.5. SEVERABILITY. Invalidation of any provision of this Declaration by judgment or court order does not affect any other provision, which remains in full force and effect. The effect of a general statement is not limited by the enumeration of specific matters similar to the general.

18.6. CAPTIONS. In all Documents, the captions of articles and sections are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer. Boxed notices are inserted to alert the reader to certain provisions and are not to be construed as defining or modifying the text.

18.7. APPENDIXES. The following appendixes are attached to this Declaration and incorporated herein by reference:

A – Description of Subject Land (Legal Description)

B – Declarant Representations & Reservations

C – Reserved

D – Design Guidelines adopted by ACC

E – Certificate of Formation, Organizational Consent and Bylaws of the Association

18.8. INTERPRETATION. Whenever used in the Documents, unless the context provides otherwise, a reference to a gender includes all genders. Similarly, a reference to the singular includes the plural, the plural the singular, where the same would be appropriate.

18.9. DURATION. Unless terminated or amended by Owners as permitted herein, the provisions of this Declaration shall run with and bind the Property and will remain in effect initially for seventy-five (75) years from the date this Declaration is recorded and shall automatically renew without any action from the Association for successive ten (10) year periods to the extent permitted by law, unless previously terminated in accordance with Section 16.6 hereof.

18.10. NOTICE OF INCLUSION IN PID, AND NOTICE OF OBLIGATION TO PAY PUBLIC IMPROVEMENTS DISTRICT ASSESSMENT. **THE PROPERTY IS LOCATED IN A PUBLIC IMPROVEMENT DISTRICT CREATED BY THE CITY OF MARBLE FALLS, TEXAS, KNOWN AS THE "THUNDER ROCK PUBLIC IMPROVEMENT DISTRICT". THE PURPOSE OF THE PUBLIC IMPROVEMENT DISTRICT IS TO MAKE AVAILABLE VARIOUS UTILITIES, STORM WATER FACILITIES, PARK, CERTAIN PAVING ITEMS, AND ENGINEERING, LEGAL, AND ADMINISTRATIVE SERVICES TO PROPERTY OWNERS WITHIN THE PUBLIC IMPROVEMENT DISTRICT. THE COST OF THESE PID FACILITIES WAS NOT INCLUDED IN THE**

PURCHASE PRICE OF YOUR PROPERTY, AND THESE PID FACILITIES ARE OWNED OR WILL BE OWNED BY THE CITY OF MARBLE FALLS, TEXAS. THE CITY OF MARBLE FALLS, TEXAS, THROUGH THE PUBLIC IMPROVEMENT DISTRICT, HAS LEVIED OR WILL LEVY AN ASSESSMENT ("PID ASSESSMENT") FOR THE PURPOSE OF PROVIDING THESE PID IMPROVEMENTS TO BENEFIT PROPERTY IN THE PUBLIC IMPROVEMENT DISTRICT. ANY OWNER OF A LOT OR OTHER PORTION OF THE PROPERTY IS OBLIGATED TO PAY THE PID ASSESSMENT TO A THE CITY OF MARBLE FALLS, TEXAS FOR AN IMPROVEMENT PROJECT UNDERTAKEN BY PUBLIC IMPROVEMENT DISTRICT. THE PID ASSESSMENT MAY BE DUE ANNUALLY OR IN PERIODIC INSTALLMENTS. MORE INFORMATION CONCERNING THE AMOUNT OF THE PID ASSESSMENT AND THE DUE DATES OF THAT PID ASSESSMENT MAY BE OBTAINED FROM THE CITY OF MARBLE FALLS, TEXAS LEVYING THE ASSESSMENT. THE AMOUNT OF THE PID ASSESSMENTS IS SUBJECT TO CHANGE. AN OWNER'S FAILURE TO PAY THE PID ASSESSMENTS COULD RESULT IN A LIEN ON AND THE FORECLOSURE OF AN OWNER'S LOT OR PORTION OF THE PROPERTY.

18.11. **NOTICE OF INCLUSION IN TIRZ. THE PROPERTY IS LOCATED WITHIN A TAX INCREMENT REINVESTMENT ZONE CREATED BY THE CITY OF MARBLE FALLS, TEXAS, FORMED PURSUANT TO AND GOVERNED BY CHAPTER 311, OF THE TEXAS TAX CODE, AS AMENDED. IN THIS REGARD, A PORTION OF THE REVENUES COLLECTED BY THE CITY OF MARBLE FALLS, TEXAS, MAY BE USED TO FINANCE THE CONSTRUCTION, INSTALLATION, MAINTENANCE, REPAIR AND/OR REPLACEMENT OF CERTAIN QUALIFIED IMPROVEMENTS WITHIN THE TIRZ. MORE INFORMATION REGARDING THE TIRZ MAY BE OBTAINED FROM THE CITY OF MARBLE FALLS, TEXAS.**

[SIGNATURE PAGE FOLLOWS THIS PAGE]

SIGNED on this 28 day of Oct, 2022.

DECLARANT:

MM Marble Falls 1070, LLC,
a Texas limited liability company

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

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

By: _____
Name: Mehrdad Moayedi
Its: Manager

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Mehrdad Moavedi, Manager of 2M Ventures, LLC, as Manager of MMM Ventures, LLC, as Manager of MM Marble Falls 1070, LLC, a Texas limited liability company, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed, and as the act and deed of said limited liability company and in the capacity therein stated

GIVEN UNDER MY HAND AND SEAL OF OFFICE, on this 28 day of OCTOBER, 2022.

[SEAL]

_____
Notary Public in and for the State of Texas

DEBBIE LACEY
Notary ID #123942280
My Commission Expires
August 16, 2025

CONSENT AND SUBORDINATION OF LIENHOLDER

The undersigned, being the beneficiary under that certain **[Deed of Trust (With Security Agreement)]** dated October 28, 2020, executed by MM Marble Falls 1070, LLC, a Texas limited liability company (the "**Borrower**") and recorded on November 2, 2020, as Document No. 202014305 in the Official Public Records of Burnet County, Texas, together with any modifications, supplements, restatements or amendments thereto, hereby consents to the Declaration of Covenants, Conditions and Restrictions for Thunder Rock Residential Community (the "**Declaration**") to be applicable to the Property, in accordance with the terms thereof, and furthermore subordinates its lien rights and interests in and to the Property to the terms, provisions, covenants, conditions and restrictions under the Declaration so that foreclosure of its lien will not extinguish the terms, provisions, covenants, conditions and restrictions under the Declaration.

BENEFICIARY:

International Bank of Commerce
a Texas State Banking Corporation

By: _____

Name: William J Dawson

Title: Vice President

BEFORE ME, the undersigned authority, on this day personally appeared William Dawson, the VP of International Bank of Commerce, a Texas banking corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed, and as the act and deed of said entity, and in the capacity therein stated

GIVEN UNDER MY HAND AND SEAL OF OFFICE, on this 28th day of October, 2022.

[SEAL]

TIFFANY SUGGS
Notary ID #131165727
My Commission Expires
June 8, 2025

_____
Notary Public in and for the State of Texas

APPENDIX "A"

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR

THUNDER ROCK RESIDENTIAL COMMUNITY

REAL PROPERTY LEGAL DESCRIPTION

[see attached]

EXHIBIT A
PROPERTY DESCRIPTION
"THUNDER ROCK PHASE 1"

BEING 172.7381 ACRES OF LAND, MORE OR LESS, SITUATED IN THE G. FOLRES SURVEY NO. 7, ABSTRACT NO. 304, BURNET COUNTY, TEXAS, BEING OUT OF AND PART OF A CALLED 666.45 ACRE TRACT OF LAND (TRACT I) CONVEYED TO MM MARBLE FALLS 1070, AND DESCRIBED IN DOCUMENT NO. 202014302, OFFICIAL PUBLIC RECORDS OF BURNET COUNTY, TEXAS (O.P.R.B.C.T.), AND BEING OUT OF AND PART OF THE REMAINDER OF A CALLED 192.47 ACRE TRACT OF LAND (TRACT II) CONVEYED TO MM MARBLE FALLS 1070 AND RECORDED IN DOCUMENT NO. 2020014302, O.P.R.B.C.T., AND BEING ALL OF A CALLED 2.066 ACRE TRACT OF LAND CONVEYED TO THE CITY OF MARBLE FALLS, AND DESCRIBED IN DOCUMENT NO. 200902538, O.P.R.B.C.T., AND BEING ALL OF A CALLED 26.33 ACRE TRACT OF LAND CONVEYED TO THE CITY OF MARBLE FALLS, AND DESCRIBED IN DOCMUMENT NO. 202014343, O.P.R.B.C.T., AND BEING ALL OF A CALLED 1.25 ACRE TRACT OF LAND CONVEYED TO BURNET COUNTY, AND DESCRIBED IN DOCMUMENT NO. 202016120, O.P.R.B.C.T., AND BEING ALL OF A CALLED 19.863 ACRE TRACT OF LAND CONVEYED TO RR THUNDER ROCK 30, LLC, AND DESCRIBED IN DOCUMENT NO. 202206012, O.P.R.B.C.T., AND BEING ALL OF A CALLED 21.162 ACRE TRACT OF LAND CONVEYED TO ECC RENTAL US TX THUNDER ROCK LP, AND DESCRIBED IN DOCUMENT NO. 202201636, O.P.R.B.C.T., ALSO BEING ALL OF A CALLED 9.119 ACRE TRACT OF LAND CONVEYED TO RR THUNDER ROCK 30, LLC., AND DESCRIBED IN DOCUMENT NO. 202206012, O.P.R.B.C.T.; SAID 172.7381 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a PK Nail found for the southwest corner of said Tract II, same being on the north Right-of-Way (ROW) line of State Highway 71 (ROW Varies), also being on the east ROW line of Flat Rock Boulevard (100-foot ROW);
(Grid Coordinates: N=10,155,467.38, E=2,936,054.50)

THENCE, North 01°39'31" West, along said east ROW line of said Flat Rock Boulevard, a distance of 2,373.92 feet to a 1/2-inch iron rod found for the northwest corner of a said 2.066 acre tract of land, same being the northwest corner of the herein described tract;

THENCE, over and across said Tract I the following seven (7) courses and distances:

1. North 88°20'30" East, a distance of 1,208.03 feet to a 5/8-inch iron rod set with cap stamped "PELOTON BOUNDARY";
2. North 01°39'30" West, a distance of 80.00 feet to a 5/8-inch iron rod set with cap stamped "PELOTON BOUNDARY";
3. North 88°20'30" East, a distance of 312.93 feet to a 5/8-inch iron rod with cap stamped "PELOTON BOUNDARY" set for the beginning of a curve to the right;

4. Along said curve, having a radius of 1,538.42 feet, an arc length of 378.68 feet, and a chord bearing and distance of South 84°36'25" East, 377.72 feet to a 5/8-inch iron rod with cap stamped "PELOTON BOUNDARY" set at the end of said curve;
5. South 77°33'19" East, a distance of 141.22 feet to a 5/8-inch iron rod with cap stamped "PELOTON BOUNDARY" set for the beginning of a curve to the left;
6. Along said curve, having a radius of 1,457.85 feet, an arc length of 219.72 feet, and a chord bearing and distance of South 81°52'23" East, 219.51 feet to a 5/8-inch iron rod with cap stamped "PELOTON BOUNDARY" set at the end of said curve;
7. South 86°11'26" East, at a distance of 95.52 feet, pass the east line of said Tract I, same being the west line of said Tract II, continuing a total distance of 470.50 feet to a to a 5/8-inch iron rod with cap stamped "PELOTON BOUNDARY" set for the beginning of a curve to the left;

THENCE, over and across said Tract II the following six (6) courses and distances:

1. Along said curve, having a radius of 150.00 feet, an arc length of 179.56 feet, and a chord bearing and distance of North 59°31'01" East, 169.03 feet to a 5/8-inch iron rod with cap stamped "PELOTON BOUNDARY" set at the end of said curve;
2. North 25°13'29" East, a distance of 149.88 feet to a 5/8-inch iron rod set with cap stamped "PELOTON BOUNDARY";
3. South 64°46'31" East, a distance of 87.95 feet to a 5/8-inch iron rod with cap stamped "PELOTON BOUNDARY" set for the beginning of a non-tangent curve to the left;
4. Along said curve, having a radius of 150.00 feet, an arc length of 270.04 feet, and a chord bearing and distance of South 35°10'34" East, 235.02 feet to a 5/8-inch iron rod with cap stamped "PELOTON BOUNDARY" set for the beginning of a reverse curve to the right;
5. Along said reverse curve, having a radius of 765.00 feet, an arc length of 239.58 feet, and a chord bearing and distance of South 77°46'43" East, 238.60 feet to a 5/8-inch iron rod with cap stamped "PELOTON BOUNDARY" set at the end of said reverse curve;
6. South 68°48'24" East, a distance of 243.38 feet to a 5/8-inch iron rod with cap stamped "PELOTON BOUNDARY" set on the west ROW of US Highway 281 (ROW Varies), same being the northeast corner of the herein described tract;

THENCE, along said west ROW line the following five (5) courses and distances:

1. South 26°02'34" West, a distance of 259.62 feet to a 1/2-inch iron rod found;
2. South 23°24'55" West, a distance of 588.00 feet to a Type I TxDOT monument found;
3. South 36°38'26" West, a distance of 1,134.59 feet to a Type II TxDOT monument found;
4. South 44°06'29" West, a distance of 1,061.61 feet to a Type II TxDOT monument found;
5. South 76°10'25" West, a distance of 485.98 feet to a Type II TxDOT monument found in the aforementioned north ROW line State Highway 71;

THENCE, along said north ROW line the following two (2) courses and distances:

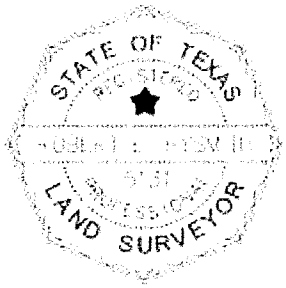
1. North 77°21'12" West, a distance of 400.36 feet to a Type I TxDOT monument found;

2. North 74°29'36" West, a distance of 942.74 feet to the **POINT OF BEGINNING** of the herein described tract, containing 172.7381 acres of land, more or less.

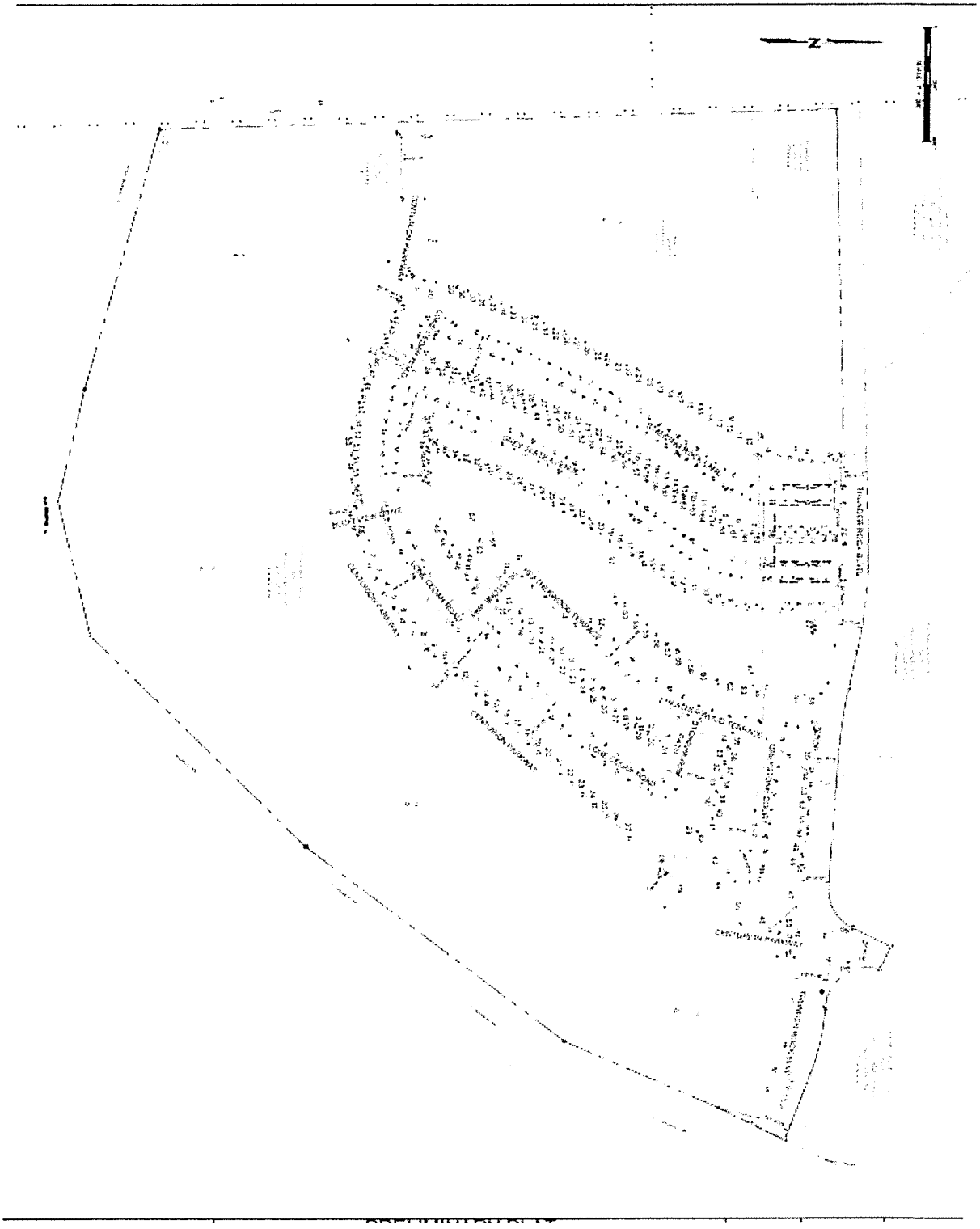
All bearings and coordinates shown hereon are based on the Texas State Plane Coordinate System (SPCS), Central Zone (4202), NAD83/93. All distances shown hereon are surface values represented in U.S. Survey Feet and can be converted to grid by multiplying by a scale factor of 0.99988.

Witness my hand and seal this 21st day of October, 2022.

Robert E. Hysmith
Registered Professional Land Surveyor No. 5131
Peloton Land Solutions
4214 Medical Parkway
Suite 300
Austin, Texas 78756
(512) 831-7700
TBPLS Firm No. 10194108



[see unrecorded plat following]



Appendix "A"

APPENDIX "B"

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR

THUNDER ROCK RESIDENTIAL COMMUNITY

DECLARANT REPRESENTATIONS & RESERVATIONS

B.1. GENERAL PROVISIONS.

B.1.1. Introduction. Declarant intends the Declaration to be perpetual and understands that provisions pertaining to the initial development, construction, marketing, and control of the Property will become obsolete when Declarant's role is complete upon expiration of the Development Period. As a courtesy to future users of the Declaration, who may be frustrated by then-obsolete terms, Declarant is compiling the Declarant-related provisions in this Appendix. The terms of Appendix "B" may not be modified or amended without the express written consent of Declarant.

B.1.2. General Reservation & Construction. Notwithstanding other provisions of the Documents to the contrary, nothing contained therein may be construed to, nor may any mortgagee, other Owner, or the Association, prevent or interfere with the rights contained in this Appendix which Declarant hereby reserves exclusively unto itself and its successors and assigns. In case of conflict between this Appendix and any other Document, this Appendix controls. This Appendix may not be amended without the prior written consent of Declarant. To the extent any proposed amendment is for the purpose of either amending the provisions of this Declaration or the Association's agreements pertaining to the use, operation, maintenance and/or supervision of any facilities, structures, improvements, systems, Common Areas, private Streets, or grounds that are the responsibility of the Association, prior written consent of the City may be required. The terms and provisions of this Appendix must be construed liberally to give effect to Declarant's intent to protect Declarant's interests in the Property.

B.1.3. Purpose of Development and Declarant Control Periods. This Appendix gives Declarant certain rights during the Development Period and the Declarant Control Period to ensure a complete and orderly build out and sellout of the Property, which is ultimately for the benefit and protection of Owners and mortgagees. Declarant may not use its control of the Association and the Property for an advantage over the Owners by way of retention of any residual rights or interests in the Association or through the creation of any contractual agreements which the Association may not terminate without cause with ninety (90) days' notice.

B.1.4. Definitions. As used in this Appendix and elsewhere in the Documents, the following words, and phrases, when capitalized, have the following specified meanings:

a. "Builder" means a person or entity which purchases, or contracts to purchase, a Lot from Declarant or from a Builder for the purpose of constructing a Residence for resale or under contract to an Owner other than Declarant. As used in this Declaration, Builder does not refer to Declarant or to any home building or home marketing company that is an affiliate of Declarant.

b. "Declarant Control Period" means that period of time during which Declarant controls the operation of this Association. The duration of the Declarant Control Period will be from the date this Declaration is recorded for a maximum period not to exceed the earlier of:

(1) fifty (50) years from date this Declaration is recorded; or

(2) the date title to the Lots and all other portions of the Property has been conveyed to Owners other than Builders or Declarant.

B.1.5. Builders. Declarant, through its affiliates, intends to construct Residences on the Lots in connection with the sale of the Lots. However, Declarant may, without notice, sell some or all of the Lots to one or more Builders to improve the Lots with Residences to be sold and occupied.

B.2. DECLARANT CONTROL PERIOD RESERVATIONS. Declarant reserves the following powers, rights, and duties during the Declarant Control Period:

B.2.1. Officers & Directors. During the Declarant Control Period, the Board may consist of a minimum of three (3) persons, and a maximum of five (5) persons. **During the Declarant Control Period, Declarant may appoint, remove, and replace any officer or director of the Association, none of whom need be Members or Owners, and each of whom is indemnified by the Association as a "Leader;"** provided, however, that on or before the date which is the earlier of (i) one hundred twenty (120) days after Declarant has conveyed seventy five percent (75%) of the Lots that may be developed within the Property, or (ii) ten (10) years after the date of recordation of this Declaration, at least one-third (1/3) of the directors on the Board shall be elected by non-Declarant Owners.

B.2.2. Weighted Votes. During the Declarant Control Period, the vote appurtenant to each Lot owned by Declarant is weighted twenty (20) times that of the vote appurtenant to a Lot owned by another Owner. In other words, during the Declarant Control Period, Declarant may cast the equivalent of twenty (20) votes for each Lot owned by Declarant on any issue before the Association. On termination of the Declarant Control Period and thereafter, the vote appurtenant to Declarant's Lots is weighted uniformly with all other votes. In determining the number of Lots owned by the Declarant for the purpose of weighted voting hereunder, the total number of Lots covered by this Declaration, including all Lots annexed into the Property in accordance with the terms of this Declaration (including, by Declarant pursuant to its rights under Section B.7 of this Appendix B) shall be considered.

B.2.3. Budget Funding. The Declarant shall not be responsible or liable for any deficit in the Association's Budget or funds. The Declarant may, but is under no obligation to, subsidize any liabilities incurred by the Association, and the Declarant may, but is not obligated to, lend funds to the Association to enable it to defray its expenses, provided the terms of such loans are on reasonable market conditions at the time. Declarant is not responsible for funding the Reserve Fund and may, at its sole discretion, require the Association to use Reserve Funds or working capital funds collected under Section B.5 of this Appendix B when available to pay operating expenses prior to the Declarant funding any deficit.

B.2.4. Declarant Assessments. During the Declarant Control Period, any real property owned by Declarant is not subject to Assessments by the Association.

B.2.5. Builder Obligations. During the Declarant Control Period only, Declarant has the right but not the duty (1) to reduce or waive the Assessment obligation of a Builder, and (2) to exempt a Builder from any or all liabilities for transfer-related fees charged by the Association or its manager, provided the agreement is in writing. Absent such an exemption, any Builder who owns a Lot is liable for all Assessments and other fees charged by the Association in the same manner as any Owner.

B.2.6. Commencement of Assessments. During the initial development of the Property, Declarant may elect to postpone the Association's initial levy of Regular Assessments until a certain number of Lots are sold. During the Declarant Control Period, Declarant will determine when the Association first levies Regular Assessments against the Lots. Prior to the first levy, Declarant will be responsible for all operating expenses of the Association; however, Declarant may elect to treat any advance made by the Declarant to cover operating or other expenses of the Association as a loan to the Association subject to reimbursement and repayment by the Association.

B.2.7. Expenses of Declarant. Expenses related to the completion and marketing of the Property will be paid by Declarant and are not expenses of the Association.

B.2.8. Budget Control and Termination of Association Contracts. During the Declarant Control Period, the right of Owners to veto budgets, budget amendments, Assessment increases or Special Assessments is not effective and may not be exercised. During the Declarant Control Period, any contracts entered into by the Association may not be terminated without the prior written consent of Declarant.

B.2.9. Organizational Meeting. Within one hundred twenty (120) days after the end of the Declarant Control Period, or sooner at the Declarant's option, Declarant will call an organizational meeting of the Members of the Association for the purpose of electing, by vote of the Owners, directors to the Board. Written notice of the organizational meeting must be given to an Owner of each Lot at least ten (10) days but not more than sixty (60) days before the meeting. For the organizational meeting, and each regular or special meeting called thereafter, Owners of ten percent (10%) of the Lots constitute a quorum. The directors elected at the organizational meeting will serve as the Board until the next annual meeting of the Association or a special meeting of the Association called for the purpose of electing directors, at which time the staggering of terms will begin. At this transition meeting, the Declarant will transfer control over all utilities related to the Common Areas owned by the Association and Declarant will provide information to the Association, if not already done so, relating to the total costs to date related to the operation and maintenance of the Common Areas.

B.3. DEVELOPMENT PERIOD RESERVATIONS. Declarant reserves the following easements and rights, exercisable at Declarant's sole discretion, at any time during the Development Period:

B.3.1. Changes in Development Plan. Declarant may modify the initial development plan to respond to perceived or actual changes and opportunities in the marketplace. Subject to approval by (1) a governmental entity, if applicable, and (2) the Owner of the land or Lots to which the

change would directly apply (if other than Declarant), Declarant may (a) change the sizes, dimensions, and configurations of Lots and Streets; (b) change the minimum Residence size; (c) change the building setback requirements; and (d) eliminate or modify any other feature of the Property.

B.3.2. Builder Limitations. Declarant may require its approval (which may not be unreasonably withheld) of all documents and materials used by a Builder in connection with the development and sale of Lots, including without limitation promotional materials; deed restrictions; forms for deeds, Lot sales, and Lot closings. Without Declarant's prior written approval, a Builder may not use a sales office or model in the Property to market Residences, Lots, or other products located outside the Property.

B.3.3. Architectural Control. **During the Development Period, Declarant has the absolute right to serve as the Architectural Reviewer pursuant to Article 6.** After the period of Declarant control, a person may not be appointed or elected to serve on the ACC if the person is (a) a current Board member, (b) a current Board member's spouse; or (3) a person residing in a current Board member's household. Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights as Architectural Reviewer under Article 6 and this Appendix to (1) an ACC appointed by the Board, or (2) a committee comprised of architects, engineers, or other persons who may or may not be Members of the Association. Any such delegation is at all times subject to the unilateral rights of Declarant (1) to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated and (2) to veto any decision which Declarant in its sole discretion determines to be inappropriate or inadvisable for any reason. Declarant also has the unilateral right to exercise architectural control over vacant Lots in the Property. **Neither the Association, the Board of directors, nor a committee appointed by the Association or Board (no matter how the committee is named) may involve itself with the approval of new Residences and related improvements on vacant Lots.**

B.3.4. Amendment. During the Development Period, Declarant may amend this Declaration and the other Documents, including the Bylaws, without consent of the Board, other Owners or mortgagee, or Members for any purpose, including without limitation the following purposes:

a. To create Lots, easements, and Common Areas within the Property.

b. To subdivide, combine, or reconfigure Lots.

c. To convert Lots into Common Areas and Common Areas back to Lots.

d. To modify the construction and use restrictions of Article 7 of this Declaration.

e. To merge the Association with another property owner's association.

f. To comply with the requirements of an underwriting lender, to bring any provisions of this Declaration into compliance with any applicable

governmental statute, rule, regulation, or judicial determination, or to satisfy the requirements of any local, state, or federal governmental.

g. To resolve conflicts, clarify ambiguities, and to correct misstatements, errors, or omissions in the Documents.

h. To enable any reputable title insurance company to issue title insurance coverage on the Lots.

i. To enable an institutional or governmental lender to make or purchase mortgage loans on the Lots.

j. To change the name or entity of Declarant.

k. To change the name of the addition in which the Property is located.

l. To change the name of the Association.

m. For any other purpose, provided the amendment has no material adverse effect on any right of any Owner.

B.3.5. Completion. During the Development Period, Declarant has (1) the right to complete or make improvements indicated on the Plat; (2) the right to sell or lease any Lot owned by Declarant; and (3) an easement and right to erect, construct, and maintain on and in the Common Area, and Lots owned or leased by Declarant whatever Declarant determines to be necessary or advisable in connection with the construction, completion, management, maintenance, leasing, and marketing of the Property, including, without limitation, parking areas, temporary buildings, temporary fencing, portable toilets, storage areas, dumpsters, trailers, and commercial vehicles of every type.

B.3.6. Easement to Inspect & Right to Correct. During the Development Period, Declarant reserves for itself the right, but not the duty, to inspect, monitor, test, redesign, correct, and relocate any structure, improvement or condition that may exist on any portion of the Property, including the Lots, and a perpetual nonexclusive easement of access throughout the Property 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 screening wall located on a Lot may be warranted by a change of circumstance, imprecise siting of the original wall, or desire to comply more fully with public codes and ordinances. This Section may not be construed to create a duty for Declarant or the Association.

B.3.7. Promotion. During the Development Period, Declarant reserves for itself an easement and right to place or install signs, banners, flags, display lighting, potted plants, exterior decorative items, seasonal decorations, temporary window treatments, and seasonal landscaping on the Property, including items and locations that are prohibited to other Owners and Residents, for purposes of promoting, identifying, and marketing the Property and/or Declarant's Residences, Lots, developments, or other products located outside the Property. Declarant reserves an easement and right to maintain, relocate, replace, or remove the same from time to time within the

Property. Declarant also reserves the right to sponsor marketing events – such as open houses, MLS tours, and broker's parties – at the Property to promote the sale of Lots. During the Development Period, Declarant also reserves (1) the right to permit Builders to place signs and promotional materials on the Property and (2) the right to exempt Builders from the sign restriction in this Declaration.

B.3.8. Offices. During the Development Period, Declarant reserves for itself the right to use Residences owned or leased by Declarant as models, storage areas, and offices for the marketing, management, maintenance, customer service, construction, and leasing of the Property and/or Declarant's developments or other products located outside the Property. Also, Declarant reserves for itself the easement and right to make structural changes and alterations on and to Lots and Residences used by Declarant as models, storage areas, and offices, as may be necessary to adapt them to the uses permitted herein.

B.3.9. Access. During the Development Period, Declarant has an easement and right of ingress and egress in and through the Property for purposes of constructing, maintaining, managing, and marketing the Property and the Property Subject to Annexation (as hereinafter defined), and for discharging Declarant's obligations under this Declaration.

Declarant also has the right to provide a reasonable means of access for the home buying public through any existing or future gate that restricts vehicular access to the Property in connection with the active marketing of Lots and Residences by Declarant or Builders, including the right to require that the gate be kept open during certain hours and/or on certain days. This provision may not be construed as an obligation or intent to gate the Property.

B.3.10. Utility Easements. During the Development Period, Declarant may grant permits, licenses, and easements over, in, on, under, and through the Property for utilities, roads, and other purposes necessary for the proper development and operation of the Property. Declarant reserves the right to make changes in and additions to the easements on any Lot, as shown on the Plat, to more efficiently or economically install utilities or other improvements. Utilities may include, but are not limited to, water, sewer, trash removal, electricity, gas, telephone, television, cable, internet service, and security. To exercise this right as to land that is not a Common Area or not owned by Declarant, Declarant must have the prior written consent of the Owner.

B.3.11. Assessments. For the duration of the Development Period, any Lot owned by Declarant is not subject to mandatory assessment by the Association until the date Declarant transfers title to an Owner other than Declarant. If Declarant owns a Lot on the expiration or termination of the Development Period, from that day forward Declarant is liable for Assessments on each Lot owned by Declarant in the same manner as any Owner.

B.3.12. Land Transfers. During the Development Period, any transfer of an interest in the Property to or from Declarant is not subject to any transfer-related provision in the Documents, including without limitation on an obligation for transfer or Resale Certificate fees, and the transfer-related provisions of Article 8 of this Declaration. The application of this provision includes without limitation Declarant's Lot takedowns, Declarant's sale of Lots to Builders, and Declarant's sale of Lots to homebuyers.

B.4. COMMON AREAS. Declarant will convey title to the Common Areas, including any and all facilities, structures, improvements and systems of the Common Areas owned by Declarant, to

the Association by one or more deeds – with or without warranty. Any initial Common Area improvements will be installed, constructed, or authorized by Declarant, the cost of which is not a Common Expense of the Association. At the time of conveyance to the Association, the Common Areas will be free to encumbrance except for the property taxes accruing for the year of conveyance the terms of this Declaration and matters reflected on the Plat. Declarant's conveyance of title is a ministerial task that does not require and is not subject to acceptance by the Association or the Owners. The transfer of control of the Association at the end of the Declarant Control Period is not a transfer of Common Areas requiring inspection, evaluation, acceptance, or approval of Common Area improvements by the Owners. Declarant is under no contractual or other obligation to provide amenities of any kind or type.

B.5. WORKING CAPITAL FUND. Declarant may (but is not required to) establish a separate working capital fund for the Association (which shall be different from the Reserve Fund set forth in the Declaration, Section 8.11.3) by requiring purchasers of Lots to make a one-time contribution to this fund, subject to the following conditions:

a. The amount of the contribution to this fund will be an amount equal to the greater of (i) ONE HUNDRED TWENTY FIVE and No/100 Dollars ($125.00) for each Lot or (ii) one-third (1/3) of the then current annual Regular Assessment with respect to transfers from a non-Builder Owner to another Owner, and will be collected on the closing of the sale of the Lot to any Owner other than transfers to a Builder, or any transfers to or from a Declarant, or Declarant-affiliate. Declarant during the Development Period or, thereafter, the Board may increase the amount of the contribution to be made by any Owner pursuant to this paragraph by an additional amount equal to fifty percent (50%) of the then current contribution required to be made without joinder or consent of any Member or Owner.

b. Subject to the foregoing, a Lot's contribution should be collected from the Owner at closing upon sale of a Lot from Builder to Owner; Declarant acknowledges that this condition may create an inequity among the Owners but deems it a necessary response to the diversification of marketing and closing Lot sales.

c. Contributions to the working capital fund are not advance payments of Regular Assessments or Special Assessments or made in lieu of other reserve fund payments or amounts to be collected or due hereunder and are not refundable to the contributor by the Association or by Declarant. This may not be construed to prevent a selling Owner from negotiating reimbursement of the contribution from a purchaser. Funds may be used for any operating, administrative and/or maintenance needs of the Association, including, without limitation, funding for the Association's operating needs during the Declarant Control Period in the event of a deficit in the Association's operating budget.

d. Declarant will transfer the balance of the working capital fund to the Association on or before termination of the Declarant Control Period. Declarant may not use the fund to defray Declarant's personal expenses or construction costs however, Declarant may, if necessary, utilize funds for the Association's operating needs in the event of a deficit in the Association's operating budget.

B.6. SUCCESSOR DECLARANT. Declarant may designate one or more Successor Declarants' (herein so called) for specified designated purposes and/or for specified portions of

the Property, or for all purposes and all of the Property. To be effective, the designation must be in writing, signed and acknowledged by Declarant and Successor Declarant, and recorded in the Real Property Records of Burnet County, Texas. Declarant (or Successor Declarant) may subject the designation of Successor Declarant to limitations and reservations. Unless the designation of Successor Declarant provides otherwise, a Successor Declarant has the rights of Declarant under this Section and may designate further Successor Declarants.

B.7. Declarant's Right to Annex Adjacent Property. Declarant hereby reserves for itself and its affiliates and/or any of their respective successors and assigns the right to annex any real property in the vicinity of the Property (the "Property Subject to Annexation") into the scheme of this Declaration as provided in this Declaration. Notwithstanding anything herein or otherwise to the contrary, Declarant and/or such affiliates, successors and/or assigns, subject to annexation of same into the real property, shall have the exclusive unilateral right, privilege and option (but never an obligation), from time to time, for as long as Declarant owns any portion of the Property or Property Subject to Annexation, to annex (a) all or any portion of the Property Subject to Annexation owned by Declarant, and (b) subject to the provisions of this Declaration and the jurisdiction of the Association, any additional property located adjacent to or in the immediate vicinity of the Property (collectively, the "Annexed Land"), by filing in the Official Public Records of Burnet County, Texas, a Supplemental Declaration expressly annexing any such Annexed Land. Such Supplemental Declaration shall not require the vote of the Owners, the Members of the Association, or approval by the Board or other action of the Association or any other Person, subject to the prior annexation of such Annexed Land into the real property. Any such annexation shall be effective upon the filing of such Supplemental Declaration in the Official Public Records of Burnet County, Texas (with consent of Owner(s) of the Annexed Land, if not Declarant). Declarant shall also have the unilateral right to transfer to any successor Declarant, Declarant's right, privilege, and option to annex Annexed Land, provided that such successor Declarant shall be the developer of at least a portion of the Annexed Land and shall be expressly designated by Declarant in writing to be the successor or assignee to all or any part of Declarant's rights hereunder.

B.7.1. Procedure for Annexation. Any such annexation shall be accomplished by the execution by Declarant, and the filing for record by Declarant (or the other Owner of the property being added or annexed, to the extent such other Owner has received a written assignment from Declarant of the right to annex hereunder) of a Supplemental Declaration which must set out and provide for the following:

(i) A legally sufficient description of the Annexed Land being added or annexed, which Annexed Land must as a condition precedent to such annexation be included in the real property;

(ii) That the Annexed Land is being annexed in accordance with and subject to the provisions of this Declaration, and that the Annexed Land being annexed shall be developed, held, used, sold and conveyed in accordance with, and subject to, the provisions of this Declaration as theretofore and thereafter amended; provided, however, that if any Lots or portions thereof being so annexed are to be treated differently than any of the other Lots (whether such difference is applicable to other Lots included therein or to the Lots now subject to this Declaration), the

Supplemental Declaration should specify the details of such differential treatment and a general statement of the rationale and reasons for the difference in treatment, and if applicable, any other special or unique covenants, conditions, restrictions, easements or other requirements as may be applicable to all or any of the Lots or other portions of Annexed Land being annexed;

(iii) That all of the provisions of this Declaration, as amended, shall apply to the Annexed Land being added or annexed with the same force and effect as if said Annexed Land were originally included in this Declaration as part of the Property, with the total number of Lots increased accordingly;

(iv) That an Assessment Lien is therein created and reserved in favor of the Association to secure collection of the Assessments as provided in this Declaration, and as provided for, authorized, or contemplated in the Supplemental Declaration, and setting forth the first year Regular Assessments and the amount of any other then applicable Assessments (if any) for the Lots within the Annexed Land being made subject to this Declaration; and

(v) Such other provisions as the Declarant therein shall deem appropriate.

B.7.2. Amendment. The provisions of this B.7. or its sub-sections may not be amended without the express written consent of Declarant (and Declarant's successors and assigns in accordance with the terms hereof).

B.7.3. No Duty to Annex. Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any Member to annex any property to this Declaration and no Owner of the property excluded from this Declaration shall have any right to have such property annexed thereto.

[End of Appendix B]

APPENDIX "C"

TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THUNDER ROCK RESIDENTIAL COMMUNITY

Design Guidelines

PART ONE: LANDSCAPING, FENCES AND EXTERIOR ELEMENTS

SECTION 1.1 LANDSCAPING.

Upon completion of each Residence, each Residence must comply with the landscaping requirements of any applicable City of Marble Falls ordinances and Association Rules. Notwithstanding compliance with the foregoing, the following landscape elements shall be installed prior to occupancy of the Residence:

1.1.1 Sod and Irrigation: Each Residence shall have full sod installed for the entire front and rear yard and a minimum of ten (10) feet back from the front wall face for each side yard, or to the side yard fence, or as required under Applicable Zoning, whichever is greater. Decorative rocks may be permitted within areas where plant material is difficult to maintain or where used to accentuate landscape areas. All yard areas within a front yard of a Lot covered with organic material must be watered by an automatic underground irrigation system equipped with rain and freeze sensors. Any area not covered by buildings, driveways, swimming pools, or other improved hard surfaces that have been disturbed during construction shall be hydro mulched or sodded with a warm-weather grass variety or landscaped with groundcovers, plants, mulch, or pervious rock bed unless they are covered by natural woodlands or other natural areas. Artificial or synthetic turf is permitted only in a rear yard and shall not count as a pervious surface.

1.1.2 Trees: A minimum of One (1) Oak tree is to be located in the front yard on all Lots. Each Owner of a Lot shall be responsible for maintenance and preservation of trees located on their property and shall promptly replace dead trees within thirty (30) days of loss occurrence when favorable planting weather exists or sixty (60) days unless otherwise noticed by the Architectural Reviewer or compliance division. ***The City may have a tree ordinance or tree preservation ordinance in place. Owner should check with the City before removing or replacing a tree.*** All large and ornamental trees must be irrigated with drip or bubbler irrigation on a separate zone from spray-head irrigation.

1.1.3 Shrubbery and Planting Beds: Each front yard of a 40' Lot shall have at least eight (8) 5-gallon shrubs and ten (10) 1-gallon shrubs. Each front yard of a 50' Lot and 60' Lot shall have at least ten (10) 5-gallon shrubs and twenty-two (22) 1-gallon

shrubs. All plants shall be selected from the City's required plant schedule outlined in the Applicable Zoning. A mulched planting bed; edging is preferred but, not mandatory. Owners of Lots shall be responsible for ensuring proper watering and care of the shrubs and planting bed. Owners shall promptly replace any dead shrubbery. Landscape borders and tree rings must be a continuous mortared wall consisting of a masonry material matching the front of the residence on such Lot. Variances to this rule may be granted in writing by the Architectural Reviewer on case-by-case basis at the sole discretion of the Architectural Reviewer.

SECTION 1.2 FENCES: Fence height for wood fences shall be a minimum of six feet (6'). Six feet shall be the standard height, unless prior written approval of the Architectural Reviewer is obtained by an Owner, which application for approval shall be considered on a case-by-case basis; provided that Declarant shall not be required to obtain approval for any fence or masonry wall constructed by Declarant within the Subdivision. All wood fencing shall be stained and preserved as follows:

Manufacturer:	Ready Seal Exterior Wood Stain – Dark Walnut No. 125 (any other stain color must be approved in advance, in writing, by the Architectural Reviewer prior to use)

Rear yard fencing adjacent to open space of Common Areas must have wrought iron/ornamental metal or tubular steel of the design depicted on the Iron Fence Detail attached hereto as Attachment 1.2.3.2, and any side lot boundaries of a Lot shared with Common Areas shall use either wrought iron/ornamental metal or tubular steel of the same design or board-on-board fencing of a design specified for Major thoroughfares and Corner Lots under Section 1.2.1 below and detailed on Exhibit Attachment 1.2.1.1.

The perimeter wall of the Subdivision to be maintained by the Association as part of the Common Area and constructed within the Wall & Wall Maintenance Easements or within other Common Areas shown on the Plat shall include stone columns with 6-foot high board-on-board wood fencing with 6" wide planks between columns stained with a Ready Seal Exterior Wood Stain – Dark Walnut No. 12, and with steel posts with the smooth side of the fence always facing outward. Such perimeter fencing shall be constructed and installed by Declarant and maintained thereafter by the Association as part of the Common Areas.

1.2.1 Major thoroughfares and Corner Lots: Portions of a fence that face a major thoroughfare or street including corner Lots will be considered major thoroughfare fencing and shall be cedar wood and stained with Ready Seal Exterior Wood Stain – Dark Walnut No. 125. Steel posts with the smooth side of the fence always facing outward. See Exhibit Attachment 1.2.1.1 for more information. Fences shall be stained with the approved color from Section 1.2 above. Fencing must be always kept in good repair. Broken or missing pickets or panels must be promptly repaired

or replaced. All leaning or fallen panels must be up righted, repaired or replaced. Fencing must be routinely stained and kept aesthetically pleasing at all times.

1.2.2 Standard Side and Rear Yard Fences – Interior Lots: For all interior lots which shall include **any** portion of a fence that is **not** visible from a major street or thoroughfare shall be cedar wood, with steel posts. Fencing may be four-inch (4") dog-ear or board-to-board pickets and all fences to have step ups and step downs to adjust for grade. See Exhibit Attachment 1.2.2.1. Fences shall be stained with the approved color from Section 1.2 above. Fencing must be always kept in good repair. Broken or missing pickets or panels must be promptly repaired or replaced. All leaning or fallen panels must be up righted, repaired or replaced. Fencing must be routinely stained and kept aesthetically always pleasing.

1.2.3 Fences adjacent to or within "Recreation Center Tract" and "Sports Facility Tract": For all Lots with a property line shared with the "Recreation Center Tract" and "Sports Facility Tract" as defined and described in the City Development Agreement, the fencing on or in any easement adjacent to the shared property line between such Lots and the "Recreation Center Tract" and/or "Sports Facility Tract" as defined and described in the City Development Agreement shall be at least six feet (6') in height.

1.2.4 Pool Enclosures. The design and appearance of any "swimming pool enclosure" (as defined below) that is visible from the Street or Common Area adjacent to the Lot on which such swimming pool enclosure is located must be six feet (6') or less in height, black in color, and consist of transparent mesh set in metal frames, unless otherwise approved in writing by the Architectural Reviewer. In no event shall the Architectural Reviewer prohibit or restrict an Owner from installing on such Owner's Lot a swimming pool enclosure that conforms to applicable state or local safety requirements. A "swimming pool enclosure" means and refers to a fence that (1) surrounds a water feature, including a swimming pool or spa located on a Lot; (2) consists of transparent mesh or clear panels set in metal frames; (3) is not more than six feet (6') in height; and (4) is designed not to be climbable.

1.2.5 Security Measures. Any security fencing installed on an Owner's Lot as a security measure under Section 202.023 of the Texas Property Code, as amended (a) shall be no higher than six (6) feet from grade, (b) to the extent located within the front yard area of an Owner's Lot, must be open and constructed of ornamental metal or wrought iron materials that allow the front façade of the residence on such Owner's Lot to remain visible from the street through such fencing and be of a design approved by the Architectural Reviewer and also Declarant during the Development Period, (c) to the extent located within the front yard area of an Owner's Lot, shall not include or be constructed or installed with screening material, landscape screening, chain link, razor wire, electrification, or barbed wire, and (d) such fencing shall otherwise be constructed, installed and maintained in

compliance with any and all governmental requirements, including permit requirements. No Owner shall place security cameras in any place other than the Owner's own Lot. The "front yard area" with respect to a Lot shall mean the area between the front façade of the residence on such Lot and the public street or right-of-way in front of such Lot.

SECTION 1.3 MAILBOXES:

1.3.1 Mailboxes for all Residences shall be cluster boxes of a type and style approved for use by the U.S. Postal Service.

SECTION 1.4 FLAGS AND FLAGPOLES: This Section may be used as a standard approval base for Residences at the Architectural Reviewer's discretion:

1.4.1 The only flags which may be displayed are: (i) the flag of the United States of America; (ii) the flag of the State of Texas; and (iii) an official or replica flag of any branch of the United States armed forces and School Spirit flags. No other types of flags, pennants, banners, kits, or similar types of displays are permitted on a Lot if the display is visible from a street or Common Areas.

1.4.2 The flag of the United States must be displayed in accordance with 4 U.S.C. Sections 5-10.

1.4.3 The flag of the State of Texas must be displayed in accordance with Chapter 3100 of the Texas Government Code.

1.4.4 Any freestanding flagpole, or flagpole attached to a Residence, shall be constructed of permanent, long-lasting materials. The materials used for the flagpole shall be harmonious with the Residence and must have a silver finish with a gold or silver ball at the top. The flagpole must not exceed three (3) inches in diameter.

1.4.5 The display of a flag, or the location and construction of the supporting flagpole, shall comply with applicable zoning ordinances, easements, and setbacks of record.

1.4.6 A displayed flag, and the flagpole on which it is flown, shall be always maintained in good condition. Any flag that is deteriorated must be replaced or removed. Any flagpole that is structurally unsafe or deteriorated shall be repaired, replaced, or removed.

1.4.7 Only one flagpole will be allowed per Lot. A flagpole can either be securely attached to the face of the Residence (no other structure) or be a freestanding flagpole. A flagpole attached to the Residence may not exceed 4 feet in length. A freestanding flagpole may not exceed 20 feet in height. Any freestanding flagpole must be located in either the front yard or backyard of a Lot, and there must be a distance of at least 5 feet between the flagpole and the property line.

1.4.8 Any flag flown or displayed on a freestanding flagpole may be no smaller than 3'x5' and no larger than 4'x6'.

1.4.9 Any flag flown or displayed on a flagpole attached to the Residence may be no larger than 3'x5'.

1.4.10 Any freestanding flagpole must be equipped to minimize halyard noise. The preferred method is through the use of an internal halyard system. Alternatively, swivel snap hooks must be covered, or "Quiet Halyard" Flag snaps installed. Neighbor complaints of noisy halyards are a basis to have flagpole removed until Owner resolves the noise complaint.

1.4.11 The illumination of a flag is allowed so long as it does not create a disturbance to other residents in the community. Solar powered, pole mounted light fixtures are preferred as opposed to ground mounted light fixtures. Compliance with all municipal requirements for electrical ground mounted installations must be certified by Owner. Flag illumination may not shine into another Residence. Neighbor complaints regarding flag illumination are a basis to prohibit further illumination until Owner resolves complaint.

1.4.12 Flagpoles shall not be installed in Common Areas, or any property maintained by the Association.

1.4.13 All freestanding flagpole installations must receive prior written approval of the Architectural Reviewer.

SECTION 1.5 RAIN BARRELS OR RAINWATER HARVESTING SYSTEMS

1.5.1 Rain barrels or rainwater harvesting systems and related system components (collectively, "Rain Barrels") may only be installed after receiving the written approval of the Architectural Reviewer.

1.5.2 Rain Barrels may not be installed upon or within Common Areas.

1.5.3 Under no circumstances shall Rain Barrels be installed or located in or on any area within a Lot that is in-between the front of the property owner's Residence and an adjoining or adjacent street.

1.5.4 The rain barrel must be of color that is consistent with the color scheme of the property owner's Residence and may not contain or display any language or other content that is not typically displayed on such Rain Barrels as manufactured.

1.5.5 Rain Barrels may be located in the side-yard or back-yard of an owner's Residential Parcel so long as these may not be seen from a street, another Lot or any Common Areas.

1.5.6 In the event the installation of Rain Barrels in the side-yard or back-yard of an owner's property in compliance with paragraph 1.5.5 above is impossible, the Reviewing Body may impose limitations or further requirements regarding the size, number and screening of Rain Barrels with the objective of screening the Rain Barrels from public view to the greatest extent possible. The owner must have sufficient area on their Lot to accommodate the Rain Barrels.

1.5.7 Rain Barrels must be properly maintained at all times or removed by the owner.

1.5.8 Rain Barrels must be enclosed or covered.

1.5.9 Rain Barrels which are not properly maintained become unsightly or could serve as a breeding pool for mosquitoes must be removed by the owner from the Lot.

SECTION 1.6 RELIGIOUS DISPLAYS.

1.6.1 By statute, an Owner is allowed to display or affix on the Owner's Lot or occupant's residence one or more religious items, the display of which is motivated by the Owner's or occupant's sincere religious belief. Such display is limited according to the provisions contained herein.

1.6.2 If displaying or affixing of a religious item on the Owner's Lot or occupant's residence violates any of the following covenants, the Association may remove the item displayed:

(1) threatens the public health or safety;

(2) violates a law other than a law prohibiting the display of religious speech;

(3) contains language, graphics, or any display that is patently offensive to a passerby for reasons other than its religious content;

(4) is installed on property:

(A) owned or maintained by the Association; or

(B) owned in common by members of the Association;

(5) violates any applicable building line, right-of-way, setback, or easement; or

(6) is attached to a traffic control device, streetlamp, fire hydrant, or utility sign, pole, or fixture.

1.6.3 No Owner or Resident is authorized to use a material or color for an entry door or door frame of the Owner's or Resident's Residence or make an alteration to the

entry door or door frame that is not authorized by the Association, Declaration or otherwise expressly approved by the Architectural Reviewer.

PART TWO: RESIDENCES

SECTION 2.1 ROOFS.

2.1.1 Roof Pitch: Roof Pitch for Residences shall have a minimum of 6-in - 12in slopes, provided accent roofs must be pitched a minimum of 4-in - 12-in slopes. Roof Pitch for porches and patios may have a lesser pitch but shall be subject to approval of the Declarant or Architectural Reviewer.

2.1.2 Roofing Materials: Roofing materials shall be high-definition architectural asphalt shingles (3-tab) with a minimum 30-year rated warranty. Other roofing materials or colors permitted under Applicable Zoning shall not be used without written approval from the Architectural Control Committee.

2.1.3 Dormers & Above Roof Chimneys: Dormers and Chimney Chases, above roof structure and roofing materials, may be finished with an approved exterior grade siding material. All Fireplace flues shall be enclosed and finished; exposed prefabricated metal flue piping is prohibited.

2.1.4 Roof Pitch for primary roof shall conform to the Sections 2.1.1, 2.1.2 and 2.1.3 above. Exemptions allowing lower pitch pans in areas around windows, covered porches and patios or certain Residence plans are allowed and will be reviewed for approval by the Architectural Reviewer on a case-by-case basis.

SECTION 2.2 CERTAIN ROOFING MATERIALS

2.2.1 Roofing shingles covered by this Section are exclusively those designed primarily to: (i) be wind and hail resistant; (ii) provide heating and cooling efficiencies greater than those provided by customary composite shingles; or (iii) provide solar generation capabilities (collectively, "Roofing Shingles").

2.2.2 Roofing Shingles allowed under this Section 2.2 shall:

(1) resemble the shingles used or otherwise authorized for use in the Subdivision and/or Property;

(2) be more durable than and are of equal or superior quality to the shingles used or otherwise authorized for use in the Subdivision and/or Property.

(3) match the aesthetics of the property surrounding the property of the owner requesting permission to install the Roofing Shingles.

2.2.3 The owner requesting permission to install the Roofing Shingles will be solely responsible for accrediting, certifying, and demonstrating to the Architectural Reviewer that the proposed installation is in full compliance with paragraphs a and b above. Owners should not attempt replacement of Roofing Shingles without the express written consent of the Architectural Reviewer.

2.2.4 Roofing Shingles shall be installed after receiving the written approval of the Architectural Reviewer.

2.2.5 Owners are hereby placed on notice that the installation of Roofing Materials may void or adversely other warranties.

SECTION 2.3 SOLAR PANELS. Installation of Solar Panels in a Residence may be more restrictive. If an Owner of a Residence installs a Solar Panel and it results in damage to the Roof in any way, Owner shall be held liable for the repair and / or replacement of the roof in and around the area affected. An Owner should carefully consider the installation of Solar Panels. Prior written approval of the Architectural Reviewer is always required for Residences. Damage to a roof whether Architectural Reviewer approved or not will be the sole responsibility of the Owner.

2.3.1 Solar energy devices, including any related equipment or system components (collectively, "Solar Panels") may only be installed after receiving the written approval of the Architectural Control Committee.

2.3.2 Solar Panels may not be installed upon or within Common Areas or any area which is maintained by the Association.

2.3.3 Solar Panels may only be installed on designated locations on the roof of a Residence, on any structure allowed under any Association dedicatory instrument, or within any fenced rear-yard or fenced-in patio of the owner's property, but only as allowed by the Architectural Reviewer. **Solar Panels may not be installed on the front elevation of the Residence.**

2.3.4 If located on the roof of a Residence, Solar Panels shall:

(1) not extend higher than or beyond the roofline;

(2) conform to the slope of the roof;

(3) have a top edge that is parallel to the roofline; and

(4) have a frame, support bracket, or wiring that is black or painted to match the color of the roof tiles or shingles of the roof. Piping must be painted to match the surface to which it is attached, i.e. the soffit and wall. Panels must blend with the color of the roof to the greatest extent possible.

2.3.5 If located in the fenced rear-yard or patio, Solar Panels shall not be taller than the fence line or visible from a Lot, Common Areas, or street.

2.3.6 The Architectural Reviewer may deny a request for the installation of Solar Panels if it determines that the placement of the Solar Panels, as proposed by the property owner, will create an interference with the use and enjoyment of land of neighboring owners.

2.3.7 Owners are hereby placed on notice that the installation of Solar Panels may void or adversely affect roof warranties. Any installation of Solar Panels which voids material warranties is not permitted and will be cause for the Solar Panels to be removed by the owner.

2.3.8 Solar Panels must be properly always maintained or removed by the owner.

2.3.9 Solar Panels which become non-functioning or inoperable must be removed by the owner of the property.

SECTION 2.4 MINIMUM FLOOR AREA AND SETBACK RESTRICTIONS. This Section shall pertain to Residences as described herein. Setback Restrictions, Lot size and depth, Minimum front and side yard, and other restrictions may exist in the Applicable Zoning and/or City Development Agreement. Builders must comply with these ordinances. In the event of a conflict, the higher standard shall prevail.

The total air-conditioned living area of the main residential structure of Residences constructed on each Lot, as measured to the outside of exterior walls but exclusive of open porches, garages, patios and detached accessory buildings, shall be (i) at least 1,200 square feet for 40' Lots, (ii) at least 1,600 square feet for 50' Lots, (iii) at least 2,000 square feet for 60' Lots, and (iv) at least 2,400 square feet for Estate Lots, and otherwise in accordance with the Applicable Zoning, the City Development Agreement, and/or any requirements of the PID or TIRZ, and other applicable laws. The setback requirements are subject to the building line setbacks as outlined in Applicable Zoning for each type of Residence permitted within the Subdivision.

SECTION 2.5 EXTERIOR WALLS

2.5.1 At least twenty percent (20%) of exterior walls of the first floor of all Residences that are parallel to or face an adjacent street or are visible from an area arterial or collector road, as determined by the Architectural Reviewer shall be constructed of brick, stone, or stucco. Any portions of the exterior elevations of a Residence that are not constructed of brick, stone, or stucco—exclusive of roofs, eaves, soffits, windows, gables, doors, and trim work—shall be constructed of cementitious siding products, e.g., "Hardi-Plank" or "Hardi-Panel." Masonite sheet or other sheet siding, or wood siding are prohibited. Other permitted primary building materials include Hardi-Plank™ or equivalent (or better) siding, or other materials as approved by the Architectural Reviewer and permitted under Applicable Zoning.

SECTION 2.6 WINDOWS

2.6.1 Windows shall be constructed of vinyl for all windows. Other windows may be used at the sole discretion and approval of the Architectural Reviewer but shall be subject to any City ordinance. Reflective glass is prohibited. Window screening must be black or gray in color.

SECTION 2.7 GARAGE

2.7.1 Front loaded garage doors shall be constructed of metal or fiberglass. Side entry garage doors must be constructed of decorative metal or fiberglass. All garage doors shall be kept in good repair at all times. No garage shall be used as living or business quarters at any time. Garage doors should be kept closed when not in use. Garages facing the Street are subject to a 20-foot minimum setback requirement.

SECTION 2.8 ELEVATION AND BRICK USAGE

2.8.1 Front Elevations: No front house elevation on a single-family Residence shall be repeated on the same side of the street unless it is separated by a minimum of two (2) Lots from the same elevation. No front house elevation on a single-family Residence shall be repeated directly across the street or within two (2) Lots on either side of the Residence directly across the street from such Residence.

2.8.2 Repeat Brick Usage: All residential plan and specification submittals shall be required to calculate the percentage coverage for each material. Plans that fail to do so may be returned or result in a delay in the review process.

2.8.2.1 *Same Side of Street*: No combination of brick color, mortar color, and sand color shall be repeated for adjacent Residences. Street intersections are acceptable separation elements.

2.8.2.2 *Opposite Side of Street*: Same brick color, mortar color, and sand color for Residences on opposing sides of the street should be separated by at least one (1) Lot.

Residences shall conform with the Architectural Standards and requirements for architectural diversity set forth in the City Design Guidelines included in the Applicable Zoning and the City Development Agreement. If contradictions between this Appendix "C" and the City Design Guidelines exist, the City Design Guidelines shall prevail unless this Appendix "C" sets a higher or stricter standard. The higher standard shall prevail.

Exhibits:
Exhibit Attachment 1.2.3.2 – Iron/Ornamental Metal Fence Detail
Exhibit Attachment 1.2.1.1 – Major Thoroughfare/Corner Lot Fence Detail
Exhibit Attachment 1.2.2.1 – Standard Interior Fence Detail

APPENDIX "C"

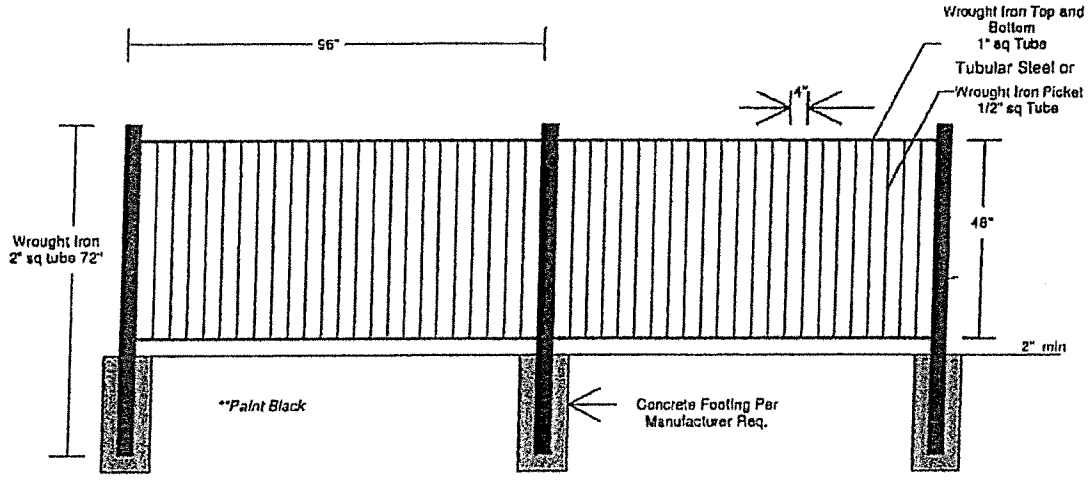
TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THUNDER ROCK RESIDENTIAL COMMUNITY

Exhibit Attachment 1.2.3.2

Iron/Ornamental Metal Fence Detail

EXHIBIT ATTACHMENT 1.2.3.2
Sample of acceptable wrought iron or tubular steel fencing allowed.
Fencing must be ornamental iron or tubular steel finished in black.
Fencing must be approved in writing by the Architectural Control Committee prior to installation.

Iron Fence Detail



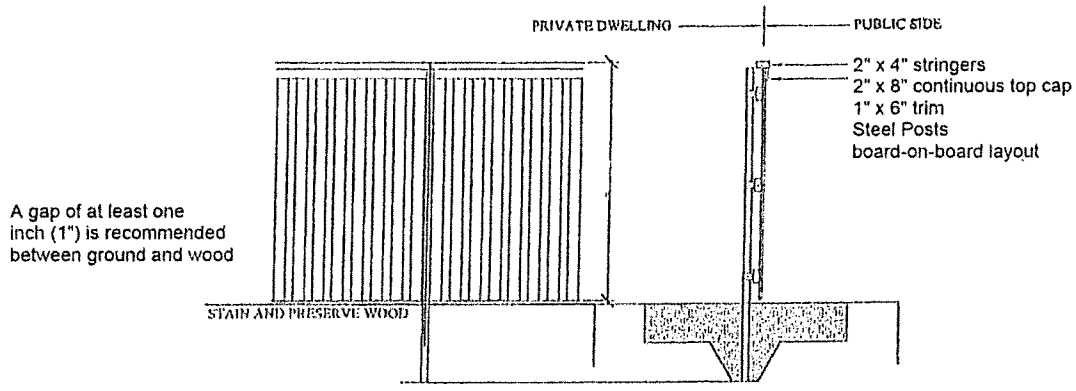
APPENDIX "C"

TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THUNDER ROCK RESIDENTIAL COMMUNITY

Exhibit Attachment 1.2.1.1

Major Thoroughfare/Corner Lot Fence Detail

EXHIBIT ATTACHMENT 1.2.1.1



Stain Color:
Manufacturer: Sherwin Williams Color Seal Rite Medium Brown (any other color must be approved in advance, in writing, by the ACC prior to use).

APPENDIX "C"

TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THUNDER ROCK RESIDENTIAL COMMUNITY

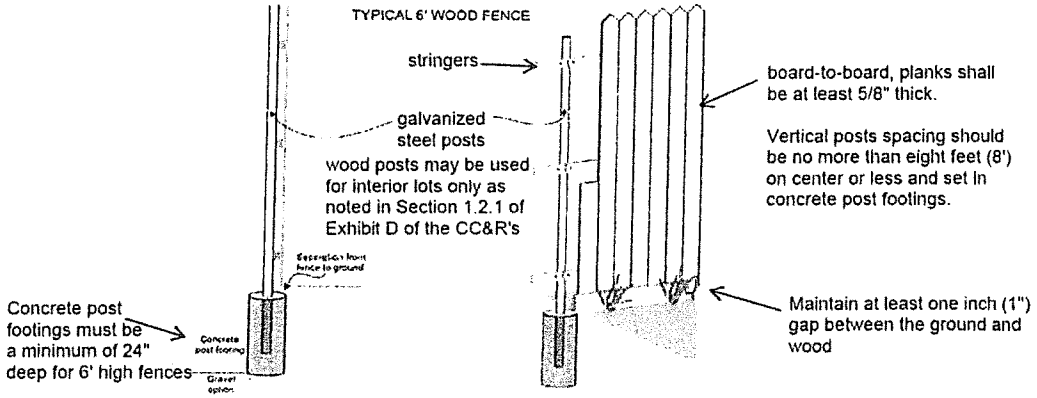
Exhibit Attachment 1.2.2.1

Standard Interior Fence Detail

EXHIBIT ATTACHMENT 1.2.2.1

STANDARD SIDE AND REAR YARD FENCES

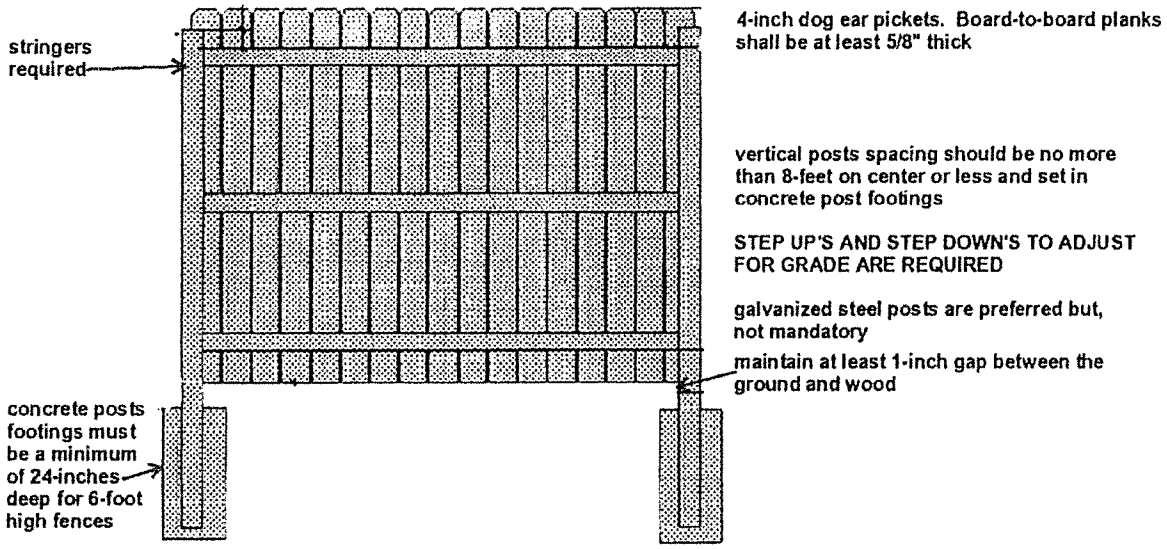
Fences shall be constructed of cedar or better



ALL PORTIONS OF THE FENCE THAT MAY BE VIEWED FROM ANY STREET SHALL BE STAINED WITH THE COLOR SPECIFIED IN SECTION 1.21 OF THE DESIGN GUIDELINES.

EXHIBIT ATTACHMENT 1.2.2.1

STANDARD SIDE AND REAR YARD FENCES
SAMPLE TYPICAL 4-INCH DOG EAR PICKET FENCE



APPENDIX "D"

TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THUNDER ROCK RESIDENTIAL COMMUNITY

Certificate of Filing and Certificate of Formation

(Articles of Incorporation) of the Association

FOR ORGANIZATIONAL CONSENT, BYLAWS, AND OTHER ASSOCIATION POLICIES, SEE INSTRUMENTS RECORDED ON AUGUST 12, 2022, UNDER DOCUMENT NO. 202211997, AND RECORDED ON OCTOBER 18, 2022, UNDER DOUCMENT NO. 202214906, EACH IN THE OFFICIAL PUBLIC RECORDS, BURNET COUNTY, TEXAS.

[see attached]

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697

Jose A. Esparza
Deputy Secretary of State

Office of the Secretary of State

CERTIFICATE OF FILING
OF

Thunder Rock Residential Homeowners Association, Inc.
File Number: 804138175

The undersigned, as Deputy Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Nonprofit Corporation has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Deputy Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 06/29/2021

Effective: 06/29/2021

Jose A. Esparza
Deputy Secretary of State

Appendix "D"

Jun. 29. 2021 3:36PM No. 0372 P. 7

FILED
In the Office of the
Secretary of State of Texas

JUN 29 2021

Corporations Section

CERTIFICATE OF FORMATION
OF
THUNDER ROCK RESIDENTIAL HOMEOWNERS ASSOCIATION, INC.

The undersigned natural person, being of the age of eighteen (18) years or more, a citizen of the State of Texas, acting as organizer of a non-profit corporation under the Texas Business Organization Code, does hereby adopt the following Certificate of Formation for such non-profit corporation:

ARTICLE I
ENTITY NAME AND TYPE

The filing entity being formed is a non-profit corporation. The name of the entity is: Thunder Rock Residential Homeowners Association, Inc. (hereinafter called the "Association").

ARTICLE II
DURATION

The Association shall exist perpetually.

ARTICLE III
PURPOSE AND POWERS OF THE ASSOCIATION

The Association is organized in accordance with, and shall operate for nonprofit purposes pursuant to, the Texas Business Organization Code, and does not contemplate pecuniary gain or profit to its members. The Association is formed for the purpose of exercising all of the powers and privileges, and performing all of the duties and obligations, of the Association as set forth in that certain "Declaration of Covenants, Conditions, and Restrictions for Thunder Rock Residential Community" recorded or to be recorded in the Official Public Records of Burnet County, Texas, as the same may be amended from time to time (the "Declaration"). Without limiting the generality of the foregoing, the Association is organized for the following general purposes:

(a) to fix, levy, collect, and enforce payment by any lawful means all charges or assessments arising pursuant to the terms of the Declaration;

(b) to pay all expenses incident to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed against the Association's property;

(c) to have and to exercise any and all powers, rights, and privileges which a corporation organized under the Texas Business Organization Code may now, or later, have or exercise; and

(d) to have an exercise all rights and powers conferred upon property associations by any and all applicable law, in effect from time to time, provided,

however, that the Association shall not have the power to institute, defend, intervene in, settle or compromise proceedings: (i) in the name of or on behalf of any Owner (whether one or more); or (ii) pertaining to a Claim, as defined in Section 17.1(a) of the Declaration, relating to the design or construction of improvements on a Lot and/or Common Area (whether one or more), including, without limitation, any Residences; and

The above statement of purposes shall be construed as a statement of both purposes and powers. The purposes and powers stated in each of the clauses above shall not be limited or restricted by reference to, or inference from, the terms and provisions of any other such clause, but shall be broadly construed as independent purposes and powers.

ARTICLE V
REGISTERED OFFICE; REGISTERED AGENT

The street address of the initial registered office of the Association is c/o Essex Association Management, LP, 1512 Crescent Drive, Suite 112, Carrollton, TX 75006. The name of its initial registered agent at such address is Ron Corcoran.

ARTICLE VI
MEMBERSHIP

Membership in the Association shall be dependent upon ownership of a qualifying property interest as defined and set forth in the Declaration. Any person or entity acquiring such a qualifying property interest shall automatically become a member of the Association, and such membership shall be appurtenant to, and shall run with, the property interest. The foregoing shall not be deemed or construed to include persons or entities holding an interest merely as security for performance of an obligation. Membership may not be severed from or in any way transferred, pledged, mortgaged, or alienated except together with the title to the qualifying property interest, and then only to the transferee of title to said property interest. Any attempt to make a prohibited severance, transfer, pledge, mortgage, or alienation shall be void.

ARTICLE VII
VOTING RIGHTS

Voting rights of the members of the Association shall be determined as set forth in the Declaration. No owner, other than the Declarant under the Declaration, shall be entitled to vote at any meeting of the Association until such owner has presented to the Association evidence of ownership of a qualifying property interest in the Property. The vote of each owner may be cast by such owner or by proxy given to such owner's duly authorized representative.

ARTICLE VIII
ORGANIZER

The name and street address of the organizer is:

NAME	ADDRESS
Hilary Tyson	2925 Richmond Ave., 14th Floor Houston, Texas 77098

ARTICLE IX
BOARD OF DIRECTORS

The affairs of the Association shall be managed by an initial Board of Directors consisting of three (3) individuals, who need not be members of the Association. The Board shall fulfill all of the functions of, and possess all powers granted to, Boards of Directors of nonprofit corporations pursuant to the Texas Business Organization Code. The number of Directors of the Association may be changed by amendment of the Bylaws of the Association. The names and addresses of the persons who are to act in the capacity of initial Directors until the selection of their successors are:

NAME	ADDRESS
Mehrdad Moayedi	1800 Valley View Lane, Suite 300 Farmers Branch, Texas 75234
Rob Romo	1800 Valley View Lane, Suite 300 Farmers Branch, Texas 75234
Dustin Warren	1800 Valley View Lane, Suite 300 Farmers Branch, Texas 75234

All of the powers and prerogatives of the Association shall be exercised by the initial Board of Directors named above.

ARTICLE X
LIMITATION OF DIRECTOR LIABILITY

A director of the Association shall not be personally liable to the Association for monetary damages for any act or omission in his capacity as a director, except to the extent otherwise expressly provided by a statute of the State of Texas. Any repeal or modification of this Article shall be prospective only, and shall not adversely affect any limitation of the personal liability of a director of the Association existing at the time of the repeal or modification.

ARTICLE XI
INDEMNIFICATION

Each person who acts as a director or officer of the Association shall be indemnified by the Association against any costs, expenses and liabilities which may be imposed upon or reasonably incurred by him in connection with any civil or criminal action, suit or proceeding in

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which he may be named as a party defendant or in which he may be a witness by reason of his being or having been such director or officer or by reason of any action alleged to have been taken or omitted by him in either such capacity. Such indemnification shall be provided in the manner and under the terms, conditions and limitations set forth in the Bylaws of the Association.

ARTICLE XII
DISSOLUTION

The Association may be dissolved with the written and signed assent of not less than sixty-seven percent (67%) of the total number of votes of the Association, as determined under the Declaration. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust, or other organization to be devoted to such similar purposes.

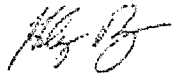
ARTICLE XIII
ACTION WITHOUT MEETING

Any action required by law to be taken at any annual or special meeting of the members of the Association, or any action that may be taken at any annual or special meeting of the members of the Association, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the number of members having the total number of votes of the Association necessary to enact the action taken, as determined under the Declaration or this Certificate.

ARTICLE XIV
AMENDMENT

Amendment of this Certificate of Formation shall be by proposal submitted to the membership of the Association. Any such proposed amendment shall be adopted only upon an affirmative vote by the holders of a minimum of sixty-seven percent (67%) of the total number of votes of the Association, as determined under the Declaration. In the case of any conflict between the Declaration and this Certificate, the Declaration shall control; and in the case of any conflict between this Certificate and the Bylaws of the Association, this Certificate shall control.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand, effective this 29th day of June, 2021.



Hilary Tyson, Organizer

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